

Senator The Hon. Siewert
Chairman of Committee
Senate Parliament House of Australia

Senate Submission into Centrelink datamatching robo-debt inquiry

I was a Senior Internal Auditor in The Department of Social Security (DSS) for 6 years till I was promoted to be the Auditor for The Family Court of Australia. I conducted many audits of various DSS functions generally within a team. My audit of Datamatching in 1999 was an overview audit mainly looking at the effectiveness of the processing action by Regional Offices and the accuracy of reporting of that action. It did not look at the accuracy of the matches or the accuracy of processing action.

I downloaded the data reports that were sent to the Regional Offices for their action. When I had input those figures into a spreadsheet with accompanying analysis it became apparent that there was a wide divergence between the performances of the then 20 Areas in Australia. There was also a wide divergence between individual regional offices within every Area examined. Basically the system was unmanaged and there was no MIS, Management Information System.

These reports of individual matches were then actioned by fraud control officers within each regional office. It was staff intensive but very accurate. It also had additional benefits in that, where clients of DSS were contacted but did not have an overpayment they became aware of the Matching process and so became sensitised to reporting accurately to DSS of their circumstances. Where an overpayment was minor or inadvertent a humane repayment schedule could be worked out with the client. DSS would recover all the money without adverse publicity or the cost of debt collection and 100% of the debt would be repaid.

In those early days DSS matched with a wide variety of organisations besides The ATO, Australian Tax Office. They matched with Immigration via the departure and entry forms that are filled out at sea and air ports. This allowed them to detect cases of clients who were on unemployment benefit and were having a holiday overseas whilst they should have been actively looking for work in Australia and to inquire who handed in their forms at a DSS office. They matched with prison admissions to remove prisoners from benefit. The match with the ATO detected income from employment and investments as well as bank assets.

I acknowledge that 18 years have passed since my audit and that many Centrelink systems will have changed (hopefully improved). This is precisely my point, Centrelink (through their predecessor DSS) have had over 20 years of experience in datamatching with a wide variety of Commonwealth and State organisations. There should not be any systemic error problems in the extraction of information which may or may not be a genuine match.

Centrelink should know:

1. The percentage of cancellations in matches which are the result of the data representing "Alternative facts" to Centrelink data. Point facts from other agencies will be highly synchronous with a possibility of 100% accuracy to Centrelink data. Point facts are things like Prison admissions, Departure from Australia and re-entry which are important for both "Actively seeking work" clients and pensioners who may receive part of their income from rent assistance or energy subsidy. In these matches a person is in prison and not entitled to benefit or they are overseas and not entitled to all or part of a benefit,

2. The percentage of matches which result in an underpayment where the client has over reported income or assets. In the olden days this would result in asking the client to come in to report accurately their assets and income and to increase their benefit. Does Centrelink still do this or is the option of increasing a benefit to the entitlement ignored?
3. The percentage of matches with time series data like YTD income (Year to Date) and whole financial year PAYG (Pay As You Go) income that record the total of scattered work periods income. This when averaged to show income for every recording fortnight within one year will result in an overpayment for each benefit fortnight. The majority of Centrelink clients who record ATO income will have that income for only part of a year. Therefore, in all probability, they will have been eligible for the benefit which they claimed during the period where they did not work,
4. The percentage of people who have to submit an estimate of projected earnings to receive a child support type payment where that estimate, like all estimates is based on future unknown facts. These people try to the best of their ability to be accurate in their estimate but they cannot allow or account for future eventualities. Their debts will be real but it was not done maliciously. Therefore the confirmation of and recovery of those debts should be done kindly and with respect . Centrelink should not “Stand in the tackle” and offload those debts to vicious and voracious debt collection agencies just to collect the debt immediately to reduce the Commonwealth’s budget deficit.
5. I know from my audit of “Third Party Payments” that the error rate was 100% between DSS data on both income as well as on assets with the various State Public Trust Offices. Here was an area that was ripe for Data Matching BUT DSS could not be bothered to implement it.

A second area of Centrelink fraud prevention and detection is “Dob-ins”. “Dob-ins” from members of the public are actively promoted by Centrelink and many other Commonwealth and State organisations. This is where members of the public or even relatives of their own volition report suspected frauds directly to Centrelink. The Commonwealth also encourages Dob-ins by the ATO, immigration, terrorist suspicions to name a few. This war on ordinary Australian citizens by the government has the capacity to backfire on the government. The population may become so incensed that they boycott all government efforts to encourage citizen reporting. It is in a similar fashion to many people, myself included, boycotting the 2016 census. The Department of Human Services should report to the committee the amount of dob-ins both in terms of actual numbers and also of dollar value of fraud detected. This value they are actively jeopardising with their rapacious, short-sighted and callous greed. Brexit, Trump and the last federal election have proved that the people will turn on the politicians when they feel aggrieved. More than one Commonwealth programme may be impacted by Centrelink’s datamatching robo-debts.

I, once again, acknowledge that 18 years have passed since my audit and that many Centrelink systems will have changed (hopefully improved). However, it seems that today’s Centrelink through the mechanism of “Efficiency dividends” aka staff reduction and the reliance on ‘Big Data’ has lost accuracy of processing and also compassion for the most destitute and defenceless of Australian citizens.

John Lindsay Mayger