

Making things right

Insights into Services Australia's handling of the impact of a system error on certain historic child support assessments

Statement by the Commonwealth Ombudsman, Iain Anderson

MAKING THINGS RIGHT: INSIGHTS INTO SERVICES AUSTRALIA'S HANDLING OF THE IMPACT OF A SYSTEM ERROR ON CERTAIN HISTORIC CHILD SUPPORT ASSESSMENTS

On 28 November 2022, the Office of the Commonwealth Ombudsman (my Office) made 4 suggestions to Services Australia for improvement regarding its approach to remediating the effects of a system error that caused incorrect calculations of customer incomes for the purpose of assessing child support payments.

My Office's role is to ensure fair and accountable administrative action by Australian Government entities. Where we become aware of an issue in how an agency has delivered its services, we have the powers under the *Ombudsman Act 1976* (the Act) to take action. We delayed making this statement to allow Services Australia to develop a remediation strategy. Now this is being implemented, I consider it appropriate to publish our findings to provide transparency of the issue and provide insights to other government agencies.

As a result of our suggestions, Services Australia changed its planned approach to remediation and developed a more customer-centric service recovery plan. I consider that the lessons learnt here should be considered by any agency in correcting the implications of systems errors.

Four Key Lessons for all Agencies



Act quickly where issues are identified



Seek external legal advice early



Base decisions on evidence



Advise affected people of the issue so they understand the impact on them, and are aware they have rights to seek review and/or make a complaint if they choose to.

Complaints are an excellent source of information regarding systemic issues. Here, a single complaint resulted in my Office and Services Australia becoming aware of an issue that affected over 47,000 cases and achieved a positive outcome for the community through greater transparency in decision making and accountability by a public agency.

How was this issue identified?

During our investigation of a complaint made to my Office in 2018, we became aware that a problem with the child support IT systems had resulted in inaccurate child support assessments. While the individual complaint was resolved, the investigation identified it was a systemic issue, potentially affecting many customers. At the time the scope of cases affected was not known to Services Australia or my Office.

Services Australia advised that the systems issue was rectified in June 2020 and is no longer affecting child support assessments.

We continued to engage with Services Australia on the issue of the cases that had been affected. In 2019 Services Australia advised it would re-assess and remediate all affected cases identified. In July 2021, however, Services Australia advised that it now intended to remediate only cases which were either active or finalised with arrears (Error Correction Cases) and would not revisit any of the cases which were finalised without arrears (Remaining Cases). We weren't sure this was fair, so we sought further information from Services Australia to help us determine the extent of the issue and the action taken to remediate affected cases.

What did we find?

In July 2022, in response to a request from my Office to provide information, Services Australia advised that the issue affected 47,488 cases – 31,685 of which were Error Correction Cases and 15,803 which were Remaining Cases.

We were concerned about the proposed lack of action to address the impacts on the 15,803 Remaining Cases. While Services Australia's approach to the Error Correction Cases – advising customers that an error occurred and correcting the error – appeared fair and transparent, we were concerned that customers in the Remaining Cases group would be unaware that they may have been affected, potentially significantly, and may have rights to seek review.

We found no evidence that Services Australia had considered the Remaining Cases on their merits, either individually or as part of an information sample, to make a risk-based decision about how they should be treated. There had been no assessment of the monetary quantum of the errors involved. There was also a lack of contemporaneous records setting out the reasons for Services Australia's decision not to correct the errors. Although we were offered reasons why the Remaining Cases should not be corrected, these reasons were not matters that had been considered by the actual decision-maker. We also noted that the systems error had the practical effect of causing financial disadvantage to one party due to no fault of either party and that Services Australia should consider options to remedy the errors without negatively impacting the parties.

Services Australia advised us that if a customer were to contact them to question the assessment, it would then review the assessment. In our view, customers were not aware that an error caused by Services Australia's systems had occurred, so would likely not be aware they could exercise their rights to question an assessment. This approach created an unfairness between those customers who contacted Services Australia and those who didn't.

What suggestions did we make to Services Australia?

As a result of what we found, we suggested in November 2022 that Services Australia:

1. obtain sufficient data about the nature of the Remaining Cases to inform subsequent decisions made for the remediation of the Remaining Cases
2. obtain external legal advice on the decision not to correct the error in the Remaining Cases
3. consider whether alternative avenues of remediation are available to rectify the errors in the assessments without negatively impacting either party, and
4. write to all affected customers in the Remaining Cases cohort to advise them of the error and the agency's decision not to correct the assessment. The correspondence to the parties should explain that the error was due to a system error caused by Services Australia (not the fault of either party), and include details on review options available to affected customers.

How did Services Australia respond?

Services Australia obtained more data to better understand the potential impact in individual cases and also obtained external legal advice. Subsequently, Services Australia decided that it would take action on the Remaining Cases. Remedial action has now commenced to notify affected individuals (including those with closed cases) in writing about the potential impact of the error and invite them to contact Services Australia to discuss whether they would like their assessment to be updated. Based on these contacts, Services Australia will decide whether to correct individual cases.

Further information about this issue is available on [Services Australia's website](#).

We are encouraged by the customer-centric approach Services Australia has now adopted and will continue to monitor the ongoing delivery of the plan and implementation of our suggestions.

Where to from here?



As Services Australia's remedial action to correct this issue continues, if members of the public have any concerns with how their case was handled, they should first contact Services Australia on 131 272.



If a customer is not satisfied with how Services Australia handles their concerns, they may make a complaint to my Office by contacting us on 1300 362 072 or [online](#).

Iain Anderson
Commonwealth Ombudsman