

37. Towards the end of 2017, the Government appointed a new Deputy Ombudsman to the Office, Ms Jaala Hinchcliffe. I quickly developed a high regard for Ms Hinchcliffe's legal expertise and so, either at the end of 2017 or early in 2018, asked her to have a fresh look at the arguments that were circulating about the legality of the scheme (such as those being mounted by Professor Terry Carney), and the earlier advices we had received. I was mindful that it did not seem to be the case that the matter was being resolved in the AAT, at least not definitively.
38. In the early part of 2018, Ms Hinchcliffe and I discussed the issue at some length and I began to form a view that there was a material risk that the scheme could, indeed, be unlawful, particularly as a result of the use of "averaging".
39. We sought an opportunity to raise our concerns directly with senior representatives at DHS and on 17 May 2018, Ms Hinchcliffe and I met with Annette Musolino (Chief Counsel) and Rebecca Cross (Deputy Secretary, Integrity and Information) who were also accompanied by 5 or 6 other DHS staff members who I am now unable to recall.
40. At that meeting, Ms Hinchcliffe and I specifically and directly raised questions about how and whether the concept of "averaging" was legally sound, going as it did to the core problem that debts in a very specific amount were being raised in circumstances where it could not be certain that the specific amount was accurate. To the best of my recollection, at the meeting Ms Cross and Ms Musolino argued very strongly against that proposition and advised us that they were very confident of their legal position. They presented us a series of legal arguments to support their view. I had hoped the meeting might prompt DHS to give fresh consideration to the issue. However, the meeting did not resolve the issue.
41. Following the meeting on 17 May 2018, Ms Musolino sent an email to Jaala Hinchcliffe in which she set out 'a summary of the key points from the department's presentation in that meeting.'
42. On 24 May 2018, Ms Hinchcliffe responded to Ms Musolino and wrote:

"...I have seen the legal advice that was provided by DHS and DSS to our office during the own motion investigation and while this was touched on by the 2014 DSS advice, which was provided in its short advice that "a debt amount derived from annual smoothing or smoothing over a defined period of time may not be derived consistently with the legislative framework", it was not canvassed in the other advices."
43. In the email described above at paragraph 42, which Ms Hinchcliffe and I agreed that she would send, she also:
 - a) raised questions about how deriving a debt by "averaging" could be consistent with the legislation if the amount of the debt exceeded that which would be derived if all of the income information had been gathered;
 - b) queried whether DHS had ever sought external legal advice on the point; and

- c) specifically requested that DHS was not to assert in the media that the Ombudsman's office had found that Robodebt met all legal requirements.
44. On 8 June 2018, Ms Musolino responded to Ms Hinchcliffe's email.⁴ Ms Musolino provided further legal argument as to why the Department's position was sound. She also acknowledged that the Department's media lines had been amended to refrain from asserting that the Ombudsman's office had found that Robodebt met all legal requirements.
45. My recollection is that I saw both the email Ms Hinchcliffe sent to Ms Musolino, and her reply and that Ms Hinchcliffe and I discussed the issues.

Question 5

Explain why a section entitled "Comment on Legality" was removed from the 2019 Report.

46. The focus of the 2019 Report was on whether DHS and DSS had implemented the recommendations of the 2017 report. However, as described above, in parallel with that work the question of the legality of the scheme had become a serious concern for me.
47. On 22 February 2019, my office sent to Secretary Leon of DHS a letter dated 21 February 2019⁵ and copy of my draft report.⁶ In my letter to Secretary Leon, I invited her to comment on the draft report. I informed her that DHS's formal response would be published as an appendix to the report. Part 4 of this report was the section titled 'Comment on Legality'.⁷
48. I decided to use the draft of the report as a vehicle for escalating my concerns. At this time, I had not formed a definitive view that the scheme was unlawful. Rather, I was concerned that there were serious doubts and, if the doubts were upheld by a court, the ramifications would be profound. By this time, I was particularly seized of the fact that all of the legal advice and argument that had been or was being mounted in the scheme's defence were, to my knowledge internally driven (ie from DHS or DSS). Authoritative legal advice from an external source had never been, to my knowledge, sought by the departments.
49. Against this background, with assistance from my staff I included a short note about the legality of the scheme in the draft report. Shortly after doing so, my staff told me that the DHS officials with whom they were dealing were very concerned about its terms. This was consistent with my sense at the time that the position of DHS was very entrenched and that questioning of the legality of the scheme was unwelcome. At or about that time I made contact with the Secretary of DHS with a view to discussing the issue.
50. On 1 March 2019, I met with Ms Leon, Secretary of DHS, at her office in Canberra. My recollection is that she and I met alone. With respect to the "comment on legality" element of the 2019 report, my recollection is that Ms Leon argued that, because the legality of the Robodebt scheme was by then before the courts, it would be inappropriate for me to raise doubts about the issue in a public report. My recollection is that she appreciated that I had doubts, but

⁴ CTH.3007.0009.1941

⁵ CTH.3704.0002.2200

⁶ CTH.3704.0002.2201

⁷ CTH.3704.0002.2201 at .2230

that the Department's position remained that the scheme was lawful. I listened to her concerns and requested Ms Leon to put her concerns in writing so that I could further consider the matter.

51. On 8 March 2019, I received an email from Ms Leon. In her email to me she wrote:

"I am concerned that your comments clearly imply that there is doubt as to the legality of the EIC system. Comments made by the Ombudsman on this aspect will undoubtedly be cited in public commentary, in circumstances where a court is yet to determine the matter. I think it is particularly undesirable to buy into the argument about legality when litigation is on foot, as comments from the Ombudsman as a significant part of the administrative law system may be considered to be pre-judging the outcome or may in fact prejudice the issue.

For these reasons, I ask that the commentary regarding the legality of the EIC system be removed from the Implementation Report and that further commentary may be reserved until after the Federal Court matter has concluded."

52. On 18 March 2019, I responded to Ms Leon and indicated I would remove the section on legality from the report.⁸

53. I decided to accede to Ms Leon's request for the following reasons:

- a) First and foremost, the question of the legality of the scheme was now indeed before the courts, in that I was aware from media reporting that Ms Masterton had commenced proceedings in the Federal Court. Given the Ombudsman is a part of the architecture of administrative review I concluded, on reflection, that it was not appropriate for me to make public comment on the topic in that context.
- b) Given DHS's reaction to raising the legality question, I did not think publishing the "comment on legality" would have any useful effect. Indeed, it might have had the opposite effect, by reducing the willingness of DHS to engage productively with me and my Office in trying to improve the operation of the scheme.
- c) I had made my point. During the course of 2018 and into 2019, I had formed in my mind a serious concern and fulfilled what I saw to be my responsibility to raise that concern with the most senior responsible officials. Whether or not I published that concern was a secondary issue.

54. I also considered the case for publishing the comment, particularly as a means of responding to critics of the Office who perceived that the Office had simply turned a blind eye to the question of whether the scheme was lawful. Yet the Ombudsman Act stipulates that the Ombudsman investigates in private, and it is ultimately up to the Ombudsman to determine whether or not to publish their views or findings. In my judgement, refraining from publishing the comment, at that point in time, was the right thing to do.

⁸ CTH.3003.0001.0718

Question 6

Describe your view as to:

(a) whether there were any deficiencies in the processes followed in the Investigations or in the 2019 and 2021 Reports. If so, what was the cause of those deficiencies, and what changes could be made to avoid those deficiencies arising in future investigations; and

(b) the extent to which the Commonwealth Ombudsman provided an accountability mechanism for government conduct in relation to the Robodebt scheme, and the effectiveness of that accountability mechanism following each of the Reports.

55. I have reviewed the 2019 and 2021 reports in preparing this statement. Although it may be that evidence comes to light in the course of the Royal Commission's work that casts doubt on some aspect of the process of their preparation, or on their content, I have never had any reason to date to doubt the quality or accuracy of the work. As noted above, both reports were prepared by diligent, professional people trying to make a useful contribution to a very difficult issue.
56. They went to great lengths to scrutinise the various systems, data and materials that were obtained as part of the investigations. In my judgement, they operated with the highest integrity with a view to both holding the relevant agencies to account, while also making a constructive contribution to how the scheme was administered (in the first report) and subsequently dismantled (in the second).
57. Of course, today we look back with full knowledge that the Robodebt scheme was legally flawed. At the time of preparing the 2019 report this was still contested territory. I am satisfied that my Office and I were right to raise doubts about that core question. Once those doubts were rebuffed, I concluded that we had done what we reasonably could with the information and knowledge at our disposal, and that the matter could only be resolved in the courts, which subsequently occurred. It is critically important to bear in mind that the Office does not have the power to make binding findings about contested legal questions; it can seek to influence, and that is what we sought to do. Fundamentally, I concluded that DHS was no longer listening.
58. Looking back, with the benefit of hindsight, it might have been useful to have recommended to the Departments at an earlier stage that they seek external legal advice to ensure their legal position was sound, or to otherwise take remedial action. That might have accelerated the process whereby the scheme was ultimately found to be flawed. That said, given how strenuously the Department defended its position when I and my colleagues raised doubts, and pushed back against external critique, it may be that such a recommendation would not have been accepted.
59. At the time, I did consider various other options that might be at my disposal, particularly to do with the question of the scheme's legality. I considered writing to the relevant Ministers to raise concerns, along the lines of the "comment on legality" material included in the draft 2019 report, yet concluded that this was unlikely to have any effect. The Government's most senior ministers were plainly committed to Robodebt. Had I raised doubts about the scheme's legality with them, I calculated that they would have taken advice from the relevant Department, which would in turn have assured them that the scheme was legally sound.

60. I was aware that the Ombudsman has a little-used power to refer questions of law to the AAT or the Federal Court. Yet, re the former, I was aware that cases of contested Robodebts were being referred to it without this having the effect of resolving the issue in a definitive way. And with respect to the Federal Court, by the time I had escalated my concerns, in writing, to the relevant Departmental Secretary, the matter was already before the courts, and hence such window as might have existed for me to have changed the course of the Department's handling of the issue had passed by.
61. I considered whether to seek external legal advice myself about the question but again concluded that such advice would, as likely as not, be repudiated by the Department. The role I was trying to play was to find a way to influence them, to think afresh about the risk they had created and take steps to address that risk, and that goal underpinned the actions which I took. Regrettably, from this vantage point, with respect to the question of legality I could not find a way to achieve that goal.
62. More generally, I consider that the Ombudsman's office did fulfil its role as an accountability mechanism during my term in the office. We fulfilled our core responsibility to receive and investigate complaints about the administration of the Robodebt scheme. We pressed for, and secured, improvements in how the scheme operated so that some of the worst features of its initial rollout were remedied, in whole or in part. As the scheme was dismantled we scrutinised and reported on how that was being achieved as a further means of holding the Department to account. We assisted the relevant Parliamentary committees and a number of individual Parliamentarians as they sought to raise concerns about the scheme's operation. Finally, informed in part by the Robodebt experience we published an updated guide on the use of automated decision making in Government administration which, if used by government agencies, might assist in avoiding a repeat of the Robodebt debacle. In the end, my judgement is that at the time we did what we thought we could reasonably do with the tools and knowledge at our disposal.

Signature of witness:



Name of witness:

Michael Manthorpe

Date

27 February 2023

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 Supplementary Witness Statement of Richard Glenn

Supplementary Witness Statement

Name Richard Glenn

Address Available to the Royal Commission

Occupation ACT Public Servant - Director-General Justice and Community Safety

Date 6 April 2023

1. I refer to the Notice to Give Information and Produce Documents (NTG-204) dated 15 February 2023 directed to me by the Royal Commission into the Robodebt Scheme (**Notice**) [RGL.9999.0001.0001].
2. This statement made by me is true and correct to the best of my knowledge and belief. It should be read in conjunction with my earlier statement to the Royal Commission into the Robodebt Scheme (**Royal Commission**) in response to the Notice [RGL.9999.0001.0003] (**First Statement**) and the transcript of my evidence to the Royal Commission on 9 March 2023.
3. This statement has been prepared by me with the assistance of my lawyers. It is based on my recollections and on documents exhibited by the Royal Commission and documents made available to me by the Office of the Commonwealth Ombudsman (**Office**).
4. As previously advised in my First Statement, the current Commonwealth Ombudsman, Iain Anderson, delegated authority to me and to my lawyers under section 34 of the *Ombudsman Act 1976* (Cth) (**Ombudsman Act**) to disclose information to the Royal Commission to assist its inquiries.
5. This statement is produced to the Royal Commission on the basis that it and its exhibits will be tendered and received in evidence by the Royal Commission pursuant to the Notice and on the basis that the statement will be treated as evidence which is subject to section 6DD of the *Royal Commissions Act 1902* (Cth).

My role as Acting Commonwealth Ombudsman

6. Evidence as to the function and role of the Commonwealth Ombudsman under the Ombudsman Act is before the Royal Commission in the statement of the current Ombudsman, Iain Anderson [IAN.9999.0001.0002 at [11]-[16]].
7. The function of the Ombudsman under the Ombudsman Act is to:
 - (a) investigate actions that relate to matters of administration in respect of which complaints have been made to the Ombudsman: section 5(1)(a); and
 - (b) investigate actions that relate to matters of administration by their own motion: section 5(1)(b).
8. During my time at the Office, including the period in which I held the position of Acting Ombudsman, it was my expectation that staff conducting an investigation would generally follow the Commonwealth Ombudsman's Work Practices Manual, see [LMA.1000.0001.2607 at 2727]: I note that this version is dated December 2017, after the

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- conclusion of the Own Motion investigation into the Scheme (**Own Motion investigation**), and release of the resulting report in April 2017 entitled 'Centrelink's automated debt raising and recovery system - A Report about the Department of Human Services' Online Compliance Intervention System for Debt Raising and Recovery' (**Report**) [LMA.1000.0001.2996]. As far as I was aware, this expectation was met.
9. However, consistently with s8(2) of the Ombudsman Act, I maintained a discretion to determine various consultation matters as well as how individual investigation teams would operate having regard to the activities they were undertaking.
10. It was my experience that while the Ombudsman had responsibility, and provided strategic oversight for, investigations, the Ombudsman was reliant on the skills, experience and undertakings of a well-equipped team in the Office to actually undertake and complete the investigations.
11. During my tenure as Acting Ombudsman, I was conscious of the following:
- (a) the scope of my role as Ombudsman, which was to discharge an independent complaints investigation and review function, but not to act as a judge or tribunal;
 - (b) the Office was subject to many competing demands and had limited resources. Further, the former Ombudsman Colin Neave and Senior Assistant Ombudsman George Masri had recently left the Office. The Office was engaged in maintaining its complaints management function, including those received relating to the Centrelink Online Compliance Intervention program (**Schema**), which had greatly increased. It was also engaged in a number of other investigations, projects and preparation of submissions which were subsequently published, which I have summarised at **Annexure A: Summary of the work of the Ombudsman's office December 2016-May 2017**; and
 - (c) the length of my tenure. My position of Ombudsman was an acting position only and by the time I was finalising the Report I was aware I only had two weeks remaining in the role. I was therefore realistic about what I could achieve in that limited timeframe, and mindful that I should set achievable targets which would not have the effect of either tying my successor too greatly or risk leaving a number of partly completed tasks which might not be able to be progressed while my successor familiarised themselves with the Office and decided what priorities they wished to pursue.
12. Against this background, while Acting Ombudsman, I was responsible for the work of the Office and the team that conducted the initial Own Motion investigation and produced the Report.
13. This team included Louise Macleod, who led the team, and team members, including Amie Meers and Suseela Durvasula. I was and remain very satisfied with the work done by Ms Macleod and her team in producing the Report, in trying circumstances, in a very short space of time.
14. I consider the Report:
- (a) represented the springboard for further investigation of the Scheme by the Office and others;
 - (b) provided a strong foundation for the Office investigations which followed; and

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- (c) was critical of the Scheme and highlighted a range of issues related to the Scheme that needed to be addressed.

Process of the 2017 Own Motion investigation and Report

15. I did not receive and was not made aware of Ms Macleod's first statement in relation to her conduct of the Own Motion investigation and preparation of the Report [LMA.9999.0001.0011] prior to giving evidence on 8 March 2023. However, I have now considered it.
16. Evidence as to the process followed by the team which conducted the Own Motion investigation, stemming from initial section 8 notices issued by the Office to DHS in December 2016 to commencement of the Own Motion investigation by the then Ombudsman, Colin Neave on 10 January 2017, and its scope, is before the Royal Commission in the first statement of Ms Macleod [LMA.9999.0001.0011 at [28]-[38]].
17. I agree that I provided Ms Macleod with appropriate assistance and guidance during this period, including some notes and a shell document to assist her with the investigation process and report structure, and headings for various sections, see [LMA.1000.0001.2818] and [LMA.1000.0001.1989], I also agree that the decision about the ultimate conclusions included in the Report was mine, in accordance with sections 15(1)(a) and 35A(3) of the Ombudsman Act.
18. However, while I was provided with regular progress updates, I do not recall having daily meetings with Ms Macleod. My recollection is Ms Macleod worked with her team (including Ms Meers) to conduct the investigation, including undertaking work on site at DHS from time to time. Ms Macleod was primarily responsible for completing the analysis of information provided by the Departments (principally DHS), liaising with the Departments, completing analysis of complaints and complaints data, discussions with other stakeholders and producing working drafts of what became the Report. This is as described in Ms Macleod's first statement [LMA.9999.0001.0011 at [45]-[57]].
19. I do not recall undertaking any substantive drafting of the Report myself, though as outlined above, I did provide direction as to what I expected within any report resulting from the investigation.
20. I was not always copied into emails or necessarily involved in the process the team followed in considering comments and proposed changes received from the Departments after consultation, and did not make wording changes. Ms Macleod and the investigation team undertook these tasks as explained at Annexure B - Correspondence and related documents from which Richard Glenn was omitted regarding amendments to draft Report.
21. After I ceased as Acting Ombudsman I noted with disappointment that some media and politicians used the Report to validate the Scheme rather than acknowledge those matters we clearly raised concerning its flaws. That use of the Report did not reflect the outcome of the Own Motion investigation or content of the Report.
22. I had no role in the preparation of those media statements and reports and I do not believe that it is something that I could have reasonably foreseen or controlled. Notwithstanding this, as evidenced by the summary at Annexure C - Summary of media articles, there were a range of opinions concerning the Report expressed in the media, but on the whole the majority of the media highlighted that the Report was critical of the Scheme.
23. I consider the Report found many flaws in the Scheme, as evidenced by the analysis of the Report at Annexure D - Summary of negative statements in the Report, but accept that

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there are some parts of the Report that might be characterised as "positive" for the Scheme.

24. Below I discuss the issues that have been raised with me by the Royal Commission about the preparation and content of the Report.

Legality, Accuracy of Averaging and Recovery Fees

25. As John McMillan notes in his statement to the Royal Commission, it is a feature of the Ombudsman process for the Office to have regular formal and informal interaction with Departments, at all levels and in many forms, depending on the process in which the Office is engaged [RBD.9999.0001.0499 at [6]].
26. I considered it was important for the Office to be able to work with agencies when conducting its work.
27. In my view this did not reduce the independence and impartiality of the Office and did not mean that the Office will inappropriately agree with the agency it is investigating. I considered working with agencies increased the chances of the Office achieving positive outcomes by agencies making changes required to effectively implement the recommendations of an investigation and otherwise working with the Office to improve outcomes for individuals. I note that the Office could not compel a department or agency to adopt a recommendation of the Office.
28. In my experience, acting in an unduly 'adversarial' or 'prosecutorial' manner would lead to the agency being investigated becoming defensive and ceasing to work cooperatively with the Office. This would prejudice what the Office sought to achieve as a result of investigating aspects of a department or agency's operations.
29. The Own Motion investigation and preparation of the Report were challenging for the investigation team, due to a number of factors, including:
- (a) the complexity of the investigation;
 - (b) time pressure. Not only was I aware of my own limited tenure as Acting Ombudsman, but I thought it was critical to complete the Own Motion investigation and release the Report as soon as possible given the recommendations we put forward were likely to bring important improvements for all involved in the Scheme; and
 - (c) the failure of the relevant Departments to provide requested relevant information (see for example [LMA.9999.0001.0011 at [58]].
30. On reflection I believe that the Departments misled both me and the Office, as evidenced by the analysis at Annexure E - List of DSS/DHS correspondence.
31. In my First Statement I discussed my approach to the content of the Report [RGL.9999.0001.0003 at [23]-[25]]. I reject any assertion that the Departments influenced or "wrote" the Report. Ms Macleod was primarily responsible for reviewing and considering the Departments' comments, and I have no reason to believe that she accepted any position she was not comfortable with when she accepted any amendments. As noted above, while I was not involved in the review of each of the Department's proposed changes, I stand by the Report as reflecting the views of the Office with respect to the Scheme as at the date of the Report.

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32. I was, and remain, of the view that the way the Own Motion investigation was conducted and the Report prepared was consistent with the independence of the Office.

Lawfulness

33. In my First Statement I provided the Royal Commission with my view of the reasons why I decided that the Report should not deal with the legality of the Scheme [RGL.9999.0001.0003 at [36]-[47]].

34. During my evidence to the Royal Commission, I was questioned about the fact that the Report as published did not deal with the question of the Scheme's legality.

35. The lawfulness of the Scheme was included in the announcement of the initial scope of the Own Motion investigation. As Ms Macleod deposed, from the start it was difficult for the investigation team to consider whether the Scheme was legal, due to a lack of information provided by the Departments in response to section 8 notices [LMA.9999.0001.0011 at [58]].

36. However, the investigation team requested all legal advice the Departments had received and confirmation from the Departments, including senior officers of those Departments, that the question of legality had been satisfactorily considered and resolved and that the Scheme complied with the relevant legislative requirements. Further details of this are set out in the summary at Annexure F - Correspondence of the investigation team seeking copies of Departmental legal advice or confirmation of legal matters.

37. I recollect receiving an early draft of the Appendix B section on legality on or about 20 February 2017. This is consistent with the statement of Louise Macleod [LMA.9999.0001.0011 at [87] which confirmed this meeting and confirmed the provision of this early draft of Appendix B [LMA.1000.0001.2975 at paragraph 2.50 of Appendix B] which provided that the question of legality "is complex and can only be settled with certainty by the courts or be clarified by an Act of Parliament". I understand this draft was prepared by Ms Meers, with input from Ms Durvasula and under the immediate direction of Ms Macleod. That was my own view on the question of legality at the time the Report was prepared and finalised.

38. I was not convinced that the available information enabled a final conclusion in relation to the legality of the Scheme to be confidently expressed and the investigation team should consider whether there were any further materials or information on which an opinion could be based [RGL.9999.0001.0003 at [36]-[37]]. So while I was happy with the above position, I was not satisfied that a wider or more definitive conclusion could be reached in relation to legality of the Scheme.

39. I was also cognisant of the assurances that had been provided by the Departments that the Scheme was legal and was cautious of asserting a major government program was unlawful without a clear basis for doing so.

40. My recollection is different to that of Ms Macleod in relation to how the Office finalised a position on what to say in the Report with respect to the legality of the Scheme. It is my recollection that:

- (a) I queried the robustness of the analysis of legality originally proposed by Ms Macleod and Ms Meers and tested their knowledge of the views of the Departments as well as the confidence that they had in their own views. I consider that such questioning of the investigation team by the Ombudsman was appropriate. Following these discussions, Ms Macleod and her team updated the draft of the Report;

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- (b) whilst I commented on the draft Report, I did not make any substantive amendments to the draft Report; and
- (c) neither Ms Macleod nor Ms Meers raised any concern with me in relation to the views I had expressed in relation to how the Report should deal with the legality of the Scheme.
41. Notwithstanding the matters referred to in the preceding paragraph, I wish to emphasise that the lawfulness of the Scheme was an important consideration in the Own Motion investigation and the preparation of the Report. I consider this issue was thoroughly investigated, and, along with issues around accuracy of data and debt calculation, discussed below, it was a fundamental aspect of the Office's investigation. Amongst other things the Report covered:
- (a) DHS using PAYG data from the ATO using its 'information gathering powers under the Social Security Act 1991': see [LMA.1000.0001.2996 page 5 at [2.1]];
- (b) the method by which the 10 per cent recovery fee was applied under the *Social Security Act 1991*: [LMA.1000.0001.2996 page 8-9 at [3.7]-[3.13]];
- (c) the requirement for public administration processes to be transparent: see [LMA.1000.0001.2996 page 9 at [3.14], and Appendix B page 39 at [2.10]]
- (d) a recommendation concerning improving the Guide to Security Law to 'include guidelines about the process for obtaining employment income evidence': see [LMA.1000.0001.2996 page 14 at [3.27]];
- (e) the use of fortnightly income tests applied under the *Social Security Act 1991* (Cth): see [LMA.1000.0001.2996 Appendix B page 42 at [2.31]];
- (f) the use of automated decision making under section 6A of the *Social Security (Administration) Act 1999*: [LMA.1000.0001.2996 Appendix B page 43 [2.35]]; and
- (g) fettering the exercise of discretion with the use of automated decision making: see [LMA.1000.0001.2996 page 43 Appendix B at [2.36]].
42. On the basis of the matters raised in the investigation and the correspondence and queries made by Ms Macleod and her team, I received a letter from the Secretary of DSS to the Office dated 4 April 2017 confirming that DSS was satisfied the Scheme meets legislative requirements [LMA.1000.0001.2996 at 3050]. I attached considerable weight to this assurance from a senior Commonwealth Departmental Secretary, who had served at the highest levels of Government for many years. I considered the issue of legality of the Scheme was investigated by Ms Macleod and her team and raised with both Departments on a number of occasions at different levels.
43. I was conscious that:
- (a) the Departments had significant legal resources available to them which had been utilised to advise on the legality of the Scheme;
- (b) the Office is heavily reliant on full and correct information being provided by Departments in response to the Office's requests for information;

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- (c) the Office could not function effectively if it was required to question whether information provided by Departments in response to complaints or investigations was true and correct. My assumption at the time was that public servants would comply with the APS Code of Conduct in their dealings with the Office; and
 - (d) at the time of the Own Motion investigation, as summarised at Annexure G - Table of pending AAT cases, the Office was aware that the Scheme was being considered by the AAT (from which an appeal could be brought in, or a question of law referred to, the Federal Court) in a number of cases and this appeared to me to be the appropriate forum to resolve the question of the legality of the Scheme.
44. The Report did not assert or otherwise conclude that averaging of income was either lawful or unlawful. The Report stated:
- (a) the Ombudsman's recommendation to further improve the initial contact and messages within the system, including clearly explaining that ATO income may be averaged across the person's employment period and the consequences this may have for the debt amount: [LMA.1000.0001.2996, page 2];
 - (b) the 'OCI system does not clearly state it uses the averaging method or explain this may be inaccurate in some cases';
 - (c) 'the messaging within the system itself should give a clearer explanation of what it means if the total ATO income is 'averaged' across the employment period': [LMA.1000.0001.2996 page 27 at [4.8]]; and
 - (d) the Ombudsman's view that the 'risk of over-recovering debts [as a result of averaging] from social security recipients should be the subject of more thorough research and analysis': [LMA.1000.0001.2996, Appendix B [2.33]].
45. I accept the Report did not clearly state that it was not purporting to express a concluded view on the legality of the Scheme. With the benefit of hindsight, I can see that if it had this may have made it more difficult for the Report to be misrepresented as supporting the legality of the Scheme. However, this risk of misrepresentation was not something I considered at the time. I was focused on completing a report within my tenure that outlined substantive matters of improvement for the Scheme.

Referral to the AAT

46. By way of elaboration on the matters referred to in [45]-[46] of my First Statement, at the time I was aware that:
- (a) there were AAT matters on foot and I assumed that they would consider this issue. I did not consider that the Department might seek to manipulate AAT matters to actively avoid any decision on the legality of the Scheme. It therefore was not clear to me that a further referral of this issue to the AAT would achieve anything;
 - (b) the Departments had obtained legal advice in relation to the Scheme. DSS were sufficiently confident that the Scheme was legal for their Secretary to provide a written assurance to me of such legality;

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- (c) the Office was not well resourced to run what the AAT had advised would need to be a fully contested AAT hearing;
- (d) our focus was not just legality - legality was just one part of our broader consideration of the Scheme as required by the Ombudsman Act; and
- (e) time was of the essence and I determined that referral to the AAT would delay finalisation of the Own Motion investigation and Report.
47. In my view these considerations weighed in favour of not referring the scheme to the AAT. Instead, I focused on completing the Report as soon as practicable.
48. I considered it was important to finalise the Report quickly because:
- (a) the Scheme was having an immediate effect upon people and it was therefore important to make immediate recommendations in relation to the Scheme;
- (b) my term as Acting Ombudsman was ending and I wanted to complete the Report before it ended so that the next Ombudsman could continue with the work we had started;
- (c) finalisation of the Report would not prevent any further assessment of the Scheme by the Office or referral to the AAT; and
- (d) the continuing assessment of the Scheme within the Office was occurring in any event, with the drafting of a section 12(4) notice, of which several versions appear in the Ombudsman's files (for example, [RGL.1000.0001.1481]).
49. I note that although subsequent Ombudsman investigations considered the legality of the Scheme, those reports also did not include detailed final conclusions on the legality of the Scheme (see [LMA.9999.0001.0012 at [26]-[33]) and also did not refer the Scheme to the AAT for consideration.

Conclusion

50. In light of the matters outlined above and in my First Statement and oral evidence to the Commission I consider that on the basis of our knowledge at the time the Own Motion investigation and Report and my conduct as Acting Ombudsman was impartial and appropriate. That is not to say that if I had known at the time what has emerged during this Royal Commission I would have acted in the same way.

Signature



Name

RICHARD GLENN

Date

6/14/23

Witness



Name

ANDREW WEBER

Date

6/14/23

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Annexure A - Summary of the work of the Office December 2016 to May 2017

Document Title	Document Type and assessment
Department of Human Services: Accessibility of Disability Support Pension for remote Indigenous Australians	Report
Department of Immigration and Border Protection - the administration of people who have had their bridging visa cancelled due to criminal charges or convictions and are held in immigration detention	Report
Accessibility of Indigenous Language Interpreters: Talking in language follow up investigation	Report
State of the Health Funds Report 2017	Report
Submission by the Commonwealth Ombudsman: Commonwealth Redress Scheme for Institutional Child Sexual Abuse Bill 2017 and related bill	Submission
Submission by the Commonwealth Ombudsman: Inquiry into the <i>Social Services Legislation Amendment (Welfare Reform) Bill 2017</i>	Submission
Annual report by the Commonwealth Ombudsman under s 13(1) of the <i>Building and Construction Industry (Consequential and Transitional Provisions) Act 2016</i> for the period 1 July 2015 to 30 June 2016	Report
Investigation into the processing of asylum seekers who arrived on SIEV Lambeth in April 2013	Report
Submission by the Commonwealth Ombudsman: Inquiry into the provisions of the Veterans' Affairs Legislation Amendment (Digital Readiness and other measures) Bill 2016	Submission
Submission by the Commonwealth Ombudsman: Inquiry into the operation of the Australian Defence Force's resistance to interrogation (RTI) training	Submission
"Your story matters" brochure	Brochure
Immigration assessments tabled in Parliament 31 May 2017	Detention Review Assessments
Immigration assessments tabled in Parliament 24 May 2017	Detention Review Assessments
Immigration assessments tabled in Parliament 1 March 2017	Detention Review Assessments
Immigration assessments tabled in Parliament 6 December 2017	Detention Review Assessments

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Document Title	Document Type and assessment
Immigration assessments tabled in Parliament 29 November 2017	Detention Review Assessments
Immigration assessments tabled in Parliament 18 October 2017	Detention Review Assessments
Immigration assessments tabled in Parliament 13 September 2017	Detention Review Assessments
Immigration assessments tabled in Parliament 6 September 2017	Detention Review Assessments
Immigration assessments tabled in Parliament 21 June 2017	Detention Review Assessments
Immigration assessments tabled in Parliament 14 June 2017	Detention Review Assessments
Immigration assessments tabled in Parliament 10 May 2017	Detention Review Assessments
Immigration assessments tabled in Parliament 15 February 2017	Detention Review Assessments
Submission by the Commonwealth Ombudsman: Inquiry into matters raised by the NSW Police Strike Force CIVET	Submission
Additional Comments by the Commonwealth Ombudsman: Inquiry into the provisions of the Veterans' Affairs Legislation Amendment (Digital Readiness and other measures) Bill 2016	Submission
Overseas Students Ombudsman Presentation for TPS National Roadshow	Speech
Overseas Students Ombudsman Presentation for the Council of International Education	Speech
Report to the Attorney-General on agencies' compliance with the Surveillance Devices Act 2004 for the period 1 July to 31 December 2016	Report
Overseas Students Ombudsman Submission on proposed changes to the National Code of Practice for Providers of Education and Training to Overseas Students 2007	Submission
Overseas Students Ombudsman Presentation for Australian Federation of International Students Information Day, Melbourne	Speech
Private Health Insurance Ombudsman State of the Health Funds Report 2016	Report
40th Anniversary of the Commonwealth Ombudsman Book	Brochure

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Document Title	Document Type and assessment
Submission by the Commonwealth Ombudsman: Response to Productivity Commission's Issues Paper, 'National Disability Insurance Scheme Costs'	Submission
Submission by the Commonwealth Ombudsman: Response to Productivity Commission's Issues Paper, 'Reforms to Human Services'	Submission
Overseas Students Ombudsman Presentation for Universities Australia	Speech
Overseas Students Ombudsman Presentation for ICEF Australian New Zealand Agent (ANZA) Workshop	Speech
Contrelink's automated debt raising and recovery system - A Report About The Department Of Human Services' Online Compliance Intervention System for Debt Raising and Recovery	Report
Submission by the Commonwealth Ombudsman to the Joint Standing Committee on the NDIS - the Provision of Services under the NDIS for People with Psychosocial Disabilities related to a Mental Health Condition	Submission
Submission by the Commonwealth Ombudsman to the Inquiry into the Provisions of the <i>Veterans' Affairs Legislation Amendment (Omnibus) Bill 2017</i>	Submission
Overseas Students Ombudsman Presentation for NEAS	Speech
A report on the Commonwealth Ombudsman's monitoring of agency access to stored communications and telecommunications data under Chapters 3 and 4 of the <i>Telecommunications (Interception and Access) Act 1979</i> for the period 1 July 2015 to 30 June 2016	Report

Annexure B - Correspondence and related documents from which Richard Glenn was omitted regarding amendments to draft Report

Date	Description	Doc ID
23 January 2017	Email chain between Suseela Durvasula and Jason Ryman, copied to Louise Macleod, Arnie Meers and Ombudsman Liaison (DHS), concerning DHS responses to section 8 questions regarding income averaging, legal advice and the 10% recovery fee.	LMA.1000.0001.0479
25 January 2017	Email from Jason Ryman to Louise Macleod and Suseela Durvasula, copied to Ombudsman Liaison, Joanne Lambert, Elisha Hodgson and Rebecca Wetzell (DHS), providing information requested by Louise Macleod in response to request for information about the development of the Scheme.	LMA.1000.0002.0086
31 January 2017	Email from Jason Ryman to Louise Macleod, Suseela Durvasula and copied to Ombudsman Liaison, Elisha Hodgson, Joanne Lambert, Rebecca Wetzell containing Jason Ryman's comments on the outline of the draft report.	RGL.1000.0000.0539
2 February 2017	Outline of draft Report with comments provided by DHS.	CTH.1000.0007.0534
3 February 2017	Comments from Suseela Durvasula on DHS comments on draft Report outline on legal advice.	LMA.1000.0001.1679
7 February 2017	Email Chain between Michael Robinson (DHS), Louise Macleod, Suseela Durvasula and Tania Hennessy (Office), copied to Marie Assenza (DHS) and Ombudsman Liaison (DHS) addressing the following: <ul style="list-style-type: none"> • action items for DHS arising from the meeting on 3 February 2017; and • internal Office correspondence in which Louise Macleod asked if there was anything missing from the list and Arnie Meers responded that she provided amendments for clarity. 	LMA.1000.0001.1012
19 February - 25 February 2017	Email chain between Louise Macleod and Verity Hughes (DSS), copied to Ombudsman Complaints and the Social Services and Indigenous Team (DSS), in which Louise Macleod requested copies of DSS legal advice and Verity Hughes provided legal advice.	RGL.1000.0000.1119

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Date	Description	Doc ID
19 February - 23 February 2017	Email chain between Louise Macleod, Suseela Durvasula and Amie Meers regarding Report progress.	RGL.1000.0000.1108
20 February 2017	Email from Amie Meers to Louise Macleod providing a brief for meeting with DHS about concerns regarding legal advice.	LMA.1000.0001.2087
24 February 2017	Email from Amie Meers to Louise Macleod and Suseela Durvasula regarding absence of lawyers from decision making team for the OCI scheme.	LMA.1000.0001.1238
23 February 2017	Email from Amie Meers to Tiffany Boska and Suseela Durvasula, copied to Louise Macleod, criticising DHS legal advice.	RGL.1000.0000.1119
20 March 2017	DHS comments inserted as tracked changes into the draft report.	CTH.3005.0003.6061
20 March 2017	DHS email to Office with comments inserted as tracked changes into the draft Report.	CTH.3005.0003.6060
20 March 2017	Email from Michael Robinson (DHS) to Louise Macleod, copied to Annetto Musolino, Jason McNamara, Alison McCann, Ombudsman Liaison (DHS), attaching a marked-up version of the draft Report from "today's discussion and feedback from other areas that I have incorporated".	RGL.1000.0000.1600
22 March 2017	Email chain between Amie Meers and Louise Macleod commenting on DHS' edits to the draft Report.	RGL.1000.0000.2046
23 March 2017	Comments on the draft Report from Suseela Durvasula.	LMA.1000.0001.0257
March 2017	Draft Report with tracked changes and comments by Louise Macleod, Michael Robinson, Amie Meers and "Microsoft Office User".	RGL.1000.0000.1797

Annexure C - Summary of media articles

PART A: This table summarises media coverage following the publication of the Report as exhibited in the Royal Commission.

- Green = No mention of the Report
- Orange = Article reports that the Report is critical of the Scheme
- Yellow = Article reports that the Report is mildly critical of the Scheme
- Blue = Article reports that the Report supports the Scheme

Of the 21 articles exhibited following the publication of the Report, approximately:

- 67% did not address the Report at all;
- 33% did address the Report, and of these:
 - o 78% reported that the Report was critical of the Scheme;
 - o only one article (being less than 5% of the total reports exhibited) stated that the Report includes only mild criticism; and
 - o only one article (being less than 5% of the total reports exhibited) stated that the Report provided accurate debt outcomes.

Date	Publisher	Summary	Document ID
10 April 2017	Canberra Times	Article reports that the Report was critical of the Scheme	RBD.9999.0001.0149
10 April 2017	Australian Associated Press	Article reports that the Report was critical of the Scheme	RBD.9999.0001.0160
10 April 2017	Canberra Times	No mention of the Report	RBD.9999.0001.0161
10 April 2017	Canberra Times	No mention of the Report	RBD.9999.0001.0162
11 April 2017	Canberra Times	Article reports that the Report was critical of the Scheme	RBD.9999.0001.0163
11 April 2017	The Australian	Article reports that the Report was critical of the Scheme	RBD.9999.0001.0164
19 April 2017	Canberra Times	Article reports that the Report was critical of the Scheme	RBD.9999.0001.0152
26 April 2017	Canberra Times	No mention of the Report	RBD.9999.0001.0165
27 April 2017	Canberra Times	No mention of the Report	RBD.9999.0001.0166

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Date	Publisher	Summary	Document ID
28 April 2017	Australian Financial Review	No mention of the Report	RBD.9999.0001.0167
29 April 2017	Canberra Times	Opinion piece reports that the Report contains mild criticisms of the Scheme	RBD.9999.0001.0168
3 May 2017	Canberra Times	No mention of the Report	RBD.9999.0001.0169
3 May 2017	Canberra Times	No mention of the Report	RBD.9999.0001.0170
3 May 2017	Canberra Times	No mention of the Report	RBD.9999.0001.0171
5 May 2017	Canberra Times	No mention of the Report	RBD.9999.0001.0172
8 May 2017	Sydney Morning Herald	No mention of the Report	RBD.9999.0001.0173
8 May 2017	The Australian	No mention of the Report	RBD.9999.0001.0174
17 May 2017	Canberra Times	Article quotes Jason McManis as saying that the Report found the Scheme was "providing accurate debt outcomes"	RBD.9999.0001.0175
19 May 2017	SBS News	No mention of the Report	RBD.9999.0001.0176
29 May 2017	Crikey	No mention of the Report	RBD.9999.0001.0177
30 May 2017	The Guardian	No mention of the Report	RBD.9999.0001.0178

PART B: This table summarises media coverage between the period 10 April 2017 - 31 May 2017 which addresses the Scheme following the release of the Report. I have sought to tender the following articles.

- Green = No mention of the Report
- Orange = Article reports that the Report is critical of the Scheme
- Grey = neutral mention of the Report

The articles located as a result of additional media searches demonstrate different treatments of coverage of the Scheme and the Report compared to what was covered in the previously exhibited reports. A total of 17 additional articles were located, and of these:

- 53% reported that Report is critical of the Scheme;
- 12% mentioned the Report but did not assess it; and
- 35% do not assess the Report.

Date	Publisher	Summary	Document ID
10 April 2017	Sydney Morning Herald	Not reasonable or fair: Compensation claims Centrelink's robo-debt scheme	RGL.1000.0003.0001
10 April 2017	The Guardian	Centrelink debt scandal: report reveals multiple failures in welfare system	RGL.1000.0003.0007
10 April 2017	The Guardian	Centrelink inquiry told debt-renewal system should be abolished due to flaws	RGL.1000.0003.0004
11 April 2017	The Guardian	Centrelink robo-debt apes failure, and arguably unlawful, Victoria Legal Aid says	RGL.1000.0003.0011
11 April 2017	Crikey	Centrelink contradicts earlier statements, says paying a debt is admitting it's accurate	RGL.1000.0003.0009
12 April 2017	The Guardian	Almost half of all Centrelink robo-debt cases sent to private debt collectors	RGL.1000.0003.0015
19 April 2017	The Guardian	Centrelink's debt data-matching failed government's privacy guidelines, campaigners say	RGL.1000.0003.0018
20 April 2017	The Guardian	Centrelink criticised for delaying over \$18,000 after administrative error	RGL.1000.0003.0020
26 April 2017	Canberra Times	Centrelink inquiry hears robo-debt collectors never visited homes	RGL.1000.0003.0024

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26 April 2017	The Guardian	Centrelink recalled 'robo debts' from collection agency as ministers defended system	RGL.1000.0003.0027
4 May 2017	The Age	Centrelink suspends carer's payments after a phone call leaving couple destitute	RGL.1000.0003.0030
8 May 2017	Canberra Times	Human Services Minister Alan Tudge cleared over release of robo-debt information	RGL.1000.0003.0033
9 May 2017	Crikey	AFP declines to investigate Tudge over breach of privacy in Centrelink robo-debt saga	RGL.1000.0003.0035
16 May 2017	The Guardian	Centrelink robo-debt correspondence 'incomprehensible', Senate inquiry told	RGL.1000.0003.0037
18 May 2017	Crikey	Information Commissioner to audit Centrelink's data matching for robo-debt notices	RGL.1000.0003.0039
18 May 2017	The Guardian	New privacy code for public servants after Centrelink 'robo-debt' debacle	RGL.1000.0003.0041
19 May 2017	Crikey	Human Services pleads massive robo-debt expansion on pensioners	RGL.1000.0003.0044

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Annexure D - Summary of negative statements in the Report

Analysis of negative statements made in the final version of 'Centrelink's automated debt raising and recovery system - A Report about the Department of Human Services' Online Compliance Intervention System for Debt Raising and Recovery April 2017'

Negative statements	Document reference
<i>Complaints</i>	
Many complaints received from people who incurred debts under the Scheme.	LMA.1000.0001.2996 page 4 at [1.2]
<i>Transparency and usability</i>	
Letters sent to customers before 20 January 2017 to alert them about the income discrepancy were unclear and deficient, for the following reasons: <ul style="list-style-type: none"> • did not include 1800 telephone number for the compliance helpline; • did not explain that customer could ask for an extension of time or assistance from compliance officer; • asked for confirmation that figure provided was correct which may have given the customer an incorrect impression; and • did not provide a clear explanation of that applying ATO income may negatively affect the amount of any debt. 	LMA.1000.0001.2996 page 9 at [3.15]
Customers did not receive the initial contact letter and reminder letters as they were not sent to their current address - meaning the first time customers heard about the debt was through demand from a debt collection agency.	LMA.1000.0001.2996 page 9 at [3.16]
Customers had trouble using the Scheme and did not realise the importance of entering their fortnightly income information into the system.	LMA.1000.0001.2996 page 11 at [3.18]
If customers did not understand how debts were calculated then there was a risk that they may not engage with the Scheme in the intended way.	LMA.1000.0001.2996 page 12 at [3.20]
<i>Accuracy of debts raised by OCI system</i>	
Unclear how many debts may be under-calculated or overcalculated and by what margin due to the absence of modelling.	LMA.1000.0001.2996 page 8 at [3.5]
Risk of over-recovering debts from social security recipients including vulnerable people.	LMA.1000.0001.2996 page 8 at [3.6]
<i>Ten per cent recovery fee</i>	
Reminder and debt notification letters did not include an explanation of "reasonable excuse" in relation to recovery fee.	LMA.1000.0001.2996 page 8 at [3.9]
<i>Problems gathering employment income evidence</i>	
Not reasonable or fair to place greater emphasis on customer's responsibility to either accept the debt or provide further information.	LMA.1000.0001.2996 page 12 at [3.22]

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Negative statements	Document reference
DHS advised that the requirement for documentary evidence was reduced substantially, but even customers who were not formally required to provide documentary evidence would generally need to collect income information to enter correct data into the system.	LMA.1000.0001.2996 pages 12-13 at [3.23]
Unreasonable requirement for record retention (6-7 years).	LMA.1000.0001.2996 page 13 at [3.24]
Customers were told that payslips were the only acceptable form of evidence and bank statements would not be accepted (which is untrue).	LMA.1000.0001.2996 page 14 at [3.26]
DHS should have provided customers with additional support and assistance to obtain this evidence as customers do not have the same information gathering powers as DHS.	LMA.1000.0001.2996 page 14 at [3.27]
Given the complexity of collecting historical employment information the 21-day timeframe was an inadequate time for customers to respond in.	LMA.1000.0001.2996 page 14 at [3.28]
Service delivery - adequacy of communication	
DHS did not adequately prepare its call centre and local service centre staff to respond to Scheme enquiries.	LMA.1000.0001.2996 page 18 at [3.35]
DHS underestimated the difficulties customers would have using the Scheme and the demand for its call centre and in-person services.	LMA.1000.0001.2996 page 18 at [3.36]
DHS' communication and training strategy for staff was inadequate.	LMA.1000.0001.2996 page 18 at [3.37]
Letters not always an effective method of contacting vulnerable customers, including where customers are illiterate.	LMA.1000.0001.2996 page 22 at [3.47]
Governance and risk management	
<p>The following was required:</p> <ul style="list-style-type: none"> • more rigorous testing with customers and service delivery staff prior to the rollout of the Scheme; • slower, more incremental rollout; • better communication to staff and stakeholders; and • better support for staff through an effective and incremental change management process. 	LMA.1000.0001.2996 page 23 at [3.52]
The Scheme shifted complex fact finding and data entry functions from department to the individual and success relied on usability.	LMA.1000.0001.2996 page 23 at [3.54]
Conclusions and recommendations	
Risks could have been mitigated through better planning and risk management arrangements at the outset that involved customers and other external stakeholders in the design and testing phases.	LMA.1000.0001.2996 page 26 at [4.1]
DHS did not clearly communicate aspects of the system to its customers and staff which led to confusion and misunderstanding.	LMA.1000.0001.2996 page 26 at [4.2]

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Negative statements	Document reference
Public concern about the ability of the Scheme to accurately calculate the various kinds of income a person receives.	LMA.1000.0001.2996 page 41 at [2.27]
DHS' approach could not have been fair and effective as it was not effective in its communication to customers about the availability, meaning and importance of reasonable excuse, and the ways of notifying the excuse to the department.	LMA.1000.0001.2996 page 43 at [2.41]
Scheme messaging lacked clarity and the 'personal circumstances' question may have been insufficient to elicit the necessary reasonable excuse information.	LMA.1000.0001.2996 page 44 at [2.43]

Annexure E - List of DSS/DHS correspondence

Date	Document title	Doc ID
30 January 2017	Email from Michael Robinson to internal DHS team in relation to opportunity to "co-write the report with the Ombudsman's office" after being advised of the Own Motion investigation.	CTH.3005.0002.3363R
2 February 2017	Email from Michael Robinson in relation to draft response to the Office draft Report.	CTH.3001.0034.6907
20 February 2017	Email chain between Louise Macleod and Richard Glenn providing briefing prior to meeting with Jonathan Hutson.	LMA.1000.0001.2053
4 April 2017	Letter from Finn Pratt to Richard Glenn in relation to draft Report and providing confirmation of compliance with legislative requirements.	LMA.1000.0001.2996 at 3050
2 November 2022	Evidence of Jonathan Hutson: <ul style="list-style-type: none"> • that he understood the Scheme to be legal based on internal assurances: at [34]-[40] that he was not aware of DHS obtaining legal advice in relation to the sufficiency of the evidence to raise a debt under the programs comprising the Scheme, or their lawfulness more generally: at [73]. 	JHU.9999.0001.0027
10 November 2022	Evidence of Finn Pratt: <ul style="list-style-type: none"> • that he did not make further inquiries about the lawfulness or otherwise of the Scheme: T885:8-26 • that he did not take any steps to satisfy himself that the Scheme was operating in accordance with legislative requirements: T891:37-40 • that he was wrong in his assertion to the Ombudsman in relation to the Scheme T897:46-T898:3 • that he did not ask for legal advice, or seek assurance that legal advice had been obtained, in order to make the representation about the lawfulness of the Scheme in his letter to the Ombudsman: T900:34-39 • that the Scheme was implemented in the absence of the required legislative change, without his knowledge T903:32-T904:18 	

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Date	Document title	Doc ID
8 March 2023	Evidence of Louise Macleod: <ul style="list-style-type: none"> • that the Office was not provided with criticisms of DSS to DHS on proposal for the Scheme and the draft New Policy Proposals: T4691:11-43 • that the Office was not provided with documents relevant to a DHS legal advice: T4700:11-24 • that the Office was not provided with instructions to Australian Government Solicitor: T4702:2-22 • that the Office was not provided with instructions for legal advice from Mr Jones to Ms Pulford dated 31 October 2014: T4721:37-47 	

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Annexure F - Correspondence of the investigation team seeking copies of Departmental legal advice or confirmation of legal matters

Date	Description	Document ID
23 January 2017	The Office requested copies of legal advice concerning the legality of averaging income to raise debts.	CTH.1000.0006.9901
24 January 2017	DHS provided three pieces of advice to the Office following a request made on 23 January 2017. <i>Attached Advice:</i> Provision of internal legal advice dated 14 January 2015 [CTH.3502.0001.0622] Provision of internal legal advice dated 17 April 2015 [LMA.1000.0001.2277] Provision of internal legal advice dated 14 May 2015 [LMA.1000.0001.3116]	CTH.3502.0001.0608
2 February 2017	DHS addressed the Office's further question in relation to legal advice provided to the Office on 24 January 2017	CTH.3007.0004.5281
3 February 2017	Action item arising from meeting between Office representatives and DHS representatives - the provision of any legal advice that would be useful to the investigation.	CTH.3007.0004.5417
19 February -23 February 2017	Email chain between Louise Macleod and Verity Hughes (DSS), copied to Ombudsman Complaints and the Social services and indigenous team (DSS), in which Louise Macleod requested copies of DSS legal advice and Verity Hughes provided legal advice.	RGL.1000.0000.1119
24 February 2017	Office requested advice from DHS received from DSS regarding legislative changes that would be needed.	LMA.1000.0001.0151
1 March 2017	Email from Verity Hughes (DSS) to Louise Macleod explaining the provision of advice between 2014 and 2017 in response to request made on 24 February 2017	LMA.1000.0001.0081

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Annexure G - Table of pending AAT cases

Proceeding commencement date	AAT Review Number	Parties	Decision Date
4 November 2016	2016/M102583	Applicant: Redacted Other Parties: Secretary, Chief Executive Centrelink	17 February 2017
9 January 2017	2017/B105503	Applicant: Redacted Other Parties: Secretary, Chief Executive Centrelink	21 February 2017
26 November 2016	2016/A103546	Applicant: Redacted Other Parties: Secretary, Chief Executive Centrelink	9 March 2017
30 November 2016	2016/S103893	Applicant: Redacted Other Parties: Secretary, Chief Executive Centrelink	15 March 2017
2 December 2016	2016/A104055	Applicant: Redacted Other Parties: Secretary, Chief Executive Centrelink	21 March 2017
24 March 2017	2016/M103550	Applicant: Redacted Other Parties: Secretary, Chief Executive Centrelink	24 March 2017
21 February 2017	2017/M107418	Applicant: Redacted Other Parties: Secretary, Chief Executive Centrelink	24 March 2017
13 March 2017	2016/B103477	Applicant: Redacted Other Parties: Secretary, Chief Executive Centrelink	30 March 2017
21 March 2017	2017/A108683	Applicant: Redacted Other Parties: Secretary, Chief Executive Centrelink	4 April 2017
23 January 2017	2017/S10648	Applicant: Redacted Other Parties: Secretary, Chief Executive Centrelink	6 April 2017
12 December 2017	2017/S117817	Applicant: Redacted Other Parties: Secretary, Chief Executive Centrelink	7 February 2018
30 October 2017	2017/S116516	Applicant: Redacted Other Parties: Secretary, Chief Executive Centrelink	14 February 2018

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Proceeding commencement date	AAT Review Number	Parties	Decision Date
16 February 2017	2018/A119369	Applicant: Redacted Other Parties: Secretary, Chief Executive Centrelink	4 May 2018

GAIL B FURNESS SC

BARRISTER

MEMORANDUM OF FEES/TAX INVOICE

Invoice 2211
6 October 2022

RE: ADVICE ON COMPELLABILITY OF COMMONWEALTH OMBUDSMAN

September/October 2022

Advice, conference and revised advice 1 day \$5,000 (inclusive of GST)

s 47F

If you wish, you may pay to:
Commonwealth Bank

s 47F

11th FLOOR ST JAMES HALL CHAMBERS
169 PHILLIP STREET, SYDNEY 2000
E-MAIL: furness@stjames.net.au
PHONE: 8226 2383

s 47F
ABN: 26015716107

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FACTSHEET

Ombudsman own motion investigations information for agencies

The *Ombudsman Act 1976* (the Ombudsman Act) sets out the functions and powers of the Commonwealth Ombudsman (the Ombudsman).

The Ombudsman is responsible for investigating complaints from individuals, groups or organisations about the administrative actions of Australian Government officials and agencies, as well as some private sector organisations.

The Ombudsman may also investigate administrative action taken by agencies and selected private sector organisations, on his or her own motion, or own initiative (own motion investigations).

Own motion investigation process

The Ombudsman is an independent authority and is not subject to government direction in relation to own motion investigations. The Ombudsman can choose what to investigate and how an investigation should be conducted.

Ombudsman office staff are responsible for assisting the Ombudsman to conduct each investigation. Each investigation will differ slightly depending on the complexity of issues under investigation. However, the main phases of an investigation remain the same: planning, information gathering and analysis, and reporting.

Planning

Each own motion investigation involves a planning phase, where the Ombudsman will determine the following:

- the purpose of the investigation (objective)
- the issues under investigation (scope)
- the legislation, policies or standards the investigation will consider (assessment criteria).

The Ombudsman may consult with the agency or organisation during the planning phase and may share a draft investigation scope with the relevant agency or organisation.

The Ombudsman will formally notify the relevant agency or organisation of his or her intent to commence an investigation and will outline the purpose of the investigation. After this notice is received the investigation is considered to have commenced.

Information gathering and analysis

During the information gathering and analysis stage the Ombudsman office staff will request information from the agency or organisation to assist the Ombudsman to draw conclusions and make findings. This may include a request for documents or other written information, or meetings with staff who may have responsibility for, or knowledge of, the area being investigated. Ombudsman office staff may conduct site visits to observe work being undertaken or request a sample of 'live' cases to gain a better understanding of current practice.

Contact us

ombudsman.gov.au
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GPO Box 442
Canberra ACT 2601

Own motion investigation stages



Own Motion Investigations – Agency information

Agencies and private sector organisations are afforded certain protections under the Ombudsman Act when providing information during an investigation. For example, an agency or organisation can share certain information with the Ombudsman that might otherwise be a breach of the *Privacy Act 1988*. The information you provide to the Ombudsman is handled in accordance with the *Privacy Act 1988*.

We recognise that own motion investigations can be time consuming for agencies. For this reason, we are committed to working cooperatively with agencies to determine the most efficient way of receiving information. In our experience, focusing on open and early communication swift responses to our requests for information, and remaining transparent ensures this part of the process runs as smoothly as possible.

During the analysis stage we may look to clarify information provided and check our understanding of documents or processes. We will look to engage with an agency or organisation to discuss our early thinking about findings from the investigation and discuss possible recommendations. This helps to ensure there are “no surprises” in the final investigation report and aims to ensure that our recommendations are realistic and practicable to implement.

Reporting

At the end of the information gathering and analysis phase, the Ombudsman may decide to write an own motion investigation report. If a report is written, we will provide a copy of the draft report to the agency or organisation and invite comment on any errors or omissions of fact. The Ombudsman also provides principal officers of agencies or private sector organisations with a formal opportunity to comment on any recommendations in the report.

The Ombudsman may decide to provide a copy to the head of the agency or organisation and the relevant Minister. Any own motion investigation report:

- **must** include reasons for the Ombudsman’s opinions, or findings, specified in the report, and
- **may** include comments, suggestions or recommendations for remedial action, or for improvements, that the Ombudsman thinks fit to make.

More information on the Ombudsman’s approach to making and monitoring recommendations can be found in our [Ombudsman Recommendations](#) factsheet.

Where an investigation report includes comment that could be considered implicitly or explicitly critical of a person or agency or organisation, the Ombudsman Act requires the Ombudsman to give the person, agency or organisation an opportunity to make submissions about the matter.

Report publication

The Ombudsman has a discretion to publicly release (or not) an own motion investigation report. In making this decision, the Ombudsman will assess whether releasing the report is in the public interest. If the Ombudsman decides to publish a report, we will notify the agency’s Minister, the principal officer of the agency or organisation, as well as our working level contacts. Any published report will include the agency or organisation’s response to the report and our recommendations.

The Ombudsman may also share the report with other interested bodies like parliamentary committees and other Ministers.

More information is available at ombudsman.gov.au.

Please note: This document is intended as a guide only. For this reason, the information should not be relied on as legal advice or regarded as a substitute for legal advice in individual cases. To the maximum extent permitted by the law, the Commonwealth Ombudsman is not liable to you for any loss or damage suffered as a result of reliance on this document. For the most up-to-date versions of cited Acts, please refer to the [Federal Register of Legislation](#).



Centrelink's automated debt raising and recovery system

A REPORT ABOUT THE DEPARTMENT OF HUMAN SERVICES' ONLINE COMPLIANCE INTERVENTION SYSTEM FOR DEBT RAISING AND RECOVERY

APRIL 2017

Report by the Acting Commonwealth Ombudsman,
Richard Glenn, under the *Ombudsman Act 1976*

REPORT NO. **02|2017**

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EXECUTIVE SUMMARY

In July 2016 the Department of Human Services (DHS) - Centrelink launched a new online compliance intervention (OCI) system for raising and recovering debts. The OCI matches the earnings recorded on a customer's Centrelink record with historical employer-reported income data from the Australian Taxation Office (ATO). Parts of the debt raising process previously done manually by compliance officers within DHS are now done using this automated process. Customers are asked to confirm or update their income using the online system. If the customer does not engage with DHS either online or in person, or if there are gaps in the information provided by the customer, the system will fill the gaps with a fortnightly income figure derived from the ATO income data for the relevant employment period ('averaged' data).

Since the initial rollout of the OCI, the Commonwealth Ombudsman's office has received many complaints from people who have incurred debts under the OCI. This report examines our concerns with the implementation of the OCI, using complaints we investigated as case study examples.

We acknowledge the changes DHS has made to the OCI since its initial rollout. The changes have been positive and have improved the usability and accessibility of the system. However, we consider there are several areas where further improvements could be made, particularly before use of the OCI is expanded. We have made several recommendations to address these areas.

Accuracy

Administrative decisions are made on the best available information at the time of the decision. If further information becomes available, a new decision can be made.

We examined the accuracy of debts raised under the OCI. We are satisfied the data matching process itself is unchanged. The number of instances where no debts were raised following contact with a customer (approximately 20 per cent) was consistent with DHS' previous manual debt investigation process. This figure has been incorrectly referred to as an 'error' rate.

We are also satisfied that if the customer can collect their employment income information and enter it properly into the system, or provide it to DHS to enter, the OCI can accurately calculate the debt. After examination of the business rules underpinning the system, we are satisfied the debts raised by the OCI are accurate, based on the information which is available to DHS at the time the decision is made.

However, if the information available to DHS is incomplete, the debt amount may be affected. It is important for the system design for customers to respond to information requests from DHS so decisions are made on all available information. We have therefore concentrated on the accessibility, usability, and transparency of the system, including quality of service delivery and procedural fairness in this report.

Ten per cent recovery fee

Under social security law, DHS is required to apply a ten per cent recovery fee in certain circumstances if the customer has a debt and does not have a reasonable excuse. The debt recovery fee is not unique to the OCI and is applied to other debts from manual compliance review processes. The OCI automated the application of the recovery fee where there was no contact from the customer, or the customer

responded that they did not have personal factors which affected their ability to accurately declare their income.

This raised concerns for customers who may not have had an adequate opportunity to provide a reasonable excuse, for example if they did not receive the initial letter, or did not understand the connection between reasonable excuse and the recovery fee.

In response to concerns raised by our office, DHS no longer applies the fee automatically for customers who respond to DHS. It has enhanced the OCI to make it easier for customers who have a reasonable excuse to notify the department so they will not be charged the fee. It now provides clearer information and further invitation to provide a reasonable excuse in debt notification letters. We have recommended that, in certain cases, DHS review those debts where the recovery fee was previously applied.

Transparency and Usability

Good public administration requires a transparent and open decision making process that clearly sets out the issues the person needs to address to challenge a decision and the findings of fact on which the decision is based. This principle continues to apply when decision making is automated.

Our investigation revealed DHS' initial messaging to customers through its letters and in the system itself, was unclear and did not include crucial information such as a contact phone number for the DHS compliance team. Many complainants did not realise their income would be averaged across the employment period if they did not enter their income against each fortnight. This resulted in people with fluctuating or intermittent income having their income averaged. In some cases this was a more favourable outcome for the customer and in others, the debt was overstated.

We acknowledge DHS has made several changes to improve the initial contact letters and messages within the system. We have made recommendations to further improve these, including clearly explaining that ATO income may be averaged across the person's employment period and the consequences this may have for the debt amount.

Evidence gathering

DHS has always asked customers to collect employment income information during its compliance reviews. Under the OCI, if the person does not supply the information, DHS will no longer use its information gathering powers to obtain it directly from employers or other third parties.

Many complainants had problems collecting evidence about their employment income, particularly for periods from several years ago. We have recommended in certain circumstances, DHS should further support customers to gather employment income evidence to maximise the accuracy of possible debts.

Service delivery and communication

Poor service delivery was a recurring theme in many complaints received by our office. Customers had problems getting a clear explanation about the debt decision and the reasoning behind it. As the compliance helpline number was initially excluded from letters and was not obvious in the system, customers called general customer service lines resulting in long wait times. They could not always get clear information and assistance to use the online system. Service centre staff did not always have sufficient knowledge about how the OCI system works, highlighting a

deficiency in DHS' communication and training to staff. In some instances, a more thorough manual intervention by a compliance officer would have saved the customer time and effort. We have made several recommendations for DHS to further improve its communication to customers and staff in relation to the OCI.

The OCI will not be rolled out in a fully automated manner to customers identified as vulnerable. DHS has told us that when the OCI is rolled out to vulnerable customers, they will be assisted by a DHS staff member. Depending on the customer's choice, DHS can complete the review for them or help them use the system.

Customers who are vulnerable must be supported through alternative channels particularly telephone services. We have recommended that DHS should expand the group of customers included in the vulnerable cohort and provide additional assistance and support to vulnerable people to engage with the OCI.

Planning and risk management

In our view, many of the OCI's implementation problems could have been mitigated through better project planning and risk management at the outset. This includes more rigorous user testing with customers and service delivery staff, a more incremental rollout, and better communication to staff and stakeholders. DHS' project planning did not ensure all relevant external stakeholders were consulted during key planning stages and after the full rollout of the OCI. This is evidenced by the extent of confusion and inaccuracy in public statements made by key non-government stakeholders, journalists and individuals.

A key lesson for agencies and policy makers when proposing to rollout large scale measures which require people to engage in a new way with new digital channels, is for agencies to engage with stakeholders and provide resources for adequate manual support during transition periods. We have recommended DHS undertake a comprehensive evaluation of the OCI in its current form before it is implemented further and any future rollout should be done incrementally.

PART 1 - INTRODUCTION AND SCOPE

Introduction

1.1 In July 2016 the Department of Human Services (DHS) – Centrelink¹ launched a new online compliance intervention (OCI) system for raising and recovering debts.² The OCI matches the earnings recorded on a customer's Centrelink record with historical pay as you go (PAYG) income³ data from the Australian Taxation Office (ATO). Customers are asked to confirm or update their income using the online system. If there is a discrepancy in the data match, this can result in a debt the customer must repay. Parts of the debt raising process previously done manually by compliance officers within DHS are now done using this automated process.

1.2 Since the end of 2016, the Commonwealth Ombudsman's office has received numerous complaints from people who have incurred debts under the OCI.⁴ The OCI has also generated considerable comment in the media and complaints from community stakeholders.

Scope of this investigation and methodology

1.3 This report does not comment on the policy rationale behind the OCI process. We accept the purpose of the OCI is to protect the integrity of government expenditure through income support payments.

1.4 The investigation focused on debts raised by the OCI. It did not examine DHS' broader debt raising and recovery program or the use of mercantile agents to recover debts. While debts raised by the OCI represent approximately eight per cent of DHS' total debt recovery activities,⁵ our observations may apply to DHS' debt raising and recovery more generally, particularly as the OCI is expanded to other types of income.

1.5 Our investigation is informed by material we obtained from investigating individual complaints, our discussions with other oversight bodies⁶ and meetings with

¹ DHS is the agency with responsibility for administering social security, family assistance and other support payments via its Centrelink program. For ease of understanding, the term 'DHS' is mainly used in this report as it is that department's actions and decisions that are discussed in detail. However, where it is necessary to refer to the Centrelink program itself, the term 'Centrelink' is used.

² The OCI was introduced as part of a 2015-2016 Budget measure, 'Strengthening the Integrity of Welfare Payments' and a December 2015 Mid-Year Economic Fiscal Outlook announcement.

³ Income reported by employers

⁴ In the three month period from November 2016 to January 2017, the Ombudsman's office received 241 complaints about OCI debts (includes complaints recorded from November 2016 under a specific OCI issue string, but not complaints received in September and October 2016). In January 2017, the Ombudsman's office received 1563 approaches about Centrelink matters, compared to 835 approaches in July 2016, an 87 per cent increase in complaints.

⁵ Of the 1 569 911 people who were sent debt notices in the 2016 calendar year, 126 571 (approximately eight per cent) were sent debt notices under the OCI: information provided by DHS to the Ombudsman's office on 8 February 2017 – Debt notices prior to and due to the OCI (Action item 03.02.2017_10).

⁶ Including the Office of the Australian Information Commissioner, the Inspector-General of Taxation and the Australian National Audit Office.

community stakeholders, including legal advocacy services and community organisations. We met with key DHS staff onsite, had several briefings about the OCI, and access to key documents from DHS. We acknowledge DHS' cooperation and assistance through the course of this investigation.

PART 2 - WHAT IS THE ONLINE COMPLIANCE INTERVENTION SYSTEM?

2.1 DHS has conducted PAYG data matching activities with the ATO since 2004 using its information gathering powers under the *Social Security Act 1991*.⁷ The PAYG data obtained from the ATO was matched against the total earnings declared by Centrelink customers. Where there was a discrepancy, DHS investigated further to decide if the customer had been overpaid and had a debt that should be recovered.

2.2 These data matching activities identified roughly 300 000 possible discrepancies per year. DHS would apply a risk matrix to the discrepancies to identify the highest risk of non-compliance and would then investigate roughly 20 000 of the highest risk discrepancies per year. DHS was unable to investigate the remaining discrepancies, due to the costs and resources involved in manually investigating and raising debts.

2.3 Since 2010-2011 DHS has had the capacity to store its matched data, so it holds records of discrepancies from that year onwards. In early 2015 DHS proposed⁸ a new online approach to compliance which would allow it to review all discrepancies from 2010-2011.

2.4 The scale of the OCI project is significantly larger than DHS' previous debt raising and recovery process. DHS estimates it will undertake approximately 783 000 interventions in 2016-2017 compared to approximately 20 000 compliance interventions per year under the previous manual process.⁹

2.5 The main efficiencies would be gained by:

- DHS no longer using its information gathering powers¹⁰ to request information directly from third parties, such as employers. Under the OCI, it is now the customer's responsibility to provide this information
- the OCI system automatically sending letters to tell customers about the income discrepancy
- moving much of the debt management and calculation process online
- customers entering their information directly into the OCI system.

⁷ DHS has advised the data matching complied with the voluntary *Guidelines on Data Matching in Australian Government Administration* and was not done under the *Data-matching Program (Assistance and Tax) Act 1990*. DHS began data matching activities in 1991.

⁸ DHS, Executive Minute to the Minister for Social Services (copy to the Minister for Human Services), 12 February 2015 (Document 0.6)

⁹ Information received from DHS on 24 March 2017.

¹⁰ under sections 63, 192 and 195 *Social Security (Administration) Act 1999*

2.6 DHS conducted analysis via a two stage pilot in 2015 before submitting the measure for government approval. The findings of the pilot are discussed at Appendix A.

2.7 Following government approval, DHS rolled out the measure in three stages:¹¹

- From 1 July 2015 DHS introduced an 'interim process'. It began applying the same approach manually that the OCI was being designed to do automatically. DHS investigated 100 000 discrepancies during this phase.
- From 1 July 2016 DHS began rollout of the OCI, starting with a limited release of 1000 cases into the OCI where there were income discrepancies.
- From September 2016¹² DHS commenced rollout of the fully automated OCI.

2.8 DHS will expand the OCI further from January 2017 and July 2017 to include non PAYG employment data. DHS has told our office the implementation of future compliance measures will take into account lessons learnt from the OCI.

2.9 Appendix A provides a detailed analysis of the OCI including the manual systems and pilot programs that preceded it and the improvements made to it since February 2017.

¹¹ DHS, Project Management Plan, op cit (Document 0.5)

¹² Information obtained from DHS site visit 19-20 January 2017. The full rollout was due to commence on 1 July 2016 but was delayed until September 2016.

PART 3 - LESSONS LEARNED - KEY ISSUES ARISING OUT OF OUR INVESTIGATION

3.1 Based on the complaints made to our office about the OCI, our investigation focused on:

- the accuracy of debts raised by the OCI, in particular those calculated using 'averaged'¹³ ATO income data
- the application of the ten per cent recovery fee
- the transparency and usability of the OCI system - in particular, whether the decision making process was clear to customers
- problems customers faced gathering evidence and effectively presenting their case in the OCI system
- the adequacy of DHS' assistance and communication to customers, including those who are vulnerable (service delivery)
- the adequacy of staff training and communication to support customers using the system
- DHS' approach to complaints
- the adequacy of DHS' project planning and governance mechanisms.

Accuracy of Debts Raised by the OCI system

3.2 Concerns were raised with our office about the accuracy of debts generated under the OCI, including: the suitability and reliability of ATO data, the ability of the system to accurately assess various types of income and exclusions, the practice of 'averaging' ATO data and the automatic application of a ten per cent recovery fee. Detailed findings and analysis on these issues are set out in Appendix B.

3.3 We are satisfied that if the customer is able to collect the income information required and enter it properly into the system, the OCI is capable of accurately calculating the debt. The OCI has a similar proportion of discrepancies which do not proceed to debt recovery action after the customer is contacted as the previous manual system did, at around 20 per cent.¹⁴ This figure has been incorrectly referred to as an 'error' rate.

3.4 In fact, this figure relates to the number of customers who received a letter asking them to contact DHS about a discrepancy and who, after providing an explanation, do not have a debt. In our view, it is entirely reasonable and appropriate for DHS to ask customers to explain discrepancies following its data matching

¹³ 'Averaging' refers to the practice of treating income as if it was earned at a consistent rate over a total period of employment rather than applying the precise amounts against the fortnights in which the income was actually earned. DHS currently applies averaging where a person accepts the PAYG data or does not enter data for all fortnights.

¹⁴ The number and proportion of discrepancies which did not proceed to action after the individual was contacted was 17.23 per cent in 2007-2008 rising to 25.5 per cent in 2009-2010: Australian Government, *Data Matching Program Report on Progress 2007-2010 Centrelink and the Data Matching Agency* <https://www.humanservices.gov.au/sites/default/files/documents/co050-200710-1105en.pdf> (January 2011) at p 14, accessed 6 March 2017.

activities as a means of safeguarding welfare payment integrity. We would be concerned if this figure was significantly higher under the OCI than under the previous manual process. However, this does not appear to be the case.

3.5 DHS makes a decision about whether a debt exists based on the information it has available within the OCI system. This relies on a person being both willing and able to accurately verify their earnings for the review period. If the information available to DHS is incomplete, the amount of the debt may be affected. The case studies in the next section illustrate this.¹⁵ We asked DHS whether it had done modelling on how many debts were likely to be over-calculated as opposed to under-calculated. DHS advised no such modelling was done.¹⁶ In our view the absence of modelling means DHS cannot say how many debts may be under-calculated or over-calculated and by what margin.

3.6 The risk of over-recovering debts from social security recipients and the potential impact this may have on this relatively vulnerable group of people, warrants further consideration by DHS. We suggest DHS test a sizeable sample of debts raised by the OCI. The samples should include people who did not respond to the initial letter, as well as people who went online and people who contacted DHS via other channels. We also suggest DHS re-evaluate where the risk for debts calculated on incomplete information should properly lie and investigate whether there are ways to mitigate this risk.

Ten per cent recovery fee

3.7 The *Social Security Act 1991* states that a ten per cent recovery fee is applied where an individual refuses or fails to provide information resulting in a debt, and does not have a reasonable excuse for doing so.¹⁷ In the OCI, the automatic application of the ten per cent recovery fee occurs when there is no contact from the customer, or the customer specifically indicates they did not have personal factors which affected their ability to accurately declare their income.

3.8 This raised concerns for customers who may not have had an adequate opportunity to provide a reasonable excuse, for example if they did not receive the initial letter, or did not understand the connection between reasonable excuse and the recovery fee.

3.9 In the initial letters used from July 2016, customers were warned a recovery fee may be applied, however there was no information in the letter about the 'reasonable excuse' exception. DHS advises that an explanation of 'reasonable excuse' was added from August 2016. However, reminder letters and debt notification letters did not include this information. A copy of these letters can be found at Appendix D.

3.10 In response to concerns raised by our office, DHS will no longer apply the fee automatically where there is no contact from the customer, or the customer responds that they had personal factors which affected their ability to accurately declare their

¹⁵ For example: Ms D's debt was reduced from \$2 203.24 to \$332.21, Mr S's debt from \$3777.43 to zero, Ms H's debt from \$5,874.53 to zero, Ms G's debt from \$2914.20 to \$610.07 and Ms B's debt from \$1441.64 to \$267.51.

¹⁶ Information provided by DHS to the Ombudsman's office on 17 February 2017 – Averaging in the OCI model (Action item 03.02.2017_04)

¹⁷ Section 1228B *Social Security Act 1991*

income. DHS has taken steps to ensure that customers receive the initial letter, including the use of registered post.

3.11 It has also made enhancements in the OCI to make it easier for customers who have a reasonable excuse to notify the department so they will not be charged the fee. It now provides clearer information, and a further invitation to provide a reasonable excuse, in debt notification letters. A copy of these letters can be found at Appendix E.

3.12 Given our concerns about DHS' initial lack of clear communication and information about reasonable excuse, we recommend DHS, in certain cases, review those debts where the recovery fee was previously applied:

- customers who may not have received the initial letter or notices of debt (for example, because they are no longer at the same address)
- customers whose initial letter did not explain that the recovery fee may not apply if they had a reasonable excuse.¹⁸

3.13 Where a customer contacts DHS or a mercantile agent to raise a concern, seek information, or seek a re-assessment in relation to an OCI debt which includes a debt recovery fee (whether or not the debt has been repaid), DHS should manually reassess whether the application of the recovery fee was appropriate, taking into account the customer's personal circumstances, including the existence of a reasonable excuse.

Transparency and usability of the OCI system

3.14 Good public administration requires a transparent and open decision making process that clearly sets out the issues the person needs to address to challenge a decision and the findings of fact on which the decision is based. This principle continues to apply when decision making is automated.

3.15 Our investigation revealed the letters DHS sent to customers before 20 January 2017 to alert them about the income discrepancy were unclear and deficient in many respects. The letter did not include the 1800 telephone number for the compliance helpline. It did not explain that a person could ask for an extension of time or be assisted by a compliance officer if they had problems. It asked the person to 'confirm' their income information, possibly giving the impression that, if the figure was the correct annual figure, merely confirming the information would suffice. The letter did not provide a clear explanation that applying ATO income to the person's record may negatively affect the amount of any debt. Copies of these letters are at Appendix D.

Customers who did not receive the initial contact letter

3.16 Several complainants to our office stated they did not receive the initial contact letter and reminder letters as these were sent to their last known address, not their current address. The first time they may have heard about the debt was when they received a demand from a debt collection agency. In some cases, complainants did not check their myGov accounts in time to respond, due to other circumstances. As the complaints made by Ms G and Ms B show, these customers missed their opportunity to respond to the ATO information prior to the debt being raised. When

¹⁸ We understand that reference to 'reasonable excuse' was not inserted into the initial letters until August 2016

the person failed to go online within the timeframe, the ATO income data was automatically applied to their record which resulted in a debt.

Ms G's complaint

In October 2016 Ms G received an SMS and letter from DHS and an SMS from a debt collection agency seeking payment for a debt. She told us she checked her myGov account (set up for Medicare use only) and noticed letters dated 29 September 2016 and 24 October 2016 from Centrelink. The letters explained the earnings she reported to Centrelink in 2010-2011 were different to her ATO income for the same period and she had a debt \$2914.20. It is possible a letter was sent to an old address, but she had moved house multiple times since 2011.

In a complaint letter Ms G wrote to DHS in December 2016, she states she received the debt notice a few days before she gave birth to her child. She said she then had a sick newborn baby in hospital and was only able to start dealing with the debt five weeks later. In the meantime, it had already been referred to debt collectors.

Investigation outcome

We investigated Ms G's complaint. DHS advised us it sent all letters to Ms G through her myGov account, as she had nominated emails and text messages as her preferred communication channel when she set up the account. As Ms G did not confirm or update her employment income by the due date she had a debt. Ms G emailed DHS on 14 November 2016 seeking an explanation of the debt. A customer service officer unsuccessfully attempted to contact her once. On 2 December 2016 DHS automatically referred Ms G's debt to a collection agency as she had not made a payment arrangement. After Ms G provided payslips and had a manual assessment her debt was reduced to \$610.07.

Ms B's complaint

Ms B received newstart allowance in 2010-2011 after returning from overseas. Her payments stopped after six weeks because she started full time employment.

In October 2016, Centrelink sent Ms B a letter advising there was a discrepancy between ATO records and earnings she had reported to Centrelink. She was also sent a follow-up letter advising she had a debt of \$1 441.64. She told us she did not receive either letter as they were sent to her parents' address where she had not lived for a number of years. She was also overseas at the time they were sent.

When Ms B returned to Australia, she contacted Centrelink and asked for a reassessment and more time to provide payment summaries and other documents. Her request was granted but a debt collection agency still contacted her with requests to repay the debt.

Investigation outcome

We investigated Ms B's complaint. DHS advised that Ms B was sent an initial contact letter and reminder letters to her last known address and a text message. As she did not confirm or update her employment income details by the due date, she had a debt of \$1 441. Ms B asked for a reassessment of the debt. DHS advised us Ms B contacted the department on 19 December 2016 to ask for an explanation of the debt decision and to inquire about notices she had received for three different debt amounts. On 22 December 2016 a compliance officer manually reassessed Ms B's debt and reduced it to \$267.51. The amount included a ten per cent recovery fee.

3.17 We acknowledge DHS is now taking additional steps to ensure people are aware of the income discrepancy. This includes sending the initial contact letter and first reminder letter by registered mail and sending a further reminder letter and attempting to contact the person by phone if they do not complete the OCI.

Usability of the online system

3.18 Our office received several complaints from people who were willing to engage online, but had difficulty using the OCI system. Many complainants had not realised they could enter their fortnightly income information into the system and the importance of doing so, until they received a debt notice and contacted DHS for an explanation. Ms D's complaint illustrates this issue.

Ms D's complaint

On 29 September 2016, Ms D received a letter telling her there was a discrepancy between her earnings reported to Centrelink and her ATO income for the 2014-2015 financial year. She had worked for three different employers on a casual basis and received varying rates of newstart allowance during this period.

Ms D complained to our office on 5 January 2017. She told us she considered herself to be reasonably well-educated, but found it difficult and confusing to navigate the OCI system and was unsure of the reasons for the overpayment. Although she had payslips, a diary with her hours and her tax return, she said she did not know how to provide information about her actual fortnightly earnings within the OCI system. She said she found the questions in the system too narrow, as they only asked her to confirm her employers and her group certificate amount.

After Ms D completed the OCI process, the system advised her she owed a debt of \$2203.24.

On 3 November 2016, Ms D asked for a reassessment of the debt decision while online. She was concerned DHS had 'averaged' her total income across 26 fortnights. She states she received a text message at 2am the next morning telling her the debt had been reviewed and the original decision had been affirmed (upheld). Ms D told us she contacted DHS Complaints and Feedback and asked for a review.

On 9 November 2016, she handed in her payslips at a Centrelink Customer Service Centre and they were scanned to her record. She states she was walked through the website, but the process was still not clear to her.

On 14 November 2016 Ms D asked for another review of the decision. A Subject Matter Expert (SME) recalculated the debt and reduced it to \$332.21, based on Ms D's actual earnings as indicated in her payslips. On 8 December 2016 an authorised review officer (ARO) agreed with the SME's decision, but Ms D said she was still unclear about the reasons why the debt had been reduced.

Investigation outcome

We investigated Ms D's complaint. DHS told us that if Ms D had provided a breakdown of her earnings for her periods of employment in the OCI system, this information would have been used to calculate her entitlement. As she had accepted the ATO information while online, DHS averaged her gross income across the full period of her employment. Once Ms D was given the assessment outcome, there was information available to her which would have explained the decision. DHS states it adequately explained the debt decision to Ms D. For example, a compliance officer contacted her on 31 October 2016 to explain the debt. DHS states it had no record of Ms D lodging a formal complaint.

3.19 In Ms D's case, she tried to provide a breakdown of her fortnightly earnings through the OCI system, and had payslips and other evidence available to do this, but she still found the system difficult and confusing to navigate and the questions too narrow. She was unable to provide more detailed information about her earnings to avoid her income being averaged. Despite DHS' assurances that the system contained an explanation of how the debt was calculated, this was not apparent to

Ms D when she tried to use it. When she complained to our office, Ms D was still confused about how the debt arose.

3.20 There is a risk that if a person does not understand how debts are calculated, they may not engage with the OCI system in the intended way. This occurred in Mr S's case below.

Mr S's complaint

On 23 October 2016, Mr S received a letter from Centrelink telling him he owed a Newstart Allowance debt of \$3 777.43 for the 2011-2012 financial year. The debt arose due to a discrepancy between earnings he had reported to Centrelink and income information from the ATO for the period.

In 2011-2012, Mr S told us he worked on a casual basis as a security guard and his income changed each fortnight depending on the shifts he worked. He stated he only claimed newstart allowance during periods he did not work. He was concerned Centrelink incorrectly averaged his income across his period of employment.

Mr S complained to us on 21 December 2016. He told us Centrelink had told him if he wished to dispute the debt, he needed to provide copies of his payslips. He did not have these and the employer he worked for was no longer in business. He reports that Centrelink told him it would not accept copies of his bank statements as evidence.¹⁹ On 4 January 2017, after Mr S asked for a reassessment and provided further updates to his employment income, his debt was reduced to zero.

Investigation outcome

We investigated Mr S's complaint. DHS told us it had averaged his income over the period of employment, as Mr S confirmed his information online on 22 October 2016. If he had provided a breakdown for the periods of employment, this information would have been used to assess his entitlement.

3.21 In Mr S's case, he did not realise a debt based on ATO income data may be higher due to averaging. He 'accepted' the ATO data online, because it was the correct *annual* figure. Most people receiving income support payments would not have a detailed understanding of social security income tests or the debt calculation process, nor should they be expected to. In our view, the OCI system does not clearly state it uses the averaging method or explain this may be inaccurate in some cases.

Problems gathering employment income evidence

3.22 Many complaints to our office were from people who had problems collecting evidence about their employment to challenge the ATO data and ensure DHS had accurate earnings information.²⁰ Under the OCI, DHS does not use its powers to collect information directly from employers to verify the customer's earnings. The effect in practice, is to place greater emphasis on the customer's responsibility to either accept the debt or provide further information.

3.23 In our view, this is not reasonable or fair in situations where customers have to collect evidence from several years ago, or where the customer does not have the capacity to obtain the evidence. Customers do not have the same information

¹⁹ An online document on Mr S's record indicates he spoke to Centrelink on 3 November 2016 and advised he did not have supporting evidence as two of the businesses were no longer operating. There is no direct record that he was asked to provide payslips.

²⁰ For example, in the case studies of Ms H, Mr S, Ms C and Ms M (below)

gathering powers as DHS. DHS has advised that under the OCI, the requirement for documentary evidence has been reduced substantially. However, even those people who are not formally required to provide documentary evidence will generally need to collect income information to enter correct data into the system.

3.24 The ATO only requires individuals with simplified tax affairs to retain records for two years.²¹ In the OCI context, it may be reasonable for customers to retain their employment and payroll records for a similar period, but not for six or seven years, particularly where they have not been forewarned about this requirement.²² Some customers may face challenges collecting this information where their employer no longer exists, is being unco-operative or has not retained payroll records.²³

3.25 This is illustrated by Ms H's case below.

Ms H's complaint

On 30 September 2016, Centrelink sent Ms H a letter indicating there was a discrepancy between her reported earnings to Centrelink and her ATO records from two different employers for the 2010 to 2012 financial years. As Ms H did not respond to the initial letter, the ATO income was applied to her record and she received a debt notice for \$5 874.53.

The ATO information showed Ms H had worked for business M for the entire 2010-2011 financial year and the OCI system had averaged her income across the year. Ms H told our office she stopped working for business M in November 2010 when she relocated for personal reasons. She claimed newstart allowance after the move and told Centrelink she had stopped working with business M at the time of her claim

On 3 November 2016 Ms H told us she initiated an online reassessment, declaring she had stopped working for business M and uploaded bank statements and an employment contract to her record. Ms H told us at Centrelink's request, she tried to get payslips and a separation certificate from her former employer, but was unsuccessful as the business had since changed ownership multiple times.

On 23 November a compliance officer (CO) decided Ms H had worked for business M for the entire year and completed the reassessment. DHS accepts this was done in error. On 24 November 2016, she received a letter advising that her 'employment income review has been completed' and she did not 'need to take any further action at this time.' DHS accepts this letter was sent in error.

On 2 December 2016, Ms H received a letter from a debt collection agency, asking her to pay \$5874.53 immediately.

On 8 December 2016, Ms H called Centrelink and advised she had provided bank statements and other documents. At this point, she was directed back online.

Ms H spoke to a CO on 13 December 2016. She explained the only documents she could provide as evidence were bank statements. She reported she was advised that without payslips and a separation certificate, there was 'nothing (she) can do'. She asked whether Centrelink could contact her former employer directly, but was told this was her responsibility and she should complain to the ATO about the wrong information provided by her employer.

²¹ Australian Taxation Office, SDR 2006/1, <https://www.ato.gov.au/individuals/income-and-deductions/in-detail/keeping-your-tax-records/>, accessed 6 February 2017

²² When the OCI was initially rolled out, the DHS website stated that people only had to keep employment records for six months. DHS has since amended its website advice to tell people to keep their records indefinitely.

²³ Other examples include: where the employer has changed payroll systems and no longer has historical records; where the person was paid in cash; the employer cannot be located; the employer is a former family member, partner or friend and that relationship has broken down or involved violence.

An online document confirms the CO advised her to get a letter of employment or final payslips as evidence of her employment.

Ms H's case was then referred for manual reassessment which was completed on 18 January 2017. Her debt was reduced to zero.

Investigation outcome

We investigated Ms H's complaint. DHS acknowledged a number of errors had been made in Ms H's case. When a customer advises they do not work for an employer, the online process stops and requires a CO to contact the customer and undertake a manual intervention if required. There were several points in Ms H's case where this should have occurred, but her case was directed back to the online system. DHS also accepted Ms H was directed online to provide bank statements she had already given to Centrelink on 3 November 2016. A document on Ms H's record shows Centrelink had already contacted business M on 6 December 2010 and confirmed Ms H had stopped working there from 26 November 2010.

3.26 We received other complaints²⁴ where people were told by DHS staff that payslips were the only acceptable form of evidence and bank statements would not be accepted. In our view, DHS should have more clearly communicated to customers the evidence they needed to provide, and what they could do if they had problems obtaining this evidence. In particular, DHS should have given customers a clearer and more consistent message that it would accept alternative forms of evidence, such as bank statements, where a customer was having difficulty gathering payslips or other evidence directly from the employer. As illustrated by Ms H's complaint, in some cases, DHS can consult its own records for employment information it may have previously verified.

3.27 DHS has always accepted bank statements as reasonable evidence of historical income where other evidence is unavailable. As customers do not have the same information gathering powers as DHS, it is critical for DHS to give some customers additional support and assistance to obtain this evidence when they have made genuine and reasonable attempts and other available information is not sufficient. The accuracy of debts relies on the customer's ability to obtain and input historical income information into the OCI. DHS should take into account the potential cost to customers to obtain bank statements. We suggest that where a customer cannot obtain the information despite genuine and reasonable attempts, DHS should use its information gathering powers to request the information directly from the employer or the financial institution. We suggest the Department of Social Services should include guidelines about the process for obtaining employment income evidence in the *Guide to Social Security Law*.²⁵

Adequate time to respond

3.28 When the OCI system was first rolled out, customers had 21 days to respond to the initial letter. They could ask for two further extensions online and additional extensions if required by contacting DHS, but the process of asking for an extension was unclear. Given the complexity of collecting historical employment information or the possibility that the customer may not have received the initial letter, we consider the 21 day timeframe was not reasonable or fair in all circumstances. We acknowledge DHS has now extended the timeframe to respond to 28 days from receipt of the letter, with options to ask for an extension.

²⁴ For example, from Ms C, Mr S and Ms M (below)

²⁵ The *Guide to Social Security Law* contains departmental guidelines for decision makers on how to administer social security legislation. The Department of Social Services has overall responsibility for the Guide.

Service delivery - the adequacy of DHS' communication to customers and staff

Communication to customers

3.29 Poor service delivery was a recurring theme in many of the complaints made to our office about the OCI system. Key problems customers experienced were:

- the compliance helpline number was excluded from letters²⁶ and hard to find within the OCI system itself, meaning customers called the general customer service lines resulting in longer wait times than the compliance line
- not getting a clear explanation about the debt decision and the reasoning behind it
- being required to go online to resolve their situation when they had already indicated they were having difficulties
- instances where there should have been a more thorough manual intervention by a compliance officer but the customer was still referred back online
- difficulties getting information and assistance from service centre staff, either on the phone or in person, or when they tried to go online to use the system
- staff not having sufficient knowledge about how the OCI system works.

3.30 The case studies of Ms M and Ms H are examples of where DHS' service delivery fell short. In Ms H's case, there were several points where she was referred back online despite explaining to DHS she had stopped working for the employer in question and she was having difficulty getting evidence as the employer had changed ownership. Her complaint also highlights that some DHS staff were not fully trained in how the OCI works.²⁷ DHS accepted there were several human errors made in Ms H's case. She should have had a manual intervention at an earlier stage and should not have received letters asking her to repay a debt until her reassessment was complete. Even when a manual assessment was done, staff did not initially check earlier records which showed that DHS had verified her employment six years ago.

3.31 Ms M's case is another example where a manual intervention by a trained compliance officer in the first instance would have been more efficient and avoided the situation where the complainant had to contact Centrelink multiple times to resolve her situation.

Ms M's complaint

On 12 October 2016, Ms M received an SMS from Centrelink telling her a letter had been sent to her old postal address and to her myGov account. She said she tried to log onto myGov and was not able to add her Centrelink profile. She called Centrelink and was told there was a discrepancy between her reported earnings to Centrelink and her ATO income for the 2012-2013 financial year and she would need to resolve this matter online.

²⁶ For letters sent before 20 January 2017 only. After this date, the initial letters included the telephone number.

²⁷ See also Mr J's complaint (below)

Ms M worked for two employers in the 2012-2013 financial year. She received newstart allowance for two separate periods – once when she was unemployed and again when she had to stop work due to injury. Ms M told us she believed Centrelink 'averaged' her employment income fortnightly across the financial year (including during her periods of unemployment). She also believed Centrelink had incorrectly assumed she had worked for a third employer during the relevant period, but this issue was later resolved.

Between 24 October 2016 and 24 January 2017, Ms M had at least eight contacts with Centrelink to resolve her issues:

- On 24 October 2016 Ms M accessed her online account and indicated she did not work for the third employer in the relevant period. She also visited her local Centrelink office and submitted documents.
- On 3 November 2016 a compliance officer (CO) advised Ms M they had reviewed the documents and she would need to go back online to update the ATO information and complete the review.
- On 11 November 2016 Ms M called Centrelink. A CO assisted her to complete the OCI, resulting in a debt of \$533.33.
- Ms M told us she tried to call Centrelink on 29 November 2016 and 6 December 2016 to ask for a reassessment. The calls cut out or there were system issues and staff could only collect some of the information she wished to provide.
- Ms M told us that on 9 December 2016, she spoke to a CO who told her she needed to provide more information. Ms M reports the officer asked her to read out the information on her payslips over the phone and manually uploaded these figures. DHS states it has no record of this contact.
- Ms M told us that on 4 January 2017, she spoke to a CO, who advised her DHS had 'lost' all the information she had provided. She was walked through the OCI system and provided detailed fortnightly income details for the relevant periods. At the end, she was told she still owed a debt. DHS states it has no record of this contact.
- On 24 January 2017 a CO contacted Ms M to discuss her reassessment. She was told she would need to provide her payslips from one employer. Ms M states Centrelink told her the debt had already been reviewed twice and it would not review her circumstances again until she provided her payslips. She has not been able to take them to her local Centrelink office due to her demanding work schedule.
- As at 10 February 2017, Ms M had appealed the decision and was awaiting an outcome of a review by from an Authorised Review Officer.

Investigation outcome

Ms M approached our office on 13 December 2016 and we investigated her complaint. In relation to the calculation of the debt, DHS told us that it did not average her income across the entire 2012-2013 financial year. However, where she did not provide additional information, it averaged her income across the period of her employment.

DHS told us that when a customer declares they did not work for a particular employer, the online process stops, a CO calls the customer to investigate, then resumes the online intervention for the customer to complete. Due to an apparent discrepancy in Ms M's employment commencement date, DHS is waiting for her to provide further evidence (payslips), before it completes her reassessment. DHS states it will accept documents through the online document lodgement service, by post or in person.

Directing customers online and assistance to customers to use the OCI

3.32 In the initial stages of the OCI system rollout, many complainants told us they were redirected back to their online accounts and were not referred to a compliance officer in a timely manner, despite explaining they needed assistance. As DHS

excluded the compliance helpline number from letters it sent before 20 January 2017, this is likely to have caused more people to attend customer service centres and call Centrelink's general numbers where there were long wait times.²⁸ As most people simply required instruction in what information to collect and how to enter it into the OCI, this would have been better handled by direct access to staff who were trained in the OCI system. This is illustrated by Mr R's case below.

Mr R's complaint

Mr R had not received Centrelink payments for six months. He checked his myGov account on 2 January 2017 after seeing news coverage about compliance letters. He had received two letters in his Centrelink online account advising of a discrepancy between his reported earnings to Centrelink and his ATO income for the 2011-2012 financial year. The time limit for responding to the letters had already expired. He told us he could not understand why Centrelink did not post the letters, given that he has not moved since 2011-2012. Centrelink told him it had sent an SMS, but he could not recall receiving this.

Mr R worked casually for one employer in 2011-2012 and received newstart allowance during periods when he worked fewer hours. Based on the ATO data, he told us he believed Centrelink incorrectly assumed he had worked for two different employers, but this issue was later resolved.

Mr R told us he called DHS Feedback and Complaints on 3 January 2017. He said the customer service officer (CSO) recognised the issue with his employers' names, but advised Mr R he would need to personally verify his employer's details using the OCI system. Mr R stated he did not know how to do this. He asked the CSO whether he would be able to attend a Centrelink office in person to seek assistance. He was told he could not be offered an appointment. If he attended an office, he would be directed to use a computer unassisted. During this call, Mr R told us he was asked to obtain payslips from his employment, but he did not know what to do with this information if and when he was able to obtain it. He said he asked DHS to contact his former employer directly but was told this was his responsibility.

Investigation outcome

Mr R complained to our office on 4 January 2017 and we investigated his complaint.

DHS states there was no record of Mr R contacting the department on 3 January 2017. There is a record he contacted on 10 January 2017 for an assisted OCI. He provided verbal updates which were applied to the system and meant he did not have a debt.

DHS told us the OCI system identified Mr R's employer names as having the same ABN and the employer information was not duplicated. DHS considered Mr R was adequately notified of a potential overpayment as he received letters through his online Centrelink account and text message reminders.

DHS states all recipients can get assistance to complete their OCI by calling the dedicated compliance telephone line. This number is included in the help section on the OCI screens and is now incorporated into the letters, although it was not included in the letters to Mr R, which were from an earlier release.

3.33 In Mr R's case, he states he was referred back online, despite making it clear he was confused and would not know how to use the system.²⁹ While it was true that customer service staff were told to direct people back to the OCI in the first instance, staff were also instructed to refer customers seeking further assistance or having

²⁸ This has been acknowledged by DHS as a major area of complaint – see DHS Summary of customer complaints (Document 2.7).

²⁹ DHS says that it does not have a record of this conversation, however, based on the information Mr R reported from that conversation, we are satisfied it took place, but was not recorded.

difficulties to the 1800 compliance helpline number.³⁰ However, as demonstrated by the case studies in this report, this message may not have been consistently communicated to customers in all cases. Like many complaints we investigated, Mr R also had an entry on his record stating *'if customer contacts please refer them to their online account'*. This may have prompted staff to refer him online initially without further consideration of his circumstances.

3.34 While we understand the business case for directing customers online to use the OCI, this must be balanced against providing adequate support for people who are not 'digital ready' (for example, those who do not have access to the internet or a computer, are not confident or familiar in using computer systems and are not computer literate). In our view, customers who are not 'digital ready' need to be assisted through the OCI process or be offered alternative ways of responding to the ATO information, such as by speaking with a compliance officer. It is in the interests of both DHS and its customers, for DHS to help customers transition to a digital system. This includes making alternative pathways (such as intervention by a person) accessible and adequately resourced. This was highlighted in earlier reports by this office on Centrelink's service delivery.³¹

Communication and training for staff

3.35 Complaints to our office³² demonstrate that DHS did not adequately prepare its call centre and local service centre staff to respond to OCI enquiries. In our follow-up report on Centrelink's service delivery we warned that 'the transition to self-service and online service delivery often generates further contacts with Centrelink, as people attempt to gain the requisite online access permission, resolve online problems, or ascertain the status of an online claim.'³³

3.36 Despite this, in our view, DHS underestimated the difficulties people would have using the OCI system and the demand for its call centre and in-person services this would generate. We understand that while new staff were recruited and staff diverted from other areas to support the OCI system rollout, in our view, there were insufficient resources directed to telephone services.

3.37 In our view, DHS' communication and training strategy for staff was not adequate. DHS' messaging and instructions to front line staff did not have the visual and process detail that may have helped them better understand the customer experience of the OCI system. The role of service delivery staff was to 'respond to general enquiries', assist customers with registering their online accounts and transfer or direct customers to the dedicated compliance telephone line.³⁴ More

³⁰ DHS, 'Good Morning Smart Centres', internal message to staff, 9 September 2016 (Document 1.5d)

³¹ Commonwealth Ombudsman, *Investigation into Service Delivery Complaints about Centrelink* (April 2014), http://www.ombudsman.gov.au/_data/assets/pdf_file/0021/25851/April-2014-Department-of-Human-Services.pdf; *One year on from the Centrelink Service Delivery Report*, 04/2015 (September 2015), http://www.ombudsman.gov.au/_data/assets/pdf_file/0020/24527/September-2015-One-year-on-from-the-Centrelink-Service-Delivery-Report.pdf

³² For example, those made by Ms M, Ms H and Ms C (see below)

³³ Commonwealth Ombudsman, *One year on from the Centrelink Service Delivery Report*, op cit, p 12

³⁴ The instruction stated 'the preferred method to undertake these interventions is via the online channel': 'Good Morning Smart Centres', DHS internal message to staff, 9 September 2016 (Document 1.5d); DHS Communication Plan, June 2016 (Document 1.5).

detailed training plans were focused on the specialist compliance teams who were directly assisting customers with their OCI reviews.³⁵

3.38 The result was confusing and inconsistent messages to customers when they tried to contact Centrelink to seek assistance, which in turn led to frustration for customers and staff. In some instances, staff referred customers online and did not fully assist them.³⁶ In other instances they attempted to help but lacked sufficient knowledge to fully advise the customer, as illustrated by Mr J's case.

Mr J's complaint

Mr J complained to our office after receiving a debt of \$92.28, following a data match between his employment income and ATO information for the 2011-2012 financial year.

Mr J told us he had contacted Centrelink several times but was not able to get an explanation of how the debt was calculated.

On 5 December 2016 Mr J contacted Centrelink to discuss the possible overpayment. After a long period waiting on hold, a staff member attended to his call. After some investigation the staff member explained there appeared to be an error with the overpayment calculation and Mr J he did not need to take any further action. This phone call was over 47 minutes long.

Later that day, Mr J contacted the compliance helpline again to ensure that he did not need to take any action. After a twenty minute phone call, he was not able to clarify this with the staff member.

On 7 December 2016 Mr J received a letter asking him to repay the debt before December 22 2016. Mr J contacted the compliance team on the same day to ask why this debt was raised. After 30 minutes the staff member suggested he go into a Centrelink service centre to obtain his myGov login details.

Mr J told us he attended his local Centrelink service centre and tried to resolve the matter online a number of times, but stated the system kept 'crashing'.

DHS states the debt was removed after Mr J verbally provided his earnings for the debt period.

Outcome

Mr J lodged a claim for Compensation for Detriment caused by Defective Administration (CDDA) claiming compensation for the financial loss and stress he suffered as a result of the debt being raised. DHS rejected Mr J's CDDA claim, finding that he had not suffered a financial detriment. Our office did not investigate Mr J's complaint, but Mr J gave us a copy of DHS' CDDA decision statement where DHS acknowledged that:

'Mr [J] was unable to receive consistent information regarding the debt or how it was calculated...A lack of ability by various service officers to explain how the debt was arrived at indicates a knowledge gap. His communications with the department may have been inconsistent, frustrating and confusing but did not lead to a financial detriment.'

Assistance for vulnerable customers

3.39 This office has a particular focus on the way government policies and programs are administered for vulnerable and/or disadvantaged people. In our experience, people who face challenges such as remoteness, a lack of literacy, lack of English, disability, or homelessness are more likely to have problems accessing government services through mainstream channels. In developing new systems and programs there is a tendency for government agencies with limited resources to

³⁵ DHS, Compliance Learning Team Training Plan (Document 2.9)

³⁶ For example, in the case studies of Ms H and Ms M

focus their attention towards solutions for the greatest number. This means that disadvantaged and vulnerable people, who require more intensive servicing, often fall through the cracks.

3.40 DHS has told our office the fully automated system will not be rolled out to vulnerable people.³⁷ DHS' policy is to send vulnerable customers a letter asking them to call the compliance team telephone number. Depending on the customer's choice, DHS can complete the review for them or help them to use the system.

3.41 Vulnerable customers for OCI purposes include those with a 'vulnerability indicator' (VI) on their record,³⁸ customers in remote or very remote Australia, and customers who are recorded as needing an interpreter.

3.42 A VI is a flag attached to the record of a jobseeker who has certain identified vulnerabilities that may impact on their ability to comply with their mutual obligation requirements and may put them at higher risk of non-compliance.³⁹ These VIs are: psychiatric problem or illness, cognitive or neurological impairment illness or injury requiring frequent treatment, drug/alcohol dependency, homeless, recent traumatic relationship breakdown, significant lack of literacy and language skills or a nationally approved vulnerability.⁴⁰

3.43 In our view, the use of existing VIs and geographical and language data to identify customers for staff assisted intervention is sensible and appropriate. However, we are concerned the existing vulnerability data may not cover all vulnerable people for the purposes of the OCI. We also note there are limitations to using VIs as a tool for identifying vulnerable groups:

- the VI assessment process is lengthy and complex
- as the VI is a tool designed for jobseeker compliance purposes, the assessment of risk may focus more on the impact of vulnerability on the person's ability to look for and find work, which may be quite different to their ability to engage with an online system for debt raising and recovery
- people who become vulnerable after they cease receiving income support payments may not have a VI on their record
- staff may not recognise situations where the application of VIs should be considered.

3.44 We recommend the group of people identified as 'vulnerable' should be expanded to include:

³⁷ There are two groups of vulnerable customers DHS has identified as requiring different treatment under the OCI: those who are excluded from the OCI altogether (including those who are deceased, in a bereavement period, affected by a natural disaster, legally blind or have had an update to their circumstances) and those vulnerable people who will still fall under the OCI but will receive a 'staff assisted' service offer: Documents 3.2 and 3.3-Case selection exclusion rules and assisted compliance rules.

³⁸ For current customers, this includes those who currently have a VI currently on their record and for non-current customers, those who had a VI at the time the debt accrued: Information obtained from DHS site visit, 19-20 January 2017.

³⁹ DHS, Operational Blueprint: Vulnerability Indicators 001-10050000

⁴⁰ DHS, Assisted compliance rules (Document 3.3)

- certain customers with nominee arrangements, for example, current and former customers with a payment nominee who is either court appointed or an organisation
- customers with a current homelessness flag.⁴¹

3.45 In some instances, customers may become vulnerable because of the debt raising and recovery process itself, as illustrated by Ms C's case.

Ms C's complaint

On 14 October 2016, Ms C received a letter advising her of a discrepancy between her reported earnings to Centrelink and her ATO income for 2013.

In 2013, Ms C was studying and working part time and receiving Austudy and newstart allowance. She worked casually for several different employers. Each pay period fluctuated, but she states she reported her income as required.

Ms C logged into the OCI system, but told us she found it difficult to navigate. She said she agreed with the total amounts that had been recorded, but believed Centrelink had averaged her annual income across the entire financial year. She told us she did not know how to update or correct inaccurate fortnightly information. After going through the OCI system, she received a debt of \$4386.09.

She believes Centrelink did not properly explain the debt to her. She said she was asked to provide payslips for the relevant period, but found this difficult, as one employer was no longer operational and documents held by another employer had been archived.

Ms C asked for a reassessment of the debt on 2 November 2016, after speaking to a customer service officer. She later provided payslips and other evidence to support the reassessment.

On 9 December 2016 a debt collection agency sent her a demand for immediate payment of \$4386.09. Ms C eventually agreed to pay a lump sum of \$500 and ongoing payments of \$80 per week.

DHS advised us a compliance officer incorrectly changed the online assessment to 'completed' on 12 December 2016. This resulted in Ms C receiving an incorrect letter advising she owed \$0. She attended a Centrelink office and tried to clarify, but was told the letter was incorrect and she still owed a debt.

On 4 January 2017 Ms C wrote an email to the Minister for Social Services, where she stated that the stress of the situation had caused her to miss shifts at work due to spending hours on the phone to Centrelink. She reported she was unable to cope and lost her job due to stress and inability to cope with pressure and she had been having suicidal thoughts and had to take medication. Ms C told our office she had stopped engaging with Centrelink due to stress and anxiety and had cried and screamed during her phone calls with Centrelink.

Investigation Outcome

We investigated Ms C's complaint. DHS advised us that after a manual reassessment, Ms C's debt was reduced to \$507.55 on 17 January 2017. Ms C spoke to a customer service officer on 23 January 2017 and the officer referred her to a social worker, after noting Ms C's email to the Minister. Ms C later declined to go ahead with the social worker assessment and it appears no VI was placed on her record. It also appears her email to the Minister was not treated as a complaint.

⁴¹ A homelessness flag is separate to a VI for homelessness. The homelessness flag can apply to all customers and payment types and only be viewed by DHS staff. The VI for homelessness can only be applied to jobseekers and can be viewed by employment services providers.

3.46 In Ms C's case, she did not have a VI on her record and was selected for an online compliance intervention under DHS' normal processes. However, her reported stress and anxiety of dealing with a potential debt may have made her vulnerable. It appears Ms C was not referred to a social worker before her matter was referred to a debt collection agency. Her complaint raises concerns about whether DHS staff have received adequate training and instruction on identifying and dealing with potentially vulnerable customers in relation to the OCI system.

3.47 We have concerns that letters may not always be an effective method of contacting vulnerable customers, for example, where the recipient is illiterate, or has other vulnerabilities that affects their ability to understand the letter. We recommend DHS consider making outbound calls to vulnerable customers where they do not respond to the initial contact or reminder letters.

DHS' response to complaints and feedback

3.48 DHS told us the number of OCI complaints it received in the initial rollout increased between December 2016 and February 2017, but at the end of February represented less than one per cent of OCI letters sent. At the same time, however, complaints to our office about the OCI increased significantly.⁴² The complaints we received showed some customers who had concerns about the OCI did not make official complaints to DHS' complaints and feedback service or have their concerns recorded as complaints.⁴³ In our view, the low number of complaints to DHS may be explained by the effective reassessment process which resolved customers' issues in many cases, but which DHS did not record as complaints.

3.49 In January 2017, DHS analysed complaints about the OCI and identified where improvements could be made.⁴⁴ This analysis found the main complaint themes were: confusing content in the initial letter, customers not being clear on what action they needed to take, and customers calling the Customer Relations Unit instead of the compliance team, causing a high volume of calls. In response to these complaints DHS undertook further testing and made enhancements to the OCI after the initial rollout.

3.50 This process of capturing complaint themes and using them to make improvements demonstrate that complaints should not be viewed negatively. Complaints about the OCI are an important window into the customer's experience of the system and how effectively the program is being implemented.⁴⁵ DHS should view complaints about the OCI as a free and valuable resource for informing service improvements. In this context, 'complaints/feedback' is a broad concept which should include any information about how the OCI is working, particularly from the customer's perspective. In our view, DHS should continue to capture information about the OCI from internal reviews and complaints and feed this back to its business and service delivery areas to continuously improve the system and its delivery.

⁴² See footnote 4

⁴³ For example, in Ms D's case, she told this office she asked for a review by contacting DHS's complaints and feedback area, but the contact itself was not recorded as an official complaint.

⁴⁴ DHS Summary of customer complaint (Document 2.7)

⁴⁵ Commonwealth Ombudsman, *Complaint management by government agencies: An investigation into the management of complaints by Commonwealth and ACT government*, Report 02/2014, October 2014, http://www.ombudsman.gov.au/data/assets/pdf_file/0011/30017/October-2014-Complaint-management-by-government-agencies.pdf

Governance and risk management

3.51 DHS established a project management board and project management team to oversee the development and implementation of the OCI.⁴⁶ We are satisfied the business rules to develop the OCI are clear, the system is auditable and is capable of raising accurate debts if the information fed into it is correct. While we had initial concerns about the high threshold applied to determine which cases fell out of the OCI system for manual intervention, recent changes mean more complex cases now also trigger manual intervention.⁴⁷

3.52 We recognise that many risks are more easily identified with the benefit of hindsight. However, in our view, there were several areas where DHS' planning to support the rollout of the OCI system fell short. In our view, this could have been addressed by better project planning at the outset, including: more rigorous testing with customers and service delivery staff prior to the rollout of the OCI system; a slower, more incremental rollout; better communication to staff and stakeholders; and supporting staff through an effective and incremental change management process.

3.53 In our view, the project management team failed to ensure that key external stakeholders were effectively consulted during key planning stages. It also failed to effectively communicate with stakeholders after the full rollout of the OCI in September 2016, resulting in confusion and inaccuracy in public statements made by key non-government organisation (NGO) stakeholders, journalists and individuals. Proper communication with key NGO stakeholders, who are an effective conduit for information to their members servicing Centrelink customers, could have ensured that better information about the OCI was more effectively communicated.⁴⁸

3.54 The OCI project effectively shifted complex fact finding and data entry functions from the department to the individual and its success relied on its usability. In our view, DHS underestimated the level of customer need for assisted compliance interventions and access to telephone channels and the extent to which some customers would have difficulty using the system.⁴⁹ To address this risk, more thorough and intensive user testing was required. In our view, DHS should have

⁴⁶ There was also an Improving Compliance Program Board and a Compliance Measures Implementation Committee to advise the Compliance Risk Branch and relevant business areas.

⁴⁷ Information provided by DHS to the Ombudsman's office on 24 February 2017 – Summary advice of changes made to OCI since 1 July 2016 (Action Item Response 3.02.2017_12)

⁴⁸ The risk management plan recognised the need for a strong stakeholder strategy to mitigate the risk that insufficient communication with appropriate key stakeholders may result in failure to realise expected program savings: DHS, Employment Income Matching Risk Management Plan, 6 August 2015 at p 8 (Document 0.4).

⁴⁹ We believe the project management team failed to recognise the significance of some of the key differences between the interim system and the OCI, namely that:

- all customers who responded under the interim measure had spoken to a compliance officer capable of listening to explanations, making judgements, guiding the customer on what they needed to do and entering the relevant data provided
- the 100 000 interventions were generally 'higher risk' debts than the remaining interventions used in final rollout – it follows that the final rollout may have included a greater proportion of discrepancies that may not turn out to be debts.

given more regard to the risks associated with usability issues. These should have been documented⁵⁰ and should have included the potential for:

- higher than expected call volumes to DHS non-compliance numbers
- higher than expected call volumes to compliance and debt recovery numbers
- customer anxiety, stress and, for some customers with unidentified vulnerability, crisis
- loss of public confidence in the OCI system
- loss of public confidence in all DHS debts.⁵¹

3.55 These risks could also have been mitigated by a slower rollout of the project; the development of supporting resources which were envisaged, but not initially delivered;⁵² and consultation with the former Digital Transformation Office⁵³ in the early design and user testing phases of the project.⁵⁴ We note that after DHS worked with the now Digital Transformation Agency (DTA) in February 2017 to review and re-design the OCI and undertook comprehensive user testing,⁵⁵ this resulted in a more user-friendly system.

3.56 DHS recognised the risk that staff would not support the change and the media may misrepresent its key messages. It identified the need to develop a Programme Communication Plan⁵⁶ and Programme Stakeholder Engagement and Communication Plan. However, as the press coverage reflects, the strategy was not effectively implemented.

3.57 A key lesson for government agencies and policy makers when proposing to rollout large scale measures which require people to engage in a new way with new digital channels, is for agencies to engage with stakeholders and provide resources for adequate manual support during transition periods. This may mean increasing

⁵⁰ The risk management plan identifies the risk of insufficient resources. However, the list of possible causes of this risk does not note higher than expected demands on resources arising from usability issues. Nor does it recognise in the 'risk consequence' column, the potential impact on service delivery, customer experience or reputational damage: DHS, Risk Management Plan, op cit, p 11 (Document 0.4).

⁵¹ While OCI debts comprise only eight per cent of all DHS debts, our office has received high volumes of complaints from people who incorrectly believe they have an OCI debt. A similar level of confusion has been found in the media.

⁵² DHS's Communication Plan (op cit at p 4) refers to the development of tutorials and pictorials (Document 1.5).

⁵³ The former Digital Transformation Office (DTO) was responsible for digital service delivery across government and to assist agencies with their 'digital transformations': <https://www.malcolmturnbull.com.au/policy-faqs/faqs-the-digital-transformation-office> accessed 10 March 2017. In October 2016 the Government announced the new Digital Transformation Agency to replace the DTO with an expanded role to guide, oversee and drive the Government's digital transformation agenda: <http://ministers.dpmc.gov.au/taylor/2016/new-digital-agency-establishes-agenda> accessed 10 March 2017.

⁵⁴ DHS advised our office it did not consult with the DTO in the development and testing of the OCI – information obtained from DHS site visit, 19-20 January 2017.

⁵⁵ Information provided by DHS to the Ombudsman's office on 17 February 2017 – Customer testing narrative (Action Item Response 17.02.2017_4). The redesign team undertook user testing with 26 customers and analysed feedback from help desk staff.

⁵⁶ DHS, *Risk Management Plan-Strengthening the Integrity of Welfare Payments*, p 3 of 30 (Document 1.0)

resources for staffing, or ensuring that timeframes for rolling out the new program are realistic relative to existing resources.

PART 4 – CONCLUSIONS AND RECOMMENDATIONS

4.1 The OCI is a complex automated system that was rolled out on a large scale within a relatively short timeframe. There will inevitably be problems with the rollout of a system of this scale. In our view the risks could have been mitigated through better planning and risk management arrangements at the outset that involved customers and other external stakeholders in the design and testing phases.

4.2 Key considerations in developing automated decision making systems are whether the system is consistent with administrative law values of lawfulness, fairness, rationality, openness/transparency and efficiency.⁵⁷ Customers need to understand how the system works, have the opportunity to present their information in a considered way and be supported in the transition from a manual to an automated system. Clear and comprehensive information to customers and staff is important. As discussed in this report, DHS did not clearly communicate aspects of the system to its customers and staff which led to confusion and misunderstanding.

4.3 In February 2017, DHS made changes to the OCI process, partly in response to feedback from this office and complaints made to DHS itself. The changes have been positive and have improved the usability and accessibility of the system. The changes were developed after more comprehensive user testing involving customers and after seeking input from the Digital Transformation Agency. Full details of the February 2017 changes are set out in Appendix A.

4.4 In our view, these changes go some way to addressing the problems identified in this report that occurred in the initial rollout of the OCI. However, we consider there are several areas where further improvements could be made and we have made a number of recommendations to address these. We consider it is important for DHS to address these issues before the OCI is rolled out further, particularly to vulnerable customers.

Recommendations regarding the ten per cent recovery fee

4.5 We welcome DHS' advice that it has now removed the automatic application of the ten per cent recovery fee for customers who engage with DHS.⁵⁸ We recommend DHS review those debts already raised by the OCI where the recovery fee has been automatically applied.

Recommendation 1 – Ten per cent recovery fee

We recommend that in certain circumstances DHS should reassess those debts already raised by the OCI where the recovery fee was applied automatically, including, where a customer contacts DHS or a mercantile agent to raise a concern, seek information, or seek a re-assessment in relation to an OCI debt which includes a debt recovery fee (whether or not the debt has been repaid). DHS should manually reassess whether the application of the recovery

⁵⁷ Australian Government, *Better Practice Guide on Automated Assistance in Administrative Decision-Making* (February 2007)
http://www.ombudsman.gov.au/data/assets/pdf_file/0032/29399/Automated-Assistance-in-Administrative-Decision-Making.pdf accessed 30 January 2017

⁵⁸ DHS briefing to the Ombudsman's office, 17 February 2017

fee was appropriate, taking into account the customer's personal circumstances, including the existence of a reasonable excuse.

Recommendations regarding initial contact letters

4.6 We acknowledge the improvements DHS has made to its initial contact letters since 20 January 2017. The current letters now contain the dedicated 1800 compliance helpline number, although this appears on the second page of the letter and is not obvious to the reader. The letter asks the person to either 'confirm or update' their information which clarifies they can make changes. It tells the person they may need payslips or bank statements to check their employment information. Customers no longer need a myGov account to access the system. Copies of letters used from February 2017 are at Appendix E.

4.7 In our view, DHS could make further improvements to improve the clarity of the initial letters and give customers better information so they understand the information and can properly respond to it.

Recommendation 2 – Initial contact letters

The initial contact letters to customers should:

- (a) place the compliance helpline number on the first page
- (b) mention the possibility of a debt earlier
- (c) clearly explain the concept of averaging. In particular, letters should explain that if the customer does not go online or if they accept the ATO data, their income will be averaged over periods for which income has not been verified and debts based on averaged ATO income may be less accurate, especially if the customer's income was fluctuating or intermittent.
- (d) advise people they can ask for an extension of time online or by calling the compliance helpline number.

Recommendations to further improve clarity of messaging within the OCI system

4.8 The February 2017 changes which include improvements to the help functions, explanations and overall usability of the OCI go some way to addressing our concerns about usability of the system. However, in our view, the messaging within the system itself should give a clearer explanation of what it means if the total ATO income is 'averaged' across the employment period. It should explain this will occur if the customer does not provide fortnightly earnings information, if the customer does not respond, or provides incomplete information. Copies of the OCI screenshots prior to February 2017 are at Appendix F. Copies of the OCI screen shots after February 2017 are at Appendix G.

Recommendation 3 – Messaging within the OCI

DHS should include a message within the OCI system to clarify that if the customer does not enter their income information, their ATO income will be averaged evenly across the relevant period and this may result in a debt. The message should advise that debts based on averaged ATO income may be less

accurate than debts based on actual income, especially if the customer's income was fluctuating or intermittent.

Recommendations to further assist customers to gather evidence to effectively use the OCI system

4.9 We have made the following recommendations to further assist customers gather evidence to effectively use the OCI system.

Recommendation 4 – Obtaining employment income evidence

- (a) **DHS should take into account the potential cost to some customers of obtaining bank statements. Where this cost would cause financial hardship to the person, DHS should use its powers to request the evidence directly from the financial institution.**
- (b) **Where a person contacts DHS for assistance in relation to the OCI, DHS should use its information gathering powers to assist the person to obtain income information from a third party, such as a former employer or bank, if:**
 - **despite genuine and reasonable attempts to do so, the person has been unable to obtain income information; or**
 - **it would be unreasonable, in the circumstances of their case, to expect them to obtain such information**
- (c) **Where customers advise they had stopped working for a particular employer, DHS should consult its own records to confirm if that information had previously been verified with the employer and/or if the customer had notified DHS at the time.**
- (d) **The Department of Social Services should include clear guidelines about the process for obtaining employment income evidence in the *Guide to Social Security Law*.**

Recommendations to further improve service delivery

4.10 We accept DHS has now implemented a number of changes to improve its service delivery to customers in relation to the OCI system. Customers can more easily get assistance by contacting the dedicated 1800 compliance helpline number. This number is now prominently displayed within the OCI system, although less prominently in the letters to customers. Customers can also ask for a reassessment or internal review by calling the compliance helpline. More cases will be assessed manually if they are complex or if the person disputes any aspect of the assessment. In addition to these changes, we consider DHS should implement the following measures to further improve its service delivery in relation to the OCI system.

Recommendation 5 – Communication to customers and staff

DHS should:

- (a) **ensure its 1800 compliance helpline number continues to be adequately resourced**
- (b) **produce comprehensive publicly available information for customers on how to use the OCI system, which includes the compliance helpline**

- telephone number and how to obtain relevant employment income evidence. This information may include video on demand (VOD) resources and fact sheets
- (c) modify the standard message in customer records to refer them to their online account, to reflect that customers can be referred for assistance if required
 - (d) continue to provide comprehensive training as required to specialist compliance staff and regular messaging to all service delivery staff on the OCI system, in particular, ensuring customers are directed to, and assisted by, the specialist compliance staff
 - (e) systematically capture and record information obtained from complaints and internal reviews and use this information to continuously improve the OCI system from the customer's perspective.

Recommendations regarding vulnerable customers

4.11 We recognise that customers identified as vulnerable will be 'staff-assisted'. We consider that before the OCI is rolled out further, DHS should consider expanding the group of customers identified for a staff assisted intervention and provide them with additional assistance and support.

Recommendation 6 – Expansion of customers who are offered a staff assisted intervention

Before the OCI system is rolled out further, the following groups should be included in the current vulnerable (staff assisted) cohort for OCI purposes:

- a) current and former customers with a payment nominee who is either court appointed or an organisation
- b) customers with a current homelessness flag on their record who are not already captured under the Vulnerability Indicators

Recommendation 7 – Assistance to vulnerable customers

DHS should provide additional assistance and support to vulnerable people to engage with the OCI system. In particular:

- (a) DHS should consider making outbound calls to vulnerable customers where they do not respond to the initial or reminder letters, to explain what is required and start the staff assisted service offer.
- (b) DHS should consult with relevant stakeholders about the difficulties vulnerable groups may face when engaging with the OCI.

Future implementation of the OCI

4.12 In our view, it is critical DHS monitors and evaluates the effectiveness of recent and future changes to the OCI. This should include capturing information about the OCI obtained from complaints, feedback and internal reviews and using this information to inform continuous improvements to the system and DHS' service delivery. It also includes evaluating how to mitigate the risk of over-recovery of debts.

Recommendation 8 – Future implementation of the OCI

Before further expansion of the OCI, DHS should:

- (a) undertake a comprehensive evaluation of the OCI in its current form
- (b) give further consideration as to how to mitigate the risk of possible over-recovery of debts.

Further rollout of the OCI should be done incrementally.

APPENDIX A – UNDERSTANDING THE OCI

1.6 Many of the processes for investigating, raising and recovering debts discussed in this report have been in place for a long time.⁵⁹ While some of these manual processes have been automated within the OCI, debts raised by the OCI account for eight per cent of all debt notices issued to customers.⁶⁰ Manual processes continue to operate for debts raised outside of the OCI.

1.7 This appendix provides detailed analysis of the treatment of PAYG income discrepancies under the OCI as well as the manual debt raising systems and pilot programs that preceded it, and the improvements made to the OCI since February 2017.

The previous manual process

1.8 Under the manual process, when a debt was identified for investigation it was allocated to a DHS compliance officer who would contact the customer, if necessary, to ask for information. Where it appeared an overpayment may exist, the customer was asked to provide payslips or other supporting documentation to verify their income. This would be done by sending a legal notice under the *Social Security (Administration) Act 1999* (the Administration Act), that required the customer to produce the information.⁶¹

1.9 If the information requested was not forthcoming or did not adequately address the request, the compliance officer wrote to the customer's employer using DHS' information gathering powers⁶² to obtain payroll records showing fortnightly income information.⁶³ The compliance officer entered the fortnightly earnings information into a DHS debt calculation system⁶⁴ to work out whether there had been an overpayment. If an overpayment had occurred, the compliance officer raised a debt and could apply a ten per cent recovery fee if they were satisfied the customer had refused or failed to provide information about their income or had recklessly or knowingly failed to declare their income without reasonable excuse.⁶⁵

1.10 If fortnightly earnings information still could not be obtained, DHS guidelines permitted compliance officers to apportion ATO annual earnings over the debt period,

⁵⁹ For example manual processes for, data matching, investigations, application of 10 per cent recovery fee and debt recovery.

⁶⁰ See footnote 5

⁶¹ For current social security recipients, the notice was sent out under s 63 or section 80 of the Administration Act, and the consequence for non-compliance was suspension or cancellation of payment. For former social security recipients, the notice was sent out under the department's broader information gathering powers under Part 5, Division 1 sections 192-197 of the Administration Act, the penalty being up to 12 months imprisonment (unless the customer was unable to comply or had a reasonable excuse).

⁶² Part 5, Division 1 sections 192-197, Administration Act

⁶³ If employer information was unavailable, DHS would seek information from other third parties, as appropriate.

⁶⁴ This system is known as Multical.

⁶⁵ Section 1228B *Social Security Act 1991*. Until recently, DHS had automatically applied a 10 per cent recovery fee to all debts unless the customer has a vulnerability indicator, a special circumstances exemption, is part of an exempt cohort (age and carer pensioners) or indicates that there were personal reasons affecting their ability to declare their income.

but only 'if every possible means of obtaining the actual income information has been attempted.'⁶⁶

1.11 Once the debt was raised, the customer was sent an account payable notice and the debt recovery processes would commence.

The 2015 Pilot

1.12 DHS conducted a two stage pilot in 2015⁶⁷ to inform the design of the online compliance system.⁶⁸ One of its aims⁶⁹ was to test options for pre-calculating any debt (prior to customer contact) and post-calculating any debt (once the customer was contacted). The results of the pilot included:

- 69.6 per cent of interventions resulted in a debt⁷⁰
- the average debt value was \$2546.21
- 40 per cent of customers contacted DHS after receiving the initial letter notifying them of a potential discrepancy
- 50 per cent of customers that contacted DHS decided to proceed using the ATO data match
- irrespective of whether the customer had contacted DHS beforehand, ten per cent of customers contacted to discuss the outcome
- appeals were below normal appeal rates⁷¹

⁶⁶ DHS Operational Blueprint 107-02040020 - *Acceptable documents for verifying income when investigating debts*

⁶⁷ The pilot involved two phases. Phase one involved 1 000 customers selected from a random sample of customers who had debts for the 2010-2011 year. The pilot took place in two sites. Interventions undertaken in Site 1 were 'pre-calculated' which meant the earnings apportionment was undertaken prior to initiation and stored for staff to access during the customer call. Interventions in Site 2 were "post-calculation" which meant earnings were apportioned and the debt calculated during the call. Phase two involved 1600 customers from a random sample of risk categories across the three years 2010-2011 to 2012-2013. In that pilot, a 'contact centre model' was tested whereby debts were calculated by contact centre staff during the customer call, and debts identified as needing a 'multical' calculation were referred to a processing team for action: *Pilot PAYG Interventions* op cit, pp 4-5 (Document 1.8).

⁶⁸ DHS, *Strengthening the Integrity of the Welfare System: Pilot PAYG Interventions: Manual Process Final Report*, 25 August 2015 (Document 1.8)

⁶⁹ It also aimed to test the new behavioural insights initiation letter and customer acceptance of the data provided by the ATO: *Pilot PAYG Interventions*, op cit, p 4 (Document 1.8).

⁷⁰ This figure was 76.8 per cent for targeted risk categories.

⁷¹ There were a total of 45 appeals lodged, of which nine were withdrawn following further explanation. This represented a two per cent appeal rate. At the time of the report eight cases had been finalised by Administrative Review Officers, with five being varied and two set aside due to new information being supplied. Most related to slight miscalculations, although in two cases the debt period was modified due to information already coded or previously supplied prior to the intervention: *Pilot PAYG Interventions*, op cit, p 13 (Document 1.8).

The interim process

1.13 DHS commenced an interim rollout of a new compliance approach from 1 July 2015. DHS identified 100 000 discrepancy cases for manual assessment. However, this process differed from the previous process in several ways.

1.14 First, it placed greater emphasis on the obligation for customers to provide DHS with current and accurate information about their circumstances, including changes to earnings. DHS staff would no longer seek this information from employers for the purposes of calculating a debt.

1.15 Second, DHS no longer sent legal notices requiring people to provide information.⁷² Rather, DHS sent a letter which:

- alerted the customer to the possible discrepancy
- asked the customer to call DHS on the 1800 number for the compliance team
- warned that if the customer did not contact DHS within 21 days it would use the ATO information to make a decision.

1.16 Third, if there was no response from the customer, or the response was incomplete, the compliance officer would manually calculate the debt but would do so by averaging the ATO income data.

The OCI process July 2016 to January 2017

1.17 In July 2016 DHS launched the OCI. The initial group of customers selected for the 'online compliance intervention' included those who received income support payments in the 2010 to 2014 financial years, many of whom were no longer Centrelink customers. The OCI began with a limited rollout to approximately 1000 customers from July 2016 and progressed to a wider rollout in September 2016. Copies of OCI letters and screenshots from December 2016 are attached at Appendices D and F.

The initial letter

1.18 Once records with discrepancies were released into the OCI it sent a letter to the customer's myGov account (and an SMS if the customer was registered for SMS notifications) or a letter to their last-known address⁷³ telling them about the discrepancy.

1.19 The letter⁷⁴ attached details of the ATO information obtained by DHS and gave customers 21 days to respond to the letter by going online to myGov to 'confirm' their employment income information in the online compliance system.⁷⁵ If

⁷² Previously, notices were sent under Part 5, Division 1 sections 192-197 of the Administration Act

⁷³ Letters have mostly been used for those who do not have a registered Centrelink online account linked to their myGov account. DHS has advised letters were sent via the preferred communication channel the customer had selected.

⁷⁴ For customers identified by DHS as 'vulnerable', a separate letter was developed which asked them to call Centrelink and provided a telephone number. However, the OCI was not rolled out to vulnerable customers, except for a small number of people in the pilot and in early July 2016.

⁷⁵ DHS, *Chronology of PAYG letters* (Document 1.6, Attachment A)

the customer did not have a myGov account, they would need to set one up before they could view the information.⁷⁶ Until 20 January 2017, the letter did not provide telephone contact details.⁷⁷

1.20 The letter warned if the customer did not go online to confirm their income DHS 'will update [their] details using the enclosed employment income information'.

If the customer did not go online

1.21 If the customer did not go online within 14 days, the OCI sent a reminder letter.

1.22 If the customer still did not go online by the due date in the reminder letter, the OCI apportioned the ATO earnings information evenly over the period the employer told the ATO the customer worked for them, to calculate any debt. Where a debt was calculated, the OCI generated a debt notice (an account payable notice) which was sent to the customer. At this stage, the normal debt recovery processes commenced.

If the customer went online

1.23 When the customer went into the OCI they worked through several screens displaying the ATO income data and could correct that information or supply more detailed information, including details of their employer, pay amounts and pay periods. The customer had to declare the information was correct and was warned of the risk of criminal penalties for providing false information.

1.24 The OCI assessed whether to accept the updated information and/or any documents provided by the customer. Where the OCI did not accept the evidence, it generated an 'error'.⁷⁸ A compliance officer reviewed the 'error' to decide if it required a manual assessment. If the error was fixed, the assessment returned to the OCI. If the error could not be fixed, a compliance officer manually assessed the evidence to decide the outcome.

1.25 Appendix B analyses the debt calculation process used by the OCI, including its ability to accurately assess various kinds of income and exclusions, and its use of 'averaged' ATO income.

The debt notice

1.26 Once the assessment was completed, the OCI automatically generated a letter which notified the debt amount and any recovery fee. Customers were advised to 'go online to get details of this decision or to provide more information'.

⁷⁶ Once a customer sets up a myGov account the customer can link their account to Centrelink to access their Centrelink online account or they can continue to access their account via the DHS website.

⁷⁷ The inclusion of the compliance team number was recommended by this office during a briefing about the OCI from DHS on 6 January 2017.

⁷⁸ DHS business rules developed by a data analyst identify interventions that may have an error: DHS, *OCI: A Customer Journey* flowchart, provided to our office on 20 January 2017.

1.27 Once the OCI calculated the customer's debt, if any, an automatically generated account payable notice was sent to the customer. The debt notice included the 1800 number for the debt recovery unit and the compliance team.

Reassessments, reviews and complaints

1.28 The OCI was designed so that if more information was received at any time (either online, by phone or in person) debts could be reassessed in light of the new information. There were built-in tolerances which defined what information would be automatically accepted by DHS as reasonable, and what would require further verification (for example, payslips and employer information). These are known as 'reassessments'. There was no limit to the number of reassessments that could occur when new information was entered.

1.29 A customer could seek internal review via a link in the OCI, or via other traditional methods (for example, in writing, by phone, and in person). Processes for seeking external review were unchanged.

Changes to the OCI since February 2017

1.30 In January 2017 this office met with DHS on three occasions and provided feedback about the OCI. On 1 February 2017 DHS and the Digital Transformation Agency conducted a heuristic⁷⁹ review of the OCI using feedback from customers and help desk staff to redesign, test and review proposed changes to improve the OCI and letters.⁸⁰

1.31 From February 2017 DHS made changes to the original system. Copies of OCI letters and screenshots from February 2017 are attached at Appendices E and F.

Logging on

1.32 Customers no longer need a myGov account to access the OCI system. They can log onto the system using a unique confirmation code and their Customer Reference Number⁸¹ which is provided to them in the initial letter.⁸²

Letters

1.33 DHS made changes to the letters it sends customers. The first changes were put in place on 20 January 2017. Further changes followed in February 2017.

1.34 The initial letter now includes the 1800 number for the compliance team. In the 20 January letter this was in bold, halfway down the first page. In the February 2017 version, it is in regular font on the back page.⁸³ The new letter clearly states the

⁷⁹ A review using trial and error or by rules that are only loosely defined – Oxford Dictionary accessed 21 February 2017 <https://en.oxforddictionaries.com/definition/heuristic>

⁸⁰ DHS briefing to the Ombudsman's office, 17 February 2017

⁸¹ DHS PowerPoint presentation v2.0 *Employment Income Confirmation*, 5 February 2017 pp 2-11 at Appendix G; *Employment Income Confirmation: Letter Process Flowchart*, provided to the Ombudsman's office on 17 February 2017 (Action Item Response 17.02.2017_6)

⁸² Once they log into the system they are asked to verify their identity using their passport, drivers licence or Medicare card.

⁸³ Letters deployed on 20 January 2017. These letters included, in bold writing, the 1800 number to call if people required further assistance. There was also more clarity that:

letter is not a debt letter and provides a security code to enable the person to log onto the system directly, without needing to use myGov.

1.35 DHS has also taken steps about non-receipt of mail for people who have moved address since they last received Centrelink payments. Initial letters and the first reminder letter will now be sent by registered mail.⁸⁴ If a customer has not completed the OCI after receiving a second reminder letter, DHS will attempt to contact the person by phone.⁸⁵ DHS has obtained authorisation to enable it to access more recent address data where it exists within other programs it administers.⁸⁶ Where authorised, DHS will also access data from third parties, such as the Australian Electoral Commission. DHS has told us it will now not refer OCI debts to a debt collector where the person has not responded until it is satisfied 'the person has received the notice but is ignoring it'.⁸⁷

Time to respond

1.36 The timeframe to respond to the initial letter has increased. Originally it was 21 days from the date of the letter. The timeframe is now 28 days from the date the customer receives the letter.

1.37 The option to seek an extension of time is now signposted in the OCI which lets people know what information they may need to collect.⁸⁸

Increased manual interventions

1.38 The OCI is now directed to people who have relatively simple employment circumstances. People with more complex circumstances will now fall out for manual intervention.

1.39 Manual intervention by a compliance officer now occurs when:

- the customer disputes any aspect of the assessment (for example where they indicate they did not work for the employer, the period of employment is changed or they do not accept the gross estimated amount)
- they answer 'yes' or 'unsure' to the questions about whether they received allowances for out of pocket expenses, income from superannuation, compensation, income protection, Community Development Program projects or government Paid Parental Leave
- they do not have access to payslips or bank statements, or are requested to provide documented evidence⁸⁹

Communication within the OCI

-
- both employment income and employment dates should be checked, confirmed or changed by the customer
 - not responding may result in a debt.

⁸⁴ Information provided by DHS to the Ombudsman's office on 24 February 2017 – Changes to the OCI since 1 July 2016 (Action Item Response 3.02.2017_12)

⁸⁵ DHS briefing to the Ombudsman's office, 17 February 2017


⁸⁶ That is, a Public Interest Certificate to enable the use of address data.

⁸⁷ DHS briefing to the Ombudsman's office, 17 February 2017

⁸⁸ DHS PowerPoint v2.0, op cit, p 12; DHS briefing to the Ombudsman's office, 17 February 2017 and Changes to OCI since 1 July 2016, op cit (Action Item Response 3.02.2017_12)

⁸⁹ DHS PowerPoint v2.0, op cit, p 22

1.40 Overall, communication within the OCI is improved by greater clarity. In particular, there are more prominent help functions and explanations within the system.⁹⁰ For example, on the 'Check your Income Details Breakdown' page, a help icon link is now located in the text of the main instruction:

"If you are unsure what pay amounts to enter into the payment periods displayed, click  for help."⁹¹

The OCI will now accept bank statements

1.41 To address concerns about people being unable to obtain their payslips to enter their income information into the OCI, DHS has introduced a bank statement net to gross income calculator function.

1.42 Customers will first be asked if they have payslips as these are the most reliable information source. If they do, they are not presented with the bank statement option.

1.43 If the person answers 'no' to the payslip question they will be asked if they have bank statements. Customers can now enter their net income as shown on their bank statements and the system will reverse calculate their gross rate. The system clearly explains that it adds the amount of tax the ATO says they paid to the net amount. It also makes clear that the conversion of net information produces a 'total estimated gross amount'.

Revising information and the provisional reassessment

1.44 Previously a customer could re-enter the system at any time (even after the debt is raised, or during or after internal or external appeal processes) to enter new information.

1.45 The revised OCI gives a person more opportunity to move back and forth within the system before finally accepting the provisional assessment. The provisional assessment screen states:

'The provisional result indicates we over paid you by \$_____. We will send you notification of this by letter. If you do not accept this result, you can update your employment details again or call us on 1800 086 400.'⁹²

1.46 It also warns the customer that if the result is not accepted within 14 days ATO data will be applied and may result in a debt.

1.47 Unlike the original system, once a provisional reassessment has been accepted the customer cannot re-enter the system. Rather, they will need to contact DHS to have the decision formally assessed or reviewed.

Debt recovery and the review process

⁹⁰ DHS briefing to the Ombudsman's office, 17 February 2017 and DHS Table of help text provided to the Ombudsman's office on 6 March 2017 (Action Item Response 17.02.2017_2)

⁹¹ DHS PowerPoint v2.0, op cit, p 25

⁹² DHS PowerPoint v2.0, op cit, p 33

1.48 DHS has told this office it will pause recovery action while a matter is under internal review, unless the customer requests to continue paying back the debt. DHS also advised it will not commence debt recovery action and is taking debts back from debt collectors, until it is satisfied that a person is aware of the debt and their appeal rights.

The ten per cent debt recovery fee is no longer applied automatically

1.49 DHS no longer applies the fee automatically where there is no contact from the customer, or the customer responds that they had personal factors which affected their ability to accurately declare their income. Enhancements within the OCI make it easier for customers who have a reasonable excuse to notify the department so they will not be charged the fee.

1.50 DHS now provides clearer information, and a further invitation to provide a reasonable excuse, in debt notification letters. A copy of this letter is at Appendix E.

APPENDIX B – THE OCI IN OPERATION

Accuracy of debts raised by the OCI

2.10 Good public administration requires that administrative decision making is consistent with the administrative law values of lawfulness, fairness, rationality, transparency and efficiency.⁹³

2.11 Concerns raised with this office about the accuracy of debts raised by the OCI included:

- the suitability and reliability of ATO income data
- the ability of the system to accurately assess various types of income and exclusions
- the 'averaging' of ATO income data.

2.12 In this section we have analysed the ATO data match process, the ability of the system to accurately calculate debts, the use of averaged ATO income data and the application of the ten per cent recovery fee to debts. We are satisfied the ATO's role and the information it provides in the data match process has not changed. However, under the OCI the way DHS investigates ATO data discrepancies has changed.

Suitability and reliability of ATO data

The data matching process

2.13 Each financial year, DHS puts together a data file⁹⁴ of all customers who received income support payments during that financial year. This data file includes identity information such as names, date of birth and historical addresses. It does not include the customer's tax file number (TFN) because use of the TFN is restricted to data matching under the *Data Matching (Assistance and Tax) Act 1990* (the Data Matching Act).⁹⁵

2.14 The ATO applies confidence ratings to its income data. DHS advised that it uses data which scores in the top three ATO confidence ratings.⁹⁶

2.15 Once the DHS data file is received by the ATO, the ATO uses tax file numbers to extract information it holds about that individual (for example, name, address and date of birth). The ATO provides DHS with:

- income information obtained from the payee (customer)
- income information obtained from the payer (employer)

⁹³ Administrative Review Council, *Automated Assistance in Administrative Decision Making*, Report to the Attorney-General, Report no. 46 (November 2004), p 3

⁹⁴ Information obtained from DHS site visit 19 January 2017.

⁹⁵ In effect, to use TFNs would limit the data DHS could match against. To enable data match of a wider set of information, DHS uses its broader information gathering powers under the Social Security Act, rather than the Data Matching Act.

⁹⁶ This is the ATO's rating of the reliability and accuracy of that data.

2.16 DHS told us it sends approximately 80 million identities to the ATO and receives approximately six million matches back from the ATO.

What DHS does with the data

2.17 Using the matched data from the ATO, DHS begins a process of validation and data cleansing. This process includes cleansing (for example, making sure dates are in the correct format) and 'fuzzy logic' which is a set of rules for ignoring certain discrepancies based on the probability that they are no or low risk. For example, if an employer name is the same except for the omission of 'Pty Ltd', fuzzy logic rules apply to disregard the discrepancy.

2.18 A series of further selection rules are then applied which assess the risk of overpayment. Factors include, but are not limited to, time spent on social security payments during the year, and the size of the discrepancy. There is a minimum discrepancy threshold for selection.⁹⁷

2.19 DHS advised that as a general rule, roughly 300 000 discrepancies are identified as likely overpayments and each carry a risk weighting which indicates the likelihood of a debt outcome.⁹⁸

2.20 DHS has confirmed that, prior to being released into the OCI, historical data match information is 'refreshed', that is, the data match process is re-run (for example, in case customers had lodged amended tax returns in the intervening years that can impact the historical data).

2.21 In the past, approximately 20 000 of the highest risk files underwent manual investigation annually. Under the 'Strengthening the Integrity of Welfare Payments' measure, from 1 July 2015 a further 100 000 of the next highest risk files were released for investigation under the interim measure. From 1 July 2016, all remaining files were released into the OCI.

2.22 DHS told us, and we are satisfied, that the ATO data being used, along with the data matching, fuzzy logic and selection processes, has not changed since the introduction of the OCI. What has changed is how the selected income discrepancies are investigated by DHS.

Investigation of discrepancies

2.23 Aside from averaging the ATO income data, which is discussed separately below, concerns raised with this office have related to situations where debts have been calculated:

- because the OCI was unable to recognise that income had been correctly declared, but the employer name held by the ATO was different to the name the customer gave to DHS (for example, 'MacDonalds' had been declared to Centrelink as 'Maccas' or where a customer uses a trading name instead of a company name)

⁹⁷ While our office is aware of the dollar figure for this threshold, we do not consider it appropriate to publish, for business integrity reasons.

⁹⁸ Risk is assessed using a combination of the time a person has been in receipt of a Centrelink payment for a financial year and the income discrepancy between the person's total earnings declared to DHS, compared to the total earnings declared to the ATO for a financial year: *DHS Case Selection Business Parameters* (Document 3.2).

- dates of employment provided by the ATO were incorrect.

2.24 Prior to 1 July 2016, selected discrepancy files were investigated by a DHS compliance officer who, by conducting an ABN search or after speaking with the customer, could ascertain that income had previously been properly declared under a different employer name or that the dates provided by the employer to the ATO were incorrect. According to the *2007-2010 Data-Matching Program Report on Progress*⁹⁹, the number and proportion of discrepancies which did not proceed to debt recovery action after the customer was contacted ranged from 17.23 per cent in 2007 to 25.5 per cent in 2010.

2.25 The concerns about incorrect ATO data for periods of employment depends on the quality of data provided by the employer to the ATO and highlights the different purpose of the ATO data. For example, a student may work for an employer for two weeks during each holiday break, which the employer may declare as one period beginning on the first day of employment and ending on the last day they were employed (despite the long gaps in employment). The failure to take into account gaps in employment impacts the accuracy of debt calculations by DHS. We understand DHS is discussing with the ATO what steps it could take to improve the quality of employer reported data.¹⁰⁰ At the same time, changes to the OCI now make it clearer to customers that they need to check their dates of employment.

2.26 DHS has conceded that, if restrictions on the use of tax file numbers were removed, it could improve the quality of data-matching. However, only around 20 mismatched identities occur each year.

Ability of the system to accurately assess various kinds of income and exclusions

2.27 There has been public concern about the ability of the OCI to accurately calculate the various kinds of income a person receives (including leave payments, allowances, lump sums, termination payments and so on) along with income test concessions and incentives (for example working credits and student income bank).

2.28 In our view the business rules in the OCI that support the debt calculation are comprehensive and accurately capture the legislative and policy requirements. The OCI appears to have the capacity to accurately calculate various types of non-standard income including leave payments, termination payments, fringe benefits, allowances and reimbursements, and apply relevant exclusions and credits, such as free areas, income banks and working credits.

2.29 However, the calculation relies on the customer accurately entering the various types of income into the OCI for each previously unverified fortnight of income during the debt period.

2.30 The OCI is also designed so that any entitlement fortnights for which income has been previously verified (for example, if the person provided payslips from time to time during the year), will be excluded from the debt calculation.

⁹⁹ Based on the last available DHS report on data matching under the Data Matching Act.

¹⁰⁰ Information obtained via DHS site visit 19 January 2017

Use of 'averaged' ATO income data

2.31 Under the Social Security Act, a fortnightly income test is applied to determine a daily rate of payment, generally paid in fortnightly instalments. A person's entitlement in any given fortnight will therefore be assessed on the income they earned, derived or received that fortnight. This is different to the tax system (including family payments) which is concerned with assessing annual income. ATO data normally provides an aggregate annual employment income figure and does not provide the detail required to accurately assess fortnightly social security entitlements.

2.32 DHS has always had a process for averaging ATO data to calculate debts.¹⁰¹ The process is set out in its operational guidelines¹⁰² however it was limited to last resort situations: *'If every possible means of obtaining the actual income information has been attempted, it is possible to use any evidence available to raise a debt including an annual figure.'* The guideline also identifies the risks involved in averaging income data and shows DHS was aware that averaging ATO earnings may result in incorrect debts:

'Some of the difficulties:

- If a customer reports fortnightly and has under declared, there may be no evidence to support a finding of false or misleading information for any given fortnight
- If employment is for a part of a year only, averaging over 12 months will not result in a correct result if the customer should have received a full rate at other times of the year
- If income varied greatly during the year, the result may be incorrect

Actual period(s) worked should be obtained so that averaging only occurs for periods worked.

The raising and recovery of debts must satisfy legislative requirements. Evidence is required to support the claim that a legally recoverable debt exists'.¹⁰³

2.33 We asked DHS whether it had done modelling on how many debts were likely to be over-calculated as opposed to under-calculated. DHS advised no such modelling was done.¹⁰⁴ In our view the risk of over-recovering debts from social security recipients should be the subject of more thorough research and analysis.

2.34 Averaging in the OCI occurs when:

- the customer does not respond to DHS' request to go online or contact DHS by the due date
- the customer's response is incomplete – for example, if the person entered the information accounting for some, but not all of the income received over the debt period. In this case, the OCI will average the balance over the remainder of the period/s
- the customer's response is outside certain tolerances as to what is reasonable (in such cases, the OCI requires a compliance officer to consider

¹⁰¹ DHS told this office on 3 February 2017 that it 'uses the concept of averaging income in the absence of detailed information and has been using this methodology since the early 1980's, both in manual and OCI systems'.

¹⁰² DHS Operational Blueprint 107.02040020 *Acceptable documents for verifying income when investigating debts*

¹⁰³ DHS Operational Blueprint 107-02040020

¹⁰⁴ DHS briefing to Ombudsman's office, 17 February 2017

the matter and a person may be required to provide payslips. If the response remains unverified and is still considered to be unreasonable, the ATO data will be preferred and used to raise the debt via the OCI).

Application of the ten per cent recovery fee

2.35 Automated decision making is authorised by section 6A of the *Social Security (Administration) Act 1999* (the Administration Act).¹⁰⁵

2.36 According to the Administrative Review Council's *Automated Assistance in Administrative Decision Making Better Practice Guide*¹⁰⁶, a key question in the design of automated decision making systems in administrative law is whether the system is designed 'so that the decision-maker is not fettered in the exercise of any discretion or judgement they may have'.

2.37 The Social Security Act states that a ten per cent penalty is added to a debt if the debt arose wholly or partly because the person had refused or failed to provide information about their income or had knowingly or recklessly provided incorrect information. However, it also states 'this section does not apply if the Secretary is satisfied that the person had a reasonable excuse for refusing or failing to provide the information'.¹⁰⁷

2.38 The business rules that underpin the application of the reasonable excuse discretion are beneficial if the person engages with the system and indicates there were personal circumstances that impacted their ability to declare their income. This is particularly so in the redesigned system. This means that for people who do engage with the system, the penalty will be manually applied, if at all.

2.39 The penalty will continue to be automatically applied where the department has sought reasonable excuse information, but none has been forthcoming from the customer. If a debt recovery fee is applied, the person will receive a debt notification letter which now provides them with a further opportunity to provide a reasonable excuse and have the fee removed.

2.40 The question of whether these procedural fairness safeguards coupled with the beneficial application of the reasonable excuse provisions are effective in addressing the risk of fettering of the discretion can only be answered by the courts.

2.41 Our observation is that DHS' approach cannot be fair and effective if the department is not effective in its communication to customers about the availability, meaning and importance of reasonable excuse, and the ways of notifying the excuse to the department.

2.42 In the version of the OCI rolled out from 1 July 2016, DHS considered 'reasonable excuse' by asking '*were there any personal factors that affected your ability to correctly declare your income during the above period/s?*'. If a person answered 'yes' to this question, the penalty fee was not automatically applied by the

¹⁰⁵ Our office has seen a copy of the delegation in the DHS, Online Compliance Intervention Detailed Requirements Document, p 11 of 176.

¹⁰⁶ Australian Government, *Automated Assistance in Administrative Decision-Making: Better Practice Guide* (February 2007)
http://www.ombudsman.gov.au/data/assets/pdf_file/0032/29399/Automated-Assistance-in-Administrative-Decision-Making.pdf, accessed 31 January 2017

¹⁰⁷ Section 1228B, *Social Security Act 1991*

OCI. If the person answered 'no' (or if no answer was provided by the date the debt was raised) the recovery fee was applied automatically.

2.43 In our view, the messaging in the OCI lacked clarity and the 'personal circumstances' question may have been insufficient to elicit the necessary reasonable excuse information. In some situations, a person may have answered 'no' to the personal circumstances question in situations where a human decision maker, able to review the person's Centrelink record¹⁰⁸ ask relevant questions and consider all the relevant circumstances of the case, may have decided the penalty fee should not apply, or the discretion not to apply the fee should be exercised. Examples include where:

- income was declared but was not coded into the system because of administrative error
- a customer provided information about fluctuating income on their claim form, but due to administrative error was not placed on fortnightly reporting arrangements
- a customer did not go online or contact DHS (for example, because they thought if the ATO figure was correct they did not need to, or because of vulnerability)
- a customer still believed at the time they answered the question they had declared accurately (note that the question was asked before the customer was notified of the debt) and so did not turn their mind to the question properly
- a customer did not understand what 'personal circumstances' meant, or lacked insight into their circumstances
- other situations where information has been provided prior to the intervention.¹⁰⁹

¹⁰⁸ Such as records of contemporaneous discussions with the department including contact with Social Work Officers, Indigenous Customer Service Officers or other specialist officers

¹⁰⁹ In its evaluation of the 2015 pilot, DHS had finalised eight of 27 cases referred to the ARO network. In two of those cases debts were set aside due to information already coded or previously supplied prior to the intervention: *Pilot PAYG Interventions*, op cit (Document 1.8).

APPENDIX C – AGENCY RESPONSES



Australian Government
Department of Human Services

Kathryn Campbell CSC
Secretary

Ref: EC17-000439

Mr Richard Glenn
Acting Commonwealth Ombudsman
GPO Box 442
CANBERRA ACT 2601

Dear Mr Glenn

Thank you for the opportunity to comment formally on the proposed report titled *Centrelink's automated debt raising and recovery system*.

The Department of Human Services (the department) welcomes your finding that the department's online compliance system was designed appropriately, accurately calculates debts and has undergone a range of enhancements that ensure its long term sustainability. This will provide reassurance that debts raised were consistent with the previous manual debt investigation process.

The department agrees with your assessment about incorrect reporting of 'error' rates. Information discrepancies which do not proceed to debt recovery action are not errors. The oft quoted "20% error rate" is incorrect, as you note.

Digital channels are increasingly the channel of choice for Australians as it allows them to interact at a time of their choosing and at their preferred pace. The department notes your concerns about recipients challenged by moving to an online environment and has worked to improve usability and has made recipient-assisted options available to all those involved in the process.

As you have noted, continuous improvement by the department has already resulted in a series of changes:

- letters are now clearer
- the whole design and layout of the online system has improved
- initial letters are now sent by registered mail, and
- debt recovery is now paused while a review is underway.

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Internet www.humanservices.gov.au

The department agrees with all of your recommendations.

In most cases implementation is already underway. In relation to recommendation one, the department's response exceeds the recommendation. Further detail is provided at Attachment A.

The department appreciates that you and your office have invested considerable time and effort in conducting this investigation. Your professional approach to considering the evidence and making an independent assessment has been welcome.

Yours sincerely



Kathryn Campbell

5 April 2017

ATTACHMENT A

**OMBUDSMAN OWN MOTION REPORT: CENTRELINK'S AUTOMATED DEBT
RAISING AND RECOVERY SYSTEM – RECOMMENDATIONS**

Recommendation 1 – Ten per cent recovery fee

We recommend that in certain circumstances DHS should reassess those debts already raised by the OCI where the recovery fee was applied automatically, including, where a customer contacts DHS or a mercantile agent to raise a concern, seek information, or seek a re-assessment in relation to an OCI debt which includes a debt recovery fee (whether or not the debt has been repaid). DHS should manually reassess whether the application of the recovery fee was appropriate, taking into account the customer's personal circumstances, including the existence of a reasonable excuse.

DHS Response: Agree

Implementation of this recommendation has been underway for some time.

As the Ombudsman notes, the recovery fee was automatically applied in limited circumstances. This was where there was no contact from the recipient or the recipient did not tell the department they had a reasonable excuse for inaccurate reporting.

The department has commenced contacting people who have had the fee applied to remind them of their review rights, including the application of the recovery fee.

In addition, the department will write to all recipients who had an OCI debt to remind them of their review rights, including the application of the recovery fee.

Recommendation 2 – Initial contact letters

The initial contact letters to customers should:

- (a) place the compliance helpline number on the first page
- (b) mention the possibility of a debt earlier
- (c) clearly explain the concept of averaging. In particular, letters should explain that if the customer does not go online or if they accept the ATO data, their income will be averaged over periods for which income has not been verified and debts based on averaged ATO income may be less accurate, especially if the customer's income was fluctuating or intermittent.
- (d) advise people they can ask for an extension of time online or by calling the compliance helpline number.

DHS Response: Agree

The Ombudsman notes the department has already made significant enhancements to the online compliance letters and system.

The department will make further enhancements as part of its standard continuous improvement process.

Changes to letters will be subject to rigorous user testing ensuring that advice to recipients is as clear as possible while complying with legislative requirements. This will include the Ombudsman's recommendation.

Recommendation 3 – Messaging within the OCI

DHS should include a message within the OCI system to clarify that if the customer does not enter their income information, their ATO income will be averaged evenly across the relevant period and this may result in a debt. The message should advise that debts based on averaged ATO income may be less accurate than debts based on actual income, especially if the customer's income was fluctuating or intermittent.

DHS Response: Agree

The Ombudsman has noted the range of enhancements already made to the online system. As part of the department's standard continuous improvement process, further refinements to the messaging in the system will be implemented following user testing. This will include the Ombudsman's recommendation.

Recommendation 4 – Obtaining employment income evidence

- (a) DHS should take into account the potential cost to some customers of obtaining bank statements. Where this cost would cause financial hardship to the person, DHS should use its powers to request the evidence directly from the financial institution.
- (b) Where a person contacts DHS for assistance in relation to the OCI, DHS should use its information gathering powers to assist the person to obtain income information from a third party, such as a former employer or bank, if:
 - despite genuine and reasonable attempts to do so, the person has been unable to obtain income information; or
 - it would be unreasonable, in the circumstances of their case, to expect them to obtain such information
- (c) Where customers advise they had stopped working for a particular employer, DHS should consult its own records to confirm if that information had previously been verified with the employer and/or if the customer had notified DHS at the time.
- (d) The Department of Social Services should include clear guidelines about the process for obtaining employment income evidence in the *Guide to Social Security Law*.

DHS Response: Agree to recommendation 4(a), 4(b) and 4(c).

Around 70% of recipients bank with institutions that provide statements online for 7 years free of charge. Banks always have the discretion to waive fees upon request in order to assist their customers.

The department has always provided assistance to recipients who need it in order to update or confirm their information, particularly for complex cases. This includes providing a dedicated

help line, accepting information other than pay slips and giving additional time extensions so that relevant information can be obtained. It will use its powers on a case by case basis to obtain information where other avenues have been exhausted.

Recommendation 5 – Communication to customers and staff

DHS should:

- (a) ensure its 1800 compliance helpline number continues to be adequately resourced
- (b) produce comprehensive publicly available information for customers on how to use the OCI system, which includes the compliance helpline telephone number and how to obtain relevant employment income evidence. This information may include video on demand (VOD) resources and fact sheets
- (c) modify the standard message in customer records to refer them to their online account, to reflect that customers can be referred for assistance if required
- (d) continue to provide comprehensive training as required to specialist compliance staff and regular messaging to all service delivery staff on the OCI system, in particular, ensuring customers are directed to, and assisted by, the specialist compliance staff
- (e) systematically capture and record information obtained from complaints and internal reviews and use this information to continuously improve the OCI system from the customer's perspective.

DHS Response: Agree

Work on each of these recommendations is already underway.

- (a) The dedicated 1800 compliance helpline number has always had very short wait times and will continue to do so.
- (b) A video on demand (VOD) providing information for customers on how to use the OCI system is already in train. It will be available later this month. Information is already available on the department's website and will continue to be updated.
- (c) Instructions to all service staff have always encouraged staff to either assist recipients to go back online or refer them to the dedicated 1800 compliance helpline number.
- (d) The department always undertakes comprehensive training for staff particularly those who specialise in discrete business activities such as compliance officers working with the OCI system. For example, over 900 staff undertook more than 8,500 hours of facilitated training and workshops in preparation for these compliance measures.
- (e) The department has a comprehensive complaint monitoring system. This is used in making assessments for continuous improvements in all aspects of the department's operations. The process for capturing complaints information for the OCI system will be examined again to further improve it.

Recommendation 6 – Expansion of customers who are offered a staff assisted intervention

Before the OCI system is rolled out further, the following groups should be included in the current vulnerable (staff assisted) cohort for OCI purposes:

- current and former customers with a payment nominee who is either court appointed or an organisation
- customers with a current homelessness flag on their record who are not already captured under the Vulnerability Indicators.

DHS Response: Agree

Vulnerable people have always been a priority for the department.

As acknowledged by the Ombudsman, the fully automated system was never intended to, nor will it be, rolled out to vulnerable people. The department has agreed to include the categories recommended by the Ombudsman in the cohorts of recipients who will receive staff assistance.

Recommendation 7 – Assistance to vulnerable customers

DHS should provide additional assistance and support to vulnerable people to engage with the OCI system. In particular:

- (a) DHS should consider making outbound calls to vulnerable customers where they do not respond to the initial or reminder letters, to explain what is required and start the staff assisted service offer.
- (b) DHS should consult with relevant stakeholders about the difficulties vulnerable groups may face when engaging with the OCI.

DHS Response: Agree

Vulnerable people have always been a priority for the department.

As acknowledged by the Ombudsman, the fully automated system was never intended to, nor will it be, rolled out to vulnerable recipients. The department's standard practice is to make outbound calls to vulnerable people to assist them to meet their compliance obligations.

Following recent enhancements, the process will not commence for any recipient unless there is evidence via registered mail that they have received the initial letter.

If people do not respond to these letters, they will receive reminders and the department will call them.

In relation to (b), stakeholder consultation is a part of the department's usual business. The department will consult further with relevant groups about OCI as part of the department's continuous improvement process.

Recommendation 8 – Future implementation of the OCI

Before further expansion of the OCI, DHS should:

- (a) undertake a comprehensive evaluation of the OCI in its current form
- (b) give further consideration as to how to mitigate the risk of possible over-recovery of debts.

Further rollout of the OCI should be done incrementally.

DHS Response: Agree

This recommendation has been agreed on the basis that PWC has been engaged to work with the department on the implementation of this and future measures.



Australian Government
Department of Social Services

Finn Pratt AO PSM
Secretary

Mr Richard Glenn
Acting Commonwealth Ombudsman
GPO Box 442
CANBERRA ACT 2601

Dear Mr Glenn

**Commonwealth Ombudsman draft investigation report on the
Department of Human Services Online Compliance Intervention system for debt
raising and recovery March 2017**

Thank you for your letter of 10 March 2017 and further correspondence from your office on 23 and 29 March 2017, providing the Department of Social Services (the Department) with the opportunity to make comments on the *Commonwealth Ombudsman draft investigation report on the Department of Human Services (DHS) Online Compliance Intervention (OCI) system for debt raising and recovery* (the report) under section 8(5) of the *Ombudsman Act 1976*.

We are committed to strengthening the integrity of Australia's social welfare system to ensure it is targeted to those in genuine need. DHS has responsibility for ensuring that a person who claims a social security payment meets the eligibility requirements for that payment. Regrettably, some Australians do not declare their circumstances correctly or fully to DHS and receive payments to which they are not entitled.

The Department is satisfied the system is operating in line with legislative requirements and there have been no changes to the way in which DHS assesses Pay As You Go employment income. The Department notes your office has consulted extensively with DHS and the revised versions of the report include improvements which acknowledge that the system is accurately identifying and raising debts based on the information available to DHS.

The Department agrees with Recommendation 4(d) that proposes the Department of Social Services, with policy responsibility for the *Guide to Social Security Law* (the Guide), include clear guidelines about the process for obtaining employment income evidence in the Guide. The Department will work with DHS to develop additional guidance on employment income evidence for recipients.

GPO Box 9820 Canberra, ACT 2601

National Relay Service: TTY – 133 677, Speak and listen – 1300 555 727, Internet relay – www.relayservice.com.au
www.dss.gov.au

I understand that your officers have met with officers from my Department in developing the findings of the Report and I would like to thank you for providing this opportunity.

If you would like further information on the Department's response, please do not hesitate to contact [REDACTED] Group Manager, Payments Policy Group on [REDACTED] or via email at [REDACTED]

Yours sincerely



Finn Pratt

4 April 2017


APPENDIX D – LETTERS – OCI OCTOBER 2016

1 Initial letter to customers

If not delivered: Locked Bag 7834 CANBERRA BC ACT 2610

Your reference: 123456789Z

John Citizen
123 Canberra Street
CANBERRA ACT 2900


Australian Government
Department of Human Services
centrelink

06 August 2016

Dear Mr. Citizen

Important information about your employment income

We have received information from the Australian Taxation Office about your employment income. This shows that the amount reported to them is different to the amount you told us. To make sure you have been paid correctly, we need you to confirm your employment income information.

What you need to do

1. Please check the enclosed employment income information.
2. Confirm your employment income online **before 26 August 2016**.




You can do this by going to **my.gov.au** and signing in to access your Centrelink online account. If you do not have a myGov account, you can create one and link it to your Centrelink online account.

What you need to know

If you do not confirm your employment income online by **26 August 2016**, we will update your details using the enclosed employment income information.

If the employment income you told us is not correct, this may result in a debt that you will need to repay. When confirming your employment income online, there will be an opportunity to provide an explanation if you did not previously tell us the correct amount. If a debt arises and a reasonable excuse is not provided, a 10% recovery fee will be added to the debt amount. If you do not respond, it will be assumed no reasonable excuse applies and the 10% recovery fee will be added to the debt amount. You will be advised of the outcome in writing.

For more information

 my.gov.au	 ExpressPlus mobile apps	 humanservices.gov.au
---	---	--

More information

For more information about employment income, please go to humanservices.gov.au and search for 'employment income'.

Yours sincerely

Director, Earned Income
Customer Compliance

Employment income information

This information has been received from the Australian Taxation Office

Employer	Canberra Property Services Pty Ltd
Period of employment	01.JUL.2010 to 30.JUN.2011
Earnings	\$497.00
Employer	123 Management Services Pty Ltd
Period of employment	01.JUL.2010 to 26.JUN.2011
Earnings	\$35,500,310

Your customer reference number is **123456789Z**

Privacy and your personal information

Your personal information is protected by law, including the *Privacy Act 1988*, and is collected by the Australian Government Department of Human Services for the assessment and administration of payments and services. This information is required to process your application or claim.

Your information may be used by the department or given to other parties for the purposes of research, investigation or where you have agreed or it is required or authorised by law.

You can get more information about the way in which the Department of Human Services will manage your personal information, including our privacy policy, at humanservices.gov.au/privacy or by requesting a copy from the department.

Data matching initiatives

The Department of Human Services undertakes regular data-matching activities in line with the *Data-matching Program (Assistance and Tax) Act 1990* and the Office of the Australian Information Commissioner's *Guidelines on Data Matching in Australian Government Administration* and social security law.

This includes matching with the:

- Australian Securities and Investments Commission
- Australian Taxation Office
- ComSuper
- Department of Employment
- Department of Health
- Department of Social Services
- Department of Immigration and Border Protection
- Defence Housing Authority
- Department of Corrective Services in each state and territory
- Registrar of Births, Deaths and Marriages in each state and territory
- Public and Private education providers in each state and territory.

To make a complaint or give us feedback

We aim to resolve your concerns as quickly as possible. If you want to make a complaint or give us feedback you can:

- call our feedback and complaints line on 1800 132 468, or
- go to humanservices.gov.au/feedback for other options.

If we are not able to resolve your complaint to your satisfaction, you can contact the Commonwealth Ombudsman by going to their website ombudsman.gov.au or calling them on 1300 362 072.

2 Reminder letter

If not delivered: Locked Bag 7834 CANBERRA BC ACT 2610

Reference: 123456789Z

John Citizen
123 Canberra Street
CANBERRA ACT 2900



Australian Government
Department of Human Services

centrelink

19 August 2016

Dear Mr. Citizen,

REMINDER: Please confirm your employment income

Our records show that you haven't yet confirmed your employment income as requested.

What you need to do

1. Check the enclosed employment income information.
2. Confirm your employment income online **before 26 August 2016**.

You can do this by going to my.gov.au and signing in to access your Centrelink online account. If you do not have a myGov account, you can create one and link it to your Centrelink online account.

What you need to know

If you do not confirm your employment income online by **26 August 2016**, we will update your details using the enclosed employment income information.

If the employment income you previously told us is different, this may result in a debt that you will need to repay. A 10% recovery fee may also be added to the debt amount. You will be advised of the outcome in writing.

For more information:

my.gov.au ExpressPlus mobile apps humanservices.gov.au

More information

For more information about employment income, please go to humanservices.gov.au and search for 'employment income'.

Yours sincerely

Director, Earned Income
Customer Compliance

Employment income information

This information has been received from the Australian Taxation Office

Employer	Canberra Property Services Pty Ltd
Period of employment	01.JUL.2010 to 30.JUN.2011
Earnings	\$497.00
Employer	123 Management Services Pty Ltd
Period of employment	01.JUL.2010 to 26.JUN.2011
Earnings	\$35,500,310

3 Notice of Decision letter

If not delivered: Locked Bag 7834 CANBERRA BC ACT 2610

Reference: **123456789Z**

John Citizen
123 Canberra Street
CANBERRA ACT 2900

27 August 2016



Dear **Mr. Citizen**

Your employment income review has been completed

We have completed our review of your employment income details and made a decision to change the amount you were entitled to receive. This means that you have a debt of **\$3,300** which includes a debt recovery fee of \$300.

You will be sent a separate notice about how to pay this debt.

This is a notice of decision under social security law.

What you need to know

You can go online to get details of this decision or to provide us with more information. Just go to **my.gov.au** and sign in to access your Centrelink online account, then select 'Compliance' from the menu. If you do not have a myGov account, you can create one and link it to your Centrelink online account.

Yours sincerely

Director, Earned Income
Customer Compliance

For more information:

my.gov.au ExpressPlus mobile apps humanservices.gov.au

If you do not agree with a decision we have made

- Contact us so we can check the details and explain the decision.
- Contact us and ask for a review of the decision. We will change it if it is wrong.
- Contact the Administrative Appeals Tribunal (AAT) if you do not agree with the review officer's decision.
- If you do not agree with the decision of the AAT you may be able to appeal further. For more information about the AAT, please go to aat.gov.au

All of the above are free of charge.

If you do not agree with a decision we have made, contact us as soon as possible. It is important to ask for a review **within 13 weeks** of being notified about the decision. If your request for a review is more than 13 weeks after being notified and the decision can be changed, you may only receive your entitlement from the date you requested the review.

There is no time limit for a review of a decision about money you owe us. However you may have to pay back the money while the decision is being reviewed.

Data matching initiatives

The Department of Human Services undertakes regular data-matching activities in line with the *Data-matching Program (Assistance and Tax) Act 1990* and the Office of the Australian Information Commissioner's *Guidelines on Data Matching in Australian Government Administration* and social security law.

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- Department of Health
- Department of Social Services
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- Department of Corrective Services in each state and territory
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- Public and Private education providers in each state and territory.

To give us feedback or make a complaint

We aim to resolve your concerns as quickly as possible. If you want to make a complaint or give us feedback you can:

- call our feedback and complaints line on **1800 132 468**, or
- go to humanservices.gov.au/feedback for other options.

If we are not able to resolve your complaint to your satisfaction, you can contact the Commonwealth Ombudsman by going to their website ombudsman.gov.au or calling them on **1300 362 072**.

APPENDIX E – LETTERS – OCI FEBRUARY 2017

1 Initial letter to customers

A_EIC Initial Contact letter_1.4_100217

If not delivered: Locked Bag 8900 CANBERRA ACT 2601

{RETURNADDRESSBARCODE}

Customer Reference Number: {REFERENCE.NUMBER}

<{NOMINEE.TITLE.FULLNAME}
{NOMINEE.POSTAL.ADDRESS}
{NOMINEE.POSTAL.ADDRESS}
!
{CLIENT.TITLE.FULLNAME}
{CLIENT.POST.ADD}
{CLIENT.POST.ADD}
{CLIENT.POST.ADD}>



Australian Government
Department of Human Services

centrelink

{PRINT.DATE}

<APPLY EXISTING NOMINEE RULE: This is a copy of the letter we have sent to
{CLIENT.FULLNAME} for whom you are the nominee. | This letter provides information about
{CLIENT.FULLNAME} for whom you are the nominee. | >

Dear {CLIENT.TITLE.SURNAME}

Employment income confirmation

We have information from the Australian Taxation Office (ATO) that we need your help to confirm or update. The employment dates or income details are different to what you told us when getting a payment. We use your employment information so you get paid the right payment.

This is not a debt letter. Please check the ATO information with this letter carefully.

You must confirm or update the information within 28 days of receiving this letter.

Go online and check today

The easiest way is to sign in to your Centrelink online account linked to your myGov account.

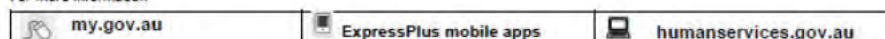
You can also go to humanservices.gov.au/confirmincome and register.

1. Enter the reference number at the top of this letter and your confirmation code: {CODE}. The confirmation code will expire after 28 days.
2. Enter details from your current Australian driver licence or passport, and your Medicare card.
3. Provide an email address or mobile number so we can send you a security code to log on.

Please note, if you don't confirm or update the information within 28 days, we may apply the employment dates and income from the ATO to your record. This may result in a debt you will need to repay.

After you have confirmed or updated the details, we will write to you to let you know the outcome and what you need to do next.

For more information



If you need help

If you don't have internet access or need help to sign in, go into any of our service centres. If you need help with the employment information provided, call us on 1800 086 400.

Yours sincerely

Director, Earned Income
Customer Compliance

DRAFT

Employment information statement

Check this employment information from the Australian Taxation Office against your records. Make sure you check the dates you worked for each employer.

Go to humanservices.gov.au/confirmincome to confirm or update these details. You may need payslips or bank statements to check this information.

Employer	Super Sparkle Cleaning
Dates of Employment	10 JUL 2015 to 13 AUL 2015
Earnings	\$400.00
Employer	Joe Bloggs Tree Cutting
Dates of Employment	5 DEC 2015 - 20 FEB 2016
Earnings	\$3,255.00
Employer	Glassy Clothes
Dates of Employment	15 MAR 2016 to 22 APR 2016
Earnings	\$1022.00

Your Customer Reference Number is {REFERENCE.NUMBER}

If you do not agree with a decision we have made

- Contact us so we can check the details and explain the decision.
- Contact us and ask for a review of the decision. We will change it if it is wrong.
- Contact the Administrative Appeals Tribunal (AAT) if you do not agree with the review officer's decision.
- If you do not agree with the decision of the AAT you may be able to appeal further. For more information about the AAT, please go to aat.gov.au

All of the above are free of charge.

There is no time limit for a review of a decision about money you owe us. You can choose to pay back the money while the decision is being reviewed.

Privacy and your personal information

Your personal information is protected by law (including the *Privacy Act 1988*) and is collected by the Australian Government Department of Human Services for the assessment and administration of payments and services.

Your information may be used by the department, or given to other parties where you have agreed to that, or where it is required or authorised by law (including for the purpose of research or conducting investigations).

You can get more information about the way in which the department will manage your personal information, including our privacy policy, at humanservices.gov.au/privacy

Data matching initiatives

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- Australian Taxation Office
- ComSuper
- Department of Employment
- Department of Health
- Department of Social Services
- Department of Immigration and Border Protection
- Defence Housing Authority
- Department of Corrective Services in each state and territory
- Registrar of Births, Deaths and Marriages in each state and territory
- Public and Private education providers in each state and territory.

If you need help

If you need help or you do not have internet access, you can go to any of our service centres. You can also call us directly on 1800 086 400.

To give us feedback or make a complaint

We aim to resolve your concerns as quickly as possible. If you want to make a complaint or give us feedback you can:

- call our feedback and complaints line on 1800 132 468, or

- go to humanservices.gov.au/feedback for other options.

If we are not able to resolve your complaint to your satisfaction, you can contact the Commonwealth Ombudsman by going to their website ombudsman.gov.au or calling them on 1300 362 072.

DRAFT

2 Reminder letter - first

B_EIC Reminder letter1_1.4_100217

If not delivered: Locked Bag 8900 CANBERRA ACT 2601

{RETURNADDRESSBARCODE}

Customer Reference Number: {REFERENCE.NUMBER}

<{NOMINEE.TITLE.FULLNAME}
{NOMINEE.POSTAL.ADDRESS}
{NOMINEE.POSTAL.ADDRESS}

|
{CLIENT.TITLE.FULLNAME}
{CLIENT.POST.ADD}
{CLIENT.POST.ADD}
{CLIENT.POST.ADD}>



Australian Government
Department of Human Services

centrelink

{PRINT.DATE}

<APPLY EXISTING NOMINEE RULE: This is a copy of the letter we have sent to
{CLIENT.FULLNAME} for whom you are the nominee. | This letter provides information about
{CLIENT.FULLNAME} for whom you are the nominee. | >

Dear {CLIENT.TITLE.SURNAME}

Reminder – Employment income confirmation

We wrote to you on {DATE OF INITIAL LETTER} asking you to confirm or update the employment information we have from the Australian Taxation Office (ATO). This is a reminder that you are running out of time.

This is not a debt letter. Please check the ATO information with this letter carefully.

You must confirm or update the information by {28 DAYS FROM RECEIPT OF INITIAL LETTER}.

Go online and check today

The easiest way is to sign in to your Centrelink online account linked to your myGov account.

You can also go to humanservices.gov.au/confirmincome and register:

1. Enter the reference number at the top of this letter and your confirmation code: {CODE}. The confirmation code will expire on {28 DAYS FROM RECEIPT OF INITIAL LETTER}.
2. Enter details from your current Australian driver licence or passport, and your Medicare card.
3. Provide an email address or mobile number so we can send you a security code to log on.

Please note, if you don't confirm or update the information by {28 DAYS FROM RECEIPT OF INITIAL LETTER}, we may apply the employment dates and income from the ATO to your record. This may result in a debt you will need to repay.

After you have confirmed or updated the details, we will write to you to let you know the outcome and what you need to do next.

For more information

my.gov.au

ExpressPlus mobile apps

humanservices.gov.au

If you need help

If you don't have internet access or need help to sign in, go into any of our service centres. If you need help with the employment information provided, call us on 1800 086 400.

Yours sincerely

Director, Earned Income
Customer Compliance

DRAFT

Employment information statement

Check this employment information from the Australian Taxation Office against your records. Make sure you check the dates you worked for each employer.

Go to humanservices.gov.au/confirmincome to confirm or update these details. You may need payslips or bank statements to check this information.

Employer	Super Sparkle Cleaning
Dates of Employment	10 JUL 2015 to 13 AUL 2015
Earnings	\$400.00
Employer	Joe Bloggs Tree Cutting
Dates of Employment	5 DEC 2015 - 20 FEB 2016
Earnings	\$3,255.00
Employer	Glassy Clothes
Dates of Employment	15 MAR 2016 to 22 APR 2016
Earnings	\$1022.00

Your Customer Reference Number is {REFERENCE.NUMBER}

If you do not agree with a decision we have made

- Contact us so we can check the details and explain the decision.
- Contact us and ask for a review of the decision. We will change it if it is wrong.
- Contact the Administrative Appeals Tribunal (AAT) if you do not agree with the review officer's decision.
- If you do not agree with the decision of the AAT you may be able to appeal further. For more information about the AAT, please go to aat.gov.au

All of the above are free of charge.

There is no time limit for a review of a decision about money you owe us. You can choose to pay back the money while the decision is being reviewed.

Privacy and your personal information

Your personal information is protected by law (including the *Privacy Act 1988*) and is collected by the Australian Government Department of Human Services for the assessment and administration of payments and services.

Your information may be used by the department, or given to other parties where you have agreed to that, or where it is required or authorised by law (including for the purpose of research or conducting investigations).

You can get more information about the way in which the department will manage your personal information, including our privacy policy, at humanservices.gov.au/privacy

Data matching initiatives

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This includes matching with the:

- Australian Securities and Investments Commission
- Australian Taxation Office
- ComSuper
- Department of Employment
- Department of Health
- Department of Social Services
- Department of Immigration and Border Protection
- Defence Housing Authority
- Department of Corrective Services in each state and territory
- Registrar of Births, Deaths and Marriages in each state and territory
- Public and Private education providers in each state and territory.

If you need help

If you need help or you do not have internet access, you can go to any of our service centres. You can also call us directly on 1800 086 400.

To give us feedback or make a complaint

We aim to resolve your concerns as quickly as possible. If you want to make a complaint or give us feedback you can:

- call our feedback and complaints line on 1800 132 468, or
- go to humanservices.gov.au/feedback for other options.

If we are not able to resolve your complaint to your satisfaction, you can contact the Commonwealth Ombudsman by going to their website ombudsman.gov.au or calling them on 1300 362 072.

DRAFT

3 Notice of Decision Letter – debt

H_EIC Confirmation letter_contact_debt_1.4_132017
If not delivered: Locked Bag 7834 CANBERRA BC ACT 2610
{RETURNADDRESSBARCODE}

Customer Reference Number: {REFERENCE NUMBER}

<{NOMINEE.TITLE.FULLNAME}
{NOMINEE.POSTAL.ADDRESS}
{NOMINEE.POSTAL.ADDRESS}
!
{CLIENT.TITLE.FULLNAME}
{CLIENT.POST.ADD}
{CLIENT.POST.ADD}
{CLIENT.POST.ADD}>



Australian Government
Department of Human Services

centrelink

{PRINT.DATE}

<APPLY EXISTING NOMINEE RULE: This is a copy of the letter we have sent to
{CLIENT.FULLNAME} for whom you are the nominee. | This letter provides information about
{CLIENT.FULLNAME} for whom you are the nominee. | >

Dear {CLIENT.TITLE.SURNAME}

Your employment income review has been completed

Thank you for taking the time to confirm or update your employment information.

Based on the employment information you have provided, you have a debt of **#{TOTAL DEBT FOR THIS ASSESSMENT}**.

This is a notice of decision under social security law.

We will write to you separately about how to pay this debt.

If you do not agree with our decision

You can ask to have this decision reviewed and give us updated information by:

- using your Centrelink online account linked to myGov, or
- calling 1800 086 400.

Yours sincerely

Director, Earned Income
Customer Compliance

For more information

my.gov.au

ExpressPlus mobile apps

humanservices.gov.au

Your Customer Reference Number is **[REFERENCE.NUMBER]**

If you do not agree with a decision we have made

- Contact us so we can check the details and explain the decision.
- Contact us and ask for a review of the decision. We will change it if it is wrong.
- Contact the Administrative Appeals Tribunal (AAT) if you do not agree with the review officer's decision.
- If you do not agree with the decision of the AAT you may be able to appeal further. For more information about the AAT, please go to aat.gov.au

All of the above are free of charge.

There is no time limit for a review of a decision about money you owe us. You can choose to pay back the money while the decision is being reviewed.

Data matching initiatives

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- Department of Social Services
- Department of Immigration and Border Protection
- Defence Housing Authority
- Department of Corrective Services in each state and territory
- Registrar of Births, Deaths and Marriages in each state and territory
- Public and Private education providers in each state and territory.

If you need help

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To give us feedback or make a complaint

We aim to resolve your concerns as quickly as possible. If you want to make a complaint or give us feedback you can:

- call our feedback and complaints line on **1800 132 468**, or
- go to humanservices.gov.au/feedback for other options.

If we are not able to resolve your complaint to your satisfaction, you can contact the Commonwealth Ombudsman by going to their website ombudsman.gov.au or calling them on **1300 362 072**.

4 Notice of Decision Letter – debt (no customer contact)

}_EIC Confirmation letter_no contact_debt_1.3_100217

| If not delivered: Locked Bag 7834 CANBERRA BC ACT 2610

{RETURNADDRESSBARCODE}

Customer Reference Number: {REFERENCE.NUMBER}

<{NOMINEE.TITLE.FULLNAME}
{NOMINEE.POSTAL.ADDRESS}
{NOMINEE.POSTAL.ADDRESS}

{CLIENT.TITLE.FULLNAME}
{CLIENT.POST.ADD}
{CLIENT.POST.ADD}
{CLIENT.POST.ADD}>



Australian Government
Department of Human Services

centrelink

{PRINT.DATE}

<APPLY EXISTING NOMINEE RULE: This is a copy of the letter we have sent to
{CLIENT.FULLNAME} for whom you are the nominee. | This letter provides information about
{CLIENT.FULLNAME} for whom you are the nominee. | >

Dear {CLIENT.TITLE.SURNAME}

Employment income review outcome

We wrote to you on {DATE OF INITIAL LETTER} asking you to confirm or update the employment information we have from the Australian Taxation Office (ATO) by {28 DAYS FROM RECEIPT OF INITIAL LETTER}.

We sent you a reminder on {DATE OF FIRST REMINDER} and wrote to you again on {DATE OF SECOND reminder}. We asked you to call us if you needed more time or help with the request. Because we did not hear from you, we have applied the ATO employment dates and income included with this letter to your record.

This has resulted in a debt of \${TOTAL DEBT FOR THIS ASSESSMENT}. The amount owing includes a 10% recovery fee because we do not have an explanation for why the employment details were different. However, if there were personal factors that affected your ability to correctly declare your income during the relevant periods, please call us to discuss.

This is a notice of decision under social security law.

We will write to you separately about how to pay this debt.

If you do not agree with our decision

You can ask to have this decision reviewed and give us updated information by:

- using your Centrelink online account linked to myGov, or
- calling 1800 086 400.

Yours sincerely

Director, Earned Income
Customer Compliance

For more information

my.gov.au ExpressPlus mobile apps humanservices.gov.au

Employment information statement

Employer	Super Sparkle Cleaning
Dates of Employment	10 JUL 2015 to 13 AUL 2015
Earnings	\$400.00
Employer	Joe Bloggs Tree Cutting
Dates of Employment	5 DEC 2015 - 20 FEB 2016
Earnings	\$3,255.00
Employer	Glassy Clothes
Dates of Employment	15 MAR 2016 to 22 APR 2016
Earnings	\$1022.00

DRAFT

Your Customer Reference Number is **(REFERENCE.NUMBER)**

If you do not agree with a decision we have made

- Contact us so we can check the details and explain the decision.
- Contact us and ask for a review of the decision. We will change it if it is wrong.
- Contact the Administrative Appeals Tribunal (AAT) if you do not agree with the review officer's decision.
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- Australian Taxation Office
- ComSuper
- Department of Employment
- Department of Health
- Department of Social Services
- Department of Immigration and Border Protection
- Defence Housing Authority
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If you need help

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We aim to resolve your concerns as quickly as possible. If you want to make a complaint or give us feedback you can:

- call our feedback and complaints line on **1800 132 468**, or
- go to humanservices.gov.au/feedback for other options.

If we are not able to resolve your complaint to your satisfaction, you can contact the Commonwealth Ombudsman by going to their website ombudsman.gov.au or calling them on **1300 362 072**.

APPENDIX F – SCREENSHOTS – OCI DECEMBER 2016




Online Compliance Intervention – EIM/NEIDM

1 December 2016

The screenshot shows the "Online Services Landing page" for a Centrelink online account. At the top, there is a navigation bar with a "MENU" icon, the Centrelink logo, and the text "centrelink online account", along with a "LOG OUT" button. Below the navigation bar, a message states: "Customer can navigate to the High Level Landing page from the reminders hyperlink". The main content area is divided into several sections: a blue box showing "Next payment" of "\$0.00"; a photo of a woman on a phone call; an orange box showing "Last payment" of "\$1000.00" dated "11 February 2011"; a "Reminders" section with two bullet points: "You need to check and confirm your employment income before 11 Sep 2015." and "Remember to notify us of changes in your circumstances."; and a grid of service tiles including "My profile", "Letters", "Advance Payment", "Request a document", "Online Claims", and "Document Lodgement Service". A footer bar at the bottom contains icons for a scale of justice, a phone, and a padlock.

Landing page PAGE 3


centrelink online account

 Client Name
 CRN 123 456 789A [LOG OUT](#)

Home >

High Level Landing Page

Review and complete all 3 assessments

Employment income assessment
New

Investment income assessment
In progress

Employment income assessment
Pending outcome

Employment Income Assessment

Reference number - 9921587122

We have received income information from the Australian Taxation Office (ATO) that is different to what you have told us. We want to check with you if this is correct.

To do this:

- Use the 'Get started' button.
- Review and update your income details.
- Add employers if you have not listed them with Centrelink.

Please note unless otherwise mentioned, answers are required for all questions.

[Get started](#)

[More information](#)

Confirm or update your investment income before 30 Jul 2016

If you do not complete it in time, the information that has been reported from the Australian Taxation Office will be applied to your Centrelink record.





Only X days left to act.


The customer can commence the intervention by selecting Get Started

The customer can access any past assessments and seek a further explanation or reassessment


Historic assessment(s)

Use the 'View' icon in the action column to view the assessment outcome and the information you provided.

Assessment type	Reference number	Status	Date	Action
Employment income	6785684541	Completed	21 Jun 2016	
Employment income	5645654354	Completed	09 May 2016	
Employment income	5462626236	Completed	04 Apr 2016	
Employment income	3462575037	Cancelled	25 Feb 2016	



Declaration PAGE 4


centrelink online account

[LOG OUT](#)

Employment Income Update


Declaration

Please read and accept the below declaration.

- Declare that the information I provide will be true and correct.
- Understand that the Department of Human Services regularly checks customer payments
- Understand that if I provide false or misleading information, I may be charged with a criminal offence and prosecuted under the *Criminal Code Act 1995*

The customer must check all 3 boxes prior to proceeding

[Cancel](#)



Knockout question PAGE 5

centrelink online account

 Client Name
 CRN 123 456 789A

Check Your Details

The customer is displayed the details provided by the Australian Taxation Office

The customer cannot proceed without responding for all employers

Employer information

The Employment Income details have been reported to us from the Australian Taxation Office (ATO).
 For each employer listed, review the information and answer the corresponding question(s).

Financial year 2013/2014 (01 Jul 2013 to 30 Jun 2014)

Employer	ABN	Period of employment
Joe Blogs Tree Cutting	12 345 678 910	01 Apr 2013 to 15 Feb 2014
Did you work for this employer? <input type="radio"/> Yes <input type="radio"/> No		
Super Sparkle Cleaning	12 345 678 815	15 Mar 2014 to 30 Apr 2014
Did you work for this employer? <input type="radio"/> Yes <input type="radio"/> No		
Bethyl's Bakehouse	12345 678 912	14 Apr 2014 to 20 Jun 2014
Did you work for this employer? <input type="radio"/> Yes <input type="radio"/> No		

Did you declare **\$40,751.88** to the ATO for the financial year of 2013/2014? Yes No

Financial year 2014/2015 (01 Jul 2014 to 30 Jun 2015)

Employer	ABN	Period of employment
Joe Blogs Tree Cutting	12 345 678 459	01 Jul 2014 to 15 Jun 2015
Did you work for this employer? <input type="checkbox"/> Yes <input type="checkbox"/> No		

Did you declare **\$12,884.50** to the ATO for the financial year of 2014/2015? Yes No

Gross payment and Attributed Personal Services Income PAGE 7

centrelink online account

 Client Name
 CRN 123 456 789A

Check Your Details

Update details for Super Sparkle Cleaning

Please provide any updates you might have against the information provided. If the information is correct, please use the "Next" button to continue.

Employment income details for Super Sparkle Cleaning	Action
Period of employment 15 Mar 2014 to 30 Apr 2014	
Gross payments Amounts received as salary and Attributed Personal Services Income.	\$1,300.20
Leave and redundancy payments Amounts received upon ceasing employment, such as annual leave, long service leave, redundancy, Eligible Termination Payments (ETP).	\$0.00
Allowances Amounts received for reimbursement of expenses, such as laundry, meal, fuel.	\$0.00
Fringe benefits Amounts received in addition to your regular wage, e.g. company car, health insurance.	\$0.00
Lump sums Amounts received as a lump sum, such as commission, royalties, bonuses, arrears.	\$0.00
Compensation Amounts received for personal injury, illness or condition.	\$0.00
Superannuation Amounts received from your nominated superannuation fund.	\$0.00

The customer can select the Pencil icon against each line and provide as little of as much detail

If the customer selects "Next" without making any updates, they are presented with a message advising that they accept the ATO data

Gross payment and Attributed Personal Services Income - expanded PAGE 8

centrelink online account Client Name CRN 123 456 789A LOG OUT

Check Your Details

Update details for Super Sparkle Cleaning

Please provide any updates you might have against the information provided. If the information is correct, please use the "Next" button to continue.

Employment income details for Super Sparkle Cleaning Action

Period of employment 15 Mar 2014 to 30 Apr 2014

Gross payments \$1,300.20
Amounts received as salary and Attributed Personal Services Income.

Update record
Update total gross payment amount.

Gross payment amount

Or

Provide gross payment details for individual payment periods.

Did your payment frequency remain the same during the employment period? Yes No

Select 'No' if you want to provide details for multiple payment periods (Eg. During the employment period if you started with a fortnightly payment, which later changed to monthly).

Cancel Reset Save

Leave and redundancy payments \$0.00
Amounts received upon ceasing employment, such as annual leave, long service leave, redundancy, Eligible Termination

The customer can provide updates to the totals

Gross payment and Attributed Personal Services Income - same frequency PAGE 9

centrelink online account Client Name CRN 123 456 789A LOG OUT

Check Your Details

Update details for Super Sparkle Cleaning

Please provide any updates you might have against the information provided. If the information is correct, please use the "Next" button to continue.

Employment income details for Super Sparkle Cleaning Action

Period of employment 15 Mar 2014 to 30 Apr 2014

Gross payments \$1,300.20
Amounts received as salary and Attributed Personal Services Income.

Update record
Update total gross payment amount.

Gross payment amount **\$1,300.20**

Or

Provide gross payment details for individual payment periods.

Did your payment frequency remain the same during the employment period? Yes No

Select 'No' if you want to provide details for multiple payment periods (Eg. During the employment period if you started with a fortnightly payment, which later changed to monthly).

End date of first pay slip date

Frequency

Did you work weekends? Yes No

Generate pay periods

Cancel Reset Save

The customer can provide each pay period if they chose too. This is not mandatory

Gross payment and Attributed Personal Services Income – new updated tag PAGE 10

☰ 🌟 centrelink online account
Client Name
CRN 123 456 789A 🔒 LOG OUT

Check Your Details

Update details for Super Sparkie Cleaning

Please provide any updates you might have against the information provided. If the information is correct, please use the 'Next' button to continue.

Employment Income details for Super Sparkie Cleaning	Action
Period of employment Amounts received as Salary and Attributed Personal Services Income:	15 Mar 2014 to 30 Apr 2014 ✎
Gross payments Updated Amounts received as Salary and Attributed Personal Services Income:	\$1,000.20 ✎
Leave and redundancy payments Amounts received upon ceasing employment, such as annual leave, long service leave, redundancy, Eligible Termination Payments (ETP).	\$0.00 ✎
Allowances Amounts received for reimbursement of expenses, such as laundry, meal, fuel.	\$0.00 ✎
Fringe benefits Amounts received in addition to your regular wage, e.g. company car, health insurance.	\$0.00 ✎
Lump sums Amounts received as a lump sum, such as commission, royalties, bonuses, arrears.	\$0.00 ✎
Compensation Amounts received for personal injury, illness or condition.	\$0.00 ✎
Superannuation Amounts received from your nominated superannuation fund.	\$0.00 ✎

Where updates have been made, the updated icon appears

⚖️ 📞 🔒

Check your details – Verified (with updated new tag) PAGE 11

☰ 🌟 centrelink online account
Client Name
CRN 123 456 789A 🔒 LOG OUT

Check Your Details

Review employment details

The Employment Income details below have been reported to us from the Australian Taxation Office (ATO). For each employer listed, please use the edit icon in the Action column, to review, make changes or confirm your information to proceed further.

Financial year 2013/2014 (01 Jul 2013 to 30 Jun 2014)

Employer	ABN	Period of employment	Total income	Action
✔ Joe Blogs Tree Cutting	12 345 678 910	01 Jul 2013 to 16 Feb 2014	\$17,800.56	✎
✔ Super Sparkie Cleaning	12 345 678 815	15 Mar 2014 to 20 Apr 2014	\$1,400.20	✎
✔ Betty's Bakehouse New	12 345 678 512	14 Apr 2014 to 20 Jun 2014	\$15,000.40	✎
Total income amount			\$40,751.66	

Financial year 2014/2015 (01 Jul 2014 to 30 Jun 2015)

Employer	ABN	Period of employment	Total income	Action
✔ Joe Blogs Tree Cutting	12 345 678 910	01 Aug 2014 to 20 Jan 2015	\$5,680.00	✎
✔ Super Sparkie Cleaning	12 345 678 815	15 Mar 2015 to 30 Jun 2015	\$2,405.00	✎
Total income amount			\$12,684.60	

Were there any personal factors that affected your ability to correctly declare your income during the above period/s? Yes No

The customer must provide a response to the personal factors questions prior to proceeding

⚖️ 📞 🔒

Summary page – default PAGE 12

centrelink online account Client Name: CRN 123 456 789A LOG OUT

Summary

Review and submit Collapse

Please check that the information you have provided to us is correct.

Financial year 2014/2015 (01 Jul 2014 to 30 Jun 2015)

- Employer information
- Unspecified income information Update

Employment income details you provided	Employment income details that were provided from the Australian Taxation Office
Salary \$2,200.00	Salary \$2,200.00
Allowances \$900.00	Allowances \$900.00
Lump sums \$3,150.50	Lump sums \$3,150.50
Fringe Benefits \$0.00	Fringe Benefits \$0.00
Eligible Termination payments (ETP) \$0.00	Eligible Termination payments (ETP) \$0.00
Attribute Personal Services Income \$0.00	Attribute Personal Services Income \$0.00
Total \$4,050.50	Total \$6,250.50

Are you sure you want to continue without providing details for all of the unspecified employment income?
 If you continue we will apply the remaining unspecified employment income for the financial year which may result in debt which you will need to repay.
 • \$1,000.00 for financial year 2013/2014.

Your response: Yes

The customer must accept a secondary declaration that confirms that the detail provided is true and correct prior to submission

The customer is provided a summary of all their responses as compared to the ATO details. This is provided for each match employer

Receipt page – Arranged by financial year PAGE 13

centrelink online account Client Name: CRN 123 456 789A LOG OUT

Employment Income Update

Your assessment outcome

Reference number - 8921587122

Receipt ID:
Full name:
CRN:
Date and time:

Thank you for completing your non-employment income update. You have indicated that the information that was provided from the Australian Taxation Office (ATO) is correct. As a result your Centrelink record was updated with this information.

As the information that was provided from the ATO was different to what you previously declared to Centrelink you have been overpaid. You will be required to repay the debt.

The amount you owe Centrelink is **\$10,150.42**. A recovery fee of \$1,115.00 has been included in this amount.

More information about how your debt was calculated

Period details	Resulting debt
23 Aug 2013 to 25 Jun 2014	\$7,900.22
12 Jul 2014 to 24 Jun 2015	\$1,285.20
Recovery fee	\$1,115.00
Amount you owe Centrelink as a result of this assessment	\$10,150.42

We will send you a notification of this information in the mail.
 If you would like more information about this outcome, you are able to casassist@hustralian.gov.au.

Next steps

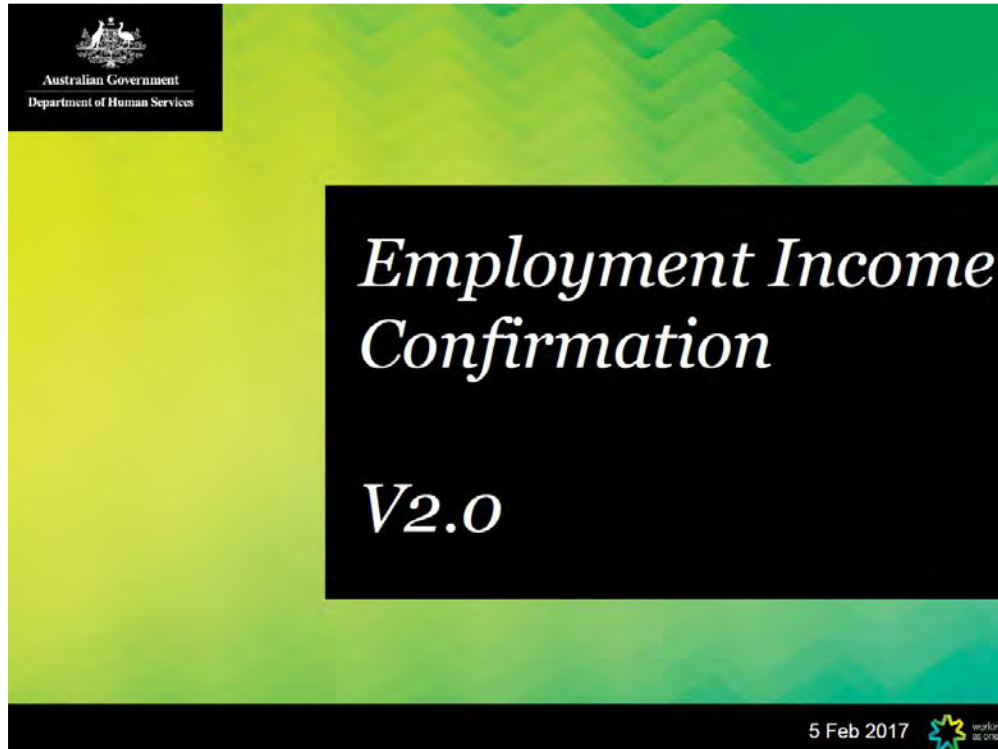
- The total amount you owe Centrelink is **\$10,150.42**
- Can you pay this debt in full today? Yes No

This page is the final result

The Debt Explanation, Payment History & Employment Income tabs provide the customer further information about the assessment. This includes all payments made in the period and what was previously declared.

The icons within the debt information, provide further details about the assessment.

APPENDIX G – SCREENSHOTS – OCI FEBRUARY 2017



Welcome

We recently sent you a letter asking you to confirm your employment income as we have received information from the Australian Taxation Office.

If you are a first time user

[Start here](#)

If you have already registered

[Log in](#)



Registration

[Back](#)

[Next](#)

You recently received a letter with your Customer Reference Number (CRN) and Confirmation Code, please enter these details:

CRN

Confirmation Code



Getting started

Back Next

To confirm or update your employment income information, we need to verify two identity documents.

Please choose which documents you will provide details for:

- Medicare card and Australian driver licence
- Medicare card and Australian passport

By clicking 'Next' you:

- > agree for us to verify your documents with the authorities that issue them.
- > confirm that you can be contacted by email or mobile phone.

If you do not have the identity documents, please call 1800 086 400 within 14 days.

For more information expand the topics below:

- > How it works
- > Your right to privacy



Medicare card

Back Next

Medicare card number

Expiry date

 /

Card colour

Please select

Select a sample



Medicare card green

[Show all available samples](#)



Australian driver licence

Back

Next

In which state or territory was your Australian driver licence issued?

- Australian Capital Territory
- New South Wales
- Northern Territory
- Queensland
- South Australia
- Tasmania
- Victoria
- Western Australia



ACT driver licence

Back

Next

We do not accept suspended or cancelled licences.

Enter information exactly as it appears on your driver licence.

First name

I don't have a first name on my driver licence

Middle name

I don't have a middle name on my driver licence

Last name

Date of birth

 DD / MM / YYYY

Licence number

Sample ACT driver licence



Australian passport

Back Next

Enter information exactly as it appears on your passport.

Passport number

Given name(s)
 I don't have a middle name on my passport

Last name

Date of birth
DD / MM / YYYY

Gender
Please select

Expiry date
DD / MM / YYYY

Sample Australian passport



A sample Australian passport is displayed, showing a photo of a man, the text 'CITIZEN', 'AUSTRALIAN', '18 JUN 1978', 'M', 'MELBOURNE', and a machine-readable zone at the bottom.

Contact information

Back Next

Your documents have been verified.


You need to provide either your email address or mobile phone number.
We will send a security code to your email address or mobile phone number.

Email address

OR

Mobile phone number



Client Name
CRN 123 456 789A  LOG OUT

Security Code Sent

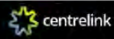
[Back](#)

[Next](#)

A security code ending in "A9Z" has been sent to the email or mobile number you provided.

If you did not receive a code, click the back button to review your contact details.

Please enter the code



Client Name
CRN 123 456 789A  LOG OUT

Login

Customer Reference Number (CRN)

Security Code

Enter the Security Code that was sent to your email or mobile number.

[Login](#)

[I Have Forgotten My Security Code](#)

If you require help throughout the online process please call 1800 086 400.



Employment Income Confirmation

Start

Information from the Australian Taxation Office (ATO) shows different employer dates or amounts from what we recorded while you were receiving payments from us. There may be a good reason for this.

You have 18 days left to confirm or change your information. [Need more time?](#)

If you do not confirm this information before 23 Feb 2017, we will apply the information from the ATO to your record and this may result in a debt.

Before you start

- It is likely you will need documents such as:
- payslips
 - bank statements (you can access these through your financial provider for up to five years)
 - separation certificates
 - group certificate or payment summary.

centrelink Client Name CRN 123 456 789A LOG OUT

Employment Income Confirmation

Previous Start

Information from the Australian Taxation Office (ATO) shows different employer dates or amounts from what we recorded while you were receiving payments from us. There may be a good reason for this.

You have 18 days left to confirm or change your information. [Need more time?](#)

If you do not confirm this information before 23 Feb 2017, we will apply the information from the ATO to your record and this may result in a debt.

Before you start

It is likely you will need documents such as:

- pay
- ban
- sep
- gro

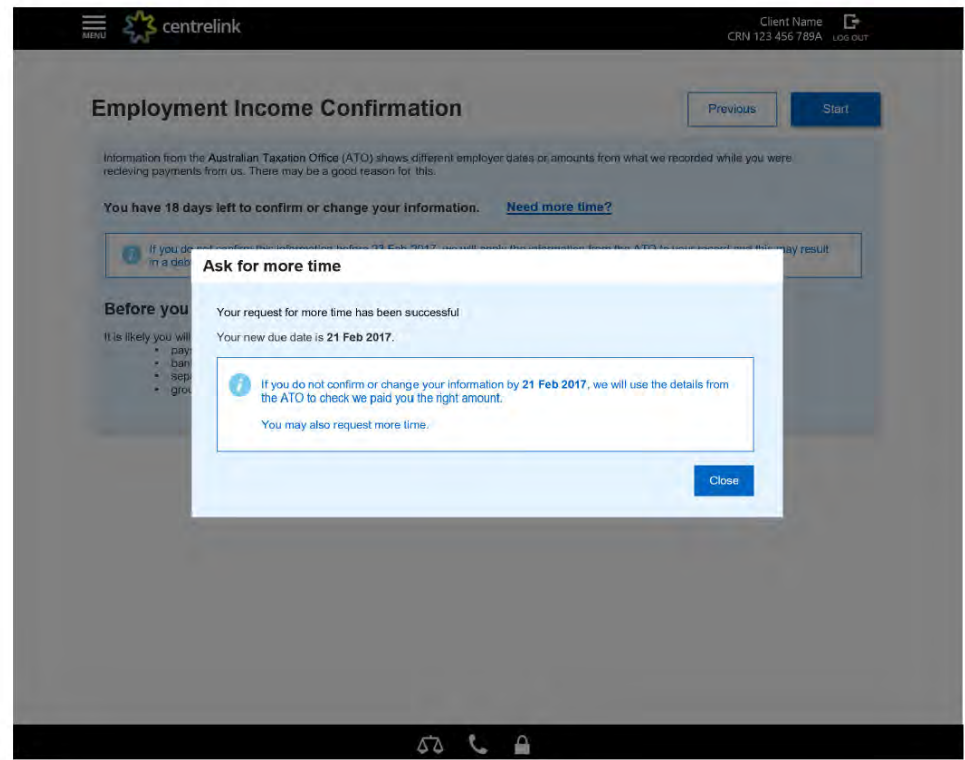
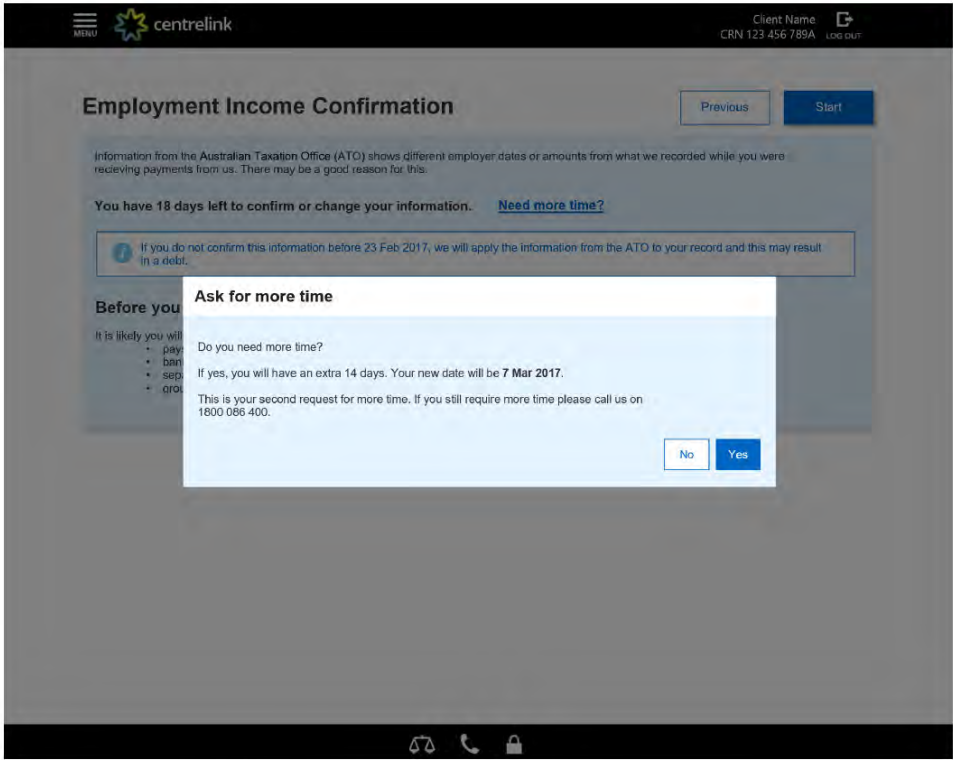
Ask for more time

Do you need more time?

If yes, you will have an extra 14 days. Your new date will be 21 Feb 2017.

You can only do this twice.

No Yes



Employment Income Confirmation Start

Information from the Australian Taxation Office (ATO) shows different employer dates or amounts from what we recorded while you were receiving payments from us. There may be a good reason for this.

You have **18 days left to confirm or change your information.** [Need more time?](#)

! If you do not confirm this information before 23 Feb 2017, we will apply the information from the ATO to your record and this may result in a debt.



Before you start


It is likely you will need documents such as:

- payslips
- bank statements (you can access these through your financial provider for up to five years)
- separation certificates
- group certificate or payment summary.

Historical assessment(s)

Use the 'View icon' in the action column to view your previous assessment information.

Assessment type	Reference number	Status	Date	Action
Employment income	6785684541	Completed	21 Jun 2016	
Employment income	5645654354	Completed	09 May 2016	

Show 5 per page 5 of x records Page 1 

Check your Employment Details Save and Close Back Next

Confirm each employer listed.

Employer	Trading name	ABN
Super Sparkle Cleaning	Super cleaning Pty Ltd.	12 345 678 815
<input type="radio"/> Yes - I worked for this employer <input type="radio"/> No - I never worked for this employer		
Joe Bloggs Tree Cutting	Joe Bloggs Cuts Pty Ltd.	12 345 678 456
<input type="radio"/> Yes - I worked for this employer <input type="radio"/> No - I never worked for this employer		

Check your Employment Details

Save and Close Back Next

For each employer listed, confirm or change as needed.

Financial year 2014 to 2015

Employer information	Dates of employment	Total income	Action
 Super Sparkle Cleaning Trading name: Sparkle Cleaning Pty Ltd	10 Aug 2014 to 30 Jun 2015	\$3,050.00	 Confirm or change
 Joe Bloggs Tree Cutting Trading name: Joe Bloggs Cut Pty LTD	6 Nov 2014 to 30 Jun 2015	\$3,650.00	 Confirm or change

 You may find this information on your payslips, bank statements, payment summary or directly from your employer.



Alternative – 'yes' scenario

Check your Dates of Employment

Save and Close Back Next

The dates your employer advised the ATO that you worked for **Super Sparkle Cleaning** were **15 Mar 2014 to 30 Apr 2014**. To confirm dates select 'Yes'. If you need to change the dates, you can select 'No' to change.

The ATO advised that you started work for **Super Sparkle Cleaning** in this financial year on the **15 Mar 2014**. Yes No

The ATO advised that you finished work for **Super Sparkle Cleaning** in this financial year on the **30 Apr 2014**. Yes No



  **centrelink** Client Name
CRN 123 456 789A  LOG OUT

Check your Dates of Employment

Save and Close

Back

Next

The dates your employer advised the ATO that you worked for **Super Sparkle Cleaning** were **15 Mar 2014 to 30 Apr 2014**. To confirm dates select 'Yes'. If you need to change the dates, you can select 'No' to change.

The ATO advised that you started work for **Super Sparkle Cleaning** in this financial year on the **15 Mar 2014**.

Yes No

Please provide start date

dd/mm/yyyy



The ATO advised that you finished work for **Super Sparkle Cleaning** in this financial year on the **30 Mar 2014**.

Yes No

Please provide end date

dd/mm/yyyy



The screenshot shows the 'Check your Dates of Employment' page. At the top, there is a 'MENU' icon and the 'centrelink' logo. On the right, it displays 'Client Name CRN 123 456 789A' and a 'LOG OUT' button. The main heading is 'Check your Dates of Employment', with 'Save and Close', 'Back', and 'Next' buttons to its right. The page content includes instructions: 'The dates your employer advised the ATO that you worked for Super Sparkle Cleaning were 15 Mar 2014 to 30 Apr 2014. To confirm dates select 'Yes'. If you need to change the dates, you can select 'No' to change.' Below this, there are two questions with radio button options for 'Yes' and 'No'. The first question is 'The ATO advised that you started work for Super Sparkle Cleaning in this financial year the 15 Mar 2014.' The second question is 'The ATO advised that you finished work for Super Sparkle Cleaning in this financial year on the 30 Apr 2014.' A modal box titled 'Please confirm' is overlaid on the page. It contains the text: 'You agreed you worked for Super Sparkle Cleaning from 15 Mar 2014 to 30 Apr 2014.' Below this is a blue box with an information icon and the text: 'By confirming "Yes" we will use the dates of employment provided. It is important that the dates you worked for this employer are correct as these dates directly affect the assessment of your payments.' At the bottom of the modal are 'No' and 'Yes' buttons. The bottom of the page features a navigation bar with icons for a scale of justice, a telephone, and a padlock.

The screenshot shows the 'Check your Allowances, Lump Sums and Other Income' page. At the top, there is a 'MENU' icon and the 'centrelink' logo. On the right, it displays 'Client Name CRN 123 456 789A' and a 'LOG OUT' button. The main heading is 'Check your Allowances, Lump Sums and Other Income', with 'Save and Close', 'Back', and 'Next' buttons to its right. The page content includes instructions: 'For Super Sparkle Cleaning between the dates of 10 Aug 2014 to 30 Jun 2015:'. Below this are three questions with radio button options for 'Yes', 'No', and 'Unsure'. The first question is 'Did you receive any allowances which compensated you for out of pocket expenses (eg car, meal, tool, phone or laundry allowance)?'. The second question is 'Did you receive any other form of income as a lump sum other than your employment income, such as:'. Below this question is a list of bullet points: 'Income from superannuation,', 'Income from compensation payments or income protection.'. The third question is 'Did you receive any income other than your employment income, such as:'. Below this question is a list of bullet points: 'Income from superannuation,', 'Income from compensation payments or income protection,', 'Income from Community Development Employment Projects,', 'Government Paid Parental Leave.'. The bottom of the page features a navigation bar with icons for a scale of justice, a telephone, and a padlock.

 Client Name
CRN 123 456 789A  Log out

Check your Income Details

[Save and Close](#) [Back](#) [Next](#)

The ATO has advised us you earned \$3,050.00 while working for Super Sparkle Cleaning for 10 Aug 2014 to 30 Jun 2015.


Do you have your payslips?

Yes No

Do you have your bank statements?

Yes No

What was the date of your first payment into your bank account?




MENU  Client Name
 CRN 123 456 789A LOG OUT

Check your Income Details

Save and Close Back Next

The ATO has advised us you earned \$3,050.00 while working for Super Sparkle Cleaning for 10 Aug 2014 to 30 Jun 2015.

Do you have your payslips? Yes No


What was the end date of your first payslip? 


MENU  Client Name
 CRN 123 456 789A LOG OUT

Check your Income Details Breakdown

Save and Close Back Next

Enter the amounts paid into your bank account for Super Sparkle Cleaning for each of the date periods displayed. If you are unsure what pay amounts to enter into the payment periods displayed, click  for help.

10 Aug 2014 to 24 Aug 2014	<input type="text" value="2,162.50"/>	25 Aug 2014 to 8 Sep 2014	<input type="text" value="1,762.50"/>
9 Sep 2014 to 22 Sep 2014	<input type="text" value="1,762.50"/>	23 Sep 2014 to 6 Oct 2014	<input type="text" value="2,162.50"/>
7 Oct 2014 to 20 Oct 2014	<input type="text" value="2,162.50"/>	21 Oct 2014 to 3 Nov 2014	<input type="text" value="1,962.50"/>
10 Aug 2014 to 24 Aug 2014	<input type="text" value="1,762.50"/>	25 Aug 2014 to 8 Sep 2014	<input type="text" value="1,962.50"/>
9 Sep 2014 to 22 Sep 2014	<input type="text" value="1,962.50"/>	23 Sep 2014 to 6 Oct 2014	<input type="text" value="1,762.50"/>

 The amounts you just entered are net income. We use gross income (before tax) to calculate our payments so we will convert your net amounts based on information from the ATO (tax you paid). Click next to proceed.

The screenshot shows the 'Check your Income Details Breakdown' page. At the top, there is a navigation bar with the Centrelink logo and client information: 'Client Name CRN 123 456 789A' and a 'LOG OUT' button. The main content area is divided into two sections. On the left, there is a form titled 'Check your Income Details Breakdown' with instructions: 'Enter the amounts paid into your bank account for Super Sparkle Cleaning for each of the date periods displayed. amounts to enter into the payment periods displayed, click [?] for help.' Below this are two columns of date ranges and input fields. The first column contains: '10 Aug 2014 to 24 Aug 2014' (2,162.50), '9 Sep 2014 to 22 Sep 2014' (1,762.50), '7 Oct 2014 to 20 Oct 2014' (2,162.50), '10 Aug 2014 to 24 Aug 2014' (1,762.50), and '9 Sep 2014 to 22 Sep 2014' (1,962.50). The second column contains: '25 Aug 2014 to 8 Sep 2014', '23 Sep 2014 to 6 Oct 2014', '21 Oct 2014 to 3 Nov 2014', '25 Aug 2014 to 8 Sep 2014', and '23 Sep 2014 to 6 Oct 2014'. A blue information box below the form states: 'The amounts you just entered are net income. We use gross income (before tax) to calculate our payments so we amounts based on information from the ATO (tax you paid). Click next to proceed.' On the right, there is a 'Help for Check you Employment Details' sidebar with a search bar and a list of topics: 'Gross Income', 'Net Income', 'Payment periods', 'Calculating the amount to enter into the payment periods', and 'Conversion of net income to gross income'. The 'Conversion of net income to gross income' section is expanded, showing a calculation: 'If you enter net Income, this will be converted to a gross amount based on the amount of tax that you paid within the financial year. The calculation to determine the tax rate is: Total Tax from PAYG / Net Payment = Tax Rate per \$ paid. An example of this is below: Gross income from PAYG: \$24,656 Total tax paid on PAYG: \$6018 Net payment (PAYG gross - tax paid): \$18,638 Tax rate = \$6018/\$18,638 = 0.3229'. At the bottom of the page, there is a navigation bar with icons for a scale, a phone, and a lock.

The screenshot shows the 'Check your Income Details Breakdown' page with an 'Accept' dialog box overlaid. The dialog box has a title 'Accept' and the following text: 'The amounts you just entered are net income. We use gross income (before tax) to calculate our payments so have converted your net amounts based on information from the ATO (tax you paid). Please see the following calculations.' Below this is a table with the following data:


Super Sparkle Cleaning	Total Net amount	\$23,550.00
	Total estimated gross amount	\$25,650.00
	ATO provided	\$26,350.00

Below the table, there is a text box with the following text: 'As you have provided net information it was converted to a gross amount based on the tax that you paid for the financial year. The gross amount is used to calculate your assessment. If you do not accept the total estimated gross payment amount of \$25,650 to be used in calculating your assessment please contact us on 1800 086 400 to discuss with a compliance officer. If you agree with the use of this total estimated gross amount, then click 'Yes' in order to complete your assessment.' At the bottom of the dialog box, there are two radio buttons: 'Yes, I Client Name accept this total estimated gross amount.' and 'No, I Client Name do not accept this total estimated gross amount.' A 'Next' button is located at the bottom right of the dialog box. In the background, the 'Check your Income Details Breakdown' page is visible, showing 'Save and Close', 'Back', and 'Next' buttons. At the bottom of the page, there is a navigation bar with icons for a scale, a phone, and a lock.

 Client Name
CRN 123 456 789A  LOG OUT

Check your Income Details Breakdown

[Save and Close](#) [Back](#) [Next](#)

Enter the amounts paid by Super Sparkle Cleaning for the date periods displayed. These amounts can be found on your payslips. If you are unsure what pay amounts to enter into the payment periods displayed, click  for help.

10 Aug 2014 to 24 Aug 2014	<input type="text"/>	\$	25 Aug 2014 to 8 Sep 2014	<input type="text"/>	\$
9 Sep 2014 to 22 Sep 2014	<input type="text"/>	\$	23 Sep 2014 to 6 Oct 2014	<input type="text"/>	\$
7 Oct 2014 to 20 Oct 2014	<input type="text"/>	\$	21 Oct 2014 to 3 Nov 2014	<input type="text"/>	\$



Check your Income Details Breakdown [Save and Close] [Back] [Next]

Enter the amounts paid by Super Sparkle Cleaning for the date periods displayed. These amounts can be found on your payslips. If you are unsure what pay amounts to enter into the payment periods displayed, click for help.

10 Aug 2014 to 24 Aug 2014 [input] 25 Aug 2014 to 8 Sep 2014 [input]

Accept

The following amounts are what you have just entered for Super Sparkle Cleaning. Please click 'Next' to continue.

Super Sparkle Cleaning	Total gross amount	\$25,650.00
	ATO provided	\$26,350.00

[Next](#)

Check your Employment Details [Save and Close] [Back] [Next]

For each employer listed, confirm or change as needed.

Financial year 2014 to 2015

Employer information	Dates of employment	Total income	Action
Super Sparkle Cleaning Trading name: Sparkle Cleaning Pty Ltd	10 Aug 2014 to 30 Jun 2014	\$3,050.00	Confirm or change
Joe Bloggs Tree Cutting Trading name: Joe Bloggs Cut Pty LTD	6 Nov 2014 to 30 Jun 2015	\$3,650.00	Confirm or change

Confirm the Information you Provided

Save and Close

Back

Next

Thank you for confirming your employment information. We will use this to do your assessment, so make sure it's correct. Review the information carefully before moving to the final steps.

Employer: **Super Sparkle Cleaning** ABN: **12 345 678 815**

	Details you provided	Details provided by the ATO
Dates of employment	10 Aug 2014	30 Jun 2015
Gross payments	\$3,050.00	\$2,080.00

MENU  centrelink Client Name
CRN 123 456 789A  LOG OUT

Provisional Assessment Outcome

Save and Close

Back

Accept

 By accepting this result you are declaring that the information you provided or confirmed is correct, and if your information changed from what you told us previously, there was a good reason. Therefore, no 10% recovery fee will apply.

If you do not accept or review your result within 14 days, the information from the Australian Taxation Office will be automatically applied to your record and may result in a debt.

Thank you for completing your employment income confirmation. The provisional result indicates we over paid you by **\$150.00**. We will send you notification of this by letter.

If you do not accept this result, you can update your employment details again or call us on 1800 086 400.

Do you accept the provisional debt of **\$150.00**? If so, click 'Accept'.



MENU  centrelink Client Name
CRN 123 456 789A  LOG OUT

Provisional Assessment Outcome

Save and Close

Back

Accept

Accept

Thank you for assisting to confirm your employment income details. Please accept the following declaration and click 'Submit' to finalise your assessment.

Declaration

I declare that the information I have updated or confirmed is correct.

I understand that:

- I may need to provide further information if requested.
- Not providing information or providing false or misleading information is an offence and can result in serious penalties.

I Client Name accept this declaration.

Back

Submit



The screenshot shows the 'Assessment Result' page for a debt scenario. The header includes the Centrelink logo and menu icon on the left, and client information (Client Name, CRN 123 456 789A) and a 'LOG OUT' button on the right. The main content area has a title 'Assessment Result' and an 'Exit' button. Below the title are five tabs: 'Assessment outcome' (selected), 'Debt explanation', 'Centrelink payment history', 'You reported to Centrelink', and 'What you just told us'. The 'Assessment outcome' tab contains the following text:

Receipt ID: 9000011288
 Full name: Client Name
 CRN: 123 456 789A
 Date and time: 30 JAN 2017 at 6:25:23 PM AUSACT

Thank you for confirming your employment income. We have completed your assessment and the total amount you owe is **\$150.00**.

We will send you a letter with information about what you owe, how to pay and your review rights.

If you want to see our calculation details please see tabs.

If you believe the assessment result is incorrect or you have made a mistake, please call us on 1800 086 400.

We will send you a letter to confirm the amount owing and your repayment options.

At the bottom of the page, there is a black bar with three icons: a scale of justice, a telephone, and a padlock.

The screenshot shows the 'Assessment Result' page for a no debt scenario. The header and navigation elements are identical to the previous page. The 'Assessment outcome' tab contains the following text:

Receipt ID: 9000011288
 Full name: Client Name
 CRN: 123 456 789A
 Date and time: 30 JAN 2017 at 6:25:23 PM AUSACT

Thank you for confirming your employment income. We have completed your assessment and have paid you correctly.

We will send you a letter with this information. If you want to see our calculation details please see tabs.

If you believe the assessment result is incorrect or you have made a mistake, please call us on 1800 086 400.

At the bottom of the page, there is a black bar with three icons: a scale of justice, a telephone, and a padlock.

Alternative - Manual handoff scenario – Didn't work for this employer

Page 36

  centrelink Client Name
CRN 123 456 789A  LOG OUT

Please Contact Us

[Return to home](#)

As this information was provided to us by the Australian Taxation Office, we need to talk to you to progress this review.
Please contact us on 1800 086 400 within 14 days.
If you do not contact us we will apply the ATO information to your record and this may result in a debt.

Alternative - Manual handoff scenario – Generic scenario

Page 37

  centrelink Client Name
CRN 123 456 789A  LOG OUT

Please Contact Us

[Return to home](#)

We need to talk to you to progress this review. Please contact us on 1800 086 400 within 14 days.
If you do not contact us we will apply the ATO information to your record and this may result in a debt.

Alternative - Manual handoff scenario – Do not accept the estimated gross amount

Page 38

  centrelink Client Name
CRN 123 456 789A  LOG OUT

Please Contact Us

[Return to home](#)

As you do not accept the gross payment amount we have calculated we need to talk to you to progress this review.
Please contact us on 1800 086 400 within 14 days.
If you do not contact us we will apply the ATO information to your record and this may result in a debt.

Alternative - Manual handoff scenario – No to payslips and bank statements

Page 39

  centrelink Client Name
CRN 123 456 789A  LOG OUT

Please Contact Us

[Return to home](#)

As you have advised you do not have access to payslips or bank statements we need to talk to you to progress this review.
Please contact us on 1800 086 400 within 14 days.
If you do not contact us we will apply the ATO information to your record and this may result in a debt.

  centrelink Client Name
CRN 123 456 789A  LOG OUT

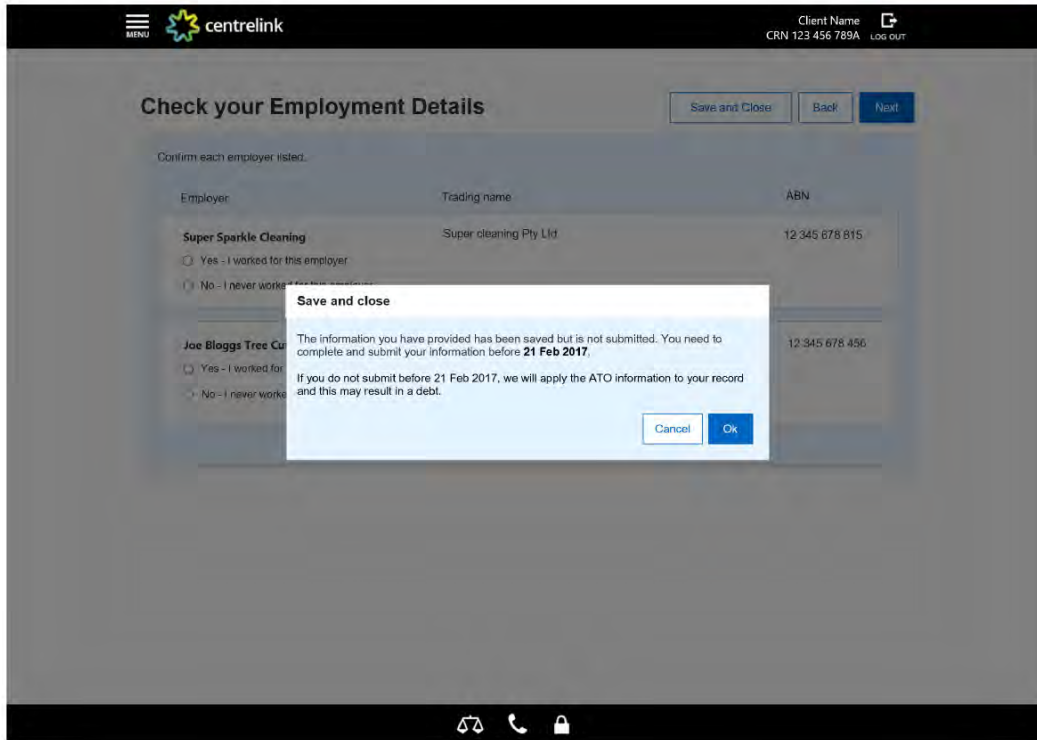
Please Contact Us

[Return to home](#)

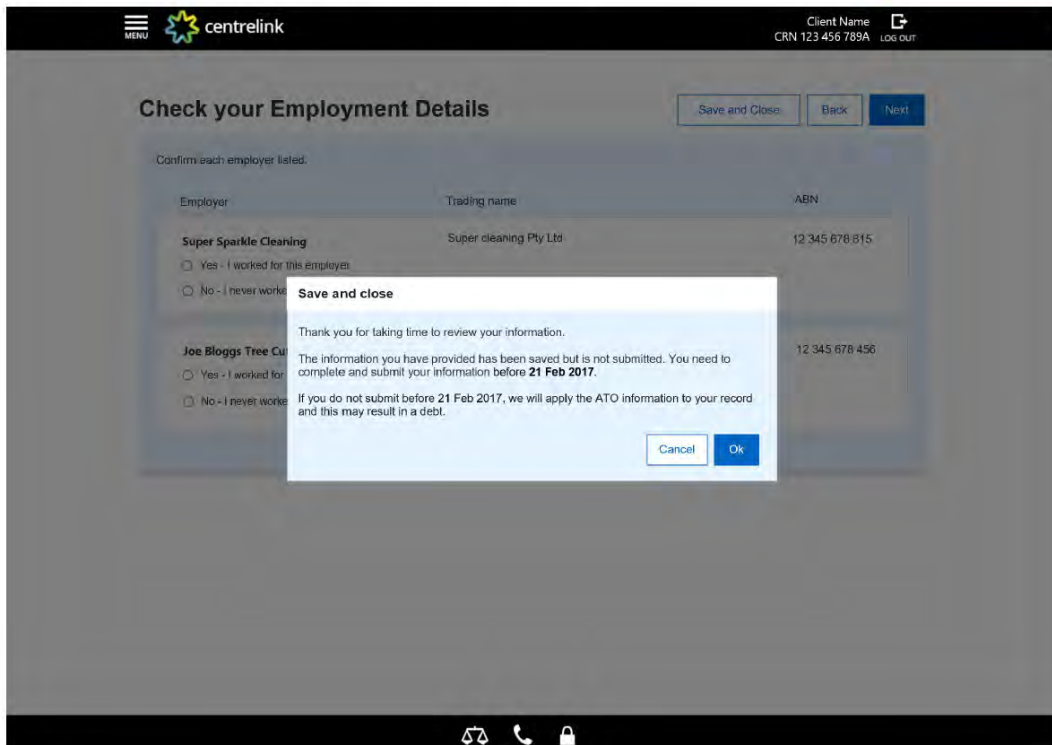
Because you have received an allowance, lump sum or other income we need to talk to you to progress this review.
Please contact us on 1800 086 400 within 14 days.
If you do not contact us we will apply the ATO information to your record and this may result in a debt.

Alternative – Save and close modal – current customer



Alternative – Save and close modal – non-current customer



Assessment results

[Return to home](#)

Assessment outcome
Debt explanation
Centrelink payment history
You reported to Centrelink
What you just told us

Debt explanation

Please see details of the income declared, amount paid, amount you are entitled and the actual income for this assessment.

More information about how your debt was calculated:

Period details	Resulting debt
22 Sep 2012 to 28 Jun 2013 (Debt number: ██████████)	██████████
Amount you owe Centrelink as a result of this assessment	
	██████████

Debt period

22 Sep 2012 to 28 Jun 2013

Entitlement period	Declared income <small>What you previously told Centrelink</small>	Updated income <small>What you have just told Centrelink</small>	Amount originally paid by Centrelink	Amount entitled based on updated information	Amount overpaid based on updated information
Total	\$20,037.14	\$21,943.82	\$8,587.48	\$8,172.85	\$414.63
15 Jun 2013 to 28 Jun 2013	\$2,064.39	\$1,109.03	\$160.30	\$399.14	-\$238.84
01 Jun 2013 to 14 Jun 2013	\$1,602.00	\$1,109.03	\$275.90	\$399.14	-\$123.24
18 May 2013 to 31 May 2013	\$1,904.07	\$1,109.03	\$200.38	\$399.14	-\$198.76
04 May 2013 to 17 May 2013	\$1,150.32	\$1,109.03	\$388.82	\$399.14	-\$10.32
20 Apr 2013 to 03 May 2013	\$2,342.00	\$1,109.03	\$90.90	\$399.14	-\$308.24
06 Apr 2013 to 19 Apr 2013	\$1,518.65	\$1,109.03	\$296.74	\$399.14	-\$102.40
23 Mar 2013 to 05 Apr 2013	\$644.07	\$1,109.03	\$515.38	\$399.14	\$116.24
09 Mar 2013 to 22 Mar 2013	\$815.63	\$1,109.03	\$475.28	\$377.93	\$97.35
23 Feb 2013 to 08 Mar 2013	\$0.00	\$1,109.03	\$582.40	\$372.14	\$210.26
09 Feb 2013 to 22 Feb 2013	\$1,060.88	\$1,109.03	\$384.18	\$372.14	\$12.04

Show per page 10 of 20 records Page

Assessment results

[Return to home](#)

Assessment outcome
Debt explanation
Centrelink payment history
You reported to Centrelink
What you just told us

Centrelink payment history

Please select a debt period to view your payment history for that period.

More information about how your debt was calculated:

Period details	Resulting debt
22 Sep 2012 to 28 Jun 2013 (Debt number: [REDACTED])	[REDACTED]
Amount you owe Centrelink as a result of this assessment	[REDACTED]

Debt period:

22 Sep 2012 to 28 Jun 2013

Entitlement period	Delivery date	Payment	Payment less deductions
15 Jun 2013 to 28 Jun 2013	02 Jul 2013	\$160.30	\$10.20
01 Jun 2013 to 14 Jun 2013	18 Jun 2013	\$275.90	\$10.20
18 May 2013 to 31 May 2013	04 Jun 2013	\$200.38	\$10.20
04 May 2013 to 17 May 2013	22 May 2013	\$388.82	\$34.82
20 Apr 2013 to 03 May 2013	07 May 2013	\$90.90	\$10.20
06 Apr 2013 to 19 Apr 2013	23 Apr 2013	\$296.74	\$10.20
23 Mar 2013 to 05 Apr 2013	09 Apr 2013	\$515.38	\$161.38
09 Mar 2013 to 22 Mar 2013	26 Mar 2013	\$475.28	\$121.28
23 Feb 2013 to 08 Mar 2013	12 Mar 2013	\$582.40	\$228.40
25 Feb 2013 to 25 Feb 2013	27 Feb 2013	\$701.37	\$701.37

Show per page 10 of 22 records Page

Assessment results

[Return to home](#)

Assessment outcome Debt explanation Centrelink payment history **You reported to Centrelink** What you just told us

You reported to Centrelink

Please select a debt period and employer to view your declared employment income for that period.

More information about how your debt was calculated:

Period details	Resulting debt
22 Sep 2012 to 28 Jun 2013 (Debt number: [REDACTED])	[REDACTED]

Amount you owe Centrelink as a result of this assessment

Debt period: 22 Sep 2012 to 28 Jun 2013 Employer/s: TWEED SUMMER LAND KERBINH

Employer	ABN	Entitlement period	Employment status	Hours	Declared amount
TWEED SUMMER LAND KERBINH		15 Jun 2013 to 28 Jun 2013	Part time or casual	0	\$2,064.39
TWEED SUMMER LAND KERBINH		01 Jun 2013 to 14 Jun 2013	Part time or casual	0	\$1,602.00
TWEED SUMMER LAND KERBINH		18 May 2013 to 31 May 2013	Part time or casual	0	\$1,904.07
TWEED SUMMER LAND KERBINH		04 May 2013 to 17 May 2013	Part time or casual	0	\$1,150.32
TWEED SUMMER LAND KERBINH		20 Apr 2013 to 03 May 2013	Part time or casual	0	\$2,342.00
TWEED SUMMER LAND KERBINH		06 Apr 2013 to 19 Apr 2013	Part time or casual	0	\$1,518.65
TWEED SUMMER LAND KERBINH		23 Mar 2013 to 05 Apr 2013	Part time or casual	0	\$644.07
TWEED SUMMER LAND KERBINH		09 Mar 2013 to 22 Mar 2013	Part time or casual	0	\$815.63
TWEED SUMMER LAND KERBINH		09 Feb 2013 to 22 Feb 2013	Part time or casual	0	\$1,060.88
TWEED SUMMER LAND KERBINH		26 Jan 2013 to 08 Feb 2013	Part time or casual	0	\$280.00

Show 10 per page 10 of 18 records Page 1

Assessment results

[Return to home](#)

Assessment outcome Debt explanation Centrelink payment history You reported to Centrelink **What you just told us**

What you just told us

Financial year 2012 to 2013

Employer: [REDACTED] ABN: [REDACTED]

	Details you provided	Details provided by the ATO
Dates of employment	19 Sep 2012 to 30 Jun 2013	19 Sep 2012 to 30 Jun 2013
Gross payments	\$22,466.00	\$22,466.00

I would like to thank your Office for working collaboratively with officers from my department, in developing the findings of the Implementation Report.

Yours sincerely

A handwritten signature in black ink, appearing to be 'K. [unclear]', written in a cursive style.

9 March 2019

Centrelink's Automated Debt Raising and Recovery System

IMPLEMENTATION REPORT

April 2019

Report by the Commonwealth Ombudsman,
Michael Manthorpe, under the *Ombudsman Act 1976*

REPORT NO. **01** | 2019

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EXECUTIVE SUMMARY

In April 2017, the Office published a report titled *Centrelink's Automated Debt Raising and Recovery System*. The report identified a range of problems with the fairness, transparency and usability of the online system, and that many of these issues could have been avoided by better project management, design, user testing and support for users of the online system.

The purpose of this investigation was to seek assurance that the Department of Social Services (DSS) and the Department of Human Services (DHS) had implemented the agreed recommendations in the report. We also considered the extent to which implementation action has achieved the outcomes intended by those recommendations.

Our investigation found DSS has implemented the recommendation for which it was responsible, and DHS has made significant progress in implementing the remaining recommendations in our report.

Greater clarity in written and online communication has made the online system and manual handling procedures fairer, more transparent and more user friendly. New policy guidance on the use of information gathering powers to assist customers who cannot obtain income information themselves is now publicly available and reinforced in staff training and communication.

We are satisfied DHS has evaluated and redesigned its online and manual processes. DHS has developed an enhanced online system known as the Check and Update Past Information (CUPI), which was informed by input from stakeholders, user testing and complaints data. People who were sent initiation letters prior to October 2018 will continue to use the Employment Income Confirmation (EIC) online system, while people sent initiation letters on or after 1 October 2018 will use the CUPI online system.

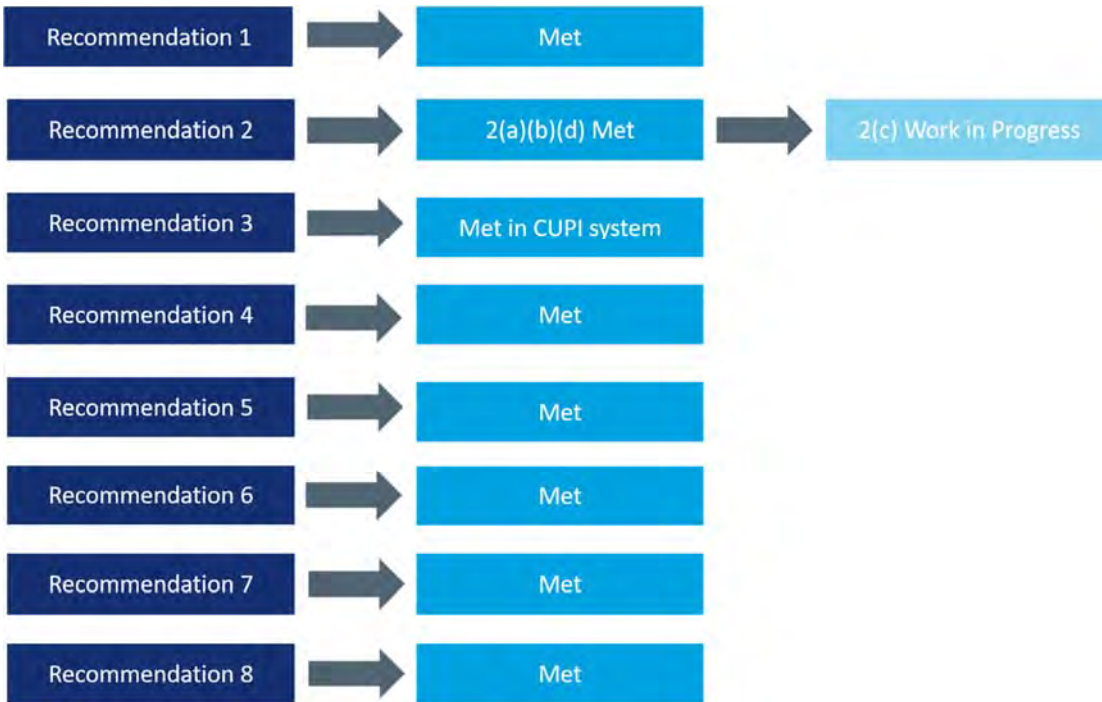
DHS' efforts to identify ways to further mitigate the risk of over recovery of debt, and a more incremental rollout, have resulted in a decrease in the proportion of debts reduced or found not to exist after a person contacts the department, from an average of around 16 per cent prior to publication of our report, to around 8 per cent since publication in April 2017. This is similar to the averages for the department's other non EIC debt raising and recovery measures.

While DHS has made significant progress over the past 18 months, we think some further action is required, therefore we have made four additional recommendations. These recommendations aim to improve transparency and fairness by ensuring customers have clear information about their debt and about the potentially adverse consequences of not providing relevant information.

DHS agreed with these further recommendations in its response to this report. DSS also indicated it supports these recommendations. The responses from both DHS and DSS are published in the appendices of this report.

While the scope of this report is limited to the implementation of previous recommendations, the Office continues to separately monitor new complaints it receives about the program, and conduct investigations where appropriate. The Office liaises regularly with DHS to identify areas for improved administration of the program.

Summary of implementation findings



Further recommendations

1 – Recovery Fees

For customers who incurred a recovery fee prior to 27 May 2017, DHS should explain in compliance debt recovery correspondence, such as account payable notices and debt outcome letters:

- why a recovery fee was applied
- options for people to advise of personal circumstances affecting their ability to declare income.

2 – Debt explanation

DHS should provide an improved debt explanation in all compliance debt outcome letters within the next 12 months, irrespective of whether the customer completed the review online or through the assistance of a compliance officer.

3 – Initiation letters

DHS should take steps to ensure that Check and Update Past Income (CUPI) initiation letters warn customers that if they do not check and update past information, DHS may use Australian Taxation Office (ATO) data to calculate any debt, which may mean they have to pay back more than they need to. It should explain, either in the letter itself, or in linked or enclosed materials, such as a flyer, how averaging of ATO income works and the consequences this may have for any debt calculation.

4 – Additional messaging

DHS should include clear information in compliance debt recovery correspondence, such as account payable notices and debt outcome letters, about the consequences of using ATO information and options available to customers.

Part 1: INTRODUCTION

Background

1.1. In April 2017 the Office published a report into the Department of Human Services (DHS) administration of its Online Compliance Intervention (OCI), later renamed the Employment Income Confirmation (EIC).

1.2. The report, titled *Centrelink's Automated Debt Raising and Recovery System*, found problems with the fairness, transparency and usability of the online system, and that many of these issues could have been avoided by better project management, design, user testing and support for users of the online system.

1.3. The report included eight recommendations which aimed to improve fairness, transparency and usability of the online system. Recommendations focused on:

- written and online communication with customers
- assistance for customers to gather income information in limited circumstances
- service delivery and support for vulnerable customers
- review of recovery fee decisions
- staff communication and training
- complaint information—capturing and using complaint information for continuous improvement
- program evaluation (including how to further mitigate the risk of over-recovery of debts) and an incremental approach to any further rollout.

1.4. DHS and the Department of Social Services (DSS), the responsible policy agency, responded positively to the investigation and agreed to implement all recommendations.

Scope of implementation investigation

1.5. In September 2017, approximately six months after the publication of our initial report, we commenced an investigation into the implementation of our recommendations. This current report documents the findings and recommendations arising from our implementation investigation.

1.6. We looked at two agencies as part of this investigation: DSS, the policy agency responsible for implementation of recommendation 4(d) and DHS, the service delivery agency responsible for implementation of all other recommendations.

1.7. The investigation focused on implementation from the release of the initial report in April 2017 to December 2018. This enabled a phased approach to the investigation, involving iterative feedback to agencies and assistance to identify further action/s to satisfy recommendations.

Methodology

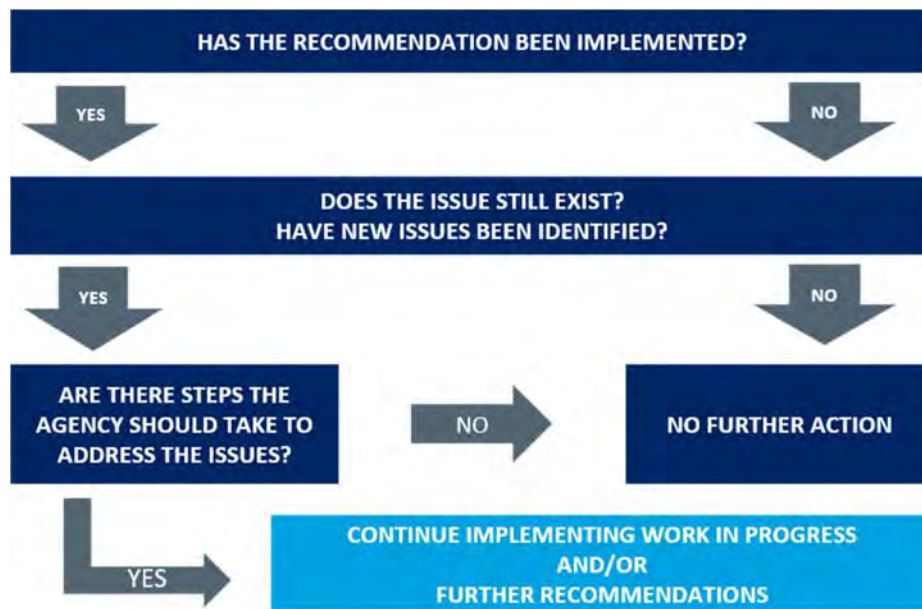
Investigation

1.8. The investigation began in September 2017, when the Office sent questions and requests for data under s 8 of the *Ombudsman Act 1976* to DHS¹ and DSS². In July 2018, we wrote to both departments advising we were considering the possibility of a public implementation report.

1.9. The investigation included:

- analysis of complaint data
- multiple data and information requests
- several 'walk-throughs' of new online system changes
- provision of draft policy updates, customer facing materials and systems for Ombudsman comment
- user testing of Ombudsman suggestions
- dedicated monthly Employment Income Confirmation (EIC) meetings with DHS
- further discussion at regular liaison meetings, including Senior Executive Service (SES) level liaison meetings with both departments, and quarterly director level debt meetings and internal review meetings with DHS
- ad hoc officer level and SES level meetings on discrete issues
- review of a number of parallel individual complaint investigations.

1.10. The Office assessed implementation of each recommendation holistically using the framework below:



¹ Section 8 questions sent 29 September 2017.

² Section 8 questions sent 5 September 2017.

1.11. Each recommendation has been assessed as either 'met, or 'not met'. Where a recommendation has not been met, but the relevant department is taking steps to action the recommendation, we have noted work in progress.

1.12. During the investigation, DHS and DSS worked constructively with our Office, and provided timely and detailed information.

Part 2: IMPLEMENTATION OF RECOMMENDATIONS

Recommendation 1—10 per cent recovery fee (DHS)

- 2.1. When the online system originally rolled out, a 10 per cent recovery fee was applied automatically. However, notice of decision letters did not provide sufficient information about why the fee had been applied, or that the fee may be removed if there were personal circumstances that amounted to a reasonable excuse.
- 2.2. When we published our report in April 2017, DHS advised it was no longer applying the fee automatically and had improved its notice of decision letters.³ We were satisfied with the new explanation about the fee and the invitation to provide information about reasonable excuse for a compliance officer to consider.
- 2.3. However, we remained concerned about people who had a recovery fee automatically applied before April 2017. We therefore recommended:

..... in certain circumstances DHS should reassess those debts already raised by the OCI where the recovery fee was applied automatically, including, where a customer contacts DHS or a mercantile agent to raise a concern, seek information, or seek a re-assessment in relation to an OCI debt which includes a debt recovery fee (whether or not the debt has been repaid). DHS should manually reassess whether the application of the recovery fee was appropriate, taking into account the customer's personal circumstances, including the existence of a reasonable excuse.

Review of recovery fees

- 2.4. DHS advised that it sent 114,653 letters to all people who had a debt raised before 26 May 2017⁴ letting them know of the following review rights:

Recently you were told that you had been overpaid an amount and needed to repay it. If you believe this decision is wrong you can ask for a review.

A review will also check whether any recovery fees can be removed. You can ask for a review at any time, even if you have repaid the overpaid amount.

If you are already paying the overpaid amount back you can also ask for those payments to be paused until the review is completed.

- 2.5. These letters were sent by ordinary mail or email and were not read receipts.⁵

³ The notice of decision, which could be generated for customers from 27 May 2017, reads *'This has resulted in a debt of \${total debt for this assessment}. The amount owing includes a 10 per cent recovery fee because we do not have an explanation for why the employment details were different. However, if there were personal factors that affected your ability to correctly declare your income during the relevant periods, please call us to discuss.'*

⁴ Letters were sent to all customers who had a debt raised between 1 July 2016 and 26 May 2017, who had not already had their fee reassessed or waived. DHS response received 22 November 2018.

⁵ Correspondence by ordinary post or email is the department's standard practice across its programs.

2.6. We understand people were advised of, and were assisted to access their appeal rights, whether their first point of contact was a mercantile agent or the department.⁶ DHS reported that it conducted recovery fee reassessments for everyone who contacted and asked for a formal review.

2.7. Of the people who were sent the review rights letter, 4,857 contacted the department and of these, 707 requested a review. For those requesting a review, a compliance officer reassessed the person's whole debt, including the recovery fee, as part of normal reassessment processes. A further formal review by an Authorised Review Officer was also available.⁷

2.8. Importantly, there is no time limit for seeking a reassessment. A person may contact the department at any time after a debt is raised to provide further information about income, such as pay slips or bank statements, or to provide a reasonable excuse. This means people who engage with the department after receiving an account payable notice (for example, because they did not receive or ignored the initiation letter, or the review rights letter) are not disadvantaged by engaging at a later stage.

Broader process improvements

2.9. DHS has implemented a number of broader improvements to the online system and manual processes which have reduced the application of the recovery fee significantly. From July 2016 to January 2017 the recovery fee was applied to approximately 71 per cent of debts, whereas from February 2017 to October 2018 it was applied to approximately 37 per cent of debts:⁸

Figure 1—Application of recovery fees



⁶ If a customer became aware of their debt through a mercantile agent and asked for a reassessment, the debt was withdrawn from the agent and further debt recovery was paused. DHS response received 22 November 2018.

⁷ DHS response, 15 November 2017.

⁸ Based on aggregate figures between July 2016 and January 2017, 136,722 reviews were completed with a debt outcome and 97,596 recovery fees were applied. From February 2017 to October 2018, 253,394 reviews were completed with a debt outcome and 92,830 recovery fees were applied.

2.11. DHS no longer applies a recovery fee where a customer engages with the department (online or by telephone) **prior** to raising a debt. A beneficial inference is made, from the customer's willingness to engage and provide information, that they had a reasonable excuse for any errors in their earlier reporting.⁹ The same approach is taken when reassessing recovery fees.

2.12. Further, a person who does not engage following receipt of an initiation letter will not have a debt raised, unless:

- the department has confirmation that the letter was received (by registered post or an online read receipt)
- at least two call attempts have been made by a compliance officer (whose role is to explain the process and consequences of not engaging, encourage the person to take more time to provide payslips or bank statements, and explain review rights).

2.13. As a result, DHS will now only apply a recovery fee if the person does not go online, telephone the department, or respond to the department's calls, as no evidence of any reasonable excuse has been provided. If the person subsequently contacts the department seeking reassessment or review, the whole debt is reassessed or reviewed, including any recovery fee.

Outcomes

2.14. We consider this recommendation has been met, as customers were provided access to review of recovery fees. DHS wrote to every customer in the cohort and advised of their review rights, including for the recovery fee. Customers were advised that if they sought a review, DHS would 'check whether any recovery fees can be removed'. DHS then reviewed recovery fees for customers who requested a review. Additionally, DHS' ordinary reassessment processes mean that anyone who engages and provides information will have their whole debt reassessed, including any recovery fee.

2.15. However, we think DHS' approach to implementation of recommendation 1 has been narrower than our original recommendation envisaged, in the sense that those customers affected had to proactively ask for a review of their debt when they contacted in order for the fee to be reassessed.

2.16. We think it would have been preferable to include more information in the review rights letter about the reasons the recovery fee was applied, including that personal circumstances affecting the customer's ability to report income may be relevant to recovery fee decisions.

2.17. We are also mindful that the 114,653 letters sent by DHS were sent by ordinary mail and email¹⁰, and were not read receipted. This means there may be people in this cohort who were no longer at the address to which the letter was sent.

2.18. Therefore, we have made further recommendations about debt recovery correspondence in Part 3 of this report to improve messaging about recovery fees.

⁹ This inference may be overridden by a compliance officer if, for example, the person made it clear their intention when reporting had been to defraud.

¹⁰ Use of ordinary mail and email are the department's standard practice.

Quality of debt explanation – broader applications

2.19. In the course of reviewing debt recovery correspondence about the 10 per cent recovery fee, the Office has also formed the view that DHS should include a more detailed debt explanation in debt outcome letters. This would ensure people are sent a basic debt explanation similar to the explanation available to people who engage online, including:

- debt period
- amount reported
- amount earned
- amount of income support received
- amount of income support entitled
- amount of recovery fee (if any)
- amount owing.

2.20. In our view, DHS should also prioritise similar improvements to its account payable notices in its ongoing program of work to improve its correspondence.

2.21. We have therefore made further recommendations to improve the overall quality of debt recovery correspondence in Part 3.

Recommendation 2—Initiation letters (DHS)

2.22. The initiation letter notifies the customer of an income discrepancy and the possibility of a debt, and invites the customer to go online or call DHS to update their income information. In our original investigation, we were concerned about the quality of communication in initiation letters, resulting in the following recommendations:

The initial contact letters to customers should:

- (a) place the compliance helpline number on the first page
- (b) mention the possibility of a debt earlier
- (c) clearly explain the concept of averaging. In particular, letters should explain that if the customer does not go online or if they accept the ATO data, their income will be averaged over periods for which income has not been verified and debts based on averaged ATO income may be less accurate, especially if the customer's income was fluctuating or intermittent.
- (d) advise people they can ask for an extension of time online or by calling the compliance helpline number.

2.23. DHS has made a number of changes to the initiation letters, with the first page now including the compliance helpline number, information about the possibility of a debt and about seeking an extension of time. We are therefore satisfied that recommendations 2(a), (b) and (d) are met.

2.24. The Office is not satisfied that recommendation 2(c) is met at this time. The aim of recommendation 2(c) is to ensure people receive sufficient information about why it may be in their best interests to provide income related information rather than relying on Australian Taxation Office (ATO) information for the calculation of any debt.

EIC initiation letters

2.25. In our view, the initiation letter provided to customers up until September 2018 did not clearly explain the consequences of not contacting the department. The letter included the following statement:

Please note, if you don't confirm or update the information within 28 days, we may apply the employment dates and income from the ATO to your record. This may result in a debt you need to repay. For more information, go to humanservices.gov.au/compliance

2.26. This text does not explain that the ATO income will be averaged or that this may affect the amount of any debt. The letter directs customers to DHS' compliance webpage which states:

It is important you engage with us to confirm the dates you worked and the amount you earned. If you don't, we'll use the information we get from the other agency to identify and calculate if we've overpaid you.

For example, if the ATO shows you worked for a period of 5 months, we will equally divide your income over the 5 months. This will calculate the payment you should have got.

2.27. While this text includes an explanation of averaging, in our view it does not explain the consequences averaging may have for any debt calculation.

New initiation letters

2.28. From October 2018 DHS began a 'soft' rollout of its enhanced online system known as Check and Update Your Income (CUPI). The CUPI initiation letter reads:

If you don't check and update your information, we will use the details we already have, including the information from the ATO. This might mean you have to pay money back.

If you need help, go to humanservices.gov.au/checkpastincome or call us on 1800 061 838.

2.29. The linked webpage includes a video on demand with infographics. The transcript reads:

The third step is to check how much money you earned from each of your employers. The ATO told us how much your employer paid you for the whole financial year.

This amount may be different to what you told us. For example, you may not have been getting payment from us for the whole year. So for the time you weren't on payment, you didn't need to tell us about the money you earned.

If this is the case you'll need to tell us how much you were paid and when. If you don't tell us, we'll use income information from the ATO and average it over the period that you worked – which could result in a debt. Your payslips will help you tell us when you earned your money.

2.30. The webpage also includes a warning:

Don't ignore your letter

It's important you check and update the dates you worked, as well as the amount you earned. If you don't confirm or update your information we'll use the amount the ATO gave you. We'll divide this by the number of fortnights you told us you worked. This will give us an average of your earnings for this time.

This could mean you'll have to pay money back.

2.31. We acknowledge DHS' ongoing efforts to produce clear information. We understand the department has engaged a language and literacy expert to assist with the language in the letters and has user tested a range of new wording.

2.32. However, in our view, the initiation letter messaging (including linked webpage messaging) still does not adequately convey the **consequence** of using averaged ATO information, rather than providing payslip or bank statement information.

A way forward

2.33. We appreciate averaging is a complicated concept, particularly in the context of social security law debt calculation, and we understand DHS' concerns about the risk of confusing or scaring people with too much technical information.

2.34. Nevertheless, for the system to be sufficiently transparent and robust in its procedural fairness, the initiation letter needs to clearly inform people of the consequences of relying on averaged income information.

2.35. The inclusion of averaging text in initiation letters has been the subject of close engagement between our Office and DHS. Since November 2017, the department has user tested different averaging wording on several occasions. It has also user tested averaging wording in a separate flyer for inclusion with initiation letters.

2.36. The Office accepts that a fuller explanation of averaging and its consequences may be more suited to a flyer or website content. If so, as matter of procedural fairness, the material on the flyer should be referenced clearly in the letter. Online letters should include links and hard copy letters should enclose the flyer.

2.37. On 28 September 2018, DHS advised it was user testing the following wording for inclusion in the initiation letter:

If you don't check and update your information, we will use the details we already have, including the information from the ATO. Using ATO income information might mean you pay back more money than you need to. For more information, see the flyer included with this letter or go to the below website.

2.38. The flyer content user-tested by DHS clearly explains why it is in the person's best interest to provide the department with better employment information, including employer names, dates worked, and fortnightly income from pay slips and bank statements. At the suggestion of our Office, it also includes a worked example demonstrating the consequences of averaging as follows:

Option 1 – We average the ATO information

The ATO tells us Susan earned \$3300 over 3 fortnights while she was getting Newstart Allowance. We use an average of this for every fortnight.

Fortnight 1 \$1100
Fortnight 2 \$1100
Fortnight 3 \$1100

Susan needs to pay back \$1015.

Option 2 – Susan gives us more information

If Susan tell us the amounts she earned each fortnight, we will use those exact figures. She may not need to pay back as much.

Fortnight 1 \$2000
Fortnight 2 \$800
Fortnight 3 \$500

Susan needs to pay back \$995.

2.39. In our view, this new initiation letter paragraph and flyer content would satisfy recommendation 2(c). On 29 November 2018, DHS provided the Office with a copy of the user testing report. We will continue to work closely with the department on the content of initiation letters, including information in flyers or other linked material.

Comment on post-initiation correspondence

2.40. We have observed in our complaints work that people who no longer receive Centrelink payments may dismiss an initiation letter without reading it or giving it due regard. On the other hand, they may be more likely to read and consider an account payable notice, for example, as the seriousness of the correspondence is readily evident. We are also mindful that over 1,000,000 initiation letters have been issued to date.

2.41. We have therefore made further recommendations in Part 3 of this report that DHS introduce messaging about the consequences of averaging ATO information into its post-initiation correspondence, such as account payable notices and debt outcome letters.

2.42. This would ensure the department provides information about consequences and debt reassessment options to customers with outstanding debts who did not receive or read their initiation letter, or did not understand why it was in their best interests to respond to the initiation letter.

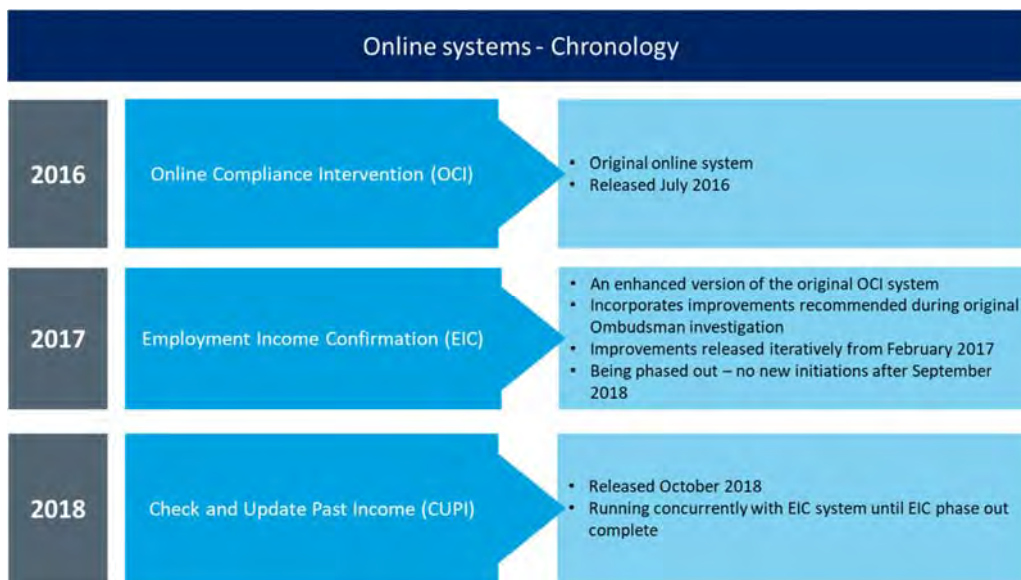
Recommendation 3—Online messaging (DHS)

2.43. Recommendation 3 was principally concerned with ensuring the online system included clear messaging about the process of averaging and its consequences for debt calculation, particularly where a person only worked for part of the period, or their income varied from pay day to pay day. The Office recommended:

DHS should include a message within the OCI system to clarify that if the customer does not enter their income information, their ATO income will be averaged evenly across the relevant period and this may result in a debt. The message should advise that debts based on averaged ATO income may be less accurate than debts based on actual income, especially if the customer's income was fluctuating or intermittent.

2.44. The Office acknowledges DHS' efforts to improve messaging in its online systems for investigating income discrepancies, and its ongoing engagement with our Office on this issue. DHS' efforts to improve its online systems have resulted in three distinct systems as shown in Figure 2.

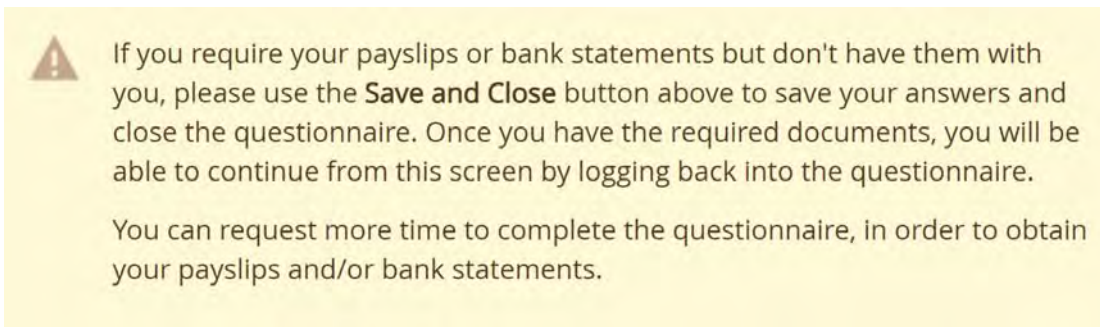
Figure 2—Online systems - Chronology



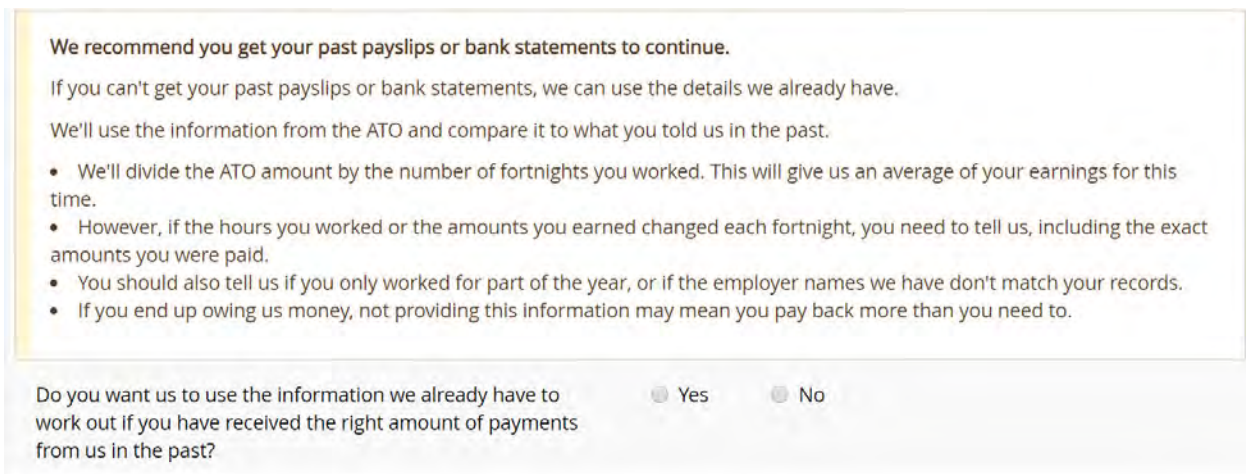
2.45. DHS now has two online systems for investigating income discrepancies running concurrently, the EIC online system and the CUPI online system, which went live in October 2018.

2.46. People who were sent initiation letters under the EIC are required to continue to use the EIC, while people who were sent initiation letters under the CUPI are directed to the CUPI online system. DHS has advised that it is not feasible to transfer people initiated under the EIC system to CUPI due to technology and operational constraints.

2.47. In the **EIC online system**, if a person indicates 'no' to providing payslips or bank statements, they see the message pictured below:



2.48. Whereas in the **CUPI online system**, if a person indicates 'no' to providing payslips or bank statements, they see a more comprehensive message, which explains both the averaging process and that the result may be different to the amount on the persons payslips or bank statements:



2.49. As the above image shows, the customer is then asked if they want DHS to use the information it already has. If the person selects 'no', they are told to ring the compliance line. They are also invited to 'ask for more time'.

2.50. If the person selects 'yes', they see the below pop up message:

Are you sure?

If you select 'Yes', we'll use the information from the ATO.

We'll divide the ATO amount by the number of fortnights you worked.

This result may be different to the income on your payslips or bank statements.

Select 'Back' to update your past income information.



2.51. We understand that traditional views about communication have evolved, particularly with advances in the application of behavioural insights, and that visual prompts and other tools may be more effective at communicating warnings than simple text. We therefore appreciate that pop up screens, asking people if they are sure they want to proceed without pay slips or bank statements, may be more effective than standard written warnings.

2.52. In any case, we are satisfied that DHS has now developed clear, simple text warnings and information in CUPI screens. **We are satisfied recommendation 3 is met in the CUPI system**, by the combination of:

- an explanation of averaging
- an explanation that the averaging result may be different to the payslip or bank statement amount
- advice to contact DHS if hours or work or pay were changing
- advice to contact DHS if employer names don't match
- an explanation of consequences of not providing the requested information (paying back more than you need to)
- the inclusion of 'are you sure' type pop up warnings.

2.53. **We are not satisfied the messaging in the current EIC system meets recommendation 3.** However, DHS advises these changes could not be implemented in less than 3-4 months, by which time there will be no customers using the EIC to complete their reviews end to end online.¹¹

¹¹ DHS advises that initiations in the EIC system ceased in mid-September 2018, and between late October 2018 and late November 2018, less than 40 customers completed their reviews online end to end (i.e. without staff assistance). DHS expects this figure to be zero by March 2019.

Recommendation 4—Obtaining employment income evidence (DHS and DSS)

2.54. Recommendation 4 concerned DHS' role in gathering income information. The full recommendation is at Appendix A.

2.55. Recommendations 4(a) and (b) addressed situations where we believed DHS should use its information gathering powers under s 192 of the *Social Security (Administration) Act 1999* to assist people to obtain employment income information.

2.56. In response to our recommendation, DHS developed a new internal guideline for staff covering situations where s 192 powers should be used. A copy of the guideline, titled '*Unable to access payslips or bank statements*', has been in place since 3 May 2017 and was provided to the Office in response to our investigation. The Office made further suggestions to improve the visibility of the guideline among compliance staff, such as including links from other internal guidelines and including the information in core compliance training. DHS provided a copy of amended guidelines and training materials to the Office. We also sought data regarding the use of s 192 and confirmed the department has used its information gathering powers in the EIC context approximately 570 times since April 2017.¹²

2.57. Recommendation 4(c) aimed to ensure that, where a person advised they had stopped working for a particular employer, DHS would consult its historical records for contemporaneous information the person or their employer may have provided at the time. DHS advised it piloted, then rolled out, a process for staff to investigate the department's own records for previously verified information. This process is included in the Operational Blueprint guidelines provided to the Office.

2.58. Recommendation 4(d) was intended to ensure DSS provided publicly available guidelines on the use of s 192 for EIC investigations in its *Guide to Social Security Law*. In early November 2018, DSS published clear guidance on the use of s 192 in the Guide (Appendix B).¹³

2.59. The Office is satisfied the DHS and DSS guidelines give clear information to staff to assist people to obtain income information in a limited range of circumstances, including where the cost of obtaining bank statements may place the person in financial hardship, the person has been unable to obtain information themselves despite genuine and reasonable attempts, or it would be unreasonable to expect the person to obtain the information.

2.60. The Office is satisfied recommendations 4(a), (b), (c) and (d) have been met.

Recommendation 5—Communication with customers and staff (DHS)

2.61. Recommendation 5 concerned the quality of DHS' communication to customers and staff. The full text of recommendation 5 can be found at Appendix A.

¹² DHS response provided 20 December 2018.

¹³ Department of Social Services Guide to Social Security Law at 6.3.9 <http://guides.dss.gov.au/guide-social-security-law/6/3/9> accessed 8 November 2018.

2.63. Recommendation 5(a) said the 1800 compliance helpline number should continue to be adequately resourced. In September 2017 DHS put on 500 extra non-ongoing staff to help with compliance work, and a further 1,000 staff were engaged in early 2018. Wait times on the compliance helpline between July and November 2018 were approximately 50 seconds.¹⁴

2.64. Recommendation 5(b) said DHS should produce comprehensive publicly available information for customers on how to use the online system. The department's website was updated to include more information about use of ATO income and, since 12 August 2017, links to both written and video information. The website contains comprehensive information on how to use the online system, the helpline number, and information on how to obtain evidence of employment income.

2.65. Recommendation 5(c) sought to improve processes for transferring customers who contacted DHS, from call centres to the compliance helpline. The department's internal guidelines and intranet include instructions to warm transfer¹⁵ callers to compliance staff. We no longer receive complaints about accessing the compliance line.

2.66. Recommendation 5(d) concerned staff training. DHS has developed and delivered training to staff including Video On Demand, e-learning and facilitated learning packages—copies of which were provided to our Office in September 2017. During our investigation, DHS acted on our suggestions to improve the visibility of its guidelines on the use of s 192 information gathering powers, titled 'Unable to access payslips or bank statements', in its online guidance and training packages.¹⁶

2.67. Recommendation 5(e) sought to ensure DHS had robust processes to capture and record complaint and internal review information, for continuous improvement purposes. In October 2016, prior to the commencement of our original investigation, DHS added an EIC complaints marker to its complaints monitoring system to allow for separate reporting and management of EIC complaints. The department has also created the position of Chief Citizen Officer to capture the citizen perspective and introduced a formal continuous improvement process, including a monthly OCI feedback report.

2.68. The Office is satisfied recommendations 5(a) to 5(e) have been met.

Recommendation 6—Customers receiving staff assisted interventions (DHS)

2.69. The Office recommended that the cohort of people considered vulnerable, and eligible for staff assisted interventions be expanded to include:

- current and former customers with a payment nominee who is either court appointed or an organisation
- customers with a current 'homelessness flag' on their record, who are not already captured under the Vulnerability Indicators.

¹⁴ Response received 20 December 2018.

¹⁵ Staff are advised 'When a customer contacts via their traditional channel, such as through a Smart Centre, these calls will be warm transferred to Compliance Officers, where they will accept the call and assist the customer' DHS response 16 November 2017.

¹⁶ Response received 6 September 2018. DHS provided copies of its amended guidelines and training packages.

2.70. DHS updated its case selection filters, and files containing these filters, effective from 3 July 2017. A copy of these filters was provided to our Office in response to our investigation. We are satisfied recommendations 6(a) and 6(b) are met.

Recommendation 7—Assistance to vulnerable customers (DHS)

2.71. We recommended the department provide additional assistance and support to vulnerable people to engage with the income confirmation process. In particular, we recommended making outbound calls to vulnerable customers, and consultation with relevant stakeholders.

2.72. Vulnerable customers may be at greater risk of not responding to the initiation letters, for example because they did not understand the correspondence, or have barriers making it difficult to respond. DHS has maintained an outbound call strategy since the publication of our report. A trial is further evaluating the impact on vulnerable customers. Currently, when customers have not made contact, staff are required to make two genuine telephone contact attempts on all available numbers prior to raising any debt.¹⁷

2.73. Vulnerable customers may also be at greater risk of being unable to obtain relevant information. The guidelines developed by DHS and DSS for using information gathering powers to assist where a customer is unable to obtain income information or would suffer financial hardship in obtaining that information, represent important progress in servicing vulnerable customers.

2.74. In July 2017 DHS invited 36 relevant organisations to engage with the department, on a regular basis, to input on the design of its online compliance activities.¹⁸ DHS advises it has met with a number of welfare groups on the issue, including the National Social Security Rights Network and Australian Council of Social Services, and says it will continue to do so.

2.75. The Office is satisfied recommendations 7(a) and 7(b) are met.

Recommendation 8—Future implementation (DHS)

2.76. We recommended that before further expansion DHS should undertake a comprehensive evaluation of the program. We also recommended DHS give further consideration to how it can further mitigate the risk of possible over-recovery of debts.

Evaluation

2.77. In February 2017, DHS engaged Price Waterhouse Coopers (PwC) to review the online system processes and implementation strategy and provide a revised implementation strategy. PwC staff were positioned within the department on a contractual basis, working alongside DHS staff, to iteratively review the online system and identify areas for improvement. In addition, the department undertook research into users, including behaviours and motivators, and user tested system improvements.

¹⁷ Operational Blueprint reference 2110-13090010 Table 11, Step 13 accessed 13 November 2018
<https://operational.humanservices.gov.au/authenticated/Pages/compliance-and-reviews/110-13090010-03.html>

¹⁸ Response received 16 November 2018.

2.79. The iterative nature of this review process means there is no point-in-time formal or final evaluation report. Nevertheless we are satisfied, from our close engagement with the department, that DHS has evaluated the service and used the findings to implement significant improvements to the overall system, including the CUPI online system.

Steps to mitigate the risk over recovery of debts

2.80. Many of the recommendations discussed in Part 2 of this report aimed to mitigate the risk of over recovery of debts by ensuring fairness, transparency and accessibility in the processes by which a customer is:

- notified of the income discrepancy
- invited to provide information
- advised of the consequences of not doing so
- assisted to obtain information if needed
- supported to complete the online process.

However, in addition to the steps in recommendations 1–7, recommendation 8(b) required DHS to give further thought to what steps it could take to further mitigate the risks of over-recovery of debts in the EIC system.

Further steps – improved case selection and filtering

2.81. DHS has analysed data, including from ‘inflight’¹⁹ interventions, and has used these findings to introduce a series of improvements including:

- Better case selection—DHS identifies and filters out more of the complex cases likely to involve manual-handling (for example, 51,000 interventions where the customer had several different kinds of income, not only PAYG income) pending future system releases capable of assessing the additional income types.
- A new online filter—ensures that where a discrepancy is resolved by fixing employer name or dates worked, the person is not required to unnecessarily work through the rest of the CUPI online system. By mid-December 2018, the CUPI online system had filtered out approximately 500 customers.²⁰

2.82. DHS’ new assessment tool means it is now able to predict²¹ which interventions are likely to result in an outcome of either zero debt or low value debt that the department would not seek to recover, *prior* to initiating a compliance review. Where this is the case, DHS can finalise the intervention without engaging with the customer, as no further compliance review is required and

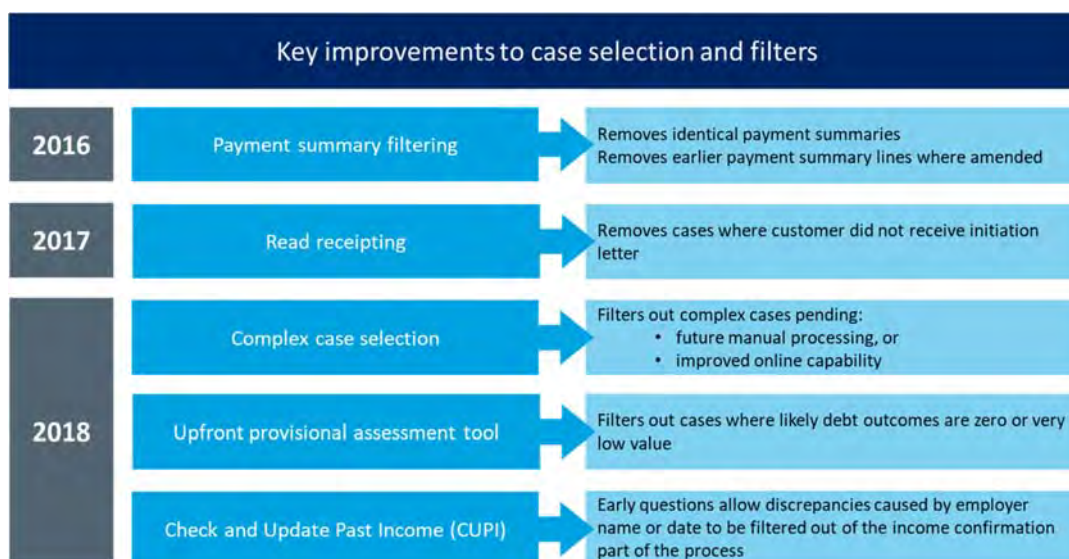
¹⁹ Inflight interventions are interventions that are ‘live’ i.e. interventions that are in progress and not yet finalised.

²⁰ In a response received 20 December 2018, DHS advised that the online filter, which applies to CUPI only, had filtered out approximately 500 people. DHS expects this number to increase in 2019 as the number of initiations under the CUPI system increases.

²¹ In early 2018, a trial of the new assessment tool, the Upfront Provisional Assessment Tool, was undertaken. Using a sample size of 2,155, DHS compared the estimated debt amount produced by the assessment tool with the actual outcome of the compliance intervention. The assessment tool accurately predicted 93 per cent of income discrepancies that resulted in no debt for the customer.

the result is that no debt is to be recovered.²² A timeline of key improvements to case selection and filtering is outlined below in Figure 3.

Figure 3—Key improvements to case selection filters



2.83. We also recommended further rollout of the OCI should be done incrementally. DHS has provided data on the number of interventions being rolled out, which demonstrate an incremental approach. Rollout to any new groups (for example, the CUPI cohort) have been preceded by trials and user-testing. Since October 2018, the CUPI has gone live with a ‘soft’ incremental rollout.

Data analysis—decrease in debts being subsequently reduced

2.84. In September 2018 the Office sought data from DHS about intervention outcomes. In its response, DHS provided monthly outcomes data for the period from commencement of the program on 1 July 2016 to August 2018.

2.85. This dataset contained point in time figures, including numbers of initiations and debts raised, reduced and zeroed. In any given month, the debts reduced may have been initiated or raised in earlier months.²³ This means volumes of initiations and debt raising activities in earlier months may have a flow on effect for the percentage of debts raised or reduced in later months. For this reason, it is preferable to analyse the data using aggregate figures over longer time periods.

²² Between July 2018, when the new assessment tool was introduced, and December 2018 there had been approximately 67,000 cases finalised without a debt being raised and without needing to contact the customer. Response received 20 December 2018.

²³ This is because there is no time limit for reassessments. A person can have their debt reassessed at any time, even months or years later.

2.86. With that caveat, comparative analysis of the data for the periods before publication of our report (1 July 2016 to 30 April 2017) and following publication of our report (1 May 2017 to 30 August 2018) shows:

- a decrease in the proportion of initiations resulting in a 'no debt' outcome²⁴ following contact with the customer from an average of 17 per cent to an average of 12 per cent²⁵
- a decrease in the proportion of debts being reduced (including to zero)²⁶ from an average of 16 per cent prior to 8 per cent.²⁷

2.87. These figures are broadly in line with the figures DHS has provided for the proportion of debts reduced (including to zero) across non-EIC compliance measures, including AUSTRAC (3 per cent), Student Obligations (10 per cent), Enforcing Welfare Recipient Obligations (4 per cent) and business-as-usual compliance (6 per cent).

2.88. While there has been a decrease in the proportion of debts being reduced (including to zero), there has been an increase in the total number of these debts, particularly since February 2018, when the department began contacting the people who it confirmed had received their initiation letter, but not responded, or had not completed the EIC process. This cohort is referred to as the 'due date processing pool' (Figure 4). The total number of debts may continue to increase over the next 12 months, as DHS works through its pool of people who did not contact the department after receiving their initiation letters.²⁸

²⁴ In this context, a 'no debt outcome' means no debt is raised.

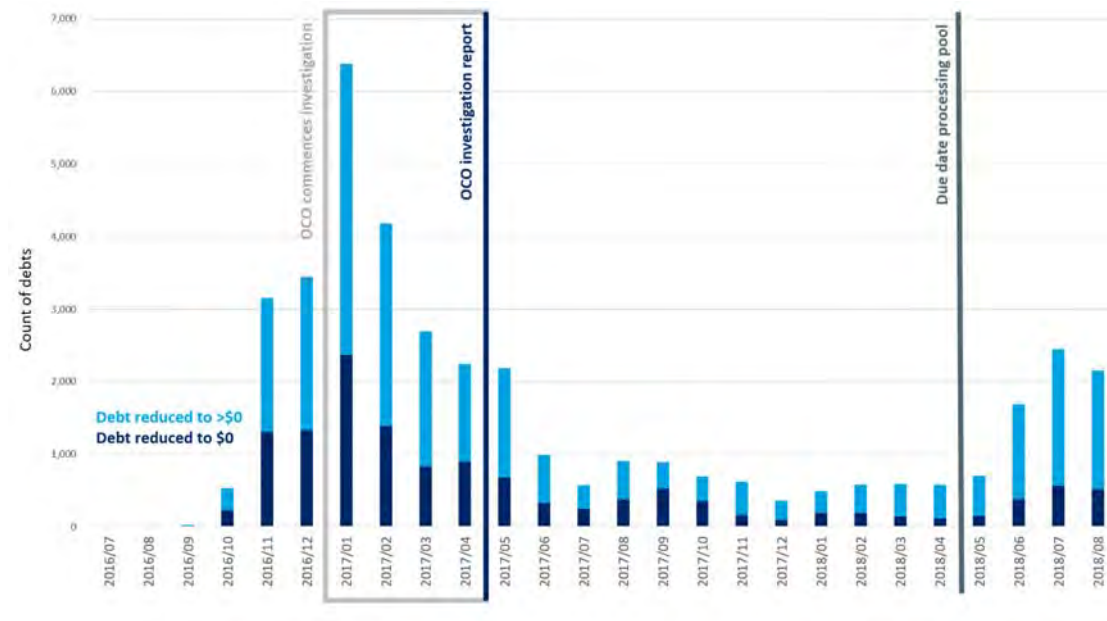
²⁵ Figures provided in response to questions sent September 2018: For the period 1 July 2016 to 30 April 2017, there were 225,588 initiations and 38,760 assessments completed without a debt being raised. For the period 1 May 2017 to 31 August 2018, these figures were 673,524 and 79,844 respectively.

²⁶ In this context, a debt has been raised but is subsequently reduced to a lower amount or reduced to zero.

²⁷ For the period July 2016 to April 2017, 139,613 debts were raised and 22,666 debts were reduced (including to zero), compared with 211,347 debts raised and 16,448 reduced (including to zero) for the period May 2017 to August 2018. The monthly figure for debts reduced to zero has steadily reduced from a peak of 18 per cent in July 2017 to 11 per cent in August 2018.

²⁸ Until early 2018, the department focussed on actioning interventions where the customer contacted the department, as part of a phased, incremental approach. From February 2018 the department began contacting the due date processing pool. If the department is unable to contact customers in this cohort, it may raise debts using ATO information. These debts can be reassessed and may be reduced if the customer subsequently opts to provide new information.

Figure 4—Number of debts reduced (including to zero)²⁹



2.89. It is an important feature of the system that a person is able to provide information for reassessment even after a debt is raised. This means it is likely there will always be some debts reduced after a person contacts, because those customers are exercising their option to provide better information to support a reassessment. There may also be cases where new information provided by the customer results in DHS increasing the debt. This is an indicator that the reassessment process, an important procedural fairness and system safeguard, is functioning as it should.

2.90. The further recommendations in this report also support the reassessment process, as they are designed to improve customer awareness of the importance of providing information, consequences of not contacting DHS, and reassessment options available to them.

2.91. We are satisfied recommendations 8(a) and 8(b) are met. DHS has evaluated the online system and income confirmation process, identified ways to mitigate the risk of over recovery of debts, and taken an incremental approach to further rollout.

²⁹ 'Increased DHS compliance activity' refers to the period, from May 2018, when DHS scaled up processing of interventions in its 'due date processing pool' (see footnote 28).

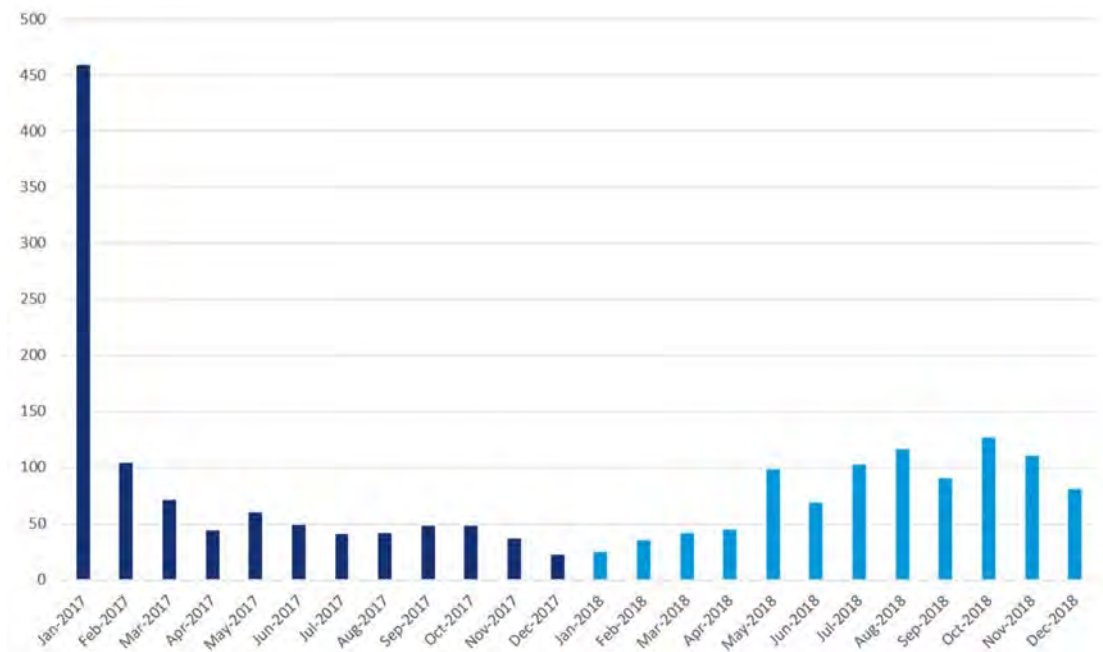
Part 3: COMPLAINTS DATA

3.1. The Office records EIC complaints as ‘automated data matching’ complaints. The trend in automated data matching complaints reflects both an overall decrease in complaints due to improvements to the system after February 2017; and a more recent increase in complaints in line with increased DHS compliance activity, as shown in Figure 5 below.

3.2. Debt data-matching complaints have fallen from a peak of 459 in January 2017 to 80 in December 2018.

3.3. In early 2018, DHS began following up people who received the initiation letter, but did not respond, or did not complete the process. DHS makes several attempts to contact people by telephone before raising any debt. DHS began processing this pool of people slowly from February 2018, then scaled up to 8000 a week from May 2018. This increased activity resulted in a corresponding increase in automated data matching complaints to the Office, which peaked in October 2018, with 126 complaints.

Figure 5—Complaints about data matching 2017–18



Qualitative analysis

3.4. A qualitative analysis of a sample³⁰ of automated data matching complaints for the period July 2018 to December 2018 showed:

- most complaints did not raise new systemic issues, or raised issues that were not specific to the EIC (for example, complaints about timeframes for review by Authorised Review Officers)
- most complaints were referred back to DHS in the first instance, to access DHS review and complaints mechanisms, with an invitation to return to the Office if still unsatisfied with DHS' response.

3.5. While individual complaint investigations found instances where procedures had not been followed, these were attributable to human error rather than EIC systemic issues. Where the Office considers an example of human error may reflect a wider issue, for example with staff training or clarity of operational guidelines, we will continue to make formal comment and suggestions to DHS to improve administration.

3.6. In the case study below, DHS responded to one such issue by taking steps to provide feedback to staff and improve its training and guidance to staff.

Case study

Mr A received a letter asking him to verify his employment income. His carer contacted DHS to explain that Mr A has a disability and has never worked. However, another family member, who does work, lived at the same address and has never received Centrelink payments. The compliance officer advised Mr A's carer that Mr A should contact the other family member's employer for documentation to confirm the income was not earned by Mr A. His carer lodged a complaint with Centrelink, but Mr A continued to receive reminder letters asking him to confirm his income.

In response to our investigation, DHS confirmed that its compliance officers did not follow procedural guidelines for referring suspected anomalies for investigation (which will stop further correspondence including reminder letters) and meant Mr A did not need to supply employer information in the circumstances. DHS provided feedback to the staff involved in Mr A's review, including the line manager. DHS also updated the relevant internal guideline and sent communications to staff to remind them of the correct process. DHS also made improvements to its training package on the circumstances where contact with employers on the customer's behalf should be used.

3.7. We have also seen complaints that raise broader issues which are not confined to the EIC (for example, complaints about a misunderstanding between the department and customer about whether a review is on foot, which in the EIC context, can affect whether debt recovery is paused). We will continue to work with the department on broader service delivery issues in our regular engagement about review and complaints handling processes.

³⁰ For the period October to December 2018, the sample comprised 50 per cent of Category 2 complaints and 100 per cent of Category 3 and above. For the period July to September 2018 the sample comprised 20 per cent of Category 2 complaints and 100 per cent of Category 3 and above.

3.8. Other complaint investigations have demonstrated DHS' compliance with relevant procedures, as in the following case study:

Case Study

Mr B was sent an initiation letter by email in May 2017, for which the department received a 'read receipt'. Mr B did not recall receiving the letter.

DHS sent Mr B two reminder letters in May 2017 and October 2017. In April 2018 a compliance officer rang Mr B and spoke to him about the debt, encouraged him to get bank statements and offered an extension of time. Mr B declined and chose to accept the ATO information instead. He was advised of the amount of the debt to be raised, and of his review rights.

The department's debt recovery officers attempted unsuccessfully to call Mr B twice in May 2018. Later in May 2018, after Mr B had received his debt notice, he spoke with DHS saying he disagreed with the debt and wanted to provide bank statements. He uploaded some of his bank statements the same day and the rest two weeks later. His debt was reassessed by the department and no recovery fee was applied.

3.9. Overall, DHS' steps to implement the recommendations from our April 2017 report has resulted in a reduction in complaints, and we are satisfied fairer processes are in place. While the Office is seeing some increase in complaint volumes more recently, the increase appears to be a direct result of increased DHS compliance activity, rather than significant new systemic issues. Nevertheless, the Office will continue to conduct individual complaint investigations where appropriate, and make suggestions to the department to improve its administration where a systemic remedy is identified.

Part 4: CONCLUSION AND FURTHER RECOMMENDATIONS

Conclusion

4.1. DHS has made significant progress in implementing recommendations from our report *Centrelink's Automated Debt Raising and Recovery System*.

4.2. The income confirmation process, including online and manual interventions, is now fairer and more transparent. Greater clarity in written and online communication mean the process is now more robust in its procedural fairness and usability. Improved policy guidance, staff training and communication mean that staff are authorised and trained to use information gathering powers to assist people who would be unfairly disadvantaged by their own inability to obtain income information. Better internal communication, and enhancements to the service offer (for example, making outbound calls prior to raising debts and promoting direct access to a well-staffed dedicated hotline) have improved accessibility to compliance officers and bolstered the fairness of the process.

4.3. DHS has put in place processes to capture complaint information which is analysed and used to identify further improvements to the online system and manual-handling procedures. DHS is engaging regularly with external stakeholders to obtain feedback, including with our Office, and has evaluated and redesigned its online and manual processes. Its efforts to further mitigate the risk of over recovery of debt appear to have resulted in a decrease in the proportion of debts reduced or found not to exist after a person contacts the department from an average of around 16 per cent prior to publication of our report, to around 8 per cent since publication. This is broadly in line with the figures DHS has provided for its other non EIC debt raising and recovery measures.

4.4. The Office is satisfied recommendations 4, 5, 6, 7 and 8 have been implemented. In relation to recommendation 1, we are satisfied the recommendation has been implemented, but think further improvements should be made to letters to ensure customers receive better information about debt recovery fees and the information used to calculate their debt. In relation to recommendation 2, we are satisfied parts a, b and d have been implemented, but think part c is a work in progress. We are satisfied recommendation 3 has been met in the CUPI system, but are not satisfied it has been met in the EIC system. However, as there will be no customers using the EIC system without staff assistance by March 2019, the value in implementing recommendation 3 in the EIC online system is minimal.

4.5. The Office will continue to monitor any new complaints it receives about the program, conducting investigations where appropriate and regularly liaising with DHS to further improve administration of the program.

4.6. Our recommendations for further action are set out below.

10 per cent recovery fee

4.7. DHS has met recommendation 1 in respect of the 10 per cent recovery fee, by improving messaging in letters and sending 114,653 letters explaining recovery fee review rights to people who had already incurred a recovery fee. However, we are mindful that 114,653 letters were sent by ordinary mail and email, so were not read receipted and may not have been received if customers were no longer at the last known address held in DHS records.

4.8. For people who were sent debt notices prior to 27 May 2017, we recommend DHS include messaging in its debt recovery communication similar to the messaging included in improved notice of decision letters sent since 27 May 2017.

Further Recommendation 1 (Recovery Fees)

For customers who incurred a recovery fee prior to 27 May 2017, DHS should explain in compliance debt recovery correspondence, such as account payable notices and debt outcome letters:

- why a recovery fee was applied
- options for people to advise of personal circumstances affecting their ability to declare income.

Debt explanation

4.9. The Office considers DHS should provide a more detailed explanation of debt outcomes to customers in all compliance debt letters.

Further Recommendation 2 (Debt explanation)

DHS should provide an improved debt explanation in all compliance debt outcome letters within the next 12 months, irrespective of whether the customer completed the review online or through the assistance of a compliance officer.

Initiation letters

4.10. Despite DHS' efforts to improve the quality of information in these letters, as at November 2018, the messaging (including linked online messaging) does not adequately explain the **consequence** of not contacting Centrelink and choosing to rely on averaged ATO information.

4.11. We are satisfied that DHS is on track to implement this recommendation for initiation letters in the CUPI system, based on the messaging that was user tested. However, as implementation is not finalised, we have made the following further recommendation.

Further recommendation 3 (CUPI initiation letters)

DHS should take steps to ensure that Check and Update Past Income (CUPI) initiation letters warn customers that if they do not check and update past information, DHS may use Australian Taxation Office (ATO) data to calculate any debt, which may mean they have to pay back more than they need to. It should explain, either in the letter itself or in linked or enclosed materials, such as a flyer, how averaging of ATO income works and the consequences this may have for any debt calculation.

Earlier initiations

We are mindful that more than 1,000,000 EIC initiation letters, which do not satisfy the original recommendation 3, have been sent to customers. There may be people in this cohort who did not go online or contact the department because they did not understand the consequences of not doing so. However, if made aware of the consequences, these customers may commence engagement with the department at any time, as there is no time limit for reassessments if new information is provided.

4.12. We therefore recommend the department provide information about the consequences of averaging in the next key contact point in the process—debt recovery correspondence.

Further recommendation 4 (Additional messaging)

DHS should include clear information in compliance debt recovery correspondence, such as account payable notices and debt outcome letters, about the consequences of using ATO information and options available to customers.

APPENDIX A—RECOMMENDATIONS FROM APRIL 2017 REPORT

Recommendation 1—Ten per cent recovery fee

We recommend that in certain circumstances DHS should reassess those debts already raised by the OCI where the recovery fee was applied automatically, including, where a customer contacts DHS or a mercantile agent to raise a concern, seek information, or seek a re-assessment in relation to an OCI debt which includes a debt recovery fee (whether or not the debt has been repaid). DHS should manually reassess whether the application of the recovery fee was appropriate, taking into account the customer's personal circumstances, including the existence of a reasonable excuse.

Recommendation 2—Initial contact letters

The initial contact letters to customers should:

- (a) place the compliance helpline number on the first page
- (b) mention the possibility of a debt earlier
- (c) clearly explain the concept of averaging. In particular, letters should explain that if the customer does not go online or if they accept the ATO data, their income will be averaged over periods for which income has not been verified and debts based on averaged ATO income may be less accurate, especially if the customer's income was fluctuating or intermittent.
- (d) advise people they can ask for an extension of time online or by calling the compliance helpline number.

Recommendation 3—Messaging within the OCI

DHS should include a message within the OCI system to clarify that if the customer does not enter their income information, their ATO income will be averaged evenly across the relevant period and this may result in a debt. The message should advise that debts based on averaged ATO income may be less accurate than debts based on actual income, especially if the customer's income was fluctuating or intermittent.

Recommendation 4—Obtaining employment income evidence

- (a) DHS should take into account the potential cost to some customers of obtaining bank statements. Where this cost would cause financial hardship to the person, DHS should use its powers to request the evidence directly from the financial institution.
- (b) Where a person contacts DHS for assistance in relation to the OCI, DHS should use its information gathering powers to assist the person to obtain income information from a third party, such as a former employer or bank, if:
 - despite genuine and reasonable attempts to do so, the person has been unable to obtain income information, or
 - it would be unreasonable, in the circumstances of their case, to expect them to obtain such information.
- (c) Where customers advise they had stopped working for a particular employer, DHS should consult its own records to confirm if that information had previously been verified with the employer and/or if the customer had notified DHS at the time.

- (d) The Department of Social Services should include clear guidelines about the process for obtaining employment income evidence in the *Guide to Social Security Law*.

Recommendation 5—Communication to customers and staff

DHS should:

- (a) ensure its 1800 compliance helpline number continues to be adequately resourced
- (b) produce comprehensive publicly available information for customers on how to use the OCI system, which includes the compliance helpline telephone number and how to obtain relevant employment income evidence. This information may include video on demand (VOD) resources and fact sheets
- (c) modify the standard message in customer records to refer them to their online account, to reflect that customers can be referred for assistance if required
- (d) continue to provide comprehensive training as required to specialist compliance staff and regular messaging to all service delivery staff on the OCI system, in particular, ensuring customers are directed to, and assisted by, the specialist compliance staff
- (e) systematically capture and record information obtained from complaints and internal reviews and use this information to continuously improve the OCI system from the customer's perspective.

Recommendation 6—Expansion of customers who are offered a staff assisted intervention

Before the OCI system is rolled out further, the following groups should be included in the current vulnerable (staff assisted) cohort for OCI purposes:

- a) current and former customers with a payment nominee who is either court appointed or an organisation
- b) customers with a current homelessness flag on their record who are not already captured under the Vulnerability Indicators.

Recommendation 7—Assistance to vulnerable customers

DHS should provide additional assistance and support to vulnerable people to engage with the OCI system. In particular:

- (a) DHS should consider making outbound calls to vulnerable customers where they do not respond to the initial or reminder letters, to explain what is required and start the staff assisted service offer
- (b) DHS should consult with relevant stakeholders about the difficulties vulnerable groups may face when engaging with the OCI.

Recommendation 8—Future implementation of the OCI

Before further expansion of the OCI, DHS should:

- (a) undertake a comprehensive evaluation of the OCI in its current form
- (b) give further consideration as to how to mitigate the risk of possible over-recovery of debts.

Further rollout of the OCI should be done incrementally.

APPENDIX B—DSS POLICY ON USE OF S 192

Social Security Guide

Version 1.250 released 5 November 2018

6.3.9 Confirming Employment Income

Summary

As a part of a regular compliance program, [DHS](#) undertakes activities to identify incorrect payments, adjust payments or recover money owed where required.

As part of this process DHS matches data with the [ATO](#) and other government agencies.

Letters may be sent to a recipient (former or current) where a potential discrepancy is identified between the income details provided by the ATO and the details the recipient reported to DHS.

The recipient may be required to check, and confirm or update, the employment information. This may include employer details, dates worked and income for each fortnight.

The [DHS website](#) provides detailed information regarding confirming or updating employment details. A phone number is also provided for those who require help.

Employment income evidence

Any employment income that a recipient and/or their partner earn may affect the rate of payment.

The recipient may be required to obtain and provide DHS with further documentation to confirm or update any employment details, such as:

- payslips,
- employer reports,
- separation certificates,
- group certificate or payment summary,
- bank statements for the account or accounts the employer pays the income into - noting bank statements can be accessed through the financial institution for up to 7 years.

In circumstances where income is identified and it is considered not to be employment income, such as income protection payments or compensation, the recipient may be required to obtain and provide DHS with further documentation to confirm or update the details. This may include:

- a copy of compensation claim,
- a statement from payer regarding income protection payments,
- a statement from each superannuation policy.

DHS may consider requests from the recipient for additional time and/or the provision of alternative documentation, to provide the required income information.

Where a recipient advises DHS that they cannot obtain the required information due to exceptional circumstances, DHS should make an assessment as to whether to use the information gathering power under SS (Admin)Act section 192 to obtain the required information directly from third parties, such as banks, financial institutions and employers.

When assessing whether exceptional circumstances exist, DHS should review each case on its own merits, taking the following factors into consideration:

Whether the recipient has made genuine and reasonable attempts to obtain the required information. For example, the recipient has been unable to obtain the required information because the third party no longer operates, has been uncontactable, or is being uncooperative.

Whether the cost of obtaining the required information themselves would cause financial hardship to the recipient.

The nature of the relationship between the recipient and the employer. For example, there was a conflict or breakdown in the employer-employee relationship.

Whether it would be unreasonable to expect the recipient to obtain the information themselves given the nature of their particular vulnerabilities. Vulnerabilities to be considered include, but are not limited to:

- disability or illness,
- homelessness (or risk of),
- personal crisis, for example, bereavement, recent trauma, family or domestic violence or other issues causing severe emotional distress,
- language and/or literacy issues,
- geographically or socially isolated, for example remote Indigenous.

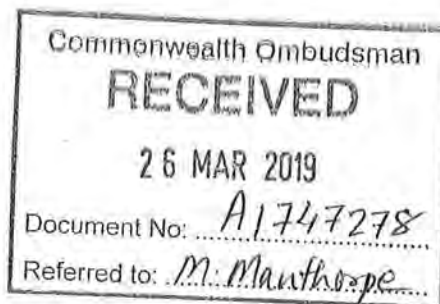
Other special circumstances considered unusual or exceptional. For example, records were destroyed in a fire, or where the person says they did not work for that employer (e.g. mistaken identity).

Act reference: [SS\(Admin\)Act](#) section 79 Rate reduction determination, section 80 Cancellation or suspension determination, section 192 General power to obtain information **Policy reference:** SS Guide [1.1.E.102](#) Employment income.

APPENDIX C – DHS RESPONSE



Australian Government
Department of Human Services



Our Ref: EC19-000255

Secretary
Renée Leon PSM

Mr Michael Manthorpe PSM
Commonwealth Ombudsman
GPO Box 442
CANBERRA ACT 2601

Dear Mr Manthorpe *Michael*

Thank you for the opportunity to comment on the draft Commonwealth Ombudsman's report, *Centrelink's Automated Debt Raising and Recovery System – Implementation Report, March 2019* (the Report).

The Department of Human Services (the department) welcomes your assessment that the department has improved its administration of the income compliance measures, and has made significant progress in implementing the recommendations made in the Commonwealth Ombudsman's April 2017 report, *Centrelink's Automated Debt Raising and Recovery System*.

Over the past year, the department has developed and implemented the Check and Update Past Income system. This online compliance system is improving both customer experience and programme administration. In addition to this, the department is continuing to improve its messaging to customers and values the input provided by your Office in this work.

The department accepts the four recommendations made in the Report; taking action in these areas will further strengthen the online compliance system and improve communication with our customers (Attachment A refers).

The department appreciates the time and effort taken by your Office in conducting this investigation.

Yours sincerely

Renée Leon

21 March 2019

ATTACHMENT A

2019 OMBUDSMAN OWN MOTION REPORT: CENTRELINK'S AUTOMATED DEBT RAISING AND RECOVERY SYSTEM – IMPLEMENTATION REPORT - FURTHER RECOMMENDATIONS

Recommendation 1 – Ten per cent recovery fee

For customers who incurred a recovery fee prior to 27 May 2017, DHS should explain in compliance debt recovery correspondence, such as account payable notices and subsequent reminders to pay:

- why a recovery fee was applied, and
- options for people to advise of personal circumstances affecting their ability to declare income.

DHS response: Accepted.

DHS will work to update the accounts payable notices and subsequent reminder letters to include this information.

Recommendation 2 – Debt explanation

DHS should provide an improved debt explanation in all compliance debt outcome letters within the next 12 months, irrespective of whether the customer completed the review online or through the assistance of a compliance officer.

DHS response: Accepted.

DHS has provided an improved debt explanation in current compliance debt outcome letters for customers who complete their review using the CUPI and EIC platforms. Within the capabilities of DHS' legacy systems, DHS is also working on extending this improved debt explanation to all compliance debt outcome letters.

Recommendation 3 – Initiation letters

DHS should take steps to ensure that Check and Update Past Income (CUPI) initiation letters warn customers that if they do not check and update past information, DHS may use ATO data to calculate any debt, which may mean they have to pay back more than they need to. It should explain, either in the letter itself, or in linked or enclosed materials, such as a flyer, how averaging of ATO income works and the consequences this may have for any debt calculation.

DHS response: Accepted.

DHS accepts the recommendation and has been working closely with the Office to user test a range of explanations to provide customers with a clearer understanding of the use of ATO data.

Recommendation 4 – Additional messaging

DHS should include clear information in compliance debt recovery correspondence, such as account payable notices and subsequent reminders to pay, about the consequences of using ATO information and options available to customers.

DHS response: Accepted.

DHS will look to implement this change in conjunction with recommendation 1.

APRIL 2017 OMBUDSMAN OWN MOTION REPORT: CENTRELINK'S AUTOMATED DEBT RAISING AND RECOVERY SYSTEM – ORIGINAL RECOMMENDATIONS

Recommendation 1 – Ten per cent recovery fee

We recommend that in certain circumstances DHS should reassess those debts already raised by the OCI where the recovery fee was applied automatically, including, where a customer contacts DHS or a mercantile agent to raise a concern, seek information, or seek a re-assessment in relation to an OCI debt which includes a debt recovery fee (whether or not the debt has been repaid). DHS should manually reassess whether the application of the recovery fee was appropriate, taking into account the customer's personal circumstances, including the existence of a reasonable excuse.

Status – Met.

Recommendation 2 – Initial contact letters

The initial contact letters to customers should:

- (a) place the compliance helpline number on the first page
- (b) mention the possibility of a debt earlier
- (c) clearly explain the concept of averaging. In particular, letters should explain that if the customer does not go online or if they accept the ATO data, their income will be averaged over periods for which income has not been verified and debts based on averaged ATO income may be less accurate, especially if the customer's income was fluctuating or intermittent.
- (d) advise people they can ask for an extension of time online or by calling the compliance helpline number.

Status: Recommendation 2(a)(b) and (d) met. DHS has been working closely with the Ombudsman's office to develop a viable solution to achieve the intent of recommendation 2c) and will continue in this work to improve customers' experience.

Recommendation 3 – Messaging within the OCI

DHS should include a message within the OCI system to clarify that if the customer does not enter their income information, their ATO income will be averaged evenly across the relevant period and this may result in a debt. The message should advise that debts based on averaged ATO income may be less accurate than debts based on actual income, especially if the customer's income was fluctuating or intermittent.

Status: Met in the Change and Update Past Income (CUPI) system.

Recommendation 4 – Obtaining employment income evidence

- (a) DHS should take into account the potential cost to some customers of obtaining bank statements. Where this cost would cause financial hardship to the person, DHS should use its powers to request the evidence directly from the financial institution.
- (b) Where a person contacts DHS for assistance in relation to the OCI, DHS should use its information gathering powers to assist the person to obtain income information from a third party, such as a former employer or bank, if:
 - despite genuine and reasonable attempts to do so, the person has been unable to obtain income information, or
 - it would be unreasonable, in the circumstances of their case, to expect them to obtain such information.
- (c) Where customers advise they had stopped working for a particular employer, DHS should consult its own records to confirm if that information had previously been verified with the employer and/or if the customer had notified DHS at the time.
- (d) The Department of Social Services should include clear guidelines about the process for obtaining employment income evidence in the *Guide to Social Security Law*.

Status: DHS has met recommendations 4(a)(b) and (c).

Recommendation 5 – Communication to customers and staff

- DHS should:
- (a) ensure its 1800 compliance helpline number continues to be adequately resourced
 - (b) produce comprehensive publicly available information for customers on how to use the OCI system, which includes the compliance helpline telephone number and how to obtain relevant employment income evidence. This information may include video on demand (VOD) resources and fact sheets
 - (c) modify the standard message in customer records to refer them to their online account, to reflect that customers can be referred for assistance if required
 - (d) continue to provide comprehensive training as required to specialist compliance staff and regular messaging to all service delivery staff on the OCI system, in particular, ensuring customers are directed to, and assisted by, the specialist compliance staff
 - (e) systematically capture and record information obtained from complaints and internal reviews and use this information to continuously improve the OCI system from the customer's perspective.

Status: Met.

Recommendation 6 – Expansion of customers who are offered a staff assisted intervention

Before the OCI system is rolled out further, the following groups should be included in the current vulnerable (staff assisted) cohort for OCI purposes:

- a) current and former customers with a payment nominee who is either court appointed or an organisation
- b) customers with a current homelessness flag on their record who are not already captured under the Vulnerability Indicators.

Status: Met.

Recommendation 7 – Assistance to vulnerable customers

DHS should provide additional assistance and support to vulnerable people to engage with the OCI system. In particular:

- a) DHS should consider making outbound calls to vulnerable customers where they do not respond to the initial or reminder letters, to explain what is required and start the staff assisted service offer
- b) DHS should consult with relevant stakeholders about the difficulties vulnerable groups may face when engaging with the OCI.

Status: Met.

Recommendation 8 – Future implementation of the OCI

Before further expansion of the OCI, DHS should:

- a) undertake a comprehensive evaluation of the OCI in its current form
- b) give further consideration as to how to mitigate the risk of possible over-recovery of debts.

Further rollout of the OCI should be done incrementally.

Status: Met.

APPENDIX D – DSS RESPONSE



Australian Government
Department of Social Services

Kathryn Campbell AO CSC
Secretary

REF: EC19-000650

Mr Michael Manthorpe PSM
Commonwealth Ombudsman
GPO Box 442
CANBERRA ACT 2601

Michael
Dear Mr Manthorpe PSM

Thank you for your letter of 21 February 2019, providing the Department of Social Services with the opportunity to comment on the draft Commonwealth Ombudsman's Implementation Report on Centrelink's Automated Debt Raising and Recovery System (the draft report), under section 8(5) of the *Ombudsman Act 1976*.

The department is committed to safeguarding the integrity and sustainability of the welfare system, providing a strong safety net for those most at risk.

As noted in your report, the Department of Social Services has fully implemented the recommendation for which we have policy responsibility. The department supports the four remaining recommendations for the Department of Human Services (DHS), to provide further clarity in correspondence in relation to: the recovery fee; the reason for the debt; how averaging of the ATO income information works and the consequences for the debt calculation; and options available to customers.

DHS has responsibility for ensuring that a person who claims a social welfare payment meets the eligibility requirements for that payment. Under the social security law, welfare recipients have an obligation to provide DHS with information to determine their eligibility for payment, and meet ongoing information requirements regarding changes to their circumstances. As part of the compliance program, DHS conducts data matching activities to detect incorrect payments and investigate potential non-compliance; this includes identifying undeclared or understated income.

The department acknowledges the significant improvements DHS has rolled out since early 2017, to improve the fairness, transparency and usability of the online compliance system.

The department will continue to work with DHS, providing policy guidance as required, to ensure a fair and transparent system for social welfare recipients.

I would like to thank your Office for working collaboratively with officers from my department, in developing the findings of the Implementation Report.

Yours sincerely

A handwritten signature in black ink, appearing to be 'K. [unclear]', written in a cursive style.

9 March 2019



Friday 03 March 2023 17:39 - Sydney, NSW

Itinerary for
ANDERSON/IAIN MR

Booking Number: B85672
PNR Reference: 6KIK74
Consultant: CTM Travel Consultant
Booked By: s 47F
Departure Date: 08 Mar 23
Debtor: Office of the Commonwealth Ombudsman
Department: 9754-OCO 101 EXECUTIVE
Return Date: 09 Mar 23
***Cost Centre:** s 47E, s 47F
***AGS Number:** s 47E, s 47F
***Movement Req Number:** s 47E, s 47F
Travel Booker Name: s 47F

Contact Details and Amendments

Online Changes - Travellers are encouraged to process booking amendments via Cytric (Online Booking Tool) wherever possible.
 Changes with a Consultant - To make a non-urgent booking amendment through a CTM consultant, email the relevant team below. Please include the booking reference number and specific details about the requested change to the booking. To make an urgent booking amendment through a CTM consultant, call **1300 368 501**
Domestic@travelctm.com, International@travelctm.com, groups@travelctm.com, vipwoag@travelctm.com
 Please note, amendments facilitated by a CTM consultant may incur a CTM Service Fee. For a copy of the CTM Fee Schedule, please contact your entity's Travel Team.

Date	Service	Details		
Wednesday 08 Mar 23	Flight	Airline: VIRGIN AUSTRALIA Departure Date: Wed 08 Mar 23 at 06:20 Arrival Date: Wed 08 Mar 23 at 07:00 Aircraft: Boeing 737-700 (winglets) Class: L - Economy Class - Flex Stops: Non-Stop Airline Reference: USBHFU Status: Confirmed Baggage: 2 pieces Details: CANBERRA, AUSTRALIA (TERMINAL -) BRISBANE, AUSTRALIA (TERMINAL - D), Dept Time 08-03-2023 06:20, Arrival Time 08-03-2023 07:00 - Travelling time: 1 hr 40 mins - Meal Service: Meal	Flight VA1207 CANBERRA, AUSTRALIA BRISBANE, AUSTRALIA	
Wednesday 08 Mar 23	Hotel	Hotel Name: PULLMAN BRISBANE KING GEORGE SQUARE Check-In Date: Wed 08 Mar 23 Check-Out Date: Thu 09 Mar 23 Hotel Address: CORNER ANN AND ROMA STREETS Brisbane 4000, Australia P-61-7-32299111 F-61-7-32299618 Room Type: RUN OF HOUSE Rooms: 1 Booking Reference: AOGVOR0803 Status: Confirmed Payment Method: Chargeback via AOT Hotels Local Rate: AUD196.19 Per Night Rate: AUD196.19 Per Night Duration: 1 (Nights)		

Thursday 09 Mar 23	Flight	Airline: Departure Date: Arrival Date: Aircraft: Class: Stops: Airline Reference: Status:	QANTAS AIRWAYS Thu 09 Mar 23 at 19:40 Thu 09 Mar 23 at 22:25 Embraer 190 B - Economy FLEX Non-Stop 6KIK74 Confirmed	Flight QF1915 BRISBANE, AUSTRALIA CANBERRA, AUSTRALIA
		Details:	BRISBANE, AUSTRALIA (TERMINAL - D) CANBERRA, AUSTRALIA (TERMINAL -), Dept Time 09-03-2023 19:40, Arrival Time 09-03-2023 22:25 - Travelling time: 1 hr 45 mins - Meal Service: Hot meal	
		Seats:	04F - ANDERSON/IAIN MR	

Frequent Flyer Numbers

ANDERSON/IAIN MR s 47F

Ticket Numbers

- TKT VA 9788225600 - ANDERSON/IAIN MR - ADULT - CBR-BNE
- TKT VA 9788237885 - ANDERSON/IAIN MR - ADULT - CBR-BNE
- TKT QF 9788225603 - ANDERSON/IAIN MR - ADULT - BNE-CBR
- TKT VA 9788228195 - ANDERSON/IAIN MR - ADULT - CBR-BNE

Pre Pay	Description	Rates ex GST	Taxes/Fees ex GST	GST	AUD Total
Service Fee	Domestic Air only	9.01	0.00	0.90	9.91
Service Fee	WoAG Admin Dom	3.00	0.00	0.30	3.30
Service Fee	Change Domestic	16.44	0.00	1.64	18.08
Service Fee	Amendment Domestic	12.72	0.00	1.27	13.99
Ticket	VA - L - Economy Class - Flex 9788225600 - 03 Mar 23 - ADULT 08 Mar 23 CANBERRA- BRISBANE	160.00	36.91	19.69	216.60
Ticket	QF - B - Economy FLEX 9788225603 - 03 Mar 23 - ADULT 08 Mar 23 BRISBANE- CANBERRA	223.66	50.68	27.44	301.78
Due		424.83	87.59	51.24	563.66

Pay Direct	Description	Rates ex GST	Taxes/Fees ex GST	GST	AUD Total
Hotel	PULLMAN BRISBANE KING GEORGE SQUARE - AOGVOR0803 BRISBANE Date: 08 Mar 23/09 Mar 23	178.35	0.00	17.84	196.19
Total Booking Cost Inc Pay Direct				69.08	759.85

Final Ticket Date: 04 Mar 23

DOCUMENT 50

		Movement Requisition Number	
		s 47E	
Name of Officer Travelling		Booking Reference	
Iain Anderson		s 47E	
Office		Telephone Numbers	
Canberra		Mobile	
Ombudsman		Interstate	
<input type="checkbox"/> Country#		<input checked="" type="checkbox"/> Air	
		# only tier 2 and other country	

MOVEMENT/TRAVEL DETAILS - In line with the Whole of Australian Government travel services arrangements, all domestic air travel must be through the current contracted travel management company. Talk to your travel arranger.

Date (dd-mm-yy)	Flight or other Service	Class	DEPARTURE		ARRIVAL	
			Time (24hr)	Place	Time (24hr)	Place
08-Mar-23	VA1207	Eco	6.20	Canberra	7.00	Brisbane
09-Mar-23	QF1915	Eco	19.40	Brisbane	22.25	Canberra
Lounge Club or Frequent Flyer Membership Number: s 47F						
Were Frequent Flyer Points Used To Pay for Your Travel?			N		Value of all meals provided (if any):	

ACCOMMODATION DETAILS - All Commercial Accommodation is paid by the Office - Enterprise Agreement 2017-20 Para 59.4. In line with the Whole of Australian Government travel services arrangements, all domestic accommodation needs to be booked through the current contracted travel management company. Talk to your travel arranger.

Date	Location	Other Details
8-9 March 2023	PULLMAN BRISBANE KING GEORGE SQUARE	AOGVOR0803

VEHICLE DETAILS - In line with the Whole of Australian Government travel services arrangements, all domestic car hire must be booked through the current contracted travel management company. Talk to your travel arranger.

PRIVATE VEHICLE (Incl. Executive Vehicle) <input type="checkbox"/>	HIRE VEHICLE <input type="checkbox"/>	Days on hire =			
DEPARTURE/PICK UP			ARRIVAL/RETURN		
Date	Time	Place	Date	Time	Place
Booking Ref or Other Details:					

<p>Justify necessity for travel</p> Robodebt Royal Commission appearance s 47E, s 47F		<p>Travelling Allowance Entitlement</p> <input checked="" type="checkbox"/> Required Nights away for TA purposes: 1																
SIGNATURE/PROFFICE: s 47E, s 47F Date: 6/3/23		<p>Bank Account changed? - Tell Finance</p> <table border="1"> <thead> <tr> <th>COST</th> <th>\$ - rates effective from 25/08/19</th> <th>COST CENTRE CODE</th> </tr> </thead> <tbody> <tr> <td>FARES</td> <td>\$ 563.66</td> <td>101</td> </tr> <tr> <td>Commercial Accommodation (Paid by Office)</td> <td>\$ 196.19</td> <td>101</td> </tr> <tr> <td>T/A (overnight - per calculation form)</td> <td>\$ 190.00</td> <td>101</td> </tr> <tr> <td>TOTAL</td> <td>\$ 949.85</td> <td></td> </tr> </tbody> </table>		COST	\$ - rates effective from 25/08/19	COST CENTRE CODE	FARES	\$ 563.66	101	Commercial Accommodation (Paid by Office)	\$ 196.19	101	T/A (overnight - per calculation form)	\$ 190.00	101	TOTAL	\$ 949.85	
COST	\$ - rates effective from 25/08/19	COST CENTRE CODE																
FARES	\$ 563.66	101																
Commercial Accommodation (Paid by Office)	\$ 196.19	101																
T/A (overnight - per calculation form)	\$ 190.00	101																
TOTAL	\$ 949.85																	
TRAVEL APPROVED... s 47E, s 47F Date: 6/3/23 POSITION: Deputy Ombudsman This payment is in accordance with Commonwealth policy and makes efficient and effective use of relevant money		Note: * For Part Day TA Refer to Para 59.5 Enterprise Agreement 2017-20																
ACQUITTAL: Travel acquittal is required where travel arrangements have changed. Any claim for additional T/A must be authorised before being submitted. Accountable Authority Instruction - Approval and Commitment of Relevant Money applies.		EXCESS ACCOMMODATION APPROVED Date: / /																

Ticketing Policy

Our CTM business standard is to issue airline tickets 1 business day prior to the airline time limit advised on your itinerary and inside your online booking tool. This is to help ensure there are safeguards to protect for challenges such as when credit cards decline.

When there are instances of multiple tickets and multiple airline ticketing dates, QBT will issue all tickets in accordance with the earliest date shown. Please note there may be instances where QBT will need to issue your ticket earlier than the recommended date. For example, when airlines request that ticketing occur earlier than the recommended ticketing time limit.

Important Information

Pricing Information - Service fees may be excluded from the total booking cost. All prices are subject to final payment being received.

Air Travel - The person making the booking will be deemed to have accepted these Booking Conditions on behalf of everyone named in the booking.

Booking Arrangements - Please provide local phone contact numbers for stopover cities.

Photo Identification - Is required when travelling on an electronic ticket. Failure to ensure the full booking name matches the photo identification may result in cancellation fees and/or loss of reservation.

Booking Conditions - No show and cancellation fees may apply to air hotels and car rental bookings on your itinerary. Generally hotels and car rentals need to be cancelled at least 24 hours prior to checkin, so please notify the relevant service provider if you will not be able to use the booking in order to minimise any fees that may be payable. Any seating and meal requests shown on your itinerary are subject to confirmation upon check in.

DOMESTIC CHECK IN (QF/JQ/VA/ZL)

QANTAS

QANTAS domestic flights check-in closes 30 minutes prior to scheduled departure time - except for flights numbered QF2000-QF2299 and QF7000-QF7299 departing from Sydney, check-in time is 1 hour. Online check-in is now available for QANTAS and QANTAS Link Australian domestic bookings between 24 hours and 1 hour before your flight departure.

<http://www.qantas.com.au/travel/airlines/checkin/global/en>

JETSTAR

Check-in for Jetstar flights leaving from any domestic Australian destination is a minimum (recommended 60 minutes) before your scheduled flight. Check in opens 2 hours prior to the scheduled flights and closes 30 minutes prior to scheduled departure time.

<http://www.jetstar.com/au/en/planning-and-booking/checking-in/web-check-in>

NOTE: Check in for domestic flights departing from an international terminal closes 60 minutes prior to departure.

www.jetstar.com/au/en/planning-and-booking/checking-in/domestic

VIRGIN AUSTRALIA

Virgin Australia domestic flights check-in closes 30 minutes prior to scheduled departure time. Virgin Australia online check-in is available and opens 24 hours before departure of your flights. Passengers wanting to utilise this facility must present a print out of your boarding pass at check in.

<http://www.virginaustralia.com/Personal/Services/Check-inoptions/index.htm>

REX AIRLINES

As stated in the Rex Conditions of Carriage, all counters will stop accepting passengers for check-in:

60 minutes prior to scheduled departure time at Burketown airport

30 minutes prior to scheduled departure time at major city airports (Adelaide, Melbourne, Sydney, Perth) and Queensland airports (with the exception of Burketown above)

20 minutes prior to scheduled departure time at regional airports in NSW, SA, TAS, VIC and WA

https://www.rex.com.au/flightinfo/check_in.aspx

CTM Privacy Notice

Our Privacy Policy explains how we handle and protect your personal information. It also explains how you may request to access and correct your personal information. You can find out more about how we manage your privacy by visiting our website <https://www.travelctm.com/global-privacy-policy/> CTM collects personal information from you (including sensitive information) for the following purposes: to provide products and services to you; to process your travel arrangements; facilitate your participation in the loyalty programs of airlines; conduct marketing activities and market research; to assist in investigating your complaints, feedback and inquiries; and for other purposes which are reasonably necessary in connection with our normal functions and activities.

We may disclose your personal information to the following kinds of entities: suppliers of products or services which you have selected (such as airlines, tour operators, car hire operators, hotels and insurance providers); third party travel service providers who assist in fulfilling the booking you have made; a person making your travel booking on your behalf; your employer if you are travelling on a booking provided through your employer's corporate travel arrangements; suppliers of IT based solutions that assist us in providing products and services to you; any industry body, tribunal, court or otherwise in connection with any complaint made by you about us; and to various law enforcement agencies and governments around the world for security, customs and immigration purposes.

You can gain access to, or seek correction of, the information CTM holds about you, or make a privacy complaint, by contacting our Privacy Officer at privacy@travelctm.com

DOCUMENT 51

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parking PC

Canberra Airport
PTY LTD
21 Terminal Ave
ABN: 14 080 361 548
(Ph) 02 6275 2226
PAY-ON-FOOT 615
RECEIPT: 4390
PERSONELL: 150
TRANSACTION: 4583
SNR: 01 009 20542547
IN: 08 03 23 05 17
ENTRY: 09 03 23 17 07
P.AT: HOURLY TICKET
FEE: 70 00 AUD
PAID: 70 00 AUD

NET 63 64 AUD
GST 10% 6 36 AUD
TT 11:50

CARDHOLDER COPY
09/03/23 17:0
TRAN 004583 CREDIT
CARD [REDACTED] 6 47E 5 47E
Mastercard
CONTACTLESS
PURCHASE
AID A000000004101
PAN SEQ 0
ARQC 753122A04BE996F
AUTH CODE 07187
AMOUNT \$70.0
TOTAL \$70.0
Currency AUD

No Cardholder
verification
(00) APPROVED

Thank you for parking
with us.

*Parking Canberra
Airport*

A	B	C	D	E	F	G	H	I	J	K	L	M
Record Descrip	Charge Key	Statement Ke	Customer Number	Establishment Numbe	Charge Date	Charge	GST Amou	Amount Excl E	Transaction Type	Merchant Ty	Charge Description 1	Charge Description 2
	s 47E, s 47F											
3	CH		0000036054001692677	099999999	08/03/2023	39.80	\$0.00	\$39.80	Charge Transaction	4111	VENTIA AUSTRALIA PTY L	MR IAIN ANDERSON
4	CH		0000036054001692677	099999999	09/03/2023	70.00	\$0.00	\$70.00	Charge Transaction	7523	CANBERRA AIRPORT PTY L	MR IAIN ANDERSON
5	DOCUMENT 52											

Released under the F Act 1982 (Cth)

9 March 2023

DOCUMENT 53

March 2023

April 2023

Thursday

Mo	Tu	We	Th	Fr	Sa	Su
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

Mo	Tu	We	Th	Fr	Sa	Su
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

THURSDAY	
9	<div style="border: 1px solid #ccc; padding: 2px;"> ← From 3 Mar To 19 Mar → </div> <div style="border: 1px solid #ccc; padding: 2px;"> ← From 8 Mar </div> <div style="border: 1px solid #ccc; padding: 2px;"> Bris for RRC appearance (Pullman Brisbane King George Square (Corner Ann And Roma Streets, Brisbane Queensland 4000)) </div> <div style="border: 1px solid #ccc; padding: 2px;"> RRC tranche 4 </div>
7 ^{AM}	
8	
9	s 22
10	
11	Appear at RRC
12 ^{PM}	
1	
2	
3	
4	
5	
6	