

# “Robodebt” regime continues to inflict suffering on Australian welfare recipients

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3 January 2020

After being harassed, traumatised and financially punished for more than three years, about three quarters of a million people will have to wait until 2020 to be told if they are entitled to refunds because they were unlawfully accused of welfare overpayments by the federal government’s computerised “robodebt” regime.

This is despite the Liberal-National Coalition government conceding in the Federal Court on November 27 that the entire system violated the law. With the government’s consent, the court ruled that debt orders were “not validly made,” that punitive penalty charges were unlawful, and income tax garnishee notices were not “lawfully issued.”

After receiving automated letters declaring that they owed the government massive debts, welfare recipients were subjected to harassment by profit-driven debt collectors or the tax office, which garnished their tax returns. The government threatened to jail people unless they paid the demanded amounts or produced documents to disprove any alleged over-payments.

At a Senate committee hearing last month, Department of Human Services officials refused to provide any estimate of the unlawfully-charged debts. Hundreds of millions of dollars may have been extracted from some of the most impoverished and vulnerable members of society.

The officials confirmed that no extra staff had been hired to review the many thousands of cases. This makes lengthy delays inevitable, given that the department, like other government departments, is chronically understaffed. The government has cut an estimated 14,000 jobs throughout the federal public service since 2013 and maintained a staffing freeze.

To add to the suffering, Government Services Minister Stuart Robert told parliament that “data matching” would continue, even though the

government was forced to pause the use of the “robodebt” system for new alleged debts. The government is also still enforcing existing robodebts through debt collectors and garnishee orders.

The “robodebt” program (officially described as a compliance intervention system) was established in 2016 to automate the enforcement of so-called welfare fraud. Robodebt computers compared an individual’s welfare payments with their averaged historical income, according to tax returns.

If the welfare recipient had allegedly earned money above a certain threshold, the system automatically issued a debt notice. The onus was then placed on welfare recipients, with limited financial resources and often lacking documented records, to prove that they had been wrongly levied debts, going back as far as seven years.

The cruelty was magnified by the fact that it became extremely difficult to contact Centrelink, the government welfare office, to challenge the debt letters. More than 55 million phone calls to Centrelink were met with a busy signal during the 2015–16 financial year.

From the outset, the system sent out notices when no debt actually existed, causing widespread distress and outrage. An estimated 734,000 recipients of unemployment, disability or parenting payments received robodebt notices. Around 20 percent of debts issued were eventually waived or reduced, but many more people were forced to pay money they did not owe.

The callous treatment of welfare recipients was deliberate and calculated. As late as November 14, Government Services Minister Robert continued to defend the robodebt system. “Using averaging as the basis to say to a citizen, ‘There may be a debt, can you

please engage with us?’ is entirely appropriate,” he declared in an address to the National Press Club.

The Labor Party’s welfare spokesman, former party leader Bill Shorten, tried to exploit the Federal Court ruling. He said hundreds of thousands of people “went through stress, trauma, administrative headache” and “if you believe some grieving families, it’s been the cause of suicide.”

But it was the last Labor government that imposed the “data-matching” and “averaging” debt collection system in 2011. Shorten, who was then assistant treasurer, declared at the time that it would see “more people being referred to the tax garnishee process, retrieving more outstanding debt.” The only difference was that a Centrelink staff member checked the debt letters before they were dispatched.

This regime, enforced by successive Labor and Coalition governments, has taken an untold human toll. Some of the poorest layers of the working class have been stigmatised as fraudsters and penalised to the tune of thousands of dollars each.

For example, in the Federal Court case, the government had added a 10 percent penalty to the debt of \$2,900 that it claimed was owed by Deanna Amato, a 33-year-old local government worker, for Austudy student allowances she received while studying a diploma in 2012. The judge ruled there was no reliable evidence for that claim.

In the lead-up to her case, Amato told the media: “It felt like guilty until proven innocent.” She and her fellow robodebt victims were “people who don’t have enough money to live on, who are trying to live with self-respect and work or study... I can only imagine if you’re struggling with other things in your life, how hard it would be to deal with this and to find the evidence to support your claims.”

Via the robodebt system, an estimated \$660 million was taken from people who depended on pitiful welfare payments—such as \$40 a day for jobless workers—that have been kept deliberately below the poverty line. Altogether, the government’s “income compliance” measures seized \$3.36 billion in alleged debts in 2018-19.

Meanwhile, the banks and finance houses that have defrauded customers of millions of dollars, via scams such as fees-for-no service, compromised financial advice and predatory mortgage defaults, have escaped

with token penalties compared to their profits.

“Income compliance” programs are part of a wider drive to gut welfare spending to meet the demands of the corporate elite for lower company and income taxes, and force jobless workers into low-paid employment. Welfare recipients are also being threatened with compulsory drug-testing, as well as expanded roll-outs of “cashless welfare cards,” which restrict nearly all their spending to authorised essentials.

The dismantling of welfare entitlements is well underway. Over the past two decades, Coalition and Labor governments alike have driven thousands of people off benefits or denied them eligibility in the first place. The number of people aged 18–64 receiving income support fell from 2.6 million in 1999 to 2.3 million in 2018. From 22 percent of people aged 18–64 receiving income support in 1999, the proportion had dropped to 15 percent by 2018.

This has been achieved primarily through punitive “work tests” for unemployment benefits, harsher rules for disability pensions, and higher means tests and eligibility requirements for various entitlements, including aged pensions. In 2012, the Gillard Labor government played a key part in this process by cutting thousands of single parents off benefits.

The war on welfare is intensifying under conditions in which the ongoing destruction of full-time jobs in manufacturing, mining, retail, public services and other basic industries has created mass unemployment and under-employment in many working-class and regional areas, especially for young people.



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