



# **Australian Government**

Australian Government response to the  
Senate Community Affairs References Committee report:

Inquiry into Centrelink's Compliance Program Second Interim Report

February 2021

## **Introduction**

The Australian Government (the Government) notes the Second Interim Report of the Inquiry into Centrelink's Compliance Program (the Inquiry) by the Senate Community Affairs References Committee (the Committee).

The Government does not support the Committee's first recommendation. The Government notes that the Australian community expects Services Australia to be responsible stewards of taxpayer funds and to ensure people are paid only what they are entitled to. Income compliance activity will continue, with the refinements announced by Government on 19 November 2019.

The Government supports in-principle the Committee's second recommendation, noting that Services Australia has taken a comprehensive approach to informing current and former customers eligible for a refund of the process to receive those funds, and provided additional support to those people who may be vulnerable, have low literacy and numeracy or for whom English is not their first language.

The Government notes the Committee's third recommendation. Services Australia has undertaken a planned and focussed approach to communicating with people who have not engaged with the refund process. Communication methods have included letters, SMS, phone calls and targeted messaging on radio and social media. This has been effective, with around 132,560 former customers (90 per cent) having completed the 'refund pending' task in myGov to receive their payment. Services Australia will continue to support these processes to ensure that refunds to affected individuals are completed in a timely manner.

The Government notes the Committee's fourth recommendation. Payment integrity activities will continue, with a strong focus on prevention of debt. Services Australia will continue to engage with customers, and third parties, to ensure they receive the correct payments.

The Government does not support the Committee's fifth recommendation. The Income Compliance Program has been subject to a range of independent reviews and inquiries, including the current Senate Inquiry into Centrelink's Compliance Program, the 21 June 2017 Senate Inquiry Report on the "Design, scope, cost-benefit analysis, contracts awarded and implementation associated with the Better Management of the Social Welfare System initiative", and the Ombudsman's independent reports of April 2017 and April 2019, both titled "Centrelink's Automated Debt Raising and Recovery System".

## **Inquiry into the Centrelink's Compliance Program**

### **Recommendations made by the Committee**

1. The Committee recommends that Services Australia immediately terminate the Income Compliance Program.

### **Not supported**

#### *Government Response*

The Government notes that the Australian community expects Services Australia to be responsible stewards of taxpayer funds and to ensure people are paid only what they are entitled to. It is estimated the Australian Government will provide \$147.8 billion in income support payments in 2020-21, representing around 22 per cent of the total federal Budget. Compliance activity is essential to support community trust in the administration of the welfare system.

Income compliance activity will continue. However, as announced by Government on 19 November 2019, Services Australia will no longer raise debts based solely on averaging of Australian Taxation Office (ATO) income information.

2. The Committee recommends Services Australia ensures its communication strategy relating to the repayment of unlawfully-raised compliance debts takes into consideration the additional needs of and provides appropriate supports to:
  - vulnerable populations, such as people with disability or who are experiencing homelessness;
  - people with low literacy and numeracy; and
  - people for whom English is not a first language.

### **Supported in-principle**

#### *Government Response*

Refunds of Income Compliance Program debts to current and former customers commenced in July 2020. Services Australia developed and implemented a comprehensive communication strategy to inform current and former customers about their refunds.

This approach has included strategies to provide more tailored services to vulnerable people, those with low literacy, and those with a first language other than English. The refund letters sent to current and former customers include a phone number for the dedicated compliance refunds line that people can call for support. The letters also include information on Services Australia's Interpreter Service, which is free and available to current and former customers.

Services Australia has published extensive web content about the refund process, including specific information on how former customers can access the online portal. The web content includes a video which highlights the online portal and a link to translated factsheets in the eleven most commonly used languages other than English.

Services Australia identified both current and former customers who may need additional support as part of the refund process. This includes those receiving a high value refund, deceased estates and income managed customers. Services Australia has been working to make direct contact with these people (or their nominated representative) prior to refunds being processed. When contact is made, referral to specialised services such as Social Workers, Financial Information Support Officers or Indigenous Support Officers is also offered.

Any customer needing staff assistance can be supported via phone, in person or through specialised staff services.

Services Australia has consulted with representatives from a range of advocacy and community organisations including the Australian Council of Social Service, Anglicare, Economic Justice Australia, Youth Action, Australian Federation of Disability Organisations and Federation of Ethnic Communities' Councils of Australia. Representatives from organisations were provided copies of letters, a factsheet, and links to information about the refunds.

3. The Committee further recommends Services Australia immediately allocate additional staff to focus on contacting customers who have not engaged with the refund process in order to ensure the repayment of all unlawfully-raised compliance debts to all affected individuals is completed in a timely manner.

## **Noted**

### *Government Response*

The Government notes this recommendation as not needed. At the commencement of the refund process in July 2020, Services Australia sent letters to over 147,000 former customers to inform them that they are eligible for a refund of their income compliance debt. Letters were sent via myGov or surface mail, depending on the former customer's recorded preference.

The letters provided advice on the process for former customers to confirm their details on their Centrelink online account, by completing the 'refund pending' task. The 'refund pending' task initiates the refund payment.

Services Australia has taken further active steps to contact former customers who are yet to engage in the refund process. This includes:

- Reminder letters sent through myGov and surface mail from 14 September.
- SMS nudge messages from 23 September.
- Outbound phone calls from 28 September.
- Services Australia's official spokesperson has spoken on radio about the approach for former customers to access a refund.
- Services Australia's social media accounts (Facebook and Twitter) are being used to promote the refund portal.

These actions have had a high level of success. By early November 2020, more than 132,600 former customers have completed the 'refund pending' task in myGov to receive their payment. Fewer than 14,400 former customers have yet to confirm or update their details. Services Australia will continue to support these processes.

The Government will continue to take all reasonable steps to ensure that eligible former customers have ample opportunity to confirm or update their details and receive their refund.

4. The Committee recommends that Services Australia immediately reviews its evidentiary responsibilities for raising overpayment debts in all of its compliance programs, with particular reference to:
  - the responsibilities of the agency under sections 1222A and 1223 of the *Social Security Act 1991* for proving an overpayment debt is due to the Commonwealth; and
  - whether section 66A of the *Social Security (Administration) Act 1999* provides an appropriate legal basis for requiring individuals to update income information where there has been no change in circumstances.

### **Noted**

#### *Government Response*

The Government notes this Recommendation. Payment integrity activities will continue, with a strong focus on prevention of debt. Services Australia will continue to engage with customers, and third parties, to ensure they receive the correct payments. Services Australia will continue its approach to designing services and systems through direct engagement with recipients of services as well as consulting with a range of stakeholders and groups.

The Government notes that a person can request a review of a decision at any time. To further assist people who would like information about their historical debts, on 27 July 2020, Services Australia introduced the capability for people to self-serve and obtain a statement of debt for any Centrelink debts dating back to 1998. People can also call Services Australia and obtain this statement.

5. The Committee recommends that an independent review is immediately initiated into the policy, design, administration and impact of Centrelink's compliance program, including the Income Compliance Program.

### **Not Supported**

#### *Government Response*

The Government notes that the current Senate Inquiry into Centrelink's Compliance Program is an independent process of inquiry, as was the Senate Inquiry on the "Design, scope, cost-benefit analysis, contracts awarded and implementation associated with the Better Management of the Social Welfare System initiative" during the last Parliament. The Ombudsman has conducted multiple investigations into the Program, including its reports of April 2017 and April 2019, both titled "Centrelink's Automated Debt Raising and Recovery System".