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### **The design, scope, cost-benefit, contracts awarded and implementation associated with the Better Management of the Social Welfare System initiative**

Community Legal Centres across Australia welcome the opportunity to provide a submission to the Community Affairs Reference Committee (**Committee**) inquiry into the design, scope, cost-benefit, contracts awarded and implementation associated with the Better Management of the Social Welfare System initiative (**inquiry**).

This is a joint submission from Community Legal Centres Queensland, Community Legal Centres NSW, Federation of Community Legal Centres Victoria, Community Legal Centres Association (WA), Community Legal Centres Tasmania. A brief summary of the organisations making this submission are outlined in Appendix A to this submission.

### **Community Legal Centres in Australia**

Community Legal Centres are not-for-profit, community based legal services that provide free and accessible legal and related services. Almost 200 community legal centres are located across Australia and provide services to geographic communities (generalist community legal centres) and communities of interest (specialist community legal centres).

Community Legal Centres help 217,000 people every year, but turn away almost 160,000 people each year, largely due to a lack of resources.

Community legal centres assist people in receipt of Centrelink benefits and who seek legal assistance as a result of their experience with the social security system. Many community legal centre clients are on low incomes, generally with incomes less than \$26,000 per year. Community legal centres have specialist legal expertise in the area of social welfare systems with a proactive National Social Security Rights Network. Sixteen community legal centres are members of the National Social Security Rights Network<sup>1</sup>.

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<sup>1</sup> <http://www.nssrn.org.au/services/>

The National Social Security Rights Network has also provided a submission to this inquiry and we endorse that submission. This submission will confine its comments to the impact that the Better Management of the Social Welfare System (automated debt collection) initiative is having on the aged, families with young children, students, people with disability and jobseekers and any others affected by the process (Terms of Reference (a)), particularly those that require legal help to navigate the system.

### **Impact of the Department of Human Services' Online Compliance System**

Community Legal Centres target their free legal and support services to those that are most vulnerable in the Australian community - people like Paul.

Paul, a school bus driver, is only paid for his work during school terms so he receives Newstart Allowance during holidays. Paul was upset and confused to receive notice from Centrelink that, according to data Centrelink had received from the ATO, he had received over \$3,000 more Newstart than that he was entitled to and must pay this back. Paul does not know how to use a computer, or how to access the internet, so he went into his local Centrelink to ask for help, whereupon he was directed to a computer in the corner.

Fortunately Paul had kept his pay slips and, after many more visits to Centrelink, he was able to demonstrate the debt did not exist.

The impact of the automated debt system on the aged, families with young children, students, people with disability and jobseekers is that these groups have found themselves in need of legal assistance to challenge unfair decisions about essential income, when they would otherwise not require a service. Mandy is one of these people.

Mandy, a teacher who has only had supply teaching work since being made redundant. This work is varied and unreliable, with sometimes lengthy periods of no paid work at all. With the help of loans from friends, Mandy has just managed to keep on top of her financial obligations; she has no spare cash at all. Mandy was surprised and upset to learn from Centrelink that she had apparently been overpaid nearly \$6,000. Mandy has also been surprised at how difficult and stressful it has been for someone like her – tertiary educated and accustomed to using computers to access the internet – to correct Centrelink's miscalculations. Now, having managed to get Centrelink to agree 2/3 of the debt does not exist, Mandy needs legal help with taking her appeal further, to remove the remaining 1/3.

Over the past 5 years, community legal centres have experienced 49% increase in work related to receiving social security payments, with the work increasingly requiring more detailed and complex assistance.

The 2016/2017 implementation of the automated debt collection system has seen a further increase in requests for legal assistance. For example, a Queensland specialist community legal centres in social security law, Basic Rights Queensland, has had the following message on its website since January.

## Centrelink Debt

We have experienced a large increase in people calling in relation to Centrelink Debt. We have two Fact Sheets available "[Centrelink Online Debt System](#)" and "[What to do if you have a Centrelink Debt](#)". [CLICK HERE](#) to access these fact sheets.<sup>1</sup>

Community legal centres have reported an increase in demand for their services as a result of The Department of Human Services' online compliance system which imposes a negative consequence or penalty where the means to challenge the decision was incomprehensible and inaccessible.

The increase in demand for legal assistance arising from automated debt collection is a recent example of government policy or practice having a direct impact on the community's need for legal assistance. No additional resources are available to community legal centres to provide this legal assistance at a time when Australian community legal centres are facing significant cuts to Commonwealth funding.

### Community Legal Centres' Funding Crisis

Community Legal Centres are experiencing a funding crisis, with community legal centres facing a funding cliff of a 30% reduction in Commonwealth funding nationally from 1 July 2017.

Under the National Partnership Agreement on Legal Assistance Services (2015-2020), nationally community legal centres will receive \$142.9 million over five years, which equates to \$40 million in 2015-2016, \$42.2 million in 2016-2017, dropping to \$30.1 million in 2017-2018, then \$30.6 million in 2018-2019 and \$31million in 2019 - 2020.

Unresolved legal problems such as Centrelink debts raised on incomplete or incorrect information generates a range of costly flow-on effects to government and the broader community. Access to legal help can prevent or reduce the escalation of legal problems and reduce costs to the justice system and to other social systems such as health and housing.

Samuel and Lauren's story illustrate how timely assistance can ensure that their Centrelink debt issues didn't escalate any further.

Samuel's story:

Samuel had been doing seasonal casual work since being made redundant from his job in January 2016. In October was called by Centrelink to advise Samuel that he had a debt of \$570, despite a letter stating that he did not. Samuel had not received the letter as it had been sent to the wrong address. Samuel contacted the Welfare Rights Centre who advised him of how to engage with Centrelink and Samuel submitted all the relevant documentation. Samuel arranged to pay \$50 per fortnight against the debt. This put Samuel under considerable financial stress which led to him having to change his housing. Eleven weeks after submitting the documentation, Samuel was contacted by Centrelink to be advised that the debt had been an error. It was a really stressful time for Samuel as he was not working and was having money taken out of his Newstart payment, but he was confident that the advice he got from Welfare Rights provided him with an opportunity to get a positive outcome overall.

Lauren's story:

In December 2016 Lauren received an email from Centrelink. The last time Lauren had had contact with Centrelink was 6 years ago, so at first she thought the email was spam. She was advised that she owed \$4000. Lauren contacted the Social Security Rights Centre who gave her information and support about the process of challenging the debt. While Lauren is a well-educated person and was able to advocate for herself, she reflected that it would have been very difficult for more vulnerable people to challenge the debt process without help. After spending over 5 hours on the phone and experiencing a great deal of emotional stress, Lauren's debt was reduced to \$480.

The short-term funding crisis requires the Commonwealth Government to reverse the \$21.1 million (30%) funding cut to community legal centres nationally in 2017-2018, the \$11.6 million (27%) cut in 2018-2019 and the \$11.13 million cut (26%) cut in 2019-2020 (amounting to \$34.83 million cut) in the National Partnership Agreement on Legal Assistance Services.

Given the scale of the unmet legal demand for help in Australia, reversing the funding cuts will not be sufficient.

The Productivity Commission in its Access to Justice Arrangement Inquiry recommended an immediate injection of \$200 million, with 60% to be funded by the Commonwealth and 40% by State and Territory governments. This would mean that the Commonwealth would need to immediately inject \$120 million per year additional funding into the legal assistance sector, including a minimum additional \$14.4million per year to community legal centres.

The Committee's inquiry into the implementation of the automated debt system provides an invaluable opportunity to better understand the downstream impact of government policy and practice on the need for assistance from essential community services, such as community legal centres. While future changes to government policy and practice may have unintended consequences, a strong and well-funded community legal sector can ensure that the Online Compliance System and any future changes do not result in unfair treatment of vulnerable people in the community.

**Key recommendation of the inquiry: That Commonwealth funding cuts to community legal centres be reversed and an additional \$14 million per annum be invested in community legal centres to meet unmet legal demand for help in Australia.**

We welcome the opportunity to assist the Committee further in its inquiry and look forward to hearing the outcomes. If you have any queries, please contact Rosslyn Monro on (07) 3392 0092 or at [sector@communitylegalqld.org.au](mailto:sector@communitylegalqld.org.au).

Yours sincerely,

*Community Legal Centres Queensland*

*Community Legal Centres New South Wales*

*Federation of Community Legal Centres (Vic)*

*Community Legal Centres Tasmania*

*Community Legal Centres Association (WA)*

## **Appendix A**

### **Community Legal Centres Queensland**

Community Legal Centres Queensland provides support and advocacy for 33 independent, community-led community legal centres operating across Queensland.

Community Legal Centres in Queensland help almost 60,000 people every year with everyday legal problems - people who can't afford a lawyers and are not eligible for legal aid.

Community Legal Centres Queensland works to achieve sustainable and adequate policy and funding decision to ensure that Queensland are able to get the legal help they need and to ensure they get access to justice.

### **Community Legal Centres New South Wales**

Community Legal Centres NSW Inc. is the peak body for community legal centres in NSW.

Community Legal Centres NSW has 40 member organisations including generalist and specialist community legal centres.

Community Legal Centres Queensland NSW leads and supports Community Legal Centres to deliver access to quality legal services and champion social justice.

### **Community Legal Centres Association of Western Australia**

Community Legal Centres Association of Western Australia is the peak organisation representing and supporting 28 Community Legal Centres (community legal centres) operating in Western Australia. Located throughout the state, community legal centres are independent, non-profit organisations which provide legal service to disadvantaged and vulnerable people or those on low incomes who are ineligible for legal aid. In addition to generalist community legal centres located in metropolitan and regional areas across WA, there are also specialist centres providing a service to clients with particular needs (such as tenancy, consumer credit) or from particular client groups (such as young people, recently arrived immigrants or those with mental health issues).

### **The Federation of Community Legal Centres (Vic)**

The Federation of Community Legal Centres (Vic) Inc. is the peak body for 49 community legal centres across Victoria.

The Federation leads and supports excellence in the community legal sector, promotes the purpose and value of community legal centres, and advances social justice and a fair legal system.

### **South Australian Council of Community Legal Services**

South Australian Council of Community Legal Services is the peak body for 22 community legal centres across South Australia.

There are a number of legal centres located throughout Metropolitan and Rural South Australia. Most centres serve people who live or work in their geographical area.

### **Community Legal Centres Tasmania**

Community Legal Centres Tasmania is the peak body representing the interests of nine community legal centres (community legal centres) located throughout Tasmania. We are a member-based, independent, not-for-profit and incorporated organisation that advocates for law reform on a range of public interest matters aimed at improving access to justice, reducing discrimination and protecting and promoting human rights.