

21 November 2019

Jeanette Radcliffe
Committee Secretary
Senate Community Affairs References Committee
Parliament House
Canberra ACT 2600
Via email: community.affairs.sen@aph.gov.au

Dear Ms Radcliffe,

Re: Inquiry into Centrelink's compliance program

Thank you for the opportunity to respond to the Committee's questions regarding Centrelink's compliance program, and the impact of this program on community legal centre clients in Western Australia.

I have asked our centres, with clients affected by this program, to respond to your questions.

Attached are responses from the Fremantle Community Legal Centre and the Peel Community Legal Service Inc.

I understand the Welfare Rights and Advocacy Service of WA will email you directly with their response.

Thank you for your consideration of this feedback from community legal centres.

Yours sincerely

Helen Liedel
A/Executive Director



Response from the Peel Community Legal Service Inc:

Centrelink have changed the process somewhat and now send an initial discrepancy letter - in your experience has this process reduced peoples' initial anxiety when receiving contact?

No, anxiety levels over the last year have increased. People are presuming that the discrepancy/debt is final, that they have limited powers to disprove the debt.

Do some people continue to regard this as a 'debt letter'?

Yes. If a phone call is made following this, most of the people we have seen have not realised how important this conversation is. Clients need to prepare for the questions that they will be asked, and if unsure, ask that the caller rings back when they can provide the information that is being asked of them.

In your experience, how often have clients had their tax return or FTB garnished?

Once in the past six months, however this has come into recent conversations. Clients are concerned that this will happen now. They use this money as part of their financial budgeting for the year and the garnishing of this money would cause them significant financial hardship.

How prevalent is it for clients to have multiple debts?

It is very common for clients to have debts to other agencies, government and non-government. On limited incomes it is often the only way for them to purchase larger items such as cars etc. This is due to necessity rather than bad financial management.

In your experience how often have clients been offered the services of a social worker by Centrelink?

If they are receiving social worker support, it is less likely they would need to engage with our service. For our clients, the referral to a social worker has been significantly later, several months, rather than earlier. The person is usually at breaking point and in significant trauma.

To what extent have your clients successfully challenged debts or had debts reduced after requests for review?

Previously we have had a good success rate with reduction in debt, or removal of the debt, if debt was seen to be incurred by a Centrelink administration error.

During the past twelve months, we have experienced no reductions or removal of debt for clients, only an offer of reduction in the amount paid fortnightly to the debt.

If a client has been overpaid by a small amount per fortnight and over several years, whilst declaring their income as requested, it hasn't always been obvious to the client that they were being over paid.

If error is due to a Centrelink's administration error, this appears to be no longer considered. Appeals have fallen on deaf ears due to the client being unable to provide several years of bank statements, group certificates have been refused as evidence.



15 November 2019

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Dear Ms Radcliffe,

Re: Inquiry into Centrelink's compliance program.

I refer to your letter of 24 October 2019 about written questions on notice. Herewith are the responses for Fremantle Community Legal Centre.

1. Centrelink's information gathering powers

In your experience how often has Centrelink used their powers to require employers and/or banks to provide pay slips or bank statements? Please provide examples if you have them.

I am aware of a few cases in the past involving investigations of marriage-like relationships, (now called member of a couple). Information from the banks, credit union, superannuation funds and employers had been obtained by Centrelink to establish whether the person (recipient) was a member of a couple.

In addition, where there is an investigation of potential fraud, it is common for Centrelink to enforce their information gathering powers.

I am not aware of any cases of automated debts where Centrelink has used such powers. I do not know for certain whether Centrelink should have blanket powers in the situation of automated debts. However, in practise I note that many clients face difficulties obtaining payslips from their past employers. A solution may be that Centrelink offers to obtain this information with consent of the client.

2. Debt collectors

How many of your clients who have incurred debts has had contact with external debt collectors?

For the past year or so I have only had 6 clients who had been contacted by external debt collectors. However, anecdotal evidence through my work suggests that this has occurred in the past. This is particularly common in cases where people ceased to be on Centrelink payment.

Did those clients experience any issues with the external debt collection agencies?

One common issue that I have observed when these clients are contacted or notified by external debt collectors is a sense of anxiety. This may be triggered by the content of the letter that requires client take "immediate action to pay off the debt or enter into a repayment arrangement." The letter also suggests that they can recommend that "Centrelink to take further recovery action that may include: using tax refund, wages, legal action and/or issue a Departure Prohibition Order" (paraphrased).

It is the tone of this letter that can impact on client's experience. For example, a client that sought advice after being contacted by an external debt collector stated that "she felt distressed." In discussing her circumstances, I suggested that she re-claim FTB as her family's income had dropped and that way the debt can be recalled by Centrelink and pay by withholdings.

Another client felt "very anxious" and "scared" because she interpreted the letter from the debt collector as not allowing her to travel. She was planning to see her grandmother overseas and thought she was no longer able to do so. I helped this client to appeal the debt and Centrelink found that she had not debt.

A current client who is seriously ill read on his Centrelink online account that he had a small debt from many years back and he noted the warning letter. He felt shocked and threatened by the gravity of the potential actions without having the matter reviewed. An age pensioner was told by an agent that she was not allowed to leave the country unless she puts a good deposit towards repaying the debt. She felt this was unnecessary as she was not planning to go anywhere.

I guess the common impact on vulnerable clients is the issue of feeling threatened with legal or other action. While this is not likely to occur in practice, it does affect how people on the receiving end perceive the news. This, in some cases, exacerbates their situation to the extreme.

I have also been asked by other clients whether they are allowed to leave the country if they owe a debt to Centrelink. My response has been that, to my understanding, if there is a payment arrangement or payment plan this is unlikely to occur.

However, on the other hand, I had contact with an external debt collector when assisting a client with negotiating a repayment arrangement. The agent was very kind and helpful. He was very understanding of the client's difficulties and accepted a flexible and affordable payment arrangement. This is a good example of best practice of debt collection.

Have your clients been contacted by debt collectors when they had no knowledge that a debt existed? If so, how prevalent is this?

I do not have confirmed cases. However, from client's initial reaction this seems to occur.

If possible could you provide some case examples?

As indicated above.

3. Initiation letters

Centrelink have changed the process somewhat and now send an initial discrepancy letter - in your experience has this process reduced peoples' initial anxiety when receiving contact?

I note over time that the wording of the initial letters have slightly changed "Employment income confirmation" to more recently as "We need you to check and update your past income information." (CUPI).

In my observation this is an improvement that can help clients better understand what is being sought. I also note that in recent times the Centrelink Debt Team is more likely to put the debt on hold until the matter is re-assessed or recalculated. This gives affected clients a breathing space and helps to minimise anxiety. However, this is not the end of the process as for some vulnerable clients the issue of having a potential debt of some sort still hangs on in their minds.

Do some people continue to regard this as a 'debt letter'?

The impression I get from some clients is that they continue to perceive that there is an issue somewhere to do with their past income. Then there is a confirmation letter advising them that they have a debt.

For people who have difficulties obtaining payslips from past employers it would be useful if Centrelink considers wording the initial letter as adding "Should you need our help to obtain your payslips from your past employer(s), please contact our Telephone line (contact number) to give us your consent.

4. Garnishee orders

In your experience, how often have clients had their tax return or FTB garnished?

I am aware that from time to time clients mentioned that their tax refund or FTB top ups have been garnished. However, more recently and especially since July 2019, I note an increase in the number of clients expressing issues with having their tax refund garnished or FTB top ups taken from them. A manual count confirms 10 clients having had tax refunds garnished and 5 FTB top ups taken for the past 3 months.

This cycle seems to coincide with the period after people have lodged their tax returns as well as the annual Family Tax Benefit Entitlement reconciliation which is often done at the end of each financial year.

How often has this occurred when there is already a payment plan in place?

I am not sure about the frequency of garnishing tax returns or FTB top ups when there is already a payment plan. However, I am aware of a few of confirmed cases involving 4 FTB Supplements and 2 Age Pensioners having their tax returns garnished regardless of whether they had a payment plan in place. Though I feel this is occurring more often than not.

The garnishing of tax refunds and FTB supplements can put some people and their families in further hardship. In a case at hand a sole parent with three children under 16 a substantial tax refund when she had a payment plan. This has put the family in severe hardship with the consequence of losing their accommodation. I advised client to appeal the decision in the hope that Centrelink can release some of that money to secure accommodation.

5. Multiple debts

How prevalent is it for clients to have multiple debts?

I have come across a number of clients who have had 2 or more debts. This may occur when debt periods cover many years and so the debt is raised for each financial year. It is more prevalent when the debt goes back for many years and/or where there gaps in employment exist. Multiple debts are also likely where client had a number of different employers. It is not uncommon for some clients to have many Centrelink debts including automated debts.

6. Social workers

In your experience how often have clients been offered the services of a social worker by Centrelink?

I understand that social workers within Centrelink play a great role in supporting vulnerable clients and families going through major crisis. This includes young people who are unable to live at home, women escaping family and domestic violence or people having a major personal crisis or people at risk.

In the past I have had more direct contact with local social workers and so it was easier to refer mutual clients in need of support. However, in recent times I note more difficulties in accessing social work support, particularly, in situations where a face to face appointment is needed.

I understand that social work service can also be contacted via the Call Centre and that they would respond to the customer by telephone. This is helpful when expediting a claim and/or in a more or less straight situations. However, it may not be appropriate for a victim of family and domestic violence or other sensitive situations where a face to face appointment at the local office is most appropriate.

Face to face access to social workers has become more difficult in recent years as more people in need either have long waits for an appointment and/or people may not know that the social work service is available to them, for example, victims of family and domestic violence.

If I may, I would like to refer to the NSSRN report on "How Well Does Australia's social security system support victims of family and domestic violence?"(2017). That reports states at Recommendation 29 "That timely access to social workers, particularly on-site social workers, be increased to better support victims of family and domestic violence."

For people having Centrelink debts, I am aware of a couple of referrals to me by a Centrelink social worker involving the raising of large ordinary debts. In one of these cases, the social worker had provided support to a client with a huge debt and who was in distress. In the second one, the referral was for guidance with the appeal process. I am not aware of any of the clients with automated debts being offered the services of a social worker.

There is a need for more social work support offer to vulnerable clients to prevent situations from escalating.

7. Challenging debts

To what extent have your clients successfully challenged debts or had debts reduced after requests for review?

There have been a number of clients that have actually been somewhat proactive and got some results by way of having the amount of the debt(s) reduced. This was done after requests for re-assessment or re-calculations and/or request for review.

On the other hand, there is an unknown number of clients who are still waiting for the manual calculations or re-assessment of their debts after they have provided the payslips. Equally, there are potentially many people who either have not challenged the debts or simply accept the debt due to reasons such as not having the skills or being unable to do so. This is an unknown.

Where debts have been reduced, has this been because clients have provided further income data, or because there were errors in the calculation of the debt?

In the cases I have seen the reduction of the debts was as a result of clients providing payslips or employer's electronic records of actual employment income for the period(s) of the debt. In most of these cases, the income was re-assessed or re-calculated in a fortnightly basis; whereas the original debts income had been annualised.

The fortnightly reassessment of income is more appropriate for those cases where people only worked part of the period of the debt and/or there are other circumstances that need to be taken into account.

Challenging debts is often difficult for vulnerable clients as they may face various hurdles to overcome. To begin with getting payslips from past employers can pose a challenge for many. Another factor is that many vulnerable clients do not have the necessary skills to navigate the appeal system and often the appeal process takes a long time to have debts reviewed.

There is definitely a need for more human help for vulnerable clients who find difficult to get the relevant payslips and facilitate the re-assessment process. The suggestion that Centrelink offers help to obtain the payslips with consent of the client is one option that can minimise the many challenges faced by vulnerable clients.

If the Committee requires any additional information, please do not hesitate to contact me on (08) 9432-9790

Yours faithfully,

Antonio González
Welfare Rights Advocate
Fremantle Community Legal Centre