

# Submission to the Inquiry into the Social Services and Other Legislation Amendment (Simplifying Income Reporting and Other Measures) Bill 2020

14 February 2020

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## Who we are

ACOSS is the peak body of the community services and welfare sector and the national voice for the needs of people affected by poverty and inequality.

Our vision is for a fair, inclusive and sustainable Australia where all individuals and communities can participate in and benefit from social and economic life.

## What we do

ACOSS leads and supports initiatives within the community services and welfare sector and acts as an independent non-party political voice.

By drawing on the direct experiences of people affected by poverty and inequality and the expertise of its diverse member base, ACOSS develops and promotes socially and economically responsible public policy and action by government, community and business.

## ACOSS recommends that:

1. The bill be passed.
2. The government thoroughly test these changes with people who would be affected as well as experts in the field, including ACOSS, National Social Security Rights Network, its member centres, and other social security law stakeholders.
3. The government develop a process where it can detect if someone has double-counted their income during the transition period, and adjust their record accordingly so that they receive the correct income support entitlement.
4. Privacy provisions under social security law be strengthened so that personal information cannot be released publicly without the person's explicit, informed consent.
5. This legislation be reviewed after 12 months to ensure it is operating in the best interests of people receiving income support.

## Introduction

ACOSS broadly supports the Social Services and Other Legislation Amendment (Simplifying Income Reporting and Other Measures) Bill 2020. This bill would resolve one of the long-standing issues within our income support system for people earning employment income. Currently, people must report income within the fortnight they earn it, which requires most people to estimate their earnings, as they may not have received their payslip, or are working on their reporting day (which can make it difficult for people to accurately report their earnings for the relevant fortnight).

The government states that 550,000 people report income to Centrelink in any given fortnight, with 1.2 million people reporting income in any given year. In 2017, there were more than 15 million corrections of reported income because of mistakes being made in estimating and reporting income.<sup>1</sup> ACOSS has long argued that the current system is flawed because it requires people to estimate earnings in a fortnight, which leads to unintentional errors being made. We welcome the measures in this bill that will allow people to report income earned according to their payslips, and use data-matching to make the reporting process easier for people receiving income support.

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<sup>1</sup> Minister Tudge (2020) 'Second Reading Speech' 6 February  
<https://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query=Id%3A%22chamber%2Fhansard%2F4a263c90-4a15-4591-b1e6-7cd74f566c21%2F0031%22>

## Learn the lessons of Robodebt

Considering the perceived similarities between the measures contained in this bill and robodebt, it is critical that the government gets the transition to the new income reporting scheme right. There is widespread mistrust in government and its use of data matching in the administration of social security following robodebt. People do not trust that government will implement these reforms without making mistakes. People do not trust that the data-matching process will be correct, and people (understandably) are not confident that they will be able to correct their record if a mistake is made.

The government needs to rebuild trust with the community with respect to administration of income support. The government has an opportunity to ensure that the transition to, and administration of, this new scheme runs as smoothly as possible, and has the needs of people using it at its centre. We urge the government to thoroughly test these changes with people who would be affected as well as experts in the field, including ACOSS, National Social Security Rights Network, its member centres, and other social security law stakeholders. Such stakeholders are best placed to identify issues or problems with the scheme's design and identify solutions before it is unleashed on millions of people.

## Improve lines of communication

The income reporting changes must be clearly communicated to people affected, using multiple channels of communication, especially non-online forms of communication. This includes clear instructions on how to correct your record if a mistake has been made. Clear information about privacy and the sharing of data between employers and Services Australia should also be provided to people affected.

ACOSS understands that much of the communication with people about this reform is planned to be via online means. This is unsuitable for many people, and we urge the government to provide information via letter, television, radio (including mainstream radio), and other channels. Government must develop effective communication strategies to reach people in rural and remote areas and people with poor access to Services Australia (particularly Aboriginal and Torres Strait Islander and culturally and linguistically diverse communities). We also suggest that job service providers be skilled up to give people information about the changes. It will be crucial for people to have clear guidance on the changes, particularly so that they can manage the transition period.

## Risk management during the transition period

There will be a two-week transition period where people will move from the current to the future system of reporting income. Services Australia has advised that people will need to manually calculate income earned under the old system and income earned under the new system during this transition period, and calculate how much applies to each. ACOSS is concerned that, of the expected 550,000 people engaged in this transition period, many will double-count or incorrectly report income. Many may transition to the new system reporting what is on their payslip, without subtracting whatever was earned under the old system, which they had already reported. There is nothing in the bill to mitigate this risk, nor is there an indication from government that processes will be in place to identify, and correct instances of double counting.

ACOSS recommends that the government develop a process where it can detect if someone has double-counted their income, and adjust their record accordingly so that they receive their correct income support entitlement.

## Onus continues to be on the individual to report

Government must make clear to people that it continues to be their responsibility to report income. It is likely that many people will believe that because their employment income will be shared directly with Services Australia, there is no need to report. It is important that government clarify people's reporting responsibilities and the role that data-matching plays.

## Strengthen privacy protections

ACOSS has a strong view that people's right to privacy must be strengthened under social security law. The case of Andie Fox, whose private Centrelink information was disclosed to a journalist and subsequently published in a national newspaper under social security law, illustrates that existing protections in the Social Security Act are inadequate to uphold people's privacy. This bill would expand the sharing of private information for the purpose of administering social security. Considering the shortfalls of current legislation to protect people's private information, we urge the committee to recommend that privacy provisions be strengthened in the Social

Security Act. Disclosure of people’s private information without their explicit, informed consent should not be permitted under social security law.

## Legislation be reviewed after 12 months

In line with Victoria Legal Aid’s recommendation, ACOSS calls for this legislation to be reviewed after 12 months, to ensure it is operating in the best interests of people receiving income support.