



UNITING
COMMUNITIES

Submission in response to the design, scope, cost-benefit analysis, contracts awarded and implementation associated with the *Better Management of the Social Welfare System* initiative

Submitted by: Uniting Communities

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1. Uniting Communities

Uniting Communities works with South Australians across metropolitan, regional and remote South Australia through more than 90 community service programs.

The organisation is made up of a team of more than 1,500 staff and volunteers who support and engage with more than 20,000 South Australians each year.

Uniting Communities recognises that people of all ages and backgrounds will come across challenges in their life, and offers professional support for individuals and families, as well as advocating in the interests of low-income South Australians.

2. Introduction and focus of this submission

As from July 2016, the Department of Human Services (DHS) - Centrelink introduced its Online Compliance Intervention (OCI) system in order to raise and recover debts from Centrelink participants.

Uniting Communities welcomes the opportunity to provide comment to the Senate Community Affairs References Committee on the Better Management of the Social Welfare System initiative, and the Automated-debt Recovery Program, commonly referred to as the 'Robo-debt Recovery Program'.

The key focus of this submission is on the following issues and associated recommendations:

- Inherent design flaws
- Automation and the lack of human engagement
- The obstacle of technology
- Language, literacy and the lack of interpreters
- The category of 'vulnerable' participants
- The ten per cent recovery fee.

3. Commentary

Design flaws

Uniting Communities asserts that the Auto-debt Recovery Program demonstrates inherent *design* flaws rather than simply 'administrative' challenges, as stated by the Department of Human Services¹ in its response to a question from the Inquiry's Committee on 10 April 2017 in Adelaide.

These design flaws are evident in the following elements of the system, as set out below.

Automation versus human engagement

Given that parts of the debt raising process – previously done manually by compliance officers within the Department of Human Services – are now done using an automated system, this increases the potential for the application of a 'one-size-fits-all' approach that overlooks the variations presented in each Centrelink participant's records and increases the likelihood of errors occurring.

¹ Department of Human Services, Mr Jason McNamara, General Manager Integrity Process Modernisation, response to questions at the Senate Inquiry hearing in Adelaide on 10 April 2017.

These errors or misrepresentations occur where there is a mismatch between the earnings recorded on a Centrelink participant's record and the income data held by the Australian Tax Office (ATO) – with the apparent gaps in the information being filled in with 'averaged' data for the relevant employment period from the ATO.

The uniform application of the OCI has resulted in a great deal of distress for many participants, who are made to feel that they are at fault. Invariably, participants with an alleged debt do not appear to have been invited to provide clarification but instead receive what is in effect a debt notice and frequently find themselves caught up in a debt recovery process. The automation of the system and reduction in the level of human interaction in determining alleged debt serves to compound the flaws in the system design and increases levels of alienation experienced by Centrelink participants. Under the current arrangements, the burden of proof is placed on the alleged debtor, in the absence of information from Centrelink that may assist them in this task.

The introduction of the automated system and its blanket approach, in the absence of human interaction, has resulted in a denial of natural justice and procedural fairness.

It would appear that the design of the system and its automation has in part been driven by the significant cuts in funding and a consequent reduction in the employment of Department of Human Services' Centrelink staff.

Technology is an obstacle to many participants

The Online Compliance Intervention presupposes that all Centrelink participants have expertise in and access to the internet as well as sufficient funds and data to access online or telephone services. This is frequently not the case.

The auto-debt system assumes that the *MyGov* facility provides easy access to participants in order for them to engage with Centrelink about their alleged debt. Aside from the frustrations experienced by those participants who do attempt to access *MyGov* and/or the call centre, many participants do not have access to computers or digital technology and/or cannot afford to pay for the necessary data or phone calls, with the latter invariably having very lengthy wait times.

Language, literacy and lack of interpreters

The OCI is premised on a basic level of literacy/numeracy and language proficiency (usually in English). This complicates the level of access by those participants who may have poor literacy/numeracy, a lack of confidence when engaging with a complex system, or have different language skills to those of mainstream speakers. The lack of available language interpreters – more especially those who are able to speak Aboriginal languages – has been noted.

Vulnerable participants

While it is recognised that, in theory, the system assists participants who are identified as 'vulnerable', it ignores the fact that this category is not static and that many participants may find themselves in or on the margins of vulnerability, given that they are generally living below the poverty line and that seemingly small triggers can tip them into a state of vulnerability at any time.

The category of 'vulnerable' participants needs to be treated as dynamic and as requiring constant updating and monitoring.

This is particularly relevant regarding participants who are homeless and who experience challenges regarding their contact details or whose status could rapidly change to that of being 'homeless'.

Ten per cent recovery fee

While the Department of Human Services has advised that it has removed its automatic application of the 10 per cent recovery fee for those participants who engage with the Department, there are many cases where the OCI has already raised debts where the recovery fee has automatically been applied. In these circumstances, Centrelink should reassess the debts where the 10 per cent recovery fee was applied automatically, and should manually re-assess each case as to whether the application of the recovery fee was appropriate.

4. Recommendations for action

Uniting Communities wishes to register its concern about the automated debt recovery system, and calls for the following to be addressed as a matter of urgency:

- ***A re-design of the system***

Given the design and structural flaws in the debt-recovery system and the widespread distress that it has caused many Centrelink participants, it is argued that the system should be discarded and that any current debt-recovery claims should be disregarded, retrospectively.

In place of the current dysfunctional and unfair debt-recovery system, Uniting Communities proposes that, in conjunction with peak bodies and relevant community organisations and agencies, a more equitable and user-friendly system is designed.

Central to such a new design should be the re-introduction and increase in human interaction between clients and Centrelink, with less reliance on online systems, more especially for those who do not have access or are unfamiliar with such technology. This would necessitate appropriate funding and the resourcing of Centrelink services.

- ***Language, literacy and lack of interpreters***

It is recommended that increased levels of support are made available to those participants who require assistance due to their level of literacy/numeracy and who may speak languages other than English and may require a language interpreter.

Language interpreters need to be made available to participants on request, either face-to-face at Centrelink offices or via phone or video-conferencing facilities. Amongst the range of languages spoken, it is noted in particular, that Aboriginal language interpreters are routinely not available and are required by participants.

- ***Vulnerable participants***

It is recommended that:

- The Department should consult with relevant stakeholders and peak bodies about the difficulties that vulnerable groups encounter when engaging with the automated system and the online and call facilities.

- The Department should explore the possibility of expanding the group of participants who are identified for staff-assisted support and provide them with additional assistance. It is proposed that the following groups are included in the current 'vulnerable' category:
 - current and former participants who have a payment nominee who is either court-appointed or an organisation
 - participants with a current 'homelessness' marker on their record and who are not already categorised as 'vulnerable'
 - The Department should explore the possibility of an outreach service in order to reach vulnerable participants in those cases where the participants are homeless or do not respond to the initial or reminder letters.
- **Ten per cent recovery fee**
 Centrelink should reassess the debts where the 10 per cent recovery fee was applied automatically and manually reassess whether the application of the recovery fee was appropriate.

5. Conclusion

Uniting Communities supports a thorough-going reform of the automated debt recovery system that includes a redesign of the system in such a way that it takes into account the reality of existing socio-political and economic inequity and the limits of access to information, resources and technology experienced by many Centrelink participants.

The reform of the system must include a genuine engagement with peak bodies and relevant community organisations and agencies, in order to obtain their recommendations regarding the design of a more equitable and user-friendly system. Central to such a new design should be the re-introduction and increase of human interaction between clients and Centrelink staff, with less reliance on online systems, more especially for those who do not have access or are unfamiliar with such technology, and for those who experience increased vulnerability.