Australian Government
Department of Human Services

AUSTRALIAN GOVERNMENT
DEPARTMENT OF HUMAN SERVICES

DESIGN, SCOPE, COST-BENEFIT ANALYSIS, CONTRACTS AWARDED AND IMPLEMENTATION ASSOCIATED WITH THE BETTER MANAGEMENT OF THE SOCIAL WELFARE SYSTEM INITIATIVE

SUBMISSION TO THE SENATE COMMUNITY AFFAIRS REFERENCES COMMITTEE

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Executive Summary

The Department of Human Services (the department) delivers a wide range of payments and services which touch the lives of almost every Australian. The department continues to transform its services by moving towards digital service delivery, so that all but the most vulnerable recipients can manage their interactions through easy-to-use, secure, integrated digital channels.

The department operates within a legislative framework to deliver these payments and services on behalf of multiple Australian Government agencies. This includes the department's role in managing compliance within the legislation and policy, such as the management and recovery of debts. The department understands that the social security environment is a complex one and works with individuals to resolve issues.

In 2015–16 the Government announced the *Strengthening the Integrity of Welfare Payments* measure. A key element of this measure was *Employment Income Matching,* which provided resources to expand the department's compliance activity in this area. This expansion did not change the data-matching methodology nor how the department assesses and calculates differences in income and payments received.

This submission explains the types of welfare payments which may be affected, noting that this compliance activity does not affect those wholly-dependant on welfare payments, but is based on whether a recipient has earned income. The activity did not target a particular welfare payment.

This submission describes how the data-matching process is governed and works with the Australian Taxation Office (ATO). Data-matching has been done the same way for many years. A key change that has been implemented is that recipients are now asked to use a new online self-service portal to engage with the department. Special care is taken to exclude certain recipients where information indicates that they may be vulnerable, for example recipients who live in remote locations.

Data-matching, sending letters and assessing and calculating differences in income and payments has been part of the department's compliance activities for many years. What has changed has been the introduction of the online self-service portal to assist with one part of the process. This also enables people to verify and/or update their income data quickly and simply at a time of their own choosing.

Where the data-matching has identified data differences, the department has always contacted recipients in writing to provide the opportunity for them to explain the difference and this has not changed. The initial letter does not raise a debt. The department acknowledges that as with any process, continuous improvement is essential. The department has listened to feedback and made refinements to not only the content of the letters, but also how they are delivered to recipients to ensure recipients receive the letters.

Improvements have also been made to how recipients access the online portal as well as its readability and functionality.

If recipients do not agree with the assessment of the information they have provided to the department, there are options for re-assessment, formal review and appeal. In this submission, the department explains the differences between the re-assessment and review processes. For former recipients only, if they had not entered into a payment arrangement within the required timeframe, they were referred to an external collection agent. This has been the standard practice for many years for all types of debts. The department has continued to make improvements to the debt recovery process, such as pausing the debt recovery action while the department reviews the debt.

The department is committed to protecting the privacy of recipients and staff, including how information is collected, used and disclosed.

Staff are an integral part of government service delivery operations. The department ensures that appropriate staffing levels are in place with the provision of relevant training and support.

Part One – Introduction

The department administers payments on behalf of other departments and agencies, such as the Department of Social Services and the Department of Health.

The department touches the lives of almost every Australian. In 2015–16 the department administered payments totalling over $170 billion, had around 21 million visits across 351 service centres, enabled 720 million digital and online transactions and handled around 56 million phone calls.

The department increasingly uses technology to engage with people in line with contemporary social norms. The department is continuing to transform its services by moving towards digital service delivery, so that all but the most vulnerable recipients can manage their interactions through easy-to-use, secure, integrated digital channels.

For example, myGov helps people engage with the department and with other agencies, such as the ATO – in their own time, rather than visiting a service centre during opening hours. As at January 2017, there were over 11 million active myGov accounts, 59.6 million logins to myGov and 96.4 million navigations to nine member services using myGov.

The department administers welfare payments in accordance with the social security law, the family assistance law and other relevant legislation. The legislation that covers welfare payment policies and programmes is the responsibility of the Department of Social Services and includes the *Social Security Act 1991*, the *Social Security (Administration) Act 1999* and any other Act expressed to form part of the social security law. The relevant Acts set out the circumstances in which a person will be eligible to receive welfare payments.

The Government considers that Australians expect the welfare payment system to be fair. People should receive payments for which they are eligible: no more and no less. People receiving more than they are eligible to receive undermines the long-term sustainability of the welfare system.

One of the principles of a fair welfare system is that support is provided to those who are eligible. As people work more and earn more income, their eligibility for welfare payments under the social security law is reduced.

People have always been responsible for providing the department with correct information – this has not changed. People are obliged to tell the department when their circumstances change. This can include changes to their relationship status, living arrangements, care arrangements, assets or income from work. Debts can arise when people do not provide timely updates to the department about changes in their circumstances.

One of the ways somebody can incur a debt to the Commonwealth is not giving the department correct and up-to-date information about when they have worked and how much they have earned.

The management and recovery of debts to the Commonwealth is provided for specifically in the relevant legislation. If a person receives a payment they are not eligible to receive then this amount needs to be repaid to the Commonwealth.

Sections 1222A and 1223 of the *Social Security Act 1991* identify these incorrect payments as debts to the Commonwealth. Part 5.2 of the *Social Security Act 1991* sets out the methods available for recovery of debts.

The department has been managing compliance with the social security law for many years. The systems and processes for doing this are well-established and mature. Accordingly, social welfare payments compliance activities are part of the department's every day operations. As part of the normal daily business activity, the department has always asked people to explain differences when identified.

In 2015–16, the department conducted over 980,000 compliance activities which resulted in over $690 million in debts raised. More broadly, in 2015–16 over 2.4 million debts were raised from recipients receiving social welfare payments worth around $2.8 billion, with over $1.5 billion recovered. The early intervention approach meant that more than 260,000 recipients were contacted in 2015–16 and over $63 million in overpayments were prevented. The Online Compliance Intervention (OCI) component of the Employment Income Matching measures commenced in the 2016–17 financial year. Up to the end of January 2017, 133,000 debts were raised through OCI which is 8 per cent of the 1.7 million debts the department raised overall for the same period.

A complex welfare system

The social security law itself is complicated, particularly for people who also have income from wages and salaries and other income sources. Each type of income has different rules for when it is declared or assessed. This is further complicated by differences in the way revenue and expenses are treated under tax legislation and social security law.

The complexity of social security and tax laws, combine to make it difficult to offer a simple process for people to report and confirm their income.

Due to this complexity, the department provides information to individuals about their legal obligations while they are receiving income payments. The department regularly works with people to resolve issues.

The department recognises that most people want to provide correct and up-to-date information, but sometimes people may inadvertently make mistakes. The department also recognises that a small number of people will do the wrong thing and at times serious and deliberate fraud has been identified. In such cases, offenders may be prosecuted. Far more frequently the department can resolve issues through ensuring a debt is repaid in a way that suits the circumstances of the individual.

Part Two - Understanding Employment Income Matching

In line with community expectations about fairness, the Australian Government has developed a number of measures relating to the integrity of welfare payments over many years. The department's compliance activities are designed to protect the integrity of health, welfare and child support payment systems and to ensure that a fit for purpose and sustainable welfare system will be able to support people into the future.

This section explains Employment Income Matching and in particular how data-matching works, letters sent and the use of the online self-service portal.

Data-matching, sending letters and assessing and calculating differences in income and payments has been part of the department's compliance activities for many years. What has changed was the introduction of the online self-service portal. However, the introduction of the online portal did not change the data-matching methodology or the way the department assessed and calculated differences in income and payments received.

The online portal was developed to allow people the opportunity to review and update or confirm their information, and provide supporting evidence (such as payslips or bank statements), if required. It was based on the manual process and provided a self-service digital function, to enable people to verify and/or update their income data quickly and simply.

People have always been able to call the dedicated 1800 086 400 compliance number for assistance. This has not changed with the introduction of the online portal.

Similarly if a debt was found, the debt recovery process has remained the same and is the standard process used for all social welfare debts.

In 2015–16, around 105,000 manual assessments were initiated, and over 101,000 completed. Commencing in July 2016, around 220,000 assessments were initiated with approximately 168,000 completed to the end of December 2016.

Welfare payments affected

The Employment Income Matching measure is only relevant to people who have earned an income, not those who are wholly-dependent on social welfare. The measure does not apply to Family Tax Benefit (FTB) recipients but does apply to the following welfare payments.

- Age Pension
- Austudy
- Carer Payment
- Disability Support Payment
- Newstart Allowance
- Paid Parenting Partnered
- Paid Parenting Single
- Partner Allowance
- Sickness Allowance
- Special Allowance
- Widow Pension
- Youth Allowance

Data-matching

Data-matching is not new and has been undertaken between the ATO and the department since the 1990s. Data-matching is one of the key controls used by the department to manage the risk of fraud and non-compliance.

For over ten years, the department's data-matching process has been governed by the *Privacy Act 1988* (Privacy Act), and carried out in accordance with the *Guidelines on Data-Matching in Australian Government Administration* issued by the Office of the Australian Information Commissioner (OAIC).

All of the department's data-matching activities follow a similar pattern of operation:

- Step 1 – The department provides data to the ATO which matches it against their own data and then provides the matched data back to the department.
- Step 2 – When the data is returned from the ATO, the information is checked and validation processes are performed.
- Step 3 – The department then matches the ATO's data set against the relevant fields in the department's data holdings. For example, income, residency, assets or other criteria.
- Step 4 – Where differences are found between the two data sets, a selection process is undertaken by staff who first confirm the accuracy of the matching output. The selection process is based on the level of risk.
- Step 5 – Those records that are not selected are destroyed in accordance with the voluntary data-matching guidelines.

The data-match activity is concluded at this point.

The rules to match and select individuals for compliance reviews have remained unchanged. The department uses the same processes and business rules as were used in the manual system to choose which recipients or former recipients are to be reviewed. Staff are involved in the data-matching process. The department filters out recipients with certain vulnerability types. For example those who are culturally and linguistically diverse, if the person is in a period of bereavement, affected by a natural disaster or resides in a geographic location with limited access to digital services. The identification of vulnerable recipients is based on the information the department has on their record.

Letters

The department has always sent letters to recipients and former recipients, if the data-matching process has identified a difference between an individual's income tax data issued by the ATO and income data previously provided by that individual to the department, and the individual is identified for a compliance intervention. These letters explain that data-matching has identified a difference, and invites people to log-in to the online portal to clarify or confirm their income and employment information.

Initial letters are not debt letters. They simply request people to confirm their employment and income details, and to correct any inaccuracies. No assumption about debt is made. The letters

invite people to provide additional information. A second letter is also sent 14 days after the initial letter to remind people of the need to engage with the department.

Refinements to letters

The department acknowledges that some former welfare recipients may not have received their initial letter, their reminder letter or their debt assessment account payable letter because the department did not have their latest address recorded and they were not using myGov. In such instances, the first they may have known about the issue was when contacted by a debt collection agency. The number of people in this category represents less than 5 per cent of assessments initiated.

The department also acknowledges that people do not always engage with the process. The department's experience is that some people will not engage with initial letters, and indeed, will not engage until their payments are suspended or they receive a debt notice. For example, in March each year, recipients of FTB who have not lodged a tax return or have not advised the department that they are not required to lodge a tax return, are sent a letter to remind them that they are required to do so. In 2016 the department sent 260,000 letters to FTB recipients reminding them to lodge or advise the department that they do not need to lodge a tax return. Not all people responded to the departmental letters, as 65,000 debt notices had to be raised in November 2016. Of these debt notices, 33 per cent were then changed to zero dollars as the individual responded with further information once they had received the debt notice and a re-assessment was able to be undertaken.

Similarly, Employment Income Matching recipients who received letters did not always respond to the department's letters until a debt letter was sent. By contrast to the FTB scenario above, only 3.5 per cent of 130,000 online compliance debts raised from July 2016 to January 2017 were later reduced to zero dollars due to people providing further information so a re-assessment was able to be undertaken.

The department has carefully monitored feedback about the letters and implemented some changes as outlined below. The dedicated 1800 086 400 phone number is now clearly included in letters to recipients.

Initial contact letter

The initial contact letter is now sent via registered mail to all current and former recipients who have been identified during the data-matching process for a compliance intervention. The letter advises the due date will be 28 days from the date the letter is receipted (signed for) by the individual. Previously recipients were provided with 21 days from the date the letter was sent.

A web link and a confirmation code are now included in the letter. This allows recipients who do not have an active myGov or a linked Centrelink online service account to easily go online to confirm and/or update their employment income.

Reminder letter

An initial reminder letter is now sent via registered mail if a recipient has not contacted the department or completed their compliance intervention within 14 days of receiving their initial contact letter.

A second reminder letter is also sent if they have not completed their Employment Income Confirmation by the due date. This letter asks the recipient to contact the department.

If the recipient has not contacted the department, within 14 days, a third letter reminding the recipient to contact the department is sent.

Extension letter

Where the recipient has requested more time, a new letter will be sent to advise the recipient of the new date by which they are required to complete their Employment Income Confirmation. The individual has the opportunity to request a subsequent extension.

Provisional outcome

When an individual has completed their compliance intervention online, a new Provisional Assessment Outcome showing the amount owed will be displayed. This function has been introduced to allow an individual to check their data again before a debt is raised. Recipients are provided with a further opportunity to update their information if they consider the provisional outcome does not reflect their circumstances. They can then accept the provisional outcome.

After 24 hours, where a recipient hasn't accepted the provisional outcome online, a new letter is sent to assist the individual with the next steps. This letter provides advice on whether the provisional results indicate:

- that the recipient may have a debt, or
- that the amount the recipient was paid by the department is correct (and no debt applies to the recipient).

The recipient is advised in the letter that they must go online or call the department to accept or update this provisional assessment within 14 days. If the department does not hear from the recipient within the 14 days, the department may call the recipient to discuss the provisional result.

Online portal

The online portal is a self-service tool which was designed for people to clarify or confirm their income and employment information, and to provide supporting evidence to the department if required. The online portal does not automate debt recovery.

If anyone has a query about how to use the online portal they can call the designated compliance phone number 1800 086 400, with minimal wait times. The phone number is also available by clicking on the 'help' button on any of the main screens in the portal. Staff from the department who take calls have been specially trained to handle queries about the measure, and to help people to confirm their income and employment information.

The online portal was developed and tested internally. To ensure the portal was secure, penetration testing was also undertaken.

As with all systems and processes, the department is constantly refining how the department operates.

Refinements to the online portal

The department piloted the new system with about 1,000 people over two months in July and August 2016 and used feedback to make a number of improvements. For example, the process of selecting the employer was made easier for the person.

In October 2016, the online portal was updated to make it easier to reconcile employers that had been reported under a different name.

In December 2016 the online portal was enhanced to include:

- a debt explanation summary. This provides more information to the recipient about how their debt was calculated. This can help inform the recipient about whether they agree with the assessment, need to obtain more information or seek advice from the department.
- a new payment history tab which summarises the total welfare payment income received during the debt period.
- an employment income tab which summarises, by employer, employment income declared by the recipient during the debt period.

In January 2017, enhancements to the 'check your details' screen were made, which included a warning message to encourage the recipient to thoroughly review their employment details prior to submitting their confirmation. Also, if the recipient does make an update a further message is displayed informing the recipient about how the department will apply the new information to the recipient's record.

A number of further refinements to the online portal have been implemented since January 2017 including:

- **creating a simpler way to log-in to the system** – some of the people who have received a letter may not have been recipients of the department for many years, and so may not have an active myGov or Centrelink online account. The department now provides a security code, which can be used to access their information. The refined log-in and authentication process, means that people can access the information more easily.
- **making it easier to upload information that might be several years old** – people have let the department know that it is not always easy to locate payslips with gross income information. The department has let people enter net income information. The system then calculates gross income amounts. This information may be available from bank statements, which can be more readily accessed.
- **giving people more chances to review their information** – people can now see a provisional assessment outcome based on the information they have provided before the debt is raised. This gives individuals the opportunity to change or add more information if they think the provisional outcome is incorrect.
- **improved portal screen design** – recipients are now advised before they begin that they may need documents such as payslips, bank statements, separation certificates, group certificates or payment summaries. This is displayed on the 'Employment Income Confirmation' landing page.

  The new screen designs make it even easier for recipients to navigate the portal and understand what they need to do to clarify any differences in information.

The importance of checking employment dates has been made clearer.

The 1800 086 400 number has been made readily available on the screens.

Monitoring of the system and feedback from individuals has highlighted that some people's circumstances are not suited to going online.

The department has refined the process to detect these people sooner. A staff-assisted process is now provided more often where individuals can be taken through the process or manually reviewed. This assistance is now triggered where recipients:

- indicate they did not work for an employer (anomaly/mismatch)
- indicate they have received or are unsure if they have received allowances, lump sums or other income
- do not have access to payslips or bank statements
- do not accept the estimated gross amount, or
- are requested to provide documented evidence.

Part Three – Debt Management

The way debts are calculated has not changed. The automated debt calculation tool has been in use since 2003. It should also be noted that many of the debts reported in the media do not relate to the online portal.

The online portal has not changed how income is assessed or how debts are calculated. No error exists where differences are explained and no debt arises. Approximately 80 per cent of the 168,000 completed assessments between July and December 2016 resulted in a debt to the Commonwealth. In around 20 per cent of completed cases from July to December 2016, people were able to satisfactorily explain the difference in data between the ATO records and what was declared to the department. Where people update their information and the result is not a debt, no further action is required.

Averaging

Under social security law the department apportions income on a fortnightly basis to calculate the fortnightly entitlement. It has always been the case that the department asks the recipient to provide fortnightly income data. The recipient provides the information on both the amount of income earned and the timeframe. The department then maps the information provided to the fortnightly payment received. This is not averaging, rather a fitting of the information provided by individuals to the fortnightly payment rate received, as set under the social security law.

When the department has information that does not correspond with the ATO information, the department seeks to engage with recipients to clarify this information. If the recipient can clarify the difference which is identified, the issue may be resolved and no further action may be taken.

However, if the department seeks to engage with the recipient and they do not respond, and there is still a discrepancy and the department has exhausted every opportunity to talk to the recipient, the department may have to average income based on the information it has.

It is incorrect to imply that the department always averages, or that the system always averages over the full year. Averaging of income is applied when people do not contact the department with their information. The department requires this information to understand when their income was earned. For example, if the department has information from the recipient that shows the recipient worked for five months, averaging will be over a five month period.

Cases where income has been equally apportioned include where the:

- recipient reports equal earnings across a period
- recipient accepts the averaging of their earnings equally across the period
- recipient chooses to accept the dates provided by the ATO and does not provide further detailed breakdown, or
- system equally apportions employment income across the period identified in the ATO data in the absence of any other information from the recipient.

The department works to engage with the recipient to clarify the information up-front wherever possible.

Re-assessment, review and appeal processes

A person affected by a decision has both internal and external review mechanisms available to them. The department's internal review process is iterative and ensures that a person has the opportunity to have an online compliance debt explained, checked and debt re-assessed as required.

A person who has received a letter about an online compliance debt can call a dedicated 1800 number where an officer from the department will check the details and explain the decision about the debt to the person.

If the person advises the department that something is not correct or they have additional information, the department will undertake a re-assessment. Pending the outcome of the re-assessment the debt may change or be removed.

If a person does not agree with the outcome of the re-assessment, the individual can have a formal review of the decision. This is undertaken by an Authorised Review Officer (ARO). Additionally, if at any point, a person advises they want to proceed directly with a formal or ARO review of the decision, it is referred to an ARO.

The ARO will undertake an independent review of the decision and consider all original information. They will take account of any new information or evidence the person may provide.

If a person is not satisfied with the outcome of the review, they can appeal by applying to the Social Services and Child Support Division of the Administrative Appeals Tribunal (the Tribunal), referred to as the AAT First Review. The Tribunal is independent, and the department's involvement is limited to providing documents that are relevant to the decision. There is no time limit for applying for review of a decision made by the department under the social security law.

The Tribunal reviews every decision 'on the merits', which means it takes a fresh look at the facts, law and policy relating to the decision, and arrives at its own decision. The Tribunal can affirm a decision, vary a decision, substitute a new decision, or remit the decision back to the department for re-consideration. When a Tribunal decision is made, the person receives a written notification of the decision. If the person still remains dissatisfied after the AAT First Review, they have a right to request a review by the Tribunal's General Review Division within 28 days of the first decision. A person cannot be awarded costs by the Tribunal if they are successful and, in turn, they will not be required to pay the department's costs if they are not successful.

External collection agents

The majority of people who have a debt owing make arrangements to pay that debt following the information on the accounts payable letter they receive. If however, the person fails to engage with the department to arrange payment, the department initiates debt recovery.

For current welfare recipients, this is done by withholding arrangements from the recipient's current payments, which can be negotiated depending on their circumstances. Repayments can be as low as $5 per week.

For people who are no longer in receipt of welfare payments, the department may engage a debt collection agency. External collection agents are not engaged in relation to existing welfare recipients. Less than 10 per cent of all debt owed to the department is recovered by external collection agents.

Only appropriate debts are referred to an external collection agent. For example, the estate of deceased debtors or debtors in prison do not have debts referred for recovery. Matters referred to an external collection agent are not reflected on a person's credit history.

The department has engaged external agents to assist in the recovery of debt since 1996. The department engaged the current agents, Probe Group, Australian Receivables Ltd and Dun & Bradstreet (Australia) Pty Ltd, in 2016 following a Request for Tender published on AusTender in late 2015. Accreditation was a mandatory requirement in the tender process and conditions included: licensing in each state and territory, quality assurance, maintaining currency and security of recipient records, reporting ability, and offering to provide services to other Commonwealth agencies under the same terms. The department appointed a contract and relationship manager to oversee the performance and quality of the external collection agents.

The department's contracts for services require the agents to meet relevant Australian standards and comply with the law, good industry practice and any relevant industry codes, policies and guidelines, including but not limited to:

- the *Competition and Consumer Act 2010*, and
- the Debt Collection Guideline for Collectors and Creditors issued by the Australian Competition and Consumer Commission and Australian Securities and Investments Commission.

These contractual measures ensure that debt recovery agents comply with relevant consumer law obligations.

These contracts also contain standard provisions requiring the protection of confidential information and personal information including, but not limited to, the requirement:

(i) not to disclose confidential information of the department obtained under the contract without the prior written consent of the department,
(ii) to comply with the Australian Privacy Principles (APPs),
(iii) to collect, use and disclose personal information only to the extent necessary to perform the debt recovery services,
(iv) to take all reasonable steps to ensure that personal information in its possession or control in connection with the contract is protected against loss and unauthorised use, access, modification or disclosure, and
(v) to ensure that its employees, agents and subcontractors (and any others who may have access to personal information held by the supplier) are aware of and undertake to act in a manner consistent with the APPs.

The competition and consumer provisions of the *Competition and Consumer Act 2010*, including the Australian Consumer Law which is at Schedule 2 of that Act are viewed as not applying to the payment and collection of welfare debts. This is because these activities are not of a trading or commercial nature and are unlikely to meet the threshold test of 'carrying on a business'.

External collection agents are required to ensure their operators clearly identify themselves as calling 'on behalf of' the department. The department works closely with agencies on call scripts, which insist the operators clearly identify themselves as calling on behalf of the department. Call recording is also available for quality checking purposes.

Refinements to debt recovery

The department has used external collection agents to help find people who are no longer welfare recipients. Two separate notices are issued requesting the person to make contact with the department to negotiate a suitable repayment arrangement if they are unable to repay the debt in full. These notices advise of potential further recovery action, including referral to an external collection agent.

More recently, the department has identified a number of refinements to the debt recovery process which includes:

- **not raising a debt unless the department has made more attempts to locate an individual** – this includes sending letters and reminders through registered mail, using email and telephone details on file, and using other available sources of information to contact people (for example, the electoral rolls).
- **offering to pause the debt recovery action** while the department reviews the debt. The pause on recovery is applied for the duration of the review process by the department, unless the person would like to continue to repay the debt. This applies to both recipients and former recipients, and will apply to withholdings and payment arrangements. If the debt is with the Administrative Appeals Tribunal (AAT Second Review) and the department has not received a Stay Order, recovery of the debt will not be paused. If the review determines that the debt should be set aside, and no money is owing, the person will be automatically refunded any money they have already paid, as long as they have no other outstanding debts owed to the department.

  If there is still a debt after the review is complete, people need to make arrangements to repay the debt, which can be negotiated depending on their circumstances.

Part Four – Privacy

The department takes its obligations under the Privacy Act and relevant secrecy provisions seriously. The security of personal information is paramount to the way the department operates.

Collecting, using and disclosing recipient information must meet both the requirements of the Privacy Act, and also the secrecy provisions in programme legislation (such as under the social security law). There are numerous sections across the legislation governing the programmes delivered by the department, which contain secrecy provisions that affect how the department deals with information.

The department is committed to protecting privacy. The department has comprehensive processes to protect personal information. The department's privacy framework is guided by the department's Operational Privacy Policy, which includes a number of requirements that staff must comply with.

The policy reinforces that:

- all staff acknowledge their privacy and confidentiality responsibilities every year, and
- privacy incidents must be reported as soon as they are identified. Personal information related to the administration of the department's programmes and services is protected by the Privacy Act and the secrecy provisions in the various laws under which services are delivered, for example, the *Social Security (Administration) Act 1999*. Requests for personal information are considered under the Australian Privacy Principles and relevant secrecy provisions.

The department has a strong professional relationship with the OAIC, which comprises the Privacy Commissioner, the Information Commissioner, and the Freedom of Information Commissioner.

The department also takes its obligations under the *Freedom of Information Act 1982* (the FOI Act) seriously, and meets its obligations consistent with the legal requirements of the FOI Act. FOI requests are considered by reference to the specific words of the request and any background information supplied by the applicant.

As part of meeting the department's obligations, applicants are advised of the mechanisms to seek internal or external review of the decision if they are not satisfied with the outcome. In the first instance, the department recommends that a recipient try to resolve the issue with the person they have been dealing with, and if they are still not satisfied, to ask to speak to a manager. People may also make complaints to the Privacy Commissioner.

Collection

The department collects people's personal information where it is reasonably necessary for, or directly related to, one or more functions or activities. This can be done by requesting information directly from people or obtaining it from other government agencies and third parties. Any personal information the department receives from a third party is treated the same as if the person had provided it to the department.

Use

Personal information is collected for a number of purposes including proof of identity and the administration of payments and services. The department also collects information for administrative purposes, such as processing FOI requests, conducting entitlement reviews,

conducting data-matching, providing services in culturally appropriate ways, conducting statistical analysis to improve service delivery to recipients, participating in merits and judicial review matters and for the allocation of healthcare identifiers.

As part of the obligations under the Privacy Act, the department also ensures records are up to date and reasonable steps are taken to obtain current details.

A particular purpose is for data-matching, which is used by the department to detect incorrect payments of social security, family assistance and student assistance entitlements and to minimise the instances of fraud, including internal fraud. The department conducts data-matching with the ATO in accordance with Privacy Commissioner's *Guidelines on Data-Matching in Australian Government Administration* and the requisite Programme Protocol 'Pay-As-You-Go (PAYG) Data-Matching'. The Guidelines seek to assist agencies undertaking administrative data-matching activities to do so in accordance with good privacy practice.

The department is authorised to collect information from the ATO by the *Social Security (Administration) Act 1999*. This Act authorises the collection of personal information for the purposes of assessing social security payments, including whether the payment is or was payable to a person and whether the payment rate is or was correct.

Disclosure

Personal information can be disclosed to Australian Government agencies, state and territory agencies and third parties for lawful purposes such as detecting and investigating cases of serious non-compliance and fraud.

Section 202 of the *Social Security (Administration) Act 1999* and section 162 of the *A New Tax System (Family Assistance) Administration Act 1999* authorise the release of relevant information for the purposes of administering those Acts. Specifically, section 202 of the *Social Security (Administration) Act 1999* allows the department to disclose protected information for the purposes of social security law. This may include disclosing a limited amount of protected information to correct the record where a person publically makes claims that are inaccurate or misleading.

Part Five – People

The department employs 35,000 staff.

The department regularly responds to evolving government priorities, which means transforming services and service channels to ensure government outcomes are achieved, including protecting outlays.

Claims made about the department's staffing numbers and capacity can often be misleading. The department continues to ensure staff have the capabilities, understanding and the support needed to meet evolving challenges. In order to do this, the department regularly moves staff as required to manage fluctuating priorities.

Contrary to media reports, the introduction of the online compliance tool has not decreased the number of staff managing compliance activities. Staffing resources in this area have been boosted in recent years. Since October 2014 over 700 staff have been allocated to work relating to compliance budget measures. Compliance staff provide valuable support to recipients in the process.

The department has seen the following change in total average staffing:

- A reduction of 2,381 in average staffing levels from 2010–11 to 2011–12 financial year
- A reduction of 797 in average staffing levels from 2011–12 to 2012–13 financial year
- A reduction of 1,706 in average staffing levels from 2012–13 to 2013–14 financial year
- A reduction of 378 in average staffing levels from 2013–14 to 2014–15 financial year
- An increase of 486 in average staffing levels from 2014–15 to 2015–16 financial year

While overall staff numbers in the department have reduced from 2010 levels, these reductions were due to the following reasons:

- There was a significant reduction of staff from 2009–10 levels when Centrelink had been resourced to handle the expected increase in unemployed from the then global financial crisis. This reduction occurred in 2010–11 and 2011–12.
- There were immediate efficiencies implemented upon integration of the department through the Service Delivery Reform measure introduced in the 2011–12 Budget, which culminated in ongoing annual savings of over $200 million per annum. Savings were achieved through simplifying and automating online services, corporate integration, and integrating business operations, among others.
- The department has met the regular annual cumulative efficiency dividend. It has also met the additional efficiency dividends that were applied in 2011–12, 2013–14 and 2014–15, which have had an ongoing reduction of the department's funding of over $300 million per annum.
- In addition to these measures, during the 2012–13 Mid-Year Economic and Fiscal Outlook (MYEFO), 2013–14 Budget, 2013–14 MYEFO and 2015–16 Budget there have been a range of specific departmental and public sector efficiency measures applied to the department.
- There were reductions in the average staffing level as a result of CRS Australia activities ceasing.

- In 2015–16, 350 ASL who were undertaking the health compliance function were transferred to the Department of Health as part of Machinery of Government changes.

Training and support for staff

Compliance staff undertake additional training to enable them to fully support recipients. Training for incoming staff is typically conducted over an initial two week period and includes material delivered through facilitated sessions and self-paced eLearning packages.

Over 900 staff undertook more than 8,500 hours of facilitated training and workshops in preparation for this compliance measure. Staff also completed five key eLearning packages before they undertook formal training.

The department has provided, and will continue to provide, extensive training to staff to support them in relation to all compliance work. Ongoing support is provided to all staff through technical coaching, scheduled learning and development activities and a dedicated Quality Development Officer.

The department is also committed to making sure that staff are safe and supported in their workplace, particularly when dealing with difficult situations. The department has a comprehensive program to prevent and equip staff to manage aggression. This includes staff training, incident management, staff debriefing, service centre security measures and security assessments. The department tracks staff incidents and injuries and the impact of aggression on staff. Staff are also offered support following an incident.

The department monitors aggression across all service delivery channels: face-to-face, telephony, and processing. Staff transfer calls to social workers where necessary as per the department's standard process, and there has been no increase in social work referrals due to the online compliance measure. In the last six months there has been a gradual reduction in unscheduled absences in the compliance division.

Complaints management

The department provides information and direction to all staff as a part of continuous improvement processes. The department regularly provides advice and reference material to all staff to assist in the management of queries and complaints. Regular communications to front line staff includes advice on:

- how to identify if an individual query is in relation to compliance,
- where to find information in relation to the compliance tool,
- what assistance can be provided to the recipient and how staff can do this, including the 1800 086 400 compliance number to transfer the individual to if they require further assistance and,
- Information around complaint management procedures, including how to identify and lodge a complaint.