

I have been a Social Security/Centrelink employee for over [REDACTED] and never have I seen something this appalling in all that time. I have worked in the [REDACTED] area throughout my career and reviews are not a new concept, however, this latest version is nothing short of deceptive, cunning, and smells of being a deliberate ploy to recoup money from customers who have not actually been overpaid.

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#### 1.1 Why the compliance letter is dreadful

The letter is more uninformative than it is informative. It asks the reader to 'please check the enclosed employment income information', but all that is 'enclosed' is the name of the employer/business, a single period of employment, and a single dollar amount of income/earnings. So far then, the letter is simply asking whether the customer earned that total, within the specified period. Unlike Centrelink, the ATO doesn't care in which month of a particular financial year income was earned, and the review letter says, in its first line of the first paragraph: "We have received information from the ATO about your employment income." The reader is therefore misled from the outset, by only being asked to confirm a total income amount earned. The next sentence of the letter says "This shows that the amount reported to them is different to the amount you told us." There is nothing saying or hinting that the issue could be the different periods of time over which the customer worked and/or was on Centrelink benefits. And this is another problem – there may be little or no overlap between the two.

Nowhere in the letter does it indicate to the reader that the critical point is the breakdown of the periods over which the income was earned. In fact, it does the opposite by saying '1. Please check the enclosed employment income information.' Since the 'enclosed information' does not give a breakdown, but rather, only a total, the letter is truly only asking the customer to confirm that total.

In regards to the letter's other instructions of how to do the confirmation it is asking for, there are none other than those telling the customer to go online and log in to their account. The letter does NOT say what to look for once the customer is logged in, or what to click on even if he/she does manage to get into the correct process. This is a perfect example of the reduction over the last few years, in the information provided to Centrelink customers. We provide much less information, and what little information we do provide is less clear than it used to be. Take Newstart Allowance grant letters for example. Those letters are supposed to tell customers that A. their payment is not automatic, and B. in order to get their payment each fortnight, they must do something that the department calls 'reporting'. The 'how to' of reporting is not clearly defined in this grant letter, so unless customers already know what we mean, they are left in the dark, or get understandably

mixed up with the same jargon term (of 'reporting') that their jobactive providers (job agencies) use to mean something very different.

Our department has clearly moved away from answering questions and guiding, and moved towards a culture of manipulation, such as steering people to self-services. What is particularly bad about that is that it sets up an advantage for those 'in the know'. When you move towards manipulation, you give an advantage to those 'in the know' and a disadvantage to those not 'in the know'. Our Department is no longer trying to inform, rather, it is pushing an agenda. What agenda, may have to be the topic of a separate Senate Enquiry I imagine.

The earnings review letter, in its fourth paragraph, says 'If you do not confirm your employment income...we will update your details using the enclosed ...information.' The letter should say 'If you do not confirm your employment income, we will update your details using the enclosed information, by dividing the total amount by the number of fortnights in the period noted, and applying the result to every fortnight across that period. If you were on Centrelink payments at any time throughout that period, we will change any income you declared for that employer to the new figure we have calculated/assumed.' Instead there is no warning or hint whatsoever in the letter of how Centrelink will use the information.

In its fifth paragraph it gives more misleading information thus: "If the employment income you told us is not correct, this may result in a debt..." It says nothing about debts being raised in cases where the income declared to Centrelink was correct, yet that is precisely what is happening for many customers. With the process that is being used, that is, earnings being spread evenly over the entire period noted in the letter, most customers will have a resulting debt calculated, as I will explain later.

## 1.2 How the review process steers customers towards failure

If a customer does not respond to the letter, or does, but simply indicates that the income mentioned in the letter is correct, then an automatic process is applied that will almost always result in a debt. The computer system divides the total income noted, by the number of fortnights covered by the period noted. It then codes the result against every aforementioned fortnight. It does this regardless of whether or not the customer was on income support throughout the period, and regardless of whether or not income was already recorded. There are 2 gaping problems with this – one: the customer may not have earned the income during one or more of the fortnights in question; and two: customers have for years been told by staff, following policy, that earnings must be declared in a very specific way, which is to only declare those hours (and the income therefore) that were physically worked in the particular income-support-fortnight. This is the exact opposite of the way in which the compliance-letters-process applies the income. As such, the combination of staff doing their jobs correctly, and the new Compliance letters, almost guarantees debts for all whose earnings vary from fortnight to fortnight. From my own experience, I would say this is the majority of Newstart Allowance customers who do some paid work. Even if it isn't the majority, it would most certainly be many thousands of customers.

I find it impossible to believe that these facts were not known to the people who approved the new compliance system. From the outset the whole process felt like a deliberately contrived and cunning way to recoup money from people who have not been overpaid at all. Look at it from this perspective:

- The compliance letter gives no guidance as to what to do online
- The compliance letter gives no hint to direct customers to giving us a fortnightly breakdown of their income, instead, it implies that that is not relevant by making reference to the ATO
- Most jobseekers on benefits who have some work, don't earn the same each fortnight, and all customers have been directed to declare only the actual hours (and associated income) that they have worked for in each fortnight.
- The new compliance system automatically codes income, under the incorrect assumption that no customer had varying hours/earnings.

### 1.3 Other ways in which earnings reviews could be done

Of course reviews must be done, but they have been taking place for a long time. The horrid difference in the case of these latest 'compliance reviews', is that a mass scale assumption is being made by the department, that earnings are the same every fortnight across the review period. I have spoken to a colleague who used to work in a Debt Raising team, and she told me that Centrelink has used this type of assumption on customers' records in the past, but only after all other avenues of trying to obtain the correct information had been exhausted.

So Centrelink has a new way of data-matching some info from the ATO. That's great, but there is no need for the process to follow the path that is being used once the data match occurs. There would have been so many ways to avoid what is happening (ie thousands of debts raised on the records of unsuspecting customers and ex-customers). Below are some examples.

A. Instead of just displaying a total income amount, the online system could have presented the customer with a full list of the fortnights, each one showing the same amount of income – thus making it clear to the customer that Centrelink is assuming the income did not vary from fortnight to fortnight. This would immediately trigger alarm bells for anyone looking at the information and at least cause them to question it, or provide information to show the income varied, if indeed it did.

B. Alternatively, the online system could include a warning such as "Please note, if you do not provide us with information as to how much you earned in each individual fortnight, Centrelink will assume you earned the same amount in each fortnight. If your work was variable, this could result in corrections to the income you already declared, and may result in a debt." That too would ring alarm bells in many minds.

C. The online system could have offered another question asking "Did you earn this total by working the same hours each fortnight? yes/no" Then if the answer is no, it could ask the customer to provide information showing how much he/she earned in each fortnight. If that information is not available, it could then ask the customer's permission for Centrelink to contact the employer to obtain the information directly from them.

#### 1.4 Isn't recording irrelevant data, contrary to the rules about the collection & maintenance of information?

Another glaring oddity about the new compliance process is that the department is recording information onto customer's files, for periods of time during which the customer was not on an income support payment. Under the current income and asset rules, income earned through employment in periods of time during which the customer was not on benefits, has no bearing whatsoever on their eligibility. As such, this is against the rules I was taught when I first joined the department, about collecting and keeping information. We were taught in no uncertain terms that the department was only allowed to ask for and maintain information that was relevant to the customers claim for payment and ongoing eligibility.

The income earned over periods during which the customer was not on income support, is not needed to determine eligibility or payability (with the possible exception of the seasonal workers preclusion period, but that is only applicable to new claim lodgements anyway), and as such, should not be recorded. Recording earnings for periods during which the customer was not on income support will of course not result in a debt, but it highlights the arrogance of the creators of this new system and either their disregard or ignorance of the law.

#### 1.5 The problem with these and all Centrelink's letters

I had the privilege of doing some 'system testing' for Centrelink, [REDACTED] and could see the slow decline in the department's care factor towards our letters. To begin with, as in, in the 1990's, testers were instructed to keep an eye on, and check all letters that were generated or supposed to be generated, by the tests they performed. Any factors such as grammar, spelling, unclear, incorrect or irrelevant information, even suggested improvements to any and all letters, were encouraged to be reported and fed back via the relevant process (used to be called 'raising a query'). As the years went by, focus on letters in Testing changed. Testers began to be told only to check letters if they had time. Then the instruction changed to not worrying about checking letters because there was a dedicated team who were checking them. In the end, the instruction was to only check a letter or letters, if a test being performed, specifically said that the letter output should be checked.

For some years now, Centrelink has employed very few front-of-line staff in the matter of testing new computer systems. Yet the people best qualified to test our systems to make sure they are working correctly and most efficiently, as well as to check the letters that we send out to customers, are staff from the coalface. I understand that our 'Testing' work, the way it used to be (with large numbers of staff flown in to one of 2 centralised testing centres) was very costly, but 'costly' is a relative term. I'm sure if these costs were compared to those of all the problems, inefficiencies, repeated work, mistakes, corrections and bad PR that the department encounters due to poorly tested or untested computer systems, they would pale in comparison. Not to mention the terrible effect that system problems, limitations and subsequent delays, as well as poorly worded letters, have on our customers. Centrelink's behaviour over the last few years has left me unable to believe anything other than it no longer cares about customers or whether they are being underpaid.

## 1.6 The government's response

As soon as staff learned of the existence of the new compliance letters (around September 2016) we reported the matter to our superiors, yet nothing changed. We did what is expected of staff - to keep concerns about departmental policy or issues 'in-house'. We did our best to stress how deceptive the compliance letters seemed to be, yet still nothing changed. We don't expect management to jump at every gasp that their subordinates utter, but one would expect them to pay heed when senior employees with a great deal of experience are voicing the same message of concern. I heard the APS Commissioner tell us [REDACTED] that one way in which departments can improve efficiency, is to listen to the staff who actually do the work. I am sad to report that in many Centrelink matters, whether to do with customers directly, as with these compliance letters, or indirectly, as with the computer systems staff use to process information for customers, coalface staff are not consulted by the department.

It was therefore heartening to hear the issue of our new compliance letters, hitting the media just before the new year. In actual fact, the media was using the term 'debt recovery letters'. As a Centrelink employee, my reaction to the initial media reports was a joyful 'they haven't got it quite right, but the issue is definitely that one we've been concerned about since September. That's good, I'm sure the full matter will come out in good time.' I was therefore dismayed at the department's response to the same reports. Centrelink seemed to take full advantage of our jargon, saying 'the media is saying debt letters are being sent, but we're not doing that unless customers ignore the original letter.' For all Centrelink knew, the media may have been using the term 'debt letters' as a label for the compliance letter, but no, simply for the sake of trying to save face, Centrelink took advantage of the term 'debt letter' to magnanimously announce that only those ignoring the compliance letter would end up with debts. As it is, this is incorrect, as I've outlined in parts 1.1 and 1.2 of my submission. It was bad enough to see the kind of review process my department was implementing, but to then hear it speak ignorantly about its own process was beyond a joke.

In later reports, Centrelink tried to justify itself by pandering to the tax payer and saying that reviews ought to be done to ensure people are not rorting the system. Such a statement is not a justification of the way in which these particular reviews are being undertaken and I was humiliated as a Centrelink staff member, to hear such a response. After all, I am also a taxpayer and have been for a long time.