



21 March 2017

Committee Secretary
Senate Standing Committees on Community Affairs
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Dear Committee Secretary

Design, scope, cost-benefit analysis, contracts awarded and implementation associated with the Better Management of the Social Welfare System initiative

The South Australian Council of social Service (SACOSS) thanks the Senate Standing Committees on Community Affairs for the opportunity to comment on the Better Management of the Social Welfare System initiative, the Automated Debt Recovery Program, commonly known as 'Robo-Debt Recovery Program'

SACOSS is the independent peak body for the non-government health and community services sector in South Australia. SACOSS advocates on behalf of low-income South Australians and community service agencies.

In preparing this Submission SACOSS notes changes to the Program's operation were made in January and February of 2017. Regardless of these changes, seen as mere tinkering, SACOSS contends that the Program suffers from unrecoverable design and operational flaws, well detailed by others, and should be abandoned. This abandonment would include any existing debt recovery action that has been generated.

Following the cessation of the current program, an independent investigation into the program's design and operational flaws and arising problems should take place complementary to the development of a more appropriately designed and administered program in consultation with the community and public sectors and other stakeholders well versed in the social security milieu: a program that would still make savings but with staff involvement in the detection and investigation of alleged debts.

The Committee would be aware of deep seated community concern at the Program.

Government figures including Ministers and Departmental executives continue to support and justify the Program in the face of the many concerns raised across the community and public sectors about the impact on the alleged debtors and the inadequacies of operational aspects.

In addition any financial analysis clearly indicates large discrepancies between the figure of debt to be recovered and actual debts being recovered, not least due to the flawed methodology of averaging income across a period of time rather than reflecting the actual episodic nature of much of the income streams.

The lack of human involvement in the initial determination of any alleged debt only serves to exacerbate the inherent mistakes caused by the 'averaging out' flaw in the system design.

It is concerning that in the process of justifying the program the Government demonises people with an alleged debt. The assumption invariably is that all the people owing alleged debts are at fault either by

accident or design, rather than through errors caused by the methodology or by Human Services staff in processing the original claims.

It is understandably distressing that the people with an alleged debt receive what is in effect a debt notice without detail seeking repayment rather than a letter seeking clarification of a detailed claim by Centrelink that outlines any alleged overpayment; then find themselves in a debt recovery process without a chance to determine the details of the alleged debt nor an accessible way of pointing out inaccuracies.

That these alleged debts occurred up to six years in the past works against the alleged debtor being able in many cases being able to recover details about any employment and notification to Centrelink of income.

Whilst information and communication technology is now playing a central role in many people's lives assumptions about access and easy utilisation of online systems through MyGov to discuss the alleged debt do not take into account the low take up in low income quintiles of home computer/mobile phone use, let alone capability in using digital technology. Frustration at being told to utilise online systems is exacerbated by the difficulties raised in the MyGov debt recovery portal and by the very lengthy Centrelink phone line wait times.

There is no question that deep cuts to Human Services staff, in particular in Centrelink, have resulted in long delays in telephone wait queues and/or people being cut off when they attempt to have a conversation about their alleged debt.

Any attempt to save money in the Federal Budget by having such an automated system has been counterproductive in terms of the resultant distress of people caught up in the Program attempting to navigate their way through its processes, and the community backlash against the Program.

It is insulting and a denial of natural justice to institute debt recovery processes with such a dragnet approach without a conversation with the alleged debtor; and to place the burden of proof on the alleged debtor who then needs to prove their innocence rather than Centrelink detailing a debt to be owed. That this conversation is then initiated by a debt collector rather than a Human Services staff person adds insult to injury. It is disturbing that the Australian Government has seen fit to institute a program that goes against fundamental principles of procedural fairness and reasonableness

In closing SACOSS reiterates its deep opposition to the Program in the way it has been designed and operated, going against any sense of natural justice and procedural fairness. SACOSS supports the Australian Council of Social Service submission to this Inquiry.