Antipoverty Centre Inc

Social policy on our terms.

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To the Committee Secretary,

Re: Submission to the Senate Community Affairs Legislation Committee inquiry into the Social Services and Other Legislation Amendment (Technical Changes No. 2) Bill 2025

We are writing to express our frustration with the lack of meaningful consultation, inadequate proposals and rushed nature of the *Social Security and Other Legislation Amendment (Technical Changes No. 2) Bill 2025*, and that the proposed bill ignores a key recommendation from the Robodebt Royal Commission regarding limits on debt collection. The bill is nothing more than a band aid to a bleeding artery.

The government's response to the *Matthew Chaplin v Secretary, Department of Social Services* echoes a historical injustice perpetrated against welfare recipients, when in 2011 then-Minister for Human Services Tanya Plibersek passed legislation to retrospectively uphold the convictions of 15,000 people wrongfully convicted of social security offences instead of providing a clean slate.¹

Given the long track record of repeated unlawful social security administration we have no confidence the pattern will end. The government should take this opportunity to work with welfare recipients who have been subjected to these abuses to develop a standardised approach to ensure meaningful compensation and justice is provided to people affected by these issues now and into the future, rather than devising half-baked schemes on the fly. The proposed changes – designed without the involvement of the only advocacy group where the research, policy and peer support

¹ Christopher Rudge, 'Convict and Forget? The Failure to Remediate 15,000 Wrongful Criminal Convictions in Social Security' (2025) 48(2) UNSW Law Journal 502. See: unsw.edu.au/research/unswlawjournal/issues/volume-48



work is done by people who are welfare recipients ourselves – do not provide accountability or justice for people wronged by unlawful debt raising in the social security system. Forcing people to choose between a meagre payment and pursuing real compensation is cruel. There should be no reward for government unlawfully administering welfare policy, either in budget savings or convenience for bureaucrats.

The rushed nature of this process gives the impression the government wants to make a political problem go away, rather than prioritising fairness and truly compensating the people it stole from. As a consequence of this bill being pushed on a tight timeframe we have been unable to consult extensively with our community. We have enclosed a contribution from a person who was incarcerated because of a debt to demonstrate the impact and complexity of these problems, and the need for much greater reform. We urge you to read what this person has shared.

The outcome of the recent income apportionment case presented the government with an opportunity to pursue ambitious changes, and finally deliver on the promise to implement 56 of the 57 Robodebt Royal Commission recommendations they committed to more than two years ago. These proposed changes do not deliver on that promise, are an inappropriate response to the income apportionment case, and will not protect poor people from the harm done by debt raising and collection practices – unlawful or otherwise.

The explanatory memorandum to this bill claims that the government has opted not to waive unlawfully calculated debts because this "may cause a loss of public confidence in the government's ability to administer social security". This is absurd. We agree the public – especially the millions of us who rely on welfare payments to live – have lost confidence in the government's ability to administer social security. This is not because of any wrongly held belief that policy decisions are made on the grounds of benevolence and care. A loss of confidence is the inevitable outcome of governments' decades-long obsession with gaining budget savings off the backs of welfare recipients and the repeated unlawful administration of a range of social security policies from Robodebt to the unfolding scandal related to unlawful payment cancellations. Waiving unlawfully calculated debts would be a step towards restoring the public's confidence in the government, by treating people they have harmed with compassion.

If this government is genuinely serious about issues related to debt in the social security system and providing a good social security system, then it needs to make substantial amendments to this bill and to proactively work with people on welfare to fundamentally change the social security system and return it to its beneficial purpose.

Maintaining current structures and approaches is only going to impose more burden on the administration of the social security system, and divert resources that should be spent on improving the lives of people to instead hound them for debts generated by perverse rules.



The recommendations that we have made in this letter would seek to create a clean slate and a basis to work on building a better social security system. They are based on the people we speak to who are subjected to devastating outcomes, such as a debt of more than \$10,000 that arose from a person seeking education to find employment. We support people who receive debts or are refused help because of their partners' income when they have no control over it.

We live in a far different world to the one in which the current rules were designed, where home ownership is far out of reach for generations of people and share housing is more prevalent, where the guidelines to determine relationships are totally indistinguishable from people living in long-term share houses across all age groups.

The rules of the social security system do not reflect society we live in and are actively stopping people from accessing necessary supports, or punishing them with unfair debts when they do.

Social security is a necessary part of a just democracy and should be used as a tool of redistribution to provide and support for people who have little means, but it is no longer operating that way. It is seeking to claw back every dollar from people to push out into the ever-growing tax breaks for property investors (who make an awful lot from the social security system via welfare payments) or to seriously unproductive parts of the economy.

We are grateful that some pressure will be taken off those who will have a debt removed, but nothing in this bill compensates for the distress, wasted time, financial strain and other impacts of being pursued for unfair debts over such a long period.

Recommendations

The Antipoverty Centre believes that, considering the level of maladministration in the social security system related to debt and "mutual" obligations, that the government must **commit to a debt amnesty as a first step** and then apply the following recommendations to make a better social security system.

The high degree of targeting and conditionality makes this an absurd and complex system to navigate and it actively seeks to exclude and prevent people from accessing support.

Robodebt is a scandal not because of the method used to unlawfully raise debts, but because of the human toll on people living in poverty being forced to hand over some of their meagre income. The government knows as well as we do that pursuing welfare recipients over so-called debts only brings more of the horrifying outcomes already produced by abhorrently low payment levels: hunger, homelessness and suicide.



Ongoing harm being caused by lawful debt raising and collection practices is by design. We call on the government to immediately pause Centrelink debt-raising and collection activity until safe processes for recovering overpayments are implemented, and work with us and other advocates who have direct experience of these policies on more meaningful reforms to ensure no one is harmed by recoupment practices.

Specific changes to amend this bill

Many people who have been punished in the social security system rightly fear it, and find processes to access schemes such as the one laid out in this bill distressing. It is those who have experienced some of the worst ongoing effects who will be excluded from processes that impose administrative burden, even if the government and policymakers who have not themselves experienced trauma as a result of interacting with the welfare system believe they have designed a scheme for burden to be minimal. The onus should not be on people most harmed to proactively seek these payments.

We are confused by the decision announced by the minister to provide \$400,000 in funding to the Australian Council of Social Services through this bill,² who do not provide any support to people on welfare payments. This seems inappropriate. Community legal centres are vastly underfunded and the people we assist are regularly unable to access formal help when they need it. Complex debts are often accepted by welfare recipients because legal centres do not have capacity to help them challenge it. We do not understand if there are funds available why they would not go towards an established, vital, trusted and under-resourced service.

- 1. Limit the period over which Centrelink is able to recover debts to 6 years and apply the same time period for back paying underpayments (currently 13 weeks).
- 2. Lift the proposed \$250 debt waiver limit to \$500 to account for historical indexation and provide a modest real increase to reflect the deeper inadequacy of current payment rates compared to when the original debt waiver limit was set.
- **3.** Remove the time limit on the Resolution Scheme and provide resources for people to seek compensation where their lives have been negatively affected by these debts.
- **4.** Remove provisions restricting people from seeking meaningful compensation if they accept the small payments offered.
- **5.** Remove the time limit on affected debts, enabling people with unlawfully calculated income apportionment debts before 2003 to be treated on an equal basis with those whose debt was calculated after this date.
- 6. Redirect any funds provided for in this bill from non-specialist community sector organisations

² Tanya Plibersek, 'Delivering a fairer, more efficient social security system', 27 August 2025, *Department of Social Services*. See: ministers.dss. gov.au/media-releases/18381



to trusted and established welfare rights legal centres, and in the next federal budget provide \$5 million to fully fund them³ so they are adequately resourced to support people seeking compensation and justice.

Take meaningful action to address structural causes of so-called debts

Changing the culture of debt in policy making and law

The culture and purpose of Centrelink's debt collection must be dismantled and replaced with a model that treats us with humanity. Accounting and administrative errors must not be seen as cause for punishment and punitive "debt" recovery approaches must be abandoned. The notion of debt collection must be abandoned in favour of payment accuracy, ensuring people who are underpaid receive what they are owed.

- Immediately pause raising and issuing Centrelink debts until the model is redesigned to be centred on payment accuracy, including identification of underpayments to be back paid.
- Replace the current debt collection unit with a team that is responsible for ensuring accurate payments were made, including identifying and rectifying underpayments.
- Treat unemployment as a valid reason not to harass people for debts as per examples in the ACCC and ASIC Debt collection guideline for collectors.
- Where an amount is owed to Centrelink, people should only repay their debt after they have a liveable income and can afford to. If the government is concerned the person may never have a liveable income they should make welfare payments liveable.

Long-term reforms to reduce the harmful effects of targeting in the social security system

So-called debts are generally due to errors in the system or unfair, confusing rules. These include partner and parental income tests, complex eligibility for study payments, cuts to Centrelink payments when a small amount is earned from wages and access barriers for people experiencing homelessness and family violence. A lawful "debt" is rarely a fair debt.

The government should be acting to stop debts before they happen by simplifying the social security system. People are being put in debt, prevented from accessing Centrelink payments they need and forced into unsafe situations due to labyrinthine rules and eligibility requirements. A better system would not allow such debts to occur in the first place.

Remove unfair and confusing rules, simplify and improve reporting processes, and adequately

³ Community Legal Centres Australia, 'March 2025: Federal Budget response', 26 March 2025. See: clcs.org.au/march-2025-federal-budget-response



staff Centrelink to remove factors that contribute to payment errors.

- Immediately end the parental and partner income tests that trap people in unsafe environments and can lead well intentioned people into unsuspecting debts.
- Ending rental certificates and providing all recipients, where they do not own a property, housing support payments.

Once again, we urge policymakers to value the expertise of people in poverty, and to consider the destruction wrought by their choices. Please read the message enclosed at the end of this letter.

For enquiries related to this submission contact <u>team@antipovertycentre.org</u>.

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Jay Coonan Co-coordinator Antipoverty Centre

Acknowledgement of Country

The Antipoverty Centre acknowledges the original peoples of this unceded continent, who have been custodians of Country for thousands of generations. First Peoples have connections to place, land, water and community that have been unbroken for 120,000 years. We recognise Indigenous sovereignty and the cultural significance inherent in these connections, historical and contemporary. We pay respect to Elders past and present and stand with all First Peoples in the quest for self-determination, justice and truth-telling in the face of ongoing colonial violence, including that inflicted through racism in the social security system.

About the Antipoverty Centre

The Antipoverty Centre was established to counter problems with academics, think tanks and others in the political class making harmful decisions on behalf of people they purport to represent. We are activists, advocates and researchers with lived experience of poverty and disadvantage. We defend and fight for the rights of people like ourselves who experience violence at the hands of an economic system designed to oppress us. It is our mission to shift how people speak about and respond to poverty in this country. We work closely with peer support groups, activists and grassroots civil society organisations to complement their work. Our goal is to help ensure the voices and rights of people living in poverty are at the centre of social policy development and discourse. We believe there should be no decision made about us without us. The Antipoverty Centre is not politically aligned and does not accept funding that places political constraints on our work.



Message from a person imprisoned as a result of an unlawful income apportionment debt

We are including the below message on behalf of a person who has experienced catastrophic consequences as a result of receiving an unlawful Centrelink debt. This person has chosen to remain anonymous. We have made minimal edits for clarity.

I have been imprisoned due to the now proven unlawful use of legislation that resulted in unlawful use of evidence resulting in my term of imprisonment. I have been trying to work with crown DPP and a lawyer to try and find a solution to this matter however lawyers are few and far between that have understanding of this matter.

I have been in contact with Services Australia about my recalculating of debt. They misinformed me that the legal case went in the governments favour, however they would be recalculating debts when new legislation is finalised, however given the complex nature of my case it may take some time to recalculate my debt.

Wipe the debts it's fruit of the poison tree

They know of my time in jail over the income apportionment debt and the crown DPP has admitted I was one of the people who's debts did derive from income apportionment. Services Australia's view is the debt is there and will be enforced under new recalculating when that takes place.

In the end the unlawful use of evidence obtained by unlawful legislation tactics resulted in my serving a time of imprisonment for months and having a mark on my name since 2018. Due to that I do understand there may be a debt. No real figure has been set out on that with correct calculation of debt, however the evidence at time provided by the crown was pushed onto me to plead guilty, saying they had "so much evidence against me", all of which was not lawful. They pushed the judge to issue a term of imprisonment based on the evidence provided even tho was unlawful evidence.

I want a vacated conviction, given unlawful conviction, and compensation due to the impact of false imprisonment and mark on my name impacting my employment opportunities since 2018. At the time I was a manager, and need a police check to get those jobs, which now fail due to this conviction.

Wipe the debts it's fruit of the poison tree now proven unlawful, yet going after them anyway is like having someone found not guilty but refile same charges and hope for a different verdict

Debts are proven unlawful with wrongful use of legislation, they should be all wiped.