

National Social Security Rights Network recommendations: Centrelink online compliance and debt system

The National Social Security Rights Network (NSSRN, formerly National Welfare Rights Network) and its member services are struggling to respond to the number of calls from people distressed about Centrelink's new online compliance system and being informed they have debts they think are wrong.

The NSSRN's first priority in recent weeks has been to understand the new system, so that we can support people to use it effectively, get the correct outcome and reduce their distress and anxiety. We have published a factsheet *Centrelink Online Debt System* on our website, where people can also follow links to find their local social security rights service for advice (www.welfarerights.org.au). The factsheet will be updated as new information comes to light. We acknowledge the Department of Human Services' willingness to engage with us to help make sure we can give people accurate information about the system.

Suspension pending resolution of concerns

As a result of our experience helping people respond to the new system so far, we support widespread calls to suspend its use unless and until concerns about it are addressed. We oppose any further roll-out of the system to other forms of data-matching at this time.

Our fundamental concern is that the new system creates an inherent and unacceptably high risk that a person may accept and repay an incorrectly raised debt. This risk is not adequately addressed by the present system. This is also leading to unacceptable levels of distress and worry among people affected and more can and should be done to reduce this.

Recommendations

The NSSRN is developing a detailed set of recommendations for reform of the system, should it continue, and we believe we will be able to engage constructively with the Department of Human Services in this regard. Based on our experience so far, our initial recommendations are as follows.

1. The system should be applied to the most recent financial years first

Many people calling us are distressed that they are being contacted about information going back five or six years and that they may end up with an

incorrect debt because they cannot provide information or documentation, such as payslips, going back that far.

Although we recognise that the system does not necessarily require people to have documentation from many years ago, many people seem not to realise this, or are concerned that without it they cannot provide the information being sought.

If it continues, the system should be applied to the most recent financial years first. Many people would be able to readily check information against their recent records, reducing their distress and anxiety about the process. This would also give more time for Centrelink and other stakeholders to assess how the system is working and make a considered decision whether it is fair and reasonable to roll out for earlier years.

2. The system should not be used to apply a 10% recovery fee

Under social security law, the 10% recovery fee is a penalty that can be applied on top of a debt if a person knowingly or recklessly under-declares income. Its proper application requires a manual decision by a Centrelink officer, taking into account the particular circumstances of each case.

This new system greatly expands Centrelink's capacity to identify and recover debts. It is unfair and unnecessary to seek to recover more than the amount of an overpayment from a person using an automated system.

3. The standard debt recovery process should not apply unless people have had a reasonable opportunity to use the online system

Many people we speak to are frustrated and fearful because the first time they are aware of any issue is when a debt collection agent contacts them about an alleged debt automatically generated by the system.

Centrelink's letter, which gives people 21 days to go online to myGov and check the Australian Taxation Office (ATO) information, is sent to a person's last address in its system. In many cases, former students for example, the person has moved house, but has not notified Centrelink because they are no longer in receipt of a social security, so they do not get this letter. When they don't respond the system automatically calculates a debt and under standard Centrelink procedures it may then be referred to a debt collection agent to locate the person and recover the debt.

We have talked to people this happened to, including cases where they had an up to date address in their myGov account, still linked to their Centrelink online account. We have also talked to people who received a text message telling them to go on to myGov, but became confused because the initial letter was not in their myGov inbox.

Standard debt collection procedures should not apply to debts automatically generated by a computer system, where the person has not had a reasonable opportunity to use the system and correct or clarify the information.

In the medium to long term, consideration needs to be given to improving Centrelink's capacity to locate people who have moved off social security payments, taking due account of privacy concerns. But immediate improvement is possible, including:

- Where a person did not receive the initial letter, the standard debt collection process is suspended until they have had an opportunity to use the online system
- Where Centrelink has a mobile phone number, a Centrelink officer calls the person to explain the new process, rather than just sending a text, and
- Centrelink ensures the initial letter, which explains the process, is sent to the person's myGov inbox.

4. Improved information to help people understand and use the system

Our experience so far demonstrates that there needs to be improved information to help more people use the system effectively, especially where they can explain the discrepancy between the Centrelink and ATO information and may not owe a debt.

We recognise that the new system has more functionality than some public reports suggest, including the ability to modify or correct the ATO information in detail. It appears, for instance, that it may be used to show that the employer listed by the ATO is the same as the one in Centrelink's records or to correct the period of employment in the ATO records, where a person worked only part of the financial year.

However our experience helping people with the system indicates that many people are confused about how to use it and end up unnecessarily with system-generated debts because they do not have enough information to understand it. There are some immediate steps that could be taken to address this:

- Improved information on the DHS website, including text and video (similar to the information about the disability support pension)
- Improved information and guidance in letters and within the online system, including:
 - Messaging around how to use the system to indicate that the ATO employer is the same as the one the person reported to Centrelink

- Messaging around the period of employment information, so that people understand that they need to correct this so as to indicate the actual periods they worked during the year (as it is clear that some people confirm this information because they think they are being asked to confirm the amount of income they earned during the financial year)
- Messaging when a person moves off the ATO income information screen, after confirming the information on it, that if they do not provide details of pay and pay periods, the system automatically calculates a debt by averaging income across the stated period of employment and that this may not be correct
- Messaging to better direct people to the option of requesting an extension of time through the online system, and
- Guidance for people about when they may or may not need to search for supporting documentation and what kind of documentation may be sufficient if they are having problems

We remain concerned that some people may still feel powerless to correct or challenge system-generated debts, but the steps above are at least a start at minimising the risk of this occurring.

5. More support for people with difficulty using the online system

Centrelink, especially front line Centrelink staff, need more resources and discretion to help people who present with difficulties using the online system, especially if vulnerable or distressed.

Many peoples' distress and anxiety results from confusion or difficulty in setting up and using a myGov account, linking it to their Centrelink online account and getting started using the online system. This is exacerbated by the difficulty in getting help on phone or at a Centrelink Customer Service Centre. The pressure is likely to increase as we enter a traditionally busy period at the start of the academic year and it is unrealistic to expect front line staff to be able to meet these demands.

Front line Centrelink staff need more support, resources and discretion to help people in this situation either get started with the online process or, for the most vulnerable and distressed, offer them a fully staff assisted alternative.

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