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18 September 2019

Committee Secretary
Senate Standing Committees on Community Affairs
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Inquiry into Centrelink's compliance program

Carers NSW welcomes the opportunity to respond to the Senate Community Affairs References Committee inquiry into Centrelink's compliance program. This brief submission will consider the program specifications with particular reference to the varied impacts on carers.

Carers NSW is the peak non-government organisation for carers in New South Wales (NSW). A carer is any individual who provides care and support to a family member or friend who has a disability, mental illness, drug and/or alcohol dependency, chronic condition, terminal illness or who is frail. Our vision is an Australia that values and supports all carers, and our goals are to:

- Be a leading carer organisation in which carers have confidence
- Actively promote carer recognition and support
- Actively support carers to navigate a changing service landscape that will be characterised by ongoing policy reform
- Promote connected community experiences and opportunities for carers that are inclusive of diverse carer groups
- Lead and advocate for carer-specific and carer-inclusive policy making, research and service delivery
- Continue to be a quality-driven, responsive and carer-focused organisation.

Financial hardship and employment of carers in Australia

In order to understand the effectiveness and impact of Centrelink's compliance program in relation to welfare recipients who have a caring role, it is important to first understand the financial and employment circumstances of carers in Australia.

Across Australia there are 2.7 million carers who provide unpaid care and support to a family member or friend. Carers are more likely to live in low income households¹ compared to non-carers (34% and 24% respectively). Working age carers (15-64 years) are also more likely to receive government payments or allowances as their main source of income compared to non-carers of the same age (26% and 11% respectively)².

¹ Low income households are defined as households within the lowest two quintiles of equivalised household income.

² Australian Bureau of Statistics (2016), *Disability, Ageing and Carers, Australia: Summary of findings, 2015*, Carer tables, Canberra.



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Caring from a young age can particularly increase socioeconomic disadvantage, with 52% of all young carers (aged 25 years and under) living in low income households³. Research has also shown that young carers are more likely to live in lone parent households compared to their non-caring counterparts, reducing the overall household income⁴. Limited finances can have a cyclical and negative effect on a young carer's ability to participate in employment, education and social activities often resulting in long-term financial consequences. The actuarial analysis conducted by PricewaterhouseCoopers as part of the Priority Investment Approach to Welfare identified young carers as a group at high-risk of long-term welfare dependency⁵.

Many working carers reduce their hours, limit career progression or exit the workforce altogether due to the challenges of balancing work and care. The Australian Human Rights Commission has identified that there needs to be cultural change within Australian workplaces to enable working carers to achieve this balance⁶. In addition, legislation should be enhanced to strengthen protections for carers at work, particularly in regards to making requests for flexible working arrangements⁷.

Working carers often report that they struggle to access adequate replacement care in order to enable them to work. Even in needs-based support systems like the National Disability Insurance Scheme (NDIS), gaps in formal services can prevent carers from maintaining or returning to work. The Carers NSW 2018 Carer Survey, for example, found that more than half of carers of NDIS participants who responded disagreed that the NDIS had enabled them to maintain or return to paid employment⁸.

Many people providing informal care do not meet the eligibility criteria for the Carer Payment or Carer Allowance despite their caring responsibilities presenting as a barrier to obtaining and maintaining employment. There are tens of thousands of carers nationally who are reported to receive a government payment or allowance but are not recorded as receiving Carer Payment or Carer Allowance⁹. Carers on other payments are often hidden, so it is difficult to estimate exactly how many carers are receiving other payments. The reduced income and added mutual obligation components of certain payment types can increase financial and other stress for carers, who are often already facing a range of other life stressors associated with their caring role.

Carers NSW advocates that individuals who are in receipt of income support are generally in that position as the result of financial vulnerability and hardship. Compliance programs should therefore consider the unique and challenging circumstances of individuals in receipt of welfare support, including carers. This submission highlights the intense and at times long lasting psychological and financial impacts of Centrelink's compliance program on already vulnerable individuals and families.

³ Ibid.

⁴ Cass, B., Brennan, D., Thomson, C., Hill, T., Purcal, C., Hamilton, M., and Adamson, E. (2011) *Young carers: Social policy impacts of the caring responsibilities of children and young adults*, Report prepared for ARC Linkage Partners, Sydney.

⁵ PricewaterhouseCoopers (2016), *Valuation Report 30 June 2015 Baseline Valuation*, Final Report, Department of Social Services.

⁶ Australian Human Rights Commission (2016), *Willing to work: National Inquiry into Employment Discrimination Against Older Australians and Australians with Disability*, Australian Human Rights Commission: Sydney.

⁷ Skinner, N., Pocock, B. (2014), *The Persistent Challenge: Living, Working and Caring in Australia in 2014. The Australian Work and Life Index 2014*, Centre for Work and Life, University of South Australia: Adelaide.

⁸ Carers NSW (2018), *Carers NSW 2018 Carer Survey: Summary Report*, Carers NSW: North Sydney.

⁹ Australian Bureau of Statistics (2016), *Disability, Ageing and Carers, Australia: Summary of findings, 2015*, Carer Tables cat. no. 443300DO030_2015 Canberra; Australian Bureau of Statistics (2018), *Payment recipients by payment type and state and territory*, Carer Tables, Canberra.



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Overpayment and subsequent notification

When reviewing the reasons for debt accrual and subsequent actions taken by Centrelink to address the calculated debt, there are a number of identified system issues which require urgent review and redress to ensure the ongoing financial protection and wellbeing of carers in receipt of income support.

Debt accrual, as experienced by welfare recipients, results from overpayment by Centrelink, either as a result of inaccurate declaration of income (intentionally or unintentionally) or as a result of a system error. This overpayment in some cases, has occurred several years prior to recipient notification. A particular recipient, for example, claimed that she was overpaid sickness allowance to the amount of \$9000 which was accrued 4 years prior to her being notified with request for the amount to be paid¹⁰. This highlights that improved preventative action may reduce system expenditure and personal stress when accrued debts are pursued. For example, systems could be improved to reduce incidences of overpayment or prompt identification in cases where overpayment has occurred to minimise the risk of overpayment.

Reverse onus: from Centrelink to recipient responsibility

Carers NSW is concerned with regards to the expectations placed on welfare recipients to disprove a claim that they have been overpaid, as anecdotally this often occurs in the context of experiencing varied and complex issues relating to their receipt of income support, e.g. ill-health, caring or grief. This is particularly concerning in cases where recipients may have reduced capacity to self-advocate as the result of cognitive impairment, time constraint, language barrier, or a lack of adequate information or education.

Given the time lapse between reported overpayment and recipient notification, people often need to rely on paperwork which they received several years before and which may no longer be accessible. The current system also requires that recipients are digitally literate to enable access to their online account and for correspondence; this results in exacerbated discrimination of groups with reduced digital literacy as the result of disability, cognitive impairment, or limited access to technology.

In some cases, individuals have sought legal support in an attempt to disprove a claim. For carers, access to legal support may be negatively impacted by their caring role which can reduce their available time, resources and emotional capacity to secure external supports.

Ethical concerns: efficacy and approach

Calculation errors

The National Disability Insurance Scheme and Government Services Minister, Stuart Robert, has disclosed an error rate of at least one in five overpayment calculations¹¹. Calculation errors present a serious concern, as is the case for Deanna Amato, a recipient of income support, whose initial figure of \$2754 was wiped when a recalculation revealed the correct overpayment was \$1.48¹².

¹⁰ The Australian (2019), *Robo-torment might be a state-sanctioned extortion*, [Media Release] 2 September 2019

¹¹ Ibid.

¹² Victoria Legal Aid (2019), *Centrelink wipes another robo-debt as legal challenge continues*, [Media Release] 6 September 2019



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Deanna herself highlights that following legal action, the overpaid amount was recalculated quickly and easily. This reflects the system capacity of Centrelink to calculate (and re-calculate) accurately and within a small time period; Carers NSW advocates that this occurs in all cases to ensure increased financial welfare and protection for recipients.

Debt collectors

Carers NSW proposes that the use of debt collectors is inappropriate, as it disassociates the process of debt recovery from any of the supports provided by Centrelink, which can increase fear and confusion for vulnerable recipients of income support.

The impact of a debt record on future employment is also of significant concern, particularly for individuals with existing barriers to employment, and for young carers who may have received income support during university in order to support their educational development and progression. This particularly targets vulnerable young people and may impact on their ability to secure employment, which further impacts on their income security, potentially placing them at risk of ongoing dependence on income support.

Undermined autonomy for welfare recipients

Centrelink's "automated debt" system - the ability to subtract debt from individual tax returns - undermines the autonomy and control of individuals, and limits individual capacity to make decisions regarding their financial income and subsequent planned spending. This removes financial safeguards for individuals who may already experience difficulty in meeting their everyday living expenses as a result of the elevated costs of caring and may result in a significant destabilisation of financial income and expenditure with potential implications for the wellbeing of both the carer and care recipient.

Carers NSW advocates that adequate risk assessment take place where accrued debt is substantiated, and individuals be consulted with regards to an appropriate repayment plan which is achievable and does not increase financial risk. This would ensure financial security and reduced impact on individuals, and also protects others who may be dependent on that income.

Psychological impact

The psychological impact of debt retrieval is an important factor for consideration. Many carers have reported receiving debt notification during a period of considerable emotional distress, including pensioner Pamela Egan¹³, who was advised of her debt at the time of her sister's death, and Anastasia McCardel¹⁴ who was advised of her son's robodebt - and her responsibility to repay this - 6 months after his death. In Anastasia's case also, letter correspondence from Centrelink reported that Bruce [son] had been reviewing his financial paperwork when in fact he was deceased.

¹³ Farrell, P., & McDonald, A., (2019), *Centrelink seizes tax return of robodebt recipient in what may breach policy*, ABC News, accessed online at <https://www.abc.net.au/news/2019-08-27/centrelink-seizes-tax-return-of-robodebt-recipient/11450196>

¹⁴ Farrell, P., & McDonald, A., (2019), *Centrelink robodebt raised against dead disability pensioner*, ABC News, accessed online at <https://www.abc.net.au/news/2019-07-29/centrelink-robodebt-raised-against-dead-disability-pensioner/11342994>



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Young carer, Vanamali Hermans, describes her concern at the limited information received with regards to her deceased mother's debt¹⁵. A lack of information and transparency created a sense of distrust and helplessness for Vanamali during a time of grief.

Carers NSW proposes that the current approach to debt retrieval is insensitive to the complex needs of individuals. This is especially the case in the context of grief and loss.

Summary

This submission has explored the varied and significant impacts of Centrelink's current compliance program on individuals, with a particular focus on carers. With consideration of carers in this context, and awareness that carer circumstances can exacerbate the impacts of compliance programs, Carers NSW recommends that any redesign should include appropriate access to psychosocial supports for carers to ensure that their needs are supported holistically. Empathic approaches to understanding carers and their broader family and community networks are recommended, achieved through the establishment of clear assessment guidelines and pathways for onward referral, including to Regional Delivery Partners via the Integrated Carer Support Service.

Carers NSW strongly advocates for a change to Centrelink's current compliance program, and recommends that welfare recipients be involved in a redesign of the service and models to ensure effectiveness.

Thank you for accepting our submission. For further information, please contact Madeleine Gearsides, Policy and Development Officer at [REDACTED] or on (02) 9280 4744.

Yours sincerely

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CEO
Carers NSW

¹⁵ Medhora, S., (2019), 'A punch in the guts': Getting Centrelink debt notices after your mum died, Triple J Hack, accessed online at <https://www.abc.net.au/triplej/programs/hack/centrelink-welfare-debt-issued-to-dead-people/11504810>