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Members in attendance: Senators Kakoschke-Moore, Pratt, Reynolds, Siewert.

Terms of Reference for the Inquiry:

To inquire into and report on:

The design, scope, cost-benefit analysis, contracts awarded and implementation associated with the Better Management of the Social Welfare System initiative, with particular reference to:

a. the impact of Government automated debt collection processes upon the aged, families with young children, students, people with disability and jobseekers and any others affected by the process;

b. the administration and management of customers’ records by Centrelink, including provision of information by Centrelink to customers receiving multiple payments;

c. the capacity of the Department of Human Services and Centrelink services, including online, IT, telephone services and service centres to cope with levels of demand related to the implementation of the program;

d. the adequacy of Centrelink complaint and review processes, including advice or direction given to Centrelink staff regarding the management of customer queries or complaints;

e. data-matching between Centrelink and the Australian Taxation Office and the selection of data, including reliance upon Pay As You Go income tax data;

f. the process of awarding any contracts related to the debt collection system;

g. the error rates in issuing of debt notices, when these started being identified and steps taken to remedy errors;

h. the Government’s response to concerns raised by affected individuals, Centrelink and departmental staff, community groups and parliamentarians;

i. Centrelink’s Online Compliance Intervention (OCI) and its compliance with debt collection guidelines and Australian privacy and consumer laws;

j. the adequacy of departmental management of the OCI, including:

   i. the adequacy of staff numbers to manage the workload associated with the OCI, including customer complaints,

   ii. what impact the roll-out of the OCI has had on other areas of work and whether resources have been diverted from other areas,

   iii. training and development provided to staff who are working on this program or in related areas (for example, telephony and complaints),

   iv. how the Department of Human Services and Centrelink are tracking the impact of the OCI rollout on staff, including stress and incidents of customer aggression,

   v. any advice and related information available to the Department of Human Services in relation to potential risks associated with the OCI and what action was taken as a result, including feedback arising from system testing and staff, and

   vi. decisions taken in relation to IT systems and service design that may have contributed to problems experienced by Centrelink clients; and

k. any other related matters.
WITNESSES

BEAUMONT, Ms Kate, Executive Officer, Welfare Rights & Advocacy Service

CREED, Ms Helen, Executive Director, Community Legal Centres Association (WA) Inc.

EAGLE, Ms Catherine, Principal Solicitor, Welfare Rights & Advocacy Service

HIGHMORE, Ms Belinda, Manager, Policy and Projects, Mental Health Australia

HUTSON, Mr Jonathan, Deputy Secretary, Enabling Services, Department of Human Services

JENKINSON, Ms Samantha, Executive Director, People With disabilities WA Inc.

JOWLE, Ms Beverley (Bev), Executive Officer, Financial Counsellors Association of Western Australia

Margaret, Private capacity

MOWBRAY-d’ARBELA, Mr Marc, National Manager, Whole of Government Division, Department of Human Services

QUINLAN, Mr Frank, Chief Executive Officer, Mental Health Australia

TWOMEY, Mr Chris, Research and Policy Development Leader, Western Australian Council of Social Service

WILLIAMS, Ms Rhonda, Acting Service Leader, Western Australia, Department of Human Services
CHAIR (Senator Siewert): I declare open this public hearing and welcome everyone here today. We acknowledge the traditional owners—the Wajuk Noongar people—of the land on which we meet and pay our respects to elders past, present and emerging. This is the fifth public hearing of the committee's inquiry into the design, scope, cost-benefit analysis, contracts awarded and implementation associated with the Better Management of the Social Welfare System initiative. I thank everyone who has made a submission to this inquiry. The committee also acknowledges all those people who have sent short emails to the committee, of which we have a lot.

This is a public hearing and a Hansard transcript of the proceedings is being made. The audio of this public hearing is also being broadcast via the internet. Before the committee starts taking evidence, I would like to remind everyone that today's hearing is a sitting of the federal parliament, and it is my responsibility as chair of this committee to ensure that witnesses have the opportunity to speak without interjections. I would be grateful for everyone's cooperation in this. If anybody here today does disrupt the committee's proceedings, I may have to ask them to leave the room.

I also remind everyone here today that, in giving evidence to the committee, witnesses are protected by parliamentary privilege. It is unlawful for anyone to threaten or disadvantage a witness on account of evidence given to the committee. Such action may be treated as a contempt by the Senate. It is also a contempt to give false or misleading evidence.

The committee prefers all evidence to be given in public, but under the Senate's resolutions witnesses have the right to request to be heard in private. It is important that witnesses let us know if they intend to request to give evidence in private, because we have to reorganise the room.

Regarding individual statements, there will be an opportunity after the afternoon tea break today for people not listed as witnesses on the program to give a short statement to the committee. This will be a three-minute statement. Participants will be invited in small groups to the witness table. Some people have already registered for these sessions, and if anyone does want to register for these sessions could you please let us know. There are two types of sessions—there is a public session where people can speak in public, and there are also in camera opportunities. If people want to register for either one of those please let us know, particularly for the in camera evidence, because, as I said, we need to reorganise the room.

The committee may receive requests from the media to film or take photographs of the proceedings, and the committee may permit this. The committee has decided, however, that there will be no media present for the private individuals this afternoon. If the media are here, could they please double check with us if they want to start filming. The media are reminded not to take images of the documents of senators or witnesses or of the audience.

I now welcome officers from the Department of Human Services. I remind all witnesses that the Senate has resolved that an officer of a department of the Commonwealth or of a state shall not be asked to give opinions on matters of policy and shall be given reasonable opportunity to refer questions asked of the officer to superior officers or to a minister. This resolution prohibits only questions asking about opinions on matters of policy, and does not preclude questions asking for explanation of polices or factual questions about when and how policies are adopted. I understand that you have been given information on parliamentary privilege and the protection of witnesses and evidence, but I do not know about you, Ms Williams. I presume you have also been given that information?

Ms Williams: Yes, I have.

CHAIR: We have your submission, thank you, and a number of answers to questions. I invite you to make an opening statement, and then we will go questions.

Mr Hutson: We do not have an opening statement today.

CHAIR: Ms Williams, are you responsible for the whole of Western Australia?
Ms Williams: Not the whole geographical footprint. What we consider zone WA goes as far as Port Hedland. There are 32 sites in zone WA, but there are five sites in far north Australia, which are Broome, Derby, Halls Creek, Fitzroy Crossing and Kununurra, and they report into our Northern Australia zone.

CHAIR: Thank you, we will need to ask questions of the northern zone at some stage.

Senator PRATT: When were officers in WA notified about the OCI system, and what additional resources were provided to deal with the increase in debt collection activity?

Ms Williams: Our first notification was when the budget release happened in May 2015. Each zone is always provided with a budget pack, and we go back to the zone and share that with our managers and staff. There was further training provided just prior to the release in July 2016. The training took place in June 2016.

Senator PRATT: Before the data comparison happened?

Ms Williams: Before the initiative was implemented, yes.

Senator PRATT: In that context, what additional resources, if any, were allocated for this project?

Ms Williams: There were no additional resources provided for us in zone WA, as we were not the staff involved in the OCI process.

Senator PRATT: No, as in, you did not send the letters, you did not—

Ms Williams: No.

Senator PRATT: compare the data. That makes sense. How many OCI notices were sent for this zone?

Mr Hutson: I think we agreed to take that on notice—at a hearing yesterday—for each state.

CHAIR: We have asked for it to be broken down further.

Senator PRATT: In that response, will you tell us how many debts were raised for each zone, how many notices were sent, and the value of any debts raised? I am assuming that is all covered in the same set of questions?

CHAIR: Yes, we did give a lot of detail. I cannot remember exactly. We went through it as we were talking.

Mr Hutson: There is a question on notice which came up just this week about—

CHAIR: It came up on Wednesday in Sydney.

Senator PRATT: Sorry, I was not there.

Mr Hutson: That is okay. That was specifically in relation to New South Wales, but I think that the chair expanded it.

CHAIR: I expanded it, yes.

Mr Hutson: And we have agreed to do that.

Senator PRATT: What was the nature of training you and other staff received last June? What were you taken through in relation to that?

Ms Williams: We were provided with a training package—what the initiative was and what the requirement was for our frontline staff should any recipients enter one of our sites in WA.

Senator PRATT: What was the advice? You are not dealing with people at the end of the phone, in the main, as part of interface, so what instructions did that package include?

Ms Williams: The advice to our frontline staff was to support the recipient to register online or refer them to the 1800 number that took them directly to the staff that dealt with the OCI process.

Senator PRATT: In the training, was there an outline of the nature of how the debt is raised, or any of that kind of background information that would enable staff to direct other people to provide advice on the phone? How much background information was included in that?

Ms Williams: I think I will need to take that question on notice for the greater detail, because it was the high level—what the initiative was and was what the process would be for the frontline staff should a recipient enter our sites.

Mr Hutson: I am referring back to the evidence that was provided on Wednesday in respect of New South Wales. The fundamental role of the service centre with a recipient who has received one of our notices in an OCI case is to provide them with assistance with getting access online and also to provide them with an ability to
connect with the 1800 compliance line. The reason that that was done is that this is quite specialised work, so we
did not train everybody across the organisation; we trained a bunch of specialist people to deal with these issues.
This is not an unusual situation in which we find ourselves in respect of an initiative for a service centre.

Senator PRATT: I understand that.

Mr Hutson: It is just not practical or, really, sensible to train everybody in every service centre about every
aspect of the department's operations.

Senator PRATT: What can you come into a service centre for—in terms of the major themes of work that
take place there, compared to the ones that you refer off? Can you take us through that.

Ms Williams: Recipients can come to our sites for various business lines. The staff in service centres are
considered generalists; they have a broad knowledge of our business lines, but not the depth. Where an inquiry
goes to a certain level of complexity, they are then referred to the specialist people in the business line.

Senator PRATT: Why is this deemed to be complex?

Mr Hutson: The calculations associated with the system are not something which we think are appropriate to
be dealt with in a generalist way. This is something where we want to ensure that people get the right advice, and
that is why we have trained people specifically in this initiative.

Senator PRATT: In terms of something on the frontline, would that include advising someone about, for
example, the right questions to ask when they are on the line or what their appeal rights might be? Is something
like how to appeal a debt notice within the generalist knowledge of staff?

Ms Williams: Yes, our staff can give advice to recipients about their rights under the appeal process.

Senator PRATT: When someone comes into a service centre, how do they go about asking about what their
appeal rights might be on a question like this?

Ms Williams: The staff would refer the recipient to register their complaint or their inquiry in relation to the
OCI scenario to that compliance area.

Senator PRATT: But that is not one of the things your staff are prompting people to do?

Ms Williams: No, that would be a specific inquiry.

Senator PRATT: You are prompting them to go to the online portal and you are prompting them to use the
1800 number, but someone would need to explicitly ask proactively about how to go about appealing debt?

Mr Hutson: If someone were unsure or not happy for any reason, the 1800 number is there to assist them.
They would also be provided with advice by the 1800 number about how they should go about asking for a
reassessment of the debt or asking for an authorised review officer to review it. Certainly, at the point after an
authorised review officer has made a decision, they are advised about their further rights of appeal to the
Administrative Appeals Tribunal.

Senator PRATT: Okay. Have any of the OCI debt teams in call centres been based in Western Aus-
tralia?

Mr Hutson: I do not have that information. I will get an answer for you on that.

Senator PRATT: Okay. We have had significant media attention on this issue. What instructions were staff
given by service leaders in WA in relation to media specifically? Were local managers, zone managers or any
other local staff directed to contact recipients who appeared in the media directly?

Mr Hutson: No, I have no knowledge of any sort of direction like that. Any sort of media inquiry is referred
to our media department in Canberra.

Senator PRATT: Okay. So zone managers have not been instructed to contact people appearing in the media
directly at all.

Mr Hutson: No, not to my knowledge.

Ms Williams: To clarify: if there is frequently a circumstance where a case does appear in the media—and it
is not necessarily in relation to this but in relation to any matter—where it appears to us that the person may need
some additional assistance in some way or another, we call that service recovery. We have a special team for
service recovery, and they would contact the recipient directly to discuss their problem or concern.

Senator PRATT: Okay, so that therefore is not done through the media team. That would be outreach locally
once you have identified a recipient, and you would deal with that in the normal course of—

Mr Mowbray-d'Arbela: The normal course of events.

Senator PRATT: Would any of that information go back to the media team, or would the nature of your
conversation with the client remain separate from the media discussion?
Mr Hutson: The media team would not normally be advised of the nature of the conversation. They would be advised if service recovery had been initiated.

Senator PRATT: Sorry; what does service recovery mean?

Mr Hutson: Service recovery would mean that the service recovery team would contact the recipient to discuss the problem which had been identified in the media. But, as you quite correctly identified, that is in the context of an outreach. Someone has obviously got a problem. It has ended up in the media. The problem needs to be resolved in some way for them.

Senator PRATT: What is the nature of the exchange between the department and service recovery?

Mr Hutson: That service recovery has been initiated. That would pretty much be the nature. The conversation is to make sure that that has happened, not to work out what actually was the result of that.

Senator PRATT: Okay. I will park those issues and get to these other ones first. When contacted by clients, what is the manner in which you would refer them to social workers or support services about OCI? Is that simply happening through the 1800 number?

Mr Hutson: There are two things. First of all, if someone presents at one of our service centres and believes that they are in need of assistance from a social worker, they can be referred to a social worker directly from a service centre. Social workers actually are present at many of our service centres and so they are able to assist.

Senator PRATT: I understand. How would you know, if you have just referred someone to an online portal without having a detailed conversation with them about whether or not they needed a social worker? Would they have to proactively explain their circumstances?

Mr Hutson: Like I said, if they present in a service centre and appear to require the services of a social worker, the service centre can do so.

Senator PRATT: How do you work out if they appear to require the services of a social worker?

Ms Williams: When the staff are engaging with the recipient, they will identify it. The staff on the front line have been trained around vulnerability factors and indicators, and they would make that assessment and refer to either the social worker on site that supports that team or refer them and support them to contact that social worker and sit with them while they engage with the social worker, ensuring that their health and wellbeing is okay.

Senator PRATT: Okay. So you would need to have some trigger for that. Someone could come into Centrelink and may have previously tried the 1800 number and previously tried to log on but have seen fit to come in. Do you inquire as to what previous attempts they have made to register online or contact the 1800 number before they come through the doors of the office?

Ms Williams: Generally, if the recipient has entered the site, they will express the fact that they have made previous attempts to register online or contact the 1800 number. Then our staff would support them—

Senator PRATT: to make a successful contact.

Ms Williams: Absolutely.

Senator PRATT: Have you got any records that would show—

Ms Williams: Volume?

Senator PRATT: how many people had failed to make a successful attempt previously versus the number that have come in in relation to this matter? Do you have any records of that?

Mr Hutson: There has been a question on notice about that, and we have answered that we do not have specific records about people who present at service centres with questions specifically about OCI.

Senator PRATT: Therefore, you do not know whether they have made previous attempts to make contact and that that is their reason for coming in.

Mr Hutson: We do not know. We do not have a record.

Senator PRATT: That is right. I recall that did come up at the hearing in Adelaide or Melbourne.

CHAIR: You were going to check about debts. If you remember, I asked about the answer that you gave on notice, and you were going to check about people coming in and asking about debts.

Mr Mowbray-d’Arbela: The broader question.

CHAIR: The broader question. I can guarantee you most people would not come in and go, 'I've got a question about OCI.'
Mr Hutson: That is right. They have a question about debts. Yes, we did say we would take that on notice. I recall that as well.

Senator PRATT: Are the compliance teams all in a single call centre? Do you know? If you do not know if they are in WA then you might not know whether they are in a single call centre.

Mr Hutson: I am pretty sure they are in more than one call centre, but I do not have their locations.

Senator PRATT: Okay. Are you referring clients to Lifeline or any other services if they seem to be experiencing high levels of distress?

Ms Williams: That is normally part of our process with any recipient that may present to a site who appears vulnerable, emotional or distraught about their circumstances. We would refer to our social workers that we have in the department, but we also have various contacts in the community where we would refer a customer: Lifeline, Communicare or places like that.

Senator PRATT: In terms of this area being seen as specific and not generalist, I imagine that is because most of the information that you give out in your offices affects many thousands of recipients. It is probably useful for us to see at some point—it will be on notice—how many of these notices have gone out in each zone. We asked how many people in each zone might be eligible to have such a debt notice raised but have not had one raised?

CHAIR: No, we have not asked that.

Senator PRATT: Okay. I will also put that on notice.

Mr Hutson: With the committee's indulgence, I might clarify an issue here. You have been talking about questions on notice in regard to zones, but my recollection is that the questions that were being asked on Wednesday were with regard to states. The two are not synonymous.

CHAIR: Yes, I think we need to clarify that. If you recall, Senator Rhiannon was asking about that too. She was talking about the Illawarra, and we were then trying to get the states and the zones because, as we know from just this morning, it is confusing for people that they are in WA but not actually in the WA zone but the northern zone. Is it possible to get that? Do the WA figures cover the WA zone or not?

Mr Hutson: Sure. I suspect it depends on how we cut the data. I was talking to one of our IT guys, and my guess is one of the easier ways to cut the data is by postcode, which of course does identify by state pretty quickly. Doing it by zone is probably a bit trickier, but we will look at that if that is what the committee would like.

Senator PRATT: It is certainly useful for us to see the difference between how many debts are raised in the northern zone versus states, because we have not got indicators.

CHAIR: Exactly. We are trying to look at remote and all those sorts of things. If we could do both—

Mr Hutson: Sure. We will certainly look at both for the committee. You mentioned the northern zone, so be aware that the northern zone is not just northern Western Australia. It includes Darwin in the Territory.

CHAIR: No, I understand that. That is why it is confusing. You would go, 'Okay, WA,' that includes what you could essentially say is the NT, for example.

Senator REYNOLDS: Is providing both actually relatively easy to do, or is it a lot of work to do given you are based on zone? I am just wondering about the utility of getting the same information packaged in two different formats. If it is easy to do, that is one thing, but, if it is going to be a lot of staff work, I am wondering about the benefit of it.

Mr Hutson: I said we will take that away and then work out what it is that we are able to provide to the committee.

Senator REYNOLDS: If it is going to be something that is ultimately going to be nugatory—the same information just repackaged—if it is easy to do, that is one thing, but, if it is not—

CHAIR: It is not necessarily the same information. That is the point. At the moment, from looking at Western Australia's data, as far as I can understand, it does not include the northern part of the state, which means we do not have an idea about how many Aboriginal people, for example.

Senator REYNOLDS: No, but if we get the data for the northern zone then we will have that information.

CHAIR: The problem is then we are not necessarily—

Mr Hutson: Sure. To clarify a bit: one of the things which has come up a few times in the committee's considerations is the differences between zones and states and what actually happens on the ground. The online compliance initiative—and it is not unique in this by any means—it is not really managed on a state-by-state
basis; it is managed nationally. That does not mean it is managed out of Canberra; it may well be managed out of any one of our call centres across the country, depending on the issue which is involved. To say how many people in a zone have been dealt with on this issue is often not even easy to do. It is simpler a little bit in Western Australia because it is such a large zone geographically, but, if you go to, say, New South Wales, where the committee was taking evidence on Wednesday, within a reasonable distance of the Sydney CBD there are three or four zones simply because that is where the population centre is. We will go away and see what we can get, but I am saying that, rather than saying that people are in the Sydney zone, we do not really deal with OCI on a zone-by-zone basis. We deal with it nationally.

**Senator REYNOLDS:** That is my point. Ultimately, it is national information. If what you would like to do is get information about Indigenous Australians, maybe, rather than doing it by zones and states, we could ask them whether they can do it by Indigenous recipients.

**CHAIR:** In this particular area, yes, we do want to know that, but in Sydney what they wanted to know—I think you were on the phone by then—

**Senator REYNOLDS:** I was.

**CHAIR:** is which area in Sydney is where the bulk of the notices are going. I appreciate what you are saying about the population. That is what people are trying to get to. We really appreciate it being broken down by states, but we are trying to drill down into it.

**Senator REYNOLDS:** I guess that is my point. Could we be as clear as we can be with the department so we are not setting off on wild goose chases, doing work that is not necessary.

**Mr Hutson:** We will take a look at providing information by zone to the extent we can and come back to you.

**CHAIR:** Thank you.

**Senator PRATT:** What happens when a debt which is being pursued by a private debt collector is disputed?

**Mr Hutson:** If a person whose debt has been referred to an external collection agent disputes that debt, that matter is dealt with by the department. As soon as they say that they do not owe a debt, that matter is referred to the department because only the department undertakes their reassessments or appeals. In one of our recent enhancements, we have also said that, in the event that anybody does seek a reassessment or appeal, we will pause recovery action pending the outcome of that reassessment or appeal.

**Senator PRATT:** So recovery action is paused for either a reassessment or an appeal. What is the difference between a reassessment and an appeal?

**Mr Hutson:** It is like a continuum of processes, if you like. People can ask for reassessments as often as they like. Every time that they have a new piece of information regarding the matter that is at hand—it may be a debt or it may be about an original determination about how much money they should be paid—the department will reassess that. As I said, we do that as often as we can until eventually we get to a point, I suspect, with the reassessment where there is no new information. There is perhaps a disagreement or a misunderstanding about how that information should be applied to the matter at hand, but there is no additional information.

In that case, they then go to an appeal, and we have a group of people who are completely independent of the first process. They are called our authorised review officers, our AROs, and they will then look at the case in its entirety, including all of the information which has been provided. I am taking you through a bit of detail here, if you do not mind. That is done by an authorised review officer, and they will make a decision regarding that. When I say 'appeal', I mean the authorised review officer process. After the authorised review officer has made a decision, that decision can then be appealed to the Administrative Appeals Tribunal. They start with a particular division of the AAT, which we colloquially refer to as 'AAT 1'—

**CHAIR:** Is that when we talk about level one?

**Mr Hutson:** Yes, level one.

**Senator PRATT:** I do not think I understand the difference between a reassessment and a review on that basis.

**Mr Hutson:** A reassessment might be undertaken by the officer dealing with the case based on new information which is becoming available. When there is no additional information becoming available—or, to be honest, at any time—they can ask for it to be referred to an authorised review officer, which takes it out of that usual claims processing space and moves them into an independent space, which is the AROs.
Senator PRATT: If someone calls the 1800 number and says, 'I've received this notice. I don't think the amount on it's right, but I can't find the pay slips because my previous employer does not exist anymore,' what would be the next step in that particular process?

Mr Hutson: I would expect that, at that point, the first thing which the person has identified is that they do not believe the calculation is correct. They believe the calculation is incorrect, because the department does not have complete information—in this case, the pay slips or whatever.

Senator PRATT: The department may well have complete information, because the person may have reported their peaks and troughs in income at the time. Who is the onus on at that point in time to prove whether a debt is in fact owed or not? The department is saying, 'We want your pay slips,' and the person says, 'I don't have them.' Then the department says, 'Well, give us your bank slips,' and the person says, 'I reported my income at the time.' Where does the onus sit at that point in time?

Mr Hutson: That is a conversation which we would need to have with the person concerned. What is not clear to me from your question is what the actual issue is here. The department, in asking for the pay slips or other evidence, is making a decision that the information which it has is not sufficient to enable us to make a decision in favour of the recipient. That is what is actually happening in that conversation. They may have reported information, but that information is not sufficient to enable us to make a decision. We are seeking additional evidence.

We have said—we have changed our processes, and that has been reported—that pay slips are only one way in which you can produce that evidence. Indeed, you make the case that some employers have gone out of business. We have also recently included the possibility of getting bank statements. We have put on the online portal the capacity for people now to put not their gross pay, which is required under the legislation, but their net pay. We will then do an estimate of gross based upon their pay, which they are drawing from their bank statements.

Senator PRATT: But at which point is the onus on Centrelink to check its own records about the reporting of peaks and troughs in income?

Mr Hutson: If someone has come to us saying, 'You already have this information,' then the department would seek to find out whether or not we do have that information.

CHAIR: Surely you would have done that before you sent them a letter?

Mr Hutson: The original initiation letter is based upon data matching between the Australian Taxation Office and the department's records identifying that there is a discrepancy between the two.

Senator PRATT: Can you clarify that for me? That does not make sense because it depends on what you mean by the department's records. If you take the record as someone's group certificate from their employer—and they may have one or two employers—and the payments that you made to the recipient, is that what you mean by the record? What is included in your algorithm of the record?

Mr Hutson: I will have to take on notice the exact algorithm; I am afraid I do not have that information. What I will say is that, if an individual has reported an income to us over a period and that income is not matched by the records from the Australian Taxation Office, that leads us to ask the question that there appears to be a discrepancy.

Senator PRATT: Your record also includes when a recipient reported their peaks and troughs in their income at the time that they received their benefit, surely.

Mr Hutson: That is right; they would have done so.

Senator PRATT: But you are telling me that that is not part of the algorithm by which these debts are calculated.

Mr Hutson: I did not say that. What I said is that the way in which that algorithm works with peaks and troughs is something which I would like to take on notice to provide a written answer to the committee that makes it very clear.

Senator PRATT: Are you saying it does therefore take account of those peaks and troughs or that you just do not know?

Mr Hutson: I will go back to what I said before: the way in which that happens is something which I would like to take on notice to provide the committee with a written answer.

CHAIR: That would be useful.
Mr Hutson: With respect to additional information, in the Ombudsman report, recommendation No. 4 specifically went to the issue of obtaining additional information to support pay slips or bank statements—particularly bank statements. In our response to that report, we said:

The department has always provided assistance to recipients who need it in order to update or confirm their information, particularly for complex cases.

Those are the sorts of thing you are referring to. Apart from our helpline providing and accepting information other than pay slips, we are also now on record in the Ombudsman's report that we are going to use our powers on a case-by-case basis to obtain information directly from other sources, where the avenues have been exhausted.

Senator PRATT: Including your own records?

Mr Hutson: We would always have access to our own records.

Senator PRATT: Yes, you do always have access to your own records, but you have not checked your own records before you have sent these debt notices.

Mr Hutson: The data matching does explicitly require us to match our own records.

Senator REYNOLDS: But it is based on your data, correct?

Mr Hutson: Yes.

Senator PRATT: Does it or does it not exclude the reporting of peaks and troughs in someone's income—as reported at the time that they received their benefit—in the algorithm? You have taken that on notice.

Mr Hutson: I said I will take that on notice. I would like to provide the committee with a written answer that makes that clear, so I will stick with that.

CHAIR: To be clear: in terms of the written response, we did go through this, and I am sure you have looked at the evidence when we were talking to the Ombudsman—it was a point that we talked at length about—about the averaging process that goes on for where people have not been able to provide their pay slips.

Mr Hutson: Or have not provided them.

CHAIR: Where they have not provided them or are not able to because you have averaged the whole of their income over the period. You could take that into account as well and maybe look at the conversation that we had with the ombudsman. That would be appreciated.

Mr Hutson: Sure.

Senator REYNOLDS: Can you advise the committee of the time line for implementing all the ombudsman's recommendations?

Mr Hutson: We have a view within the department that implementation of most of those recommendations has already commenced—and prior to the ombudsman completing his report. We would be happy to report to the committee on our progress and time lines in respect of each of those recommendations as to when they will be complete.

Senator REYNOLDS: That would be very good. Thank you. You had some questions this morning in relation to special services. You said you do not train everyone on everything because there are some issues that are complex, sensitive, more challenging and require specialist knowledge. Can you talk to the committee a little further about that? Is this particular issue the only service you provide that you look at as a specialist service? How does the department work out what is a generalist issue and what is a specialist issue, and what is the reason for that?

Mr Hutson: One of the things that I think was given in evidence at the committee's initial inquiry—

Senator REYNOLDS: My apologies. Unfortunately, I was not able to make that one. But it has come up again this morning in a general context.

Mr Hutson: I will go to a more general point. Australia's social security system is very complicated. I do not think anybody would deny that. The rules associated with it are complex. It does not matter whether it is about debt, compliance or assessing someone's eligibility for a particular payment, those rules are quite complicated. It is neither practical nor fair—

Senator REYNOLDS: Nor possible.

Mr Hutson: nor possible—to train every single one of our service centre officers with respect to the totality of that scheme. So we train people with specialist knowledge in a particular subject matter so they become subject matter experts with respect to any one of those things—it could be age pension calculations; in this case, it is debt and compliance—to ensure that we provide the right service to recipients and Australians who attend and need
our assistance and services. How do we do that? We run a service model that provides a general service in our service centres. When you get to more specialist cases, you then really have to deal with our call centres. When you are dealing with a particularly complicated processing issue, you may well find that someone will contact you at the phone number you put on your application with a very specific question to make sure that we get it right. How do we do that precisely? I think we make a judgement about what is really capable of being answered in a service centre and what is not. How much knowledge can you impart to someone who will be dealing with people from a huge range of the community, with a huge range of different issues, in a standard day?

Senator REYNOLDS: Given the depth and breadth of issues, and the complexity, your customer service generalists on the phone or in your office would be able to deal with the common issues and common questions that most people have. The specialist issues would be handled by a much smaller group of people at the higher end of technical expertise?

Mr Hutson: With respect to any particular question, you are right. As to whether the total number of specialists exceeds the total number of face-to-face officers, I do not have an answer for you on that.

Senator REYNOLDS: That is all right. It is just about the concept.

Mr Hutson: It has been drawn to my attention that the department puts a lot of investment into capability-building. That is set out in our annual report. Indeed, that happened in respect of these people. We had 900 officers who were selected for special training on OCI. They did a whole bunch of additional training, which is explained in question on notice No. 54. They did 8½ thousand hours of facilitated training workshops in preparation for the compliance measure. They also completed five e-learning packages before they completed formal training.

Senator REYNOLDS: You had a question this morning about whether you had any call centres in WA. In relation to these specialist issues—and I know you have taken it on notice—the broader question is: if you are trained in this issue, does it matter whether a Western Australia based person takes a question from a Western Australian when it is issue based not location based?

Mr Hutson: No. Indeed, our whole call network is managed on a national basis. When you call the department—

Senator REYNOLDS: Because the issue is the issue.

Mr Hutson: the issue is the issue—you may be answered by somebody from one end of the country to the other. Yes, we absolutely do have call centres in Western Australia.

Senator REYNOLDS: They would not necessarily answer all of your questions. But you would have your specialists located in certain areas. So it does not matter where they are located, as long as they have the requisite training and knowledge?

Mr Hutson: That's right.

Senator REYNOLDS: Presumably, no matter where the staff are based, if they are talking to a Western Australian client, in terms of what Ms Williams was saying, they would know who to refer them to. So if they thought they needed additional counselling or in-person service, they would of course refer them to the closest office in Western Australia?

Mr Hutson: Certainly. There are circumstances where people do need to attend our offices. I am not specifically referring to the online compliance initiative; there are also, for example, matters regarding proof of identity where they still need to attend our office. They would be able to be directed to the closest office to them. We have how many offices Australia—600?

Mr Mowbray-d'Arbela: There are 351 service centres.

Ms Williams: And there are 32 in zone WA.

Senator REYNOLDS: Obviously you regularly deal with clients who are traumatised and have mental health issues, stress strains and everything else. So the process for identifying, assisting or dealing with somebody who might be in that circumstance is the same as for people who might be in other circumstances and similarly stressed? You do not have a separate counselling process or referral system for this particular issue, it is part of your broader process of assistance?

Mr Hutson: That's right. If someone presents at one of our service centres and appears to be in some level of distress, the first thing is to acknowledge that they need assistance because they are in distress not because of any particular issue.

Ms Williams: And the staff have undertaken training packages around vulnerable and complex—
Senator REYNOLDS: That is not your specialist staff, you are talking about your generalist staff in your centres?

Ms Williams: No, that is all staff.

Senator REYNOLDS: So if someone presents to you and the staff have a sense that there is trauma, stress or other illness, they are trained to identify it and they have a process to deal with it?

Ms Williams: Yes, and they will then engage the social workers that we have in the department, 95 per cent of whom are on site. And there is a line that the service officer will take the recipient to and ensure that there is a social worker on the end of the line before they leave the recipient.

Senator REYNOLDS: We heard evidence in Sydney that some groups would like to abandon this system—that is the impression I got from their testimony—and go back to the ALP government's manual process of checking. I did raise that issue in Sydney. If we did go back to the past—to a manual process of checking and going back to employers in person—what would be the implications for the department in terms of time, resourcing and staffing?

Mr Hutson: There are a couple of remarks that I would like to make in response to that. I do not think returning to bygone days is something that, in broad terms, people would really welcome. An enormous number of Australians far prefer being able to do their business with us, or indeed with any other service provider, online. I am sure you know from running your own affairs that is easier to do it online than trying to deal with somebody, depending on the particular matter concerned. In terms of this particular initiative, we were very heartened by the ombudsman's report. The ombudsman identified issues—there is no doubt about that—but he also said that the system we have is accurately calculating—

CHAIR: Where you have all the information.

Mr Hutson: I was going to say that, sorry.

Senator REYNOLDS: Chair, I did actually ask Mr Hutson for the answer.

CHAIR: Yes, but what I am getting annoyed about is selective quoting of the ombudsman's report. We went through this—

Senator REYNOLDS: If I wanted an answer from the chair, I would ask you, not Mr Hutson.

CHAIR: I am the chair. You do not get to decide who asks questions, I do. I would like to ask for a—

Senator REYNOLDS: Chair, I do get to ask questions of the witnesses here, and I would actually like the witnesses to answer my questions, not the chair.

CHAIR: I would like the witness to answer the question technically accurately. We went through this with the ombudsman on Wednesday, and I do not like the report being misquoted.

Senator REYNOLDS: Chair, if you have an issue with the answer, please give Mr Hutson the courtesy of allowing him to finish his answer and you can ask a follow-up question to clarify whether he is correct.

CHAIR: I will take advice from you on chairing when I need it, thank you.

Senator REYNOLDS: At least give me and Mr Hutson the respect—Mr Hutson, please finish your answer.

Mr Hutson: I am afraid that I did not get that complete. Chair, you are absolutely right: that particular part of the ombudsman's report said yes, the system calculates this accurately—when it has the complete information. I had not got to that. So, absolutely, it is where we have complete information—and there are issues associated with information, as indeed has been identified in a whole bunch of different spaces. Senator Reynolds, in terms of going back to where we were before, I do not think we would be able to deal with the volume of cases that we have in front of us if we returned to a manual system.

Senator REYNOLDS: Is it fair to say that the system is working for the vast majority of recipients in terms of being issued notices but there are improvements to be made for those who have the issues identified and you are now working through how to prove the process for the minority?

Mr Hutson: Certainly we identified as part of our continuous improvement, and indeed as part of the ombudsman's investigations, opportunities and needs to improve the way the system operates. That is acknowledged. There are a lot of people who have been dealing with this system successfully since it was initiated. That is probably as much as I should say.

Senator REYNOLDS: You said 900 of your staff have been given specialist training for this issue. These and other staff regularly deal with highly traumatised and distressed clients who are often challenging and rude. Your staff understand the trauma these people have gone through. Given that they are only human and are doing a
pretty tough job in difficult circumstances, is there any support available to your staff? I imagine it would be quite challenging for the staff sometimes as well.

Ms Williams: Our social workers are very connected to our front-line teams. They may identify staff who are a bit distressed or the staff may self-identify. The social worker will work with our staff. We also have an employee assistance program and we also have a line for managers, who can call and talk to counsellors whenever they feel the need.

Senator REYNOLDS: Do you keep statistics around the number of staff who need assistance?
Ms Williams: We do have statistics around the usage of our employee assistance program.

Senator REYNOLDS: Could you give that on notice or talk about it now?
Mr Hutson: We could perhaps take that on notice.

Senator REYNOLDS: Thank you.

Senator KAKOSCHKE-MOORE: I would like to go to some answers that the committee received recently to questions on notice from the Canberra hearing—in particular, on the issue of debts waived and debts written off. We got some stats back about the breakdown of both of those. In relation to debts waived, you provided some figures about debts that were waived because they were less than $50. Between July 2016 and February 2017, just over 6,000 debts were waived because they were less than $50. How many of those debts were $50 or less when they were first raised?

Mr Mowbray-d'Arbela: What was the question number?

Senator KAKOSCHKE-MOORE: It was No. 6.

Mr Hutson: That would be additional information. I am not sure we would seek to know whether they were originally in excess of $50 before a review or re-assessment. I would have to take that on notice. And one of the things I will take on notice is whether it is possible to get there.

Senator KAKOSCHKE-MOORE: That is quite important because the committee has heard from quite a number of witnesses either directly through the three-minute statements or through submissions made by stakeholder groups that debts in the thousands of dollars have been raised and once further information has been provided the amount has been reduced significantly, sometimes to $50 or less. So it would be good to know how many of those 6,174 debts that were $50 or less started out that way and how many of them were reduced to that amount as a result of further information being provided.

CHAIR: Senator Kakoschke-Moore, you may recall that on Wednesday, in response to one of the other questions on notice, we asked for a number of debt levels. I think at the time we did talk about where they had been reduced and we said we may need to check the record. So we have asked for quite a wide breadth of information on debt levels as well, on notice.

Senator KAKOSCHKE-MOORE: My queries might be answered in those answers?

CHAIR: I am hoping so, yes.

Mr Hutson: If they are not, we understand the question and we will endeavour to get an answer for the committee.

Senator KAKOSCHKE-MOORE: That would be great. Thank you. Between July 2016 and February 2017, there were 60 debts waived because of clerical error. What would constitute 'clerical error'?

Mr Hutson: It probably covers a multitude of sins—everything from a transcription error through to a mistake of some sort. I can get more information about what we are explicitly thinking about when we use the term 'clerical error'. Essentially, it covers human mistakes by the department.

Senator KAKOSCHKE-MOORE: Would it be possible to get the amounts for each of those 60 debts that were waived because of clerical error?

Mr Hutson: Yes.

Senator KAKOSCHKE-MOORE: Great. In relation to debts permanently written off, there are two categories—bankruptcy discharged or because the person has passed away and their estate is insufficient to cover the debt. Thankfully, there are not too many in that category. I would like to know, of those debts that were written off because the person was deceased, how many of those people were still alive at the time they received notice that the debt may have been owing?
Mr Hutson: We will investigate whether we have that information. There are not very many cases. We will probably have to interrogate each of those records individually, but, given that there are not very many, it should not be beyond us.

Senator KAKOSCHKE-MOORE: Okay. That is good to know. Finally, I want to go to the issue of the data-matching guidelines that have been traversed a fair bit over the last few hearings. This particular data-matching exercise is only subject to the Office of the Australian Information Commissioner's voluntary data-matching guidelines, and those data-matching guidelines suggest that a report—a project protocol, I think it is called—be made public describing what the data-matching exercise does and the type of information that is used. We have heard from Victoria Legal Aid that they were not able to access that particular project protocol, but it sounds like the Ombudsman did. I just wonder whether or not you have released the project protocol to anybody else who has requested it?

Mr Mowbray-d'Arbela: The protocol was certainly settled with the Office of the Australian Information Commissioner or, as I think it was at the time, the Office of the Privacy Commissioner. At the moment we are actually looking to find a more efficient way to make that available, such as publishing it online. I think the protocol to which attention has been drawn was actually dated back to 2004, in the sense that the data-matching, which has been the focus of the inquiry, often would have occurred proximate to the years back when the data arose. We are now looking at that being published online and perhaps with a more updated version as well. There was also a protocol—

Senator KAKOSCHKE-MOORE: So that project protocol is dated from 2004. There was not an updated one for this particular exercise?

Mr Mowbray-d'Arbela: That protocol, which was cleared with the Privacy Commissioner in that period, was relevant to when the data-matching actually occurred proximate to 2009-10, 2010-11. The process of data-matching between the records of the Australian Taxation Office and, at the time, Centrelink and then the Department of Human Services had actually occurred and showed that there were potential discrepancies. The issue was that there were not the resources or there was not a process to then look into the discrepancies and find out the extent to which there might be debts actually arising from them. A lot of these issues are quite historic. But we are certainly looking to get the protocol public, online, and to the committee.

Senator KAKOSCHKE-MOORE: Yes, please. Just in relation to the protocol, had this data-matching exercise involved the use of tax file numbers, would a fresh protocol have had to have been drafted or not?

Mr Mowbray-d'Arbela: I think in earlier questioning you made the point about the reference to the data-matching legislation. There is a response on data-matching issues covered in the annual report for the department. If the legislation from 1990 is relevant and does involve the tax file numbers, then that is the act which governs the data-matching.

CHAIR: We are aware of that.

Mr Mowbray-d'Arbela: The answer to your question would be that if a tax file number issue had arisen then that process would be covered by the 1990 legislation. The data-matching that we have been discussing to date pertains to data-matching that has occurred without reference to a tax file number, and thus the guidelines—

CHAIR: That is why we have gone down the guidelines route.

Senator KAKOSCHKE-MOORE: Going back to the protocol that was drafted for the data-matching that has occurred in this instance with the OCI, my feeling is that the OCI that we are dealing with now changed a fair bit compared to what the department was doing previously. Certainly the level of human involvement prior to letters requesting further information from a customer has reduced. Given that removal of human involvement, there was not a need to update the protocol at all?

Mr Mowbray-d'Arbela: I am not entirely sure about that aspect. The data-matching processes have effectively been consistent throughout. It probably just sounds like I am going over old ground, but—just to make sure that we are all the same page—the issue is: is there a discrepancy of dates between information relating to Centrelink and information relating to the Australian Taxation Office? That is, in effect, what the data-matching does. The question about the engagement or involvement of humans—

Senator PRATT: Surely you checked your own records about the peaks and troughs in income under the manual system previously before sending a letter? No?

CHAIR: Hang on—

Senator PRATT: Sorry; I apologise.
CHAIR: I think we should let Mr Mowbray-d’Arbela finish that little explanation, because there are at least three or four of us who want to ask about that.

Mr Mowbray-d’Arbela: The data-matching itself, as I said, occurred when the records were available from Centrelink and the ATO soon after the relevant financial year. Then a data-matching process would reveal that there seemed to be a discrepancy or a difference between the information in the Centrelink records as against the information from the Taxation Office. That then revealed that there was scope for potential overpayments to have risen and that, with further investigation, there would potentially even be debts. That occurred historically, and it was on that basis that the department could potentially see that there had been a range of data-matching discrepancies that our previous processes had not had the opportunity to actually investigate and uncover the clear story.

Senator Pratt, when you ask, ‘To what extent are we looking at the records of the department with regard to the peaks and troughs?’ the information reported by the recipient to Centrelink, at that time, or to the Department of Human Services would have been the information that we would have had in our records. The second question is that the data from the tax office perhaps would cover part of that period but does not have the granularity to immediately explain the potential discrepancy. It is that information that we are making available online—and will hopefully be a better online process—for people to clarify that discrepancy.

CHAIR: There are a couple of things here that I want to explore some more. The other thing that you have not included is the process of what you used to do, which was to go out and get more information from employers. I do not know if you call that data-matching per se—

Senator PRATT: ‘With further investigation’ were your words, Mr Mowbray-d’Arbela.

CHAIR: Yes.

Mr Hutson: When we talk about data-matching, no, we do not talk about the additional seeking—

CHAIR: You are just talking about the ATO—

Mr Hutson: We are talking about the matching of the information with the ATO. That is what the protocols cover. They do not cover the other information.

CHAIR: Okay. I just want to go back to Senator Kakoschke-Moore and see if the discussion you have just had has answered her question, or whether she wants to refine it. I know, or I think, she wants to continue to look at the protocol issue.

Senator KAKOSCHKE-MOORE: I would need to go back and have read of what you just said. I am still a little bit uncertain as to whether or not I am satisfied with the answer, but I will need to look at it before I continue pushing this. But, thank you, Chair, I will end my questions there.

CHAIR: Okay. Thank you. I have a few before I go back to Senator Pratt. I just want to go to this issue of meeting the volume of the cases and go back to the Ombudsman's report on one of the things that you will be aware that we talked about a lot the other day—that is that he did not go to the policy. That is the crux of the issue here. Some people want it scrapped and to go back to the old way of doing things. Most people agree with the Ombudsman that, where you had accurate information, the process worked, but what people are really talking about is that they found the online process clunky. You have dealt with part of that in relation to the Ombudsman's report, and I really appreciate that you have taken on notice to give us an update on each of these, because obviously things have moved on since the report.

But the issue that people have a lot of problems with is Centrelink putting the onus back on the recipient to prove what they were doing in that period of time where the averaging occurred, because it is not their fault that the tax department does not have those records. People are raising concerns about that change of process. We have, I think, all been quite loose with our language in talking about OCI and what we mean in terms of the automated process. That is what people are actually concerned about in many cases. There are a lot of other things, but it is about putting the onus back on the recipient and the policy of Centrelink then not going and getting those employment records.

Mr Hutson: You talked about language and you use the word 'onus'. The onus has always been on the recipient to provide us with the accurate information.

CHAIR: Okay.

Mr Hutson: I agree there has been a change in process, but the word 'onus' is probably one that I would—

CHAIR: Okay; let's agree to differ on that. I understand exactly what you are saying, but people think that they have done that because they have already reported. They feel that they have met the requirements because
they have reported to you. You have heard and read I am sure a lot of the comments that have been made. 'I reported it. I did it every week.'

Mr Hutson: Sure.

CHAIR: Let's take out where people have just plain not reported, and you have picked up genuine fraud. Let's take out the 'I couldn't make the app work', and all that, because that is a whole other issue. It is that period of time where employers had not reported to the ATO, so people come from the perspective of 'I've done everything you've told me to do, and now you're asking me to do this again, and I am having to run around back to 2010.' You have heard all of the evidence. That is the issue. That is what people are really talking about and where people are having concerns—most frequently, I should say, because some people genuinely do not want to go online and have a problem with it.

Mr Hutson: I hear them, yes. The process we have has put it on the recipient—

CHAIR: We have to find a word, if we are not agreeing on 'onus'.

Mr Hutson: I know— to provide us with the information. In the past the department involved itself in a more manual process. I think it is worth saying, though, that the number of recipients who are actually asked to provide us with documentary evidence regarding what had happened in the past is really, really small. Most people are actually able to satisfy the process without getting to that point, and that includes a lot of people who are able to explain the discrepancy pretty much straightaway online.

I suppose, yes, quite clearly there have been a number of people who have expressed the concerns that you are raising—no doubt about that. Yes, there has been a change in process here. We are now asking the recipients up front to go away and provide us with the information. We have always been available to assist them, and, as I read earlier today from our Ombudsman inquiry evidence, where we need to use our powers to go and find information, we will do so.

CHAIR: That is after people have asked for a reassessment?

Mr Hutson: After people have exhausted their opportunities or what is available to them to solve the problem.

CHAIR: In other words, they have spent hours trying to find their pay slips and all those sorts of things.

Mr Hutson: The obligation is on them to provide us with the information—

CHAIR: I appreciate that we are going around in circles.

Mr Hutson: I do not know that we are. It is just very important to say that very few people are asked to provide us with documentary evidence.

CHAIR: How many?

Mr Hutson: I think we have given an answer. If we have not, I am sure there is a question on notice about that, and I do not know whether it has been answered yet.

CHAIR: Just take it on notice. I will have to put a whole lot more questions on notice in response to the answers that you have already given me. There was some comment made on Wednesday about where the next stage of rollout is at. There is the stage of rollout going further to those on age pension and disability support pension. Then there is the phase of going to the other income streams. Have you started on the broader rollout to those on age pensions and disability support pensions?

Mr Hutson: In terms of other income streams—the non-earned income stream?

CHAIR: No, just generally. You have already been doing notices that were not OCI notices for family tax benefit, so it is now going on family tax benefit, age pension, disability support pension, Newstart and youth allowance?

Mr Hutson: I do not have enough information to be able to answer all of those questions case by case. I do know about family tax benefit. We do notices regarding family tax benefit and we have been doing that for many, many years.

CHAIR: I am aware of that and I did just acknowledge that.

Mr Mowbray-d'Arbela: The department's submission—

Mr Hutson: That is right. This measure does not apply to family tax benefit.

CHAIR: There was some media speculation, it may just have been speculation, or reporting that the OCI process was going to start on family tax benefit.

Mr Hutson: The answer is no. The measure does not apply to family tax benefit. That is in our submission.

CHAIR: It does not now.
Mr Hutson: I do not think it ever did.

CHAIR: I know that you are doing debt collection. I apologise if I implied that it was now applying to family tax benefit. That is why I am asking the question. There was speculation that it was going to start to be applied. That is why I am asking.

Mr Hutson: The OCI measure, as designed, did not include family tax benefit, and it has not been extended to include family tax benefit.

CHAIR: I understand it has not.

Mr Hutson: As far as I am aware, it is not currently planned to extend.

CHAIR: It is not currently planned. That is what I wanted to check, because, as I said, there was speculation. In terms of DSP and age pension—

Mr Hutson: It did apply to DSP and to age pension.

Mr Mowbray-d'Arbela: To the extent that it is employment income matching—

CHAIR: Then we go into the other income streams—

Mr Mowbray-d'Arbela: Which would be non-employment income.

CHAIR: Yes, which is now where you are going to extend.

Mr Mowbray-d'Arbela: I think from July.

Mr Hutson: Has work started in that direction? Yes. Has it rolled out yet? I do not believe it is rolled out at this stage, in terms of dealing with recipients, no.

CHAIR: You may need to take this on notice: is the proposal is in the omnibus bill, which dealt with income streams, related to this process or is it separate?

Mr Hutson: I would say almost certainly that would be separate, but I would have to take that on notice.

CHAIR: Could you take that on notice to see if it is linked in any way to this?

Mr Hutson: I will do that.

Senator PRATT: I have some further questions about advice that Centrelink officials received about how errors in debt calculation, should they be discovered, should be handled. What advice have staff received to follow if they, or Centrelink recipients, identify errors in debt calculations?

Mr Hutson: There has been some press reporting regarding this issue.

Senator PRATT: Yes, that is right. That is why I am asking the question.

Mr Hutson: There is also a question on notice, and I am not sure if we answered that yet. There is a specific question on notice on this particular issue, and I am checking to see whether we have answered that yet.

Mr Mowbray-d'Arbela: Was that in relation to the CPSU?

Mr Hutson: No, it was not in relation to the CPSU. It is specifically in regard to what happens when a staff member identifies an error. I paraphrased the question on notice.

Senator PRATT: I might ask the question another way, because it is related, unless you have further information.

Mr Hutson: If I could, I was going to assist by saying that there was speculation in the press about what staff are instructed to do if they identify an error. I can tell you that if staff identify an error they are expected to fix it. There is a question of when they identify an error. It is not true that staff have been instructed to not fix errors when they have been identified.

Senator PRATT: In terms of the role of each level of staff, you have your review officer, your case officer and then you might go right through to an appeal. What is the responsibility of a case officer versus a review officer in terms of how much information inside the system they can change? For example, can a case officer look at the peaks and troughs in someone's income as reported at the time and provide advice to the recipient about who they might have been working for at the time—a whole range of things—to enable them to prove up the case that they do not owe a debt?

Mr Hutson: In the process of a reassessment, can the case officer discuss all of the information which is in front of the department with the recipient? Yes.

Senator PRATT: The case officer can?

Mr Hutson: The case officer can.
Senator PRATT: So they would be expected to proactively resolve duplicate employers and go through that information with—

Mr Hutson: They go through the details with the individuals in the case of a reassessment in a fair level of detail, enabling the recipient to understand what has led to the debt being created and enabling the recipient to provide additional information which would enable that reassessment to occur.

Senator PRATT: Does someone have to ask for a reassessment, or is the case officer able to prompt the recipient and say: 'Well, you may not owe a debt. I'm looking at your information and you have reported peaks and troughs, so why don't you go about proving what you might owe in this way?' Surely they would have an obligation to do that.

Mr Hutson: Certainly a case officer's role is to assist recipients. Coming back to the matter which you started with, the question on notice is No. 51.

Senator PRATT: Okay. What is the process for staff to follow if they or Centrelink recipients identify errors in debt calculation? You have got it there?

Mr Hutson: That is the answer which is provided to question 51.

Senator PRATT: What guidance was there from DHS or senior Centrelink officials about the level or form of assistance that staff should provide to Centrelink recipients who had questions or complaints about debt notices they received? Did you consider that your staff had permission from DHS or senior Centrelink officials to assist Centrelink recipients face to face who had questions or complaints about debt notices they received? I think, Ms Williams, you may have already answered that by saying that you do not have permission, because you have to refer them to the 1800 number and the portal.

Mr Hutson: In answer to question on notice No. 50, we talk about the multiple points that are available throughout the system where assistance from a staff member is automatically triggered by the system as well as where an individual can seek assistance. I can go through the triggers if that would assist the committee.

CHAIR: That is an answer to one of the questions, is it not?

Mr Hutson: Yes, question on notice 50. As we also provided evidence earlier, the expertise in respect of this issue is not contained in our service centres. We have the compliance officers who are able to deal with the specific cases.

Senator PRATT: Ms Williams, was there any guidance from DHS or senior officials about whether staff could publicly raise concerns about the OCI robo-debt system?

Ms Williams: I am not aware—

Mr Hutson: The public interest disclosure legislation provides avenues for staff to raise concerns they have about any aspect of the department's operations, and that legislation is initially internal.

Senator PRATT: So the obligation is to raise it internally?

Mr Hutson: That is the system which exists internally, which has been passed by the parliament.

Senator PRATT: I understand that.

Mr Hutson: Pursuant to a whole bunch of legislation—the Public Service Act and the Commonwealth Crimes Act, for a start—it is not open to staff to reveal information externally and to the media without authority.

Senator PRATT: So the guidance to not publicly raise concern is implicit in your mandate, but the obligation is only—

Mr Hutson: It is implicit in the law.

Senator PRATT: What concerns did either you, Mr Hutson, or you, Ms Williams, raise about this program internally, if any? You may not have.

Mr Hutson: That is not a question which I think we are in a position to answer in front of the committee. That is a conversation between ourselves and the internals within the department. What we did personally, individually, in respect of this matter is probably not really a question which is fair to ask us.

CHAIR: I understand what you have just said. Perhaps you could take on notice if staff did raise issues internally about the process.

Mr Hutson: Sure.

Senator PRATT: And we want the nature of those concerns.

CHAIR: Without identification.
Mr Hutson: Sure, okay.

CHAIR: Is that fair enough?

Mr Hutson: It is a fair enough question. We will identify, or attempt to identify, that within a parameter. The fact that a particular person might say to their manager—which would happen almost daily—'I don't understand this. It doesn't make sense,' and the manager explains it and we go on with business—

CHAIR: I understand. That is completely different—

Mr Hutson: If you are looking for people who have made formal representations within the department about the nature of this system, we will see what information we have about that.

CHAIR: Thank you.

Senator PRATT: For example, people may have raised concerns that the debt notices being sent were going to generate incorrect debt notices.

Senator REYNOLDS: I note that this committee is having 12 hearings on this particular issue. I think we have had five so far. Have you or representatives from the department attended all five?

Mr Hutson: Representatives from the department have attended all five, yes.

Senator REYNOLDS: Will you be attending the next seven?

Mr Hutson: Somebody from the department will attend, but I understand we are not being asked to give evidence at the Launceston hearing.

CHAIR: Because we are seeing you in Hobart.

Mr Mowbray-d'Arbela: But we intend to have staff available who are expert in debt matters.

Mr Hutson: It is worth saying that, at every hearing, by the request of the committee, the department has available an opportunity for a member of the public who wishes to speak with an expert compliance officer, and also we have social workers in the event that they demonstrate the sorts of vulnerabilities that we have discussed earlier.

Senator REYNOLDS: Out of interest, are you able to provide the cost of the department's engagement in all 12 of these hearings?

Mr Hutson: We will take that on notice.

Senator REYNOLDS: Thank you.

CHAIR: You probably need to take these questions on notice. You will be aware that Probe, one of the external collection agencies, very helpfully gave us quite a lot of evidence on Wednesday. We had a discussion around the database and information being held separately and who had access to it. Are the external collection agencies required to destroy the database after their contract has finished?

Mr Hutson: I will take that one on notice.

CHAIR: If you could, because we did have a lengthy discussion and we did not specifically ask that question. Anything they do there I understand is part of a contractual obligation.

Mr Hutson: That is right.

CHAIR: Thank you. That would be appreciated. On Wednesday, I asked a question on notice around the debt collection process for current recipients. Subsequent to that—I am pretty certain this was in a public hearing, so you would have heard it—individuals have said that they started having the deductions taken out of their payments before they had agreed on the debt that was owed. In other words, they felt they were still in the reassessment process or even not yet in the formal review process. Could you take that onboard along with the question on notice? Your answer should look at that particular bit of evidence. It has happened a number of times now. People have said, 'We actually didn't think we'd agreed with the debt, and yet deductions have started.'

Mr Hutson: We are happy to take that on notice. I will just remind the committee that if anybody asks for a reassessment we have agreed to pause collection of that debt pending the outcome of the reassessment. But I will take on notice the historic question.

CHAIR: I understand that, but we have now had a number, both anecdotally and more formally, of people saying that it had started but they had not agreed on it. Or they may have been through the reassessment, but they still disagreed with the reassessment.

Mr Hutson: Yes, we will take that question on notice.
CHAIR: There may be an issue where the agency thought it was settled but they did not. Could you look at that too.

Mr Hutson: Of course, there will always be a circumstance where the conclusion is that someone does owe a debt even though they are not happy about that.

CHAIR: Yes, I understand that. That is a separate situation to the situation we have just been talking about.

Mr Hutson: Okay, sure.

CHAIR: Thank you very much for your time today. It is very much appreciated.

Mr Hutson: Thank you. We are happy to help the committee.
JOWLE, Ms Beverley (Bev), Executive Officer, Financial Counsellors Association of Western Australia

[10:32]
CHAIR: Welcome. I understand information on parliamentary privilege and the protection of witnesses and evidence has been provided to you.

Ms Jowle: Yes.

CHAIR: I would like to invite you to make an opening statement, and then we will ask you some questions.

Ms Jowle: The Financial Counsellors Association of WA represents financial counsellors who operate and practise within Western Australia. At the moment, we have about 140 members. Financial counsellors across Australia provide information, support and advocacy to people experiencing financial difficulty. They are generally offered by community based organisations, and they offer free, independent, confidential advice to people in financial hardship.

In order to be a financial counsellor, there is a set of guidelines put out in national standards by Financial Counselling Australia. Financial counsellors operate under an exemption from licensing from ASIC because they are eligible to be members of an association, hold a Diploma of Financial Counselling and agree to continuing professional development and supervision. That is the basis on which Financial Counselling operates in WA.

We have been asked to present today. We have had a number of inquiries around the issues that have arisen for clients, particularly very vulnerable clients, around the robo-debt issue that has been presented.

Senator KAKOSCHKE-MOORE: Thank you very much for being here today. I am curious to know what your perception is of the private debt collectors that have been involved with this robo-debt initiative. Have you heard much from any clients or members?

Ms Jowle: No. In fact, we canvassed members earlier in the year about their experiences and whether they were getting any clients contacting them around the debt letters, and we got a very small response. There were not many people at that stage going to financial counselling for help.

Senator REYNOLDS: What is a small response?

Ms Jowle: We probably got about four or five general responses saying, 'Look, we've worked with a few clients who have contacted us and who are anxious about what the letters mean.' I think the fact that it was labelled a 'debt' was really challenging for people who are quite vulnerable and in financial hardship. But it was a very small response. We expected a bigger response. Going back since then to financial counsellors and talking to them individually and across the board about it, it seems their view is that probably these people will not come to financial counselling for this particular issue. Often they are coming with big debt issues around mortgage stress, utility stress and so on. Just getting that letter is probably not enough to warrant them going to financial counselling.

Senator KAKOSCHKE-MOORE: I see. Generally speaking, can you give us an idea about what proportion of financial counselling clients are on some sort of income support payment from Centrelink?

Ms Jowle: I would hazard a guess that it would probably be about 80 per cent. Most of the clients that come to financial counselling are on low fixed incomes. That is generally either Centrelink or incomes which are unreliable—casual work, short-term contracts and so on. Financial counsellors mostly see people with very low incomes.

In saying that, in WA, because of the downturn in the economy, we are starting to see a lot more people accessing financial counselling who are in mortgage stress—people who in the past, in the boom time, were perhaps earning very good wages, who took out mortgages that were very high but who are no longer earning high salaries and are stuck with mortgages they cannot afford to repay. A lot of those sorts of clients are starting to come to see financial counsellors now. That is quite an emerging issue. It is not something we have had to deal with in the past. Many families in WA, for example, have negative equity in their housing now, particularly if they bought in the northwest, in towns like Karratha, where they may have spent a million dollars on a property that is now worth a third of that. They cannot sell it and they cannot get tenants for it. Financial counsellors are seeing a lot more people who would not have been considered their mainstream client group 12 months ago.

Senator KAKOSCHKE-MOORE: In relation to the Centrelink debt recovery process that is happening at the moment, have you received much feedback about any difficulties for the recipients of these letters in gathering the evidence they need to challenge the amount Centrelink says they owe?

Ms Jowle: Yes, definitely, particularly because they go back so many years for some clients. I think all financial counsellors would agree that, where there has been genuine fraud or genuine attempts to be dishonest,
there is a need to claw back that money and to have a system in place to have those debts repaid. But the concern for the sorts of client groups we are talking about is that they have done everything they thought was right. They have provided the information as it has been requested, and they have done that with honesty. And years later they are being asked to provide that information again and to go back and try and track where they may have been working four years ago.

We had an example, a good case study, of a young mum living in Leinster. Her partner is fly-in fly-out. She got a debt letter with a debt of $7,000 from 2013-14. She cannot remember that far back. She has three children under the age of six. She got the letter in school holidays. She spent two hours on the phone to Centrelink while trying to mother her children. One of them is a two-year-old. So you can imagine what a struggle that was. So she was two hours on the phone. In the end, the worker said to her, 'Well, you're just going to have to pay it.' She was not given any option to appeal or to have that looked at being reassessed. Her comment was, 'I'm just going to pay it. I don't have time to sit on the phone with my children to try and negotiate these sorts of debts.'

I think the fear—from financial counselling at least—is that people are just thinking that they will just pay it because it is far less trouble than trying to negotiate a very complex beast that is Centrelink. Our own financial counsellors will tell you that it is very difficult for them to get through to Centrelink when they are in a normal mediation session with clients and they are trying to get information to and from Centrelink. So it is not uncommon for people to wait hours on the phone anyway. I think this particular method that they have used to recall debt has just exacerbated that situation for clients.

**Senator REYNOLDS:** In relation to the case study that you have just referred to, what happened? Has she paid or appealed it?

**Ms Jowle:** This is somebody who contacted our debt helpline. That is a 1800 number. We would have just given her advice on her rights to appeal and she would have, presumably, gone and either done that or made the decision herself not to go down that road. I do not know. For the 1800 number, which is the national debt helpline that we manage in WA, we have not been inundated with calls, it is fair to say, but we have had the odd call just in relation to: 'What are my rights? What can I do? Am I able to appeal?' We have just been giving people that advice.

**Senator REYNOLDS:** How many have there been to the helpline?

**CHAIR:** Senator Reynolds, you have just taken over Senator Kakoschke-Moore's questions. Can I come back to you?

**Senator REYNOLDS:** Yes, please.

**Senator KAKOSCHKE-MOORE:** That is quite right, Chair. That was my last question.

**Senator REYNOLDS:** Thank you for your patients, Skye. How many of those calls has the helpline had?

**Ms Jowle:** Probably initially—when the letters first came out—we had about five or six calls into the helpline. We get a high volume of calls. For us to live answer calls is almost impossible now. We get very little money to run that helpline. The best I have is four part-time workers in there. We are getting 50 or 60 calls a day into the debt helpline. Mostly, it is a referral to face-to-face financial counselling services. But on occasion we do some casework where, perhaps, there is a gap in the provision of financial counselling in WA. There are many geographic areas that do not have financial counselling, for example, in which case we would take up a case and do casework for the client. Or it may be that the client cannot go to a face-to-face service either because of a disability or a mental illness, or caring for caring small children, being difficult. So the helpline, generally, is sort of an assessment and triage line. Then we refer out. So the calls that come into us, generally, are just for us to then refer back out to other providers.

**Senator REYNOLDS:** So you provide, obviously, a very busy but a very important first port of call. People are saying, 'This is my situation. What do I do? What can I do?'

**Ms Jowle:** Just as an aside, part of the challenge for us is we are in a situation now where we cannot live answer the phone. So people have to leave messages. And then we get back to people. Of course, people do not like talking to machines. They do not want to particularly divulge very personal financial information on a message. So we know that we are missing calls, as well, of people in genuine hardship and genuine stress. We are unable to get to their calls simply because we are not funded at a level where we can offer that crisis response.

**Senator REYNOLDS:** Of the ones that you have been able to identify—you have had four to five—you have, obviously, provided that same advice to them about their rights, who to talk to and their rights to appeal. But we do not know how many of those five—and there is no way of knowing, without giving them another call back to say, 'Has this been dealt with?'
Ms Jowle: No. And we have referred them to places like community legal centres and so on. So they would probably be able to give better evidence about what follow-through there has been on those sorts of enquiries from our end. We do not do really end-to-end work with clients unless it is around a very case-intensive financial support role. It may be that someone comes to us with a bunch of debts. If there is not a financial counsellor in their area, we will then go through the process of working on a case with that client, gather information and try and negotiate their debts back to their providers.

Senator REYNOLDS: In the example that you used, you can see how difficult and frustrating it would have been for that lady. You say there are four or five. Without breaching privacy or anything else, is there any way of going back to confirm with them that they got some satisfactory outcomes? I do not know the privacy implications of this, but I think it would be good to be able to get that information, to encourage anyone who feels that they have not got a just outcome to go back to Centrelink now. You probably cannot give details to Centrelink directly.

Ms Jowle: No. I will need to speak to the helpline staff. We use the DEX database, which is a DHS or DSS database. If we take on a case, then we will have the full details of the client. If it is just general advice, they are registered as de-identified. So we do not necessarily keep that sort of contact information on every client we see. We just would not have capacity in the system to collect that sort of information. It would be recorded as an inquiry, but we would not necessarily record the details. But I can check that.

Senator REYNOLDS: It is a low number, but it is important for those five individuals. I was just thinking about whether there is any way of making sure that they were adequately dealt with. Can you explain a bit more about your organisation? Who are you funded by?

Ms Jowle: The Financial Counsellors Association of WA is solely funded by the Department of Local Government and Communities. In WA in 2015 funding to financial counselling in this state was pulled away, if you like.

Senator REYNOLDS: So it is a state funded organisation.

Ms Jowle: Financial counselling in WA was previously funded jointly by the state government through the Department for Child Protection and Family Support. That funding ceased in 2015. The sector then rallied and did a lot of campaigning to get some of that funding back, and about half of the funding was returned later that year. But the responsibility for that was transferred from child protection over to the Department of Local Government and Communities. So the Financial Counselling Association of WA, which is the peak body, is funded as part of that package of funding.

The national debt helpline, however, is funded by Commonwealth funding, through the Department of Social Services. They are funded in each state and we come under a national umbrella, largely managed by Financial Counselling Australia, I think. So people will ring a 1800 number—it is a common number across Australia—but will be diverted to the state they are calling from.

Senator REYNOLDS: So they get somebody from the relevant state.

Ms Jowle: Yes. In January and February, to give you a good example of the trends in the national debt helpline, we received a 20 per cent increase in calls consistently over the first two months of this year.

Senator REYNOLDS: Calls are referred from the federal number to the states, so there was a 20 per cent increase in calls in WA?

Ms Jowle: No, nationally. The national debt helpline are saying they have seen a 20 per cent increase in calls to the helpline. On one day in February, for example, we had 80 calls, and I have four staff. There is no way we can cope with the demand, but that is the level of funding we get.

Senator REYNOLDS: Just to be clear, your organisation is state funded, but the helpline is nationally funded?

Ms Jowle: Yes. The helpline is service delivery, whereas our state organisation is funded to do advocacy, support and things like continuing professional development for financial counsellors. We make sure that they are meeting the requirements of their membership, that they are doing supervision, that they are getting professional development and that they are registered with Financial Counselling Australia and so on.

Senator REYNOLDS: You said that there is some relationship with DHS as well, so how do you work with DHS?

Ms Jowle: We have two contracts—one with the state government and one with the Commonwealth. We also get a little bit of money through the Law Society's Public Purposes Trust which we have to reapply for every year. That funding is to engage a solicitor to give financial counsellors legal advice, because often they are dealing with
very complex credit advice. So that is another part of our funding. But we have a contract management relationship with DSS, as well as with the Department of Local Government and Communities. We try to meet with them every quarter, if we can, to explain and give them a bit of background on the trends and issues that are coming up.

For example, I have already talked about mortgage stress, but there is high utility stress in WA at the moment. The Hardship Utility Grant Scheme in WA had already spent its money for the year in February. It also has a backlog. We know that people are really struggling to pay power bills. It is particularly difficult for people who, for example, do not have the financial capacity to have solar power and other devices that lead you to have lower power bills. They are people who tend to be home all day because they are pensioners or single parents, so they are using more power. So their bills are increasing, they have no capacity to pay and then these bills are accumulating. Synergy, probably the monopoly provider in WA, is basically saying now, 'We're not going to negotiate—you need to pay half the bill before we'll reconnect.' So a lot of people have been disconnected. There are a lot of issues around utility stress for groups of people in WA. I know this is going off topic a little bit, but—

Senator REYNOLDS: No, I think it is quite relevant. Thank you for sharing that, because there is utility stress, rent or mortgage stress and family stress. So people are already very much under stress. For the four or five who have contacted your office, obviously this comes on top of everything else.

Ms Jowle: Yes. My understanding is that the repayment of the debt is 15 per cent of your income. For a lot of families we are dealing with, their budget is so tight that to take away 15 per cent often means they cannot pay utility bills, they cannot buy food or they cannot buy essentials for their children. So that causes a whole range of other stress for the family as well.

Senator PRATT: Ms Jowle, you spoke in your evidence about the number of inquiries that you have had regarding this issue. It is not surprising to me you have not had an overwhelming number of them, but you said that some previous clients have brought cases through financial counsellors. If there is an existing relationship, that would seem logical to me. What kind of advice have you been providing to people who have brought cases through?

Ms Jowle: When we have had contact, we have talked them through it: 'Do you think that the debt is a fair debt? Do you think that there is a case there, where there perhaps is a debt that you need to repay?'

Senator PRATT: What do you mean by that? Are you prompting people to say what the peaks and troughs in their income were at the time?

Ms Jowle: Yes. In most of cases where we have had calls about this, it tends to be that people in the year or years that are being talked about had periods of short-term employment and periods of unemployment, but their annual income has basically been divided by 12. Hence the debt has been raised. So we have asked people: 'Are you able to provide evidence that you had those peaks and troughs in employment? Essentially, if you are able to provide the evidence then do so. Go back to Centrelink, provide that information and try to have the debt renegotiated or discussed.' But where they believe that the debt is unfair, or where in their view there has been misinformation given, then we advise them to go through the process of appeal—whatever the mechanism is to appeal to Centrelink.

Senator PRATT: I expect it would be difficult for you, with the resources you have, to know what the outcomes were.

Ms Jowle: Yes. Financial counsellors would know. As members of our organisation, they would have a better idea, because they are often working through the process with the client. But certainly those in the debt helpline would not, because it is very much an inquiry line.

Senator PRATT: Is it reasonable, in your view, to expect Centrelink clients to keep their employment and other information for more than six years?

Ms Jowle: No. We understand that people were advised in the past—and this was on the website, but I understand it has since been removed—that they were only to keep pay slips for up to six months. So if people have been asked to backtrack, particularly very vulnerable people, it is highly unlikely that they would have kept that information. People move around. They do not necessarily have the same access to computers and that sort of data. They do not necessarily keep paper records. It seems to us there is such an unfairness. It seems that the department has written to them on the balance of probabilities rather than evidence—'We think you probably have a debt—come and prove to us otherwise'—rather than the reverse: 'We have evidence and we want to pursue this with you.'

Senator PRATT: It is fairly extraordinary—'We think you might have a debt,' when in fact they have not even checked their own records in regard to someone's peaks and troughs in income as reported at the time.
Ms Jowle: That has certainly been the experience that has come through to us from financial counsellors. They have been working with clients to try and renegotiate back to the department. It is fair to say—and I do need to say—that there have been very small numbers. In fact, financial counsellors have been quite surprised by that because they were gearing up to, potentially, see a lot of clients. But I think the overall feeling is, just among the counsellors that I have spoken to, is that those types of clients would not have come to financial counsellors anyway in the first instance.

Senator PRATT: Do you think that, if someone gets a notice like this from the government, many people would just presume, 'Well, it's the government. Their records must be correct. I must be wrong.'

Ms Jowle: Absolutely. We are often talking about people who cannot advocate for themselves because they either have a mental illness, a disability or just do not have the intellectual capacity to be able to go back to the department and advocate. They are getting these letters; they are anxious and they are fearful. They do trust that that information must be correct and it cannot be challenged, and they think, 'If I challenge it, what's that going to mean for me?' It is anecdotal, but one of the things that we are picking up is that people are just accepting, 'I just need to pay it.'

Senator PRATT: What is the experience of financial counsellors in terms of people being fearful of debt and, in this case, fearful of owing the government money?

Ms Jowle: It is very front and centre in people's minds. They come to financial counsellors because they are usually in a situation where they have tried to manage. One of the real concerns for us is that people are now getting debt to pay debt—so things like payday lending, those sorts of rent-to-buy schemes and so on. They are putting people in awful situations of debt where they think they are doing the right thing by borrowing money to pay their electricity bill—because, otherwise, they cannot be connected—but they end up paying spiralling interest rates, because they can never repay the debt in the time frame that is required. We are seeing a lot of people using payday lending to pay debt. And they may well have done that in this situation, as well.

Senator PRATT: So you think it is not out of the question that someone might go, 'Right. The debt-collectors rocked up. I have a so-called debt to the government. It's never been reviewed.' But because it has got to the point of a debt-collector, they are fearful of it. 'It must be right.' You do not want to owe money to the government, so you borrow money to pay that debt. It is not unthinkable that there would be people in those kinds of circumstances.

Ms Jowle: I could not give you evidence to that effect, but, anecdotally, I would say that was probably highly likely. In the helpline, we do a lot of utility stress negotiations back to utilities. When the utilities say, 'Look, we want $1,000 otherwise we won't reconnect'—because they have a bill of $1,800—and we want $900 or $1,000 of it paid.' We know clients will say, 'I will just go to Cash Converters,' or, 'I will just go online and get a loan to pay it.' Again, we try to counsel them not to do that. But, for many people, they have no other alternative. They, literally, have none. If you have children, you cannot not have electricity on. People are using that type of lending to be able to survive. So it is not inconceivable that they would be using that also to pay these sorts of debts.

Senator PRATT: So it is also foreseeable that people are paying debts that they actually do not owe given that it might have escalated to the extent that people are just presuming the government is correct?

Ms Jowle: Again, I would not be able to evidence that but I would assume that, for some people, there is that fear. Talking about your finances is very personal and difficult. People feel very shameful when they have got to a situation where they cannot manage. We often talk about, 'If they had just budgeted better,' or, 'If they just did a budget, they would be fine.' We all know that even when living within the greatest means and having a budget, there are often circumstances—your car or fridge breaks down, or you have a medical bill that you have to pay—that throw that entire budget out for months for people. It takes them months to catch up. That is the sort of thing that, if it is an unforeseen debt like a letter from Centrelink, just throws them even more.

Senator PRATT: Finally, do you have any recommendations that you would like to make?

Ms Jowle: Yes, definitely. In any future situation like this we would like to see, firstly, a cap put on how far we go back. I think it is outrageous to expect people to go back six years and provide documentary evidence as to what was happening. The client from Leinster, for example, had come over from New South Wales for work, so she did not even have access to those records, which were in New South Wales. If it is rolled out in the future, we would like it to look at maybe the last two years rather than going way back six years and expecting people to collect that sort of information. We think that penalty fees should not apply, because again, if the people have not deliberately given wrong information, why should they be penalised for that? We are concerned that debt collection agencies are used, and we are fearful of what that does to families and clients who are already vulnerable and in hardship. We would like that method of collecting debts to be stopped and an individual
approach taken, instead of an automated match systems approach. We know that that is time-consuming, but we believe it gives more accurate information on the sorts of debts that people do or do not owe to Centrelink.

CHAIR: Sorry, could you say that one again?

Ms Jowle: Ensure that before you send out the letter there has been some manual reconciling, rather than expecting the client to provide that evidence. We support the submissions made by both ACOSS and Financial Counselling Australia, because they have been done collectively and in consultation with the sector.

Senator REYNOLDS: Thank you for all of that. It has been very interesting. Those suggestions that you have just gone through seem very practical and a good way of dealing with some of these issues. Have you had a chance to read the Ombudsman's report and the recommendations?

Ms Jowle: No.

Senator REYNOLDS: DHS have acknowledged these issues from the Ombudsman's report, so I would be interested to see whether your concerns have been picked up in the Ombudsman's report and are being implemented, or if some of those are extra things that we need to look at. Could you take a look at that, on notice?

Ms Jowle: I am happy to have a look at the report and provide more information.

Senator REYNOLDS: Do not go to too much extra effort, but if there are things you think have not been addressed, I would like to hear about that.

Ms Jowle: I have no guarantee of this, but financial counsellors are saying that once that penalty hits, clients may be repaying money that they cannot afford and get into hardship. Right now it may not be a huge issue or those clients may not be coming forward, but perhaps in the future they may, because they are getting themselves into debt.

CHAIR: One of the issues that has definitely been addressed in the Ombudsman's report is the recovery fee. Could you look at that and see whether you think that goes far enough?

Ms Jowle: I am happy to do that.

CHAIR: You said the jump in phone calls to the National Debt Helpline was 20 per cent. That 20 per cent figure is coming out elsewhere. For example, some of the community legal centres in the east have said their phone calls have jumped by around 20 per cent. It is interesting that this 20 per cent figure seems to be coming up. I understand that debt issues increase around January and February. Is that 20 per cent a normal jump?

Ms Jowle: In comparative figures to January and February last year, it is up by 20 per cent.

CHAIR: I just wanted to be clear on that.

Ms Jowle: January and February tends to be a very busy time, because in December there are moratoria, for example, on utility bills. Come January or February, people start having to renegotiate utility bills. We do not know if they contacted us because this was the last straw: 'So I've had this letter, but I've got all these other debts. I'm just about to start my kids at school, I've got to buy uniforms, I've got to buy books, school fees. I've had a moratorium on my utility, I've got to now find the money for that, I've got the credit card debt after Christmas, and now this has come.' We do not know if the calls coincidentally could be related to the Centrelink situation, but perhaps that has not been the first thing that a person has disclosed or discussed.

CHAIR: The additional 20 per cent this year was on top of the normal increase?

Ms Jowle: Yes, over the same period last year.

CHAIR: I think you said you had five or six inquiries specifically?

Ms Jowle: The helpline has probably given us about five or six inquiries, and a similar number directly from financial counsellors.

CHAIR: So you have had this jump, and you have had five or six individuals in those circumstances, but you have not been able to answer all the calls, so you do not know what some of these calls were about.

Ms Jowle: That is fair to say.

CHAIR: You mentioned vulnerability. We have very complex situations for single parents, who have child support payments, family tax issues and are on parenting payment or maybe Newstart, depending on the age of the kids. We have individuals reporting with quite significant mental illnesses. Single parents and even some people with mental illness will not be indicated as vulnerable on their form. Is there a vulnerability issue here?

Centrelink have said that they address that issue where it is indicated on the form, but there is evidence that many of the people experiencing a great deal of difficulty with this situation have a degree of vulnerability.
Ms Jowle: When you are contacting a person via telephone, it is very difficult to pick up vulnerability. Unless a person with a mental illness discloses their diagnosis to someone over the phone, you are not going to make that assessment. If English is not someone's first language, that is a real challenge. Aboriginal people are another target group. They have some real challenges dealing with a telephone, because often they are better face to face. The management of a whole range of different vulnerabilities was not considered in the way the system was put in place. For people who are in a whole range of challenging situations, ringing a 1800 or 1300 number is not always going to be the most appropriate way to discuss these sorts of matters.

CHAIR: Earlier in your evidence you raised an issue about financial counsellors' difficulty in contacting Centrelink. Were they were ringing the 1800 number? Are financial counsellors able to access that on behalf of their clients? You may not be able to answer that now.

Ms Jowle: It is very difficult for financial counsellors to speak to the ATO or Centrelink, because there are a whole raft of privacy principles in place to protect the client. We understand that, but even with client consent sometimes it is a real challenge to jump through all those hoops. The ATO in particular are very difficult to work with. For example, yesterday I spoke to a financial counsellor who had to provide her husband's name, her tax file number, her HBF details and a whole range of things to identify herself to the tax department in order to speak on behalf of a client. That is not an uncommon experience. I have not heard the same of Centrelink from financial counsellors, but the National Debt Helpline struggles. They have to be able to justify who they are and jump through hoops, which is understandable, because you are speaking about very sensitive personal data and information, but it would be great if there were some sort of system in place where financial counsellors could, if you like, jump the queue and be given access to someone in their profession that they as a financial counsellor can at least talk to directly. If you are a CPA, for example, you would have no problem speaking to the ATO about a client, but unfortunately financial counsellors are not given the same treatment.

CHAIR: We had the example of the witness in Melbourne who has two mobile phones; one for calling Centrelink and being put on hold, and the other for work.

Ms Jowle: The other challenge, which I have not talked about, is that in areas like the North West where internet access is challenging, being able to get online and negotiate anything is almost impossible. We have places like Halls Creek and Fitzroy Crossing that have incredibly bad internet access, where they are told that they have to use a myGov account. First and foremost, having access to a computer, then being able to get on it at a time when the internet is working and communicating with people through that process has proven really difficult. I heard the evidence of the people before me, saying most people deal with them online, and probably 90 per cent of the population do, but we need to remember that there are older people, people with a disability and people in remote areas who cannot communicate that way. They do not have the tech savvy or the access to be able to negotiate through an online portal.

CHAIR: Thank you very much for your evidence today. It was very much appreciated. The secretariat will be in contact with that homework on the Ombudsman's report.

Proceedings suspended from 11:12 to 11:33
BEAUMONT, Ms Kate, Executive Officer, Welfare Rights & Advocacy Service

CREED, Ms Helen, Executive Director, Community Legal Centres Association (WA) Inc.

EAGLE, Ms Catherine, Principal Solicitor, Welfare Rights & Advocacy Service

CHAIR: Welcome. Before we get going, can I confirm that you have all been given information on parliamentary privilege and the protection of witnesses and evidence. Okay. I now invite you to make an opening statement and then we will ask you some questions.

Ms Creed: Both Kate and I will make some opening comments if that is okay. The Community Legal Centres Association (WA) Inc is the peak body representing and supporting 28 community legal centres in Western Australia. Our centres are located throughout the state and are what we call generalist centres, which are in metropolitan and regional areas, as well as specialist centres who provide a service to clients with particular needs such as tenancy or consumer credit or particular client groups. I am very pleased to be accompanying Welfare Rights & Advocacy Services today, our specialist service in this area.

We did submit a written submission to the inquiry along with our counterpart organisations in a number of the other states as well. By opening, I say that community legal centres have reported an increase in demand for services as a result of the Department of Human Services's online compliance system. That is coming at a time when we are facing cuts in funding to community legal centres. From 1 July there will be a reduction of 32 per cent in the federal funding that comes to WA for community legal centres. What we are seeing is an increased demand due to a government policy or practice, which has a direct impact on the need for legal assistance. No additional resources are available and, in fact, we are facing a significant cut in funding to services.

From our perspective, the Commonwealth policies are impacting on the services we provide for low-income people. Our definition under the partnership agreement of low income is less than $26,000; high income is more than $52,000. We are assisting some of the most vulnerable and disadvantaged people. When you look at the proportion of our work, it is with what we call low income, which is less than $26,000 per annum. I would like to ask Kate, as the specialist centre in this area, to provide more information.

Ms Beaumont: Welfare Rights & Advocacy Service is a specialist community legal centre which provides assistance to clients in the area of social security law in Western Australia. We are a member of the Community Legal Centres Association (WA) and the National Social Security Rights Network. We had input into and endorsed the National Social Security Rights Network's submission to this inquiry. We provide welfare rights help to people living in the geographic catchment area north of the Swan River to the top of the state and across to the Northern Territory and South Australian border. There are two other community legal centres, Sussex Street Community Law Service and Fremantle Community Legal Centre, who provide welfare rights advice and casework assistance in the remainder of Western Australian south of the Swan River.

Assisting clients with Centrelink and family assistance debts is part of our regular work. The introduction of the new automated system has brought with it increases in the numbers of clients accessing our service for assistance with Centrelink debts; also increases in the time taken to assist each of these clients. The new automated debt system has changed the fundamental basis of how debts are calculated and raised by the Department of Human Services. The new automated system does not require corroborating evidence from the employer to verify that periods of work or gross amounts earned by an income support recipient in a particular fortnight before a debt is raised. Instead, the income support recipient is issued with a computer-generated letter, which requires them to explain a discrepancy in the amounts of PAYG income recorded on their tax return compared to the earned income recorded on the Centrelink system. This letter is issued through the individual's myGov account or to the last known address provided to Centrelink. If information is not provided by the recipient within the strict time frame, a debt is automatically raised with income apportioned across the entire period irrespective of the amount actually earned on a fortnightly basis.

On top of the debt being raised, the computer adds an additional 10 per cent penalty amount where the computer has determined that the person has refused or failed to report their employment income, or knowingly or recklessly underdeclared their income, unless the secretary or a delegate is satisfied that the person had a reasonable excuse. In the past, before this type of penalty was applied, a Centrelink officer would first confirm that the debt was correctly calculated and then contact the person to give them an opportunity to explain the under-reported income and to consider any circumstances which would have affected their ability to report correctly. Examples of where the penalty may not have been applied include where the person was declaring net income rather than gross income due to an honest misunderstanding of the system, or where they had significant health issues that affected their ability to report correctly. Where the person was unable to be contacted to discuss the matter, the penalty was not applied.
With the new system, this penalty is applied automatically by the computer if a person has not responded to the initial request for information and is included when the debt is raised without consideration of the circumstances which led to the debt. The application of the penalty provisions of section 1228B should be a separate, discrete determination made by a person and not delegated to a computer program—and that is of the Social Security (Administration) Act rather than the Social Security Act.

One of the difficulties for clients who have been caught up in this new system of investigating and raising debts is that many of these debts relate to the period between 2010 and 2013, when minimal data matches were completed by the department. The new system requires clients to prove what their fortnightly earnings were up to seven years ago in order that a debt is not raised or, after a debt has been raised, to prove why Australian Taxation Office information—which covers an entire financial year—is consistent with the earnings declared to Centrelink during that year. Discrepancies arise as employment income is not always recorded on the earning screens, as leave payments, employment back payments, commission and bonus payments will be part of the PAYG information but are recorded in other parts of the Centrelink computer system, which may not have been checked by the computer at the time the notice is sent out.

In the past, Centrelink might have been unable to obtain fortnightly employment income details from past employers dating back six or seven years, even though they have the information-gathering powers in section 192 of the Social Security Act 1991. It can be far more difficult for a person approaching a previous employer for fortnightly employment documentation many years later. How does someone who has a debt raised obtain this information if the employer is no longer trading, does not have access to their records or flat out refuses to consider the request? Whilst we are aware that the Department of Human Services are now suggesting alternative processes to clients to prove income, such as providing bank statements, there are many who may not have been given this opportunity when they approached Centrelink about these debts during the December-January period. We had clients in that situation. Unfortunately, with this new approach to the raising of debts it is likely that too many clients will end up repaying debts and penalties which are wrong.

We welcome the government decision to pause recovery of these debts whilst internal review is undertaken but have concerns about the debt recovery process. For people who are not currently on a Centrelink payment, the first option for repayment of one of these debts, either through Centrelink or one of the external mercantile recovery agents, has been for the person to repay the debt using their credit card. This is outlined on the Department of Human Services website. We have also had clients who have been contacted by a private debt recovery firm who were told that this was the first option for repayment of the debt. This may expedite recovery of the debt for the department; however, it may lead to increased debt for people repaying Centrelink debt, incurring interest rates of up to 19 or 20 per cent on a credit card.

The online system to report or rectify employment information was not user-friendly and, although this is an option for those who are computer literate, many of our clients have struggled with the technological solutions provided. The robo-debt debacle has been made more problematic by the lack of transparency about the new process and as to how those impacted could seek a remedy. Client after client reported that, when trying to seek a remedy, they spent significant time and energy trying to resolve the issue before giving up and contacting us. Many have thought that they have asked for a review and, in fact, have asked for a review but, when we have followed this up with Centrelink, we have been told that the request for a review was never logged on their system.

Other clients have asked for copies of the calculations of the debt, for the most basic information about a debt that has been raised, but have been told that they need to apply for those calculations under freedom of information. This is a process that can take 30 days. It is necessary for Centrelink to provide these types of documents outside of the FOI process. Clients lack trust in the system. Even when debts are significantly reduced in quantum following a reassessment or a review, they still want to see how the debt was calculated.

The plan to extend the automatic system beyond PAYG data matches to include other types of businesses and other income is a cause for further alarm for us, as the problems we are seeing will be extended. It is of significant concern to our clients that our service and other welfare rights centres across the country are set to have a 32 per cent cut in our Commonwealth funding from 1 July 2017. This is occurring at a time when demand for our service continues to increase. Although the government has said that funding to community legal centres is not just a Commonwealth responsibility, the area of welfare rights and social security law is Commonwealth law and there still needs to be access to free legal assistance for those experiencing Centrelink problems, such as the debts which are at the centre of this Senate inquiry.

**CHAIR:** Thank you very much. Ms Eagle, did you have anything to add to that?

**Ms Eagle:** No, thank you.
Senator PRATT: Ms Beaumont, in your opening statement you made reference to a part of the Social Security Act. Can you draw that part of the act to our attention? I want to revisit your remarks.

Ms Beaumont: That is in relation to the application of the penalty?

Senator PRATT: No, the earlier part about—

Ms Beaumont: Obtaining information?

Senator PRATT: Yes. Then I think there was a part about the obligation of the department to work out whether the debt is real.

Ms Beaumont: We have read the Department of Human Services's submission to this inquiry. It seems that the way that they are explaining it is that there has been no change to the way that Centrelink calculate or work out and raise a debt.

Senator PRATT: That is certainly what they have told us.

Ms Beaumont: I have worked in the area. I have had 20 years experience working for the Department of Social Security and Centrelink and I have had 16 years working at Welfare Rights & Advocacy Service. In that time I have dealt with many debt matters. In all of that time it has been the usual process that, if there is employment income, it is verified with an employer. That is what would have normally happened in these instances. Yes, there is contact with the client to see if the client is able to provide that information, but in the absence of that information they will usually do an employer report request to an employer, and that I guess is the basis for the debt being raised.

Senator PRATT: What can you tell us about your experience of the legal basis on which Centrelink is able to change its practice in this case? They are arguing it has not changed. Clearly it has changed. I am interested in the extent to which they have a legal mandate to do that, particularly because it is patently obvious how unjust this is, and whether there is a flaw in the underlining parameters of the act. The Constitution says that the Commonwealth cannot take property off people unless it is in a just way. The assumption here is that this was the Commonwealth's property and, therefore, it is taking its own property back. There must be some principles within the Social Security Act in that regard.

Ms Beaumont: The principal for working it out for someone on income support payment is a fortnightly income test, so the basis for income to be taken into account is that the person declares their earnings at the time they do the work—it is not when they get paid; it is when they do the work. That has been the basis of that income test for as long as I can remember and probably—I think Helen started with—

Ms Creed: Yes, that is right. It comes before even me.

Ms Beaumont: That is the basis for the calculation of it. Yes, there are other payments, such as family tax benefit, where they work on a taxable income per year. They do that at the end of the year, to work out whether or not someone has received their correct entitlement. But, for income support payments, it has always been a fortnightly entitlement.

Senator PRATT: In essence what the department is doing here is that it has calculated the debt not on a fortnightly basis and it is then asking someone to prove, many years later, the peaks and troughs in their income, even though it was reported correctly at the time.

Ms Eagle: If you average over a year, and the person has had consistent income over the year, then their debt will be the same whichever way you do it, because it might be greater in one fortnight than it should be but less in the next fortnight. Where it has a negative impact on people is where people have been in and out of work and on and off payments. I think the two groups that we saw that were affected that way mostly—and the case studies in the National Social Security Rights Network submission draw them out—would be students who have been on and off payments but also in and out of work (which makes sense; they work when they are not studying) and people who may get a job that pays quite well towards the end of a year, when they have been on payments prior to that, or the opposite way round. As Kate was saying, for family tax purposes, if your income goes up and down it does not matter, because at the end of the financial year they do the calculation. Many people wrongly think their income support payment was calculated that way. This does not work that way. It is interesting to note that, in the past, where clients have correctly declared their annual income for family tax benefit purposes and thought that that would do for their Centrelink payment, because they did not understand that difference, they still got whacked with a debt, because the Centrelink system could not use that global income figure to work out their payments. So it is the reverse, if that makes sense.

CHAIR: But where they have been in and out of work—it is my understanding, and we have been through this a number of times—and they have been reporting, and the ATO information comes in, then, because they
have been in and out of work and they have had the peaks and troughs, the data does not match and they get a notice. If they do not respond or they cannot provide the information, it then does the averaging, and that is where they are getting caught up.

Ms Eagle: Yes. In this fortnight, if I earn—Kate might be able to tell me what the cut-off is for Newstart at the moment—

Ms Beaumont: I do not know it off the top of my head.

Ms Eagle: Pretend it is $500 as the cut-off for Newstart for this fortnight. If I earn $5,000 in this fortnight, I am cut off for Newstart. It does not matter whether I earn the $500 that is the cut-off or anything above. In the next two fortnights, I might have no income, so I have got an entitlement to Newstart for two fortnights. If you average my $5,000 across those three fortnights, I have got a debt for the two fortnights.

CHAIR: And that is exactly what is happening.

Ms Eagle: Exactly, over a longer period.

CHAIR: Yes, over the year.

Ms Eagle: It is not going to be just three fortnights, yes.

Ms Beaumont: There is information there on the system as well about where a person goes off payments, on the benefit history, to say when someone has gone on and off a payment. That should be one of the things that are being looked at and whether or not the computer looks at those sorts of issues about someone who has only been on a payment for a part-year. The employment income—if an employer has put the PAYG details in to say that it is for the whole year rather than a part-year—is another issue, but it is not necessarily an issue that the client has caused.

Senator PRATT: In that context, when you are working with Centrelink on a particular client's case, at which point are they starting to reflect on what the client reported at the time in terms of the peaks and troughs in their income? They have not taken that into account in the sending of the initial notice, and it is not really apparent to the committee at which point it is. Centrelink have really not been forthcoming. They say: 'Yes, we're giving out the information. The obligation of a case officer is to work with a client and give them information about their case.' They are stating that is a given whereas we are hearing evidence that people need to FOI calculations and FOI their files to get any real basis for how Centrelink is calculating their debt. What information is Centrelink giving you or the client in saying, 'Actually, while you have got this debt notice, I am looking at your file and I can see your peaks and troughs. This is what you reported at the time.'

Ms Beaumont: They probably do not get that level of detail just because—

Senator PRATT: How can you calculate a debt without that detail?

Ms Beaumont: We cannot necessarily get a copy of the calculations. Just because of the numbers of them, if we can provide advice so a client can do it themselves, we assist them with that. So it might be about saying: if you need to put a freedom-of-information request in, this is what you need to include in it. One client received bonus payments, which would have been recorded somewhere else on the Centrelink computer system so it was really important for her to get that information and those historical screens to be able to say, yes, it was taken into account. Something that was not mentioned in the DHS submission was that debts occur because of Centrelink error—I did not actually see that mentioned anywhere, which potentially could be waived. And there can be those sorts of contributions that may be there through FOI-ing a file that we can see that would not necessarily be apparent. Some of that is about stepping the client through what they need to do.

Ms Eagle: I also suspect that once we are involved, you are more likely to then have somebody looking at it. We do not know what happens with all the people that never come to us but, I suppose, based on the fact that the people that do come to us report an inability to speak to anyone. So I do not know that there is a case officer allocated to every person that has a query about an overpayment but if there is then that is a lot of case officers. It might take a while but, once we are involved, we tend to get the information we need because we know what to ask for.

Senator PRATT: If you put yourself in our shoes, asking Centrelink the right questions about their practices here, it seems extraordinary to me that there is no guarantee that before a debt is generated the algorithm or the case officer has actually looked at how income is reported at the time in terms of bonus payments or other pockets. We have asked about the algorithm. You would think it would be looking at the various places where money was reported. But it is clearly apparent that debts are coming down because the algorithm or the computer has not taken into account this information.
Ms Beaumont: In our experience, that is what has occurred—it is that human case officer overseeing the number of cases, the debts being raised. I would question the capacity of the number of staff in the compliance team to have perused all of those debts to check to see whether or not it was accurate. I think the part that is missing is that human oversight, as is the verification of employment income with employers.

Senator PRATT: Where does that leave us on a technical basis for whether or not it is a valid debt? What are your cases telling you?

Ms Eagle: I think as far as whether or not it is legally incorrect, there is a little section on this in the National Social Security Rights Network. It has not been to court, it has not been tested because that is obviously a time-consuming, costly process. There is an argument that it is not lawful. I think they give a couple of examples where it is specifically authorised in the legislation, and it does not include for these payments.

Senator PRATT: Can you explain that a little bit more?

Ms Eagle: Again, I am just going off submission No. 107 by the National Social Security Rights Network. They have referred to the authorisation of averaging income in some circumstances—I think it is for the age pension. As lawyers, we cannot say it is definitely unlawful to do it this way. That is not what we are saying. We have concerns about its legality because it is not specifically authorised.

Senator PRATT: Aside from its legality, in terms of the reality of whether the debt is in fact real or not and whether it was correctly calculated, what are your cases telling you about the nature of the debts being raised?

Ms Beaumont: Many of the clients who are coming to us are coming because they have attempted to have reassessments completed and have had inconsistent advice back from Centrelink. There was someone who had been told in December that their $4,000 debt was now $0. They were then contacted about the repayment of that debt in early January. They were told, 'Yes, the $4,000 was right, not the $0.' It is that toing and froing that occurs. These are people who are quite articulate and probably able to advocate for themselves to provide the information to Centrelink, but, at the end of the day, they are getting these inconsistent messages back.

I have a client with particular vulnerabilities. Her debt is $250. She is really concerned because she declared her earnings correctly at the time. Her experience was that she went into the local Centrelink office and, because she was not computer literate, a Centrelink officer helped her to print out the pay slips that she had gotten sent from the pay clerk for a period from five years ago. She then had an interview with someone. Nothing has happened with those pay slips. That was in November of last year. She contacted us in January, so I have gone through the process of resubmitting all of the pay slips. It is now with an ARO. That was for someone who has been told in December that their $4,000 debt was now $0. They were then contacted about the repayment of that debt.

Ms Beaumont: Yes. She is on a low income and paying $20 a fortnight to repay the debt. By the time the ARO review is completed, she will have repaid that debt. She is someone who is on the DSP. She is on a low income and cannot even afford $20 a fortnight, but she is doing it to ensure that she has a payment arrangement in place.

Ms Eagle: When some of the other clients describe to us what has happened, we might say to them: 'We think your debt will be wrong, so go through this process. This is what you need to do.' We do not necessarily hear back from them as to what the outcome was because they do it themselves. We tell them: 'Follow this process and do this. If you can show these gaps in your employment, your debt will be wrong.'

Ms Creed: There was a case study from one of our other centres, which is on a slightly different but related issue, where the deduction for one client was $180 per fortnight. She got the letter and was told that the deduction was $180 per fortnight. The intervention of the community legal centre reduced that to $25 per fortnight. She was notified of the debt and then the $180 started coming out.

Senator PRATT: Unless someone was committing some kind of Centrelink fraud at the time, it seems inconceivable to me that people would have a legitimate debt of that scale because the system is designed to accommodate for peaks and troughs in income. It appears to me that someone like that may have a $7,000 debt because they stopped work and then they went on benefits but the averaging happened over their whole income for that year. What does a case like that tell you?

Ms Creed: This is a person who retired and then took casual employment and so notified the department about the work, and it goes, supposedly, back to five years. The debt was $2,000, but the repayments that started immediately were $180 per fortnight. This is someone—
CHAIR: That is more than 15 per cent.

Ms Beaumont: The repayment rate would be higher where someone has other income. The standard repayment rate is 15 per cent, but then there is an extra percentage that is charged if someone has other income coming in. That would account for that. Obviously, we have had other clients with higher rates of repayment, which they have not been able to afford. It is that negotiation of lower repayment rates.

Ms Creed: Because she is an age pensioner.

Senator KAKOSCHKE-MOORE: I have some questions for Ms Beaumont, who raised these points about how you have seen an increase in the number of clients since the automated debt process started. You made the comment that you are also seeing an increase in the time it is taking to assist these clients. Could you drill down on that little bit more for the committee?

Ms Beaumont: As these automated debts have started to emerge, we have had a database that we use to record the problem types of clients that are coming to us. We thought it was important, because of the numbers that we were having coming in, to review through our past data to see which were these automated debts, because we obviously get lots of other debt matters as well. Sometimes it is also to clarify for clients that this is not an automated debt; this might be a family tax benefit reconciliation or another type of income debt—those types of things. Some of it is also that we take time with clients to explain, because they have it in their mind that it is one of these robo-debts.

We tracked the period from when the automatic debts started to happen. Probably August or September was the first time that we had one of those clients—and it was one that Catherine had. We have provided 27 advices over that period of time. That was up till the middle of March, when we went onto a new database. We had 68 other debt matters in that same period. So, for that period, from 1 July through to 17 March, all in all, we had 95 debt matters, and 27 of those were automatic debts.

Because we are a small centre, we also took a snapshot of just the welfare rights work that we were doing over that December to March period. We found that 28 per cent of our work was to do with debts. If you took a snapshot of the previous year, it was 1.4 per cent of our work, so there is quite a significant increase in the numbers that we are dealing with. As I said, over the last full year, 14.4 per cent of our welfare rights work was debts.

Ms Eagle: Regarding taking more time to do the work, I think that is for a few reasons. One reason is that we are having to get the client to look, or look ourselves, into how the debts have been calculated, whereas, in the past, if a client had a debt we just had to see the debt calculations, which was a very quick process. We knew that it was based on the employer information because the eans screens showed us what had been inputted into the system, whereas now we are having to go through that whole process of working out, or getting the client to work out, how the debt has been calculated—what has been taken into account and what has not been taken into account; what can you provide; how are you going to get hold of that; if you can't get your pay slips, what are you going to do as an alternative. I think that is more time-consuming.

As well, for the clients, it has been very difficult to know what has happened to a client's request for review.

Kate mentioned earlier about clients thinking that they had requested a review and so, normally, we would have said to a client in the past, 'Well, you'll get a decision and, once you get a decision, get back in touch and we can give you advice.' Whereas now, they just will not hear anything, so then we have to contract Centrelink, which is a slower process than it used to be, and they will come back and say, 'Well, there's no review logged.' So then we are trying to go back to work out: has it been logged; hasn't it been logged; is there a review; what has happened to the pay slips that have already provided; the uploading of information onto the system—has it been logged, coded, dealt with? I think those have been extra steps in the process.

Senator KAKOSCHKE-MOORE: Thank you for that. That was really helpful. You made a point about bank statements previously—clients were not given the opportunity to provide bank statements as evidence of their income. You said that that was an issue in December and January. Was that because the department never offered or said that bank statements could be used; or were your clients attempting to use bank statements and the department said, 'No, we're not accepting those'?

Ms Beaumont: I know that the National Social Security Rights Network had a briefing on, I think, around 7 or 8 January to get more information about how the system worked because, in some respects, we were in a vacuum: we did not necessarily know how this new system worked and, yet, we had clients coming to us about it. So that briefing from the department helped us to have more of an understanding of how all of it worked, and it was at that time that the agreement was made that clients could use bank statements as an alternative means of
proving their income so they would have net figures of their income rather than the gross figures where people had been to employers and not been able to get the requisite information from the employers.

We did have clients and there was, I think some inconsistency in the messaging from DHS over that period of time where people were sent away and told, 'No, you can't use your bank statements.' So we had a number of clients in that circumstance, even though we were given clear messages that: yes, if a client isn't able to provide the pay slips or documentation from their employer, they could then use bank statements as an alternative process. We think that there would probably be quite a few clients who tried to have reassessments done over that particular period of time that may have had blockages—whether it was their local customer service centre. I think it was just because knowledge of the system—yes, the compliance officers knew about it, but I am not too sure that those officers at the front end of seeing people, whether it be at Morley or Innaloo, necessarily knew that.

**Senator KAKOSCHKE-MOORE:** That would be a huge worry, because that could have led to a situation where somebody was issued with a debt notice and could have used bank statements to demonstrate their income but were not allowed to. Therefore they might have just agreed to the debt, because they felt like there was no other way that they would disprove it. It makes me feel very uneasy.

**Ms Beaumont:** This might be an opportunity as well, because there may be people who are saying, 'I don't agree with the debt that has been raised'. Centrelink or Department of Human Services have the power in section 192 to send an employer report. If there is doubt about whether the overpayment is correct, they have clearly got coercive powers to be able to do that. One would have thought that that would be a logical opportunity for people—who obviously did not agree with the decision, were not able to provide pay slips from an employer and were denied the ability to use their bank statements—and that an employer report would be the logical thing to do if we were trying to come up with the correct and preferable decision of the correct debt or, potentially, no debt.

**Senator KAKOSCHKE-MOORE:** That is right. Just turning to the issue of submitting FOI requests, the comment was made that even just basic information about how the debt was calculated can only be accessed after submitting an FOI request. I get the feeling from the other evidence that that was not necessarily the typical way you would have to go about getting information in the past for other debts; that other information was already there when the notice was given—is my understanding right?

**Ms Eagle:** Clients have never had to ask for documents under FOI if it is things like debt calculations. As far as I understand it from DHS, it is not required. It has just been the experience of some clients that that is what they have been told they have to do. It is not a requirement that they have to do it, and, if they knew that they could argue the toss, they would not need to do it. It is more that, if that is what they are advised they have to do by whoever they speak to, then that is going to lead to a delay. Some documents are only available through the FOI process, but things like debt calculations are not in that category.

**Senator KAKOSCHKE-MOORE:** Do you know why that is? Do you know why you have to use FOI to get those debt calculations?

**Ms Eagle:** You do not have to use FOI.

**Senator KAKOSCHKE-MOORE:** Sorry, I misheard you.

**Ms Eagle:** No, you do not.

**Senator KAKOSCHKE-MOORE:** We heard from some other witnesses earlier on in the inquiry that, when they did use the FOI process, it felt like they were overwhelmed with the information that they got as a result, and that it was almost like looking for a needle in a haystack. Sifting through all the paperwork—a lot of it was internal Centrelink documents—it might not have been readily apparent to someone who is not familiar with Centrelink documents exactly what they were looking at. Has that been the experience for you or any of your clients?

**Ms Beaumont:** That is often the experience of our clients, but we, as part of the process, will usually say, 'If you get a bundle of documents and don't understand them, recontact us, bring them in, and we'll have a look at them and go through them,' just so that we can try and translate where there might be issues. That is something that we offer to our clients, because they can get a stack of documents and not be quite sure what they are looking for. That can be some of the difficulty.

There was supposedly the ability to get the debt calculation from the online tool, but a client to whom I said, 'You need to go to this particular tool,' reported back that she still could not access the debt calculation by using that part of the tool. I just thought, 'Well, I'll add some information to help this particular client, rather than her going through FOI,' but she said that it did not work for her.

**CHAIR:** Was that with the myGov site or with the special access code where they can get in more directly?
Ms Beaumont: It was with myGov, because they were January cases.

Senator KAKOSCHKE-MOORE: That was my last question, Chair.

CHAIR: Senator Reynolds, you had a question before that Skye did not hear you trying to ask.

Senator REYNOLDS: It was in relation to the problems you were discussing with Senator Kakoschke-Moore. You said that was the situation at that particular time, so, in terms of those issues you have identified, what is the situation like now? I think you said there were 27 pieces of advice you gave at the time. Today, have you still got the same volume of issues, or has it changed? In relation to the situation, what are you finding now?

Ms Beaumont: We are still getting regular contacts from people about these automatic debts. They are at different times or parts of the process. It is probably not the volume, because there was a peak in that Christmas and New Year period, up until the end of January and through February. It has quietened down a little bit, but, from the stats from the Department of Human Services, I also think that some of that compliance activity may have reduced a little bit over that period of time as well. There are only particular people who come to us. A lot of people just accept that a Centrelink debt is right and repay it and do not question it. This can be particularly vulnerable parts of our population.

Senator REYNOLDS: To clarify: some of the issues that you identified with that higher volume, initially at the beginning of the year, were in terms of compliance and other issues. Are you seeing that they are now less of an issue? I would imagine, as long as these notices are going to be issued, you are still going to regularly get people seeking advice from you. But, in terms of the problems you have identified, are you seeing any visible reduction in those problems?

Ms Eagle: I think one thing has improved with the change to say that, for example, they will accept bank statements. That helps people because previously people would say, 'What can I do?' We would never have suggested supplying bank statements because that only shows net income, which is not part of the calculation. I actually recall having a conversation with somebody in Centrelink in early December trying to nut it out, saying, 'Maybe if they could provide their bank statements that might show periods in and out of work.' The person said to me, 'Actually, yes, that would be helpful.' This was just one person and me, not at a national level. Things like that, I think, are helpful because it has meant that we can say to clients, 'Try these processes first.' If we intervene we try to get Centrelink to ask for an employer report as well, which they might do.

CHAIR: They have said that they would? They are saying that is what they are doing?

Ms Eagle: Yes.

Senator REYNOLDS: In terms of your engagement with your clients and with Centrelink, are you seeing that whilst there are undoubtedly issues they are in good faith trying to address those issues as they go? In terms of that, that was a good example you gave of trying to be a little flexible.

Ms Eagle: I think if we are dealing with individual Centrelink officers ourselves, I have not had anyone being obstructive about the process. Again, I do not know if this has changed, but I know that clients were finding that if they went into an office—which is often how clients try to resolve their Centrelink issues—they were told: 'No, we can't. No, we don't know anything about this.' The message they got was that they could not deal with that.

Senator REYNOLDS: We heard a bit of that this morning—that this is a specialist issue so going in and talking to someone over the counter—

Ms Eagle: It is not going to help.

Senator REYNOLDS: They are not trained in it.

Ms Eagle: We completely understand that they do not have that training, but it does make it very hard. There is a whole cohort of clients for whom that is how they do business with Centrelink; they either do not trust it, their phone is always flat, they do not have credit or they do not have a computer. I do not know the statistics on how many people do not have computers, but it seems a lot of our clients do not have one, do not have access to one or do not have broadband.

Senator REYNOLDS: And it is just human nature. A lot of us actually do prefer to do things online, but it does not suit everybody.

Ms Eagle: Exactly. That is why I think sometimes these systems are designed for people who are really good record keepers and really good at—

Senator REYNOLDS: They work really well for the majority, but you always have to make provisions for those who do not fit into that.
Ms Beaumont: But who here would have their payslips from seven years ago or their bank statements from seven years ago?

Senator PRATT: I have just changed banks!

Ms Beaumont: So we were expecting something more of everyday people. On top of that, they may not be literate or they may be homeless. So you have all of those other factors. I know the department is trying not to target those with vulnerabilities.

Senator REYNOLDS: So you are not seeing anything that would indicate to you that the department is unwilling or the officials you are dealing with are unwilling to deal with these issues? It is just a matter of identifying the issues and then fixing them as you go.

CHAIR: Or trying to.

Ms Beaumont: Our experience is different because we are advocates. In our work we know the language to use and what to ask, whereas it is not necessarily always the experience of our clients. That is who we are trying to represent here.

Senator REYNOLDS: I think it is safe to say that is the case with any bureaucracy, quite frankly. They are all confusing. One final question: in relation to the Ombudsman's report and the issues you have been encountering and have identified here, obviously we have heard from the department they are now in a process to implement those recommendations. In terms of the issues you have identified, is there anything that is not in the Ombudsman report that you would recommend the department also look at to fix this issue?

Ms Beaumont: One thing is around repayment of debts. I mentioned using your credit card. If you look at the DHS website, that is the first option for someone who is no longer on a payment. So if I were looking at that I would be concerned. Some people are fearful of Centrelink and the messages that come out about Centrelink fraud and all of those types of things. How it is characterised is that some people will go into debt to repay a Centrelink debt so that they do not have to worry about it, and then they end up owing the credit card company. I was under the impression that the mercantile debt collection agencies were not meant to do that, but that is the first option they give people as part of their script to repay a debt.

Senator REYNOLDS: That is a very interesting point. So out of the issues that you have raised today the ability to use a credit card facility to go into debt to pay off a Centrelink debt is the major issue that is not being dealt with for us to take away. In relation to the Ombudsman's report, what is not in there? Is there anything else that can be done in a positive way?

Ms Beaumont: They could use section 192 to obtain employment reports—because, really, that is the only way that they are going to get these debts correct. Also, I know the delegation around the penalties is discussed in the Ombudsman's report. It is not a recovery fee; it is a penalty and that is what it is detailed in the act as being. It needs to be a person that considers that. If you think of the percentage of people with those penalties, it was around 70 per cent per month who were getting those penalties, and, whether Centrelink has reconsidered those or not, they are one of the most unfair things because they will immediately inflate the amount of money that is being recovered through this program.

Senator REYNOLDS: The credit card issue is still a live issue, using section 192 on employment records and what is in the Ombudsman's report about the delegations and that sort of issue are the three main outtakes for us.

CHAIR: Averaging.

Ms Beaumont: Income support payments are paid on a fortnightly basis and that is the information that is meant to be used. Centrelink also have lots of records. If they were able to look at the records for people who have been on payments for part years, they would probably be able to get rid of some of these debts quite quickly, through human intervention rather than necessarily using a computer that has got set parameters.

Ms Eagle: That is actually what used to happen. What used to happen with a data match was that we would get the documents for other clients, at some point, and the data match would come in and a person would look at it, see there was a discrepancy and say, 'Oh, I've had a look at the system and they were only on payments for half a year. That explains it—that's the end of that.' The idea that somebody is overseeing every one of these and that is not being looked at just does not make sense to me.

Senator REYNOLDS: But you are not saying to do this for all cases; you are just saying human intervention should be used where there is some form of discrepancy. You are not suggesting we ditch the automated system altogether, are you, and go back to a manual system?

Ms Beaumont: We do think that it probably should be a human system.

Senator REYNOLDS: Really?
Ms Eagle: Yes.

CHAIR: The problem is that discrepancies are arising for all these 220,000 people, where the letters have gone out.

Senator REYNOLDS: I understand that, but the implications of—

Senator PRATT: The letters are based on a discrepancy.

Ms Beaumont: A discrepancy—and then the onus is then put on the client as opposed to the department. Centrelink are raising a debt on the basis of using the ATO information and Centrelink have not done any sort of double-check of that, and they have also got the powers to recover money very quickly. They are not like other creditors where they have to be able to prove the debt. It is a very different system.

CHAIR: Ms Beaumont, you gave us your figures for the number of advices that you have provided. I would like a bit more information on those cases. Are they continuing cases that you have got on the books or cases that you have had on the books that you have been actively engaged with, and/or do they include where you have given some advice over the phone and they are no longer clients?

Ms Beaumont: They are client matters that have come to us. Some of those are cases, but the majority are advices. The majority of that work is advices and I could give you a breakdown of those figures.

CHAIR: If you could, that would be very helpful.

Ms Beaumont: I can provide you with those figures.

CHAIR: I would like to ask about the AAT. In some instances some of the community legal centres are active in the AAT and have taken some cases through, although I acknowledge that they are only just getting to that point. Have you acted for anybody or provided any advice to anybody through the AAT process yet?

Ms Beaumont: Not yet. There is one that came in because they got an adverse decision from an authorised review officer. They were concerned about whether the pause on debt recovery still occurred after that internal review process, so there was some confusion about that. They have been provided with advice and it may be a case that we would deal with, but that has only happened in the last two weeks. Because so many of them were not sure whether or not they were being reviewed or reassessed, that has probably stalled some of that progress through the system.

CHAIR: Okay.

Ms Creed: I am happy to follow up with the other centres.

CHAIR: I have some questions I want to ask you about the other centres. So you have not reached that point yet?

Ms Beaumont: No.

CHAIR: Where we have been talking to other community legal centres, I think it is pretty fair to say that in nearly all of the cases where they have been acting for clients the debt has been reduced. Have you reached that situation with any of your clients? Have they gone far enough for you to be able to comment on that yet?

Ms Beaumont: We have had some that have been reduced in those earlier stages, but, as Catherine said, a lot of people, once they have got the advice and they have been able to rectify it themselves, do not necessarily—

CHAIR: Tell you.

Ms Beaumont: It is only once in a while someone will ring up and say, 'Hey, I've got granted special benefits,' which is a big thing for them. You do not necessarily hear back from some of them, but then some others will come back to get further advice through the process.

CHAIR: A lot of the issues that have come up are for people who are vulnerable, but this is not necessarily indicated on their records or as a client of Centrelink. They have issues with English as a second language, they have some mental illness that is not actually enough to record or they have not had a vulnerability marker. We also have single parents who seem to have very complex cases. Are you seeing those particular cases in your client base, or are they more general across the board?

Ms Beaumont: Because for the most part they are working age payments that we have had into our centre, they include each of those cohorts. You might have a client that has a mental health issue as well as being on DSP and they might be a sole parent, so you have got that range of people. We have people in quite difficult circumstances as well currently, and the debt just kind of almost puts them over. They are struggling, and this creates more of an issue for them.
CHAIR: Ms Creed, you have picked up on where I wanted to go in terms of the people south of the river. Sussex Street Community Law Services and Fremantle Community Legal Centre are, I understand, the two centres who are handling the other welfare income support recipient cases. Do you know if there has been an increase there at a similar level to what Welfare Rights has found? What is the number of cases they have been handling?

Ms Creed: I do not have those statistics from them, but Kate may.

Ms Beaumont: My understanding is that at Fremantle particularly they have also had an increase in the work that they have been doing and in cases that they have been able to resolve for clients. We could probably get the statistics for you.

CHAIR: Could you? That would be great.

Ms Beaumont: Yes; that is okay.

CHAIR: So the statistics in general, but also an indication—if they are at that stage, and I appreciate some of your clients will not be—of how they have gone in terms of being able to address the debts? Have they confirmed them? Have they had them reduced or taken down to zero? That would be appreciated. The other area that would be useful for us is: have they taken any cases through or have any of their clients gone through to the AAT process yet, and what the outcomes for that have been?

Ms Creed: Certainly the case I provided before came from Fremantle, but I am happy to follow up and see if we can get statistical information about any change in their workload for those two centres, similar to the kinds that Welfare Rights presented.

CHAIR: Thanks, that would be very much appreciated if you could.

Ms Beaumont: There may be some difficulties, because we have all moved from a database to a new database, so that—

CHAIR: I understand that. We came across that in the east as well.

Ms Beaumont: could be an issue. I know I extracted the information before we lost the old database, but we will see what we are able to do as far as that is concerned. It is still sitting there.

CHAIR: That would be appreciated. One of the other areas is this: are you able to provide—I should have been asking this of more people in our other hearings—what types of payments they are on? Is it single parenting payments, is it Newstart, youth allowance, DSP or pension?

Ms Beaumont: We should be able to extract that from the system.

CHAIR: That would be very much appreciated.

Senator PRATT: Ms Beaumont, you made some statements about the nature of advice people are getting from the frontline staff in Centrelink offices. This has been a little bit difficult to unpick because, as you have acknowledged and as Centrelink says, frontline staff are not there to provide advice. That is being done through the 1800 number and people who have more technical information. Notwithstanding that, you have made statements about people going into their offices to seek support and to sit down with someone to look at their case. Can you unpack that? Centrelink seems to be telling us that they are just turning everybody away from sitting down with frontline staff to deal with these matters. It does indicate to me that, in part, some people seem to be getting something useful from their face-to-face interactions, but those staff seem to have been advised that it is not their job to do so.

Ms Beaumont: Depending on which office someone goes into they will potentially get a different 'offer' of what will be done for them. Clients with a particular vulnerability—I can say that they helped my client to print out a payslip so that those things could be lodged. So that was documentation. That is something that is being provided, although the documents got lost after that. This is difficult for a client, who thinks, 'I've given to Centrelink what I was told to give to Centrelink.' Unfortunately documentation does go astray on a fairly regular basis—

Senator PRATT: It has happened to me!

Ms Beaumont: and that is a difficulty and a frustration for clients. But sometimes they do want to do their business face-to-face, and getting directed to a phone or to a computer screen does not necessarily work.

Senator PRATT: Particularly if it involves scanning and uploading files. You want to be able to hand your documents over, particularly if you are not particularly technical.

Ms Beaumont: Yes. Someone who does not know how to print out a payslip does not have that computer know-how to be able to do that.
CHAIR: I am going to have to wind this up. Would you mind taking a few questions on notice, if Senator Pratt has more questions?

Senator PRATT: Ms Creed, on the record, given the cuts that have been experienced across the sector, what is your assessment of whether vulnerable people are able to get an accurate departmental assessment of their debt?

Ms Creed: You have heard from Welfare Rights the difficulties that they have had.

Senator PRATT: And you would say that is broadly representative—

Ms Creed: Across the sector. We are seeing increasing times, in terms of waiting lists for people to be seen, as centres are responding to the funding cuts by reducing the hours that they are operating, or reducing the staff that they are employing. That is only going to get worse.

CHAIR: Thank you. Perhaps, because we really are over time, you could take on notice the waiting lists for the centres that are involved in this particular issue. That would be much appreciated.

Ms Beaumont: If I can take 30 seconds, I can say that in the mix of our centre's advice and casework, because of the number of people accessing our services, we have to do more and more advice rather than ongoing casework. It means that for vulnerable people whose cases we would probably have taken on in the past, assisting them through the whole of the process, we do not actually have that ability, and it is going to be worse from 1 July.

CHAIR: Thank you very much for your evidence today. It is much appreciated. Thank you in advance for what you will provide us in response to the questions you took on notice.
Evidence was taken via teleconference—

CHAIR: I welcome our next witnesses, from Mental Health Australia.

Mr Quinlan: I wonder whether I might seek your leave to make a very short opening statement that we have prepared.

CHAIR: Yes, no problem. I have to go through an official bit first. Do you both have information on parliamentary privilege and the protection of witnesses and evidence?

Mr Quinlan: Yes, we do. Thank you.

CHAIR: Fantastic. We have your submission; thank you. I would like to invite you to make an opening statement, and then we will ask you some questions.

Mr Quinlan: Thanks. As you know already, Mental Health Australia is the peak national non-government organisation representing and promoting the interests of the Australian mental health sector. I want to make it clear from the outset that we are not a frontline service, so that affects the evidence that we will give, but our members include service providers who work with people experiencing mental illness every day, and many of our members provide psychosocial support services to assist people in daily living, including their income support arrangements.

Our interest in this inquiry is to highlight the importance of consumers working with government agencies in the co-design of policies and processes. We believe that if the Centrelink automated debt recovery system had been co-designed with Centrelink's customers there would have been fewer negative experiences like the ones we have seen reported and described in the media. We accept that a viable welfare system needs a process to ensure that recipients are paid fairly, and I acknowledge that government is keen for agencies to find administrative efficiencies, but because many Centrelink customers, particularly those with mental illness, are already vulnerable it is important that they are protected from unnecessary distress. They need to be treated with dignity and respect during their interactions with Centrelink. Staff in my office, notwithstanding the fact that we are not a frontline service, have received calls from members of the public who have been very distressed by their recent experience with Centrelink in relation to the debt collection activities. Invariably, these people are feeling a deep sense of helplessness.

With good engagement by the Department of Human Services with Centrelink customers, the automated processes to identify and then recover overpayments could have been designed in a way that helped people to understand their situation and to navigate through to a final outcome. There might have been a more human approach by the contracted debt collectors and when people telephoned Centrelink to query their debt notices. It could have designed a process to respectfully help Centrelink customers resolve their particular situation, and without having to disclose deeply personal issues, such as mental illness, in order to be treated more respectfully. While this approach would perhaps be less efficient than an entirely automated process, it would have mitigated some of the distress and anxiety that Centrelink's clientele are clearly experiencing.

I want to make it clear at this point that this is not just about introducing unnecessary stress into people's lives. People who experience mental illness can be experiencing a variety of impediments to organising and processing information and managing complex administrative tasks. To require people experiencing these cognitive impairments to manage these processes with little or no support can be likened to asking people with wheelchairs to negotiate a stairwell: we simply would not do it. We would supply a ramp or an elevator and make some alternative arrangements. The same is true of mental illness. We need a clear process to help us determine what the equivalent support processes are in relation to complex and highly variable mental health issues.

We are not aware that there are any obvious means for Centrelink customers, and mental health consumers and carers in particular, to be genuinely involved in designing improvements to Centrelink services. As our submission states, it has been some time now since the consumer consultative group, the service delivery advocacy group and the mental health advisory working party were convened—these are all groups convened by Social Services previously—and we now have evidence that these groups need to be re-established. That is certainly what we would be encouraging the department to do.

I am happy to take questions on either that statement or the submission that we provided.

CHAIR: Thank you. Ms Highmore, do you have anything to add as an opening statement?
Ms Highmore: I do not, thank you.

CHAIR: Thank you. Senator Pratt, do you want to kick off?

Senator PRATT: Ms Highmore or Mr Quinlan, I am wondering if you might characterise for us how the OCI scheme specifically might affect people with different kinds of disorders—for example, anxiety, depression or a processing disorder—and step us through the specific kinds of impacts for particular conditions.

Mr Quinlan: As I am sure you are aware, that is a very broad question, because diagnoses in relation to mental health issues are very broad and very diverse. A particular diagnosis might not give us very much indication of the particular functional impairment experienced by an individual, which is to say an individual who experiences anxiety may experience very high levels of impairment or may experience very few levels of impairment. That is similar across other disorders.

The point that I was trying to make in the introductory statement is that these issues can affect people's capacity to engage with systems. People with high levels of anxiety can shut down and disengage from processes that they find fearful or anxiety inducing. People can also experience very particular cognitive impairments that actually make the task of processing complex information, managing documentation, complex interactions and so forth very difficult, if not impossible. It is in those cases in particular where I think that some very clear pathways to ensure appropriate support is offered is very important. Those processes can only really be determined if there is a genuine co-design process that is used to implement these kinds of systems. No big company would implement changes to its systems in this kind of way without engaging very directly with its customers. There would be focus groups, there would be consultation and there would be very particular design approaches taken that engaged customers in this process. The core of our submission is to say that we think that those processes need to be re-established formally in order to ensure that these processes are properly designed.

Senator PRATT: Likewise, someone, for example, with a depressive illness who might be having a depressive episode is therefore not able to outreach to services, make phone calls et cetera, because their mental health does not allow for it at that time. How might they be effected?

Mr Quinlan: Out of fear or incapacity, people can disengage from a process, not meet deadlines or not acknowledge ultimatums that are given at various stages of the process. People can be impaired in terms of their capacity to organise documentation and so forth. In some cases, where stress is ongoing, people's conditions, whether it be anxiety, depression or other conditions, can be exacerbated.

Senator PRATT: Can you highlight for us how perception and social stigma around the idea of debt and Centrelink dependence can also exacerbate these issues?

Mr Quinlan: We know from the outset that people who experience mental illness experience stigma and often discrimination on a range of fronts. We are generally discouraged from disclosing mental illness, because that disclosure more often leads to discrimination and stigma than it does to extra assistance and so forth. As our submission also indicated, I do not think it is fair or appropriate—and this is the view shared by the Commonwealth Ombudsman—that people should be required to disclose particular medical conditions in order to receive appropriate treatment. I think that it is important that processes are designed in order to ensure that the reality of mental illness, which affects one in five Australians each year, and the target group that we are talking about today are no doubt dramatically overrepresented—it is important that those processes are designed from the outset with an understanding that there are very significant barriers to disclosure of illness and that there are some very significant impediments that people will experience if they are experiencing those illnesses. As I said, the processes should be designed in order to address that, rather than requiring people to come forward or make their own disclosures. It is a different form of the argument around onus of proof. People should not be required to prove their mental illness. With so many people experiencing mental illness each year, and with those people so highly represented in the Centrelink population, I think that there is an additional burden of design upon the department to ensure that the processes that they implement are respectful and appropriate.

Senator PRATT: What about the very idea that a debt has been put forward when it may not exist at all? What are the psychological ramifications, for example, of issuing someone with the idea that they may owe Centrelink money, when they do not, when they are already struggling with a range of other issues?

Mr Quinlan: On that front, people who experience mental illness are probably only going to have the sorts of effects that such an arrangement would have on anyone in the community amplified. I think that any of us, confronted with potential debts that are unexpected and potentially not actually fair or reasonable, are going to experience that full range of emotions, whether it be anger and confusion or fear and anxiety. I think it is fair to say that people who experience mental illness are only likely to experience that in a more amplified way than any of us would.
Senator KAKOSCHKE-MOORE: In your view, do you believe that Centrelink staff—and I am talking about frontline staff within Centrelink offices and also those that deal with customers over the phone—receive adequate training in relation to how to interact with somebody who has a mental illness?

Mr Quinlan: I have no direct evidence either way, in terms of no valid evidence either way. My impression, though, would be that if Centrelink staff are like the rest of the community, there is probably likely to be considerable room for improvement. We certainly have heard stories of Centrelink staff on the front line doing their best to ensure that people are supported through processes that might be designed badly. That is certainly part of the feedback that we receive. But I think, on the broad scale, I could not really make a fair comment based on the evidence that is before me either way.

Senator KAKOSCHKE-MOORE: Do you know if there is any recognised training that could be rolled out for Centrelink staff?

Mr Quinlan: Yes, certainly. I do not know whether some Centrelink staff may already participate. Mental health first aid training is one form of that training that I think more and more has been taken up by members of the community. Similarly, I know that my own staff undertake training that is called 'accidental counsellor training', which is training that is designed for people who, whilst not counsellors and will never be counsellors, are likely to encounter people in various states of mental distress. My staff and I undertake regular training in what is called accidental counsellor training in order to address that possibility. There are certainly programs around. I would expect, on the scale of Centrelink training, that it is likely that Centrelink could provide some customised training along those lines.

Senator KAKOSCHKE-MOORE: There has been some talk about vulnerability indicators so that clients that do have a vulnerability indicator attached to their profile may be treated slightly differently to clients that do not have a vulnerability indicator. Do you have much experience with vulnerability indicators in the Centrelink sense?

Mr Quinlan: Not directly. As we suggested in our evidence, I would make a couple of observations: one is that I do not think that people should be required to disclose or to make some sort of disclosure in relation to their mental illness in order to be part of a process that is respectful and appropriate to people who experience mental illness. We know that people are going to be attending Centrelink offices in relation to their income support who will not have made disclosures of their mental illness as part of that process. I think that the processes ought to be designed from the outset on the assumption that people will be coming before the system who will have vulnerabilities that will not be disclosed. I think the idea that if vulnerabilities are known there can be some flagging in the system is welcome. I do not think that goes as far as I would like to see systems go in order to ensure that people are receiving appropriate treatment.

Senator KAKOSCHKE-MOORE: In relation to the processes that have been employed by Centrelink in this scenario, with the online compliance initiative, the robo-debt issue, we have heard that some distress was caused by the initial letters that have been received by Centrelink customers. Have you been able to see any of those letters?

Mr Quinlan: I have only examined some of the letters that have been published in the media; I have not seen those directly. And, as I said, we are not a direct service-delivery organisation, so where people approach us we refer them to our member organisations. Again, I would make the in-principle point that if those letters had been designed in a process that engaged mental health consumers and carers directly then I suspect the letters may well have been improved in such a way as to ensure that some of the distress that has been caused would not have been caused.

Senator KAKOSCHKE-MOORE: You have partly answered my next question, which was: what changes to these letters would you like to see to limit or minimise the impact that they would have on somebody who has a mental illness? You are quite right—had a discussion of the letters' design taken place with people who work in the field, prior to the letters being sent out, I imagine that could have helped to minimise the impact. That was all from me, Chair; thank you.

CHAIR: Thank you. I have a couple of questions. Some of the evidence we have received from individuals and also from organisations that have been working with clients is that some people have opted to drop out of work because they have been stressed and distressed and do not want to maybe get into debt again or have to deal with a debt situation—in particular, there are a couple of people who have actually declared that they do have mental illness. Have either of you come across this issue of people getting so distressed that they have actually decided that it is not worth trying to engage with work?

Mr Quinlan: With work or with Centrelink?
CHAIR: No, there are two things. I am coming to the next one, in terms of income support. But they have said that they have had such a bad experience—and they are on DSP—that they do not want to continue to try to seek work because they are scared that they are going to get into debt and so do not want to put themselves in a situation where they may be in this position again.

Mr Quinlan: While not directly, in response to your question, I would say that, anecdotally, I hear a lot of reports of people saying that they opt out of various systems, whether it be Centrelink or work or other social and community arrangements, because they have experienced such stigma or because they have experienced various forms of rejection and difficulty over time. I cannot comment on the particulars of this case. I think you are asking whether this might constitute some kind of impediment to a return to part-time work. I would say that, on the face of it, it would seem likely that that would be the case, but I do not have direct evidence to support that assertion.

CHAIR: The other issue that we have come across is of people saying that they are disengaging from the income support system and dropping out, for the various reasons that I have just articulated. That is another issue that we have heard about. Have you heard anything in any of the forums that you have been engaged with on this issue?

Mr Quinlan: Only anecdotally, because we are not at the frontline. But certainly those stories of people dropping out of systems and dropping out of Centrelink directly are part of those accounts we hear where systems have become so difficult, threatening, intrusive or unpredictable that people make a choice to drop out, sometimes relying on family and friends and others rather than facing the systems that they fear.

CHAIR: Can I go back to some of the issues that we were talking about earlier in terms of how to make the process more user-friendly to everybody. You talked about not having to disclose and therefore needing to make the process such that people do not have to disclose. You also talked about the burden on the department to design a process in order to do that. This is my take on the evidence that we have received today. We have had discussions about the onus of proof. I am trying to avoid the word 'onus' because there is a disagreement about whether this is reversing the onus of proof. Certainly putting more of it back on the recipient to prove that they have not got a debt or to prove that in fact they were not working in particular circumstances seems to me in many cases at the heart of where the pressure is coming from for people, because even before they get the debt notice they start being concerned once they have had that initial letter. It seems to me that that is at the heart of how we are addressing the process here.

Mr Quinlan: Sure. I think that you might well make a different assessment about the validity of that approach in principle depending on precisely the sorts of issues that we have talked about today or in our submissions. If there is going to be some kind of systematic approach to debt recovery, if you begin the process with a coded line methodology and you have heard all the stages along the way and consulted with consumers—or 'Centrelink customers', as I think Centrelink calls them—who are affected directly, such as people who are carers and people who are providing day-to-day supports and are often the people who are in some way the proxy agent in relation to their engagement with Centrelink, if you are talking with service providers and other advocates who are used to the business of engaging with people, if the process from the beginning is designed in a co-designed kind of way with safeguards and what I might describe as safe assumptions, assuming that people who have not disclosed mental illness will be part of the system and making allowance for that, you might get to the end of the process and make a different judgement about the validity of the process than you would if the process is simply plucked out of nowhere and imposed on people and trialled in the reality of people's day-to-day lives. So I think you cannot really make a decision about the validity of the outcome unless you understand the process that has been applied along with it.

CHAIR: I understand the issue that you raise—that people should not have to disclose. Centrelink have indicated in the evidence they have given us both orally and in their submission that issues around those with vulnerabilities who are flagged and on the system, by and large, although we have had some instances where they have, have not been through this OCI process. In certain circumstances as part of this process people with vulnerabilities are flagged, for example, because they have different requirements under their income support, their mutual obligation requirements are separate and they get stronger support through the jobactive process. I am playing a bit of devil's advocate here. The government will come back and say, 'We do deal with vulnerabilities where people flag it, and that is enough.' Potentially, they could come back and say that. I am not going to put words in their mouths.

Mr Quinlan: I would make this comment not just in relation to Centrelink and government services but in relation to business, community engagement and other things. There are some things that we know. We know that one in five Australians experience mental illness each year. We know that nearly 700,000 people experience severe mental illness each year. We know that there is very serious stigma and discrimination attached to
disclosure of mental illness. So we think it is reasonable for us to be advocating that all of our systems—all of our retail systems, all of our engagement processes and all of our Centrelink processes—should be designed on the almost certain knowledge that some people who are experiencing mental illness and distress will be part of those systems and will not have disclosed it. I just think we are talking about conditions that are so prevalent that for us to not take that into account in all our dealings is reckless and irresponsible.

**Senator REYNOLDS:** In relation to your experience with the issues with the introduction of this system, have you ever encountered the introduction of any new system by any state or federal department that has been absolutely perfect on rollout?

**Mr Quinlan:** No. I would have to check my records, but I do not believe so.

**Senator REYNOLDS:** It has certainly been my experience that, privately and publicly, despite everybody's best intent, there are issues to start with. In relation to this particular issue, have you any concerns that Centrelink or DHS are not in good faith attempting to redress these issues?

**Mr Quinlan:** I have no evidence either way on that. What I am trying to convey in my evidence is that it is hard to me to see how any process could be developed safely and responsibly without the kinds of processes in place that we have described—without there being a consumer consultative group, without there being a service delivery advocacy group and without there being specific mental health advisory working groups. These things have been done in the past, so it is unclear to me why there would be processes afoot now that do not include either those kinds of processes or their equivalents.

**Senator REYNOLDS:** Thank you for that. From my perspective, I am not so much looking at digging endlessly through the entrails of what has happened in the past but really how we fix it as much as possible. Have you had the opportunity to go through the recommendations of the Ombudsman's report into this matter?

**Mr Quinlan:** I have not, sorry.

**Senator REYNOLDS:** On the issues you have raised, particularly that last issue you raised in relation to mental health bodies, I would greatly appreciate your input. With the recommendations that the department are now implementing as a result of the Ombudsman's report, is there anything else that they should be doing as a result of your experience that is not currently being implemented?

**Mr Quinlan:** I would be very happy to review the Ombudsman's report or any material that the department is happy to provide and to give an opinion on any of the gaps in that.

**Senator REYNOLDS:** That would be much appreciated, thank you. I do not want to put you to unnecessary effort, so if you do not find any gaps beyond that one that you have just mentioned feel free not to come back to us. But if you do identify other issues that have not been addressed then it would be great to hear about them.

**Mr Quinlan:** I am happy to.

**CHAIR:** Thank you very much for your time today. We will be in contact on time lines and things like that, around the questions on notice that you have taken. I know this is much more difficult on a phone link-up, so thank you for bearing with us.

**Mr Quinlan:** Thank you for the opportunity. If there are any follow-ups, we are very happy to be involved.

*Proceedings suspended from 13:15 to 13:57*
JENKINSON, Ms Samantha, Executive Director, People With disabilities WA Inc.

TWOMNEY, Mr Chris, Research and Policy Development Leader, Western Australian Council of Social Service

CHAIR: Welcome. Before we go any further, I need to declare that I am married to one of our witnesses, Mr Twomey. I will not ask questions of Mr Twomey. I do not think it stops me asking me questions of Ms Jenkinson. Can I check for the Hansard record that both of you have received information on parliamentary privilege and the protection of witnesses and evidence. Thank you. I now invite you to make an opening statement and then the committee will ask you some questions.

Ms Jenkinson: Thank you very much for inviting us to attend. We are the peak consumer body representing people with disabilities coming to us in WA. As an advocacy organisation, we have actually not had people with significant disability coming to us in relation to the automated debt recovery process specifically, but the majority of cases that come to us on Centrelink issues are usually referred to the Welfare Rights & Advocacy Service. I know that they have given evidence today. But there are a number of people who are not eligible for the DSP and who are on Newstart, who may have a psychosocial disability or an acquired brain injury. Particularly due to the review of the DSP that has happened, we have seen an increase in the numbers of people who have come to us around reassessment of their DSP and moving onto Newstart, or who are on Newstart and are trying to get onto DSP, and they do have disabilities but they are not on the DSP.

One of the main issues which have arisen for us is how Centrelink knows who a vulnerable person is. With the changes that we have seen with the DSP, if it is just someone being on a DSP then we do not think that is actually going to give the department the correct information of who might be vulnerable people under this. We also have a number of clients who have had issues with Centrelink specifically around the use of electronic data collection and needing to put in the forms and fill in paperwork via myGov. That has been for a number of reasons. For some people, it has been about regular access to computers and the cost of that. Also, it is about just the use of technology, for people with an intellectual disability or a cognitive or learning disability. For other people, with a psychosocial disability, it can be triggering around their illness, and they actually choose not to.

For people who have felt pressured that they have to do everything via the electronic documentation and myGov, we have supported them with Centrelink so that they do not have to. Because that is a key part of how this whole system works, those people are automatically at a disadvantage in that space. The reason we raise that is that I personally have had the process where I missed a letter from the ATO and got a text about something, and the only way I could check that it was not a scam—because I am afraid the scammers were there first with the use of the technology—was to get onto myGov to check that the documentation was there and real so that then I would not get done by the debt collector. And I am well educated person. So those processes are going to be inherently more difficult.

I want to share a couple of examples of where people have not gone through the automated system but have had issues with debt recovery and highlight why these other systems would actually be more onerous and problematic for people with disabilities. I have only got two examples, because I do not want to take up too much time. One is a person with an intellectual disability who gets a small amount of casual income from work that is not consistent over time. They think they might have just skirted the debt recovery process. When they put in their first tax return, the parent had made a bit of a mistake and she had unintentionally under-reported, because of the casual nature of the work, and then they had a phone call and got into the process of having to do some payback.

She raised with us that she actually does not feel comfortable doing all the forms and things for her son every fortnight because her son is not able to do it. So they have ended up with a bit of an arrangement where they are essentially saying that he gets a larger amount than he actually gets so that they do not get into the issue of having to pay a debt, and he is probably missing out on Centrelink payments because of that, because of the onerous process. That is partly because they went through that debt process already. They know what is going to happen, so they are almost overreporting their income and hoping that it will wash out at the end of the year.

The other example that I wanted to give was an issue where it has been happening for many, many years for a person. Essentially what it has come down to is that somebody did not check a box on a screen to say that they had to report, and so they were told they did not have to report, because they were on a DSP. Then, after they tried to follow up, there were delays of three months before people got back to them with the correct information. They have ended up with a debt that has then accumulated over that time as well, due to that whole process of trying to get through and figure out what was actually wrong and try to pay it back—but also to try to fight it, because they were told the wrong information in the first place and someone did not check a box on the screen. That is what, essentially, it is coming down to. Our biggest concern is around the layers of bureaucracy that are in
the process, full stop, particularly for people with disabilities and even for people without disabilities. There is also the question of how does Centrelink know who is vulnerable if they are not going to be rolling it out to people who are vulnerable, when so many people with disabilities, particularly psychosocial and cognitive disabilities, are potentially now on Newstart and not on the DSP. So, what is the criteria that might be used?

Mr Twomey: I will give you a couple of quick opening comments and then we can go to questions. I will start by saying [Indigenous language not transcribed] which is acknowledgement of country in the local language. I wanted to follow up on a couple of Sam's comments. She talked about issues with identifying who is vulnerable, and in our submission we have included a case study about a woman, Patricia, who is a 75-year-old age pensioner. She has been retired for 10 years and has done some casual work. Having done everything she was meant to do—having notified Centrelink at the time—five years later she received a debt. She is someone who has Alzheimer's and so is, in fact, extremely vulnerable. There is no way that Centrelink would necessarily have known that at the time, but I think it highlights a couple of things. One of these things is the issues around procedural fairness. Certainly, we think there is a key principle here. If anyone is engaged in good faith with Centrelink and they have gone along and given all the information they needed to give at the time, have not withheld anything, and have supplied everything that they have been asked for or required to do, and if there has then been a mistake at some point, it seems to me manifestly unfair that they are then required to prove that the mistake has not been made by them and to reproduce all of information they have already supplied. Surely in those circumstances, when it is retrospective, the onus should be on Centrelink, after having done their data linkage, to go through all of their files and actually prove that, if a mistake has been made, the mistake has been a deliberate attempt to mislead. Otherwise, you would think it has been their fault and the onus should not be placed on people who have been ex-clients.

The other thing sitting here is that we have a great concern that the way that data linkage has been used here has actually been counterproductive and is undermining where a lot of things are going with data linkage across government agencies at the moment. It is eroding people's trust in the social licence that sits behind that. In this case, we feel that it has been really poorly done. When these problems first came out they should have stepped back, and there should have been an onus to prove that the system was working—to trial it and to examine it—before they actually started rolling out debts to people. I think that is important, because one of the things this whole process has highlighted is the ongoing gaps and problems that are sitting with social security, in the sense that the nature of work has dramatically changed over the last decade or so. We have been seeing much more casual, short-term precarious work with uncertain hours from week to week. All of these new data technologies and online systems create a potential capacity to have a simpler and more flexible system, but we have actually gone very much the other way—we have been focusing too much on risk management. It has been focused too much on more of a compliance regime, rather than thinking, 'In these circumstances, what is it that we can do with these systems that supports and enables people who are bouncing in and out of work to be more resilient and to be in a better position to engage with the opportunities that they get in the workforce?'

There is a great opportunity with these technologies to do that. At the moment, they are being used in entirely the wrong way and that is actually undermining that opportunity. That is enough for me to start with. I am happy to go to questions.

Senator REYNOLDS: One of the points that interested me was your point that there was an indicator that people on DSP were more vulnerable than other clients, than somebody on Newstart. Could you expand that a little bit further. What are some of the issues there and how could they possibly be addressed?

Ms Jenkinson: It comes back to some of the changes that have happened with the DSP. We do advocacy in a consortium with a couple of other agencies that do disability advocacy. Over the last year, we have had about double to three times as many cases to do with Centrelink coming to us than in previous years, specifically due to people either wanting to appeal getting onto the DSP or being reassessed and put onto Newstart. There were always some people with disabilities who were on Newstart who only had very minor disabilities. Of particular concern are, as a person from New South Wales Council for Intellectual Disability calls them, those on the fringe—people with mild intellectual disabilities who can do quite a lot of things in their life but then when it gets to some of those complicated things which we employ accountants do for us, that is where things start to trip up.

If the DSP is used as the indicator of who a vulnerable person is then I guess our concern is about all those other people that we are now seeing who are on Newstart, who are potentially going to go through this process and not understand what is happening or who are going to repay debts that maybe they did not need to pay.

Senator REYNOLDS: Are you saying there are two categories of those on Newstart—those that would have previously been on DSP and those, as you said, on the fringe?
Ms Jenkinson: There are those who possibly were already on Newstart but who have a disability as well. We have found that it has been particularly people with psychosocial disability and episodic conditions that are more likely to have been missing out when it comes to the DSP, and more likely to have already been on Newstart and not on DSP to start with. In our experience, they are the people who are also less likely to be signing up to myGov and those sorts of things and wanting to do things by paperwork. In some of the stories we have heard, the issue has been Centrelink not entering data into the system.

Senator Reynolds: I think you said up front that these experiences and observations were not related to the automatic debt process—you have not had any of those—but this is a broader issue.

Ms Jenkinson: That is correct. I am not sure how much has been rolled out in WA of the automated debt process outside of the metro area. What tends to happen is people, if they are on Newstart, will probably go to welfare rights first and then, if they need disability support as well, they would come to us. So it is not necessarily that they are not there; it is just we have not seen them.

Senator Reynolds: You have not been the first port of call?

Ms Jenkinson: Exactly, yes.

Senator Reynolds: Obviously people with disabilities for a long time have fallen into that category of doing perhaps more episodic work. Could both of you to go through the issue of casualisation a little bit more, and how can that be more readily addressed in the system?

Mr Twomey: I brought along a little chart of the underemployment rate in WA today—and we have been highlighting. I will table that. This is one of the things that have changed dramatically, particularly for younger workers, lower skilled workers and women who are returning to the workforce. All of the growth that we have seen in employment has been in casual and part-time work. We have seen a dramatic increase in the amount of precarious work that people have. The problem has been that, every time people are bouncing in and out of work and having to deal with this system, there is the potential for something to go wrong, particularly when you are then dealing with uncertainty around what people’s hours are, what their income is going to be and exactly where the reporting periods are. One of the concerns that we have is that often the problem is caused by employers not fully, accurately or properly reporting what the hours worked are or what the employment period is. So people can report in good faith the work that they have done and what they believe they have earned, and then it could come out different when they start matching up with the ATO systems.

The point behind that is that we have recognised that work has changed quite dramatically. That has happened first to low-skilled people. It has moved through a whole pile of professions now. We are increasingly seeing that, but the social security system has not kept up. It is still very rigid around the idea that you will be in a job for a long time, then you will have a period of no employment and then you will be back into a job. All of these technologies and online systems, particularly linking to ATO data, give us the opportunity to have a simpler and more flexible system, where we know that, at the end of the year or the end of the reporting period—even, increasingly, in real time—we are going to have the data to be able to see what people have earned and what they have done. But the system is still very rigid around what the reporting period is and if you are able to match up when you are reporting for Centrelink against the work that you are doing against your obligations to the ATO. That is where there is an issue: those technologies could give us the possibility but, at the moment, the compliance approach that we are taking is entirely the wrong way to do that.

To finish, the end result is that the outcome that we want—both economic and social—is to make people more resilient and responsive so that, when there are opportunities in the workforce, they can jump in and make the most of them. The way this system is working at the moment, it is sending a disincentive to people because it is so hard when you are bouncing in and out of the system that you have to think, ‘Am I going to get into trouble or into more debt by doing a small amount of work?’ rather than, ‘Is this an opportunity for me to skill up, to prove my attachment to the workforce and to move on to a better job?’

Ms Jenkinson: To highlight that, you are comparing one way of assessing income with a completely different way of assessing income. That has been the problem with the example I gave, in that the ATO will assess it on how much you earned for the year for assessing tax, but then Centrelink are assessing on a fortnightly basis for what your payment might be. The two things are not actually matching, and neither are matching to the reality of what people are doing.

Disability is really diverse, but there will be particular types of disabilities which tend to fall into different areas. With psychosocial disability being more episodic in nature, those sorts of issues are going to impact on that group more, potentially, than on other people. It has certainly been more with people with intellectual, cognitive and psychosocial disabilities that we see those sorts of issues come up. But we also see them coming up for
people who do not necessarily have disabilities but have chronic health conditions where they are not necessarily able to get the DSP again. They are on Newstart. We have had someone recently starting cancer treatment and things like that. The nature of the work and what they can do, even though they might still want to do it, changes completely very quickly.

Senator REYNOLDS: In terms of what you were saying then, is one of the potential solutions to better match the assessment? You were saying it is fortnightly and annually for two different purposes. Is that what the heart of the problem is and that there might be a solution there, or is it just one bit of the problem?

Mr Twomey: Yes. I think that is a bit of the puzzle. I think there is an opportunity to be looking at and reviewing our systems now and saying: 'What is a fit-for-purpose social security system? How would we like to do this going forward?' The second part of the problem is that we have been doing this retrospectively with two systems that are not really matching up well yet. If we are sitting down now and telling people, 'This is how the system works, these are the rules, this is the stuff that you do along the way and this is how you are able to monitor the data that is coming in to see if it is matching what you are doing,' then we can set up something that is simpler and fairer and more flexible going forward. But, when you start looking backwards and when the obligation is on people to resupply information they supplied five years ago, one of the things we had been wanting to check and that we had heard from some people was that they had previously been told by Centrelink they only needed to keep their pay slips for six months, and suddenly it is five years ago and they are needing to try to find this evidence.

Ms Jenkinson: I guess that is the thing—the difference between keeping a pay slip for Centrelink and keeping a tax record for the ATO, which again is only five years. But, still, you keep your group certificate; you do not necessarily keep all—

Mr Twomey: Your hours.

Ms Jenkinson: Otherwise you are going to get silverfish all over the place in your house—which is another issue! Part of the issue is around data-matching and the different systems, but also just the layers of paperwork and the layers of things you have to do in the different systems. If you start looking like needing an accountant to fill out your Centrelink stuff, then there is a problem, and that is sort of what it is looking like.

Senator PRATT: I want to draw to your attention a submission we had earlier today from Mental Health Australia. It might be possible to give our witnesses a copy of that. Mr Twomey, you have made reference to what the system could look like and, Ms Jenkinson, you have made reference to the barriers to navigation of the system for people with disability and also for people who have work capacity, but nevertheless the system will present difficulties for them. Mental Health Australia drew to our attention that the Consumer Consultative Group, the Service Delivery Advisory Group and the Mental Health Advisory Working Party were abolished in 2013. So it appears that we are going backwards substantially in being able to implement the kinds of things that you are referring to. I am wondering if, first, Ms Jenkinson, you can comment on the importance of consultation and engagement in terms of speaking with affected communities about getting real advice on navigating the system.

Ms Jenkinson: As an organisation, that is one of the key things that we always push for in any aspect of policy design, and we have noted that this is something which has been missing for a little while in Centrelink. It is about having people with disabilities being involved in the design at the representational level but also people who have got the direct experience, because as a representational body you are able to collate that data that is happening across a whole pile of people and what it is looking like at a policy level, but it still has to be informed by people who are living the experience.

I think the key issue for us is that we find that when that does not happen there are a whole pile of unintended consequences, because people have not thought of things from the perspective of actually living it. When you live it, you see the world in a different way. We would totally support that position by Mental Health Australia around the need for having community engagement in designing what the system looks like and how processes should work. I think in the past when there has been that engagement there have been better processes in place, particularly around people with disability and mental health issues.

Mr Twomey, I know that WACOSS has done some work on codesign of programs with the state government. Can you provide us with any advice about what best practice for the Commonwealth should look like if we were to imagine implementing the kinds of changes that you have outlined in your submission.

Mr Twomey: Certainly. It was a good point that you were both making earlier as well, in that there are a lot of people with some level of psychosocial vulnerability or disability who may be hidden in this. Their issues may be at such a level that they might not necessarily pass the threshold, but it has been one of the things that has been contributing to or been compounded by their unemployment and their disadvantage. One of the big concerns that
we have as well is that a complex debt process like this can make people more vulnerable. Someone who you might have thought would not necessarily pass your threshold as highly vulnerable in these circumstances could in fact be pushed over the line. I suppose that is one concern.

The second is that, if you are talking to consumer advocates, people with lived experience and people with expertise in mental health issues, you would take a very different approach than you would if you thought there was potentially a debt. How would you approach someone? How would you bring them in and engage with them around the process to find out whether in fact this is true, whether we are providing the support they need through this process, rather than throwing something at them that may make them panic about their financial security and/or that they have made a mistake or that everything is going wrong?

**Senator PRATT:** No-one likes to be in debt.

**Mr Twomey:** No. But I think there is a second point as well, which is that, given both the changing nature of work and the progresses in technology, there is an opportunity here to be engaging with people like Mental Health Australia and the other national peaks around how we might design a social security system that looks to enhance people's resilience rather than undermine it, that creates more opportunities for them to be flexible and responsive to the workforce. It is about chances and opportunities rather than creating something that always becomes a complication and a barrier.

**Senator PRATT:** From the experience of WACOSS, Centrelink or DHS cannot do that by themselves, can they? You have to do it in consultation with other parts of the community.

**Mr Twomey:** Yes. Certainly if you want to do it well the risk is that you need those perspectives. The greatest value that you can get in working with any of these is the lived experience—if you can get in and do some analysis and get some understanding of people's day-to-day experience. We did a thing last month in a forum that we held here looking at the Family 100 project out of New Zealand. That was incredibly powerful example of looking at people's day-to-day or week-to-week interactions with support services and employment services and the incredible complexity and barriers that that created for people to be able to get out of poverty and get into employment.

**Senator PRATT:** What evidence is there, if any, that any of that consultation took place in the case of the OCI debt?

**Mr Twomey:** None that we are aware of. One of the things that we pointed out in the submission is that we have failed to see either any kind of policy justification for the manner in which the system was developed or rolled out, or that there had been any kind of proof of concept—there needed to be a much higher level of human analysis and cross-checking to see: is this system working? Are we checking each case? Are we going through our case notes and seeing that we actually have a debt before things are rolled out? And we cannot see any evidence that that has been done.

**Senator PRATT:** We have certainly had evidence that they have not done the checking even to see whether the debts that the most vulnerable people are getting are in fact real debts at all. You have both highlighted the complexity of the process. It seems extraordinarily complex, even if people have provided all of the information required. It is only if they know to ask the right questions. Even if they have provided all the information required, they might still end up with a debt notice. That is apparent because it can come about because of a former partner's tax return, because they have reported their income as a bonus, in a separate category or whatever. That really does go to the point that these things are extraordinarily complex and, frankly, impossible for someone to navigate unless they have an expert helping them ask the right questions.

**Mr Twomey:** I suppose that also highlights a change in both the role and the expertise we have seen of Centrelink staff. Going back a decade or so the expectation was that their role was to facilitate your understanding and access to the system so that you got the support to which you were entitled, whereas now we have seen it very much move to an administrative role that is around compliance, so Centrelink staff are not being encouraged to help people to understand and solve their debt. The onus has been put onto people. It actually sounds like they are being discouraged from using their own initiative to try to solve problems and find things in the case notes.

**Ms Jenkinson:** My brother actually went through this process. He lives in Queensland. It concerns me when you know of articulate and educated people who still have masses of problems and are going through appeals. It is a big concern. If you need an expert to help you navigate the social security system, it is almost a contradiction in what it is meant to be for.

**Senator REYNOLDS:** I do not want to butt in. Maybe this is a question for later, Mr Twomey. I am interested in the New Zealand example. If you have a disability, you are not dealing with just one department; in
our Federation you are dealing with state and federal departments, who all assume they are the only one who is dealing with you, because they do not sort of wrap around you.

Ms Jenkinson: Yes, particularly if people are on the NDIS. They have to check: 'How much funding have I got left for my support? Have I filled in my paperwork for Centrelink this week? Which service provider do I need to tick off or sign off?' It becomes extremely complex.

Senator PRATT: Could you provide the Family 100 reference to the committee so we can have a look at it?

Mr Twomey: I am happy to take that on notice. There are two things there. That refers to some work that was done by Dame Diane Robertson. She recently came over here for a data linkage and social investment forum. There is a Western Australian project by the Centre for Social Impact at UWA, Anglicare, Save the Children and a pile of other organisations. They are looking at how we do some of that work here. I will take that on notice.

Senator REYNOLDS: Thank you.

Senator PRATT: You have touched on in passing now the social investment of welfare approach. Even though it is a little beyond the terms of this inquiry, it is probably still relevant, noting that, when you are looking at actuarial type approaches to how we use our social security spend, this would probably be a good example of quite a punitive way of doing that that is opposite to the social investment of welfare approach. Don't you agree?

Mr Twomey: Yes, definitely. I think it also kind of demonstrates that, if you are having a very narrow focus on just the short-term costs to the social security system rather than the long-term economic benefits and impacts, a simpler and more flexible system would encourage people to have greater levels of workforce participation and make a much greater contribution to the economy in the long term. We could pull out a lot of the incredibly tedious administration, both within the Public Service and for individuals dealing with it.

Ms Jenkinson: I would just add that, for many people with disability, there is often a disincentive to work just in terms of the barriers around disability. When you add that potential threat and the complexities, particularly given the more casual nature of work that is happening, as in the example, it actually adds an extra disincentive to going out there and wanting to do work, because you have those extra barriers.

CHAIR: That is one of the issues I want to follow up. I will follow that up shortly.

Senator PRATT: There is a case study in your submission from WACOSS. You highlight Patricia's story. You also highlight a story that she relayed of another couple. It seems like a rather large debt—$15,000 is the amount in the example. It seems extraordinary to me that a debt of that size could be generated through this kind of system without someone needing to manually review it. Now, we do not know the circumstances of this particular case, but it—

Mr Twomey: The people in this case did not want to come forward—we have had that information shared with us through Patricia—but we are very concerned. You can see that the impact there is that that couple were immediately fearful about having a debt. They have sold their car. It has had a massive impact on their mobility and their community participation and their quality of life, and it is not at all clear whether that is a legitimate debt or not.

Senator PRATT: We have seen examples of some rather large debts being generated through this system. It is very unlikely that a debt of that size is real—unless some kind of deliberate fraud or some kind of misreporting of someone's obligations has been committed at the time, be that deliberate or not—because it clearly does not, in most cases, take account of some of the peaks and troughs in someone's income. Can you comment, if you are able, on what an injustice it is to see debt notices of that size being generated without any internal review process to see whether they are real or not before they are issued?

Mr Twomey: Yes, it is absolutely that. You would think that there would be a threshold over which there would be an obligation for that crosschecking, not only through everyone's Centrelink case files but also with the ATO. If you are getting numbers that large, there is a risk that something has gone wrong in attribution. Maybe you have mixed up employer names between one and another or counted something twice or not counted something at all or miscategorised something—particularly if you are talking about people who are age pensioners, and, in this case, in an age-care facility and it is five years ago and it is not even likely they were working full time then—whatever the confusion has been. There is a big risk that there is an injustice there.

I think the other risk that it highlights, particularly with a lot of people in that generation, is an issue about confidence and trust. The government is telling them that this is the problem. They do not have the confidence to engage with and fight the thing, or they trust, 'Well, they could not possible be telling me I owe this much money and have got it wrong.' I think there is a real problem that, if left unchecked, there could be large amounts of money that is not actually legitimate coming back in from people who are on relatively low incomes.
Senator PRATT: It seems clear to me that we could be having people repay quite large debts that they do not in fact owe, in part because people might assume that whatever the government says is likely to be more correct than their own records. What questions should we be asking the department about how to make them more transparent on what is actually going on on those questions?

Mr Twomey: Good question.

Senator PRATT: For example, we have asked them whether they did any auditing of how many of the debts that they generated were in fact real if you went back and accounted for the peaks and troughs in someone's income, and the answer was that they had not done any of that work.

Mr Twomey: Yes.

Ms Jenkinson: The second example I gave was also someone with a fairly large debt. They have had to go through the whole process of getting freedom of information requests and everything else to go back and check, because they believe that they were told one thing, that they did not have to report stuff, and essentially that is where it has come from. So in some ways the debt is sort of legitimate, but again there was that issue of trust: 'Well, I got told that I didn't have to do that, so a box didn't get ticked that should have got ticked.' Then it is three years down the track, with the accumulation over time. So I think it is partly about an audit of the monetary side of things, but it is also an audit of the communication that has happened.

Mr Twomey: I think there is an issue there of procedural fairness. You would think there would be an obligation on Centrelink to say, 'Well, before we've raised this debt, we've gone through and checked all of the information in all of the files that we and the ATO have and cross-checked that.' Then, when it comes to the debt letters that people send out to Centrelink clients in which they are alleging that there are some discrepancies, they need to set out the basis for that. They need to be able to tell people what information they have and share that with them. It should not be people having to run around and find the information they have already supplied to Centrelink if Centrelink already has that information. I think that burden of proof that is being put onto people is unfair and unjust, and I think there is a real need to look and say, 'If we're going to develop a system that works like this, how do we work to make it one that is fair and appropriate and is actually engaging with people and helping to solve the problem, not immediately putting them in the position where they have necessarily done something wrong and are having a large debt levied on them without the resources or support to prove or disprove whether it is actually fair?'

Ms Jenkinson: There is a culture of mistrust that then is being generated now, because people are saying, 'But I gave everything that I had.' My brother was in that situation: 'I gave them everything, and now they're saying that I didn't.'

Senator PRATT: I guess part of the issue is that some people say, 'Well, I gave them everything; therefore, they must have done the calculation on the basis of that information, and therefore Centrelink or DHS must also be correct.'

Ms Jenkinson: That is exactly right, and I think there is that issue of the transparency: 'Well, this is the information that we actually have.' It is the same thing with the systems such as the NDIS that people have called for. It is that transparency: 'I need to know what information you have already causing you to make that judgement.' They actually have to build their trust again.

Senator PRATT: So it is not out of the question that a couple like that, who have a $15,000 debt, have assumed, because they reported their income at the time, that the debt is correct.

Mr Twomey: Or they are simply saying, 'We don't feel like we have enough information at hand to prove that it is incorrect.' So they may feel it is unjust, but it is just too hard and too stressful: 'We don't know that we can engage in this and disprove what we're being accused of.'

Senator PRATT: That is right. I just have one last question. The WACOSS submission calls for reversal of the cuts to the community legal centres and legal aid so that social security issues can be properly addressed. What can you tell us about unmet need not only within the community legal centres but within broader welfare programs and support programs because of this OCI robo-debt process?

Mr Twomey: Certainly, it is one of the big concerns we have at the moment. The majority of people who are concerned with these things have been relying on community legal centres that are already overbooked and underfunded. You heard from the Community Legal Centres Association earlier today, and Helen Creed would be able to give you some more detail around that. But then we have similar problems we are seeing across the financial counselling and emergency relief sector, which will then be the next load of people who will be dealing with that. We certainly put out a call through those sectors because we convene the emergency relief and financial resilience network. So far the stories they hear will be referred to welfare rights or community legal centres, but
they will then expect to be dealing with those people in three, six or nine months time because a lot of the payment arrangements they have been given are unfair and unprincipled.

In the example we had, the thing that actually drove her to go and seek help was them saying, 'You need to pay us $180 a fortnight,' and there was absolutely no way she could afford that on her income. So they were able to easily negotiate that down to a reasonable level, but if there is no-one there to provide that we are going to see increasing numbers of people being driven into financial hardship. We are seeing the same things happening with energy and water utilities, housing providers and so on. People will get these very large payment plans they cannot keep up with.

**Senator PRATT:** In the case study you have provided, was that $2,000 debt substantiated and is that why repayments started, or are you not clear yet?

**Mr Twomey:** I am not 100 per cent clear on that. We are checking that.

**CHAIR:** Ms Jenkinson, I wanted to go to the issue you touched on in one of your answers to Senator Pratt, which is this issue about people being scared off re-engaging with work because of the complexity of the system and being scared of going into debt. We have had evidence in the submissions and we also received some evidence in—I remember the evidence but I cannot necessarily remember which location we got it from. This case was definitely in Melbourne and it was on the public record, so it is okay for me to talk about it. An individual had significant mental health issues and had been engaging with work. They ended up going into this debt process, which he acknowledged had been very traumatic and had in fact exacerbated his mental illness. He had actively been in and out of work; he was very actively engaging. He has basically said: 'I'm not going to do it. It's put me off. I'm not going to engage with work anymore because I just can't stand this process.' We have heard other evidence to suggest that that is also happening to other people in other circumstances. You touched on that. Have you heard of that happening here or elsewhere? You sound like you are concerned that this is going to be an ongoing issue through this process.

**Ms Jenkinson:** We have not heard of it specifically here in WA. In the example I gave of the person with intellectual disability whose mum does the Centrelink stuff, essentially she has said: 'I don't want to have a support worker do this because this is dealing with his money. If I'm not here to do it I don't know if he would continue working because of having to do that.' So that is where that fear factor is coming in, both with parents and with people with disabilities themselves. We have also heard it from our counterparts over East. I have not heard it specifically but certainly from that example which was a parent that contacted me.

**CHAIR:** Senator Pratt also touched on some of the evidence that Mr Quinlan from Mental Health Australia gave us. He was talking about the issue around codesign. He made the point that around one in five people will experience mental illness in a year. Some people are already flagged as vulnerable, as you indicated, and picking up what you said about the changes with people being able to access DSP, that there are more people now in the system with a disability. His point was that you can expect one in five people will have a mental illness at any one time and you have to assume that that is the case, whether they are flagged or not; therefore, the system should be one this is able to be navigated by anybody regardless of whether they have a vulnerability or not. There will be people with a vulnerability navigating it. I acknowledge that Centrelink are addressing the issue for people who are flagged as vulnerable. But the point he was making was that there are so many who are not flagged, and you have made the point further by saying there are people with other disability in the same situation.

**Ms Jenkinson:** Yes, I would agree with that totally. As an advocacy organisation, probably about 20 to 25 per cent of our advocacy work is with people who call us and identify as having a disability, and in the process of working with them we find that there are mental health issues. Sometimes, the person will identify as having a bad back or a minor physical disability, but often the issue is actually related to a mental health issue and the impact of that, whether it be employment, housing or whatever. These are people who are not usually on the DSP. They are not usually in the mental health commission. They are not in the disability service system. We have found that that is consistent, particularly with our partner advocacy organisations across the state. Statistically, it is about 20 to 25 per cent. Often those people do not know where else they can go to get that little bit of help to start things off or whatever the issue might be. Although we do not necessarily go into detail about needing a diagnosis or anything like that, for us the fact that someone is identifying and contacting us when they are not necessarily linked into those other systems is a good indicator that there are a lot more people out there than we know about.

Again, I come back to the fact that my own brother was having issues and he is a well-educated young man. When you are designing systems, they may look lovely on paper and look like it all should flow nicely and that the bits are all connected. But it is not until you then walk through what that is going to mean for a whole lot of different people in different situations that you actually find out what it will mean. I think there is a real concern
when that codesign process is not there. It is well-meaning, well-intentioned and well-educated people designing the systems, but often they are not thinking about the system means if, say, my elderly mum was stuck in there somewhere and how they would cope. When you do not have people who have that lived experience to show you, it is very hard to not just see that it looks all nice and shiny and workable on paper.

CHAIR: Senator Reynolds, you indicated you had another question.

Senator REYNOLDS: That was answered. Mr Twomey took it on notice. I was interested in that experience of the 100 families.

CHAIR: We have reached the end of our questions. Thank you very much. The secretariat will be in contact with the questions that were taken on notice.

Proceedings suspended from 14:55 to 15:10
Margaret, Private capacity

CHAIR: This session is an opportunity for people who have registered with us to make a short statement. We have a witness who would like to present their evidence publicly, and then we will move in camera. I understand information on parliamentary privilege and the protection of witnesses and evidence has been provided to you.

Margaret: Yes.

CHAIR: We are only using first names for this process. Welcome, Margaret. I remind witnesses that it is unlawful for anyone to threaten or disadvantage a witness on account of evidence given to a parliamentary committee and such action may be treated as a contempt by the Senate. It is also a contempt to give false or misleading evidence. I invite you to make your statement and then, because we have a bit of time, we may ask you a couple of questions, if that is okay with you.

Margaret: Fine, yes. First, I apologise because I was not aware that I would be allowed to present evidence, so I will just have to wing it. Around October 2014, I received a notice of debt from Centrelink. They informed me that I owed them some money and I asked them to explain the debt. They said, 'You incorrectly advised us of your income.' I questioned them on that. I said, 'When I needed to supply you with that evidence, I went into an office and spoke to an officer and they sat down and wrote out for me exactly how I should report my earnings every fortnight.' That information did not change; it would have been the same amount, from the same company I worked for, every fortnight. Then, suddenly, about three months down the track it was all wrong. When they first responded, they said, 'Yes, we were wrong again with our amounts. You owe us more.' I questioned that a second time and again they told me, 'We were wrong; you owe us more money,' and the amount went up again. The third time I contacted them, the amount had gone up and apparently there was not just one debt; there were two debts and I owed them something like $2,000 in the space of three months.

I repeatedly asked them, 'If I have gone by your guidelines, using your mathematics'—because I have dyscalculia; I cannot calculate these things—I report on the same electronic device and everything remains the same, how is it possible for you to receive differing information?' I have never received an answer to that question; I have only received mail with things like the generic paragraphs quoting Centrelink law about how you report, but nothing has ever been explained as to why, if I reported every correctly, as they told me how to do, it is different. Where did it go wrong? I have had no answers, and I have to pay the debt. They give you a certain amount of time. They say, 'Either you have to pay it in full or we can take five per cent of your earnings or you can offer us more.' They were very friendly about it. They said, 'Every three months the repayments for that debt will go up from five per cent of your earnings to 15 per cent'—and that's it: they just take it.

Senator PRATT: I assume dyscalculia is a condition where you have an issue with numbers.

Margaret: It is like dyslexia with numbers. I have a big problem with maths. I have always had it.

Senator PRATT: It can be challenging for many of us. I guess if you have a specific issue with that it can be difficult dealing with these kinds of calculations and payments. They can be difficult for anybody. In terms of telling you about the nature of the debt you have, have Centrelink ever advised you that you should get someone independent, so that you have a greater level of trust in the nature of the debt that you are being advised of?

Margaret: No, Centrelink only acknowledge what is in their criteria. If you said to Centrelink that you had dyslexia they would account for that, but they do not recognise dyscalculia. It is not taken in as any sort of disability. It is not recognised.

Senator PRATT: But it would mean that you have no independent way of substantiating, in your own mind, whether the debt that they have billed you for is, in fact, correct or not.

Margaret: That is right.

CHAIR: Have you sought advice from the Welfare Rights Centre or one of the community—

Margaret: I just met them here.

CHAIR: So you have not sought advice or known where to get advice from previously?

Margaret: No, I have not known. I was working overseas, and I came back to Australia to look after my elderly parents, so I was caught up with doing that. I kept asking Centrelink but eventually I got too busy. I was hearing from other parties about how this will be done and that will be done. I was trying to keep abreast of it and informed. I always thought if I could take my bank details to an accountant I would—but you have to be able to afford these things as well—but they are not affordable if you are unemployed.

Senator PRATT: I can see you have paid very astute attention to the evidence given by other witnesses today, and I wondered if you might have any particular observations about some of the other evidence you have heard?
**Margaret:** I am not sure whether it is relevant or not, but when I was listening to other people, when you sign on unemployed you must—it is mandatory—go through an employment service provider and they have a lot of power. If they tell you go here, you go there. When I was living in Melbourne they said to me, 'You have to go and clean up the storm in Ballarat,' and despite the fact that you are a woman in your fifties you have to go. You have to get the gear and you have to go. When this happened, the job that I was in trouble for was a job I sourced myself. I found that on the internet and moved to Melbourne to take it up. The employment service provider told me, 'No, you have to quit that job because it is not full-time. You have to do what we say and we say you have to go to this job.'

**Senator PRATT:** Notwithstanding the fact that that might not have met your personal needs or circumstances at all.

**Margaret:** You must abide by their criteria or you will be kicked off.

**Senator PRATT:** The reason you accumulated this debt was they deemed you were not eligible for a benefit, because you did not take the full-time work that you were obliged to take?

**Margaret:** No. That is just something that occurred to me while I was here. I was declaring properly.

**Senator PRATT:** Your income at the time?

**Margaret:** Yes, to Centrelink. And then I moved onto a different job.

**Senator PRATT:** I gather from the dates of where you acquired your debt that it is pre robo-debt, is that right?

**Margaret:** It started, I think, in October 2014.

**Senator PRATT:** That was when you had your first debt notice?

**Margaret:** Yes.

**CHAIR:** That is when you got your first debt notice?

**Margaret:** I am pretty sure it was October 2014.

**Senator PRATT:** Notwithstanding that, your experiences are clearly still relevant to the inquiry, because—

**Margaret:** I am still paying off that debt.

**Senator PRATT:** It does highlight to us the difficulties that people have and the barriers in understanding the way Centrelink might substantiate someone's debt or not. What explanation, if any, have you had from Centrelink about the reason for the debt?

**Margaret:** That I falsely declared my income. Even though they admitted they got it wrong when they calculated it, it is because I falsely declared.

**Senator PRATT:** They have alleged that you falsely declared it; therefore what they are accusing you of is that the numbers you reported to them do not match your actual earnings?

**Margaret:** They said it did not match with my employer's which they had access to as well. Then, as they calculated over time, the debt increased and became two debts.

**Senator PRATT:** As someone with dyscalculia who has an obligation to report using numbers, would that have presented barriers to you at the time you were reporting—that is, as to whether you were confident that what you were reporting was accurate or not?

**Margaret:** I always question myself. If someone says to me, 'It's 10 per cent off,' it is like a foreign language. I do not know what they are talking about.

**Senator PRATT:** In terms of having confidence that you were reporting what you actually earned at the time, you used your best endeavours to do that?

**Margaret:** I went into the Centrelink office and sat down with the customer service officer, and she wrote it out. I still have the same piece of paper. She wrote it out: on this date, for this fortnight and this period of time, you declare this much. And it was always the same. I think it was something like $825. That was the same for the whole—

**Senator PRATT:** So you declared $825 in each of those?

**Margaret:** I reported the same amount because I earned the same amount. My hours and my rate of pay did not change. There was no change in anything.

**Senator PRATT:** As someone with dyscalculia, you probably would have been unable to work out whether at some point that number was going to make you ineligible for what you were claiming.
Margaret: No; I believed Centrelink because they did the numbers for me. I went into their office and sat down with them. I took in all my paperwork and said: 'I work for this company. I earn this amount of money. Can you please get the numbers right, because I cannot do it myself.' They were kind of happy to do it but pointed out that they did not provide it as a service. I said: 'I understand that, but I cannot sign off that I understand what I am doing because I don't. I can't calculate.'

Senator PRATT: So they have alleged that what you actually earned was not $825 in each of those cycles; it was something else.

Margaret: It is something like that. It is hard to define, because they have not answered my question. My question to them was, 'If I gave you this information and it was always the same during this three-month period, why is it different, because I didn't give you anything any different?' When you go to their website, there is a section where you write the name of your employer. You can either press a button to cross it off or tick it as yes. Then it shows up for that fortnight. Then you go to the area where you put in the amount, and the amount is the same.

Senator PRATT: Okay. Thank you.

Senator REYNOLDS: Thank you for joining us this morning. Were you on the radio this morning?

Margaret: No.

Senator REYNOLDS: So it is a different one altogether. Okay. I thought there were some similarities. So you have been paying back this debt now for three years?

Margaret: Yes.

Senator REYNOLDS: Did you get one of these automated debt notification letters, the ones we are looking at now under the current system? I am just trying to work out the relevance.

Margaret: I cannot remember whether it was paper or online, but I have both.

Senator REYNOLDS: But this has been going on for three years?

CHAIR: Just to clarify, Senator Reynolds, Margaret got her first letter in 2014, so it was not under the OCI process. It is data matching but not OCI.

Senator REYNOLDS: Okay. So in these three years—it is not directly relevant to our inquiry now but it has been ongoing—you said you have had nothing back, so you are still paying it back. Can we ask how much the debt was?

Margaret: It was up around $2,000.

Senator REYNOLDS: So you are paying it at 15 per cent?

Margaret: I am now; originally, when I was on unemployment benefits, you could make them an offer and they explained to me that you can start as low as five per cent. I said, 'Well, I will keep it at that, because I disagree with it.' They said, 'Just be very careful. Every three months, it automatically goes up to 15 per cent.' As of—I think it was—July 20 last year, I became my father's carer, so I get more money. I am not on Centrelink, but automatically, that goes up to 15 per cent of that money.

Senator REYNOLDS: So you are getting some separate income?

Margaret: No, it is a different income.

Senator REYNOLDS: A different rate?

Margaret: Yes.

CHAIR: Is it still Centrelink, but a different payment?

Margaret: Yes.

CHAIR: So it is the carer payment you are getting?

Margaret: Yes.

Senator REYNOLDS: Sorry, it is a little complicated.

Margaret: Yes, it is.

Senator REYNOLDS: So the initial problem occurred three-plus years ago, when you got this notification. You are paying back this debt from three years ago. Your dispute with Centrelink is that they did not explain to you and it is not clear to you today how that debt occurred three years ago.

Margaret: That is correct. I never did get a clear explanation as to, 'If I am giving you the information you require as per you wrote down for me—where did it go wrong?'
Senator REYNOLDS: Given that we have Centrelink officials here today, did you say you had raised this with them already?

Margaret: Several times.

CHAIR: No, not—

Margaret: No, I have not spoken to anyone here today.

CHAIR: Margaret spoke to people from the Community Legal Centres when they were here, didn't you?

Margaret: Yes.

CHAIR: Because Margaret had not dealt with them before, what I was about to actually point out—

Senator REYNOLDS: Given that we have some officials here today, it might be beneficial, if possible, that you talk to them after this. They might be able to give you the advice that you are seeking and to seek that answer for you as to how the debt was incurred three years ago. Would that be of assistance?

Margaret: Not today, because I have not got the paperwork and I have to get home to my father.

Senator REYNOLDS: I am sure if you give them your details, they will be able to track it down for you. Getting nods there—your name and details. I am sure they will be able to do that pretty quickly for you.

CHAIR: There is a room that we have—I am just looking at the back, just out there—

Senator REYNOLDS: In private.

CHAIR: in private, where they have officials that you can talk to who could take your details and then help you. I have to say it has been very helpful for our previous witnesses to be able to talk to Centrelink.

Senator REYNOLDS: Just one more thing—thank you for that, and I hope we can get that question resolved for you here today, or at least on that process for you. The other question I have is in relation to your numerical disability. You are saying that it is not technically dyslexia. I had not actually heard that term before.

Margaret: This is how I try to explain it to people—

Senator REYNOLDS: So it is in relation to numbers?

Margaret: I cannot do maths.

CHAIR: You called it dyscalculus.

Margaret: It is called dyscalculus or dyscalculias, but it is not recognised by a lot of people. I do not think it was diagnosed until the early 80s, but we just have problems. I can apply numbers to a picture and do dressmaking and I can remember that like Rain Man, but do not ask me to calculate. I can picture 50 per cent off, but when someone says, 'We've got 75 per cent off or 10 per cent off'—

Senator REYNOLDS: Maybe that is something we can seek further information on. Obviously, if other people have the same condition—

Margaret: I think a lot of people have it. I think that in America they have guidelines for it. But if I have to sign something saying, 'I understand this,' I would be lying. I do not understand maths. I cannot calculate.

CHAIR: Which is why you went into Centrelink in the first place.

Senator REYNOLDS: I think if we can just ask further questions about this particular condition, if it does impact on other people and there are other circumstances that it does. Now that the officials here know that that is an issue, hopefully we can get the answers for you pretty quickly.

Margaret: Thank you.

CHAIR: Thank you very much for your time today. As far as I am aware, nobody else wants to give evidence in public—just checking.

Member of the audience interjecting—

Senator PRATT: We should let him give it at least part in public if you think that that is going—no?

CHAIR: We are probably better off doing it the other way. We can take it in camera and then we can release it.

Senator PRATT: Okay—and then release the evidence. That is good.

CHAIR: We are going in camera. The other thing is that we have two witnesses in camera and we are actually going to hear them separately in camera. If everybody else could leave the room, that would be appreciated.

Committee adjourned at 15:29