

Committee Secretary
Senate Standing Committees on Community Affairs

20 September 2019

Dear Committee Secretary,

Centrelink's Compliance Program

Jobs Australia, peak body for the not for profit employment sector, welcomes the opportunity to contribute to this Senate Inquiry, noting that an increase in focus, as well as transparency, is necessary to generate an acceptable level of integrity in the execution the compliance regime.

Summary

- A higher level of evidence detailing the specifics of the debt, including information from employers, should be procured prior to raising a debt
- Averaging out fortnightly earnings creates inaccurate estimates of income and fails to account for fluctuating employment patterns
- Many of the people captured in this process experience significant levels of disadvantage and therefore find this process arduous; consideration of personal circumstances should be accounted for prior to raising a debt
- The limitations on human oversight of the process increase the likelihood of poor outcomes
- The period under review for debt recovery should not surpass five years

While it is incumbent upon government to pursue legitimate debts, Centrelink's Compliance Program, referred to as 'Robodebt', has failed a range of tests relating to integrity. It has been perceived by many as mean-spirited, opportunistically targeting vulnerable welfare recipients with claims raised which are supported in many cases with minimal evidence and broad assumptions generated through extrapolating fortnightly income across a larger period of time. The approach to debt collection should be demonstrative of a high level of accuracy, empathetic to the needs of those being pursued, reflecting the strong evidence of the debt, fair and must be executed with a level of integrity to ensure that there is public confidence in the systems employed.

The mechanics in determining debt are flawed, with the erroneous expectation that those most disadvantaged have adequate resources, capability and access to support to pose a legal challenge against a government department.

Reports indicate that aggressive targets are pursued in the execution of this program, creating disincentives for a more balanced approach, and reducing the likelihood of an empathetic disposition being applied in cases of extreme disadvantage.

Separate to the flaws evident with this process, the net gains for inflicting an arduous process on disadvantaged cohorts (including those experiencing natural disasters as well as deceased estates) are limited, with Senate Estimates (February 2019) indicating that, as of December 2018, the \$500m in repayments had been received at the cost of \$375M. Furthermore, as of March 2019, 22.65 per cent of debts had either been waived, partially waived or cancelled indicating that a significant population (over 100,000 people) had been unnecessarily drawn into this process.¹

The impact of any debt collection process is likely to be arduous on the alleged debtor, which will be exacerbated through a process where unrealistic expectations to produce evidence are levelled at often disadvantaged cohorts who may not have maintained the necessary records over an extended period of time. To that end, further information from the department, including employment records (records of salary) should be produced and provided to the alleged debtor.

The stress associated with financial duress often generates significant complexity in the lives of the unemployed, potentially impairing the ability to obtain and retain a job and impacting adversely on their families. Furthermore, financial duress can impact adversely upon issues relating to alcohol and other drug dependency and mental illness. Many of those on Newstart and other benefits live week to week, with little slack in the budget to accommodate significant expenses. To that end, a greater level of due diligence, including human oversight, is necessary prior to sending letters to community members.

The processes employed in this program of debt recovery are inadequate to substantiate raising a debt. The people subjected to this process are often not in a situation to adequately defend themselves. Australia needs a robust but fair compliance and debt collection system.

Sincerely,

Nicole Steers
Acting CEO
Jobs Australia

¹ Carney T. 2019. Bring robo-debts before the law: why its time to right a legal wrong. LSJ. <https://lsj.com.au/articles/why-robo-debt-bringing-robo-debts-before-the-law-why-its-time-to-right-a-legal-wrong/>