

Australian government defies public outcry on welfare debt assault

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Confronted by mounting public hostility to its crackdown on supposed “welfare fraud,” the Australian government is nevertheless stepping-up its assault on recipients, declaring that its measures will be extended from unemployed workers to sole parents and aged and disability pensioners by July.

Public sector workers inside Centrelink, the welfare office, have made a series of increasingly damaging leaks, exposing official instructions to send recipients threatening “debt” letters demanding repayment of alleged over-payments despite knowing that the accusations are false. These workers have taken a courageous stand, defying government threats that could see them punished, sacked or prosecuted for divulging internal communications.

Since last July, the government’s “Online Compliance Intervention” has already dispatched 232,000 letters to welfare recipients, primarily on Newstart or Youth Allowance unemployment benefits. At least another 900,000 letters will follow.

The letters place the onus on recipients to disprove “discrepancies” or “overpayments” said to arise from computer-generated data-matching of Centrelink records with Australian Tax Office (ATO) tax returns. Welfare recipients are forced to start paying back the disputed amounts, even if they have lodged an appeal against the claim.

According to the government’s budget estimates, more than three million aged pensioners, single parents and disability support pensioners will be targeted next. Over four years, the government is seeking to claw back \$1.1 billion from aged pensioners, \$400 million from disability pensioners and \$700 million from sole parent support payments.

By terrorising welfare dependents, the Liberal-National Coalition government is seeking to meet the

demands of the financial elite to slash social spending and at the same time lower corporate taxes. Altogether, the aim is to extract \$4 billion in budget “savings” from some of the poorest members of society.

The latest damning leak, an eight-page letter released last Thursday, said the compliance teams were being ordered not to fix errors generated by the system, even when they could see the debts were wrongly alleged.

“Within the organisation it is well known that there are errors in the program and compliance officers are directed to ignore incorrect debts without being permitted to correct them,” the letter said.

“I’m writing because I along with so many of my co-workers have tried to stop the wrong that is being done to thousands of our customers on a daily basis and I can no longer live with what we are doing... I am risking my job sending this information in the desperate hope that exposing such an ... unjust system might just make a difference.”

Income that is exempt from Centrelink assessment, such as meal, laundry and uniform allowances, is being included. Paid parental leave is also being wrongly counted. The system is also generating debts based on welfare payments that were never made, and duplicating income where a termination or leave payment was made.

An earlier anonymous leak said the system was particularly harsh on those who received a sickness allowance—a benefit paid to those unable to work temporarily due to serious illness.

“The ATO matched data will show that they worked the entire financial year and will apportion the gross payments over that financial year without taking into account their time off. This means the system raises a debt for the entire sickness allowance they received. For many that is a debt of over \$1,000.

“Although we may have documented evidence of their medical issues on the system, we are not allowed to look into the system to find any of that evidence. Instead customers must obtain all their pay information for that financial year.”

Some recipients had to search for pay slips issued by defunct employers from six years ago.

In an internal memo that was also quickly leaked, the Department of Human Services last week threatened whistleblowers with disciplinary action or criminal prosecution. Sections of the Crimes Act make it a serious crime for a public servant to leak information, or a journalist or third party to receive it.

Trying to deflect the mounting outcry, Human Services Minister Alan Tudge last week promised cosmetic “improvements.” Admitting that some welfare recipients had not even received letters before being confronted by debt collectors, Tudge said the letters would now be sent by registered mail, and addresses would be checked against the electoral roll.

At the same time, Tudge insisted that the government had to act because “welfare constitutes a third of the budget now.” He renewed his previous threats to see welfare recipients jailed, stating: “If you deliberately seek to get more money than you’re entitled to, then yes, that is a fraud.”

Centrelink workers said the automated system discriminates against those in casual jobs. The compliance process fails to take into account precarious patterns of employment—into which growing numbers of workers have been forced.

Last September, the Australian Bureau of Statistics reported that in four years, the number of casualised workers has risen by 110,000. In the late 1970s, only 15 percent of jobs were part-time. Now the figure stands at 31.9 percent.

In one Centrelink Ballarat case, a recent university graduate who had worked casually full-time for a single month, had that amount averaged as a yearly income and was then deemed to have been overpaid \$6,000.

A single mother received a \$24,000 debt notice just before Christmas because the automated system mistakenly recorded her as having two jobs and undeclared income. She told the media: “They want to get money back from us low-income Australians instead of the Murdochs. A lot of people won’t have the means to question it and are just going to go and

pay, or freak out and get very stressed.”

This did not begin under the current ruling Coalition. A Labor government initiated the framework for it in 1991, introducing stricter work-seeking tests for the unemployed, as well as data-matching processes that had been trialled in Sweden during the 1980s.

Since then, every government, Labor and Liberal-National alike, has witch-hunted so-called “welfare fraud.” In 2008, the Rudd Labor government’s first budget included \$138 million for data matching and surveillance measures and claimed that improved compliance would net \$600 million over four years.

In 2011, the Gillard Labor government introduced the full automation of welfare debt recovery. Assistant Treasurer Bill Shorten, who is now Labor Party leader, said: “The new matching data link is expected to increase the number of former customers identified for this process by an additional 65,000, above current detection levels, over four years.”

Labor is now cynically calling for the temporary suspension of the automated process, yet it is also counting on the \$4 billion in budget “savings” for its proposed austerity measures, designed to curry favour with the corporate elite. Labor supported the government’s abolition of a six-year statute of limitations on welfare “debts” and last September helped the government pass an omnibus savings bill, cutting \$6.3 billion from social spending over four years.

Likewise, the trade union covering public sector workers, the Community and Public Sector Union, is feigning concern for its members who are being instructed to enforce the government’s assault. But it has proposed no action or campaign to halt the offensive and is promoting illusions that a Labor government would be less draconian.



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