

Senate Community Affairs Legislation Committee

ADDITIONAL BUDGET ESTIMATES – 16 FEBRUARY 2012 ANSWER TO QUESTION ON NOTICE

Human Services Portfolio

Topic: Centrelink Payments – Reporting Income

Question reference number: HSW 29

Senator: Siewert

Type of question: Written

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Number of pages: 3

Question:

- a) What number and proportion of Centrelink payment recipients (by category) who experience issues with over and underpayment are reporting earnings from part-time or casual work?
- b) What data do you collect or analysis do you undertake which provides an indication of the hours of work and amount of income earned by recipients of different categories of pensions and allowances (NSA, YA, PPS, DSP, AP etc)?
- c) What changes have we seen in the amount or value of work being undertaken by people on different categories of benefits and allowances?
- d) I note that on page 145 of the 2010-11 Centrelink Annual Report it says:

“FOCUS ON PREVENTING PAYMENT INACCURACY

Centrelink’s preferred customer compliance management approach continued to prevent payment inaccuracy rather than detect overpayments. Preventing inaccurate payments stops or minimises customer debts. A key component of Centrelink’s prevention work finds ways to make it as easy as possible for customers to voluntarily comply with their reporting requirements. Several pilot projects to improve Centrelink’s prevention and voluntary compliance strategies were implemented during 2010-11.

Can you please tell me what measures are currently in place or what pilot projects are underway to assist Centrelink customers who experience difficulties reporting income from casual or part-time work?

- e) Given the requirement for those undertaking part-time or casual work to report on this income as it is earned rather than as it is received, what measures are in place or being piloted to assist customers to correct inaccurate reports of income when payment received differs from that believed to have been earned?
- f) What flexibility is there within current reporting requirements (or those being piloted) for customers undertaking part-time or casual work to adjust reporting periods to coincide with ongoing or expected payment cycles from regular casual or part-time work?

- g) What assistance is provided to assist Centrelink customers to assess and report on earnings from part-time or casual work?
- h) In circumstances where a Centrelink customer is able to provide pay slips is this sufficient for them to meet their reporting requirements? If not, why not?

Answer:

- a) This information is not readily available, and the compilation of this information would be an unreasonable diversion of resources.
- b) Data regarding income earned is collected on an individual basis and is used to update individual customer's records. No analysis of this data is undertaken on an aggregate level for compliance purposes.
- c) See b) above.
- d) A key component of the department's compliance activity is to find ways to make it as easy as possible for customers to voluntarily comply with their reporting requirements.

In September 2010 the department commenced a trial to conduct early interventions for customers who have been identified as recently commencing employment. These interventions are to ensure customers understand how to correctly declare their employment circumstances and to reduce the likelihood of incurring a debt.

Further work is underway to test the use of various customer contact channels in customer interventions. This will build on another recent pilot testing the use of outbound telephone calls for earlier intervention with customers and will also trial email and SMS channels. This will assist in the design of interventions that are customer-focussed, reduce debt and are less intrusive.

To support these interventions a business process was introduced that is designed to educate and assist the customer meet their reporting obligations in addition to giving the customer the opportunity to update their details.

A broader implementation of this program from July 2012 was announced in the 2011-12 Mid-Year Economic and Fiscal Outlook.

- e) A pilot using data mining techniques to manage the risks associated with online income declarations is planned to begin in the week commencing 26 March 2012. This pilot will determine if it is possible to identify customers who have potentially made an incorrect income declaration online. Financial institutions use similar technology to manage suspect financial transactions.

The department is also exploring the use of Electronic Reminder Messages in early intervention strategies, to ensure that customers receive regular and timely reminders about reporting their income.

- f) Customers with variable employment income, including part-time and casual, are required to report their employment income and any other changes to their circumstances on a two weekly basis. Customers are able to change their reporting date to coincide with their employment if they choose to.
- g) Customers are able to report their employment income via a number of different methods including online or phone self service, in writing or in person. Customers are encouraged to keep their own record of their hours worked and employment income so that their payment is not delayed while waiting for this information from their employer. Employment worksheets are available to help customers report the right details. There are several publications available to customers to help them correctly declare their earnings.

- *Reporting your earnings - What you need to know.* This publication provides advice on what to report, when to report and how to report it. It includes an example of an earnings worksheet.
- *Reporting your earnings – Worksheets.* This booklet is to help customers record and report their gross employment income. These worksheets do not need to be handed in to the department. If there is more than one employer during a reporting period, a worksheet can be used for each employer.

h) In most circumstances, pay slips by themselves would not be sufficient for a customer to meet their reporting requirements. Customers are required to establish entitlement to payment on an ongoing basis by answering relevant questions such as details of income earned and/or received during the reporting period, attendance at training courses or approved activities, job seeking efforts, periods where incapacitated and unavailable for work, and any changes in circumstances.

In addition, the period covered by the pay slip may be different to the customer's reporting period, or may not identify the total hours worked for the period. In some cases, the gross amount may also include allowances that have been paid, which are assessed differently to employment income and therefore need to be identified separately.