



A submission to the Standing Committee
on Community Affairs

into

Centrelink's Compliance Program

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The National Union of Students (NUS) is the peak-body organisation advocating for student values at the national level. We were founded in 1987 to represent all post-secondary students across Australia, including vocational, higher education, international and domestic students. We seek to further the voice of students in the state and federal level government. There has been reports of huge numbers of incorrect debts, which in itself is enough of an issue to warrant evaluation of the process. It is for this reason that NUS welcomes the inquiry into the Federal Government's automated debt collection processes (henceforth referred to as 'robodebt').

NUS opposes removing humans from debt collection processes, a lack of transparency in how debts are calculated, a lack of communication with centrelink recipients, and passing the debt onto debt collecting agencies. NUS supports and recommends the following:

1. To provide context and evidence for those that owe funds back to Centrelink.
2. To implement human based checking back into the process, and provide more caseworkers to check debt notices, and assist recipients through the debt collection process.
3. To implement a more human centric model for debt collection, looking at how to assist recipients, not punish them.
4. To implement a process with a nuanced approach and takes varied weekly earning amount into consideration.
5. To remove the averaging of the annual income into fortnightly increments.
6. To increase the transparency of debt calculating and collecting processes to recipients.
7. To remove debt collectors from the process to minimise harm and harassment of individuals.

Welfare, vulnerability and mental health

Students are already vulnerable due to their financial strains. A report by Universities Australia (UA) in 2017 showed that 17 percent of all students and one in four indigenous students regularly go without eating.¹ Yet, the report also found that students are working, 82 percent of domestic students are in paid employment with full-time students working a median of 12 hours a week. Students who are working and/or receiving student income support are still facing poverty, we as a nation need to address the low-income realities that Australian students face. It is for this reason that caution and care should be placed into the policy for the compliance system for robodebt.

Attending university is well known to be a financial and psychological stressor.² The NUS Wellbeing report in 2016 showed 65 percent of student respondents reported high or very high psychological distress. The same Wellbeing Report found that two thirds of young people rated their mental health as only fair or poor, while 35 percent reported that suicidality impacted on their ability to study. Further to this, financial, academic and workload stress contributed to poor mental health. For students in already financially stressful situations, or with increased mental health issues, automated and false debt notices caused by the robodebt collection process will further exacerbate stress and vulnerability. The targeting of low-income people is a violence on those that need support while undergoing studies.

Governance and Robodebt

Good governance requires transparency and accountability. When working with vulnerable populations, the importance of maintaining good governance is even more necessary. The robodebt compliance program lacks transparency in how the algorithm flags individuals for the debt, and the removal of humans from the automated process removes any opportunities for errors to be identified in advance.³ One of the big transparency issues is that through the debt process, recipients are not given evidence of the debt, and the onus of proof is placed on the recipient to prove that there was no debt in the case of inaccurate notices. There are issues with putting the onus of evidence on the individual rather than providing the evidence of the debt. Legally, the onus of evidence is usually on the

¹ Universities Australia, 2018, 2017 University Australia Student Finances Survey.

² Orygen. 2017. The National Centre of Excellence in Youth Mental Health. Under the radar. The mental health of Australian university students, available at https://www.orygen.org.au/Policy-Advocacy/Policy-Reports/Under-the-radar/Orygen-Under_the_radar_report.aspx

³ Park, S. & Humphrey, J. 2019. Exclusion by design: intersections of social, digital and data exclusion, *Information, Communication & Society*, 22:7.

accuser, not the accused.⁴ It is drastically punitive in nature to place the onus of evidence of the debt on the individual. It not only makes disputing the potentially false debt difficult, but also adding barriers to disputing the debt when the onus of proof is on the individual.⁵ NUS opposes asking welfare recipients to prove they do not owe debt without context and information on where the debt was originally calculated from.

Recommendation: provide context and evidence for those that owe funds back to Centrelink.

Another issue with the robodebt system is the lack of human oversight involved. There are at least two potential benefits to increasing human resourcing and oversight on the debt collection system - fewer false debts and the ability for recipients to be supported throughout the process better. The former benefit of fewer false debts minimises the hours recipients need to invest in providing their false debts, and minimises the harm that has been caused by the program. The latter of better support allows for better communication between recipient and Centrelink staff. Through adding in human oversight recipients have the ability to talk to those that make the decision - increasing accountability and transparency of the program.

Recommendation: implement human based checking back into the process, and provide more caseworkers to check debt notices, and assist recipients through the debt collection process.

The Centrelink debt collection scheme is a process that is fundamentally punitive on individuals. Punitive policies intrude on its citizens rather than supporting them.⁶ By assuming those using safety nets need to constantly prove that they 'vulnerable enough' to earn that support. The robodebt system presents through the concept that many individuals will try and 'cheat' the system and thus must continue to catch those that 'cheat the system'. Such policies police the most vulnerable through fear and bureaucratic difficulties. It is through the lack of transparency and accountability that recipients have reported to either not knowing how to dispute the debt or getting an increase in debt when they do.

⁴ Carney, T. 2018. Robo-Debt Illegality: A Failure of Rule of Law Protections? Australian Public Law, available at <https://auspublaw.org/2018/04/robo-debt-illegality/>

⁵ Park & Humphrey, 2019, Exclusion by design.

⁶ Monterosso, S. 2009. Punitive Criminal Justice and Policy in Contemporary Society, 9:1.

Punitive based policies are well known to be ineffective in stopping the desired activity.⁷ It is important and understandable that the government needs to maintain fiscal responsibility for those that are being incorrectly paid by Centrelink. However, NUS believes that mechanisms to ensure that payments are correct must be accurate. As previously explored above, people who receive Centrelink are economically vulnerable at that point in their lives, and inaccurate robodebt notices have immense potential to exacerbate the financial and personal struggles of already vulnerable people. Many students who receive Centrelink rely on the financial help to be able to pay for necessities like rent, and schooling costs like textbooks.

Recommendation: implement a more human centric model for debt collection, looking at how to assist recipients, not punish them.

One of the inaccuracies that is often reported within the current debt collection mechanism is due to the averaging of recipients' incomes over 26 weeks. This is especially a problem due to the types of work students often find themselves in. Students are often in casualised work, where standard hours are often unstable and vary widely from week to week.⁸ Holiday work has always been a part of university life, and the income of students who engage in holiday work will also vary widely throughout the course of the year.⁹ Young people are also increasingly turning to the gig economy for work, which allows for flexibility, but also results in an unstable income.¹⁰

Due to the changing nature of work, and the types of work that students engage in, income can often vary from fortnight to fortnight for students. Thus, averaging out a year into fortnightly increments will often result in false amounts and false debts. The debt collection scheme must be more nuanced in how it calculates debts, and checks and balances, including human checking may result in fewer false debt notices.

Recommendation: implement a process with a nuanced approach and takes varied weekly earning amount into consideration.

Recommendation: remove the averaging of the annual income into fortnightly increments.

⁷ Ibid.

⁸ Matthias, H. 2019. Problems with the gig economy, available at <https://www.ionajournal.ca/exchange/2019/2/25/problems-within-the-gig-economy>

⁹ Ibid.

¹⁰ Ibid.

Student impact stories

Students reported extensive impacts from the robodebt system. Half of the stories (43 of 86) on #notmydebt mention mental health implications due to the stress and confusing processes those impacted by the program endured. There are mentions of suicide attempts due to the added stress of robodebt. When students mentioned mental health concerns after robodebt, it was often suggested to be linked to the lack of clarity and the added pressure of little to no communication on where the debt came from and how it was calculated. Moreover, students also mentioned the perception of the illegitimacy of the debt requests. This is mostly due to the use of debt collectors and lack of transparency on the debt calculations.

Recommendation: increase the transparency of debt calculating and collecting processes to recipients.

Moreover, multiple students discussed their perceptions of illegitimacy as it seemed like a scam, a money grabbing scheme by the government, and obviously incorrect. Any mention of debt collections within #notmydebt spoke negatively of their interactions with debt collections. Mostly this was seen in the reports from students being constantly harassed from debt collectors and made it difficult for individuals to dispute the debt if they thought it was improperly sent. Such details were also reported within the news.¹¹ Moreover, many students also reported not knowing how to challenge the amount, having the debt sent multiple years later, or that when they did it, it was a long and difficult process that sometimes would result in a higher amount being owed. This provides a barrier; #notmydebt has reported at least \$10,332,639 in false debts, so the perception of correct debt amounts is in doubt. Other governance issues appeared as students reported to being fined with almost impossible amounts. Some students spoke of owing more money than they got from centrelink. Students reported fighting their debts multiple times only to be surprised with debts at tax time and no further correspondence with from Centrelink as to why there was a new amount or why it was still owed. There are issues with the system of appealing these debts. Multiple people report having to sit on the phone for many hours and having to take time off work to address the issue.

Recommendation: remove debt collectors from the process to minimise harm and harassment of individuals.

¹¹ Henriques-Gomes, L. 2019. Robodebt collector's parent company harassed consumers, ACCC says, The Guardian, available at <https://www.theguardian.com/australia-news/2019/sep/24/robodebt-collectors-parent-company-harassed-consumers-accs-says>