COMMONWEALTH OF AUSTRALIA

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SENATE

COMMUNITY AFFAIRS LEGISLATION COMMITTEE

Social Services and Other Legislation Amendment (Simplifying Income Reporting and Other Measures) Bill 2020

(Public)

MONDAY, 17 FEBRUARY 2020

MELBOURNE

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SENATE
COMMUNITY AFFAIRS LEGISLATION COMMITTEE

Monday, 17 February 2020

Members in attendance: Senators Askew.

Terms of Reference for the Inquiry:
To inquire into and report on:
Social Services and Other Legislation Amendment (Simplifying Income Reporting and Other Measures) Bill 2020.
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COMMUNITY AFFAIRS LEGISLATION COMMITTEE

HO, Ms Leanne, Executive Officer, National Social Security Rights Network

TURNER, Mr Daniel, Solicitor, Welfare Rights Centre, Sydney

Evidence was taken via teleconference—

Committee met at 08:43

CHAIR (Senator Askew): I declare open this hearing of the Senate Community Affairs Legislation Committee into the Social Services and Other Legislation Amendment (Simplifying Income Reporting and Other Measures) Bill 2020. These are public proceedings and a Hansard transcript is being made. The hearing is also being broadcast via the internet.

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

The committee prefers all evidence to be given in public, although the committee may determine or agree to a request to have evidence heard in private session. If a witness objects to answering a question, the witness should state the ground upon which the objection is taken and the committee will determine whether it will insist on an answer having regard to the ground which is claimed. If the committee determines to insist on an answer, a witness may request that the answer be given in camera. Such a request may also be made at any other time.

The committee understands that all witnesses appearing today have been provided with information regarding parliamentary privilege and the protection of witnesses. Additional copies of this information can be obtained from the secretariat.

I now invite you to make a brief opening statement should you wish to do so, and after that I'll invite the committee members to ask you some questions.

Mr Turner: I'd like to thank the committee for the opportunity to provide further evidence today on the simplifying income reporting bill. We welcome any changes which simplify the income reporting requirements for people receiving Centrelink payments and reduce the number of social security overpayments arising from the complexity of these obligations. However, it will be important to ensure that the lessons from the so-called robodebt disaster are learned in the implementation of this new employment income reporting process, including adequate consultation with people affected and the organisations representing them, user testing of the new process and effective communication of these changes. Most importantly, we recommend shifting the weight of ownership of reporting obligations from income support recipients to government. The impression that many people have following the announcement of the 2019-20 budget measure Changing the Social Security Income Assessment Model and subsequent communications about its implementation is that the sharing of Single Touch Payroll data by the ATO to Services Australia will replace the need for people to check and report their income. Critically we've learnt from the consultation draft of the bill that any edited or additional information an income support recipient provides will supersede prefilled STP data. This is a potential recipe for overpayments as a substantial number of income recipients have low levels of financial literacy. Our concern is that this cohort may provide information that is incorrect simply due to a lack of understanding, and that's not an acceptable outcome of this bill and is contrary to its purpose.

In view of our organisation and members, it would be far preferable and fair for the onus to rest on government to take into account all data necessary to make accurate decisions. This recommendation for a shift in responsibility from income recipient to government takes into account the increasing complexity of the system, the vulnerability of many income support recipients and how well government is placed to access accurate information about a person's income from the ATO. Unfortunately, this is not what the bill achieves.

This bill is not amended to shift the responsibility onto government to assess income and, at the very least, when an income support recipient provides information that is inconsistent with prefilled information, Services Australia should alert the income recipient of the discrepancy. The recipient should be notified that the information they supply will be relied on in place of the prefilled data and, if it is subsequently found to be incorrect, then this may give rise to an overpayment and potential criminal penalties. Ideally this alert would be accompanied by an offer of support by Centrelink to resolve the discrepancy between the prefilled information and what the payment recipient believes to be the correct employment income information. This would maximise the benefit of the legislation in avoiding overpayments due to incorrect reporting of income and allow any possible errors in reporting to be resolved in real time. Thank you.

CHAIR: Thank you, Mr Turner. Ms Ho, did you want to add anything further?
Ms Ho: No; we prepared the statement together, thank you.

Senator SIEWERT: Mr Turner, can I go to the issue that you raised in terms of the data gathering. The issue that immediately raises with me, and a number of the submissions talk about, is the protection of people's data and expressing concern about issues around making sure that people still have control over their own data and about further sharing of data and protection of data. I'm wondering how that sits with the point you've made about it being up to the government to collect it, because that means they are potentially going to other organisations to collect that information. Can you take me through how you meet both objectives?

Mr Turner: Services Australia currently obtains and collects a substantial amount of information from income support recipients, in any case. This is what this bill proposes to do: obtain further information from income support recipients. I'm not sure that I'm clear on—

Senator SIEWERT: For example, where would you suggest the government goes to collect the additional—I'm just trying to see how this sits with somebody's right to privacy, because ACROSS and others make the point about privacy as well. We're getting conflicting advice. I see where you're coming from, saying the government should prove it, but are you saying that the government should be able to go to people's banks, for example, and get their bank statements instead of people having to provide those? If you're talking about proving how much somebody earned—

Ms Ho: Perhaps I could jump in here. We weren't necessarily talking about obtaining additional data, although we would make the point that, when a Centrelink debt is being raised, the government has that data—collecting power and uses it to ensure that the debt is correct. What we were saying in relation to this bill is that the data that is incoming through the Single Touch Payroll system should be taken prima facie to be the correct information, rather than having the information that the income support recipient provides automatically superseding the STP data where they think there's a discrepancy.

I think there's been a lot of confusion in our sector. When the budget measure was announced, there was a collective sigh of relief from the sector, about making it easier for people, because they were going to be able to rely on the data coming through the STP process. It would avoid debt because it wouldn't be up to vulnerable people to work out, through a complicated system, what their income being reported should be. So we were, I think, a little bit surprised when we saw, in the detail of the bill, that actually the prefilled data is going to be provided as a bit of a guide but the entire responsibility is still going to be with the income support recipient to check that data and, where there is a discrepancy and they do provide a different figure, that is going to be taken to supersede the STP data.

Senator SIEWERT: You raise a number of other issues in your submission. I wanted to go to this issue about the testing, because a number of submissions raised that particular issue. Can you take me through what level of testing you think should be in place before the system starts? You say that 10 people in Brisbane—you go through that process, but, from what I gather from your submission, you don't think that's adequate.

Ms Ho: From what we understand from the briefing we received from the relevant department, there's a user-experience centre in Brisbane and 10 people were going to test how the new system worked. The problem with that from our members' experience is that the most vulnerable people are unlikely to be within easy reach of the user-testing centre. We've got people in remote and rural areas, Indigenous communities and people from culturally and linguistically diverse backgrounds, and they are the people who are most likely to find the new system difficult to understand. A sample of 10 people is just so small that we just don't think it's likely to throw up all the issues with the system and it needs to occur before it's rolled out to the masses.

The other thing is that organisations like ours deal with a diverse range of people who are trying to correctly report their income, and we haven't actually seen the proposed processes that people will go through in any level of detail. I acknowledge that the department plans to consult us once they're ready, but the bill is being moved through the legislative process with such great speed that we're a bit concerned that there just won't be enough time for organisations like ours and our members to provide feedback to ensure that the system works before it is unleashed.

Senator SIEWERT: Thank you. I've got one more question. A number of submissions have made comments about the complexity and vulnerable people using this particular system. People already have to report their income but they estimate it. Why do you see the reporting on the computer—I get that the current system is confusing, and this is trying to fix that—as being more difficult than the current system, or potentially more difficult?

Ms Ho: We're not necessarily saying that the new system is more difficult. I want to make the point that we actually welcome moving in this direction. However, we are concerned, as I mentioned before, that even our
organisations which are staffed mainly by lawyers had the impression from the announcement of the measure that the burden of the responsibility for reporting would be taken off vulnerable income support recipients and that there would be a shift to government to obtain the correct data through the STP data-sharing process. Because even we have that impression, it would be confusing for our members centres to think that that's not actually the case. The full responsibility still will be with the income support recipient, and there'll be that extra step in the process where they do have to check, edit and add to that information that's prefilled and that will actually be taken as superseding that prefilled data.

Mr Turner: If I may add to that: we haven't seen those screens. We're merely flagging, based on our experience of the current system, our substantial confusion and that overpayments are arising because of very simple misunderstandings like low financial literacy. Sometimes it's legitimate—and people are confused; they receive conflicting information from Centrelink regarding their different income reporting obligations—but we're simply flagging that there needs to be careful thought and attention where a person is engaging with prefilled information. We haven't seen those screens. We'd hope to be able to provide feedback to ensure that people aren't making simple mistakes when they're interacting with that prefilled data and potentially providing incorrect information honestly, but simply due to a lack of understanding.

Ms Ho: We're particularly concerned about the transition periods, where we understand that people will actually need to do some manual calculations to make sure that the period that the data relates to is correct. That particular period is, I think, going to be fraught, and there are going to need to be additional resources from Services Australia to support people through that period.

Senator WALSH: Have you turned your minds to how this system will interact with people who work irregularly, as many social security recipients do? There are employment attribution rules which link people's work to their payments in fortnightly, monthly or annual periods. Some people are going to be working so irregularly that I'm wondering how their work interacts with those reporting periods. What are your thoughts about that?

Ms Ho: I think this is where the kind of example you've just provided is another reason why there needs to be more time provided to consultations—so that we can look at some of the scenarios and work through them, because we really haven't had that opportunity. We got the consultation draft of the bill two weeks ago with a briefing and had to provide a submission on Friday and come to this hearing today, so we haven't actually worked through all of the scenarios. We've flagged some that could be problematic, but we really haven't had the opportunity to look at it.

Senator WALSH: Given the short consultation period that you've had so far, I guess you haven't really been able to engage very much with clients about it. But what are your thoughts on the likelihood that people might be quite scared by the change given the robodebt situation? What might be able to be done to allay those concerns?

Mr Turner: On the first point, in my experience people have lost a great deal of trust in the system as a result of robodebt. I've seen people, in the most extreme cases, completely disengage from Centrelink and forfeit their entitlement to be a social security recipient for fear of an overpayment. It's been catastrophic in terms of the trust that people have in the social security system, and that's a tragic result. Undoubtedly, we will see people have a great deal of apprehension in this system. I don't know what can be done to allay those concerns. I think a sincere acknowledgement that robodebt was a disaster is probably a first step, and really clear communication throughout the process, and—this is difficult for such a system to achieve—really close engagement. Where the trust can be built is with organisations who support income support recipients by providing very clear communication, detailed consultation and input, and that sort of a process is most likely going to build the confidence in the community around this new initiative.

Senator WALSH: You've talked about the difficulties that people might have in interacting with the online reporting requirements. Are there any particular groups that you think might be more adversely impacted by needing to interact with that sort of system, either geographically or demographically?

Mr Turner: I would say young people, culturally and linguistically diverse communities, Aboriginal and Torres Strait Islander communities—in general.

Ms Ho: Then there are older people who aren't comfortable with the technology, or people who simply don't have digital access because they live in a particular area or because they can't afford that access. I would also say that, because there is the extra step of checking, editing and adding, it is likely to be daunting for many people, not just the groups that we're talking about.

Senator HUGHES: If I could touch on some of your comments around financial literacy: wouldn't you think that it's easier now that people are able to physically look at a payslip that they have and can confirm income
based on that, as opposed to them having to calculate estimated income before that payslip is necessarily issued? Wouldn't that make it easier for people to confirm their income?

Ms Ho: No doubt. That's why, in general, we welcome this measure and the bill. All of our comments are really to ensure that the aims of the bill are met and the benefit maximised, so that we don't unnecessarily introduce additional complexity or complications, and that the bill is as beneficial as we would like it to be.

Senator HUGHES: A couple of times I noticed you made suggestions around the government having to take more responsibility as opposed to the recipients of welfare taking any personal responsibility for their reporting. I wonder whether or not you have any suggestions about where we can better assist people in understanding their obligation to report income. There is a mutual obligation here. If you're a welfare recipient, you do have an obligation back to the taxpayer to ensure that you're reporting income that you earn. Do you have any suggestions about how we can ensure people better understand that obligation?

Ms Ho: To reinforce something that Daniel said earlier, I think that, on the whole, people understand that they have an obligation and are very grateful for the support that they receive through the social security system. What we're talking about is people being confused and finding the system difficult to navigate. What we've been suggesting is in light of the fact that the government compared to the income support recipient has much greater resources, as far as data collection and understanding the system go, to be able to obtain and assess that information to ensure that payments are being made correctly.

Senator HUGHES: That's what's really happening though when you bring the ATO in: people are just required to confirm as opposed to enter those figures—from reading a payslip. Of course it doesn't have to be done digitally; there is the ability to talk to Centrelink staff to do it.

Ms Ho: That's a really good point that you make. Daniel can probably speak to this—about the reality of getting through to Centrelink in order to have those supports and conversations.

Mr Turner: Yes, I often speak to people who have great difficulty accessing. They are turned away on a regular basis from the offices of Centrelink. Services Australia offers a very limited service at its Centrelink offices. I understand it tends to be that, if you walk into an office, you'll be told, 'Here's a phone number; please call that.' So the supports, at least from what I'm seeing and hearing, are quite limited. That's what I'm hearing at the moment.

Senator HUGHES: All right. We might move on a little bit. With respect to your suggestions relating to family tax benefit—that the Single Touch Payroll data should be extended for use with regard to family tax benefit payments—what benefits do you think that would have for recipients?

Mr Turner: I think one would be alerting recipients that their income estimates for family tax benefit purposes may need to be updated or changed. The second thing is that there are a substantial number of debts that we see arise over the different reporting obligations for a family assistance payment and a social security payment. A common example is a person receiving parenting payment and family tax benefit at the same time. Parenting payment will have a fortnightly reporting obligation, typically. Family tax benefit will estimate your income and then provide tax returns at the end of the financial year. I think that, commonly, debt's arising because people believe that supplying their tax return at the end of the financial year satisfies their reporting obligation for parenting payment, and Centrelink says, 'Well, I'm sorry, it doesn't; we didn't know that you were earning an income,' even though they're regularly providing tax returns and income estimates and receiving letters saying, 'We know what your income is.' These debts just shouldn't exist, and I think using the STP data or rolling the system over to family tax benefit may go a long way to avoiding some of those areas of confusion and really unnecessary and, frankly, absurd overpayments.

Senator HUGHES: Thank you.

Senator MCLACHLAN: I'd just like to clarify something. After listening to your contribution, am I correct to say that your concerns around the vulnerable are about assisting them with their obligations, as opposed to reshaping their obligations to report?

Ms Ho: I think there's really a spectrum. I think that providing more support, given the access to information that government has, would take a little bit of the burden off the vulnerable. We've made a very practical suggestion in our submission: where there is new information being provided by the income support recipients where they think there's a problem with the prefilled data, if you provide support at that point to help resolve the discrepancy then you front-load your resourcing from Services Australia, and you don't have to deal with that issue down the road as a debt. That doesn't take away from the income support recipients needing to be involved in the process of reporting; it just acknowledges their vulnerability and perhaps their lack of ability to deal with the system.
Senator MCLACHLAN: Thank you.

Senator SIEWERT: I can see where you're coming from. I also think some people wouldn't be comfortable with the government doing that. Would you see that people could do some sort of tick-box to say, 'We're happy for you to go and source this information; here's where we bank,' or whatever, so that people have a choice as to whether they want the government to do more detailed checking?

Ms Ho: Yes. I actually was thinking about your first question and was going to come back to that. I think that's a really good idea.

Senator SIEWERT: So people would have a choice.

CHAIR: Thank you very much for making yourselves available. I know it's been fairly short notice to have you included. Thank you very much for your time this morning. I don't think we've had any questions on notice, so you've managed to escape that.
CROWE, Ms Charmaine, Senior Advisor Social Security, Australian Council of Social Service

Evidence was taken via teleconference—

[09:16]

CHAIR: Welcome. Thank you for appearing before the committee. I invite you to make a brief opening statement if you would like to do so.

Ms Crowe: I thank the committee for the opportunity to provide evidence this morning on this bill. ACOSS welcomes this bill, because it will simplify the reporting of income, removing the guesswork involved in the current system. We support shifting the reporting of income to when it is received as opposed to when it is earned, which can make accurate reporting difficult.

However, we urge the government to ensure that a number of measures and processes are put in place before the bill takes effect. These include thorough testing of the new scheme to address any issues before it is unleashed on the 1.2 million people who report income each year. There is widespread distrust of government in its use of data matching decision-making, following what's happened with robodebt, which has since been found to be unlawful. We urge the government to test the new scheme on a large number of people in different circumstances so as to pick up on problems before the scheme commences.

Secondly, there must be checks and balances in the transition process to protect people from losing income support to which they are entitled. The current bill requires people to do a difficult calculation during the transition period so that they don't double count income. There is a large risk that many people will get this wrong. Rather than making it the sole responsibility of individuals to ensure that they receive their correct entitlement during the transition period, the government should use any tools it has at its disposal to ensure that people receive their correct entitlement.

Thirdly, we urge the government to properly communicate these changes to people affected. We understand that the government largely relies on online means of communication to advise people of these changes. This is inadequate, and the government must implement a comprehensive communication strategy so that people are aware of this reform.

Finally, we want to raise the broader issue of privacy within the Social Security Act. We do not believe that the current act affords sufficient protection of people's personal information. As this bill will expand data sharing, we urge the government to strengthen the privacy provisions in the Social Security Act so as to guard against public release of private information by government, as occurred in the Andie Fox case in 2017.

This bill provides an opportunity for government to get social security administration reform right. Following robodebt, people understandably have little faith that government will act fairly or without error. This is why government must properly test the new system, including with stakeholders like ACOSS and other social security law experts, to ensure that people are at the centre of this reform. Thanks so much.

Senator WALSH: Thank you very much, Ms Crowe, for making yourself available today. I'll take you to your comments about income averaging and around the change to income being received in the period. You said that ACOSS is supportive of that. Have you thought about how irregular work patterns might feed into the new income attribution rules, whereby income is averaged on a fortnightly, monthly or annual basis? Have you thought about how people might be advantaged or disadvantaged with this new approach?

Ms Crowe: Yes, thanks for the question. I should make clear that we're broadly supportive of shifting the reporting requirements to after the income has been received, as opposed to the period of time in which it's earned, simply because it will remove the need for people to estimate their earnings during the reporting period.

Your question goes to the government's use of averaging under this bill, which it will need to do for people who may receive income monthly or outside of a regular weekly or fortnightly earnings period. Obviously, and as others have put to you, we have had very limited time to look at this fairly detailed piece of legislation. We did put this question to the department during the one briefing that we have had with them. They assured us that all of their calculations suggested that no-one would be disadvantaged by the change to averaging. We have not had an opportunity to do those comprehensive calculations ourselves. I've had a very brief attempt at doing so but, of course, we don't have the resources that the department has at hand.

I would urge the committee to ask the department to provide a comprehensive list of cameos and other calculations that they have done in their testing so that you and everyone else can have a full picture of how people will be affected compared with how they report currently income. I think that is an important question, and something that the public has a right to know.
Senator WALSH: Thank you. What kind of testing would you like to see happen before this system, that you broadly support, is rolled out?

Ms Crowe: We'd like to see the system tested on a large number of people in different circumstances and who live in different areas of Australia, with different access to online forms of communication, access to Services Australia et cetera. We think that there is no need to rush this bill. We need to see that comprehensive testing of the new scheme before it commences so that we can guard against any issues or problems that may exist in the scheme or that haven't been detected.

Importantly, we want to see testing with social security law experts and not just people who could be affected down the road. That's because they can often identify issues that people who would be using the scheme may not be aware of, simply because they have a decent understanding of social security law. If we compare it what happened with robodebt, there was no consultation there with experts at all. But following minor changes to the scheme there was some level of consultation. I know that in that consultation period we were able to identify issues, right down to the screens that were being used and the language that was used in communications, and we could say, 'This is not workable for people; people won't necessarily understand what that means.' We were able to make changes accordingly. I think there should be a very thorough testing of this scheme in that respect. We would also really like to see the screens that the department has developed for people to use when this scheme takes effect.

Senator WALSH: Looking forward to the proposed changeover period, where people are required to make some adjustments in their own reporting, how likely do you think it is that people will make mistakes and what kind of support do you think needs to be provided during any transition? And what sorts of arrangements should be made around penalising or not penalising people who do make mistakes?

Ms Crowe: I think there is a large likelihood that people will make a mistake with that calculation because it would be very easy to do. We know that more than half a million people report income in any given fortnight, so there is a huge risk that a large number of people will make an error when they make that calculation. Going to your question of whether or not people should be penalised, I think there should be a level of understanding from the government that people may well make a mistake and that people should not be penalised unduly if they report their income incorrectly. Our concern is that people double-count income as opposed to under-report income. As we know, there is no obligation on the government to detect any underpayments that may be made and that responsibility rests solely with the individual concerned, which is why we are calling for the government to use any tools it might have to pick up on instances of double-counting and try and work with the person concerned to ensure that they are receiving the correct entitlement for that period. Given that it is only one fortnight that will constitute the transition period, I think it is only fair that the government plays its part here to ensure that people do receive the income support to which they are entitled.

Senator WALSH: How do you imagine people will respond when hey see a prefilled form? Do you think that it will encourage people to think that the information is correct rather than understand that they retain responsibility for making sure that it is correct? And what sorts of measures need to be put in place around that?

Ms Crowe: I think this is where clear communication is critical, because I imagine that many people will assume that that prefilled data are correct and will consequently feel like they don't need to do anything further because it is correct. It would be interesting to see what the ATO's experience has been with the use of transition to prefilled data in tax returns and I would encourage the committee to look into that to see what that experience was in terms of people's behaviour. But I do think that there is a risk that people will assume that the government has gotten it right in this instance, particularly over time. This risk of course is that if there is a mistake, it may not necessarily be picked up on. So I think in the first instance we really need to see thorough communication with people affected and what the risks are if they are to accept whatever had been prefilled into the form, and also explain clearly to them how they can check whether or not those data are correct. This will come down to the communication presence in the screens that people will be taken through once the scheme is implemented and is why we and many others would like to see those screens and test those screens before they are implemented.

Senator SIEWERT: Ms Crowe, if you believe what the prefilled form says, the question is: if it is wrong and you don't alter it because you just believe the form, and if the employer has been consistently, for example, underreporting, the onus is still on you if you find out they have been underreporting?

Ms Crowe: Correct.

Senator SIEWERT: So the onus remains on the person, and then the issue is whether the person has in fact got their pay slip in time to be able to check the form.
Ms Crowe: Presumably they would have their pay slip in time—that is my understanding. My understanding is they will have to go through this process once they have their pay slip. They should have that. But, if that is incorrect, there needs to be a very easy, clear way for that person to correct the data or the income that has been prefilled, otherwise we're obviously going to have a situation where people are being incorrectly paid, whether that be underpaid or overpaid. That's why we and many others, including when robodebt commenced, were making clear that, in any system, there needs to be a very easy avenue for people to take to correct their information with government, because there is a power imbalance there, and that's why that process needs to be made as easy as possible—so that people can provide the correct information and update their details accordingly.

Senator SIEWERT: Thank you. One of the issues I'm concerned about—we've just been through the irregular pay, but I'm thinking of, for example, subcontractors, who often aren't paid for a significant period of time. They do the work and are not paid. Have you thought about how that is handled through this process?

Ms Crowe: It's a good question, and I'd encourage you to put that to the department as one of the cameos that you ask that they would do for you, because we've not had an opportunity to properly work through those kinds of scenarios. My understanding is that a person would have their income support entitlement calculated at the point in time that they actually receive the payment. But, again, I would encourage you to seek clarification from the department, including a cameo to explain that change properly.

Senator SIEWERT: It could be a while if you're waiting for those bills to be paid. It's sometimes months, in fact, before subbies get paid.

Ms Crowe: Yes.

Senator SIEWERT: We'll clarify that with the department. At the moment I'm not exactly convinced that the system meets people's needs, but I'll follow that up with the department. Can I go to the issue of privacy. I understand the example. I fully recall the example that you're talking about. We've just been having a conversation with National Social Security Rights Network on the issue of flipping the onus of proof over to the government rather than to the income support recipient. The issue with that, of course, is that, if you flip the onus, there's then a requirement for government to go and find some more information. Could you take me through what sorts of strengthening of privacy requirements you would like to see versus enabling government to find more information if that's necessary?

Ms Crowe: That's a really good question, which I think will arise more and more as we move down this road of data sharing within our income support system. Most notably we're seeing that with the welfare payment infrastructure transformation work that is currently taking place. Our concern is, I guess, a little simpler than that, and that is really ensuring that people's private information cannot be publicly released. In the Andie Fox case it was determined that that person should have had an expectation that their private information could have been released if they were to criticise government policy—that they should have had a reasonable expectation that the government may release their private information. We think that that is problematic. In our view, people's private information should not be released by government under any circumstances without their expectant and informed consent.

I appreciate that there would be challenges if the onus lay with government in terms of people's reporting of their income, because of course, as you suggest, the government would need to do a lot of the investigatory work to determine people's circumstances. I think there's a question about getting the balance right and acknowledging the powers that the Commonwealth has to release the information about people's circumstances. I think there is a difference between debt recovery and the onus on the Commonwealth to ensure that the evidence it has to calculate a debt is sufficient and correct compared with people reporting income.

I think what this bill would do—if it is done fairly, correctly and all of the things that we are calling for are implemented—is make it much easier for people to report their inform, and I think that's a good thing. Whether or not the full onus rests with the Commonwealth is, I think, another question and something that we will have to give further consideration to before we can provide an answer to that. I am not sure if that answered your question very well.

Senator SIEWERT: It was helpful; thank you.

Senator HUGHES: Ms Crowe, thank you for your submission. I do acknowledge your broad support for the bill. I want to take you in a bit of a different direction. With regard to the Single Touch Payroll and looking at other payments, such as family tax benefits that are paid more on annual income, do you think there would be any benefits in extending this program out to looking at the fortnightly reporting and having it applied to family tax payments?
Ms Crowe: I'd say possibly. I'd like more time to consider it fully and to speak to other experts before I gave a complete answer with respect to that question. We do know that there are many instances of people incurring a debt with their family tax payments because, of course, they still need to estimate their income over the course of 12 months, which can be very difficult to do. I think anything that the government did to reduce the incidence of people incurring debts in that respect should be considered by government, for sure.

Senator WALSH: Ms Crowe, given that you've said that this could work but that there's a need for a lot more testing and a lot more communication, do you think that the government should include a review in the bill?

Ms Crowe: Yes, I think that is a really excellent suggestion. I believe that Victoria Legal Aid made the suggestion that the bill be review in one years time. We fully support that suggestion. I think that's a responsible way for government to move forward with this. Let's not forget that hundreds of thousands of people will be affected by this piece of legislation in any given year. It would be prudent for government to do a comprehensive review of the legislation in a year's time to ensure that it is operating fairly and correctly and that people really are at the centre of this legislation.

Senator WALSH: Thank you.

CHAIR: I think we have exhausted our questions. Thank you very much, Ms Crowe, for making yourself available today at reasonably short notice, and thank you very much for your contribution to the inquiry.
CASEY, Dr Simone, Policy Adviser, Australian Unemployed Workers Union

[09:40]

CHAIR: I now welcome Dr Casey from the Australian Unemployed Workers Union. Thank you for appearing before the committee today. Did you wish to make a brief opening statement?

Dr Casey: Yes. We have not yet handed in our submission and I want to run through the main points of it. It shouldn't take too long. Thank you for the opportunity to provide a response to this inquiry. We've been granted an extension and the hard copy version will be available tomorrow. Today I represent the AUWU where I've been volunteering as the policy adviser. I have a long history in the welfare sector and I understand the complexity of income reporting obligations as well as other related aspects of mutual obligation. The Unemployed Workers' Union is a volunteer organisation dedicated to advocating for and protecting the rights of unemployed, underemployed and unwaged workers and/or recipients of social security payments. The union currently has over 15,000 members across every state and has no political affiliations. On behalf of the union, I wish to highlight our main concerns about this legislation, particularly in relation to the need to safeguard the human social rights of underemployed workers who maintain eligibility for income support payments. We note that the changes will affect parenting payments recipients, DSP recipients and those in receipt of other welfare payments affected by income earnings, including age pensioners.

While we support the idea of making income support reporting simpler, the recent experience with robodebt offers salient warnings about the harms that arise when the algorithms that inform income imputations do not reflect the reality of variable income many underemployed workers experience. The robodebt experience shows how the design and digitisation initiatives too often occurs in a vacuum, with insufficient testing of the concepts on human subjects and with a disregard for the suffering that arises when these initiatives fail to work as intended.

We note from the minister's speech there is a saving of $2.1 billion over four years to be made from the measure, but there has been little transparency over how this sum was calculated. The AUWU represents unemployed and underemployed workers who want to work and want to be treated fairly and with dignity. Too often this group is treated as if they are only interested in bludging off or cheating the welfare system. This makes it easy for the public to accept measures that impose further hardships on us when we're already doing it tougher than any other group. The minister's speech referred to 15 million corrections that are currently followed up manually. Is this not evidence that underemployed workers are trying to do the right thing already? The experience reported to us at the union is that employers do not always provide payslips in a reliable manner, despite their obligations under Fair Work.

There is a growing army of underemployed workers evident in the growth of insecure and poorly remunerated work. This group is vulnerable to vast income disparities as income varies from week to week and seasonally. This group is also often in causal employment or may hold several casual jobs, meaning they report income for multiple employers. The proposed changes greatly expose this group to the risks of automated decision-making, discrepant reporting periods between employers and Centrelink reporting dates. The bill and explanatory memorandum are lengthy and complex. There has been no public consultation or information provided in lay terms that would help to clarify the intents or processes associated with the reforms. The AUWU recommends that such a consultation process occur prior to the Senate approving the bill, to avoid unintended consequences such as those associated with robodebt.

Given the limited time that has been available to examine the proposed changes, the union highlights the following concerns that we believe need to be addressed in the design stages of the data-matching technology. The concerns include, firstly, the need to ensure systems for error rectification for both employers and underemployed workers are easy to access and do not result in payment delays. The systems should ensure smooth integration with existing myGov apps for income and mutual obligation reporting, and should also ensure that payment reporting dates and the real-time capture of the data are aligned.

We ask the committee to consider a few questions in relation to these concerns. How will the programming resolve discrepant reporting between the employer and the worker, and what will the manual process for this look like? Consider, for example, the number of mistakes that employers might make and the burden of resolving this that would fall on the shoulders of the underemployed worker. How would the issue of multiple payslips from different employers for different time periods be resolved? Would the underemployed worker be required to report multiple times or would they still need to guess earnings from the second or third employers? And how would a worker resolve this without disruption to payments that might be needed to pay essentials such as rent?

The second broad area of concern relates to unintentional payment delays that might arise because of IT failures. The union believes delays in payments cause real distress to underemployed workers and that measures
need to be implemented to ensure that payment suspensions do not arise because of failed synchronisation or reporting discrepancies. At the moment, if an underemployed worker fails to report on time their payment is put on hold until they are able to report.

There is also a need to ensure that programming accurately handles the data load to ensure it does not fail at the last minute, leaving underemployed workers without Centrelink payments. These concerns underscore our recommendation that the proposed income reporting reforms undergo rigorous testing with underemployed workers. We also recommend the need for vigorous testing of the income reporting concepts against social security entitlements with experts in the relevant laws.

A third area of concern is the interaction between the income estimates and the family tax benefit. The family tax benefit is usually calculated for overall earnings in the financial year and submitted to Services Australia as an income estimate, which is reconciled at the end of the tax year. Income calculations for FTB allow for tax deductions, and fortnightly amount income is not therefore the same as annual income. It is unclear why the legislation would rope in FTB payments, because safeguards for overpayment are already in place. Further, fortnightly earnings can be highly variable so that imputation of earnings from one fortnight to the next may adversely affect FTB payment rates for the remainder of the financial year. It should also be noted that false imputations may also affect child support payments. As this provision would adversely affect single-parent families already struggling on low incomes and Newstart payments, the union recommends that this aspect of the bill be subject to further scrutiny and elaboration of how the fortnightly benefit calculation will affect the payment for the entire taxation year.

The AUWU requests that the committee find mechanisms to incorporate its recommendations into this legislation. Our submission will be available tomorrow.

**CHAIR:** Thank you very much.

**Senator WALSH:** Thank you very much, Dr Casey, for your appearance and your comments today. You said that you've got a lot of experience in the union with income reporting for underemployed people. This bill envisages a change to received income being what's judged. That seems like a generally positive change. Can you talk us through how, in the real world, that might advantage or disadvantage somebody who works occasional shifts for multiple employers who are initially compliant, providing payslips and using the Single Touch Payroll system?

**Dr Casey:** My concerns for people who have multiple jobs are that the reporting periods might not line up between different employers—one could pay you on Monday and the other could pay you on Friday—and that the hours worked in that period may be on demand in some cases; so you may not know for that Monday what you're going to be earning from the other employer for the Friday. This would relate a lot to people in casual employment but also to other on-demand work. I wasn't able to understand from the bill or the explanatory memorandum what mechanism would be there to enable an underemployed worker to report income that was of variable time periods and of variable amounts that might not be estimated and might not be able to be estimated in advance. I don't know, statistically, the number of people in multiple jobs, so it would be interesting to actually learn how many underemployed people are working on multiple jobs, but I understand that the number has been increasing over time with the gig economy growth in jobs.

**Senator WALSH:** We've already heard this morning that this issue is the type of thing that means that testing with real-world examples would be very useful. You've got 15,000 members who are real people dealing with all of this. What sort of testing do you think would be useful?

**Dr Casey:** I think you'd have to run some information sessions to recruit people to understand what the changes meant to engage in: 'How it would look for me, if I was working for three employers? How would I get the reporting done?' As you probably know, a lot of people use an app to do the reporting or they go on to myGov. If you're reporting date is Wednesday when you get paid by Centrelink on Thursday and you haven't completed your report you don't get paid. If I was reporting one job on Monday and I wasn't getting paid for the other job on Friday, I would like to understand how I would be supposed to report that. I think they're the kinds of things that you need to test with real people with real scenarios and not assume that everybody just has one job. Also people start and end jobs quite often for intermittent kind of work, so they'll be starting new jobs at different times. The mechanisms need to be simple for people to be able to resolve processes like that. Although we've got whatever it is—a number of million people—correcting incomes at the moment, I think for this group of people who've got multiple jobs, they're most at risk of carrying the burden of resolving discrepancies in earnings, through no fault of their own and through not being able to anticipate, necessarily, what the employer was going to require them to do.
Senator WALSH: Finally from me, you mentioned the issue that underemployed people face with non-compliant employers and employees who are not providing pay slips or are not engaged in the ATO's Single Touch Payroll System. That's very common in lots of industries. How does that problem interact differently with this proposed approach, as opposed to the difficulties perhaps that they would already have today, on the reporting of the non-compliant income?

Dr Casey: I don't know the percentage of employers who are actually using the one touch payroll system, so I don't know how big that group that are not actually using it is, but, if the underemployed worker is able to use their pay slip to report when no data has been received from that employer, then that would help to resolve that. I understand that they can do that as a manual override. If there is no data then they can just put in whatever they expect it to be, but we do find and hear of people not getting pay slip, so they have two guess what they're earning. I'm not naming names, but I had employers who've not got the pay slip there on time for one reason or another, for example, the guy who signs off the payroll wasn't available and it got on the next day. There's going to be a bit of noise in terms of submissions by employers as well as underemployed workers. Our interest is just in making sure that the onus of correcting any mistakes or discrepancies doesn't only fall on the shoulders of underemployed workers and that there are mechanisms for them to resolve these things quickly and that don't expose them to payment delays.

Senator HUGHES: I just want to clarify something with you, because I do know that everyone is trying to get their heads around this a little bit. This new Single Touch Payroll System actually means—to stick with your example—if you get paid by one employer on a Monday and one employee on a Friday and you're reporting day is Wednesday for payment benefits on Thursday, you don't have to report the Friday. You would only be reporting the Monday payment. You actually only report what you've already been paid, and that Friday payment would then fall into the next reporting period. I appreciate that there are multiple employers and that the work has already been done, but you are actually only reporting what you've received.

I think it's a significant step forward; it's a simplification that people are only obliged to report what they've actually received. So they're not having to estimate what they're getting paid and they're not having to guess what they're going to get paid on the Friday. They only actually have to report on the Wednesday what they've been paid before that, then if they're getting paid by the next employer on the Friday they don't have to report that until the next reporting period. So there's a simplification, but I do appreciate that that's part of the communication and messaging which needs to be undertaken expressly.

CHAIR: We'll clarify that with the department when they appear later in the morning, as well, if that helps you.

Dr Casey: Yes. I think it's something that would come out in the wash with some testing with real-life examples as well. The income-reporting period is the social-security-reporting period and how that affects income that was earned outside that period. We're now talking about multiple income-reporting periods and how that gets legislated.

If the income is defined as belonging to a different reporting period because it was earned in a later period then—

Senator HUGHES: You're basically reporting now what you've been paid, as opposed to what you've earned. I think that's probably the best and most simple way to think about it.

Dr Casey: Yes.

Senator HUGHES: So you're actually only reporting on what you've already been paid, as opposed to what you've earned, technically.

Senator SIEWERT: I appreciate what Senator Hughes has been saying, but the problem is that there is some confusion about what the bill says, and Vic legal picked that up. Part of this, for me, is how someone uses it. The confusion goes back to this issue of confusion for income support recipients when filling out the form, knowing full well that they've worked and that they're reporting some of what they've worked and had a payslip for, but not reporting other and feeling that they're not doing it properly. Is that part of what the issue is here—the confusion for people about what they do or don't report?

Dr Casey: I think also that there's going to be a transition period, where people are used to the old concept of everything being up-to-date and then the new, 'Oh, okay, I don't include that, but what did I include last time? ' I do think that we need to test the level of confusion and simplicity for people who are actually using the system.

Senator SIEWERT: That takes me to the transition period. A lot of submissions commented on the transition period. Technically, there's going to be a transition period where we go from the old system to the new system.
What effective period of transition would you say is appropriate, given the confusion that people are going to have—not just in the technical transition period?

**Dr Casey:** I think it also partly depends on the resources that are available in Services Australia to respond to people's inquiries and, possibly to multilingual inquiries. We need to be sensitive to the fact that not everybody interfaces with these things in English, so we need to consider making information available that's accessible to people in other languages as well. The apps are only in English, so there may be some difficulties for people from a non-English-speaking background to actually navigate them. Again, they will not be the majority of people reporting income but there needs to be sensitivity to that. So I think that any transition period needs to be sensitive to minority groups and the need for multilingual tools.

To be honest, I don't just want to pull a figure out of the air about how long is enough time. I think that a good three to six months is a reasonable amount of time to make these adjustments. But, again, as I said, if people can't get through to Services Australia and get help on the day, or on the days or in the transition period then it could be much longer.

**Senator SIEWERT:** In your experience, how long do people sometimes go—if they're in regular work, or subbies or in the gig economy—before they actually get paid? I'm not talking about normally, but in people's lived experience. I know that people get paid on a two-weekly basis but I'm also aware that people can go for long periods of time without getting paid.

**Dr Casey:** Single Touch Payroll is supposed to eliminate that kind of negligence on behalf of employers, in terms of meeting their obligations under Fair Work to pay people at the right intervals. I can't actually comment on how long it is, because I don't have any personal experience of not being paid at the right interval. I don't have any intelligence on that, I'm sorry.

**Senator MCLACHLAN:** Could you give the committee some counsel on how best to communicate with your membership or like types of individuals who are interacting with the system?

**Dr Casey:** That's a fantastic question, because the union would really like to assist in getting information about all government initiatives out through our network. We often find that our members have not received direct communications from the government about things that are changing or that they need to respond to, so we would happily distribute information through our network and advertise any information sessions of consultation sessions that might come up.

**CHAIR:** Just to elaborate a bit further on that, how do you communicate with them at the moment? Is it on Facebook pages or—

**Dr Casey:** It's a combination of social media and a direct mailing list. We've got a very substantial direct mailing list.

**CHAIR:** So if the department was able to provide you with the updated information, you'd be able to get it out fairly quickly?

**Dr Casey:** Yes. It wouldn't get out to as many actual income recipients as there are, which is 1.2 million, but it would be an engaged group that we would be able to get information out to.

**CHAIR:** So it would just be another avenue of communication.

**Dr Casey:** Yes.

**Senator SIEWERT:** I want to go back to the Single Touch Payroll. You made that comment that relates to it, how the Single Touch Payroll is supposed to be dealing with some of this. I appreciate that's right, but in reality some employers are outside that system, and have been for a while. I'm going to ask the department how many they calculate are going to be outside that system. Do you have any idea how many of your underemployed and unemployed members are potentially working outside of the STP system?

**Dr Casey:** I wouldn't like to guess, so I will happily take it on notice. We could try to run some kind of poll to find out. I don't know if the people who are not using Single Touch Payroll are the grey economy employers or not. I assumed the Taxation Office is coming down on employers who are not participating in it to eliminate that kind of behaviour, but I'm not aware at the moment of how many of our members are being paid in a way that is not transparently reported to the ATO.

**Senator SIEWERT:** Okay. Any further information you could get would be appreciated. I want to go to the issue of privacy. We've had comments made by ACOSS that talk about the need to protect people's privacy and not to release information publicly, and then we had National Social Security Rights Network earlier talking about the particularly vulnerable people and their difficulty in using the system. Has the union considered this
issue of privacy and how information is accessed by government to prove how much people have earned? I want to keep it more general first, and then go a bit more specific. Have you generally considered that issue?

Dr Casey: We consider that issue in that most of our members have employment services requirements. At their initial interviews they sit down and basically are not told that they don't have to sign this privacy waiver. So before people know it they've handed over permission for data about them to be shared, but they are not fully understanding of how it's being shared or why it's being shared. The unemployed workers union have a privacy policy; government agencies and most other agencies have to have a privacy policy, but I'm not sure how many people actually read those before they sign something and they sign their rights right away. People are becoming more aware of it, but I think there is a danger with all of these things that people are giving permission for data to be shared and they're not aware of what the implications of that might be.

Senator SIEWERT: I'll ask one of the questions I subsequently put to the Social Security Rights Network. If it was explicitly asked, particularly to vulnerable people—the issue was particularly about vulnerable people being able to navigate the system—if they were happy for the verification process to be undertaken by government in a more detailed way, would that help to deal with that issue?

Dr Casey: I think so, yes—if it was explained clearly why the data needed to be shared. Most of us are kind of aware that there is data matching going on that we don't know about. We assume that governments are sharing data about us without our knowledge, but I think it would be very useful to know at the outset what data was being exchanged by whom. That would just eliminate any misunderstanding about what was going on in terms of that big data analysis and sharing.

Senator SIEWERT: There are a number of submissions and people who are recommending a review in 12 months. Would you support that? I know you talked about reviewing it, but in 12 months—

Dr Casey: Certainly any kind of review would be welcome: any mechanism to ensure that the changes were being implemented as intended, rather than causing unintended consequences. I would just note that, in terms of that review, it needs to be a review with scope to actually change some things. Often I find reviews are undertaken and they make recommendations, but actually nothing particularly much changes and the harms that are being caused continue for a long time, until whenever there's another reform process.

CHAIR: Can I clarify what sorts of harms you could possibly perceive happening in this situation? They're still reporting the income that they have earned, but just on a different basis.

Dr Casey: I guess the burden for resolving any discrepancies and mistakes will fall on the underemployed workers. Who do I call now? How do I get my employer, who could be a very large employer, who could be a very small employer, to correct what they've reported? Is it my responsibility to advise Services there's a mistake? If I'm sitting there and I'm seeing one thing on my payslip and one thing on the app, what do I do and how do I sort it out? How do I do that quickly? If I don't submit now, my payment is withheld until I have submitted, so income reporting has to be submitted on a certain date or else you don't get paid.

And although we're talking about people who are reporting incomes, the amount of that income may not be sufficient to carry them through for a long period. So if they then have to sort it out with their employer and then go to Centrelink—who knows how long that could take? I envisage in my mind a button on the screen that you can press and say, 'I need to follow up an issue with this,' or something like that. This means they can get paid and not make a false statement by saying, 'Yes, I agree; this is correct,' or not correct. It would be good if there could be some process where they can say, 'I'd like to talk to somebody about an issue here,' and still get paid.

Senator SIEWERT: The issue here is how that happens, but also the impact if somebody doesn't get paid.

Dr Casey: Yes. The unintended harm is the possibility of losing that income support payment for whatever period it takes.

Senator SIEWERT: If you alter the prefilled out form and you put in a new figure, my understanding is that just because there is a discrepancy, it doesn't mean you don't get paid; it just means the onus is on you if you've got it wrong.

Dr Casey: Yes, and you have made it—

CHAIR: So what you change it to is the correct—is what it's treated as.

Dr Casey: Yes, you might be like: 'Oh, maybe I'm wrong, I need to sort this out. There's a discrepancy.' Basically, there is something you're not confident is right, and you don't want to make a false social security statement saying it is right—and some people are quite intimidated about clicking 'Yes, they have said the right thing'. There needs to be a third option, 'There's something here that I need to sort out,' and have somebody who can follow that up with them from Services Australia.
Senator SIEWERT: If the default was that you go with what the form says, but you press the button to say 'I've got a query' you could still get paid, but you don't feel like you've lied. Is that the sort of thing you're talking about?

Dr Casey: Yes. The technology in the programming could initially be a chatbot or something that pops up and says, 'Can I help you with this?' Bearing in mind that we don't necessarily want to pour all the money of Services Australia into IT, but we do need something that people can get instant help from.

Senator SIEWERT: Okay.

CHAIR: As no-one has any further questions, thank you very much for coming in today and giving us your thoughts. We also appreciate the fact that it's been a fairly short time frame and turnaround. I think you did have a question on notice to take away. The committee's reporting on Thursday 20 February, which is this week, which means we're requesting that questions on notice be responded to by 9 am on Wednesday.

Dr Casey: Okay; I'll do my best.

CHAIR: I'm sorry to do that to you, but if you don't mind taking that away that would be great.

Proceedings suspended from 10:11 to 10:31
Evidence was taken via teleconference—

CHAIR: I now welcome via teleconference a representative from Anglicare Australia. Thank you for appearing before the committee today, Ms Chambers. I'd like to invite you to make a brief opening statement if you wish to, then we'll go to some questions.

Ms Chambers: Thank you for the opportunity to engage with this bill. Anglicare Australia has a long interest in social security payments, due to our involvement with one in 20 Australians across the country, at all stages of life. Obviously, adequate benefits are the safety net required by an increasingly competitive and precarious employment landscape. But the changes proposed in this bill actually answer something we've called for in the past: they facilitate the system to better understand the current work environment—with casualised shifts, a variety of hours and even multiple employers. The proposed changes will hopefully intervene early or prevent large misunderstandings and so enable the correct payments and, hopefully, avoid overpayments.

However, Centrelink has not demonstrated its organisational ability to enact automated systems. There is a lot going on at Centrelink at the moment, and it would be really good to see demonstrated consolidation of the current lessons to assist in the future changes. These changes must be seen as an investment into a better system for Australians. They will not work for the people using Centrelink if they're viewed as a cost-cutting exercise. An investment outlook will involve careful design and testing, but it will, ultimately, deliver better outcomes for everyone.

Senator SIEWERT: In your submission you touched on the need for testing. There's been a short time frame on this bill because the government wants to implement this in July. When you talk about needing to test, can I ask you to expand a bit further: do you support passing the bill and then testing before the bill comes into effect? Or are you proposing that the testing is done before the bill is passed.? I'm interested in what kind of urgency you're placing on the testing as well as the sense of urgency with bringing in a system that is designed to help people.

Ms Chambers: I think that it is urgent to test. We would be thinking that the use of the human design life would be a good starting place, and then we'd want to see a number of cohorts of people who use Centrelink run through a test system. We'd really want to see that the testing is approached with a view of curiosity rather than of defensiveness, and the urgency is so that people don't get caught up.

I understand the question about whether it's more urgent to get the testing done or more urgent to bring in this system, which, hopefully, will avoid misunderstandings around payment levels. We are saying that the bill should be passed as long as we can see some good co-design and testing. I understand the 1 July deadline. It may be that testing could continue afterwards or that there could be, certainly once it's running, random testing of one in 500 or one in 300 on each different benefit, but certainly that testing needs to happen. I think we're all aware that there's a fairly low level of trust in many institutions at the moment, but Centrelink isn't one of the most trusted. I think that for people to come on board with this we really need to have it be very upfront about what tests are going to happen and what kinds of systems are going to be in place once it starts so as to address any mistakes.

Senator SIEWERT: You also say in your submission: The Government must also show that it has considered any unintended consequences or potential risks of harm, and the steps needed to ameliorate them.

Have you found any specific unintended consequences that you'd like to raise now?

Ms Chambers: It's a little bit hard for us to do that, because we haven't seen it in practice. I do think that, whilst it sounds a much better idea than what is currently happening, we won't understand how complicated this is until it begins—even the issue of the Centrelink fortnight not being the same as an employer's fortnight. The fact is that sometimes people who are trying to enter the workforce, particularly, or who are involved in some kind of peripheral employment may have a number of employers across a few months, even within a fortnight, so there are some things that we can imagine may happen. The other point would be to really push back the onus of ensuring that information is correct onto Services Australia. We've seen through our research that the automated systems tend to push responsibility for correcting mistakes, whether they are the owners of the mistakes or not, onto the individuals and, in fact, actually on to services like Anglicare in the end. We do want to make sure that that could be something that is addressed in this, as well.

Senator SIEWERT: Would part of your concerns be ameliorated if the government took up the recommendation that a number of organisations have made—but Victoria Legal Aid has made—about having a review after a year?
Ms Chambers: Yes—a full review that would be acted upon. It would be committed to be acted upon after a year, but not necessarily waiting till then—so doing some ongoing reviews. I think one of the issues for Centrelink—I really feel for their individual staff; I know many of them and they are feeling quite disempowered as well—is that it's not perhaps the best learning culture. It would be great to see some of the defensiveness dropped and an ability to say: 'This is new. We will make mistakes. We'll do our best to correct them. In fact, will learn lots through each mistake we make.' I know that's a bit of a pollyanna view and there are very few organisations that do that, but some cultural change towards that kind of view would go miles towards increasing trust, increasing better outcomes and also enacting a change like this.

Senator SIEWERT: I understand what you've said about testing, and I know that Centrelink has a process where it goes and tests. In fact, Social Security Rights Network's submission talked about the fact that there was a small test of this in Brisbane. Would you see that, perhaps, given the issues that you just mentioned about trust—I'm just thinking maybe of special circumstances where a panel of, say, unemployed workers or those who are using the system get more directly involved in a review, to provide advice?

Ms Chambers: That would be great. That whole idea of co-design would be fantastic. I think it would deliver better outcomes. It would also help any cultural change. One of the sorrows around processes that don't involve the users is how much information people miss out on. If this is done well Centrelink will have a better understanding of the individual circumstances and the range of circumstances and even a better understanding of the pathways that people use to ultimately move off benefits or pathways between benefits. When that learning isn't enabled, that's all lost.

Senator SIEWERT: Sorry to be a bit painful, but I want to go back to the issue of whether this should start sooner rather than later. I'm looking at the Victoria Legal Aid submission where they say that maybe further time and consultation are required to consider the implications of the bill. They've raised a number of specific points that I'm going to pursue with the department. There's overwhelming support, in principle, from organisations involved in this area, because it does sound like it's really going to help, but people have raised concerns because they haven't had time to consider it. Where is the balance between making sure that people are confident that the issues around unintended consequences are dealt with and that people are protected if there are unintended consequences? I'm really trying to work out where the balance between those two lies in term of making sure it gets implemented by 1 July so people have got the benefits and making sure that we've got the safeguards in place just in case there are potential problems—some things have already been identified, but there are those that we haven't foreseen.

Ms Chambers: One of the things I don't understand is whether, if we don't get it in on 1 July 2020, it has to wait until the next financial year, to 1 July 2021. If it could start part way through a financial year, then I think an extra quarter—an extra 12 weeks—to enable that testing would not be in any way harmful. If we would be saying that, by not doing it on 1 July this year, we'd have to wait until 1 July next year, then I think it becomes more urgent, more imperative to get it in on 1 July. My concern is that testing and reviews and how much people are held to those can be fairly weak once a bill has been passed. So, if we could actually write that in in some way—that there needs to be an ongoing review, ongoing testing, much greater leniency in terms of working through any issues raised and review at the end of the time as well—that would be ideal. I haven't understood myself whether it's a false urgency and it could be brought in at any time, or whether it is imperative that it is attached to a financial year change.

Senator HUGHES: In your submission you looked at the increasing casualisation of the workforce and people trying to report their income over multiple positions. Do you think that people being able to report once they've actually been paid and only having to report money that's actually been paid to them, versus having to estimate the work they've already done and what that's going to look like, will simplify the process?

Ms Chambers: I think it's got to be simpler trying to report what you've actually had because you know what that's been. Trying to project when you don't know what your shifts are, when you don't know how long they'll be, when you may be sent home off a shift if it's not busy enough and all those kinds of things, becomes a bit of a logistical nightmare. It would for any of us, let alone somebody who's dealing with everything else that comes with the territory of multiple employers and Centrelink benefits.

Senator HUGHES: You're obviously working with some of these people who are in receipt of welfare payments and who are required to report income. In terms of how best to communicate these changes to those people to ensure that they understand that there is a simpler model now, that they now only have to report what they've actually earned, that they're no longer required to estimate what they're earning and that it's all to be reflective of what has actually been paid to them, what sorts of communication strategies and engagement strategies would you suggest?
Ms Chambers: There are a number of things. Centrelink does have quite a communications department who can, fortunately—often letters that have come from Centrelink are quite difficult to understand. Sometimes it's because there are paragraphs lifted from lots of places and sometimes it's because of the legalese required to make sure that the correct information is given. Certainly, for our network, our financial counsellors and anybody really working on the front line, there are numerous issues with people not being able to understand communications from Centrelink, with it not being clear. I think there are a number of things that can be done around that. One is perhaps workshops face to face with Centrelink for financial counsellors, people who work in financial wellbeing and maybe housing workers who are working on the front line with people, so that they can really understand it so that it's clear, because they would be a communication tool that you would then have out in the wide world. I'm—

Senator HUGHES: Yes, because it's really important that we don't get misinformation out there and that we ensure that people do communicate correct information to participants. Just to bring you back to the financial counsellors that I know work with you, in terms of the work that they do with people receiving benefits, do you think they will be able to use improved simplicity in reporting as part of their tools to improve people's financial literacy and help them better understand budgeting and managing their money, because it will allow people to better understand their cash flow, whether it is their income or their social security payments?

Ms Chambers: I think it can't do any harm. But I also always reflect, when I think about this, on how I would cope. Technically, I have three degrees, English is my first language and I should be relatively well informed, but I wonder how well I would cope with reporting three different employers over a fortnight. That can quite easily happen if somebody is perhaps working for two different NDIS providers and maybe doing one-off shifts on a Saturday night as a waiter. I do wonder about that. And in terms of the people who are existing on those kinds of ups and downs and ins and outs of money and the sheer level or quantum of benefits, which we have to say is inadequate when we look at youth allowance and Newstart particularly, there's a limit on how well you can budget when the quantum isn't enough. I do suspect that some of the people we work with are far better budgeters than I'll ever be.

Senator HUGHES: Reading your submission, I noticed that you made quite a strong suggestion that the weighting of reporting obligations should really be shifted towards the government. What are your thoughts around the mutual obligations with receiving welfare payments—that people who are receiving social security payments do have an obligation to the taxpayer to ensure that they are effectively reporting any income that they earn? Is maintaining that current practice and maintaining that consistency that's in line with this proposed legislation something you support?

Ms Chambers: I agree entirely that people need to honestly report the income that they have. We're not talking about that. What we're talking about really is that we've seen, through automation, that the onus on clarification and sorting out misunderstandings has fallen entirely to the individual, particularly around robodebt. And, whilst we're not talking about robodebt today, there are some really strong lessons there for Centrelink, ourselves and people to learn. When there was increased automation coming into Centrelink, we heard from a number of our staff that they were spending a lot longer with people to work out the benefits they should be on and having to go back through processes. So what we're saying is that that onus should be at least shared, but, particularly where there are debts or where a cessation or a decrease in payments is occurring—basically, where Centrelink is saying the person owes us money—then the onus to prove that and to work that through should be on Centrelink.

Senator HUGHES: It does still raise issues—and, I think, Ms Chambers, we've heard from you before in other inquiries—around privacy and collecting that data. We seem to have conflicting evidence in different inquiries as to whether people's private details, their bank accounts and their employment records should be able to be accessed by the government versus what they're obligated to provide themselves. There seems to be a little bit of inconsistency over what the government should be able to access, what people should need to provide themselves, what the privacy obligations are and how tight they need to be in the legislation. What are your thoughts on how those issues could be better managed?

Ms Chambers: It comes down to, I think, a human oversight of any of these kinds of processes. The major criticism of robodebt could be summed up by the fact that, whether it's an algorithm or it's a computer generated something or other, it's not been overseen by a human. The cases that have made the media are ridiculous. They are obviously the extreme ones. There was one in the paper today—and I know you will all have seen it—about a woman who got a $45½ thousand dollar repayment notice on child benefit when she didn't have any children. So the ones that hit the media are the extreme ones. What is quite familiar in all of them is the helplessness. There's not an ability for them to talk to Centrelink. Centrelink is not able to be helpful. They have to provide everything. Another big issue with robodebt has been the historical nature of the notices. We're hoping that this bill will
actual prevention anything getting that far and that out of whack. Hopefully, it shouldn't do. It should prevent things into the future. But I think that human oversight and also that ability to actually phone up and talk to a person and find out why and how and what you can do—that's not answering your question, Senator, on privacy. I apologise, and there are—

**Senator Hughes:** I think it comes back to what we were talking about before around misinformation, because we did have in Centrelink people who could access pay slips for you, but there was a lack of understanding that those services existed. So I think it comes back to our original discussion over that effective communication once this program is rolled out. Thank you, Ms Chambers. I know we're running out of time, so I will hand back to the chair.

**CHAIR:** Senator McCarthy, have you got any questions?

**Senator McCarthy:** Yes, I have. Thank you. Ms Chambers, I will go to the concerns around robodebt. You identified that—in your words—there were some lessons for us in there to learn. Do you want to give us some pointers in terms of the learning there? I know you're talking about human interaction, but is that the only thing?

**Ms Chambers:** It certainly goes a long way to helping. I think, where there's anything more than a simple address or name change or something, the human oversight means that people identify the correct benefits that they could be applying for, they get the right level and they feel like they've been valued. I know that sounds a bit warm and fluffy, but, when we talk to people who felt absolutely demeaned and belittled by, particularly, an automated process or something with Centrelink, it's not something that's going to help them get confidence to move into the workforce or to continue with their caring responsibilities or whatever it is they're doing. A human oversight at some stage when things get complicated, when people are particularly vulnerable, on any coming into Centrelink, on any changes to benefits, around times of homelessness, domestic violence, bereavement—we know that Centrelink has got flags that it can use for those kinds of things. Those could be better used. It's also about making sure that Centrelink is well resourced. We know that staff in there are under quite some pressure. And, again, the organisational culture at the moment probably isn't quite the right one to help them go through a change process and to assist them in being the organisation that they should be for the Australians who are trying to use those services.

**Senator McCarthy:** What do you mean when you say 'organisational culture'?

**Ms Chambers:** There have been lots of whistleblowers who've talked about how they have to reach targets on debt and how they have to get X number of notices out. That would go against identifying real debt or working with people to see how they could sort things out. We know that there have been cuts in staff. We know that, when you go into a Centrelink office, you will be directed to use a computer. That's probably fine and dandy if it is a simple change or you want to hand in a form or something, but it's very difficult if people are at a particularly vulnerable time of their life, whether they have just been bereaved or just become unemployed or they've left a violent situation—any of those sorts of situations that bring people to Centrelink. It's a complexity of human life that's not reflected in the way that changes to Centrelink are moving.

**Senator McCarthy:** From your opening statement, I understand that you absolutely support the bill and Anglicare supports the bill, but you are raising these concerns that you'd like the government to take on board in terms of examples like what happened with robodebt; am I correct in saying that?

**Ms Chambers:** Yes, you are. We think that the changes to the fortnightly timescale and the change to income received will be beneficial. But, in any change, there are going to be things that we need to learn and, given the recent history, we just think that there's some really robust testing and review that needs to happen.

**Senator McCarthy:** In terms of those people who do not use online services as much—for example, up here in the Northern Territory with our remote communities and First Nations people across the country, pensioners et cetera—what are your concerns around that?

**Ms Chambers:** Again, it comes back to the human stuff. One thing that surprised me over and over in a couple of pieces of research we've done is that we can't assume which cohorts are not tech savvy. In the automation report that we did and in a previous one, we actually found that young people were one of the most vulnerable groups when we went over to automated systems. But, I agree, the demographic groups that you've mentioned are highly vulnerable. Again, it comes back to having a human at the outset or at times when things change. Automated systems are fantastic at moving great amounts of data when the same things are happening all the time. But, for most people on Centrelink, there are a lot of changes that go along with things until they hit the age pension, when things tend to settle down, potentially. But, again, all the people that go into remote...
communities to visit—whether they're financial counsellors or Centrelink workers—need to know this stuff and be able to answer questions or have someone that they can then talk to within Centrelink on behalf of people.

**Senator McCarthy:** I'm conscious of time. Are there any circumstances where you're concerned that people still might be left worse off? If there are, what are they?

**Ms Chambers:** It's hard to see that people would be worse off because of the changes. It's a strange one, because a change makes something less bad. In terms of negative effects, the testing, we would hope, would really bring those out. That's why I'm saying that we know Centrelink have got a human design lab. We need to run this through that. We need to do, perhaps, a geographical test. We need to do to a test with several of the cohorts that we know. We need to make sure that the testing that they run through reflects the dynamic, changing and complex nature of human life rather than saying, 'Let's test an age pensioner,' or 'Let's test a disability pensioner,' and we need to make sure that we've got reviews in place afterwards that are going to have some form of legislative responsibility enacted.

**CHAIR:** Thank you for your time, for making yourself available this morning and for your submission.

**Ms Chambers:** Thank you very much for the opportunity.
BENNETT, Mr Shane, Acting Deputy Secretary, Social Security, Department of Social Services
BORWICK, Ms Ailsa, National Manager, Employment Income and Single Touch Payroll Branch, Services Australia
LAPTHORNE, Ms Vanessa, Branch Manager, Participation Payments and Families, Study and Compliance, Department of Social Services
McLARTY, Ms Mary, Acting Group Manager, Participation Payments and Families, Department of Social Services
MITCHELL, Ms Debbie, General Manager, Social Services and Welfare Programmes Division, Services Australia

[11:03]

CHAIR: I now welcome representatives from the Department of Social Services and Services Australia. Thank you for appearing before the committee today. 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 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.

CHAIR: Do representatives of either department wish to make an opening statement? No. We will go to questions.

Senator SIEWERT: Can we go to this issue of timing; I know you've all been in the room for this discussion for most of the morning. The issue that we were just talking to Ms Chambers about was whether it's dependent on starting on 1 July for a year or whether you could delay it, if more testing were done, for a quarter.

Mr Bennett: We would have a preference, based on what we've seen with the current complexity of the system, for addressing those issues of complexity as quickly as possible. With 1 July as the specific date, it will enable us, subject to legislative change, to commence the process of not only changing the way we treat income, from effectively 'earned' to 'received', but to start the process of using Single Touch Payroll data from the ATO to improve the process. It's almost two steps: one is that we've got to do the legislative change, and the second step is that we will then use data to support improved accuracy in reporting.

One of the things that we've seen in our discussions with people—and hopefully this is a fair generalisation—is that people have reached a similar conclusion to us, which is that the current arrangements involve a level of complexity. If your starting case is that they do involve a level of complexity that we can address, our conclusion would be that we should try and do that as quickly as possible, and hence 1 July.

Senator SIEWERT: I understand that, and the witnesses—and also people from various organisations I've had private conversations with—are, in principle, overwhelmingly supportive of it. That's not the issue. As far as I'm aware, there's very little contention about, 'This is going to be better.' The things that have been raised are around whether there will be unintended consequences and the capacity to deal with, identify and test them, particularly for vulnerable groups—and we'll go through them in detail a bit later.

I understand the desire to start by 1 July, and I think there's no contention about that—people would like to do that—if we can make sure it happens without unintended consequences. But the question is: if in fact the testing showed there needed to be a little bit more time, is there an absolute requirement for it to start at the beginning of a financial year? The point that we were discussing with Ms Chambers was: if you delayed the start until after 1 July 2020, would it then have to be put off for a full year to 2021, or could it be delayed for a quarter? It's the technical nature of the question that I'm now asking.

Mr Bennett: Perhaps I could answer it by going slightly broader to start with. In terms of what we're trying to do here, the actual payment architecture and processes et cetera aren't being changed. This is quite a specific element of going from 'earned' to 'received'. Within that, as we talk about the move, people have had various conversations about various scenarios et cetera—having listened to a little bit of the evidence on the way here this morning. If you understand that at the core of what we're trying to do is a mechanical change then once the legislation gets passed, our view would be that 1 July is still desirable.

Senator SIEWERT: I've got that.

Mr Bennett: It will enable us to engage and communicate with people. So it's not so much the scenarios of the different cohorts per se; it's more the engagement and preparing people for the transition.
Senator SIEWERT: Sorry, you still haven't answered my question. I'm not trying to be difficult. I want to know whether, from a financial reporting point of view, it is imperative that it's done from the beginning of a financial year?

Mr Bennett: Could I take that on notice—

Senator SIEWERT: Fair enough.

Mr Bennett: because I'm not aware of something that I can tell you. But we have been moving to 1 July, for a particular date, so I'll take that on notice.

Senator SIEWERT: It's the technical angle. Obviously, if this is all positive, there's a desire to make it happen as quickly as possible. If the issues identified in the submissions—for example, the Victorian Legal Aid issues that they've identified, in terms of the reporting period and clarifying that; there are questions about usability et cetera—can't be resolved, would that technically be a barrier to starting, if it were delayed by a quarter, as Ms Chambers suggested?

Mr Bennett: I understand your question.

Senator SIEWERT: That's what I'm trying to find out.

Mr Bennett: Coming back to my point, the issue of usability has been raised, but the reporting process and obligations that people have under the bill will continue. We are making it easier—

Senator SIEWERT: Yes, I get all that. I totally get all that. The point that has been raised is that there are unintended consequences, and do we need to resolve them before we start? That's purely where we're coming from. The other issue that's been raised is putting in a review process after a year. Is that something that's being considered?

Mr Bennett: When we do these types of legislative changes, rather than necessarily having a specific review period we would, as we always do, monitor the system as we go forward. If you're asking me, 'Is there something in the legislation that specifically says we need to do a review in 12 months?' the answer is no.

Senator SIEWERT: I know there isn't. It's been recommended by several people because of some of the potential unintended consequences et cetera. I get that you have a role, but it's actually very helpful for people to be able to interact with a proper review process rather than the department's internal ongoing review. Has that been considered?

Mr Bennett: We've had no discussions with anyone associated with a review period.

Senator SIEWERT: I want to go to some of the other issues that have been raised. I want to clarify when the various bits start. I had the diagram. I only have this on the iPad and I'm trying to get it all on the screen, so I apologise. I'll go to the schematic. I'd like to clarify when the prefilled form kicks in. Does that make sense?

Mr Bennett: It does. Were you looking at appendix 3?

Senator SIEWERT: Yes.

Mr Bennett: Subject to the passage of the legislation, from 1 July, when someone is notified in association with their reporting, initially it will be the name of the employer. STP data is being progressively rolled out. We, in talking to our colleagues at the ATO, understand that this is something that, working with industry, progressively occurs. From 1 July, you get the name of the employer. From September—

Senator SIEWERT: But you don't get the amount that you've earned? That's correct, isn't it?

Mr Bennett: From 1 July, that is correct. Then, progressively, from September you will have it prepopulated.

Senator SIEWERT: Why the rush to get it done by 1 July if the prefilled form isn't there? Is there a risk of even more confusion? Why not wait until the prepopulated form is done?

Mr Bennett: Potentially, a counterfactual question could be asked: if we can change from earned to received, why aren't we doing it quicker? I know that we've got the prefilling which will support the process, but there's the complexity associated with people having to estimate, as they do, the earned amount from 1 July. They will still have the ability to use their pay slip and the gross amount. That, to us, is an incredibly important support to introduce as quickly as possible. As we roll forward with the ability to prepopulate, that will also be a benefit, but it's prepopulation based on the STP data and it's equivalent to what you get in your pay slip. The complexity of the system at the moment, as we see it, is this concept that someone has to estimate how many shifts they've had, the rate et cetera.

Senator SIEWERT: Yes, I get it; we've worked on this for a long time.
Mr Bennett: That's why we think that 1 July becomes important and we can add the employer detail. The other thing—and I know that this may have been discussed—for the sake of completeness, is that even with STP data being available, which will be a tremendous benefit in supporting accurate reporting, working with ATO we expect that there'll probably be about 95 per cent coverage. We're never going to get to 100 per cent within the STP community, so there will always be someone who effectively reports and they won't have it prefilled. That's what we come back to: the sooner we can change it from earn to receive, we see that as a positive.

CHAIR: Can I get clarification on that: the first of September is only the start of the rollout because it's a transitional thing for a 12-month period, so it won't be everybody starting on 1 September?

Mr Bennett: Correct.

Senator SIEWERT: In fact I was going to go that next: so that I've got the picture complete in my head, how many come on from 1 July? There's the mob that comes on under STP2.

Mr Bennett: From 1 July, where someone is paid and the person that they are receiving that pay from—effectively, an employer—is providing data through STP1, that'll be able to be preloaded. If I could use the example: if I was to work for Coles, then I would have the name Coles so the person would know. Working with the ATO, they have indicated that the next rollout will occur progressively over the year. We've talked about September, obviously, being a start but there is no fixed percentage. The rollout comes, effectively, as the different payroll departments update the data that's provided so it is progressive. We understand that sometimes you'll have early adopters and you'll have people who will probably go late to 30 June 2021.

Ms McLarty: It's those top data items in that chart. The STP additional data items are the things that employers will progressively be adding on.

Senator SIEWERT: I take your point, but there is the potential for added complexity. Submitters are already talking about the fact that there's potentially going to be some confusion. In September some people are going to change again. They've got a form that they fill out that just has their employer on it. Come September, they'll then have the amount on it. The complexity comes in when that's not what they think it is, and you've heard the evidence that we had today about what happens when you're contesting that. So that's another complexity on top of the changes in the system and potential unintended consequences. My concern then goes to the transition period and the transition period you envisage, the size of that transition period—

Mr Bennett: I think we come back to: if you look at the fundamental change that we're trying to achieve, then that transition period does relate to that fundamental change which is moving from the earned to—

Senator SIEWERT: The actual change in reporting—yes.

Mr Bennett: Prepopulation is almost like it's an add-on and an advantage. We would be concerned if people misinterpreted the importance of someone being able to report from 1 July with their pay slip, for example, as part of that moving into reporting what has been received.

Senator SIEWERT: Sorry, I'm not quite following you.

Mr Bennett: Are you comfortable if I go to another part of the submission?

Senator SIEWERT: Yes, of course.

Mr Bennett: Okay. If you turn to page 17, appendix 1—

Senator SIEWERT: Yes, that's what I was talking about, where you've got that.

Mr Bennett: The transition diagram is page 12. I was probably going to go with the difference between the earned and paid assessment models.

Senator SIEWERT: That's what I meant.

Mr Bennett: Okay. At the moment, under the earned assessment model—and we go down to what a person reports, which in this case is $150—if you look at reference No. 1 and you go up to where they are getting that amount that they're reporting, you can see by the three $50s and the No. 1 there that that's what that amount reflects. But you can also see that they are paid $100 in between those earned periods that are reported for their entitlement. This wasn't done to be deliberately complicated; it was just trying to communicate what is occurring at the moment. If you then go down to the paid assessment model, you can see that the shifts that they're working—which is the $50—relate to how much they report, which is the $100 at the end of the entitlement period. We are taking the lens that this is a significant improvement in helping people with removing the complexity. As we go forward with these other elements associated with STP, that will, in our view, improve the
way that people interact with Services Australia. But I would be uncomfortable with saying that the STP data was the complete driver of the change. I think that might be misrepresenting the importance of the actual change in reporting that we’ll get from 1 July and the benefit of that.

Senator SIEWERT: Okay, I see where you're coming from, but I'm not quite sure you're getting where I'm coming from. So this starts happening, and then the people who, if they're employed by employers, are coming onto STP are going to have a prepopulated form. One of the issues—I know at least some of you were here for this evidence this morning, and it's in the submissions—is what happens if there's a disconnect between what it says on a person's pay slip and what's reported in the prefilled-out form. The point that was made is that there needs to be a process where people can deal with that. It's no secret that my office, and all our offices, will deal with people who have problems with Centrelink and get very anxious when they're dealing with forms and things like that. So what is going to be the process for where there's a disconnect? There's the process, but, particularly when it first happens, there'll be a learning period about how people interact.

Mr Bennett: I can ask one of my colleagues to talk about the support stream transition period.

Senator SIEWERT: Yes, but that goes back to the question that I asked about four questions ago, which is: what do you see as the transition period? It's not just the period when you come on straight after 1 July, is it? So that's what I want to know about.

Mr Bennett: I understand.

Ms Borwick: Let me start with the supports. We're working closely with customers. There's been a lot of discussion this morning about user testing—I'm happy to go into that in a bit more detail—around the development of the supports. First and foremost, there is a bulk mail-out to affected customers. That'll be about 600,000 by the current customer count. The letter will run through the changes. It'll include examples and information of where additional information can be sought. It will have worked examples so people can understand what it looks like if they were reporting today through the transition period. It'll also point them to supports that we have, for instance, in our web pages, where we'll have a lot more of those worked examples available to people. We'll have a video on demand for those people who need to hear it and to step them through the screen flows. We'll also have things on social media.

I must stress that we are, as Mr Bennett referred to, using the existing channels that customers are familiar with, so we'll have scripts and supports in those. We have a lot of customers that use our digital channels. It's close to 90 per cent now, across the online apps and the voice system. So those messages will be there to reinforce them, to let people know that the change is coming as well as what they'll need to do in the lead-up period.

We'll have face-to-face training for all of our Services Australia staff—that's about 18,000 staff—who face out to customers. This will help distribute the inquiries across the additional support lines that we have, so not only to your traditional payment line and payment support staff but to those people who provide the specialist services, so our social workers, Indigenous service officers and so forth will understand the change and be able to explain that to the customers.

We'll also have fact sheets translated into 10 different languages, advising about the changes for people. We'll use Indigenous radio, the JAM PAKT with Jonzy broadcast, which goes out to about 218 community radio stations, to help get that reach into Indigenous communities and audiences. In addition—you will have heard today some concerns that were raised about calculating the different amounts for the reporting periods during transition—we'll have a transition calculator available to people to help them work that through, and the tutorials that I mentioned before.

With our updates to our employment income channels and our digital channels, we've been testing the screen flows for those with customers at the moment. We have multiple channels for customer experience testing. We've probably done four iterations now on the letter. It's been a really great process; we've actually gone from co-design to co-creation, with getting customers help to actually write it in plain English that speaks to them. So we've gone through the use of diagrams to written examples, and tested all of those out with the customers to make sure that it hits the mark. I sat through a couple of those interviews. We spent about an hour with customers: we offer the letter to them, they read that and then we go through an example of how they would report today and then how they would report through the transition period in going forward, so they can click through the screens and try that. That user testing process that we go through is: we sit with them, we are in the room, and the next day we listen to the feedback. We've had some great feedback from customers about: 'Could you bold this word?' or 'Could you reorder the screens? It doesn't make sense to me if you flow it that way.' So we've done that. We've also made sure that within the screens we've got links to those support tools. I think we heard from one witness this morning about the use of bots. We'll have a bot available so people can get some more personalised
information by asking a question. It won't talk about their circumstances, but it will allow them to write the question that responds to them.

**Senator SIEWERT:** Is that on their screen as they're filling out—

**Ms Borwick:** As they're filling out. So we'll have some tips in there—what gross income is—but we'll also be able to have those electronic questions set there.

**Senator SIEWERT:** It's a slightly different question, but it relates to the screens. What happens to that issue when you've gone to a prepopulated form and there's a difference between that and your pay slip, and people being nervous about changing what's there, because they think that's what the ATO has, so, if they change it there's is an issue, but they don't want to give false information. So they'll be caught between, 'Do I change it?' and, 'What happens if the slip I've got this wrong?' and then I think you were here when—

**Ms Borwick:** Yes; I've been here all morning.

**Senator SIEWERT:** you get a warning. That doesn't happen, does it?

**Ms Borwick:** I'll stress that these are in prototype. They're still subject to the passage of legislation for us to lockdown the full design. That's part of when we uplift in the STP, and we go through those user design processes now with people. We can put questions and look at that as we go through that design process. But the screen flow that we have at the moment allows a person to confirm or to edit; it also says, if they want support, to call their payment line if they want to have a conversation with someone. As part of our general enhancements leading up to 1 July, we're also looking at people being able to click there to update. At the moment, they can only update or correct the record over the phone or coming in face to face. So we are looking at enhancements to help improve that process, because that's part of the feedback that we've had.

**Senator SIEWERT:** I think this may flip over from design to policy in terms of how you deal with people who get nervous about changing forms; they will automatically get nervous about what the prepopulated form says compared to what their pay slip says. If it were me, I'd go, 'Uh-oh! What do I do here?' If that form looks wrong compared to my pay slip, I don't want to lie and just say 'yes' to the form even though my pay slip says something different. That is, for me, an area of automatic 'hit the panic button'.

**Mr Bennett:** We are working with our colleagues in Services Australia associated with what the communication will be so that if people have those types of concerns, as was just mentioned, there is the ability to contact Services Australia directly. So I understand what you're saying, and this is part of the process that we've got as we go forward with this initiative—to support people to provide the correct details.

**Senator SIEWERT:** Sorry to harp on this, but this could lead to them not getting a payment. It could mean, through no fault of the department or Services Australia or them, if it's not resolved within a period of time they may miss a payment or a payment may be delayed. We've had this conversation a lot about how important payment on time is for people who are living on very little.

**Mr Bennett:** One of the things that happens at the moment, which is part of the evidence that we have gathered associated with the need to do this measure, is that people are constantly updating their details—and they still have the ability to update their details as they go forward. So, if you're thinking that you've got to confirm that this is your once-only opportunity to—

**Senator SIEWERT:** Yes. I get that.

**Mr Bennett:** Okay.

**Senator SIEWERT:** It's referred to in here. I suppose it's the nervousness of people and how you deal with that at the time they're filling in the form, and how they're reassured that they're not going to get pinged straightaway. At the moment, I think that's going to be an area of concern.

**Mr Bennett:** We understand what you're telling us. One of the things, as we prepare for the change, is obviously taking into account those circumstances: if people aren't comfortable with what's occurring, because they've got a difference between prepopulation and their pay slip, what would be the next step for them?

**Senator SIEWERT:** Yes.

**Senator MCLACHLAN:** Have you identified any class of individual that's going to be disadvantaged by the changes proposed?

**Mr Bennett:** We've not identified any class of individuals. As we've previously discussed, we actually think the changes that are occurring will support improved payment accuracy and will make it easier for people to provide correct details.
Senator MCLACHLAN: For clarity, how are you treating income commissions or back pay—even on the employers' side, for example, if they've had to give back pay because of an error and they've changed the pay slip?

Mr Bennett: I will answer those consecutively. If someone receives a commission under the new system and it relates to a quarterly bonus, the bonus will be applied forward for the period of the commission from the start of the entitlement period on which it is paid. For example: if in that fortnight where you had to report you have a three-month commission, that would be applied, effectively as linear, for the next three months. It would be apportioned equally over that three-month period.

In terms of back pay: it depends on the period that the back pay relates to. Some back pay might be for a short period, in which case a similar apportionment would occur. But if it were for a longer period, past a year, it would then just be apportioned universally over 52 weeks.

Senator MCLACHLAN: Does income still need to be reported fortnightly where STP data is used? That's another query I had.

Mr Bennett: The onus on the individual to report will continue each fortnight. We have discussed the issue associated with prefilling and the ability of someone to adjust. As I mentioned, working with the ATO, we expect that the STP prefilling data, once fully rolled out, will be about 95 per cent. We understand that there will be a mechanism where people will have to adjust if they have income from another employer which is not subject to STP.

Senator POLLEY: The multiple-agency submission indicated that income across a pay period is substantially averaged across the same amount of time when calculating a social security payment. For example: if someone is paid monthly, that pay is averaged across a month for social security purposes. Are there going to be any circumstances where this may leave a person worse off? For example: if they only work one week in a monthly pay cycle but the income is averaged across two social security fortnights.

And, secondly: if, for example, a person earns $2,000 in one week but nothing for the next three weeks, and is paid monthly, will they be any worse off compared to a person who is paid on a fortnightly or a weekly basis?

Mr Bennett: I might have to go back to the second one, because it was quite specific. But coming back to the first situation: if someone is subject to a monthly pay cycle, what they receive as part of that will be apportioned for the period equivalent of what the pay cycle represents.

Senator POLLEY: Right.

Mr Bennett: On the second one—can you repeat that for me, please?

Senator POLLEY: Yes. If a person earns $2,000 in one week but nothing for the next three weeks, and if they're paid monthly, will they be any worse off compared to a person who is paid on a fortnightly or a weekly basis?

Mr Bennett: Chair, I'm going to take that one on notice because that's quite specific. My feeling is that they should not, because the same principle of apportionment will occur. If it's a monthly pay, it goes out for a month. Therefore, I'm not aware initially of how they could be worse off. But because it's such a specific question I will take it on notice.

CHAIR: Okay.

Senator POLLEY: And just further to that: if required, how can someone have this taken into account so that they're not unfairly disadvantaged because of the pay cycle of their employer? And how many people will be impacted? If you could take those on notice that would be very useful.

Further to that: are there any scenarios where people could be better off in terms of the amount of social security they receive as a result of these changes? What would those scenarios be, how many people would be better off and by how much, on average? And what would be the distribution of the impact?

Mr Bennett: I can answer that last one. At the moment, under the earned model, when someone is starting work their payment on social security will start to decrease before they've had their first pay cheque. Under the new model, because they will only record income that has actually been received then, hypothetically, there is a period where they will receive further support from the social security system as they go to that period of getting their first pay. With regard to those other aspects—I'm talking hypothetically—we would not have details associated with how many people we would think would benefit from that. Part of it will come back to how the actual pay that they receive lines up to their entitlement period, and for the period of time et cetera. I'm effectively providing a 'yes; someone could be, hypothetically, better off through the system than under the current received model' But I couldn't articulate, in terms of statistics, how many people that would be or the level of the benefit.
Senator POLLEY: In terms of trying to calculate savings, if it's assumed that the government will save $2.1 billion over the forwards through the net effect of overpayments and underpayments, what's the value of the underpayments that you assume will be eliminated by this change, over the forwards and for each year? And also, what's the value of the overpayments you assume will be eliminated?

Mr Bennett: Without having a specific dollar figure, I can say, under the change, in any given fortnight of income support recipients who report employment income, we estimate approximately 2.4 per cent will have their income support payments reduced, and approximately 0.8 per cent of income support recipients will have an increase in their benefit. I can't give you a specific dollar figure, but I can give you an indication of the level of underpayment compared to overpayment.

Senator POLLEY: Do you currently have a figure currently for those who are underpaid and those who are overpaid?

Mr Bennett: When you say a figure, Senator, do you mean cohort size?

Senator POLLEY: Yes; the number of people that have been currently assumed as being underpaid and overpaid, on an annual basis. Do you have those figures? You must have had figures to base the changes on, I would have thought.

Mr Bennett: We would have those figures. It's just a question of whether or not I've got them with me.

Senator POLLEY: If you don't, could you take that on notice, please.

Mr Bennett: Senator, I will have to take that one on notice.

Senator POLLEY: Your submission indicates that the DSS Random Sample Survey was used to calculate the financial impact. How large was the random sample size used?

Mr Bennett: The Random Sample Survey is something that occurs annually. It ranges in size, but I will use an approximate of 20,000. So it is a reasonable size. It is a sample size that has worked previously with people who have appropriate statistical skills to make sure that that is a size that enables us to have an understanding of payment accuracy, taking into account that it's balanced by the costs and imposts associated with the process—because it involves going out to individual recipients to get up-to-date information of their details.

Senator POLLEY: Were those people in one geographical area, or are they spread across the country?

Mr Bennett: The Random Sample Survey is deliberately designed to take into account a variety of circumstances, both payment, personal circumstances and geographic profile.

Ms McLarty: The Random Sample Survey is something that's done every year across the social security system, and has been for a while. So it wasn't done specifically for this costing; the costing uses the outcomes of that to work out the numbers.

Senator POLLEY: What level of confidence can we place on the costings that have been done? Is there any reason why the random sample wouldn't be replicated at a system scale?

Mr Bennett: A lot of effort goes into the processes associated with the Random Sample Survey to make sure—as we've said, it's been used for a number of years—the level of accuracy of payments that are reported in the annual report has a sound statistical basis.

Senator POLLEY: How much variation do you think might occur, and what's the estimate of the variation, including costings? And is that variation more likely to be up or down?

Mr Bennett: I don't have any estimate of variation. I think from the scenarios that we have provided and the level of complexity that we have reflected associated with reporting requirements, clearly there is both anecdotal and statistical evidence associated with the way income reporting is contributing to payment inaccuracy. Certainly through the statistical basis of the Random Sample Survey we know that the main driver—the main and not just a driver—of payment inaccuracy is through income reporting.

Senator POLLEY: Okay. How much will this change be in terms of Services Australia's administration, and how many fewer full-time equivalents will be dedicated to income reporting?

Mr Bennett: The measure as it's reflected is a savings measure because of the structural change that it brings about to improve the accuracy of reporting. On my initial recollection that there was no element of reduction to Services Australia's funding associated with the measure, in fact they received money associated with implementation.

Senator POLLEY: So there won't be any fewer full-time employees?
Ms Borwick: Most of the impacts you're asking along those channels that we use—as I pointed out before, almost 90 per cent of people are using the digital channels, so the enhancements are going into those lines versus direct results of jobs.

Senator POLLEY: Currently, as I understand it, there are somewhere around 1.5 million corrections to reported income each year. How many fewer will there now be under this new system?

Mr Bennett: There will always be circumstances where people need to amend their record, but we believe fundamentally that this will improve the accuracy associated with the process. We've actually not broken down the process to give you a delta associated with what the corrections are now versus what they will be in the future. But, again, if people look at the onus on recipients to keep, effectively, a diary of the shifts that they've worked and the different rates that they have worked those shifts at, that can be quite, in our view, onerous on them compared to a system that is going to be easier because they are just going to report what they have actually received in their pay slip.

Senator POLLEY: You suspect then that there will be fewer corrections under this new system?

Mr Bennett: We absolutely do expect that there will be substantially fewer corrections. As I've previously mentioned, we know that full rollout of STP is expected to be 95 per cent of the cohort in terms of reporting. There will always be a process that people will have this element of providing additional details, and based on past history we know that when that occurs sometimes people need to come back and correct the record. Having said that, they will be supported through, effectively, two key changes. First, what they have to report is actually what they are receiving through their pay slip. Second, to a very large extent STP data enables prefilling to occur, and this will support them to both conveniently and substantially improve the accuracy of their reporting.

Senator POLLEY: You mentioned prefilling just then. How many people who will not be able to use the prefilled information will have other income to report or will work for an employer who does not use the STP?

Mr Bennett: At the moment the analysis reflects that there are approximately 1.2 million recipients who have to do income reporting not each fortnight but across the year. We are expecting 95 per cent coverage of that figure through STP reporting; so it's five per cent of 1.2 million, we expect.

Senator POLLEY: Does the ATO or another agency have statistics on the accuracy of payroll data, and what proportion of time is payroll data inaccurate?

Mr Bennett: That question would probably have to go to the ATO.

CHAIR: They're not available this morning. We can take that question on notice and send it through to the ATO, Senator Polley, if you like.

Senator POLLEY: That would be good. Will the STP mean that the robodebt data matching program will not be used in the future, and in what circumstances will income averaging and data matching continue to be used for compliance?

Mr Bennett: These are two different measures, as reflected. We've got people at the table who are associated with this current measure. I cannot comment on the online-compliance issue. I can say, though, that, if you were ask to me to talk broadly, online compliance is effectively looking at periods that have occurred in the past. This will be about improving payment accuracy from 1 July 2020.

Senator POLLEY: Fantastic. I'll put some other questions on notice.

Senator HUGHES: Could I cover off pensioners. I understand the legislation has got some special provisions regarding pensioners. Could you outline what some of those are?

Ms Lapthorne: Under the current earn model, there are pensioners who are paid a regular monthly wage. They receive the same amount of income support every fortnight. This is because their pattern of earnings is deemed to be consistent over the year. They receive the same amount of employment income which is assessed each fortnight. So that these pensioners don't experience any changes under the new arrangements, they'll continue to receive the same amount each fortnight based on their monthly income. An example might be a bookkeeper who is paid $20,000 and gets paid the same amount on the same day each month, to ensure that they receive the same amount in the fortnightly income support payment. Those arrangements will continue for that person.

Senator HUGHES: There is not likely to be anyone disadvantaged by the introduction of this measure?

Ms Lapthorne: No, it's designed to continue arrangements that this pensioner group is already experiencing. There is no change for this group. If there were new entrants under similar arrangements, this would apply to them as well; so it's not a grandfathering provision.
Senator HUGHES: Alright; that's very helpful. Thank you.

Senator SIEWERT: I want to go to some of the issues that Victoria Legal Aid raised over the payment periods and to their recommendation 1 about determining a particular period. I know that these submissions have only just come in, so I don't expect miracles in whether you've had a chance to consider them. The issue that Victoria Legal Aid raise is the definition in respect of a particular period and the definition of what a particular period is. They make the recommendation:
The Committee should consider whether clauses 1073A and 1073BA could be clarified by inserting provisions to make clear:
(a) what "in respect of a particular period" means;
(b) how such a period is to be identified and by whom; and
(c) the circumstances in which it can be said that "the employment income is not in respect of a particular period".
I'm wondering whether you have had time to consider those particular issues that were raised, because they consider clearer guidance is needed over what a particular period is.

Mr Bennett: Sorry, no, I have not read the submission, and because I didn't hear everyone this morning I'm not quite sure if they appeared.

Senator SIEWERT: No, they didn't appear. This is their submission. They've raised some broader points than others.

Ms Lapthorne: I could have a go. I might need to come back to you. As you know, VLA has raised clarification in respect of a particular period. This is intended to refer to the period of employment to which the employment income relates. For example, if you got paid and it related to the period 1 January to 31 July, the employment period would be 31 days. It doesn't relate to what days you worked in that period. The use of the term 'employment period' was to avoid confusion that it related to specific days. It was to relate to the employment period over which you earned the income.

The second aspect of section 1073A is where the period that it relates to isn't specified. In this situation the person might receive, say, $300 and it isn't clear from the STP data over what period that was earned. In that situation Centrelink would follow up with that recipient to query the period in which it was earned. The person might say that it related to a bonus over the last quarter; we'd then attribute it over the quarter. But there is a secretary discretion, just to ensure that we've covered of all circumstances, where there may not have been a period ascribed. But in most situations we would follow up with the recipient, and the recipient would be able to say what was earned over this particular period.

Senator SIEWERT: So that's where that 52—sorry, I've got to find it in your submission. There's a series of dot points on page 7.

Ms Lapthorne: That's attributed forward, and then, as it notes, the length of apportionment would depend on the nature of the employment income.

Senator SIEWERT: So you think there's enough information now to clarify those points that Victorian Legal Aid raises?

Ms Lapthorne: Yes, and I'm happy to go back and provide something in writing. I would note that the wording that was used in section 1073BA is consistent with the current relevant sections in the Social Security Act which talk about 'not in respect of any particular period'. So it mirrored existing sections of the act, but I'm happy to provide further information to clarify that.

Senator SIEWERT: If you could, that would be appreciated. I just want to clarify the interaction between this process and people's mutual obligations under their employment-seeking obligations and make sure that you've satisfied yourselves that there is no clash with that particular system. If people are reporting differently and they're only reporting when they're paid, they've got mutual obligations about the number of hours per week that they have to meet. I'm concerned about a potential clash where they can't necessarily prove that they've worked, because they're not reporting to Centrelink until they actually get paid.

Mr Bennett: Can I clarify that before you go too much further?

Senator SIEWERT: Yes.

Mr Bennett: The entitlement periods on which people are to report are not changing. You used the expression 'when they get paid'—they will still be required to report any fortnight, including when they have not been paid. And it won't just be that they'll report on the day that they've paid. Their entitlement will just reflect the pay that they've had during that fortnight.

Senator SIEWERT: Yes.
Mr Bennett: Therefore their other obligations will continue and their other reporting obligations will continue.

Senator SIEWERT: Yes, I appreciate that. It's where they declare no pay because they haven't actually been paid yet. They've said, 'Yes, we've done our hours required,' and then their pay turns up and technically they're reporting no pay.

Ms Borwick: There are no changes to the way that they report their activities and their hours. We're not recording that information from preloading or the STP process. They'll still need to record the shifts that they've worked in that period, regardless of whether they've been paid for those or not. So there are no changes. All of that stays the same, and we do that as part of the user testing on the screen flow so it's very clear to people—

Senator SIEWERT: That they will still be reporting that, even though they're actually reporting no pay?

Ms Borwick: To step out the screens, you do your 'What have I been paid?' and you go through those, and then we move into the workflow of 'Who did you work for and how many hours did you do?' They can say, 'I didn't get paid anything,' but then we still ask them, 'But did you work for any of those employers?'

Senator SIEWERT: And that will be really clear in the information that's provided during the transition period—that they still do that, on the current timing basis?

Ms Borwick: Yes. There are no changes to those.

Senator SIEWERT: I just need to make sure there's no confusion there. I've got some other questions. I'll put them on notice.

CHAIR: It has come to our 12 o'clock finish time. Thank you very much for making yourselves available and giving your evidence today. You have had some questions on notice during the course of the evidence, and some additional ones will also be emailed through to you. The report is due to the Senate on Thursday 20 February, so we would appreciate the responses by 9 am on Wednesday 19 February, if that is okay. On that basis we will now conclude today's hearing. On behalf of the committee I'd like to thank all those who have made submissions to the inquiry and made representatives available today. I'd also like to think Broadcasting, Hansard and the secretariat staff for their assistance.

Committee adjourned at 12:02