COMMONWEALTH OF AUSTRALIA

Official Committee Hansard

SENATE

COMMUNITY AFFAIRS REFERENCES COMMITTEE

Better Management of the Social Welfare System initiative

THURSDAY, 18 MAY 2017

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SENATE
COMMUNITY AFFAIRS REFERENCES COMMITTEE

Thursday, 18 May 2017

Members in attendance: Senators Duniam, Kakoschke-Moore, Siewert, Watt.

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.
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Committee met at 09:32

CHAIR (Senator Siewert): I declare open this public hearing and welcome everyone here today. We would like to acknowledge the traditional owners of the land on which we meet and pay our respects to elders past, present and future. This is the ninth public hearing for 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 there are lots. This is a public hearing, and a Hansard transcript of the proceeding is being made. The audio of this public hearing is being broadcast via the internet.

I would like to remind everybody 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, and such action may be treated by the Senate as contempt. 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 session. It is important that witnesses give the committee notice if they intend to give evidence in private. If you are a witness today and you intend to request to give evidence in private, please speak to our secretariat staff.

There will be an opportunity after the afternoon tea-break today for people not listed as witnesses on the program to give short statements to the committee. There will be a strict three-minute limit on these statements, and participants will be invited to the table in small groups. Some people have already registered for these sessions. Again, if you intend to do that, can you let us know. There will be a public session and an in camera session—in other words, a private session. We will give you information about parliamentary privilege and the protection of witnesses and evidence. The committee may receive requests from the media for permission to film and to take photos of the proceedings. The committee may permit the media to enter the hearing room for this morning's session of today's hearing; however, as has been our practice to date, we are not inviting the media into the sessions with private individuals, and we will check with people in the room if there are media requests to come in.

Welcome. Could I please double-check that you have received information on parliamentary privilege and the protection of witnesses and evidence?

Mr Pilgrim: Yes, we have.

CHAIR: Thank you. I remind 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 a reasonable opportunity to refer questions asked of the officer to superior officers or to a minister. This resolution prohibits only questions asking for opinions on matters of policy and does not preclude questions asking for explanations of policies or factual questions about when and how policies were adopted. I invite you to make an opening statement if you want to, and then we will ask you some questions.

Mr Pilgrim: Thank you for the opportunity to appear before the committee today. As the Australian Information Commissioner and Australian Privacy Commissioner, I am responsible for ensuring the proper handling of personal information in accordance with the Privacy Act and other legislation and for protecting the public's right of access to documents under the Freedom of Information Act. My regulatory responsibilities also include oversight of government data-matching activities. Agencies that carry out data matching must comply with the Privacy Act and other relevant laws. Government data matching between agencies such as the Australian Taxation Office, the Department of Veterans' Affairs and the Department of Human Services that involves the use of tax file numbers is subject to the requirements of the Data-matching Program (Assistance and Tax) Act 1990 and the associated statutory guidelines for the conduct of data-matching programs issued by my office. For all other types of government data matching that do not involve the use of TFNs, my office has issued the Guidelines on Data Matching in Australian Government Administration. These guidelines assist agencies to use data matching in a way that complies with the Australian Privacy Principles and the Privacy Act. While they are voluntary, the guidelines support good privacy practice with respect to undertaking data-matching activities.
I would like to briefly outline my office's involvement with DHS's Better Management of the Social Welfare System initiatives, particularly with regard to the pay-as-you-go data-matching measure and the non-employment income data-matching measure. But first, by way of a general comment, I acknowledge the importance of data-matching initiatives that are intended to ensure individuals are receiving the assistance they are entitled to, and I am broadly supportive of such activities where they are used as a means of upholding the integrity of the Australian welfare system. The community's response to this initiative demonstrates, however, that careful consideration should always be given to whether use of personal information strikes an appropriate balance between achieving policy goals and any impact on privacy. More generally, where the data used in data-matching activities is derived from personal information entrusted to the government, it must be respected, protected and handled in a way that is commensurate with broader community expectations, especially where that information has been collected, used or disclosed on a compulsory basis.

The committee will be aware that I made a written submission to the inquiry on 22 March 2017. I would like firstly just to make a clarification to that submission. On page 3, I stated:

I understand that prior to the introduction of the new data-matching program, DHS and the ATO conducted their data-matching activities using TFNs under the Data-matching act and the associated statutory data-matching guidelines. However, DHS's new data-matching program does not require the use of TFNs and DHS has therefore applied the voluntary data-matching guidelines.

To clarify that point: I understand that, since 2004, DHS has exchanged pay-as-you-go payment summary data with the ATO. The program protocol submitted to the then Office of the Privacy Commissioner in 2004 indicates that the program did not involve the TFN and was conducted having regard to the voluntary data-matching guidelines that applied at the time. The current PAYG data matching that involves the new online compliance intervention system similarly does not involve the TFN. In relation to the nonemployment income data-matching process, I understand that this replaces the tax return income matching process previously carried out by DHS under the Data-matching Program (Assistance and Tax) Act 1990 and associated statutory data-matching guidelines.

In my submission, if I can turn to that again, I indicated that I was going to wait for the Commonwealth Ombudsman's report about the PAYG data-matching online compliance intervention measure before deciding whether my office would need to take any additional regulatory action in terms of concerns that were raised about the program. Having now considered the Ombudsman's report, its findings and recommendations, together with DHS's response to the recommendations, I have decided not to undertake a commissioner initiated investigation into this matter. In reaching this decision, I have also had regard to my office's regulatory action policy. However, while I am concerned that it will limit regulatory duplication, the PAYG data-matching program and the OCI system have raised privacy issues that warrant monitoring by me.

The particular issues that arise include whether DHS has taken reasonable steps to ensure the accuracy of personal information used in the data-matching and debt recovery process and whether individuals have had a reasonable opportunity to correct their personal information. I have written to DHS advising that in the 2017-18 financial year my office will be conducting an assessment—formally referred to as audits—under section 33C of the Privacy Act in relation to the DHS pay-as-you-go data-matching program and the Online Compliance Intervention system. This assessment will focus on the quality and accuracy of personal information handling practices of the program, with specific reference to the obligations in Australian Privacy Principles 10 and 13 and how these are working in practice. The timing will provide an opportunity for DHS to implement the recommendations in the Ombudsman's report. I have also offered to DHS the expertise of my office to assist in implementing the Commonwealth Ombudsman's recommendations that impact on privacy.

Turning to the nonemployment income data-matching measure, in the 2016 budget my office was provided with additional funding to provide regulatory oversight of the privacy implications arising from DHS's increase in data-matching activities under the enhanced welfare permanent integrity nonemployment income data-matching measure. I understand that DHS is intending to expand the use of the OCI, launched as part of the PAYG data-matching program, to include the NEIDM program. My office has planned to conduct a number of assessments of the NEIDM program; however, on 3 February 2017 my office notified DHS that the data-matching assessment program would be put on hold pending the outcome of the Ombudsman's report. As the Ombudsman's report has now been published, I have notified DHS that I intend to begin my first assessment of the NEIDM program in the first quarter of the 2017-18 financial year.

Finally, I would like to advise the committee that this morning I jointly announced with the secretary of the Department of the Prime Minister and Cabinet that I will develop an Australian Public Service privacy code to support the Australian government's public data agenda. I will be working collaboratively with the Department of
the Prime Minister and Cabinet on the new code to enhance the capability of Commonwealth agencies to deliver data innovation that integrates personal data protection. The privacy code and its supporting tools and resources is intended to ensure that the APS has the skills and capabilities to place an integrated approach to personal information management at the centre of public sector innovation. We are looking to make best privacy practice the only practice for government-held data. The privacy code will apply to all Australian government entities subject to the Privacy Act. It will be developed in close collaboration with the APS and data stakeholders and will also be the subject of public consultation. It is my intention that the code will be implemented in 2018.

Recent community concerns around the PAYG data-matching program and the OCI system suggest it may be time to revisit whether the existing data-matching guidelines remain an appropriate regulatory framework that reflects contemporary privacy concerns and data usage. The development of this code provides, in my view, an opportunity to start a discussion on how government data matching should be regulated into the future, with more contemporary options explored. Such options should help agencies to assess whether their data-matching practices are consistent with the community's expectations and ensure that they have a social licence for any new uses of data. Thank you for allowing me to make that opening statement. We are happy to take any questions the committee may have.

Senator KAKOSCHKE-MOORE: Thank you, Mr Pilgrim, and thank you too for responding to the letter I sent following some evidence that the committee had received. The committee has received your response, so I just wanted to make sure you were aware of that.

Mr Pilgrim: Thank you.

Senator KAKOSCHKE-MOORE: I was hoping that for a short while this morning we could go through in a little bit more detail some of the differences between the requirements that DHS would have had to comply with had this data-matching exercise involved tax file numbers versus the voluntary code that they, in a perfect world, are complying with, given that the pay-as-you-go data does not seem to involve tax file numbers. That is my very first question. Pay-as-you-go information about a person does not include anybody's tax file number?

Mr Pilgrim: That is my understanding, yes.

Senator KAKOSCHKE-MOORE: It just seems a little strange to me that it would not, but we will work on the basis that there are no tax file numbers involved in pay-as-you-go information.

Mr Pilgrim: If I could just clarify: it is my advice and my understanding that the PAYG process has not used any tax file numbers.

Senator KAKOSCHKE-MOORE: Thank you. One of the main discrepancies between data matching that is subject to the data-matching act and data matching that is not subject to the act is the length of time DHS and the ATO can go back in terms of obtaining information for the purposes of data matching. With any data matching done under the act, tax data from not more than four financial years can be used, but we know from the OCI that people have had income from financial year 2010-11 used. Could you explain why non-tax file number related data can be so old compared to the limitations that are placed on data matching using the act?

Mr Pilgrim: I am just pausing for a moment while I think of how to explain that through.

Ms Falk: In relation to the statutory data-matching act, there are more prescriptive requirements. However, the voluntary guidelines align very closely to the Australian Privacy Principles, and there are principles that go to issues such as accuracy—in Australian Privacy Principle 10—and also principles around destruction of data. So, whilst there are differences between the two, the voluntary guidelines are not prescriptive in terms of how far back an agency could go. They still provide guidance in relation to those issues.

Senator KAKOSCHKE-MOORE: I suppose my concern is that we have a situation where there are some people who have been forced to go back six or seven years to try to look for pay slips because this data matching has occurred not subject to the statutory requirements. And so for me it seems just a little unusual that there is one standard to which data-matching needs to adhere, versus another, and that other situation seems to me to be more unfair on a person, because they are forced to go back so much further than just the four years.

Ms Falk: I would refer to the Ombudsman's report in relation to this matter. The report itself drew out, as you are very well aware, a number of issues with the system. One of the recommendations that was made in the Ombudsman's report—'Recommendation 4 - Obtaining employment income evidence'—was about DHS exercising some of its information-gathering powers in certain circumstances. I think the Ombudsman's report seeks to go to the issue that you have raised, and the assessment this office will do that Commissioner Pilgrim has spoken about will look at how that is implemented moving forward.
Senator KAKOSCHKE-MOORE: So the age of the data used is something that you will be reviewing as part of this Australian Public Service privacy code development?

Mr Pilgrim: To a degree, yes. To expand on that a bit, I would make two points. Firstly, you have identified the difference between the requirements and statutory data-matching guidelines flowing from the act and the voluntary guidelines. I do not want to revisit too much history, but the parliament made the decisions on the data-matching act itself and the extent and how the information would be handled in that context. The voluntary guidelines, because of their voluntary and non-binding nature, I would admit were somewhat more flexible. However, if I can turn to the code briefly, one of the issues that we will be putting into the code is the requirement for all agencies to undertake a privacy impact assessment when they are undertaking any major activities or programs which data-matching would potentially fall under. Through the code, privacy impact assessments will need to be undertaken where there are high-risk activities going on, using quite complex and detailed sets of data. Under the act it will be a requirement to publish those impact assessments. Just to be clear, when I do a privacy code, it is binding. Failure to comply with that code will be a breach of the Privacy Act, so there will be a regulatory oversight process falling out under the code as well.

Senator KAKOSCHKE-MOORE: Will this new code replace the voluntary guidelines we currently have?

Mr Pilgrim: At this point in time we are anticipating that it may well do that. I am of the view that it will be able to replace the code. We need to ensure, through the consultation process we will be undertaking both within the APS and more broadly with the public, that we identify that there is going to be an equal level of oversight and monitoring of activities such as data-matching through the code process. I think the code will provide not only more flexibility in a contemporary sense to allow for the changes that are happening with the use of data but also, through processes such as the requirement for PIAs to be published and undertaken in quite some detail, a greater deal of transparency. As I said, they will also be backed up by the fact that they will be a binding instrument and there will be a requirement to do them. Failure to do that would be a breach of the act, which my office can investigate, and I have access to penalties and those sorts of remedies.

Senator KAKOSCHKE-MOORE: What sorts of penalties would apply if there were a breach?

Mr Pilgrim: That is a good question. There are some broad-ranging penalties available to me under the Privacy Act for a range of different regulatory activities. In the sense whereby a process has not been complied with, as a starting point we would need to look at the severity of the breach and then determine what the correct response could be. That could be through getting a written undertaking from an organisation that they will change their processes and comply, and those written undertakings under the Privacy Act themselves are also enforceable by me through the Federal Court. If there has been a serious breach, or a repeated breach, I also have access to civil penalties. So if I have felt it was an appropriate response, I could take that matter to the Federal Court and seek to have civil penalties imposed on an entity covered by the Privacy Act. At the moment, those civil penalties are a maximum of $1.8 million.

Senator KAKOSCHKE-MOORE: I want to go to the subject of the program protocol outlining this data-matching activity. I just want to make sure I have it clear. Does the program protocol apply to Pay As You Go data matching?

Ms Falk: The protocol that was attached to Commissioner Pilgrim's letter to you was in relation to Non Employment Income Data Matching.

Senator KAKOSCHKE-MOORE: Is there a program protocol for the Pay As You Go program?

Ms Falk: In relation to the Pay As You Go data matching, there was a program protocol committed to the then Office of the Privacy Commissioner in 2004, when that program commenced under the voluntary data-matching guidelines.

Senator KAKOSCHKE-MOORE: So the program protocol is 13 years old. Was it updated prior to the rollout of the OCI?

Ms Falk: I am not aware of any update prior to the rollout. However, a revised protocol was provided to this office in April 2017.

Senator KAKOSCHKE-MOORE: A revised protocol for Non Employment Income Data Matching?

Ms Falk: For the PAYG.

Senator KAKOSCHKE-MOORE: Can we get a copy of that? Sorry, in my letter I think I requested the wrong document. I got confused between the data matching—which I think some of the submitters did as well. So in April there was an updated version of the program protocol that was first lodged with your office, the then Privacy Commissioner, in 2004?
Ms Falk: That is correct. I understand that it may be in draft form. I would like the opportunity to confirm that, check with the department and then come back to the committee with a view to providing a copy of that document.

Senator KAKOSCHKE-MOORE: We can also ask DHS for some clarification around that this afternoon as well.

Ms Falk: Thank you.

Mr Pilgrim: If you are able to ask DHS directly this afternoon, that would be great. We will monitor the proceedings this afternoon and see where that gets to. Otherwise, we will approach them as well.

CHAIR: The department is here and listening, so they know we are going to ask.

Mr Pilgrim: Okay.

Senator KAKOSCHKE-MOORE: Several submitters—and at least one in particular—made the point that they had requested a copy of the program protocol from the premises in which it was supposed to be made publicly available and they were not able to collect it. Do you have any comments to make in relation to that?

Mr Pilgrim: The comments I would make in regard to that go back to the voluntary guidelines. The voluntary guidelines say that a protocol should be made publicly available, and that is usually through the website of the department.

CHAIR: You think what you have at the moment is just a draft?

Mr Pilgrim: Yes, that is correct.

Senator KAKOSCHKE-MOORE: And to your knowledge is the original version, the 2004 version, up online?

Mr Pilgrim: We would have to check. I am not aware whether that is online. Again, that could be a question to the department. As per my other offer, if you are able to get an answer from the department, that is fine. Otherwise, we are happy to follow it up.

Senator WATT: Thank you, Mr Pilgrim, for your evidence today. I assume that I can refer to the letter that has been received.

CHAIR: Yes.

Senator WATT: For those listening in, the Information Commissioner has provided a response to a letter from Senator Kakoschke-Moore answering a range of questions that were posed about this. I was going to seek a copy of the Non Employment Income Data Matching protocol, so thank you for providing that to the committee. I understand there is another document similar to this—the Non Employment Income Data Matching technical standards report. Is that something you have a copy of that you could provide to the committee as well?

Mr Pilgrim: Again, I am not sure that we have a copy of that here or handy. I do not want to refer everything on to the department but that is something you might want to raise with the department as well while they are there.

Senator WATT: Will do. I noticed that, in your response to Senator Kakoschke-Moore, you noted that there has been an increase in the amount of data matching done by government departments without reference to tax file numbers in recent years. I suppose the importance of this is that, as we have been discussing, it is only data that involves the provision of a tax file number that is captured by the more rigorous requirements under the act. Data matching that is done within government without reference to tax file numbers is subject to a less rigorous requirements around privacy. Do you have any understanding of why departments have preferred to go down the path of not referring to tax file numbers in data matching and therefore not being subject to the more rigorous requirements?

Mr Pilgrim: That would ultimately be a decision for the various departments to take in terms of the activities they are undertaking and whether there is a requirement to use the tax file number. I will go back over a bit of history. The purpose of the data-matching act that deals with the tax file number and the statutory guidelines goes back to the obvious sensitivities at the time the tax file number was brought in and the view that was taken at the time to limit the use of the tax file number for purposes outside of the tax system generally. There was a conscious decision at the time to make available the tax file number for the purposes of checking welfare benefits and the like. It was limited through a particular piece of statute law recognising again the need to limit the use of the tax file number. Given that, as you have identified, there are a lot of activities going on more broadly within the Commonwealth to do other methods of matching, recognising that it was also dealing with other bits of sensitive information it was the view of the former Office of the Privacy Commissioner that a set of voluntary
guidelines would assist to complement the protections that were already in place through the Privacy Principles and the Privacy Act. That was to recognise that data matching went on outside the parameters of the tax file number. Obviously, the purpose of having the act to control the use of the tax file number and the statutory guidelines was specifically to recognise and try and limit the use of the tax file number. There was then an acknowledgement that there was benefit in having some other general data matching going on; but, to regulate that, voluntary guidelines were developed and put in place to support the protections that were already in place within the Privacy Act. Going back to your initial question: the decision to use the tax file number, or not, would be taken within a particular agency. But I would stress that we would not want to be seeing the overuse of the tax file number either, given the sensitivities around its use within the community and historically.

Senator WATT: Do you have any concerns that departments have opted not to rely on tax file numbers as a way of getting around the more rigorous privacy requirements of the act?

Mr Pilgrim: I am trying to think of some scenarios there. Should an agency decide not to use the tax file number for some of these purposes then there are what could be seen as the less prescriptive processes under the voluntary data-matching guidelines. But while they are still in place there are still the requirements of the Privacy Act and the Privacy Principles, which can control and determine how that information can be used and the extent to which it can be used. The agencies would still be subject to those requirements. Going back to my opening statement: this is another reason why I think we need to look at the potential for the use of privacy impact assessments and the transparency of those processes. That is why I am moving down the path of a code as well—so that we can introduce some other transparency and some other regulatory oversight in terms of these broader activities.

Senator WATT: You have mentioned in both your letter and your evidence today that you have decided not to undertake a commission initiated investigation into this process, partly because of other investigations that have already occurred. I presume you are referring there to the Ombudsman's investigation.

Mr Pilgrim: Yes, that is correct.

Senator WATT: Going from the media reports: in addition to considering undertaking a broad review of this process and privacy surrounding it, you are also making inquiries of the department regarding the release of personal information relating to a particular Centrelink recipient, Ms Andie Fox. Have you made those inquiries?

Mr Pilgrim: Flowing from that initial issue—and I do need to be careful here that I do not get into any possible individual investigations I have going on about individuals in the community—I would say more broadly that I made statements that I would commence preliminary inquiries under the Privacy Act into DHS about its release of information in those sorts of circumstances more broadly. I was then alerted to the fact that the Australian Federal Police were then making a decision as to whether they needed to take any action as a result of approaches they had had.

As is the process within my office—and it has been so for quite a long time—when the Federal Police get involved what I usually do is suspend any investigative work I have underway until the Federal Police determine what action they may or may not take. Following discussions between my office and the Federal Police, I did suspend my preliminary inquiries into that matter. Now that the Federal Police of advise me that they are not taking any action in terms of the approaches they had about that particular matter, I have recommenced my preliminary inquiries with DHS about their release of information in those circumstances. They have been cooperating in responding to my questions. As I understand it, I have already received some responses to my specific questions and we are working through those at the moment.

Senator WATT: So you have recommenced that investigation?

Mr Pilgrim: I have recommenced my preliminary inquiries into that matter and DHS has been responding to my questions.

Senator WATT: I think everyone is aware that the Federal Police decided not to pursue that matter further, having undertaken their own preliminary investigation. Obviously the standard of proof that would need to be satisfied for a criminal offence is higher than what might be required to constitute a civil breach of legislation. So the fact that the AFP have cleared the minister does not necessarily mean that civil breaches of legislation may have been committed. That is correct, isn't it?

Mr Pilgrim: Yes, that is correct.

Senator WATT: Obviously the outcome depends on your investigation. I just want to be clear that there is a different standard of proof involved here.

Mr Pilgrim: Yes, most certainly; that is the correct way to set it out.
CHAIR: To be clear: you are continuing to investigate that matter?
Mr Pilgrim: Not wanting to put too fine a point on it, or too technical a point, I have commenced what is referred to specifically in the act as preliminary inquiries. Why I use that power is that I can require the provision of information and answers to questions I ask. The purpose of that is then to determine whether I will commence a formal investigation under the act. So, yes, I have commenced preliminary inquiries. I have asked DHS a series of questions about the release of information in that circumstance. They have been responding and providing me with answers, which I have some of at the moment. We will assess those answers to those questions, and that will determine whether I need to commence a more formal investigation.

CHAIR: What is the time line for the completion of your preliminary inquiries?
Mr Pilgrim: We have the response to the set of questions we have asked. We have recently received those from DHS and we are working through them. I am not sure I would like to put an exact time frame onto it at the moment. It could be several weeks.

CHAIR: I understand that it is hard to say you will do it by a certain date, but I am trying to get a sense of whether it will be weeks or months. It sounds like it will be weeks.
Mr Pilgrim: Yes. I would not anticipate that it would be months.

Senator DUNIAM: When matters were being investigated by the AFP it limited the capacity for this committee to ask about matters. What is your advice to this committee with regard to questions around this, given that you are making preliminary inquiries and may potentially investigate? Is it the same approach—that we should exercise caution in asking questions about specific matters relating to the alleged release of information?
Mr Pilgrim: Yes. My preference would be that the committee does not require us to provide any more detail than the fact that we are at this stage—for obvious reasons. We are undertaking a process by which we need to make sure that we give the parties to this matter the fair opportunity to provide information to us while we make that decision. So, yes, our normal process would not be to be discussing publicly any detailed aspects of the preliminary inquiries or any subsequent investigation until such time as it was concluded.

CHAIR: That is for you. What about the department?
Mr Pilgrim: It would be entirely a call on the department as to whether they want to make any statements or release information. That would be entirely up to them.

CHAIR: Is there a practice that you recommend to departments when this type of preliminary inquiry is occurring?
Mr Pilgrim: If it is a preliminary inquiry into a broad matter such as this, again, the department would need to make their own decision as to whether they want to release any information publicly that goes to the heart of my preliminary inquiries. That would be a call for them. I would not presume to say that they should or should not.

Senator WATT: How many people have made complaints with your office regarding the Online Compliance Initiative?
Mr Pilgrim: I do not have an exact number in front of me—and we could probably find that out—but I would say that the numbers are very few. I think the Ombudsman's office may have received something in the vicinity of 400 complaints. I think the number we have had at this office is much smaller. In fact, it may even be below 10.

Senator WATT: I am aware that, within the Commonwealth Public Service, there has been an increased use of non-permanent employees to conduct a whole range of work. I am pretty sure that is happening within the ATO and the Department of Human Services—Centrelink. They are turning to other forms of employment such as labour hire, casual employment and contract employment. Does the increased use of those non-permanent forms of employment give you any cause for concern around the use of personal information? I suppose I am just conscious that people might be engaged for a three-month period to help the department get through a spike of work, and I think many in the community would have some concern about their personal information going through lots of different sets of hands within those departments, and the sets of hands belonging to people who may not have an ongoing obligation to the department. Does that cause you any concern?
Mr Pilgrim: I do not want to say it does not cause me any concern, so I just want to be careful how I work through this one. Broadly speaking, the responsibilities under the Privacy Act fall on the agency for the handling of personal information. Anyone who is employed by an agency to work within it would need to comply with all the same requirements as a permanent employee. They would need to be made aware of their responsibilities under any relevant secrecy provisions and the requirements for them to make sure that they do not breach any of those secrecy provisions while they are employed and, as I understand it, following their employment with the relevant agency. My expectation is that it is a part of this requirement to secure and ensure the protection of the
personal information which they hold. They would need to take the same steps with a part-time employee or a casual employee, in terms of their responsibility around information handling, as they would with their permanent employees. That would be my expectation.

Senator WATT: Is that something you are actually checking as well expecting?

Mr Pilgrim: The Privacy Act requires organisations and Australian government agencies to have in place policies and procedures that are clear to their staff about their responsibilities around handling information, regardless of whether those staff are temporary, part time, casual or permanent. The requirement would be on the agency to have those processes in place and to educate their staff—again, the full range of their staff—about those requirements. If we have cause to look at a particular agency, we look at whether they do have those practices and procedures in place and how they are undertaking their internal education processes. We may do that as part of an assessment. As I referred to, they used to be called audits. We may do that as part of an assessment of an agency's practices and processes, through the assessment process, or we may do that as part of a particular investigation. If we had a complaint brought to us about an alleged mishandling of information by a staff member, we would look to see whether those processes and practices were in place. Again, I would stress that another part of the code that I have been talking about is the requirement for all agencies to have a privacy management plan in place, which does go to reinforcing these particular obligations as well.

CHAIR: In your letter to Senator Kakoschke-Moore, under the answer to question 3, you said, 'However, the voluntary data-matching guidelines do require agencies to notify the individual of the match and the proposed administrative action and give the individual the opportunity to respond.' Obviously, with the OCI, where there are inconsistencies between the match, they get notified. Does that mean you also have to notify everybody else that you have data matched and have not sent a letter to in terms of a data inconsistency?

Mr Pilgrim: I may have misunderstood the question, but, if the data-matching activity is going on, then it has to be published and made public that that whole activity has occurred. In terms of the individual, if there is a mismatch, the individual would be notified of their own mismatch, but the individual's information would not be made public.

CHAIR: I understand that the whole point is that the government is trying to find people where the data is not matching. But there is a whole group of people who have also been subject to data matching, where they have not found an inconsistency. Can I interpret what you just said to mean that if they put on the website that they are doing it then they are notified? It does not mean that individuals have been notified.

Mr Pilgrim: No—that is correct.

CHAIR: So they just have to put it on the website?

Mr Pilgrim: They have to publish that the data-matching activity is going to occur—and publish it on their website. Yes, that is correct—public notification.

CHAIR: That therefore is judged as being notification of an individual? Is that correct?

Ms Falk: In terms of the privacy principles, if we move to those that underpin the voluntary guidelines, Australian Privacy Principle 1 requires agencies to have a policy in place, and that policy needs to make clear the kinds of activities that are occurring in relation to citizens' personal information, and also their opportunity to make a complaint. Similarly, further principles under the Privacy Act go to issues of notice. Australian Privacy Principle 5 requires agencies to take reasonable steps to advise individuals of the collection of their personal information and the purposes under which it will be dealt with. That can be achieved in a number of ways: having specific information in policies that are published on the website; publishing data-matching protocols on the website; and having a notice published in the gazette, which is something that has been done historically. There are various mechanisms. I think the public nature of these activities is such that agencies do need to give careful consideration as to how they make this kind of activity well known within the community. That is something that the code that Commissioner Pilgrim talked about has the opportunity to enhance, because the code will require a privacy impact assessment to be made public, and the privacy impacts, and the ways in which those impacts can be mitigated, made clear in that privacy impact assessment. Ideally, there would be an opportunity for public engagement in the privacy impact assessment, before it is finalised.

Senator KAKOSCHKE-MOORE: When I use the term 'averaging', are both of you familiar with the sense in which I am using it, for the OCI, with income averaging?

Mr Pilgrim: Yes, I will not say in a great level of detail, but we do understand the context you are using.

Senator KAKOSCHKE-MOORE: In broad terms, income that might have been earned over a whole year period being averaged by Centrelink across just a few months, which is causing some discrepancies between what
was reported at the time and what Centrelink is looking at now. Do you know whether, if the OCI were subject to the requirements in the data-matching act, that averaging by DHS have taken place?

**Mr Pilgrim:** I would have to say that I do not think we are in a position to answer that, I am sorry.

**Senator KAKOSCHKE-MOORE:** In your view, would any of the processes or boundaries put in place by the data-matching act have lessened the impact or distress caused to the public by the OCI?

**Mr Pilgrim:** Again, I am not sure that I could give an immediate answer to that. We could take it on notice, if that would help. But I think I would need to give a little bit more thought to that particular question.

**Senator KAKOSCHKE-MOORE:** If you could that would be good. As one example off the top of my head I am just thinking of the fact that DHS has gone back seven years in some instances, in terms of income. But if this project were subject to the data-matching act they could have gone back only four years. That might have lessened some of the distress caused to people who have had alleged debts raised. So, if you can think of anything else in the data-matching act that, had the OCI been subject to it, might have lessened the impact on those subject to these debt notices, that would be good.

**Mr Pilgrim:** Yes, we will do that.

**CHAIR:** What is the difference between an investigation and a review? I am referring to your comment that you are going to be reviewing the PAYG data-matching program Online Compliance Intervention system.

**Mr Pilgrim:** I am not sure that I might have used the word 'review' in the right context. What we will be doing with the PAYG system is undertaking an assessment of that system, which, in the old terminology of the act before it was reformed, was an audit. We will go in and audit the system, in the traditional sense of what we would all understand an audit would undertake, as opposed to an investigation, which is something I undertake when I believe there is a potential for there to have been a breach of the act—say, as in if we received a complaint from an individual that the information had been mishandled, say, in terms of the privacy principles themselves. So, an investigation is an investigation into an alleged breach of the act. An assessment is when we go in and audit processes to check compliance.

**CHAIR:** Thank you both for your time today. It has been extremely useful for us.

**Mr Pilgrim:** Our pleasure. Thank you.
Evidence from Ms McGarry was taken via teleconference—

CHAIR: Welcome. I will just double-check that you all have been given information on parliamentary privilege and the protection of witnesses and evidence.

Dr Campbell: Yes

Mr Smith: Yes.

CHAIR: Ms McGarry?

Ms McGarry: Yes

CHAIR: I invite you all to make opening statements, if you would like to, and then we will ask you some questions.

Dr Campbell: I would like to begin by acknowledging the traditional owners of the land on which we meet today, and I would also like to pay my respects to elders past and present. I am here to speak on behalf of the Federation of Ethnic Communities' Councils of Australia, FECCA, a national peak body representing Australia's culturally and linguistically diverse, or CALD, communities and their organisations. As director of FECCA, I am accompanied by Benjamin Smith, our senior policy and project officer. We would like to thank the committee for inviting FECCA to represent the interests of Australia's CALD communities with regard to this inquiry.

FECCA would also like to acknowledge the Department of Social Services and the Department of Human Services for their work to improve access and equity for culturally and linguistically diverse Australians, when engaging with government services. With regard to this inquiry, we would particularly like to recognise the work of the Department of Human Services' National Multicultural Advisory Group and their efforts to improve the experience of CALD Australians, when dealing with Centrelink and other divisions of the Department of Human Services.

This work is so important because some of Australia's most vulnerable people come from CALD backgrounds. Their vulnerability is accentuated by an intersection of challenges. For example, the vulnerability that necessitates Centrelink's support—unemployment or insecure employment, caring responsibilities, financial insecurity in older age, or disability—may be accentuated by poor English literacy and a limited understanding of the Australian government system. It is for these reasons that many CALD Australians have a vulnerability indicator in their Centrelink record. FECCA understands that debt recovery letters were not sent to Centrelink clients with vulnerability indicators, and this shielded many CALD Centrelink clients from the stress and anxiety caused by these debt recovery letters. I think that should be acknowledged. It is inevitable, however, that some CALD Australians who were not identified by a vulnerability indicator would have received a welfare debt compliance letter.

FECCA appreciates that debt management is a necessary part of the social welfare network and that automated services are an attractive alternative to more-resource-intensive processes. But you cannot justify exposing many vulnerable people to confusion and anxiety as a result of receiving incorrect debt demands, by saying that at least the most vulnerable Australians were protected. By definition, those receiving support from Centrelink will likely have vulnerabilities, whether or not they are severe enough to be noted with a vulnerability indicator in their record. That vulnerability is likely to be compounded if you are from a CALD background.

If the reports are correct that the data-matching process used to investigate welfare compliance simply divides yearly income reported to the ATO equally across the 12 months of the year, rather than reflecting actual income receipts in each month, CALD Australians would be particularly susceptible to being sent debt compliance letters incorrectly. This is because many CALD Australians are employed in insecure work. The complex work patterns, increased job mobility and inconsistent monthly income of many CALD people mean that they are at greater risk of being wrongly identified as having a debt.

I would also like to point out that many migrants and refugees come from countries where challenging authority is dangerous, where if you are asked to do something by a government representative you simply do it, or else. Other migrants and refugees may be fearful of the consequences for their immigration status if they challenge authority. The relationship and understanding of officialdom by many migrants and refugees means that
they are less likely to challenge official letters or may interpret these letters as a threat implying impropriety on their part, even if the allegation that they owe a debt is wrong.

Migrants and refugees and older CALD Australians may not know how to challenge a letter. They may be turned away from a Centrelink office. Given the reports that Centrelink staff were told not to process debt disputes in person, if they are unaware of Centrelink's multilingual phone service, language may discourage them from using the phone service to challenge their debt letter. Many CALD Australians have limited digital literacy, and FECCA has done a lot of work around this. Low levels of English language mean they are unable to navigate government services through online portals. So they just pay, whether or not they are liable for that debt.

When dealing with vulnerable people there is a duty of care to ensure that they are protected. Centrelink should initiate contact with clients through the welfare compliance system only if there is clear evidence of an overpayment or debt. We would like to emphasise the importance of funding for the National Multicultural Advisory Group and other initiatives dedicated to accommodating CALD Australians when accessing government services, particularly in cases of complex interactions, such as the resolution of discrepancies. There needs to be recognition that in some cases it is only through face-to-face human interaction that culturally and linguistically diverse Australians are able to effectively communicate with government and other service providers.

Once again, I thank you for inviting FECCA to address this inquiry. We look forward to continuing our productive relationship with the Department of Human Services to ensure fairness, equity and ease of access for all Australians, including those from culturally and linguistically diverse backgrounds.

CHAIR: Did you have anything to add, Mr Smith?

Mr Smith: Not at this time. I think the director has summed up our position.

CHAIR: Ms McGarry?

Ms McGarry: Good morning. Thank you for the invitation to present to the committee on this matter. AnglicareSA is the largest non-government organisation in South Australia and has contact with over 55,000 South Australians each year through our diverse service base. Our service base spans from aged-care service delivery; community aged care; disability support; mental health support; supporting children and young people in contact with the child protection system; families and children, through a range of early intervention services for families and children; to our significant work with people living in poverty, through our emergency relief, financial counselling, homelessness and associated services. Today I am here to speak specifically in relation to our experience as a service provider working with this vulnerable community living in poverty. AnglicareSA is fortunate to partner with many South Australians in our service delivery through our volunteers, our staff, our donors and many community organisations. We are also very fortunate in our partnering with government and private enterprises. We are fortunate to receive the support of the federal government and the state government through funding that particularly focuses on people who are living in poverty.

Today, in speaking about the impact of the Centrelink online compliance intervention specifically for this community, I would like to speak to some of the experiences of some of our individual clients first. We have had a client who lives in Whyalla who received a Centrelink letter saying that he had $1,600. He was unhappy. He saw our financial counsellor based in Whyalla and he expressed that he was unhappy about receiving this. He did not believe or understand how he could have arrived at having that kind of debt, but he felt resigned to paying it—as many people that we come across do. They feel resigned and often do not understand how to interact with the system, with Centrelink, to have further accuracy around how the debt has been accrued. However, the debt was further discussed with our financial counsellor and we encouraged him to get the debt reviewed. He managed to pull all of his information together and he did dispute it. He had working credits and his debt was reviewed. He was reassessed as owing nothing and he in fact received a back payment of $85. We had another client who was living in southern metropolitan Adelaide and received a notice of debt totalling $19,000. Centrelink had commenced holding back some of her pension to repay this debt. However, the client was advised at a later date that an error had been generated against her and that she was due for a refund, and also that she was due to have her family tax benefit reinstated. These are two examples of people in the community who we have had contact with in regard to this matter.

In terms of our experience of supporting people across the community in their relationship with Centrelink and the issues that they confront in managing very limited or insecure income, those who have an intellectual disability, those who have had a history of poor relationships with government bodies, those who do not communicate efficiently in English and those with poor computer skills and perhaps limited communication skills are particularly vulnerable around the activities such as this online debt collection process. They are not universally but in general fearful of challenging Centrelink. People are often passive in the face of challenging...
debts that are put to them. They receive a notification, and many of our clients are quite resigned to repaying the debt. They do not seek further information as to the accuracy of it. They do not look for evidence of the cause of the debt and they are reluctant to engage in the systems which require that review process. Therefore we know of many people who have received letters from Centrelink and never open them. Clients will come in with a bundle of 10 letters from Centrelink that they have never opened. While that could be seen as being irresponsible, for many people it is a sense of hopelessness or helplessness in the face of a system that they often do not understand well.

Some of our concerns around the methodology that was put in place around this particular action have to do with the lack of intentional resourcing for those people who were not on the vulnerability indicators. It would have been helpful for a specific hotline to have been set up to assist people to inquire as to the accuracy of the debt that was generated in their record. It would be helpful for the frontline workers at some of our offices to have had more information or knowledge about how to support people in that review process. Generally we were concerned and people expressed to us that they felt that the matter was dismissed as a matter of concern when they raised it. Therefore that lowered people's sense of confidence in being able to proactively tackle it.

I think that summarises the key matters that we wanted to raise in talking to the experiences of some of our customers. Clearly Centrelink and income support payments are critical for the wellbeing of our entire community. We know that across Australia we have a growing number of people who are living below the poverty line and are receiving an income and working; therefore we know that the number of people who identify income support payments as their sole source of income is also an area of high vulnerability for our general community. Any interactions between our community and sources of income can compound people's poverty and lack of access, so some of the impacts of the automatic debt recovery processes can sometimes mean that people who are highly financially vulnerable are triggered into further vulnerability by any actions. We would encourage a process of ensuring further accuracy, with face-to-face review of people's circumstances and further resourcing around any special measures that are put in place.

We understand that sometimes there are payment inaccuracies and debt recovery does need to occur and we support people to engage with that proactively with Centrelink. The provision of income support payments is essential to people's daily life. We always screen anyone who comes through our emergency relief services for their debts and how they are managing existing and current debts. For each of those people, we always refer anyone who has presented with a Centrelink debt to a further financial counselling service to ensure that they are receiving proactive professional support to tackle that. I do not have anything further to add. I thank you very much for the opportunity to speak on behalf of our community and on behalf of AnglicareSA.

Senator WATT: Thanks to everyone for coming along today and presenting evidence for us. Dr Campbell, you have given us a good general overview about the impact of this program on CALD communities. I am wondering whether either your organisation or your member organisations have any specific examples that you can give to us about the difficulty that people have had engaging with this system?

Dr Campbell: Sure. FECCA's structure is one where we have around 25 members, and they themselves have many hundreds of members, who are service providers. So we are not offering service delivery directly. We have a number of anecdotes from the community but not specific stories that we can verify and check, so I would not be comfortable presenting that here. As I said, I think that the majority of CALD individuals were protected, because of the vulnerability indicator. But I still think that we should highlight the consequences of this for CALD communities, if they were to receive letters. We have heard through some of the anecdotal stories we have received that trust has broken down between themselves and the Department of Human Services. I think the other thing that was deep concern to us was that this took place over Christmas, when many of the advocacy services available for culturally and linguistically diverse Australians were closed, which is perhaps another reason why we were not able to collect individual stories, because people simply had to deal with it on their own.

Senator WATT: Thank you. Over the course of this inquiry we have also had some complaints from stakeholder organisations about lack of consultation from the department. I am not sure whether your organisation or your member organisations have reached out either to the minister or to the department and sought consultation about these problems. Do you know whether that has occurred?

Dr Campbell: We wrote to the minister. I actually have to say that our relationship with the Department of Human Services is very good. FECCA is generally very willing to criticise the government and department but the NMAG committee within the Department of Human Services, I think, is very genuine in its efforts to engage with multicultural communities. Generally, the services that they provide are very effective—the translation and interpreting services. They have a group of multicultural officers who are well-trained in training the service deliverers. Of course, we would always ask for more resources and support for that. But we find that the
Department of Human Services is very good at reaching out to organisations like FECCA for advice and support. We have a very good relationship with them.

Senator WATT: Have they specifically spoken to FECCA about the development of this system?

Dr Campbell: We did not speak to them about the development of the system before, but we have regular meetings with them to highlight particular issues or vulnerabilities. But, as far as I am aware, they did not bring up this particular system, so we were not consulted on that. But I did meet with the head of NMAG after to discuss the issue.

Senator WATT: To discuss issues around this system?

Dr Campbell: This system, yes, as well as other issues.

Senator WATT: So no consultation prior to it being rolled out—

Dr Campbell: No.

Senator WATT: But after it was rolled out and problems emerged there has been some discussion with the department?

Dr Campbell: Yes.

Senator WATT: We understand that the system is going to be expanded from 1 July to capture a range of other types of income that people have earned and match that income against income that has been declared to Centrelink, particularly things like bank interest—essentially, income that you do not earn higher wages: bank interest; rental income, if you have an investment property; business income, if you have a business. We have also been told that, given the nature of those types of income, it is particularly likely to affect older Australians.

Dr Campbell: Yes.

Senator WATT: Has there been any consultation with FECCA or your member organisations about that expansion, in order to prevent a re-occurrence of these sorts of problems?

Dr Campbell: Did you attend that last NMAG meeting, Mr Smith? Was there any consultation during that NMAG meeting? Not that I am aware of.

Mr Smith: It might be useful for the committee to understand that, when Dr Campbell refers to the NMAG, we sit on that multicultural advisory group, so we have a constant and evolving conversation with the department. To this point, I am not aware of any consultation specifically about how that expansion might occur or even that it will occur. I attended the last conference and I do not recall it being a subject of that conference.

Senator WATT: Ms McGarry, has there been any consultation with your organisation about that expansion?

Ms McGarry: I am not aware of any consultation with Anglicare with regard to that. That does not mean that it has not happened. I am not aware of it.

Senator WATT: Are you aware of any consultation that has occurred with Anglicare to date about this system?

Ms McGarry: We do consult with Centrelink about various matters, but I am personally not involved in those forums so I am not able to comment.

Senator WATT: Thank you. That is it from me.

Senator DUNIAM: Senator Watt has covered most of what I was going to ask FECCA, so you are off the hook as far as I am concerned. I have a question for Anglicare. I was looking at your case studies, Ms McGarry. There is one that piqued my interest and that is case study No. 4. This is with regard to a 50-year-old man on the disability pension. They advised him that he had a debt of $1,700 from 15 years ago. Is that through the process this inquiry is looking at? I am trying to recall all of the evidence we have received to date, but I do not recall one being dated so far back in time.

Ms McGarry: That one has not come from AnglicareSA; that has come via another Anglicare agency. The case studies you are looking at were collected by Anglicare Australia, our peak body. I am not personally aware.

Senator DUNIAM: That is all right. I will ask the department. I was interested in the time that debt related to. Obviously, we have caught a whole lot of issues related to Centrelink that do not necessarily relate to the specific episode this committee is looking into. That is all right. I will take that up with the department.

Senator KAKOSCHKE-MOORE: Ms McGarry, you mentioned that some of the services that Anglicare offers include financial counselling. Is that right?

Ms McGarry: That is correct.
Senator KAKOSCHKE-MOORE: To your knowledge, have any of the financial counsellors in your organisation ever requested information from Centrelink about a client's debt?

Ms McGarry: Yes, they would be doing that.

Senator KAKOSCHKE-MOORE: Do you know how they have gone with that? We heard from some lawyers earlier this week who said that, when they requested information about how the debt was arrived at, they got back a bundle of documents that contained tables full of acronyms and it was impossible to understand. Do you know if your financial counsellors had similar experiences?

Ms McGarry: Generally, in our approach in working with Centrelink, we would do it collaboratively with the client to build their confidence and skills, usually, in the Centrelink process. Any information that is brought back would be held by the client. I am not personally aware of how that material comes back from Centrelink. I am not delivering that service myself and I have not asked the question of them, but I would be happy to follow that up with them.

Senator KAKOSCHKE-MOORE: Sure, if you would not mind. I think it would be helpful for the committee to know whether the example that was put to us by the lawyer about the indecipherable documents was a common experience when people request information from Centrelink or whether this was an anomaly.

Ms McGarry: Yes, that would be useful to know.

Senator KAKOSCHKE-MOORE: Dr Campbell and Mr Smith, my apologies if this question was already asked by my colleagues while I was out of the room. How would you describe the ability of Centrelink staff, including customer call lines—that is, hotlines—to deal with people who have English as a second language?

Dr Campbell: Centrelink has a dedicated multilingual phone service that operates during working hours. I am not aware of how that performed particularly over the time when these letters were sent out. We generally have quite positive feedback about it. The concern is often that people are guided to the multilingual phone service via an advocacy organisation. Most of those were closed over Christmas, so, if they had received a letter, they might not have known how to access the multilingual phone service, for example, and they probably would not have called the general number because of their concern around language. That would be our concern. I would also like to say that we have done a lot of research into complaints and complaint-making by people from culturally and linguistically diverse backgrounds. There is a tradition amongst CALD people to be much less willing or they tend to be much less willing to challenge, make complaints and so on, making them, perhaps, much less likely to call or approach Centrelink if this issue had come up.

Senator KAKOSCHKE-MOORE: That is a very good point to make because Centrelink will not know the there is an issue with their communication if people are not complaining that they do not understand what is being sent to them. Generally speaking, do you know whether it is possible for people to nominate to have correspondence from Centrelink sent to them in their native language if English is their second language?

Dr Campbell: I know that they have a lot of information translated into other languages. I would have to take that on notice and get back to you.

Senator KAKOSCHKE-MOORE: I could ask the department that. I just was not sure whether, in your experience, you had seen any of these debt letters in Arabic, Chinese, Vietnamese or other languages.

Dr Campbell: Generally, if there is a problem for someone from a CALD background and they do not speak English, they can go into a Centrelink office and, generally, they will be supported through a face-to-face contact. Again, our concern is that, during that period of time, these problems would not have been dealt with through face-to-face contact and some of the more vulnerable people, who really deserve that kind of support, would not have received it. We might not have received that information because a lot of the advocacy organisations were closed down, and we represent the general views of the groups that send us their concerns rather than deal with people on an individual basis.

Senator KAKOSCHKE-MOORE: You might not be able to answer my next question, then. I was curious to know whether you have ever heard of anybody having to pay for an interpreter in order to communicate with Centrelink?

Dr Campbell: No, we have never heard of that. There are often difficulties getting interpreters for the right language. They might have to use another language that they are competent in but not comfortable with. We have never heard of that. It is the kind of thing that I would have expected to have heard about. It is one of the things that the advisory group talks about in great detail: the provision of high-quality interpreting, and bilingual worker services as well.
Mr Smith: We work quite closely with the accreditation board for translators and interpreters. While there is a dearth of language specialists in some languages, I am not sure the department could be held directly responsible for that. It is a matter of simply developing competency in languages that are emerging in Australia on an evolving basis. As I say, whilst it is an issue, I am not sure accountability should be placed with the department.

Senator KAKOSCHKE-MOORE: Thanks for that.

CHAIR: I have only a couple of questions. I am picking up on the issues around interpreters, but I am also thinking about access to the portal. Dr Campbell, you made comments about the online process and the portal. How have people managed that process?

Dr Campbell: We have done quite a lot of work around digital access and equity for CALD communities. It very much depends on which community you are talking about. The communities that are perhaps most likely to interact with Centrelink will be the least digitally literate. Older Australians, maybe those from a European background, may not have kept up the pace with the move online. Some newly arrived Australians may not have access to the internet at home or only through their telephone, for example, which can make it a bit more difficult around this, and, of course, you always have the problem of language. Again, it is something on which we work very closely with DHS, DSS and the Department of Health, My Aged Care and other online portals, and I think we are a long way from resolving the challenges that CALD Australians have in interacting online. It is a human right of Australians to be able to interact in a language they are comfortable with. If that prevents them from accessing services through an online portal, that should be recognised.

CHAIR: Ms McGarry, can you clarify for us how many of the people that you support have complained about the OCI process?

Ms McGarry: I am very sorry, I am not able to provide you with that data. We do not capture that specific piece of data. We capture data around people's concerns around Centrelink, but that can cover the whole gamut. What I understand is that about 1,700 South Australians have been affected by potentially incorrect notifications and, across our financial counselling services, we see about 3½ thousand people annually, but I am not able to provide you with an exact number.

CHAIR: In terms of the spike during the time when the notices were going out, how did that relate to your services?

Ms McGarry: During that period of time, our workers proactively asked clients coming through the door about the issue because we were aware the notices had come out. We certainly elicited that out of some people, but their presenting issue may have been around utilities or payday lender debt. We also inquired about whether there were any concerns for them around Centrelink. That brought some forward. Some people saw their notices as very minor. The debt might have been under $500 and it was not their presenting critical need, so they did not want to pay any attention to it or seek review; they wanted to get their electricity back on. Definitely over the January to February period, we proactively encouraged clientele to talk about whether they had a Centrelink debt issue that they would like to pursue and we certainly had people come forward. But I am sorry, we do not collect specific data about how the debts were generated.

CHAIR: Okay. Thank you for that. Would you like to add anything else? I think we have finished with our questions.

Mr Smith: Thank you, Madam Chair, for allowing us to come.

CHAIR: I thank you and your organisations very much for your submissions and your time today.

Dr Campbell: Thank you.

Ms McGarry: Thank you for the opportunity.
BARNES, Mr Greg, Barrister and Spokesperson on Criminal Justice and Human Rights, Australian Lawyers Alliance

TALBOT, Ms Anna, Legal and Policy Adviser, Australian Lawyers Alliance

[11:04]
Evidence was taken via teleconference—

CHAIR: Welcome. Could I double-check that you have been given information on parliamentary privilege and the protection of witnesses and evidence?

Mr Barns: I am familiar with it anyway, and I think Anna is too.

CHAIR: Fantastic. I invite either or both of you to make an opening statement, then we will ask you some questions.

Mr Barns: I will make an opening statement behalf of both of us and for the alliance. The alliance's major concern with this issue is in relation to the issue of prosecutions. I myself and the alliance's members have acted for many people in Centrelink cases, but also more broadly we touch with clients of Centrelink who have administrative appeals or criminal prosecutions brought against them. The issue here is the lack of certainty about the quantum of debt. Normally and previously with Centrelink prosecutions the issue of quantum was generally able to be demonstrated by Centrelink through perusal of its records. We now have a situation where a large number of people have been given wrong information about their debt, and they are just the ones who know about it. There may well be others who have been given erroneous information about the amount of debt, and a number of those cases will end up going to the Commonwealth DPP.

One of the major impediments to Centrelink fraud cases is arguments about debt and quantum of debt. In fact I did a case, which I just finished last year, in Tasmania where we spent two years arguing about Centrelink debt and we had it reduced—in fact it was halved at the end of the day, and that was before this current initiative. It is time-consuming both for prosecutors and for the defence. We are likely to see a stalling of prosecutions, and the length of time taken to prosecute matters will be exacerbated, by virtue of the fact that this system has resulted in false debts, or debts where the quantum is in dispute, being generated, which are likely to head towards prosecutors in the second half of this year. The quantum is key to determining the penalties that are available in a prosecution, so it is critically important that the debt be quantified correctly. In a number of cases in particular, people who are ineligible for legal aid and who cannot get legal advice readily could end up being prosecuted on the basis of wrong information, and in effect a false quantum, being applied. If that is a substantial amount, it could mean that they get a much higher penalty than they otherwise should.

The final point we would make is that in our view Centrelink and the Commonwealth DPP should not base any prosecutions for fraud on information that has come from this data-matching process, because the risk of that debt being quantified incorrectly and attributed to individuals on a wrongful basis is very high. It is going to lead to difficulties in prosecuting matters and to costs to the courts in the length of time that matters will now take to work their way through the courts, and, most importantly, is very unfair to defendants, who are entitled to know with certainty what the allegation against them is if they are prosecuted. The impact on individuals of these false debt letters is enormous. Individuals have spoken to our members about the fact that it has ramifications when they are going for jobs and have to declare whether or not they have been any criminal charges pending or if they are involved in any legal disputes. It is costing people time and effort to go and get legal advice to know whether or not they should challenge these debts at the Social Security Appeals Tribunal, and so these sorts of restrictions and stresses on individuals who often have a number of stresses in their life is culpably unfair.

Senator WATT: Thanks to both of you for joining us today. I am not sure whether you are in a position to answer these questions, but a couple of matters have come up over the course of the inquiry, where different witnesses have cast doubt on the legality of certain action that has been taken in relation to this online compliance initiative. The first of those, which has had quite a lot of publicity, is what appears to have been the leaking of personal information by the minister or his office. You are no doubt familiar with the public debate that has occurred around that, but there has also been some debate as to the legality of that action. The AFP have now investigated that matter and have decided to not take it further. We have heard this morning that the Privacy Commissioner has recommenced his investigation, which had been put on hold while the AFP undertook their investigation, but have you, as the representatives of ALA, a view on the legality of the leaking of that information?

Mr Barns: I gave an interview earlier in the year for The Project in which we thought that the conduct of the minister and the minister's office, if reported correctly, was skating on very thin ice. The difficulty the AFP would
have had would have been in relation to the issue of the intent. The justification was that there is power under the Privacy Principles to correct the public record—and yes; there is—but what seems to have happened in this particular case establishes a precedent whereby the personal records and personal information of particular individuals are brought to the attention of the community generally. We think that is a dangerous practice, because the lack of privacy protections in Australia is notorious. We do not have constitutional protections. For that reason alone as a legal policy issue it is not a good idea.

Whether or not it was a criminal offence, as I say, depends on the question of intent. The AFP generally has a policy of not prosecuting politicians unless they are caught with fingers in the till et cetera. They have a long record of staying out of these sorts of cases, with a few notable exceptions, and so it did not surprise us that, under their prosecution policy, if they were going to have some difficulty proving intent on the part of the minister or the minister's office then they would not proceed. I think the Privacy Commissioner issue is a different one, and certainly there needs to be much greater clarity around the way in which the Privacy Principles are used. One would hope that politicians or ministers apply best practice in their dealings with the Privacy Principles and that their departments do so as well. Whether or not that was the case here is something that no doubt the Privacy Commissioner will be very interested in.

Senator WATT: Thank you for that. The other matter that has come up over the inquiry is the recovery fee that Centrelink was imposing on debts. My recollection is that it was a 10 per cent fee charged on top of someone's debt, no doubt to cover the costs of recovering that debt. That recovery fee may have been put on hold for the moment—I am not a hundred per cent certain about that—but again we have had witnesses from the legal sector query the legality of charging that recovery fee, particularly on an administrative law basis. Do you have a view around the legality of that fee?

Mr Barns: I think we would share that view that it is of dubious lawfulness, essentially because it depends on the regulatory framework behind it, but I do not know whether there is any great capacity in a legislative sense to impose such fees, and I say as a matter of equity it is particularly unfair. Let us remember that in the majority of jurisdictions in Australia defendants cannot recover their costs of defending legal actions, and so while Centrelink is able to impose a recovery fee, individuals who have to pay for legal advice to fight cases, if they win those cases, do not get any costs back, and so as matter of equity it seems very unfair. Anna, do you want to add anything to that?

Ms Talbot: No, thank you.

Senator DUNIAM: Mr Barns, you mentioned the difficulty for complainants or Centrelink clients in pursuing these matters around the issue of the quantum of debt and the lack of clarity around that for some of them. By that do you mean the lack of clarity around how a result is reached or calculated? Is that what you mean or is that a separate issue?

Mr Barns: It is that in part. The first issue is whether or not the debt ought to have been levied at all. The second issue then is how it was calculated. Let me tell you that if you are a defence counsel and you do a Centrelink case either as a solicitor or barrister, the way Centrelink produces its information is that you are presented literally with boxes of material: mind-numbingly boring pieces of paper that are data entries—

Senator DUNIAM: We have seen some of those.

Mr Barns: usually without the fabulous resources of the Commonwealth DPP are forced to go through with your client in order to try and work out the calculations, and it is nigh on impossible in many cases. So yes, that is a major issue. It is a major impediment, and in the end a lot of people just compromise the amount. You work it out with the prosecutor and say, 'We'll agree at $20,000 rather than $40,000.' It is a very unsatisfactory system and it is going to be made worse now by virtue of the fact that there will be little faith—and rightly so—in amounts which the Commonwealth DPP says are owed if they have come out of this particular system, because in every case you would be negligent, if your client did not make admissions, if you did not go through all of that material to determine whether or not this is one of the cases where the debt has been accounted for in error. The length of time spent on these cases, which generally can be anywhere from six months to two years, will blow out. In every case now, I would have thought lawyers will rightly put the Commonwealth DPP to its proof and force them to identify, in a very detailed way, the way in which the debt is calculated, simply because there will be no faith in the amount if the amount and the prosecution emerges from this system.

Senator DUNIAM: Thank you for that. On the issue of debt collectors, you mentioned you have acted for some of these people, not necessarily out of the specific data matching program run but other Centrelink clients. Have you ever encountered the debt collectors turning up on people's doorsteps and things like that, which the debt collectors say they do not do?
Mr Barns: I would always take with a grain of salt what debt collectors tell you they do and do not do. They do harass people; there is no doubt about that. Do they turn up on people's doorsteps? I am not aware of that, but I have not had it brought to my attention. I generally only act in these cases when there is prosecution, so by that stage it is well down the track. I think whilst the government was saying that these were not letters of demand that people were getting—I understand in law that is right—but as a matter of practicality those letters read to the average citizen as though it were a letter of demand, and I think the way in which debt collection agencies handled the issue on behalf of the government was poor. I think the letters were badly drafted, and there certainly needs to be revision around how debt collection agencies deal with Centrelink. One of the issues that confronted people was that the first time they heard about a Centrelink debt was not actually from Centrelink but from getting a call from a debt collector. There had been no prior dealings in relation to the matter with Centrelink. It was not as though the debt was owed and then outsourced for a debt collection agency, which is what the ATO does. No-one really takes any exception to that. What happened here is that people were getting phone calls from debt collection agencies saying they were acting on behalf of Centrelink, and that is what surprised and confused people.

Senator DUNIAM: Thank you very much for that.

Senator KAKOSCHKE-MOORE: Ms Talbot and Mr Barns, I would like to go to the issue of the documents that you have received from Centrelink on behalf of your clients. Mr Barns, I think you said that, often where there is a prosecution and you are defending a client against Centrelink, they give you boxes of documents. Have those boxes of documents ever contained any explanatory material about the documents that have been given to you?

Mr Barns: Never. I do not blame the Commonwealth DPP for this. Essentially, as I understand the way it works, the internal investigator in Centrelink looks at the matter, then it goes up the chain and a decision is made to prosecute. They generally prosecute if they think there has been dishonesty. If they think it has been an honest mistake, they will seek ordinarily recovery action. But, when a prosecution is brought, a person is charged and they ask for the particulars of the offence by saying, 'How was that amount calculated?' you are then presented with the Commonwealth brief, which will literally be volumes of documents, and you have to work through it. In a case I did—and it did not involve the current system, but it is an interesting point—involved an individual over a period of four or five years. He was a pretty intelligent bloke who could go through it. He had some illnesses and was on Centrelink benefits, but he could go through it himself. If clients are financially illiterate or, in some cases—and Senator Duniam will know this from Tasmania in particular—there are serious literacy issues, it is an impossible task for them to wade through the documents and make sense of them. You need to spend hours on it and often these people are on legal aid and funding is not available. It is a pretty unsatisfactory system.

Ms Talbot: That information does not appear to be provided to people at this stage. The prosecutions have not come through yet so we have not seen what Centrelink has, but, from what we have seen reported, people are not being provided with the evidence that they have a debt and they are being asked to prove themselves that they do not. That is a concern as well.

Senator KAKOSCHKE-MOORE: Part of the problem is that people do not know what to ask for. They just know that they apparently have a debt and they apparently need to prove that they do not. We heard from a lawyer earlier this week who had requested on behalf of her client documents that relate to the debt. She did not get a box of documents, she got an envelope full of documents, but it was similar to what you described, Mr Barns. There was no cover letter, no explanation—

Mr Barns: The Commonwealth DPP just sends it to you, in the sense that they got it from the investigator and they pass it on. It would be helpful if Centrelink would say, 'On page 610,' or this entry or that entry, 'That's how we say it all matches up.' If that were done, that would save an enormous amount of time. You could go straight to those documents and look at them with your client rather than having to wade through piles of material. Just to pick up Anna's point, the idea of reversed onus, where you need to prove you do not have a debt, has no basis in law. Centrelink says, 'You owe us that amount of money,' but the way the law works is that you are entitled to say to Centrelink, 'Particularise your allegation'—in other words, 'How did you calculate that amount? How do you say that is the amount? What is the basis upon which you say an amount is owed? In what section of the act or regs et cetera is it?' That is the way it should be.

Ms Talbot: You need legal advice to ask those questions. A lot of people are not being told that they have appeal rights, they do not have the money to go to a lawyer and they cannot get access to legal aid, and community legal centres, where they are available, are incredibly overrun with the massive explosion of debts that have come through. So people are not aware of their ability to question the debts. Some people will, no doubt, have paid debts that are not valid. They need to be informed about their appeal rights.
Senator KAKOSCHKE-MOORE: Mr Barns, you also mentioned that Centrelink, or DHS, engages in stalling tactics when a prosecution is on foot. Can you give us some examples of the ways in which they stall?

Mr Barns: I am not sure I said they stall, but what happens is that it lengthens. If you say to Centrelink through the Commonwealth DPP, 'I want you to particularise how it is that you have come to those particular amounts.' Let's remember that a lot of these prosecutions are inherently complex because you might be talking about, for example, DSP plus a Newstart payment. Alternatively, it may be over a period of time, it may involve conversations that your clients say they had with Centrelink and so you need to ask, 'Do you have a record of those conversations? What did they say?' It takes sometimes months to get that information and it ought to be readily available. The problem is this: I do not think that Centrelink presents the Commonwealth DPP with a brief of evidence in the format that it ought to be presented. I think that it presents bare bones and hopes that the defendant will fold and will simply plead guilty or, alternatively, that some sort of arrangement can be reached between the Commonwealth DPP and the defence. The briefs that I see are generally skeletal unless you ask for the further information.

Senator KAKOSCHKE-MOORE: In that sense, then, do think that DHS or Centrelink are behaving as model litigants?

Mr Barns: Not at all. To be fair to the Commonwealth DPP and to be fair to the AGS, my experience in dealing with them has been that they are excellent, but, when it comes to agencies, there are two that stand out as being appalling. One of them is the notorious department of immigration. We will not go there. The second one is Centrelink. There is a failure to present the correct documentation or the relevant documentation up-front. Normally, you will get a summary of facts. In the cases that I do, you will have a summary of facts, which generally goes on for pages, and they will say, 'Your client signed this document and your client signed that document. We've got this and we've got that.' They will send you those documents, but they will not send you the pages around them and they will not send you the whole conversation between your client and Centrelink, for example. They are selective. I think they get away with the minimum and they do so on the basis that they think, 'Oh well, it's only if this case is going to be challenged and go to trial that we'll have to actually do some work.' That is unfair.

Senator KAKOSCHKE-MOORE: Could you tell the committee, in your experience as a lawyer, what is the smallest debt you have seen referred by Centrelink for prosecution?

Mr Barns: I have seen them for around $7,000 or $8,000, but they are generally over $10,000. I have seen some smaller ones, but not often. The ones that I tend to do now, because I am fairly senior, are large debts over long periods. If you went to the Magistrates Court in any jurisdiction in Australia, you might see the occasional one for under $10,000, but only in the cases where they can prove fraud and that a person has been patently dishonest, for example. In quite a number of the Centrelink fraud cases—and this has been well documented—come about as a result of people saying, 'I rang Centrelink to notify them of the changes and I waited on the phone for 3½ days, so I gave it away.' That is often put up in the plea. You say that your client tried and nothing happened—they just got frustrated and gave it away. Often with these cases, there are the forms that Centrelink requires people to fill in, and it is particularly difficult if you have literacy issues. The risk of making a mistake in those forms is extraordinarily high and Centrelink has to work out whether you have been fraudulent or it was just a mistake. The processes that Centrelink uses are tailor-made for mistakes by individuals—that is confusion—and, I might also say, they are tailor-made for those who want to game the system. I do not mean that people are doing it, but the more complex your systems are in relation to fraud the more you get it. Centrelink is, in a way, its own worst enemy when it comes to debt and establishing whether there has been fraud or a genuine mistake. In most cases, they are genuine mistakes. There are occasional cases of fraud, but most cases are genuine mistakes.

CHAIR: Have you ever used FOI with Centrelink?

Ms Talbot: No, I have not.

Mr Barns: I have not, mainly because the prosecution has a duty of disclosure. If I say to my instructing solicitor, 'Here are the documents we need,' they write to the Commonwealth DPP and say, 'We need the following documents,' and they have a duty of disclosure, so you do not have to use FOI.

CHAIR: Have your clients ever used it in order to get the documents?

Mr Barns: I would doubt it. Most people who are charged with Centrelink fraud do not have the wherewithal to do that and, as Anna said, in many cases they are not getting advice and so are not using it. Certainly the community legal centres and those who do Social Security Appeals Tribunal work would use FOI more, but it is not something I have had a great deal of experience with in relation to Centrelink.

CHAIR: That is why I was asking: the community legal centres have been resorting to FOI to get documents.
Mr Barns: You should not have to do that because there is a duty of disclosure in litigation, and litigation includes the Social Security Appeals Tribunal, by the way. If you are running an appeal in the SSAT, Centrelink is a party to that action and it has a duty of disclosure. If you look at the Commonwealth model litigant guidelines, they talk about disclosing documents. You should not have to resort to RTI when it comes to Centrelink. On the issue of Centrelink, we are not being party political here. The issues around the way in which Centrelink conducts itself cut across ministers and both sides of politics, and some of the issues in relation to Centrelink and the way it conducts itself have legacy issues. They go back many years. The way in which various governments deal with them is sometimes problematic. We are not saying that it is the fault of any particular government; there are some serious systemic issues here and they manifest themselves in the robo-debt stuff. It is a culture in Centrelink which has never really been broken.

Ms Talbot: I am aware of people having received advice that they should FOI their own records at Centrelink because Centrelink is not providing them with information up-front about the basis of the debt that they are being asked to repay, which is clearly completely inadequate. You should not have to go to those lengths. It is effectively a mechanism by which only people who are able to navigate that system can get access to the information that they need to dispute a debt that they do not think they owe.

CHAIR: That has certainly been the experience of a lot of the witnesses that we have heard from.

Mr Barns: Just to pick up Anna's point, I would have thought that, in relation to debt, Centrelink ought to provide it as a matter of course and say, 'You owe $10,000. This is the basis upon which we say you owe it. Here is the documentation.' It should be a matter of course to provide it so, at least when people get initial legal advice, the lawyer can say, 'At least we understand the basis upon which they put it. We disagree with it, but at least we understand it and we can now go back to Centrelink and say, "You've given us this document, but we want that document as well," so you know where you are going, rather than having to drag it out.'

Ms Talbot: It would even avoid the need for legal advice because you have the information.

Mr Barns: Yes, that is right. If people were given that information, with Centrelink saying, 'Here's why we say you owe us a debt,' it would assist certainly some people to say, 'I don't agree with it, but at least I understand it and we can have a discussion about it.' To simply send a letter out and then say, 'You prove that you don't owe,' should not be happening. It is expensive for taxpayers because, in the end, it drags out the disputes. As I said, the prosecutions take long enough and they are complex enough without taxpayers having to foot the bill for, effectively, Centrelink's recalcitrance and the lack-of-disclosure culture.

CHAIR: Thank you very much for your submission and your time today. It has been extremely useful for us.

Mr Barns: Thank you for the opportunity.

Ms Talbot: Thank you.
CAMPBELL, Ms Kathryn, CSC, Secretary, Department of Human Services
GOLIGHTLY, Ms Malisa, Deputy Secretary, Integrity and Information, Department of Human Services
HUTSON, Mr Jonathan, Deputy Secretary, Enabling Services, Department of Human Services
McNAMARA, Mr Jason, General Manager, Integrity Modernisation, Department of Human Services
MUSOLINO, Ms Annette, Chief Counsel, Legal Services, Department of Human Services
WILLIAMS, Mr Greg, Deputy Commissioner, Smarter Data, Australian Taxation Office

Evidence from Mr Williams was taken via teleconference—

CHAIR: Welcome and thank you for coming. I remind 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 a reasonable opportunity to refer questions asked of the officer to superior officers or to a minister. This resolution prohibits only questions asking for opinions on matters of policy and does not preclude us asking questions, asking for explanations of policies, or factual questions about when and how policies were adopted. Have you been given information on parliamentary privilege and the protection of witnesses and evidence?

Ms Campbell: Yes.
Ms Golightly: Yes.

CHAIR: We have your submission and have read it many times. I invite you to make an opening statement and then we will go to questions.

Ms Campbell: We don't want to make an opening statement. We think the submission has been considered.

CHAIR: Did you wish to make an opening statement, Mr Williams?

Mr Williams: No, I'm right, thank you.

CHAIR: Because we have the ATO available for a limited time we will deal first with the questions for the ATO and then we will ask questions of the DHS. We will then have some general questions and follow-up on answers we have received. I propose that we then go to a theme basis so that we are not jumping all over the place.

Senator WATT: Before we get onto questions for the ATO, Ms Campbell, I thought it might be useful—I know you have done this before—to explain something to the committee. There has been a perception that part of the process here is an averaging out of people's incomes. I think we talked about this at the last hearing, but I must admit that I am still a bit confused and I think there is still some confusion out there. Can you briefly again take us through this. My recollection is that you have said before that there is no averaging out of income that occurs. Can you take us through how you see it?

Ms Campbell: I do not think I have said that.

Senator WATT: Okay.

Ms Campbell: I think I have said on occasions that the suggestion in the media and the suggestion by you, I think, was that on all occasions there was just an average applied. I will ask Ms Golightly to take you through the process, because over the intervening several months I know that there has been evidence provided to the committee in various locations and both Ms Golightly and Mr Hutson are more up-to-date—they have been providing that evidence. I will ask Ms Golightly to go through that.

Ms Golightly: The process at the beginning is simply 'Please update your information or confirm that it is correct.' When the person goes online or indeed talks to an officer, they can either confirm that information or provide information themselves to update it. They ask questions about each employer they have worked for and the dates that they worked for that employer—and are asked to allocate the amounts to a fortnightly basis.

Senator WATT: I am interested in matters from the very beginning, before the person gets that first letter. Someone gets a letter asking them to supply details only if Centrelink has reached the view that they may have been overpaid.

Ms Golightly: No. We match data with the tax office to see if there is a difference between the information the ATO has about employment and the information the recipient has told us. If there is a difference, we do not make an assumption about whether that is a debt or there is no debt; we simply ask the person to clarify the difference and provide either confirming information or updated information.

Senator WATT: But the data that the ATO holds is an annual figure for income that someone has received?
Ms Golightly: Sometimes it is. In other cases it is for a particular period of employment.

Senator WATT: Whereas the income declared to Centrelink is on a fortnightly basis?

Ms Golightly: It is.

Senator WATT: Am I right then that, perhaps not in every case, there is an element of averaging out income that someone has declared to the tax office, to sort of convert it into a fortnightly income or a monthly income?

Ms Golightly: We don't do it at that stage. What we are really looking for at that stage is whether there is a difference. We would have a look at whether that are overlapping time periods, for example, between when someone might have worked for a particular employer or employers versus when they were on an income support payment. Of course, we are interested only in the income that relates to that period of income support payment. So we have a look at those overlapping time periods to make sure that we do not capture people who may have worked but not in a period that was completely unrelated to their income support period.

CHAIR: When you say that you look at it, because that would be an obvious area of difference, what do you mean by looking at it? How do you do that through the data-matching process?

Ms Golightly: That is we would have a look at the dates that we have from the tax office and how they line up with the dates that we have from the recipient. In their tax office file, someone might have declared income—or their employer declared that they paid someone—between January and March, but our records might clearly show that that person was not on income support at all in that period.

CHAIR: Does the program do that?

Ms Golightly: A comparison of the dates does that.

CHAIR: What happens if there is no date?

Ms Golightly: There is always a date. Sometimes the date is more specific in the ATO file than in others. So, where there is at least the indication of an overlap, that is where we would have a look to see if there were some sort of difference, and ask the person. If there is absolutely no overlap whatsoever, we would not even select that person for review.

CHAIR: A couple of points come out of that. I understand that the tax office does not always provide the payment periods, so there is not always a date. There may be for you for your payment data, but not for employment data.

Ms Golightly: The tax file will always have the financial year it was in, so there is at least that date. That is what I mean.

CHAIR: Right, because that expands the issue quite significantly. I understand your concern about the overlap, but if someone does not have payment periods for the financial year, of course there is going to be a mismatch between what you have recorded as income and what the taxpayer has, because they do not need to report you when they are not receiving any income support.

Ms Golightly: Yes, that is right.

Ms Campbell: But that works only if they are not on payment for the entire year.

Ms Golightly: That is right.

Ms Campbell: So if they are on payment for the entire year it would not be correct to say 'of course it is not yet matched'.

CHAIR: That is where I said, 'when they are not in receipt of income support'. If the ATO has not provided that employment data—and we will come to you soon, Mr Williams, because there was a question on notice and we will talk about that—how do you then match it and is it done by the automated data-matching process? How do you establish the overlap?

Ms Golightly: There are about three questions in there and I will try to deal with each of them. The data-matching process is the same as it has always been. There is no less automation and no more automation. It is the same process.

CHAIR: Except that you used to go to the employers the data?

Ms Golightly: No, that is as part of the review.

Ms Campbell: That is the next step.

Ms Golightly: Perhaps if I take one step back. There are two key components of the overall process. First of all there is the data match we do with the tax office. It is a simple comparison of data. That produces a file of people who have differences that we would like to ask them to either clarify or update. The process from there on
is where the new online facility has come on board, not that very first component. So there is the production of the file and then there is the second part of the process—separate—which is what we do with the customer or recipient to try to clarify—

CHAIR: This is where the change has occurred?

Ms Golightly: In the second bit.

CHAIR: So, to go back to my first point, when you are data-matching will it not show up that a person who has been on and off income support—not on for the whole year—has a different reportable income to what you have, potentially, and that just automatically would be a mismatch? When do you then start doing the process that you were describing?

Ms Golightly: If the difference is significant enough, that would put the person in the potential pool to be selected for a letter asking them to clarify the information, and that is where they would say that they worked for that employer only for these dates and whether they were or were not on income support at that point.

CHAIR: Okay. That is the point I wanted to clarify. Senator Watt, do you want to go to the next step or do you want to follow up the debt stuff later and continue your—

Senator WATT: I am conscious that we have the ATO only for a limited time, so—

CHAIR: I will come back to that.

Senator WATT: Mr Williams, were you part of the delegation from the ATO who gave evidence last time?

Mr Williams: Correct, I was.

Senator WATT: I do not know whether it was you personally or another member of the ATO who gave this evidence, but I was asking some questions about the ATO's involvement or consultation with DHS prior to the rollout of this OCI. I have had a look back at the evidence and what we were told by the ATO was that they had had no purposeful or explicit conversation with DHS about this program prior to it being rolled out. Do you remember that evidence?

Mr Williams: Yes, I do. I think that would have been my evidence.

Senator WATT: You or one of your colleagues also mentioned that on at least two occasions the ATO had 'reached out to DHS' as some of these problems emerged. I think once was in December 2016 and once was in February 2017, but there was not a lot of interest from DHS in sitting down and having a chat with the ATO. Do you remember that evidence?

Mr Williams: I think I said we reached out, yes, and we did have conversations in November and early in the New Year, that is correct.

Senator WATT: Do you remember who it was within DHS that the ATO reached out to?

Mr Williams: In the first instance, I cannot provide that. I could find out. I can take that on notice. It was one of my people who deals almost on a daily basis with DHS. In the second instance, it was really through my office and we had a conversation with Malisa and her people.

Senator WATT: I suppose I am interested—and I might direct this to Ms Golightly—in why it was that DHS did not approach the ATO and have a discussion about how this program would roll out prior to it being rolled out or why no discussion occurred when the ATO reached out, on at least two occasions, which may have overcome a lot of these problems.

Mr Williams: Maybe I should provide some context to my response at the time. In fairness, as I said in my previous evidence, this is an exchange of data that is some 20 years old. The data and the nature of the data that we have in fact been providing to Centrelink has not changed significantly in that time frame. For us it was really a continuation of a pre-existing data exchange.

Senator WATT: So you did not really see it as a significant change in what was happening?

Mr Williams: At our end, the nature of information we provide under this arrangement has not changed very much over that 20-year period. We have probably fine-tuned it on both sides, but the reality is that the idea of exchanging the payment summaries, the income tax return data and the annual investment income report information is a process that we have been engaged in with DHS for some number of years.

CHAIR: Were you aware that what had changed with this new processes was that Centrelink was no longer contacting employers to get some of that employment period data?

Mr Williams: The short answer to that is that our engagement in this starts and finishes with our request to actually match identities and then provide the data for those identities back to DHS. The processes that then occur
around how that information is data matched within DHS and/or any procedural steps that they may have taken are really matters that DHS run, as do the ATO on our side in a similar sort of circumstance.

Senator WATT: Ms Golightly, from your point of view, why was it that DHS did not 'purposefully or explicitly' engage with the ATO prior to this system being rolled out?

Ms Golightly: As Mr Williams has just explained—and if I could go back to some of the evidence I was just giving about the two different parts of the whole process—the first part, the data-matching part, has not changed. As Mr Williams has just indicated, it is the same process we have been using for nearly 20 years. It was developed with the tax office and has been pretty much the same ever since. That was not changing with this measure. This measure allowed us to develop a new online tool which helps us with the second step of seeking clarification from recipients. That part of the process is not one that the ATO is or has ever been involved with. In terms of the meetings that we have been talking about, the one that Mr Williams mentioned in the early January/February time period was with me and some colleagues. We were talking together and we will continue to talk together about how we improve debt recovery. It was not about data matching, because data matching had not changed. I am not aware right this second about the meeting in November—it was not one that I attended—but I can find out what that was about. I do not accept that we did not engage purposefully on the matters that in fact the ATO are involved with. It is also a fact that they are not involved with the part of the process where the online channel was developed.

Senator WATT: Has the data-matching that both you and the ATO have said has been happening for about 20 years only ever focused on wages?

Ms Golightly: The department has been doing all sorts of data matching with the ATO for even longer than 20 years, but the particular PAYG file that we are talking about here was one that we started matching in 2004.

Senator WATT: Has any data-matching previously occurred between DHS or Centrelink and the ATO in relation to the new types of income which this system will apply to after 1 July? I understand that will include things like bank interest, rental income if you have an investment property, business income if you have a business—income other than that which you earn via wages.

Ms Golightly: There are two things there. First, we have done data matching with the ATO for some years on all of those. They are different files; they are not the PAYG file. Secondly, from 1 July we will be doing those things manually. It is not correct to say that the online system will be used for that on 1 July.

Senator WATT: The reason I ask is that we have had some trouble pinning down exactly what changes on 1 July. There is a view out there that on 1 July the OCI will be applied to pensions for the first time rather than other payment types, and I understand that is not correct.

Ms Campbell: Might it be useful if we take you through what is likely to change on 1 July?

Senator WATT: That would be great.

Ms Golightly: To take one step back, there are a number of measures that apply from 1 July. OCI, or the online component, is only one small bit of some of those measures. The measures as a whole that will apply next financial year are a continuation of the PAYG matching that we have been talking about today and in other hearings. There is also another measure which will continue the nonemployment income data matching and reviews. The difference there is that we will be matching it with the file that we get from the tax office, which has the individual persons’ tax return, not the employer PAYG file. So it is a different file.

Ms Campbell: Importantly, that is information that the taxpayer has provided to the tax office and signed off as part of their tax return.

CHAIR: Without their tax file number?

Ms Golightly: Yes, no TFN.

Senator WATT: So the OCI is already being applied across the full range of payment types?

Ms Golightly: It is being applied to the PAYG file, which would have recipients in it who may have received any sort of social welfare payment that is income-tested. If that is what you mean by 'across all payment types', yes.

Senator WATT: Yes, so it is for the age pension, the disability support pension, Newstart—the full range of payments. OCI has been applied to that in capturing people's PAYG income?

Ms Golightly: If they have earned PAYG income. Of course, people on payments like Newstart or parenting payment are more likely to be the ones who have PAYG type income.
Senator WATT: Am I right in saying that there is already some degree of applying the OCI to capture non-PAYG income? For instance, an age pensioner might have some shares and is receiving some dividends or they might have some money in the bank and are getting bank interest. Does the OCI already look at that?

Ms Golightly: No, that is the third measure that starts on 1 July and that is the first time it will apply—the bank interest, assets type income.

Senator WATT: Is it any income other than income that you earn via working for someone?

Ms Campbell: We might go through the measures. That is probably the most useful way of doing that.

CHAIR: Sorry, Ms Golightly, just before you start, could you talk about the timing? Earlier, I think we heard—and I think we also heard this in Brisbane; I remember the detail but sometimes not which place we heard it—the OCI component of the other income streams was not starting straightaway. You said you were going to do it manually. Could you say when that is going to start?

Ms Campbell: When that is going to start online? Is that your question, Senator?

CHAIR: Yes.

Ms Golightly: I should also point out, if it helps, that we have answered a question on notice about the split between the different measures—that is, the total, not just the OCI bit. That will be in your record somewhere. The measure was first announced in the 2015-16 budget. For your information, the title of that measure was 'Strengthening the Integrity of Welfare Payments'. They all have different titles. Part of that measure—there were about eight different elements—was where we first had the addition of the review of the PAYG file in the bigger numbers. That measure was also the one that allowed for the design, development and implementation of an online channel for people to update their information. That particular measure started on 1 July 2015. It had a year of manual interventions, with the online channel becoming available on 1 July 2016. That is what the online channel has been used for since, along with manual interventions as well.

In MYEFO 2015-16, there was a MYEFO measure called 'Enhanced Welfare Payment Integrity—income data matching' and that extended that PAYG measure for a further two years worth of data matches. The first measure, the 2015-16 measure, gave us resourcing to look at matches from three years worth of data, and the MYEFO 2015-16 gave us resources to do two more years worth of data matches.

Senator WATT: Focused on the PAYG income at that point?

Ms Golightly: At that point—that is right. In the same MYEFO announcement, the 2015-16 announcement, we first saw the resourcing come forward for the matching of non-employment income.

Senator WATT: When did that happen?

Ms Golightly: That was announced in 2015-16 MYEFO and the title, in case it helps, is 'Enhanced Welfare Payment Integrity—non-employment income data matching'. That is a different file: the one that the secretary just mentioned about the individual's own tax return—what they said in their tax return.

Senator WATT: When was that to commence?

Ms Golightly: That was to commence 1 July 2016. Even though the title says 'non-employment', it was actually employment income but not the PAYG file; it was the individual tax file.

Senator WATT: Yes.

Ms Golightly: Then we go forward to 2016-17 MYEFO. There were three measures announced then. The first one, entitled 'Better Management of the Social Welfare System—income data matching', added yet another two years worth of data matching on the PAYG file. The second in 2016-17 MYEFO, called 'Better Management of the Social Welfare System—non-employment income data matching', added on a further two years of non-employment income matching. The third one in 2016-17 MYEFO was called 'Better Management of the Social Welfare System—assets and investments'. That was the first time that was announced, and it had a start date of 1 July 2017.

Senator WATT: Okay.

Ms Campbell: I find it useful with the titles to think about the non-employment income management measure as the tax return which has been signed off by the taxpayer that is given to the tax office, whereas the employment income is the employer providing that data. I find that a useful way to remember the difference.

Senator WATT: From 1 July this year, the OCI will for the first time be used to try to reconcile income a taxpayer has declared to the tax office—income that they have received via assets and investments?

Ms Golightly: We will use OCI for PAYG income, and that might come from either the PAYG file itself or the tax return file if there is PAYG income in there.
Senator WATT: Okay.

Ms Golightly: Otherwise, it will be done manually.

Senator WATT: Mr Williams, have you had any discussions with DHS in preparation for this expansion of OCI that commences on 1 July?

Mr Williams: Not at this stage. Having said that, though, it is part of the data that we provide or provided. The income tax return and the annual investment income tax report have in fact been provided and will continue to be provided. From our end, it is not a significant change in terms of the way that we provide that information to DHS. We have provided the income tax return and the investment income from 2011 through to 2015 already as part of this process.

Senator WATT: Okay.

Ms Golightly: I could probably clarify: it is not that we will be doing data matching for the first time.

Senator WATT: No.

Ms Golightly: As I mentioned earlier, we have been doing data matching with the tax office on all those files for some years. The measure that commences on 1 July is the one that gives us resources to do extra reviews in that space.

Senator WATT: I understand that. Thank you. Mr Williams, if as a result of this process someone is determined to have been overpaid some social security—let’s say by $5,000 four years ago, because we know that this system does look back six years—and if someone repays that overpayment, is there any capacity for someone to then come back to the tax office and have their tax assessment reassessed for that year? If four years ago I declared a certain amount of income to the tax office—some of that might be wages and some of that might be social security benefits that I have received—and paid a certain amount of tax on that over the course of the year, and four years later I am now told that I have actually been overpaid by $5,000 that year and have to repay it, wouldn’t that mean that potentially I paid too much tax four years ago?

Mr Williams: Yes, potentially. There is the self-amendment system, where people can do that. There is normally an open period of review. What I might need to do on that one is take those circumstances and give you an answer on notice, if that is okay.

Senator WATT: That would be great. Do you know whether anybody has sought a reassessment of their tax because they have now had to repay social security payments?

Mr Williams: I would have to have a look and take that one on notice.

Senator WATT: If you could, that would be great. My understanding is that you can only seek a reassessment of your tax affairs for a three-year period. Is that right?

Mr Williams: Correct, yes.

Senator WATT: Does that mean that anyone who, as a result of this system, has had to repay the social security that they were overpaid between three and six years ago is not able to have their tax reassessed now and therefore is potentially subject to a double penalty?

Mr Williams: I would need to take that one on notice because we would normally only look back prior to the three years based on fraud or evasion occurring. If it were in the ATO’s favour, we would only go back past the three years if there were fraud or evasion involved. Where there is a self-amendment involved—I will need to take that one on notice and come back to you.

Ms Campbell: We might also take on notice which payments are taxable and which are not. We will take that on notice for you as well.

Senator WATT: Mr Williams, what you are saying is that, generally speaking, if it is in their favour, if a taxpayer has not paid enough tax in some sort of period more than three years ago, you would, quite rightly, go after them, but, in this situation, we are not sure whether we might look kindly on people who have actually done the right thing now and repaid the money that they should not have been paid and have ended up paying more tax?

Mr Williams: I think I am saying that, if someone has underpaid tax within a three-year period, which is the open period, yes, we would tend to look at that. If it is outside the three-year period, unless we can prove—and there is a bar to jump over—that fraud or evasion has occurred, then we would not go back past those three years to seek that payment from them. I have not said that it is not appropriate. I think I have said that I would need to check for you and come back to you.
Senator WATT: Okay. You can see what I am driving at. There is a risk that people are being penalised twice in that they are having to repay money to DHS, or Centrelink, and potentially have had to pay too much tax. If that hypothesis is right, perhaps it would be a good idea for both the ATO and DHS to think about how they can inform people of their ability to seek a retrospective review of their tax.

Mr Williams: We will provide clarity on the exact circumstances of that, including the part where the payments are actually taxable and where they are not and what the circumstances look like, for you, Senator.

Senator WATT: Thank you. One of the other things that I am a little bit confused about is the length of time that people have been required to keep documents and provide records for. My understanding is—and please pull me up at any point if I get any of this wrong—that, until January this year, the Centrelink website told people that they had to be able to provide records back six months, but then that was changed.

Ms Golightly: That is not quite correct. The website said that people should keep records to prove their claims. There was a further piece of advice, I think, that said—it was given as guidance, not policy—that people should keep them for at least six months. When that second bit was drawn to our attention and it was pointed out that that might be confusing, we removed that sentence.

Senator WATT: Now the request to people is to be able to provide records going back six years?

Ms Golightly: The website and the rule have always been that people need to be able to justify their claims. Under legislation, when it comes to investigating noncompliance or indeed something even more serious, like fraud, there is no time limit on how far back we can go.

Senator WATT: Mr Williams, for tax matters, is it for two years or six years that people have to retain records?

Mr Williams: I think the time period is seven years but I will have to confirm that for you. I am having a moment—I am sorry about that, Senator.

Senator WATT: I suppose my point is this: is the period of time that people have to provide records consistent between DHS and the tax office?

Ms Campbell: One of the things we have done is to work out how people can provide this information. We have been very conscious of when bank records are available online and the period for that is—

CHAIR: Seven years.

Ms Campbell: Seven years. So that has been our focus as we have made it practical for people to provide that information.

Senator WATT: I thought the ombudsman had made some recommendations to reconsider that period of time, or was it essentially more around assisting people to obtain the information that they could?

Ms Golightly: It was more around the second bit.

Ms Campbell: After they had tried themselves in the first instance.

Senator WATT: Yes. I will come back to that a little bit later. Mr Williams, one of the other things we have explored through this inquiry is the use of debt collectors by Centrelink. I am familiar with the fact that the ATO has as well, for some time now, used private debt collectors in some cases to recover debts that are owed. I am not sure if these figures are right. I have seen some reports that the ATO uses debt collectors in around 17 per cent of cases but that Centrelink has used private debt collectors following OCI—I think the figure I have seen is in the 60-odd per cent range—it is certainly a lot higher than 17 per cent anyway.

Ms Golightly: No, Senator. We refer somewhere around 10 per cent—or in that order—of all our debts to external debt collectors in a year, bearing mind that we only refer people who are former recipients. If they are current recipients, they are not referred. With the OCI, I have some figures where about just under half, or 40-something per cent—I have the figures here somewhere—had debts. It was a much smaller percentage of those that flowed through to the external debt collectors. I can get those figures while we are here but it was not 60 per cent.

Senator WATT: Maybe if you can track that down it would be good. Mr Williams, I understand that when the ATO does use private debt collectors payments are made to debt collectors on a flat-fee basis, so if a debt collector is chasing a debt of $100,000 they get a certain fee. I understand it is the same fee almost regardless of the size of the debt. Is that right?

Mr Williams: Yes. I think with one of the previous questions that we took on notice I can confirm that we do use collection agencies in about 17 per cent of cases and that we pay a flat fee irrespective of the size of the debt. Yes, that is correct. And the record keeping for tax purposes is generally five years—so I apologise for that.
Senator WATT: Why have you not used a commission basis to recover debts in the past?

Mr Williams: This is not directly my area of responsibility but I think we believe that it is just good business practice; they are providing a service and we pay fee for service. We think that gives us the best outcome in terms of our outsourcing arrangements. That has been the rationale at our end.

Senator WATT: The obvious question, Ms Campbell, is why DHS want to go down a path of allowing debt collectors to charge a commission?

Ms Campbell: I will ask one of the officers at the table, but I think these arrangements have been in place for some years. I also think that the recipients who we are looking to recover debts from may have a different profile to those that the tax office is looking to recover debts from.

Senator WATT: As in they are poorer?

Ms Campbell: As in they are more difficult to locate.

Senator KAKOSCHKE-MOORE: This debt collection contract was just up for tender recently, so I am not too sure if I—unless you are saying it is the way we have always done business, therefore in the tender we just left the commission basis as a—

Ms Campbell: I think that is probably correct. I think that has been the case for some years. That is something that we look at and will review. But, to be honest, that is the case and that is what has been happening.

Ms Golightly: It has been in place, I think, since the mid-nineties. As Ms Campbell said, the profile of our recipients is different to the ATO. They are harder to find, but also we have quite—

Senator WATT: The debt collectors did not seem to find it hard to find people.

Ms Campbell: I think you will find that sometimes they do. They give us some back pretty frequently.

Senator WATT: You remember that there have been thousands of instances where people's first contact was from a debt collector?

Ms Campbell: Five thousand.

Senator WATT: Yes, 5,000.

Ms Golightly: The issue too is that we are only sending former customer recipients to the debt collectors. I stand to be corrected, but I would imagine that the ATO client base is much more current. The other difference, and this is a really big one, is that for our people with debts they tend to come on and off payment. There is a cohort that comes on and off payment. If they are with a debt collector, because they have been a former customer but for some reason come back onto payment, or a different payment, we recall that debt and we manage it. But they might go off that payment again and still have a debt. And maybe if they do not keep in contact with us and stop repaying then they would go back to the debt collector. There are a number of reasons why we have that arrangement in place that, I would imagine, the ATO does not face.

Senator DUNIAM: I wanted to follow up on something that was raised in Hobart. I asked a similar question to Senator Watt around the department's use of last known address. Mr Hutson, did you say in Hobart that originally when the program was being rolled out that was how the department tried to find people? Then later on we broadened the approach?

Mr Hutson: Yes, that is right. When we started the program we were using the last known address that we had in order to write letters. Evidence has been provided on multiple occasions that that resulted in a few thousand people—the secretary mentioned 5,000—who were not at their last known address.

Ms Campbell: Or who did not access their online account, if they had chosen to have online letters.

Senator DUNIAM: So the department has broadened its approach?

Ms Campbell: It has broadened the approach, yes.

Mr Hutson: We have now broadened the approach. As I understand it, we are now using registered mail. We are also using a broader range of sources for addresses, particularly where the letter is returned to us. You might recall, in regard to the Hobart hearing, that Dun and Bradstreet did provide evidence that pretty much all of their contracts with all of their clients are performance based and that included the ATO. Although the ATO does performance management differently. It does not have percentage fee as we and all of their other clients do, but they have other ways within the contract in which they manage performance.

Senator WATT: You are right. They did say that they were doing it on a commission basis for Centrelink as opposed to a flat fee for the ATO. One of the other things they said was that this commission structure that is used
for Centrelink is the same structure that is used to collect debts for payday lenders. Do you think it is appropriate for a government agency to use the same incentive based arrangement—

Mr Hutson: They said for all of their clients—

Senator WATT: Including payday lenders—

Mr Hutson: That is one type of client that they have, but they mentioned it for all of their clients.

Senator WATT: Sure, but do you think it is appropriate for government agencies? Clearly the ATO has not gone down this path. Do you think it is appropriate for a government agency to pay debt collectors on a commission basis in the same way that payday lenders do? Wouldn't you think there would be a higher standard for a government agency?

Ms Golightly: I do not know that it actually is on the same basis.

Senator WATT: That is what Dun & Bradstreet told us.

Ms Golightly: Yes, but there are different ways of paying commission. Without knowing the contracts, I do not think you can say that it is on the same basis. We have just gone through some of the reasons why the way the ATO does it could validly be different to the way we do it.

CHAIR: In that case, can I ask: did you think about the fee base that the ATO offers and maybe offering a slightly higher fee, bearing in mind what you have just said about the different profiles of the people that you are seeking to get debts back from?

Ms Golightly: I would have to take on notice going back in the history when we have looked at a flat fee, a commission based fee or what the ATO pays and what we pay. I am not entirely sure that paying a higher fee actually addresses the issues that we are facing, particularly the one where we have clients, customers or recipients coming on and off payments so regularly, because you would be paying that flat fee—a higher one—more regularly. So it may not be best value for them or for us.

CHAIR: Maybe you could take this on notice, because I am aware of time: I do not quite follow why the on and off is going to be harder.

Ms Golightly: I can take it on notice but, just very quickly, I do not know the ATO's contract individually, but the way a flat fee normally works is that you pay it every time you refer, whereas for our contract the commission is only on the debt that you collect.

CHAIR: But it will be on each debt.

Ms Campbell: But we could refer a debt and then take it off them a week later, because the person comes back onto payment, and then the person could go off payment in two weeks and then we might have to refer the debt again.

Ms Golightly: That is right.

CHAIR: They will still be getting a commission, though.

Ms Golightly: They only get it once, on collection.

Ms Campbell: If they collect it, they get that commission, but, if they did not collect it and we went to paying a flat fee every time we referred it, there are occasions when that would be a number of times.

CHAIR: I need to check with the ATO, but surely the fee is performance based. We already know the fee is performance based.

Ms Campbell: I do not think we do know exactly how it is performance based for ATO.

CHAIR: But it is performance based, because Dun & Bradstreet said it was.

Ms Campbell: We have talked about different types of being performance based, and I am not sure I know—and I am not sure anyone at the table knows—exactly what the performance levers are for the Australian Taxation Office.

CHAIR: The point is that you could also look at performance. That could be part of the process of a fee. You could also do a performance base there.

Ms Campbell: We could. I would suggest that with the tax office, probably, once referred it stays referred, rather than the iterative nature of how we manage matters referred to debt collectors.

CHAIR: Can I just check with you, Mr Williams. Do you take back some debts?

Mr Williams: Yes, we do. When people say it is performance based, in our case—I would have to go back to within the ATO—our performance is not about the outcome; it is about the way that the matter is actually
handled. It is about them meeting certain standards in the way they interact with our clients, as opposed to whether or not they successfully retrieve the debt in each of those cases. So there are performance measures, but they are not necessarily specifically outcomes based. I do not think we are as dynamic as Centrelink in terms of the way people come in and out, but we still, in certain circumstances, take the debts back, notwithstanding the fact that we have paid a flat fee for service for them to attempt to recover those debts.

CHAIR: Thank you.

Senator WATT: Just to close off this issue about the proportion of debts that are sent to private debt collectors, I have just pulled up the article I was thinking of. It was on 12 April in The Guardian. It is saying: Centrelink has used private debt collectors to pursue 43% of the debts raised by its ... "robo-debt" system ... That’s significantly higher than the 12.5% of non robo-debt cases referred to private debt collectors in 2015-16.

Do you agree with those figures?

Ms Golightly: I do not know where those figures came from. I can have a look at them, but I have found my figures. In comparison to the ATO, the department refers around 20 per cent of its debt to external debt collectors.

Senator WATT: The ATO does about 20 per cent?

Ms Golightly: I think the ATO said in their evidence that they do about 17 per cent. We are in the range of 18 per cent or 19 per cent, so it is comparable.

Senator WATT: So that 43 per cent—

Ms Golightly: I am not sure where those figures came from.

Senator WATT: I thought you referred to a 40-odd per cent figure a little bit earlier.

Ms Golightly: In terms of OCI, the ratio of current to non-current customers who have been picked up in that is about 60 per cent former customers to 40 per cent current customers. The figure I will confirm for you is the ratio of how many then go through to the debt collectors, which I think is much smaller than that. From memory, it is about 20 per cent, but I will check that.

CHAIR: Twenty per cent of the 60 per cent or 20 per cent overall?

Ms Golightly: It could be 20 per cent of all the debt that goes to external debt collectors. There is only a small proportion of our debts that go there anyway. The OCI component of that is even smaller again, so I think it is 20 per cent of the 20 per cent, but I will double-check that.

Senator KAKOSCHKE-MOORE: Mr Williams, just staying on the subject of external debt collection agencies, what is the smallest debt the ATO would refer to an external debt collection agency for action?

Mr Williams: If you are talking about income tax debts, we refer them from $500 to $50,000. If you are talking about the activity statement debts, we refer them from $300 to around $75,000.

Senator KAKOSCHKE-MOORE: So the $500,000 to $50,000 is the range of, did you say, personal income tax?

Mr Williams: No, it is $500 through to $50,000. For the activity statement debt, it is $300 through to $75,000. We did provide some figures in our response to questions on notice. Generally speaking, about 20 per cent of them are below $2½ thousand. There is probably about 28 per cent that ranges between $2,500 and $7,500. There is around 30 per cent between $7,500 and $25,000. About 16 per cent is between $25,000 and $50,000, about 4.5 per cent is between $50,000 to $100,000 and one per cent, or thereabouts, is over $100,000. That has been previously provided as part of our answers to questions on notice.

Senator KAKOSCHKE-MOORE: Thank you. That was very helpful. I also just want to ask what might seem like an obvious question. It has been put to me and I do not think I can answer it. What exactly is pay-as-you-go file information? What do you give Centrelink in that file?

Mr Williams: In that file—again, I think we did provide this on notice to you—we would give the payer details, so the Australian Business Number; the payer's legal name; the payer's trading names; the payer's address; the payer's contact details, including the name and phone number; and the Australia New Zealand Standard Industrial Classification, also known as the ANZSIC code. From a payee point of view, we provide the payment summary type, so, for example, whether it is individuals, nonbusiness, an eligible ETP or a voluntary agreement; the client reference number, which is assigned by Centrelink; the payee's ABN; the payee's name; the payee's date of birth; the payee's address details; the payment period from the start; the payment period until the end, although, as we have discussed previously, quite often the employers do 1 July through to 30 June, so even though we say, 'At the start and the finish,' they do not always put split periods; the tax withholding rate; the tax actually withheld; payment detail, which includes gross payments, allowances, lump sum payments and other income;
reportable fringe benefits; income type, for example salary and wages or pension; eligible termination payment details; superannuation eligible termination payments; and the payer's ABN. If you would like, Senator, I could provide those on notice.

Senator KAKOSCHKE-MOORE: Sure. So none of that information would contain the payee's tax file number?

Mr Williams: Under the arrangements we have with Centrelink we do not match under a TFN. We match under a different protocol but we do match around name, date of birth and address. The only files we send to Centrelink are those we actually have a high confidence level in terms of the quality of the identity match. We do a sample within that. We also do some sampling to make sure that from our point of view they are high-quality matches.

Senator KAKOSCHKE-MOORE: Thank you, that clears it up nicely for me.

CHAIR: Can I just interrupt there to say you do not need to provide it because we have it on the transcript.

Mr Williams: Lovely. Thanks, Senator.

Senator KAKOSCHKE-MOORE: I just want to go to the debt collection contract tender that I referred to before—the one that was recently completed. Was that tender for debts Centrelink want pursued generally or is it specific to the OCI?

Ms Golightly: No, it is across the whole of Centrelink.

CHAIR: If you are going on to debt collection, could you just hold that for a second?

Senator KAKOSCHKE-MOORE: I just want to finish with the ATO. Have you got anything else for the ATO?

CHAIR: I have one question which may involve supplementary ones. Mr Williams, you just touched on the fact that you give the data the employers give you for employment periods.

Mr Williams: Yes.

CHAIR: Did you have any discussions prior to the OCI process kicking off about the fact that there are records you have that do not include employment periods and how you could address that? I am sort of asking both of you, ATO and DHS. You were moving to OCI, where you were no longer getting those employment records from the employer. Did you, as agencies, have a discussion about that?

Mr Williams: From my point of view, I suppose I would go back to my opening statement. The information we have provided has been of that 20-year sort of basis. The issues around the periods of employment have been a constant part of that issue. As for how that has been managed in the past, I think it was our view that that was just part of the way Centrelink would manage the process going forward, recognising that there are some imperfections in the data we actually provide because of the way employers provide that information to us. I am unaware if we had specific conversations around that issue, given that I think it is a longstanding one.

CHAIR: Have you subsequently discussed that issue?

Mr Williams: Other than at our last committee attendance, I think the answer is no. I think there are other changes afoot in the form of things like single-touch payrolls that are coming that may well address some of those things for us.

CHAIR: I think we will be following that up as well. Ms Golightly?

Ms Campbell: Can I just comment: this is the second part of the process, which is where the recipient is asked to clarify those dates.

CHAIR: I know we discussed this previously. I understand what you are saying about the new process, but my understanding—I am sure we have discussed it during one of our hearings—is that there used to be that contact double-checking the employment dates with the employer records, or they could, whereas now it is up to the individual to provide that information.

Ms Golightly: I think it is slightly different. Under the manual process—to take a step back—the issue of what is in the file, as Mr Williams and Ms Campbell have said, is the same. That has always been the case whether you were doing it manually or whether you were doing it online. That has not changed one iota. In the past, if the person was not able to provide the information themselves, or sometimes even when they did, we used to go to the employer and get their records. But this process makes it easier for the recipient to tell us the dates or other details that might be different, and, if that then resolves the difference, that is the end of the matter, so there
is no need to go any further. If someone is having difficulty, as Ms Campbell said before, what we have done with the online system is that we have made it easier for them to provide other documents or other information that might resolve that question—for example, their bank statements, which are much more easily available. So that has been the difference with OCI. If someone is having difficulty, we have always had the dedicated compliance number for them to ring, where we can help them through where they might need some assistance.

CHAIR: So you used to go to the employers to get the employment records?

Ms Golightly: In some cases we would go to employers, but we always went to the individual first.

CHAIR: Yes, and when they had difficulty you went to the employers?

Ms Golightly: When they had difficulty, we would talk them through what other information they might have—like bank statements et cetera—but, yes, we used to go to employers. Now we are trying to eliminate the need for anybody to do that so that it is easier for the—

CHAIR: Well, no, you are not. We have had plenty of evidence where people have had to go to employers from six years ago.

Ms Golightly: This is where the bank statement comes in. They do not have to have the pay slip. I think that, unfortunately, has been a misconception.

CHAIR: That was because you changed that process after a great deal of concern raised by the community.

Ms Golightly: No, the bank statements have always been there. There were some enhancements made in February to make that screen even easier to use.

Ms Campbell: It is very clear to understand—and I think beforehand, with bank statements, people might have grappled with the gross-net issue, so what we tried to do in January was to assist them with the gross-net convert.

CHAIR: Mr Williams, do you have the figures on how many records you transferred that do not have employment period details?

Ms Campbell: Senator, can I just clarify, because they all have employment details. They are applicable to a financial year, so—

CHAIR: I mean employment period, applicable to a financial year.

Ms Campbell: sometimes people can be employed for the complete financial year.

CHAIR: Yes, I understand that.

Ms Campbell: I am just trying to understand. You are asking about when there is only financial year information?

CHAIR: Yes.

Mr Williams: I do not have those figures to hand, Senator. I will try to provide the figures where we only have a 1 July to 30 June period—

CHAIR: Yes.

Mr Williams: but that will not tell you whether or not there are any errors in that system, because the people could well have been employed from 1 July to 30 June. We can give you that figure, but I am not sure how much insight that will provide.

CHAIR: It will at least give us an idea of the number that do provide it or—let us put it the other way—the percentage, I should say, of the employers that do actually provide employment periods.

Mr Williams: We will try to do that on notice for you.

Ms Campbell: But can I reiterate that some people will be employed from 1 July to 30 June, so that is their employment period.

CHAIR: Yes, I understand that. Are you able to provide the percentage, out of that, that is their full employment period? We are getting so many complaints from people—and you have had officers that have been sitting there—who have said that they are in and out of employment and the employers have not provided that information. We are trying to get an idea on this.

Ms Campbell: We can do some sampling—can we do some?

Ms Golightly: We could have a look at sampling. I think the issue still remains that it would be difficult to know whether, for someone that has a 1 July to 30 June record on the ATO file, that actually is their employment dates or it is just the date of the file—

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CHAIR: I understand what you are saying, but is this not a problem then with the process? You cannot tell from that data whether someone has been working the whole year or they have had casual intermittent work.

Ms Campbell: And that is why we ask them to clarify when they have worked during the period. One of the first screens asks them to say when they worked, and that is why we ask—

CHAIR: And people are finding it very traumatic getting the letters and all that sort of thing.

Ms Campbell: That is why we ask them to identify bank statements, because bank statements will indicate to them when they received income from employers, to help facilitate that process of saying when they had that income.

Ms Golightly: It was the same with the manual system.

Ms Campbell: That is what we used to do before.

Ms Golightly: And we still do now, too, if the person is being dealt with manually. That issue does not change either way.

CHAIR: Do you compare it first with the employment data that you have? People have been updating—sorry, before we go on, I should just double-check so I can let Mr Williams go, and then we will continue. As there are no further questions for you, Mr Williams, thank you. There may subsequently come out of our continuing session here some further questions, so we may have a few more on notice for you.

Mr Williams: That is okay.

CHAIR: Thank you very much for your time this afternoon.

Mr Williams: Thanks, Senator. Cheers.

CHAIR: Can we go back to this issue, and then I think we will go into general questions. We will just finish this little bit, then we will go into general questions, and then we will deal with some debt issues and things like that. I understand what you are saying about the employment periods. I understand what you have said—that that is why you make people go online—

Ms Campbell: That is what we have always done. That is what we have always done, even with the manual process.

CHAIR: But you have cranked it up now—

Ms Campbell: We have more.

CHAIR: and there are a whole lot of people who have got notices who have been extremely concerned and have not had a debt but have had to go through this process when they have been reporting to you. Where there are no employment details in the ATO data and it is just the year to year—

Ms Campbell: So when they have indicated that they were employed from 1 July to 30 June, yes?

CHAIR: where they have provided you with those dates—the system identifies a mismatch because there have not been any employment records provided to you?

Ms Campbell: Or they are different.

Ms Golightly: Yes, it is more that they are different. Either that employer might not have been declared to us at all or the amount is different or the dates are different.

CHAIR: The amount might be different because they actually were not receiving income support for those particular periods.

Ms Golightly: That is why we try to look for the overlaps, yes.

CHAIR: That is where we got to before.

Ms Golightly: Yes.

CHAIR: How do you identify those overlaps? You compare your data in your system with what they have declared for employment periods?

Ms Golightly: Yes, and the data in our system is what the recipient has told us.

CHAIR: If they have been providing you this data but there is no employment period from the ATO, so they have just said they have earned this much money with no employment periods, but they have declared to you some employment periods, how do you then match those two?

Ms Golightly: I think there are probably—I am sorry to say—any number of combinations and permutations there, but perhaps I could take a simple one. If the ATO data says 1 July to 30 June, $50,000, and our data says...
that that person declared income for those 12 months as well but it was $30,000, that would be a difference, so just in totals we would know that there might be something that we need to look at.

Ms Campbell: But, if the tax office said $50,000 over the full year and we had $30,000 over the full year, then we would see a—

Ms Golightly: That is a disconnect.

Ms Campbell: That is where we would ask for clarification.

CHAIR: If they had been on income support for that period of time—but what happens where people are intermittently in employment? They are on and off, which happens now but is increasingly likely to be the picture in the future as more and more people are temporary and part time and casual.

Ms Golightly: In that case, they might be on and off in fortnights but employed still for a full year. It might be the same employer. We first of all look at, I suppose, the totals—whether it is reasonable. If there is a period of overlap, we have a look at whether it was reasonable to say, 'I earned all that $50,000 in two weeks.' That would probably not be reasonable. So there are a few things like that. We would have a look at trying to work out whether the amount earned, at least in total, in the first instance, lines up pretty much with what the tax office has said.

CHAIR: But I would get a letter saying 'please explain' automatically? Even though I had reported to you what my employment periods were, I would still get a letter?

Ms Campbell: I am confused now; I am sorry. You are saying—can I just clarify the example you are using—if you had got $50,000 in income but only declared $30,000—

CHAIR: Well, to you.

Ms Campbell: to us, and you had been on payment for the full year?

CHAIR: No. Sorry, I may need to write this down for you.

Ms Golightly: I was just going to say—

CHAIR: I am working between November and December because it is Christmas time and I can get some casual work. I tell you, and I have come off income support because I am earning enough; I have reached the threshold. I have still earned that money—and presuming I meet the liquid assets test and all that sort of thing, because it is not going to be $50,000 over that period of time—but my employer has not declared my employment period. So I have told you and I have come off, but, when you go to match my tax file, it shows that I have earned this much money. That money I have not had to tell you about, because I have come off income support, so you will have a mismatch over the 12 months because my employer has not reported the employment period; they have just said, 'Rachel Siewert earned $8,000 over the year.'

Ms Golightly: Yes. If your record on our system was $8,000 for a period that looked like November to January, over Christmas, that would look, I would imagine—I can check this—reasonable to us because often recipients do not come completely off payment. The nature of casual work, as you talked about, means that they sometimes have some payment and then they have some earnings as they are transitioning. I hear what you are saying.

CHAIR: This is the nature of what people are saying to us, so can we just deal with the one that I have just explained?

Ms Campbell: Okay. Let us take an example where you have come completely off payment, but your employer has said you earn that money from 1 July through to 30 June, and we have no record of you earning any money whatsoever. Then what would happen, Jason?

Mr McNamara: If we are matching over that period, we would ask you for an explanation if we did not have a record—

Ms Campbell: If we did not have.

Mr McNamara: A record of that income.

CHAIR: I do not have to tell you. I have come off.

Ms Campbell: But the employer might have told us. The employer might have said that you were employed from 1 November to 31 December, and, if they do that, we look at our records and say you were not receiving any payment; we are not interested.

CHAIR: Yes, but I am saying: what happens when they do not? That is why I asked the question.

Ms Campbell: If they do not, then, as Mr McNamara has just explained, we might ask someone to clarify.
CHAIR: Thank you. That is the point I was trying to get to.

Ms Campbell: And this is where we have often talked about a percentage of people where we ask for clarification where they are able to provide that clarification and there is no debt—just like it used to happen under the manual system.

CHAIR: Except you are doing it to—

Ms Campbell: More.

CHAIR: a hell of a lot more people, and you are stressing out a hell of a lot more people. We heard exactly that on Tuesday from two more people.

Ms Campbell: But we would have done that to you in that manual system as well.

Senator WATT: You would have stressed them in the manual system?

Ms Campbell: We would have asked for clarification of the income period if there had been a mismatch between the two data. We would have asked for clarification.

CHAIR: No, you potentially would not have, because you were not doing it to 200,000 people.

Ms Campbell: But we would have done it to someone.

CHAIR: It still shows the system is not working.

Ms Campbell: Senator, I do not accept that that is the case.

CHAIR: I do agree to disagree. Senator Watt, let us go on to general issues.

Senator WATT: Sure. There is one that kind of involves the ATO, but we probably do not need them here for it. The evidence that the ATO provided to us at a previous hearing, and you have confirmed this, was that there has been this data matching going on for 20 years and that kind of stuff. They said that historically Centrelink had provided them with a person's tax file number, but, in this process, that does not occur. Is that right?

Ms Golightly: There was different data matching even before 2004 that used a completely different file. That matching was done under the data matching act, I think, and was matched using TFNs. This work that we are doing here is not using that file and is not using TFNs. It is using the PAYG file, and that is the one we have been doing since 2004.

Senator WATT: Right, so this non-use of the tax file number, if I can put it that way, has been happening since 2004?

Ms Golightly: That is correct.

Senator WATT: I have a couple of quick statistical questions that you might have the answers for, otherwise you can take them on notice. How many debt notices are currently being sent out each week? I think earlier in the inquiry we were hearing around 20,000 per week were going out.

Ms Campbell: Senator, I think we have indicated, because of the use of registered mail, that has slowed. Do we have a figure now?

Mr McNamara: Obviously we would not be sending debt notices; you are talking about the initial letter.

Senator WATT: Whatever that figure was for, the 20,000 figure.

Ms Campbell: That is the initial clarification letter.

Senator WATT: Right.

Mr McNamara: That is about 10,000 a week at present.

Senator WATT: What do you call it? Do you have anything that constitutes a debt notice in your mind?

Ms Campbell: We do. That is after the process has gone through, when we have registered the debt letter. I think we call it an 'accounts payable letter'. But that is quite a long way down the track, after we have given—

Senator WATT: Has that got an acronym?

Ms Campbell: a recipient many opportunities to clarify the information so that we can ensure that the letter is accurate.

Senator WATT: So there are 10,000—what do we call them?

Ms Campbell: Initial clarification letters.

Senator WATT: There are ICLs being sent out—

CHAIR: No, please don't go there!

Senator WATT: to 10,000 people per week. That is down from 20,000, roughly, at its height.
Ms Campbell: As we have done the registered mail, Senator.

Senator WATT: Mr McNamara, in evidence to us in Brisbane the other day—again, correct me if I am putting this incorrectly—you foreshadowed that come 1 July, when the system has expanded, there is going to be an increased number of initial clarification letters being sent out. I remember you talking about how you had not had the capacity up until now to get a large number of letters out, but that is going to be starting post 1 July?

Mr McNamara: Yes. There were two bits there. Yes, we have now got to a situation where the registered post system is more mature and we are able to reach that 10,000 mark; however, I think I was talking about the fact that we have the new measures coming on board in July and that we will be sending more letters associated with those new measures. As I explained to you, most of July will still be manual processing, except for what Ms Golightly talked about before in terms of some EIC, but there would be more letters under each of the measures.

CHAIR: EIC?

Mr McNamara: Employment income confirmation, which is our new—

CHAIR: That is the online bit?

Mr McNamara: The online system.

Senator WATT: So the number is likely to climb above 10,000 per week post 1 July in response to these new measures.

Mr McNamara: At the moment, we are constrained by the registered post system, so it will probably not be from July. I think that in July, we would still be doing 10,000 letters through the registered post system a week, but they may be towards the different measures rather than just the two measures that are ongoing at the moment. We can move the PAYG and tax return database into the asset investment measure as well from July. At the moment, with the logistics of registered post, we are keeping it at 10,000.

Senator WATT: At some point, is it intended to get back to that 20,000 per week figure?

Mr McNamara: I do not think we have a target. We are working with Australia Post in terms of the logistics to try and see what is possible.

Senator WATT: Wouldn't you have to meet a certain target in order to achieve the saving targets that you have been given?

Ms Campbell: One of the things we are looking at is selection of cases. We are doing some data analytics on those cases where is there is more likely to be a debt—that machine learning from what we have done so far about the circumstances where there is most likely to be a debt.

CHAIR: Could you expand on that a little bit? Are you doing that for PAYG and the asset investment?

Mr McNamara: As I explained on Tuesday, we are trying to target higher probability debts and we are doing that across the three databases.

CHAIR: Sorry; I understood that that was more for the asset investment.

Mr McNamara: No, we are doing it across the three databases and we are trying to learn from what we have from the increased volume. One of the advantages of the increased volume to this point and this measure is that it gives us more data to understand the likelihood that someone is going to have a debt. We are using that data and the learning from the letters we have sent to identify who is more likely to have a debt and, therefore, try and target those people in terms of how we send the letters.

CHAIR: Does that mean you have tweaked the matrix?

Ms Campbell: It is fair to say we do the data matching with the ATO data. Then we look at the pool we have and apply what we have learnt so far to look at the higher probability of which of those people in the pool are more likely to have a debt than others.

CHAIR: What are the criteria for the higher probability? Is that done electronically?

Ms Campbell: That is a learning process that we have underway. We are working with Data61 from CSIRO, and PwC, about some of those characteristics that are more likely to indicate that someone will have a debt.

Mr McNamara: So it is statistical analysis in terms of that. One of the things is, if you have an anomaly in three years, then you are more likely to have a debt. What we talk about is the difference. We have used a couple of examples about one year, but if, across the databases, you have differences in two or more years, you are significantly more likely to have a debt, in what we have seen to date.

CHAIR: Is it in all of those three databases?

Mr McNamara: It is not necessarily in all of those three databases, but all of those three years, so—
CHAIR: But you are applying that to three databases. I beg your pardon; I did not raise that properly. You are applying that high probability concept to the three databases.

Mr McNamara: That is right.

Ms Campbell: There are different hypotheses. For example, if someone has not declared one employer in a number of years, then that has a higher probability. There may be a misunderstanding about the reporting requirements.

Senator WATT: On that registered post matter, is it the case that the roughly 10,000 initial clarification letters that are being sent out every week are all being sent out by registered post now?

Mr McNamara: That is right—at the moment.

Senator WATT: What do you call the next letter?

Ms Campbell: There are a number of letters.

Senator WATT: None of them are called debt notices, though?

Ms Campbell: Accounts payable is the final product, should that be the case.

Senator WATT: Is every letter that is sent out sent by registered post?

Ms Campbell: No, once we work out that they are actually there, we do not—

Mr McNamara: Yes. We send the first letter and the first reminder letter by registered post. If the letter has been receipted, we know that we have the right address, and we no longer do registered post. If neither letter has been receipted then we suspect we have the wrong address, and the person goes back in the pool for us to try to find a different address for them. Any further correspondence with them would be that initial letter again, to a different address, and again that would be registered post.

Ms Golightly: The easy way is that, once we have a receipted address, we just use that.

Senator WATT: Has anyone tallied up the cost of sending out these letters by registered post? If we are talking 10,000 a week, that has to be pretty substantial, hasn't it?

Ms Campbell: I do not have the data on hand, but we can take that on notice. This is a challenge for us, because there are a number of recipients who like using myGov. They want to use electronic because they are not in one place and the like. So this is something I think we will have to come back to, where there are recipients and former recipients who are regularly using myGov and want to be able to manage their affairs in that manner. I think it is fair to say we have gone for a 'safety first' measure to go to registered mail, to ensure that people got their information. But I have had feedback that people would prefer, on some occasions, to have their information go to myGov. So this is something that we will look at in the future.

CHAIR: Do you mean the first contact?

Ms Campbell: Yes, because they do not have a residential address, or they do not have a secure mailing location for their residential address, or they just very much prefer to use an online method.

Senator WATT: If you could take that on notice, that would be great. I remember that earlier on in this inquiry we were told that, for those 20,000 letters a week that were being sent out, there was about a 20 per cent error rate. Is that figure still right?

Ms Campbell: We have never agreed that that is an error rate, and I think you and I have discussed this on many occasions. I think the Ombudsman too has discussed it. In fact, does someone have what the Ombudsman said about the error rate?

CHAIR: Let's not repeat what the Ombudsman said. We do know what the Ombudsman said.

Senator WATT: So they are not debt notices; they are initial clarification letters. If they are not errors, what are they?

Ms Campbell: They are initial clarification letters where the recipient or former recipient has been able to provide clarification, which means that there is no need to continue with the process.

Senator WATT: All right. When I say 'error', what do you say?

Ms Campbell: I say there has been an initial clarification letter, the recipient or the former recipient has been able to clarify the information, and there is no requirement for them to continue in the process.

Senator WATT: Okay. Let's call them 'clarifications', then. Is that an acceptable term? Do you want to take that on notice?

Ms Campbell: We will take that on notice.
Senator WATT: Okay, I will work with 'clarifications'. Is that 20 per cent figure, or thereabouts, still running at the same sort of rate?

Ms Golightly: Yes.

Senator WATT: Has the department kept any record of how many people who have entered into debt repayment agreements have subsequently had them reviewed or in some way had the debt that they signed up for reduced?

Ms Golightly: Yes. There is a question on notice from the committee. If we have not tabled the response, we are working on it, so we are already addressing that question.

Senator WATT: Okay. Has that been answered?

CHAIR: I am just clarifying: you have not answered that one yet, have you?

Ms Campbell: We are just checking. There are a number.

CHAIR: Yes, I know.

Ms Campbell: I have lost track of which ones we have and which ones we have not.

CHAIR: I am hoping that is not one that I missed.

Senator WATT: Okay, we will have a look at that one when it comes in.

Ms Golightly: I think we might have provided some information at the 8 March hearing, but in any case—

CHAIR: We have asked for more since then.

Ms Golightly: Okay, sorry.

CHAIR: Surprise, surprise!

Senator WATT: You stepped us through the different measures earlier, from the various different budgets and MYEFO. I have not had an opportunity to read last week's budget papers to work this out myself. There was so much other great stuff to read in those budgets, wasn't there!

CHAIR: Moving right along!

Senator WATT: Like no infrastructure for Queensland! Can you remind us of what are now projected to be the savings over the forward estimates year by year as a result of this combination of measures.

Ms Campbell: There was no change in the recent budget. We can take you through those figures again if you like.

Senator WATT: That was going to be my next question—if they have changed.

Ms Campbell: They have not changed.

Senator WATT: They have not changed since?

Ms Campbell: They have not changed since when they were updated at MYEFO.

CHAIR: Is it in this table?

Ms Campbell: It is in that table.

Senator WATT: Sorry, has that just been tabled?

CHAIR: We just got it a little while ago, but it was in the last set of questions that came back.

Senator WATT: Can you just give us the next four years, if that is the easiest way?

Ms Golightly: There was a question on notice—question 22, which has been tabled—that has those figures in it for you.

Ms Campbell: They have the gross amount. I do not know if we have how much was expected in each of the financial years.

Ms Golightly: Sorry, yes—that is the total for the measure.

Ms Campbell: We have the total for the measure, but if you want the breakdown by financial year—I think I might have given it back in a previous hearing, but I do not know that I have it with me today. We could take that on notice, if you like, for each of those financial years.

Senator WATT: When we were stepping through each of the measures earlier, some of them had different names.

Ms Campbell: They did.
**Senator WATT:** This question on notice goes through the 2015-16 budget, strengthening the integrity of the welfare payments. Employment income matching was going to generate about $1.5 billion in savings.

**Ms Campbell:** I think that brings them all up together into a total estimate. Sometimes they have up to eight measures.

**Ms Golightly:** This one was with that PAYG component. That is over the three years of the measure.

**Senator WATT:** As of 2015-16, when this was all first introduced, it was projected to bring in $1.5 billion in savings or debt repayments over three years.

**Ms Golightly:** That is right.

**Senator WATT:** And then in 2015-16 MYEFO, that figure was adjusted—

**Ms Campbell:** It was added.

**Senator WATT:** There was an additional $1.3 billion in those two financial years of 2016-17 and 2017-18.

**Ms Golightly:** Yes.

**Senator WATT:** And then, in 2016-17 MYEFO, there was an additional $1.772 billion projected from new measures.

**Ms Campbell:** The same measure extended into those years.

**Senator WATT:** The same measure. And there were a couple of new ones, weren't there?

**Ms Golightly:** This table is all about the PAYG one. Each of these is just extending—adding—additional years of data-matching.

**Ms Campbell:** I find the most useful column with this one is the data file year, and then the delivery year—when we are actually doing it.

**Senator WATT:** I see. I am just conscious that, believe it or not, there are some people listening in who do not have this in front of them.

**Senator DUNIAM:** I think you are very optimistic if you think that!

**Senator WATT:** All my Twitter friends! In 2015-16, the measures were being applied to income that was earned in 2010-11, 2011-12 and 2012-13, and that was going to generate $1.5 billion. The next year, in 2015-16 MYEFO, the same measures were going to be applied to the income earned in 2013-14 and 2014-15, and that was going to generate another $1.3 billion. And then, in 2016-17, the measure was continued for income earned in 2015-16, 2016-17 and 2017-18, and that was going to generate another $1.772 billion.

**Ms Golightly:** That is correct.

**Senator WATT:** Applying these measures, this online system, to match with income that was declared to the tax office and earned in wages—

**Ms Golightly:** These are a mix of both manual and online, so it is not just the online.

**Senator WATT:** But, in total, we are talking about $4.5 billion/$4.6 billion. Do those figures include the non-PAYG income?

**Ms Golightly:** No. We would have to get those for you.

**Senator WATT:** Could we get them on notice?

**Ms Golightly:** Yes.

**Ms Campbell:** Would it be useful to have it in that same sort of format?

**Senator WATT:** Yes. I think so.

**CHAIR:** Yes. That is useful.

**Ms Campbell:** That might be easier to understand.

**Senator WATT:** Wouldn't it be the case that somewhere in the budget papers there is information about what these wider measures are expected to bring in?

**Ms Campbell:** As the budget papers have traditionally been constructed, when a measure is introduced there are estimates made in the measures descriptions, and then they go into how much would be paid out in these payments. That is part of how the estimates for social welfare payments are constructed. They are not individually identified in subsequent budgets. That has always been the case of how budget papers are put together.

**Senator WATT:** So we do not know, for instance, how much the expansion of this system to apply to income earned from assets and investments, which is going to happen on 1 July, is expected to bring in.
Ms Campbell: We have that in the 'measures' description, when it was first released in the 2016-17 MYEFO.
Senator WATT: And do you know what that figure is?
Mr McNamara: It is $980 million for the asset and investment measure over three years.
Senator WATT: From expanding the system to capture income generated from assets and investments?
Mr McNamara: That is right.
Senator WATT: I think the only other missing bit is the non-PAYG income that has already been analysed.
Ms Campbell: Rather than considering it as non-PAYG income, it is best to consider that data file as income which has been declared by the recipient or former recipient. The naming is problematic. It is what they told the tax office.
Senator WATT: It is income that they had earned in wages?
Ms Campbell: And in everything. It is what they told the tax office about their affairs.
CHAIR: Rather than their employers?
Ms Campbell: That is right—and that is important.
CHAIR: We have finally got it locked down!
Senator WATT: You are going to take on notice how much is expected to be saved out of that?
Ms Campbell: Yes.
Senator WATT: In expanding that from 1 July to assets and investments, if you are already capturing income that the individual has declared, whether it be income earned as wages or income from investments or assets, what is now going to be looked at in this new measure from 1 July?
Ms Golightly: This is another file that the tax office has. As you may be aware, they get information from banks and other financial institutions about what they know in terms of interest earned on term deposits and that sort of thing. So we will use that file to check against what the individual has told us they have earned from those sorts of assets.
Ms Campbell: Or the assets themselves.
Ms Golightly: Or the value of the assets themselves.
Ms Campbell: So it is probably worth noting that the tax office is interested in what they have earned from those assets. For a number of our payments it is important what assets they have, as well.
CHAIR: Because of the assets threshold?
Ms Campbell: That is right.
Senator WATT: I do not know what the assets thresholds are, but you do not qualify for certain payments if you have assets above $1 million or $500,000 or whatever. So what you are really going to be doing here is looking back at the value of the assets and investments that people hold and whether they have been incorrectly claiming a payment when actually they were not entitled to it.
Ms Golightly: That is correct—that and the income that might be earned on those assets as well.
Ms Campbell: So they may have forgotten to tell us about an asset—and then there is not only the asset but also the income from it.
Senator WATT: You said that the amount expected to be generated in savings did not increase in this year's federal budget compared to what was there in last year's MYEFO.
Ms Campbell: It has been put into the forward estimates and it was not changed.
Senator WATT: Are you running under budget, over budget or on budget in terms of the savings targets so far?
Ms Campbell: I think it is fair to say that, at the end of the financial year, we will be able to determine where we are to date, noting that we will still be able to access some of those years next year. Given my understanding of the finances, I would say that, if we did not get everything this year, it may be available in future years.
Senator WATT: You must know, though, as of the MYEFO whether you were achieving those savings targets or not?
Ms Campbell: As at MYEFO—so, last year—I think we were achieving the targets, we were on track.
Senator WATT: Not over?
Ms Campbell: Not over.
Ms Golightly: For the first year of the PAYG one, we were over—ahead of target.
Senator WATT: Do you know by how much?
Mr McNamara: About $70 million in excess of what we expected in terms of 2015-16.
Senator WATT: Is that figure to be compared to $1.514 billion?
Mr McNamara: It is a part of it.
Ms Campbell: Isn't it three years?
Mr McNamara: We anticipated around $330 million—
Senator WATT: For that one year, yes.
Mr McNamara: and we achieved $400 million. That is the $70 million I was talking about.
Ms Campbell: It is fair to say that, because we are with the registered mail, we have slowed down that a little. We will need to look at and adjust that.
Senator WATT: For a second time you have anticipated my next question. I was going to say that that will bring those receipts down.
Ms Campbell: It depends on whether the measure is fiscal—that is, the identified debts. As Mr McNamara talked about, we are also looking at the probability, at how we are selecting those people. You talked about the number of people who were able to provide clarification. We are trying to work out whether we can minimise that. So when we do send a letter we are looking at people who are likely to have debts. That may increase the amount of debts received. And then there is the volume, which might decrease. So we are just tried to balance that out, and we expect to have a better number on that at the end of the financial year. It is something we are looking at very closely.
Senator WATT: Feel free to take this question on notice. Is it possible to break down by payment type both the expected savings and the actual savings achieved—age pension, Newstart, parenting payment? Can you have a look at that for us?
Ms Campbell: We can look at it, but I think our systems are not that good—and it would require a manual engagement.
Senator WATT: If you can take that on notice for us, that would be great. Those savings targets are very precise figures. How were they arrived at?
Mr McNamara: We have talked about the data matching. We have a number of people who we have already data matched with who are sitting in a pool—the secretary talked about the pool before. We make an assumption about how many people in that pool we can send that initial contact letter to. Then we make assumptions about how many of those people are likely to have a debt and what level that debt is going to be—and it is a bit ‘P times Q equals the total’. It is a tiny bit more complicated than that. I have simplified it in terms of how we do the costing—
Ms Campbell: And we work with the Department of Social Services as well.
Mr McNamara: and obviously all those costings have to be agreed to by the Department of Finance. But, at a reasonably simplified level, that is how we do the costing to get each of the figures.
Senator WATT: Was it a bottom-up process as in you saying to ministers, 'This is what we think we can achieve'? Or were you at any point given a figure by ministers—or the ERC or another—that they wanted you to achieve?
Ms Campbell: We always work on a bottom-up basis.
Senator WATT: So the department came up with those figures in consultation with your counterparts in DSS and—
Ms Campbell: Senator, that goes to advice to government—how we go about it. But we have always done the same model. When we are looking at any measure, we do a bottom-up type activity.
Senator WATT: And presumably once those savings targets were set they were communicated to DHS staff.
Ms Campbell: They are in the budget papers, so I am sure many of the DHS staff would have read them.
Senator WATT: In addition to relying on them reading the budget papers, some sort of communication would have been provided?
Ms Campbell: On every occasion, I do a video to wrap up the highlights of the budget.
Senator WATT: 'Highlights' is a subjective term really.
Ms Campbell: We focus on the main measures and we direct people to our website, which has all of the detail—and I know that it has many hits.

CHAIR: Before we go to more general questions: we are going to run out of time, so we will have more questions on notice. That takes me to a data question on notice. We touched on this issue before. Senator Watt asked about the number of people who have acknowledged that they have a debt and have subsequently asked for it to be reviewed. I am pretty certain that we did include that in the questions on notice that we asked, so can I just be clear about what we want there. Can we have the most up-to-date figures on the number that have appealed without first singing up to repayments? Sorry, I will start again. Can we have the most up-to-date figures on the number who have received the—

Ms Golightly: Accounts payable notice?

CHAIR: Yes, the accounts payable notice. Sorry, I was trying to think of the right words. Can we have the most up-to-date figures on the number of people who have received the accounts payable notice and who have then subsequently sought a review?

Ms Golightly: Yes.

CHAIR: I am talking about an ARO.

Ms Golightly: A formal review?

CHAIR: Yes, a formal review. A first-off assessment then a formal review. I think it is a bit early in the process for the AAT—

Ms Golightly: It is, yes.

CHAIR: so I will not bother asking about that. I want to know about the number of people who initially signed up. You would have heard the evidence when we had people say that they got the letter from the government and thought it was correct and signed up or did not understand it. We have information on the CALD community, for example. Other people may have done that too. Can we have the most up-to-date figures on people who initially started repaying and have subsequently asked for their debt to be reviewed? Obviously we want to know the outcomes of those—so how many of them out of that cohort subsequently had their debt reduced—

Ms Campbell: And increased?

CHAIR: Yes, increased, reduced or made to be zero. Hopefully that just builds on the question that we asked before.

Senator KAKOSCHKE-MOORE: We have heard from a few witnesses that, when they seek more information about the alleged amount owing, they have had to request more information from Centrelink in order to get a better idea about how the amount was arrived at. I do not know if you will be able to tell us this, but do you have a record of how many people have requested further information about the debts and how many of those requests have been responded to?

Ms Golightly: We respond to any request. We would have figures. We could get figures on notice for you for the number of people who have asked us to have another look at the debt because they might not understand it, do not agree with it or whatever. That would be before it gets to a formal review or anything official like that.

Senator KAKOSCHKE-MOORE: Can we get that information?

Ms Golightly: Yes, we can take that on notice and see what we can get for you there.

Senator KAKOSCHKE-MOORE: I ask that because we were fortunate enough to have a lawyer appear as a witness this week, and she had a copy of documents that she had obtained from Centrelink as a result of a request for information about how the debt amount was arrived at. It was all deidentified, so we do not know who her client was, of course, but we looked at them and we could not understand them. I put them to DHS, and I am not too sure if you would have been able to explain them to us or if you just took it on notice to explain what these tables were and what the acronyms meant because it was like looking at a different language.

Ms Golightly: I think there are a couple of things there. You mentioned that she was a lawyer. There are arrangements we have with the AAT where we need to provide—

CHAIR: This was not about the AAT. It was the initial questioning of the debt.

Senator KAKOSCHKE-MOORE: Yes, questions like, 'How did we get to this stage?' I think '$38,000' was scrawled on the front in handwriting. It was a substantial amount, which is why they were querying how it got to that point.

Ms Golightly: I think Mr McNamara talked to you before—I am not sure if it was in the private meeting or in evidence—about the fact that it is not our usual practice to do it that way. You would have seen some screens this
morning where we showed what the income was that was declared, what we had from the tax office and how the debt was calculated. The person can look at that. They can get a print-out of that. If they ring us because they have a question, we would normally try and take them through that.

Senator KAKOSCHKE-MOORE: Why isn't that offered to their authorised representative if they are being represented by a lawyer, a social worker or a financial counsellor?

Ms Golightly: I think we have given evidence before about what we mean by 'authorised representative'. Under the different payments we have, there are different forms and processes that have to be filled in for us to know that you are the authorised representative of the person.

Senator KAKOSCHKE-MOORE: If an individual called up, but they did not have access to the internet so they were not able to go online and have a look at the form that is generated, what information would you send them then? Would you send them a hard-copy printout of the screen?

Ms Golightly: If they did not have access to the internet, the review would not have been done online at all. They would have had an interaction with a staff member, by phone usually. They would have given the details and information to the person over the phone. This is how the manual process works. The staff member would have put that into the system and explained the debt, if that was the outcome. If there was no outcome, that would be explained as well.

Senator KAKOSCHKE-MOORE: If an individual FOI'd their file, which we have heard some have done—

Ms Campbell: They do not need to FOI their file.

CHAIR: But that is not the evidence we have received. We have received evidence that people have not been able to access the information they need. We have heard this on several occasions. The legal centres have actually gone to FOI so they could get the level of detail they needed. You have heard people, so you have heard the evidence.

Ms Golightly: That is not our normal practice. There is no requirement for somebody to use FOI to get their information.

Senator KAKOSCHKE-MOORE: But if they have, would their old information that is sent back just be the raw data from the system? Would it have, like, a cover letter explaining what those tables are?

Ms Golightly: Yes. We can take on notice what we would normally send. But, as Mr McNamara was saying, what we do is take the person through the information they have given us and explain to them why the result, whatever it is, is the result. I think it is also the case, though, that we are dealing with quite a complex social security act—different payments, different rules—and then the intersection with the tax act about income. So we are trying to explain quite a complicated scenario. Then, if you overlay that with the individuals themselves, some of them have quite complicated lives, or different things happening in their lives, which can also add to the complexity. It is not something that is easily understood. We try and make it as easy as we can, but there is inherently a lot of complexity for some people.

Ms Campbell: We also have old systems. You would have seen this morning, I think, the new system—what we are trying to do to make it much easier for people to engage and understand it. But, as Ms Golightly said, there is that complex legislation and interface behind that. We are trying very hard to make things easier, and a lot of our development of new systems to make it all as accessible as possible to the people.

Senator KAKOSCHKE-MOORE: We heard this week from a few witnesses who said they were aware of people who had had deductions taken from their Centrelink payments as a result of a debt that was alleged to have been owed. But, when they challenged it and more investigation was done, it was shown that in fact there was no debt, and so the deductions had been taken out in error and needed to be put back into the person's account. What is the usual time frame for that, because Centrelink had told this person, 'You'll get it in instalments on a fortnightly basis rather than as a lump sum'?  

Ms Golightly: I would have to take notice the exact time frame, but that does not sound familiar to me. What normally happens is that the system first checks whether that is another debt that is owing, and that money is first applied to any other outstanding moneys. But I would have to check the rules on exactly the number of days it takes if, after doing that, there is still money owed to the person.

Senator KAKOSCHKE-MOORE: A refund?

Ms Golightly: Yes.

Ms Campbell: It is the case that moneys that are owed to the recipient would go towards other debt—

Senator KAKOSCHKE-MOORE: First.
Ms Campbell: first—in the first instance.

Senator KAKOSCHKE-MOORE: But if there were no other debts, it should go directly back to the recipient?

Ms Campbell: That is what our understanding is.

Ms Golightly: I will take that on notice.

Senator KAKOSCHKE-MOORE: Have any debts which have arisen as a result of the OCI been referred to the CDPP for prosecution?

Ms Golightly: No.

Senator KAKOSCHKE-MOORE: Could you envision a situation where they might be?

Ms Golightly: Not purely because they were OCI. This measure, whether it is done online or done manually, is more about noncompliance and, as I think we have mentioned in previous hearings, most people do try to do the right thing, but it is a complex system and sometimes mistakes happen. This one is more about giving people an opportunity to correct the record or clarify their circumstances. If there was something that pointed to something that was a lot more serious, it would go to a different part of our compliance team—the people who deal with serious fraud. They would look at a whole range of things, and there would be a much broader investigation. Then, if that all showed evidence of actual fraud, it would go to the CDPP, but it would not be because it was OCI.

Senator KAKOSCHKE-MOORE: Not purely as a result that it was raised through this process.

Ms Campbell: That was not the primary intent, but, of course, if we find something—we saw that with Family Day Care some years back. There was an issue happening there, and that is where, sometimes, it was picked up as part of compliance.

Senator KAKOSCHKE-MOORE: Through the Office of the Australian Information Commissioner, we were able to obtain the project protocol for the Non-Employment Income Data Matching project, NEIDM. Do you have, or is it publicly available, the project protocol for the pay-as-you-go data matching exercise?

Ms Golightly: That protocol was gazetted when the matchings first started in 2004. We can make that available for you.

Senator KAKOSCHKE-MOORE: And there was an update?

Ms Golightly: We are in the middle of doing an update. It is just in draft, and we are consulting with the office of the Privacy Act.

Senator KAKOSCHKE-MOORE: What was the impetus for that update?

Ms Golightly: I am going from memory here, but the changes I have seen are mainly cosmetic—changing 'Centrelink' to 'DHS', the name of the privacy commissioner has changed, the privacy commission principles have been updated. It is that type of update.

CHAIR: My understanding is that protocol should be available for the community to look at. Is that online or are we just not looking in the right—

Ms Campbell: Is this the 2004 one?

Ms Golightly: I think, perhaps, the issue is that it has been gazetted and is available on request. We can make it available on request.

Ms Campbell: It may be that they did not have online back in 2004.

CHAIR: Yes, but it has never been put up. We have had some debate, and you will have seen the evidence that we have where people have actually tried to get hold of these and—

Ms Campbell: We can provide to the committee.

Senator KAKOSCHKE-MOORE: Ignored.

CHAIR: They were ignored. They could not get it. Could you provide the 2004 one. When is the new draft available?

Ms Campbell: Are we working with the privacy commission on it?

Ms Golightly: Yes.

Ms Campbell: And, once it is complete, will we be able to provide it?

Ms Golightly: Absolutely.

CHAIR: Thank you for that, but I am looking for the time line. Is it soon?
Ms Golightly: Yes, it is not far off.
CHAIR: Months? Weeks?
Ms Golightly: I do not think it is months, but I am conscious of not speaking on behalf of others as well.
Ms Campbell: We are trying to manage our workload to make sure we can get all of our questions answered as well as some of this other material done at the same time.
Senator KAKOSCHKE-MOORE: Just a reminder that there are still quite a few questions on notice outstanding that we would like to see.
Ms Campbell: I am reading them daily, and we are trying to get them to you as quickly as possible.
CHAIR: I wanted to check on the status of the briefing that you showed us this morning. I presume this is—
Mr McNamara: The screens?
CHAIR: We can use that?
Mr McNamara: Yes, they are all live screens that people would see.
CHAIR: I did want to get on the record, as I indicated this morning, the timing of when you updated and put in place this process. That was in?
Ms Golightly: In early February this year.
CHAIR: If you could put on record the process you went through to update the portal and the screens.
Mr McNamara: It was an interactive process with users. We had a range of users we brought in to test screens with and to test explanations in the help with. So it was an interactive process. Overall, the feedback we had was to de-clutter the screens. That was probably a key lesson for us. We originally put a lot of information in the screens and the feedback we got from users as part of that process was to de-clutter the screens and put more of that information in the help tab so that it would still be there for people but if you do not want to see it you do not have to. Probably the key thing for us was to interact with people and actually see their reactions to our explanations. That was probably the key lesson for us.
Ms Campbell: We did this in the laboratory and watched people. I was engaged in some of that process. It was very helpful when we thought something made sense but a recipient was very clear that it was unhelpful.
CHAIR: I presume you used a wide sample of people to test the screens? For example, you will be aware that we have been told about the number of people with vulnerabilities who are likely to get caught up, and the low literacy and numeracy skills of some people who might be using the portal. So I presume you tested it when you were doing that interactive process.
Ms Campbell: I think we have given evidence in the past that we work hard not to have vulnerable recipients or former recipients engaged in this process. But we have looked for a broad sample of recipients and former recipients to be able to engage with this. It is something that we do more broadly across the department now, and also in different locations in order to get different laboratories in places where we can work with recipients.
CHAIR: Was that used when you updated this one in February?
Ms Campbell: We did not use different laboratories. We used just one laboratory.
Mr McNamara: We just used Canberra.
CHAIR: I will go back to my question, because I am sure, Ms Campbell, you have read the transcripts. I am sure you are aware that we have had a lot of discussion about vulnerable people who do not have flags.
Ms Campbell: Yes.
CHAIR: Vulnerable people will be using this because they are not flagged.
Ms Campbell: Yes.
CHAIR: Also, low literacy and numeracy skills of some people who will not be classed as vulnerable was really clearly pointed out to us—I will not name locations. So my question still stands. It is more specifically about the changes that were made here. Were the people you used in the laboratory a cross-section of the people who are likely to have been receiving the initial letters?
Mr McNamara: There was a cross-section of people, but they were here in Canberra. We are conscious of that. Recently, as part of our compliance program, we are testing some new letters to see how they may play. The recent test we did was done exclusively in Centrelink offices in Queensland and Tasmania. That has been very useful, because, again, with the letter we were thinking of sending that literacy issue came up. So that is something we definitely now do, and we are doing it in different geographical locations now.
CHAIR: For the letters?

Mr McNamara: Yes.

Ms Campbell: We do, of course, engage with the Australians every day. Many of our staff, particularly the ICT and the development staff, do deal with people and get that experience about what works for them, what does not work for them and what screens work. One of the messages we get all the time is to leave things in the same place and don’t keep moving it around, as they get used to it. If there are low levels of literacy and numeracy, as long as we keep things consistent it helps people to navigate those systems. That is more broadly across the department, from our day-to-day engagement with recipients.

Senator WATT: I think it is fair to say that there have been problems with this whole affair. Has the department at any point engaged external consultants to manage any public relations or communications relating to the rollout of this system, or the problems that have arisen in it?

Ms Campbell: No. We have worked with consultants about the program itself, but not the public relations element of it. We have worked closely on the screens, for example, and the letters—how we engage with people—but nothing in the media. We have managed that internally within the department.

Senator WATT: I might get you to take on notice the question of the money that has been spent on consultants for the OCI.

Ms Campbell: We will take that on notice. I think we have previously indicated that we have engaged PricewaterhouseCoopers to work with us in this regard.

Senator WATT: Yes, I was going to come to that. One of the other things were told in the hearing in Brisbane was that a range of letters addressed to people who live in the areas affected by the recent cyclones and floods are being held back.

Ms Campbell: That is our normal practice—yes.

Senator WATT: If a natural disaster has hit?

Ms Campbell: Yes.

Senator WATT: Do you know roughly how many are being held back?

Mr McNamara: It is roughly around 40,000.

Senator WATT: When is it expected that they will be sent out?

Mr McNamara: My understanding is that it will be when the relevant postcodes are no longer considered to be a disaster zone.

Ms Campbell: I am not sure what the date is, but we have had in place for many years this protocol to give people some space to recover from that. We can come back to you on notice, if you like, about how long we give. That is very dependent—sometimes—on the severity. If I think back to 2011, after the significant floods in Brisbane, we put a whole lot of compliance activity on hold, which had quite significant impacts on the estimates down the track.

Senator WATT: When did the department first advise the minister or his office of potential problems around the rollout of this OCI system?

Ms Golightly: We had meetings with the minister in January this year, when I suppose there was heightened media interest—

Senator WATT: I remember he was on leave. He got back from leave in January, so it would have been after that, presumably.

Ms Campbell: It was the day he returned from leave.

Senator WATT: When was that?

Ms Campbell: I think it was from 8 or 9 January. We can take on notice to advise you when those meetings first began. There had been meetings, I believe, with Minister Porter the week before.

Senator WATT: Did the department ever recommend to a minister or their office a delay in the rollout or a pause in the rollout of the OCI, in light of the problems that occurred?

Ms Golightly: No, not that I recall. We talked about enhancements that could be made, based on feedback that was given, and, as we have mentioned today, that instituting some processes, like registered mail, would take time.

Senator WATT: So adjustments were recommended but you never recommended a pause or a delay in the system?
Ms Campbell: I think we gave evidence once before that we had not recommended that—no.

Senator WATT: And had not recommended the cancellation of the system?

Ms Campbell: I think I gave evidence earlier in one of the hearings that we had not recommended that.

Senator WATT: You had recommended adjustments be made to improve the system?

Ms Campbell: We worked in January on changes to the system, which you have now seen, and we have talked in a lot of detail about registered mail and making sure that people actually knew that there was that clarification letter. That was something that we really focused on so that people did get that letter and they were engaged and able to work through the issues.

Senator WATT: Is it the case that at any time Minister Tudge requested or directed the department to push on with the rollout of this system despite concerns from the department?

Ms Campbell: As I have said before, we gave evidence that we never advised the minister that the process should be stopped.

Senator WATT: Or paused?

Ms Campbell: In January, after the increased complaints, we talked about the fact that there were things that we could do to improve, and I think I have given evidence particularly about ensuring that people got the initial clarification letter and engaged with it. We improved how the portal ran so that people were more able to engage with us. We made sure that the phone number was more prominent. We recommended a number of those features, but we did not recommend that the project be ceased.

Senator WATT: So it is not correct that at any point the minister urged the department to push on or expand the system despite concerns?

Ms Campbell: I am trying to work out the difference between what I have just answered and your question.

Senator WATT: My experience in other committees is that there are fine distinctions made about language, so I am just wanting to be really clear.

Ms Campbell: I can be really clear that we were running this program. We identified that there were a number of improvements that could be made. We worked closely with Minister Tudge on ensuring that those improvements were made.

Senator WATT: It has been brought to my attention that there has been at least one decision of the Administrative Appeals Tribunal which has portrayed the debt notices issued by Centrelink in a pretty poor light. I do not know if you are familiar with this. It is decision 2016/M103550 on 24 March 2017. AAT Member Treble—I think it is—determined that the tribunal was not satisfied that the debt had been correctly calculated by Centrelink. Paragraph 17 talked about the income test that applied in this particular case, and the member said, 'In this case no effort has been made by Centrelink to obtain actual wage records, even though such records would very likely be readily available if required. Instead it has simply been assumed that the total year earnings can be apportioned equally to each fortnight across the relevant financial year. However, that is not consistent with the requirements of the legislation. The actual pay records are critical to the proper calculation of the overpayment. Accordingly, Centrelink will need to request and obtain those records from the employer in order to arrive at a correct debt calculation.' That would seem to me to be fairly heavy criticism of this process from the very body that is appointed to oversee Centrelink debts.

Ms Musolino: I am aware of the matter. I have not read the decision myself, but I have a summary of it here. The summary I have tells me that the tribunal was satisfied that the applicant was overpaid, but that the decision was to remit the matter back to the department with the direction that pay records be requested from the employer and a recalculation be undertaken. It is an AAT tier 1 decision, obviously turning on particular facts of that particular matter.

Senator WATT: We do not really have time to explore that further, so I will leave it at that. The other thing I wanted to check—we may have already asked this question on notice as well—I understand we have previously been advised that, as of February 2017, 17 deceased people had received a letter demanding repayment of a debt. Do we have the figure for the current number of deceased people?

Ms Golightly: I will have to take that on notice, but I would also clarify—if it is the question I remember, it was the number of people who had passed away after receiving the letter. I will double-check both those things for you.
Senator KAKOSCHKE-MOORE: There were 17 debts that had permanently been written off. Twelve of those were due to the person being bankrupt and five were due to the person being deceased, and that was at February. I think we put on notice how many of those people were deceased at the time the debt was raised.

Ms Golightly: That is right. We are working on that. We will give you the up-to-date figures on those.

Ms Campbell: It is quite difficult if we are not informed that a person has died. We work very diligently with state and territory governments to ensure that we are capturing information about deaths. But, sadly, there are so many recipients in the systems it is the case that sometimes we are writing to people who are no longer alive.

Senator WATT: I have a couple of quick questions about the proposed expansion on 1 July. We know that assets and income generated from assets are going to be caught up a bit more now, which includes interest from bank accounts. We have had evidence over this inquiry that recipients, at times, have incurred large bank fees in order to retrieve historic bank statements of up to $8 per page. The Ombudsman made a recommendation here that where it is difficult, or particularly expensive, for someone to retrieve that kind of information the department use its own powers to retrieve information, such as bank records. Is that something that is going to occur?

Ms Golightly: We have agreed with the recommendation. We also made the note that banks are able to, and do, waive those fees, but we have agreed with that recommendation.

Senator WATT: If people cannot pay, or do not want to pay, to retrieve these bank statements going back six years the department will cover the cost of that?

Ms Campbell: We will encourage recipients to access online services, which are generally free of charge for a seven-year period. That is the first instance. We plan on managing this on a case-by-case basis, working with people to make that information available.

Ms Golightly: We can do that in a number of ways, yes.

Senator WATT: We have about six weeks before this expansion starts—before 1 July. What consultation have you undertaken with stakeholders about this expansion to ensure that we do not have similar problems?

Ms Golightly: We have done a couple of things. As both the secretary and Mr McNamara have mentioned, we are working with PwC to identify any further improvements that we might need to make. We are also working, as Mr McNamara has talked about, with user testing in various locations around the country. We will continue to do more and more of that, as the secretary has mentioned. We will continue to meet with various stakeholders, including places like the DTA and other user experience experts.

Senator WATT: I am sure you are aware that ACOSS, among others, have sought a meeting with both the minister and the department to talk about their concerns and make some suggestions to avoid these problems. They told us as recently as this week that their requests have not been taken up. Is there a reason the department or the minister do not want to meet with ACOSS?

Ms Campbell: I think we spoke about this earlier at a hearing. I am not sure if there been a subsequent request to the one in January. I have not, to my knowledge, received a request other than the one in January when it was a very heated environment, I think it is fair to say. I gave evidence that the discussions were not going to be quite productive at that stage, because it was all about, 'Stop, don't do it,' rather than, 'How can we improve going forward?'

Senator WATT: Have you met with ACOSS at any point about this system since that date?

Ms Campbell: I have not met with them, no.

Senator WATT: The reason is it was just a bit too heated?

Ms Campbell: I do not usually personally always meet on some of these things, because we have many measures. In the budget this year we had 43 new measures, so there is a lot of stuff that happens within the department. Often ACOSS, National Welfare Rights Network and the like meet with a number of officers within the department, but, unfortunately, I do not always have the time to meet with everyone on every measure.

Senator WATT: This is the last question: is the PwC review complete?

Ms Campbell: I am not sure I would call it a review. They have worked with us constructively about how the changes would be made. I do not think it is complete yet. It is kind of like an ongoing piece of work. It is something that we are doing of a iterative nature.

Senator WATT: Am I right in that it was commissioned in response to the Ombudsman's recommendation 8 that said that before further expansion of the OCI the department should undertake a comprehensive evaluation of the OCI in its current form?

Ms Campbell: It was well under way by then. It has been well underway since—
Senator WATT: Has an evaluation been commissioned in response to the ombudsman’s recommendation?

Ms Campbell: I think we said in the Ombudsman’s report that was part of the PwC review of an evaluation of what worked here and what could change. I did not see it as a standalone piece. I saw it as an evolving ‘How can we make sure that the new systems are fit for purpose?’

Senator WATT: To the extent that there has been an evaluation performed, could we get a copy of that evaluation?

Ms Campbell: We will take on notice what we have done so far and see how we can address your question?

CHAIR: Not to put too fine a point on it: there will not be one report? Is that what you are saying?

Ms Campbell: No, it is not envisaged that there will be a report. I meet with PwC on a regular basis. Ms Golightly and Mr McNamara probably meet with them most days. They are doing more than just that. They are working on what went well and what we could improve on, and we particularly talked about the selection of recipients and former recipients to receive the clarification letters—all those types of things—as well as the entire pool of individuals.

Senator KAKOSCHKE-MOORE: On the issue of referring debts to an external debt collector, we heard earlier from the ATO that the smallest amount of debt they would refer to an external debt collector is $500 up to about $50,000. What is the smallest amount of debt that Centrelink would refer to an external debt collection agency?

Ms Golightly: It is a little different for us in that, as you know, under the act if debts are lower than $50 we are able to waive them.

Senator KAKOSCHKE-MOORE: So you are able to waive them, but are they automatically waived?

Ms Golightly: For under $50, yes. But, in terms of going to debt collectors, there may well have been a larger debt. But, if there is a remaining balance, some of it might have been paid off and then the person just stopped paying and we lost contact, then they can be referred. Sometimes the balance is quite small on those.

Senator KAKOSCHKE-MOORE: When you say small, how small?

Ms Golightly: I would have to check but I think it could be as small as $20.

Senator KAKOSCHKE-MOORE: Really?

Ms Golightly: But whether it is part of a larger debt is the issue.

Senator KAKOSCHKE-MOORE: But you would put somebody through the stress of being contacted by an external debt collector for $20?

Ms Golightly: This is something we are having a look at going forward.

CHAIR: Have you referred anybody to a debt collector for $20?

Ms Golightly: I would have to take that on notice.

CHAIR: So that I am clear, could you articulate in that answer what you mean by ‘as part of a larger debt’.

Ms Golightly: Yes, sure.

CHAIR: And then a standalone when they do not have any other debt.

Ms Campbell: Standalone debt comes back to this $50 waiver.

Ms Golightly: Waiver or write-off?

Ms Campbell: That is a waive. I think this has brought to our attention that sometimes, if it is part of a debt that may go below $50, the $50 is kind of automatic, but then I need to have a look at whether to get it is economical. It is fair to say that this process has highlighted a number of issues with debt collection that will benefit from review, because we have done more of them and we have had some exposure to have a look at some of these things. I think the officers at the table would agree that there is some opportunity for us to improve how we go about these things.

Senator KAKOSCHKE-MOORE: Could you tell the committee—so that we are crystal clear—how many debts were referred to an external collection agency that were less than $50? I understand that what you are saying is that they were made up of a bigger debt—say the debt was $1,000 initially and there is $30 left that has not been repaid and you have referred that to a debt collector.

Ms Campbell: We do not have that data here, so I do not think it is fair to say they were all less than $50. There may have been an element, but I do not think we have data that is going to help us here.
Ms Golightly: I think, from memory, the average size of debt that has been referred is in the order of $1,000 or so—$1,300 or something like that.

Senator KAKOSCHKE-MOORE: Is that debt referred as a result of the OCI?

Ms Golightly: No, that is all debts.

Senator KAKOSCHKE-MOORE: All debts? Okay.

Ms Campbell: Do we have the average of OCI?

Ms Golightly: I do not.

CHAIR: Are you able to give us an average on notice?

Ms Golightly: We can get it on notice.

Senator KAKOSCHKE-MOORE: You mentioned the decision you would have to make to see if it was economical to pursue a debt that small. Just on the issue of whether something is economical, was there a cost-benefit analysis done comparing the price DHS would have to pay an external debt collection agency on a commission basis versus a flat-rate basis?

Ms Campbell: I think we discussed this earlier. When the contract was put in place it was a commission basis. It has been in place since the 1990s. I am not sure what happened in the 1990s. Again, this has brought this issue to our attention and gives us the opportunity to have a look at those arrangements to determine things such as cost-benefit analysis in that space.

Senator KAKOSCHKE-MOORE: Just because something has always been in one way does not mean it is the best way.

Ms Campbell: I agree. In large organisations like ours, on most days I find something that has been in place for many years and some that would benefit from a review. I think it has been the case with former recipients that they have been sent to debt collectors because of the challenge we have in finding the people. With current recipients we are much more engaged with them because there is often a fortnightly relationship with them and it is a much easier category to do. So that has been the thinking, I suspect, around debt collection. But I take on board the comments that these things need reviewing.

Senator KAKOSCHKE-MOORE: I will not assume anything. Would the department conduct any audits or performance reviews of the performance of external debt collection agencies?

Ms Golightly: Yes, we do, very regularly. There are a number of different ones, actually, under the contract. There are a couple we do monthly, and then we do a formal quarterly review as well. That is in addition to daily contact we might have with the agencies.

Senator KAKOSCHKE-MOORE: Can those formal quarterly reports be made public?

Ms Golightly: I would have to check whether there is actually a report, as such. They are face-to-face meetings where we review for that quarter various aspects of the agency's performance. I think I might have given evidence at an earlier hearing. For example, we do call recording and listen to a sample of those calls; we do surveys of customers; and we look at data about the number of contacts, making sure that that is all in accordance with the specifications of the contract. So we would go through all of that in our quarterly review. We do that face-to-face with each of the agencies at a fairly senior level. I can take on notice what would be available that we might be able to provide the committee.

CHAIR: There is a question on notice I can ask now, and there will be a number of others because we have in fact gone over time. Going back to the issue around the cost-benefit analysis, do you have figures on how much it costs to collect, say, a debt of $50 or $20 in terms of the registered mail and all of the other issues? Have you done that calculation?

Ms Campbell: I think we are talking about two different things now. I am not sure, but this might be what you are asking: what is the initial threshold where we would send a clarifying letter? Is that what you are asking?

CHAIR: It seems to me we have acknowledged that debts can be referred under $50. How much would that cost? What is the cost of pursuing that debt—not just the fee or the commission but in terms of the whole process?

Ms Campbell: That is why when they are under $50 they are written off and waived so that they do not do it. I think what we were talking about was when there was a bigger debt that may have slipped below $50 and may have been referred, and we will take that on board about whether or not it is worth referring. So it is that issue: at what point does it become uneconomical to pursue? I think what we may have been doing was thinking of that at the start rather than when it comes to going off to a debt collector. We will have to look at the legalities of it, and
we will no doubt have to talk to the Department of Finance about how we can do that, but I think it makes common sense that it is probably not economical to pursue when it is under $50 if we are about to take a new activity. With recipients, the way we recover debt, of course, is to take withholdings.

CHAIR: Exactly.

Ms Campbell: Therefore, it does not cost.

CHAIR: I understand that. I am pretty certain we put something on notice already about where you stop taking money out of a recipient's—

Ms Golightly: At what level?

CHAIR: At what level, because it is then unfair for the recipients.

Ms Campbell: But we work pretty hard with recipients, and we start at $5 a week.

Ms Golightly: It can be as low as $5 a week.

Ms Campbell: It can go as low as $5 a week in doing that.

CHAIR: Could I just go back to this $20 or $50. I think, with the question on notice, we wanted below $50 where it is the bigger debt, and if some have been referred that are not associated with the bigger debt.

Thank you very much for your time today. It is appreciated. Thank you for the briefing this morning, which was very much appreciated, and also for providing the staff that you have provided to assist individuals when they have come in, because our feedback is that it has helped a number of people, and they have appreciated it. So thank you. We will get questions on notice to you fairly soon so that we can finalise this inquiry.

Ms Campbell: I am kind of keen to clear them before we come back for estimates.

Senator DUNIAM: Senator Watt promised he is going to go easy on you in estimates as a result of this inquiry.

CHAIR: I thought you were verballing him!

Senator WATT: We have only examined one aspect of the department.

CHAIR: By the way, I have made no such commitment.

Ms Campbell: We look forward to coming back.

Senator DUNIAM: We know you mean that!
McCABE, Ms Patricia, OAM, National President, TPI Federation of Australia

Evidence from Judith was taken via teleconference—

CHAIR: We have two public witnesses; one is on the phone. I just remind people that after that we will be going in camera. Welcome. I just have a little bit that I formally have to say, and then we will get going. I welcome everybody. I understand that you have both been given information on parliamentary privilege and the protection of witnesses and evidence. We have three-minute statements, and then there may be one or two clarifying questions. I just remind everyone that it is unlawful for anyone to threaten or disadvantage a witness on account of the evidence they give 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. Judith, as you are on teleconference, why don't we start with you?

Judith: I have been on an aged-care pension now for two years. I have prepared very well for that by seeking financial advice through Centrelink for five years in advance.

CHAIR: Judith, could you speak up a bit. We are having trouble hearing you.

Judith: I have been on the aged-care pension since the financial year 2015. That was my first year, so I have had two years on the full aged-care pension. I received that regularly until I received a letter from Centrelink on Monday, 31 March, this year. Six weeks ago, I received a form from Centrelink online reducing my pension by about $90 per fortnight. The basis for that, and all that they declared in that form—it was not a letter—was that it was reduced by that amount because of an annual income of $9,040. There was no other information stated on that form. I went straight into Centrelink the next day. I was very concerned; that is my only form of income since I retired. I attended the Maroochydore Centrelink office the following day. I was told I was subject to a complex review and would have to wait for a contact from the complex review officer that day. My blood pressure went up to about 205 over 104, and I was placed on medication by my doctor, because I could not get any information as to what it was about. Centrelink were literally saying that I owed them $9,040, and I did not know why.

I had no further contact. They were supposed to contact me that day by phone. I waited by my phone. I had no contact from Centrelink for 24 hours. I thought I had this debt, and the pension was my sole income. By the Wednesday, two days later, I still had no contact; nobody had contacted me. I saw a lady called Bec at the Maroochydore Centrelink office. She told me what the documents were that were relied upon for Centrelink's decision. Some of them were old shares dating back to 1998, which had been sold about 15 years ago. She said there was an old ABN in the system that was declaring that I had a profit of about $1,000 a year, which I had deregistered prior to going on the pension. I had advised Centrelink of that. They had not updated their records. They told me they had no tax or financial records on my company—I have had a company for 30 years, which I still had, but I was not operating it until I switched back to it in 2015 and 2016. Centrelink told me that I had no tax or financial records after 2015 in the system. So I submitted a hard copy letter and all of the supporting historical documentation—I am very thorough in that respect, having been a businesswoman for 30 years. I sent all of that by mail through to Centrelink in Canberra, which required a signature—I sent it by registered mail.

I have heard nothing from Centrelink since then. I could not get to talk to anyone. I received an online letter on 11 May, which was last week, stating that they had not received any of my 2016 actual financials, which were sent by my accountant in August 2016, and I have the Australia Post reference number from that when my accountant sent that to them. So I have been sending this stuff to them. I cannot get any information from them as to where I stand, and they are still saying I have a debt, and I have submitted all of this documentation.

Last Friday, I rang Centrelink again, and I have the reference number from her as per the conversation, and she said they had none of the documentation that I have sent, which is about 30 pages—and this was the third time I sent it—that they were behind in their document scanning process and that I should take hard copies along to the Maroochydore office. And my pension was still reduced.

CHAIR: Judith, your three minutes has elapsed.

Judith: That is fine; that is the end.

CHAIR: You have not heard back from Centrelink? Is that correct?

Judith: No, except another letter saying that they wanted all the documents that I had sent them.

CHAIR: Can I let you know that we do have some Centrelink staff who are making themselves available for the hearings. While it is not going to be practical for you to talk to them now, if you would like us to we can provide your details to them for you to give you a ring, or we can get a contact that you could ring.
Judith: They can contact me. That is fine. I would prefer that.
CHAIR: We will give your details to the Centrelink officers that are here, and I am trusting that they will then contact you to follow this up.
Judith: Okay, thank you. Thank you for your time.
CHAIR: Thank you, and I am sorry that you have been through this mill this way.
Judith: That is all right. Thank you.
CHAIR: Ms McCabe.
Ms McCabe: I am the national president of the TPI Federation of Australia, which is for totally and permanently incapacitated ex-service men and women. I thank you for this opportunity to provide a statement to the committee. The TPI Federation believes the scale of issues affecting Australian Defence Force personnel and the veteran community is enormous, and asks that this committee reads the federation's submission fully to understand the complexities for a veteran who has to deal with Centrelink.

There is a complex set of three interrelated compensation acts that a veteran needs to comply with in order to receive their compensation and income support payments. Compounded with this is that there are also two types of veterans: those who need to deal with the Department of Veterans' Affairs for their income support, and those who need to deal with Centrelink for that same support. The veterans who deal with Centrelink need to apply for a disability support pension. The disability support pension is obtained—depending on income and assets eligibility—while assessing the DVA disability compensation payment as income. Centrelink pays this disability support pension payment to the veteran. Centrelink then advises DVA of the amount of the payment. DVA then calculates what the payment would have been had the DVA disability compensation payment not been taken into account for the income and assets test. The difference between the two payments is calculated by DVA as a Defence Force income support allowance—DFISA—which DVA pays to the veteran. This sounds extremely complex because it is. The real issues for the veteran arise when there is an issue with the payments. When a veteran contacts DVA to query a DFISA payment, then, usually, DVA refers the veteran to Centrelink. In turn, Centrelink refers the veteran back to DVA, and so forth. Not one department has all the information to assist the veteran, and therefore they cannot resolve an issue.

To ask a veteran who is of poor health, either physical or psychological, to navigate a department such as Centrelink, where the staff—through no fault of their own—have little to no knowledge of a veteran and their overall compensation entitlements, is extremely damaging to the welfare of the veteran and their family. The likelihood of unwanted reactions to the lack of understanding or empathy for the veteran should be avoided at all costs. This was outlined strongly in the recent Senate inquiry into the Australian Defence Force and veteran suicide.

The federation is aware that the government is on the path to a whole-of-government process, whereby the processes of many departments are to be centralised for many reasons. The DVA pension summary of December 2016 shows that approximately 14,000 of the DVA client population are receiving DFISA. This represents 8.6 per cent of the veteran community, or, more importantly, 0.06 per cent of the Australian population. These statistics show graphically that the miniscule number of veterans in the overall Centrelink client population who are receiving an enormous amount of grief and angst because of the understandable lack of knowledge by the Centrelink staff of the veterans, and the many compensation acts that cover them, should be under the umbrella of DVA, not Centrelink. The federation recommends to the committee that the parliament should resolve that all veterans should only have to deal with one department for all of their compensation income support and health requirements. That department should be the Department of Veterans' Affairs.

The recent robo-debt recovery processes that were instituted by Centrelink were of great concern to the veteran community. The thought that Centrelink disability support pensions and age pensions were to go through these very same processes was enough to highly stress, and trigger psychotic concerns by, many veterans. It is for this reason that DVA clients should only ever have to enter the compensation income support area through one service. That service is the Department of Veterans' Affairs. Should this be able to occur, the DVA staff can liaise in the back office with the various departments that the issue may concern, be that Centrelink or aged care.

CHAIR: Ms McCabe, we have gone over time. What I am suggesting we do is incorporate this in the Hansard so we will not miss the rest of your statement. Does the committee agree? There being no objection, it is so ordered.

The document read as follows—

Thank you very much for the opportunity to provide a statement to the committee and to appear today.
The TPI Federation believes that the scale of issues affecting ADF Personnel, and the Veteran community, is enormous, and asks that this Committee read our submission fully to understand the complexities for a Veteran who has to deal with Centrelink.

There is a complex set of three interrelated Compensation Acts, which a Veteran needs to comply with in order to receive their compensation and income support payments.

Compounded with this is that there are also two types of Veterans. Those who need to deal with the Department of Veteran Affairs (DVA) for their income support and those who have to deal with Centrelink for that same support.

The Veterans who deal with Centrelink need to apply for a Disability Support Pension (DSP). The DSP is obtained (depending on income and assets eligibility) while assessing the DVA Disability Compensation payment as income. Centrelink pays this DSP payment to the Veteran. Centrelink then advises DVA of the amount of the payment. DVA then calculates what the payment would have been had the DVA Disability Compensation payment not been taken into account for the income and assets test. The difference between these two amounts is calculated by DVA as a Defence Force Income Support Allowance (DFISA), which DVA pays to the Veteran.

Now this may sound extremely complex because it is. The real issues for the Veterans arises when there is an issue with the payments. When a Veteran contacts DVA to query a DFISA payment then usually DVA refers the Veteran to Centrelink. In turn, Centrelink then refers the Veteran back to DVA and so forth. Not one department has all the information to assist the Veteran and therefore cannot resolve an issue.

To ask a Veteran who is of poor health, either physical or psychological, to navigate a Department such as Centrelink, where the staff (through no fault of their own) has little-to-no knowledge of a Veteran and their overall compensation entitlements is extremely damaging to the welfare of the Veteran and their family. The likelihood of unwanted reactions to the lack of understanding or empathy for the Veteran should be avoided at all costs. This was outlined strongly in the recent Senate Inquiry into ADF and Veteran Suicide.

The Federation is aware that the Government is on the path of a Whole of Government process whereby the processes of many Departments are to be centralised for many reasons. The DVA Pension Summary of December 2016 shows that 14,292 of the DVA client population are receiving DFISA. This represents 8.6% of the Veteran community or, more importantly, .06% of the Australian population.

These statistics show graphically that the miniscule number of Veterans in the overall Centrelink client population that are receiving an enormous amount of grief and angst, because of the understandable lack of knowledge by the Centrelink staff of the Veterans and their many compensation Acts that cover them, should be under the umbrella of Veterans' Affairs—not Centrelink.

The Federation recommends to this Committee that the Parliament should resolve that all Veterans should only have to deal with one Department for all their compensation, income support and health requirements. That Department should be the Department of Veterans' Affairs.

The recent robo-debt recovery processes that were instituted by Centrelink in late 2016 and early 2017 was of great concern to the Veteran community. The thought that when the Centrelink Disability Support Pensions or the Aged Pensions were to go through these very same processes were enough to highly stress and trigger psychotic concerns by many Veterans.

It is for this reason that DVA clients should only ever have to enter the compensation and income support area through one service. That service is the Department of Veterans' Affairs. Should this be able to occur then the DVA staff can liaise in the back-office with the various Departments that the issue may concern—be that Centrelink or MyAgedCare.

Any suggestion or notion that another Department or Agency could do it better, just fails the litmus test when one considers the CONSTANT bureaucratic quagmire and the failures that occur almost daily elsewhere. The Parliament can ill-afford to subject its ADF Personnel and the Veteran community to such an environment, no matter what assurances are proffered by the Government of the day.

It is vital that all DVA clients, and prospective DVA clients, have a single physical 'front door' entry into all Government and Agency services available to them. This 'front door' must be the Department of Veterans' Affairs.

Again, I thank the Committee for this opportunity and hope that you will consider what is best for the Veteran in determining REAL, TANGIBLE and BENEFICIAL outcomes from this committee.

Recommendations

The TPI Federation recommends that the Senators consider the following—

a. That all DVA clients be able to use the 'front door' to DVA for all their requirements—financial, medical and psychological — and let DVA utilise the back of house requirements necessary for the Whole of Government processes to be completed with the other Departments.

b. That all DVA TPI clients, whether they have Qualifying Service or not., be dealt with equally and have equal entitlements. This includes having the TPI Compensation payments treated as non-taxable income (as the Tax Office does) when assessing income support and MyAgedCare assessments.

c. That DVA clients who incur repayment recovery requirements be dealt with by DVA as a front of office procedure and that DVA deal with the other Departments on behalf of the DVA client.
d. That DFISA recipients receive adequate advice from either Centrelink or DVA when questions are raised.

Ms Patricia McCabe OAM
Federation President—TPI Federation

CHAIR: You have raised really seriously issues. Many of them do not actually fit in with the inquiry, as I think the secretariat has been talking to you about. That is not to say that they are not really important issues.

Ms McCabe: The robo-debt side of it is.

CHAIR: Yes, exactly. I have read your submission, particularly that part around the robo-debt issue, and we take it on board. A number of us have been involved in the other inquiry that you talked about. I think this is really important—it intersects with that issue as well, and I am certainly bearing that in mind when I am participating in the other inquiry.

Ms McCabe: That is why it was mentioned.

CHAIR: We will make sure we let people know about this issue. I think it is another issue that we need to raise with Centrelink, in terms of its complexity, even though it is outside the terms of reference of this inquiry, other than the section that you do talk about that relates to the robo-debt processes. Thank you. We will now go to our in camera witnesses.

Evidence was then heard in camera—

Committee adjourned at 16:06