

## QCOSS position statement

### Centrelink automated debt recovery

#### Our position

Everyone in Queensland deserves to live a good life, but many people on low incomes don't have enough money to afford the basics. QCOSS believes accessing an adequate social safety net is a critical part of a civil society and supports social cohesion.

While the federal government's 'Online Compliance Intervention' automated debt recovery system (known as 'Robo-debt') applies to all current and former social security recipients, QCOSS believes it places particular stress on those people who may be experiencing vulnerability. Onus of proof is reversed, with those identified required to disprove alleged debt instead of the government taking responsibility for correct calculation. This undermines the system that is intended to support people, putting their health and wellbeing at risk.

The government must uphold community expectations of fairness or risk a further escalation of distrust. Debt recovery must be accurate, fair and humane. It must be done in a respectful manner which recognises the vulnerabilities being experienced by people accessing the income support system, including vulnerabilities caused by that system. QCOSS believes above all that the current automated debt recovery process must be stopped.

We need to strengthen Australia's social safety net to help eliminate disadvantage and poverty by increasing income support, rather than restricting it. We must end the stigmatisation of people accessing income support as 'undeserving'. They are not in need of punitive motivation in order to achieve self-reliance or a work ethic. Instead we must ensure everybody is able to access the supports they need to live a meaningful life.

#### Recommended actions

QCOSS is calling on politicians and policymakers to act now and make decisions that prioritise equality, opportunity and wellbeing for every person in every community.

- abolish the current automated debt recovery scheme including suspending any further action against individuals who have been affected.
- redesign the debt recovery scheme with experts in social security, including people affected, to ensure that it is fair, accurate and humane.
- ensure Centrelink is adequately resourced to support all operations including any future debt recovery actions, and that this work is not outsourced.
- change the stigmatising narrative that frames people as 'welfare dependent' and leads to excessive restrictions and penalties.

#### Rationale

The Australian income support system provides a safety net to support people in need. For the most part, those who access the income support system are experiencing some vulnerability and/or disadvantage and all deserve to be treated with respect and dignity. It is not appropriate for a government agency to be assuming guilt and expect that individuals provide evidence of their innocence.

The Australian tax and income support systems are very complex. When providing these important and complex public services, people must be provided with information about the process. Further, people must be provided with support to help them understand the process, so they can make good decisions about their situation. These services need to be funded appropriately to ensure they can meet service demand.

### On the ground

*Three clients have had to go through this process, one experienced a response close to PTSD. How can people be expected to remember what/when they were paid six - seven years ago? (Service Organisation - Electorate of Maranoa).*

## Debt recovery processes

Since July 2016 the Australian Government has ramped up the system for identifying possible overpayments by cross-referencing data from Centrelink and employment data from the Australian Tax Office. The fully automated system, known as an 'Online Compliance Intervention' system is examining records from up to seven years ago.

As of March 2019, the department had issued over 900,000 discrepancy notices, resulting in the raising of about 500,000 alleged debts. The system does not appear to be able to accurately match the periods of work with the periods of benefit receipt. It instead appears to be using automated methods such as averaging income, leading to inaccurate calculations of overpayments.

Data matching has been occurring for some time, however the removal of human intervention has led to the additional issues being experienced. These issues should have been anticipated through testing and previous experiences of similar systems. The system remains fundamentally flawed, placing the onus of proof on potentially vulnerable individuals.

Debts are being referred to private debt recovery agencies. This presents additional financial hardship for individuals and families already experiencing vulnerability and at risk of financial exclusion. The government has now also begun retrieving some of the Robo-debts through the tax system. As of June 2019, Centrelink can recover a Robo-debt from the Family Tax Benefit (FTB) payment and deduct it from people's tax refunds (Medhora, S, 2019a).

### On the ground

*We have had numerous clients commenting on this over the past months. The basic tenet of the story is that the clients have had no changes to their circumstances, current or previous, and then out of the blue they receive the debt notice. Many have had trouble contacting Centrelink and also feel that it is impossible to get accurate information from them about the claims. (Service Organisation - Electorate of Herbert)*

*Clients have reported they are 'being investigated'. Concerns Centrelink's language is too intimidating. (Service Organisation - Electorate of Kennedy).*

## Issues

### Wellbeing and vulnerability

The collection of any possible overpayment must not adversely impact the wellbeing of recipients. Repayment of outstanding debt has the potential to pressure already stretched budgets for individuals and families struggling to meet the costs of living.

Repayment of debt must not exacerbate risk of poverty and associated issues such as homelessness, physical and mental health. Aside from the debts themselves, is the ancillary consequences to a person of having a Centrelink debt raised, which implies, even in the case of an honest mistake, is that it is fraud. This has long term consequences for individuals.

There are multiple records of families of Robo-debt recipients who link the receipt of Robo-debt with extreme distress and even suicide (McPherson, 2019). The Department of Human Services released data showing that 2,030 people died after receiving a Centrelink debt notice. Of these, 429 or 21 per cent were aged under 35 years of age. By comparison there were 3,139 deaths of people between 15 and 35 in the general community according to the Australian Institute of Health and Welfare (Medhora, 2019b). There is also a record of Centrelink sending a person a Robo-debt notice six months after they had died. (Farrell & McDonald, 2019a).

As reported by The Guardian, a cabinet submission indicated that the federal government has been considering including vulnerable groups into the automated debt recovery system that were previously excluded. This would involve 240,000 older Australians, 40,000 people in remote areas

(50 per cent of whom are Aboriginal or Torres Strait Islander) and 70,000 others considered vulnerable by Centrelink. This proposal is motivated by increasing the amount of debt recovered due to not meeting targets (Henriques-Gomes, 2019).

Prioritising debt recovery over individual wellbeing is inappropriate, and is ever more concerning given whistle-blower reports of individual compliance officers working to targets. Shaming of compliance officers who are perceived to be not performing in 'finalising cases' has been reported by three former Centrelink compliance officers (Kearsley & McPherson, 2019).

#### **On the ground**

*One client disputed notice for \$2000, Centrelink came back to her and admitted owing her \$879.*  
(Service Organisation - Electorate of Longman)

*Family members of people who have received Centrelink debt recovery letters are reporting there has been a toll on mental health, and that the forms are difficult 'even for people doing their PHD'.*  
(Service Organisation - Electorate of Dawson)

### **Cost-effectiveness**

As part of the 2016/17 Federal Budget, the government identified \$4 billion of potential savings to be achieved through recuperation of overpayments made through the income support system.

The Government previously suggested that one in five people (20 per cent) who have received a letter will not have to pay anything. However the actual recovery rate may be much lower, with an internal Centrelink check reported to have found that only 20 out of hundreds of cases reviewed are genuine debts, (Martin, 2017).

The measure of illegitimate debts may be even much higher given that some of those who receive a letter will simply pay the amount provided without further investigation – either out of fear; lack of information; or because they simply do not still have the evidence required.

As of the end of 2018, the federal government had calculated \$1.5 billion of alleged debts. However, they had spent about \$500 million in the process and actually recovered only \$400 million of the \$1.5 billion 'raised' (Henriques-Gomes, 2019b). While some of these debts may still be recovered, this still raises questions about the cost effectiveness of this program. This significant shortfall in expected debt recovery is the basis of the proposal to include more vulnerable groups back into the automated debt recovery process as described above.

### **Support for people accessing payments and transitioning to work**

The system appears to be exacerbating long standing issues with Centrelink customer service delivery. Prioritisation of online channels (primarily myGov) as primary access points creates issues for those without access or the ability to manoeuvre through digital systems. Funding and staffing cuts are resulting in difficulties accessing call centre and counter staff in a timely manner. Centrelink staff are doing their best under difficult circumstances however they require additional resources to enable them to meet the needs of people.

Communication and information for those affected has been insufficient. It is not clear where individuals are able to get information beyond the current overworked phone and face to face channels. Information about what to do if you have received a letter is being provided by various service providers, including the National Social Security Rights Network. There are a range of possible services that can support individuals. However, these services have not received any additional funding to respond to increased demand as a result of Robo-debt and monitoring is required to ensure that services can continue to support those who need assistance.

For many people looking to move from income support to work, casual and seasonal work is the first step. Indeed for many, particularly in regional and remote areas, it is the only pathway available. This is particularly true for young people and those with low skill levels. These are the people the system should be helping. The Robo-debt process targets those people doing their best to get into the labour market, doing their best to navigate complex systems of work, income support, and taxation. It is targeting those that have been able to gain some work, often sporadic. It is these people for whom a process of 'averaging' is clearly problematic. QCOSS is concerned that these people will be deterred from seeking further work, given their negative experiences of government systems like Robo-debt. We are also concerned that those who have yet to make the

transition to work will also be deterred. In this system, the incentive to find work has been transformed into a process of stress, anxiety and of burden.

### A positive strengths-based social safety net

Across our social safety net we have seen moves to a compliance based, punitive system that further disadvantages those who are already struggling to afford life and have a good life. Linking an increase in social security payments to the expansion or introduction of any other punitive government welfare programs (such as the Cashless Debit Card or Drug-testing Trials) will further disempower people accessing income support. These punitive programs based on conditionality and 'mutual obligations' disempower people by removing their choice and agency, making things worse for people struggling with entrenched disadvantage (QCOSS, 2019).

The Online Compliance Intervention system of automated debt recovery continues to perpetuate a punitive approach with a presumption of guilt of social security overpayment.

### Change the narrative

Our income support system is intended to provide a critical safety net for people as they need it. People who access income support come from a range of backgrounds, require support for a range of reasons, and in many cases have been disadvantaged by a complex web of systemic factors and have been let down by the systems that are meant to support them. Governments and media must end the stigmatisation of people accessing income support as 'undeserving' and in need of punitive motivation and discipline to achieve self-reliance and a work ethic.

The federal House of Representatives select committee on 'intergenerational welfare dependence' report "*Living on the Edge*" provides guidance on this issue, (House of Representatives Select Committee, 2019). The committee is to be applauded for responding to criticism of the title of the inquiry and replacing the term 'intergenerational welfare dependency' (which falsely implies personal fault) with 'entrenched disadvantage' throughout the report. This is a helpful correction from 'dependence' to 'disadvantage', and acknowledges the complex cause of entrenched disadvantage, which includes the systems intended to support people.

A key finding of this committee review was that poverty itself is a driver for entrenched disadvantage, and as such the report recommends a review of the adequacy of income support payments (including Newstart). Sadly, it has since been revealed that the Social Services Minister at the time intervened in the inquiry to remove a recommendation to increase Newstart (Harris, 2019).

### Case stories

In preparation for the previous inquiry in March 2017, QCOSS engaged with our members and heard a range of stories of the impact that Robo-debt was having on people, friends and family. The '**On the ground**' case studies included in this paper came from this engagement. Since that time, the media has gathered many more stories of people negatively impacted by Robo-debt, some of which are in the articles listed below in the references.

QCOSS is also sponsoring a student research project on Robo-debt with the University of Queensland. Preliminary findings from qualitative research indicates some emerging themes:

- Lack of transparency regarding how alleged debts are calculated. Recipients are expressing initial confusion and frustration upon receipt which is exacerbated by the difficulty in getting clarification on this.
- Either didn't know that they're allowed to, didn't know how to or just were incapable of appealing the alleged debt due to time or other constraints. This could mean that people are paying debts that would have - if appealed - been adjusted.
- A burden of administration. Delays between overpayment notices and when the overpayment allegedly occurred, and general life constraints create stress for recipients. This involves the time it takes to liaise with employers to access the evidence requested, as well as general inability to navigate the online system without human interaction.

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## QCOSS

We are QCOSS (Queensland Council of Social Service), Queensland's peak body for the social service sector.

Our vision is to achieve equality, opportunity and wellbeing for every person, in every community.

We believe that every person in Queensland – regardless of where they come from, who they pray to, their gender, who they love, how or where they live – deserves to live a life of equality, opportunity and wellbeing.

We are a conduit for change. We bring people together to help solve the big social issues faced by people in Queensland, building strength in numbers to amplify our voice.

We're committed to self-determination and opportunity for Aboriginal and Torres Strait Islander people.

QCOSS is part of the national network of Councils of Social Service lending support and gaining essential insight to national and other state issues.

QCOSS is supported by the vice-regal patronage of His Excellency the Honourable Paul de Jersey AC, Governor of Queensland.

Join us to mobilise a force for equality, opportunity and wellbeing. To join visit the QCOSS website ([www.QCOSS.org.au](http://www.QCOSS.org.au)).

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