



PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

HOUSE STANDING COMMITTEE ON SOCIAL POLICY AND LEGAL AFFAIRS

THE COMMITTEE HAS NOT YET RECEIVED A RESPONSE TO
QUESTION REFERENCE NUMBER 3 FROM THE DEPARTMENT OF
HUMAN SERVICES.

**House of Representatives Standing Committee on Social Policy
and Legal Affairs**

Child Support Programme
Public hearing: 28 August 2014

ANSWER TO QUESTION ON NOTICE

Department of Human Services

Topic: Staffing Profile

Question reference number: 1

Member: Mr Christensen

Type of question: Hansard page 1

Number of pages: 2

Question:

CHAIR (Mr Christensen): There have been questions raised about the call centres. I am wondering if someone from the Department of Human Services might give us some idea of the staffing profile in those centres at an operational level—phone operators—including classification, salary ranges and, if you can, percentages of permanent and casual staff that are within those sections.

Ms Zealand: In our Smart Centres we have a total of 2,612—headcount. I have a detailed breakdown, which I can certainly provide to the committee, unless you want me to go through some major points now. We have a blend of call and processing work. We do not have people who just do phone calls; they have off-phone time as well. It is processing and call. The bulk of our staff in the Smart Centres are at the APS3 and APS4 levels. The APS3 salary range is \$56,069 to \$62,492; the APS4 salary range is \$62,493 to \$69,239. These are the bulk of our Smart Centre staffing profile. As of 30 June, we have zero casual staff. In fact this week we have about 17 intermittent and irregular employees commencing training—to look at some overflow and peak work—but we have had zero casuals to date. Is that—

CHAIR: I think that is fine. If there is other further information that you wanted to provide in writing, are you happy to accept that as well.

Ms Zealand: Yes, I can certainly provide you with the breakdown.

Answer:

The Child Support Smart Centres Division staffing profile breakdown is outlined as follows and Job Roles highlighted are phone operators:

Ongoing and Non-Ongoing employees in Child Support Smart Centres Divisions by Job Role and Actual Classification as at 31 July 2014

***Note all Intermittent and Irregular employees are at the APS3 under Call Contact or Smart Centre Job Role and comprise of approximately 0.5% of the Child Support Smart Centres Division workforce.*

Actual Classification and Salary Range										
Job Role	APS2 salary range \$50,580 – \$54,588	APS3 salary range \$56,069 – \$62,492	APS4 salary range \$62,493 – \$69,239	APS5 salary range \$69,699 – \$75,208	APS6 salary range \$77,154 – \$89,217	EL1 salary range \$96,504 – \$106,935	EL2 salary range \$111,677 – \$132,809	SES salary range not specified	Total Ongoing & Non- Ongoing Employees as at 31/07/2014	
Administrative Support	2	2	12	1					17	
Call Contact or Smart Centre	12	142*	1271	16	124	2	14		1,581	
Client Partner / Case Management		13	301	8	123	24	6		475	
Generalist Management								5	5	
Human Resource Advice					6				6	
Litigation Officer				15					15	
Marketing					5	3	1		9	
Objections and Complaints Resolution		1	76	20	30	3			130	
Personal/Executive Assistance & Support			1	2			1		4	
Program Advice and Support	2	32	17	16	32	28	8		135	
Project Management							1		1	
Project Reporting					1				1	
Project Support			1	5	4	1			11	
Records Management		8	9	1	1				19	
Strategic Design					4	2	1		7	
Technical and Procedural Quality Advice				163	28	4	1		196	
Total Employees as at 31/07/2014	16	198	1,688	247	358	67	33	5	2,612	

**House of Representatives Standing Committee on Social Policy
and Legal Affairs**

Child Support Programme
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ANSWER TO QUESTION ON NOTICE

Department of Human Services

Topic: Categories of debt

Question reference number: 2

Member: Mr Christensen

Type of question: Hansard page 2

Number of pages: 2

Question:

CHAIR: Is there any way we could get that breakdown of the debt into the various categories you have? In particular I am interested in: if the department has written off the debt, is it unrecoverable for us? I do not know what mechanisms you might have in place to come to that conclusion. And then why do you think it is unrecoverable?

Mr Young: Yes, we can provide figures on that.

Dr STONE: And does that include the over 18-year-olds?

Mr Young: Yes.

Dr STONE: Chair, could we have it by age of the debt; 60 days or—

CHAIR: Yes; there has just been a request to have it by age of the debt. You are talking about the length of the debt, how long it has been—

Dr STONE: How long it has been and also the age of the—

Answer:

Non Pursuit of Debt (Write Off)

The department has no legal authority to release a person from payment of their child support debt. Under the *Public Governance, Performance and Accountability (Act) 2013* (PGPA Act), the department is responsible for pursuing recovery of all debts owed to the Commonwealth for child support. The *Public Governance, Performance and Accountability (Rule) 2014*, provides an exception if the debt is irrecoverable at law or uneconomical to pursue. Such decisions not to pursue the debt are commonly referred to as write-offs. The debt, however, remains owing and is not permanently written off. The department regularly reviews decisions not to pursue debts to establish whether there has been a change in the customer's circumstances that would make it appropriate to resume action to pursue the debt.

Waiver

The PGPA Act also provides that the Minister of Finance may permanently waive debts owed to the Commonwealth. The Minister has delegated this power to certain officers in the Department of Finance, who refer to the Resource Management Guide No. 401 – Requests for discretionary financial assistance under the Public Governance, Performance and Accountability Act (RMG 401¹) in making their decisions. Paragraph 36 of RMG 401 sets out that debts owed to the Commonwealth that will be paid on to third parties are unlikely to be waived. While this would generally hold against the waiver of a child support debt, the decision is at the discretion of the delegate and each case is taken on its merits.

It should also be noted that waivers are a mechanism of last resort, and are generally only granted when collection of the debt would be inequitable in the circumstances or cause severe ongoing hardship. Relatively few waivers are approved in relation child support. In 2013-14, 43 waivers relating to child support were granted, for a total of \$256,599.55.

Age of Customer Debt

The following table details the age of debt as at 31 August 2014.

Age of customer debt is calculated by reference to the oldest liability not yet paid in each case, not by the date each periodic liability falls due. If, for example a case had been running for ten years, at \$100 per annum, they would have a total liability of \$1,000 and the entire debt would be reported as ten years old. If the department received a payment of \$300, this would be applied against the oldest debts. ie. the first 3 years of liability. The \$700 of arrears remaining would be reported according to the oldest unpaid liability, which is 7 years.

Active cases are those with an ongoing liability. Ended cases are those cases where the ongoing liability has ceased, but debt remains outstanding.

Age of debt	Domestic Active	Domestic Ended	International Active	International Ended	Grand Total
≥0 to < 3 months	\$30.6 M	\$1.9 M	\$6.6 M	\$2.5 M	\$41.6 M
≥3 to < 6 months	\$20.3 M	\$1.6 M	\$5.7 M	\$1.8 M	\$29.3 M
≥6 to < 9 months	\$41.6 M	\$3.6 M	\$9.7 M	\$2.1 M	\$57.1 M
≥9 months to < 1 year	\$36.8 M	\$2.8 M	\$9.4 M	\$1.2 M	\$50.1 M
≥1 to < 5 years	\$373.8 M	\$89.0 M	\$107.8 M	\$38.3 M	\$608.9 M
≥5 to < 10 years	\$144.4 M	\$102.4 M	\$71.4 M	\$57.0 M	\$375.2 M
≥10 to < 20 years	\$31.7 M	\$82.7 M	\$26.3 M	\$41.3 M	\$182.0 M
≥ 20 years	\$1.5 M	\$12.5 M	\$0.4 M	\$7.0 M	\$21.3 M
Grand Total	\$680.6 M*	\$296.4 M*	\$237.4 M	\$151.2 M	\$1,365.6 M

*Figures do not sum due to rounding.

This table shows that:

- \$977 million of the total debt is associated with domestic cases;
- \$388.6 million is associated with international cases;
- \$178.1 million of customer debt is less than 1 year old;
- \$608.9 million is between 1 year and 5 years old;
- \$375.2 million is between 5 years and 10 years old; and
- \$203.3 million is older than 10 years.

¹ <http://www.finance.gov.au/publications/resource-management-guidance/rmg-401-requests-for-discretionary-financial-assistance/>

House of Representatives Standing Committee on Social Policy and Legal Affairs

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ANSWER TO QUESTION ON NOTICE

Department of Human Services

Topic: Quality-of-service issues

Question reference number: 4

Member: Dr Stone

Type of question: Hansard page 5

Number of pages: 2

Question:

Dr STONE: Ms Zealand, you told us that, amongst the top four problems or issues that you had compiled, the third was quality of service. Have you been able to disaggregate what was meant by that? What were the quality-of-service issues that you were documenting?

Ms Zealand: It varies greatly. We do have that detail; I do not have the breakdown with me.

Dr STONE: Could you provide that?

Mr Young: Yes, we can provide further information around what that actually means.

Answer:

Quality of service complaints can be separated into twelve issues.

1. Case Management - customer is dissatisfied at having to speak with multiple service officers to manage their child support.
2. Referral Service - customer has not received an appropriate referral to another service provider or department.
3. Lack of contact prior to a decision - a decision was made without contact with the customer, denying them the opportunity to provide additional information.
4. Service Restrictions – customer is dissatisfied with a restriction placed on how they access services, limiting how they can contact the department.
5. Bias - customer believes that a decision or a service offered by the department is biased, favouring one parent over another.
6. Decision - a customer is unhappy with a decision or the process the department has used in making a decision.
7. Inaction - the customer is dissatisfied with the progress on their child support case, including a service officer not following through on commitments made to the customer.
8. Lack of courtesy - the customer is dissatisfied with the service provided by a service officer, including a lack of courtesy or empathy in a conversation.

9. Procedure - the customer is not satisfied with the procedure followed in resolving their child support enquiry or decision, including a service officer not following the correct procedures as defined in the department's reference material
10. Advice - the customer is dissatisfied with the advice provided by a service officer, including inadequate, inaccurate or inconsistent information.
11. Processing delay - the customer is dissatisfied with the time taken to make a decision or process an application.
12. Phone wait times – the customer is dissatisfied with the time taken to answer their call to the department.

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ANSWER TO QUESTION ON NOTICE

Department of Human Services

Topic: Collection statistics - details

Question reference number: 5

Member: Dr Stone

Type of question: Hansard page 7

Number of pages: 2

Question:

Dr STONE: Is there any way that we can see, statistically, what proportion of those zero to \$500 payers are not paying? I am trying to find out when you trigger taking a court action to get recovery of a non-payment. Is it the smaller payments, which mean a huge amount, of course, to the parent, or is it when they owe a debt of \$15,000 or \$20,000? When is this court action triggered? We had people participating in the inquiry complaining that it is very unlikely that people end up being taken to court for not paying. A lot of women simply by default say, 'We will have to depend on welfare. The only reliable way to have our children clothed and fed is to end up depending on welfare and not having to bother chasing the father.' Tell us: what is the typical situation? When do you initiate a court action? What triggers it? What proportion of big payers versus small payers are literally chased for compliance?

Ms Zealand: I will probably have to get a lot of that detail for you on notice.

Answer:

When a child support liability is registered with the department, the liability becomes a debt to the Commonwealth and is collectable by the Child Support Registrar. A payee, or the payee and payer jointly, may elect to privately collect their child support liability (known as a "Private Collect" case). Unless this election has been made, the department has an obligation to pursue all child support debt (known as a "Child Support Collect" case).

The preference is to recover the debt in the shortest possible time, through voluntary payment arrangements or administrative collection actions wherever possible. This approach is applied equally to customers with differing levels of debt.

As at 31 August 2014, there were 271,775 cases (including Child Support Collect and Private Collect) where the annual rate of child support was between \$0 - \$500. The department is responsible for collection in 138,359 of these cases (Child Support Collect), while 133,416 are Private Collect.

Of the 138,359 child support collect cases, 60,839 cases are in arrears. 35,923 of these arrears cases involve debts of less than \$1,000. Paying parents are in receipt of Income Support Payments in 36,236 (or approximately 60 per cent) of arrears cases.

Where the paying parent is in receipt of Income Support Payments the department collects the ongoing child support liability amount and arrears of child support by deducting directly from their ongoing Income Support Payment.

The department can also recover child support arrears by using other enforcement powers including:

- withholding child support from a person's salary or wages;
- intercepting tax refunds;
- garnishing bank accounts; and
- issuing departure prohibition orders.

When pursuing litigation to recover outstanding child support, the department is bound by the Legal Services Directions 2005 which require the department to act as a model litigant. This obligation means the department must explore alternative dispute resolution methods before commencing litigation and should only commence litigation where there are reasonable prospects of success (i.e. securing an outcome that achieves payment of child support debt).

In line with the department's model litigant obligations, cases are only considered for possible litigation action when all administrative collection options have been explored and the department reasonably believes that one of the following conditions exists:

- a realisable asset that could be used to repay the debt; or
- an income stream or interest in a company; or
- an asset held by a third party; or
- extravagant lifestyle indicators.

**House of Representatives Standing Committee on Social Policy
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ANSWER TO QUESTION ON NOTICE

Department of Human Services

Topic: Legal action budget

Question reference number: 6

Member: Dr Stone

Type of question: Hansard pages 7-8

Number of pages: 1

Question:

Dr STONE: Do you have a fixed budget for prosecutions of legal actions each year?

Ms Zealand: We budget for those, yes.

Dr STONE: Could you give us an idea of what that budget is and how it has trended over the last five or six years? Is it an adequate budget for all of the cases you wish to take to court?

Ms Zealand: I will take that on notice.

Answer:

The department allocates funds each financial year for Child Support legal enforcement activity, with recent expenditure as follows:

- 2013-14 - \$1.6 million;
- 2012-13 - \$1.43 million;
- 2011-12 - \$2.12 million; and
- 2010-11 - \$2.14 million.

The decision to pursue litigation is based on the number of suitable cases for litigation and the budget is reviewed annually based on the number of cases the department expects to pursue.

**House of Representatives Standing Committee on Social Policy
and Legal Affairs**

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ANSWER TO QUESTION ON NOTICE

Department of Human Services

Topic: Criteria for legal action

Question reference number: 7

Member: Ms Butler

Type of question: Hansard pages 8

Number of pages: 1

Question:

Ms BUTLER: Just a follow-up question on the criteria that you listed: that there is a substantial debt, that there are realisable assets and that there has been a history of non-compliance. That would tend to suggest to me that in most cases you would prefer not to commence legal proceedings. In most cases one of those three criteria would not be met for your debts. Is that right? How frequent is it that all three of those criteria are met?

Ms Zealand: I will have to check in terms of criteria. They are examples that I gave; they are not strict criteria that we would work towards.

Answer:

Refer to answer in QoN 5 for information on the criteria for legal action.

Refer to table 63 on page 157 of the Department of Human Services Annual Report 2013-14 for detail on child support compliance and enforcement actions.

House of Representatives Standing Committee on Social Policy and Legal Affairs

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ANSWER TO QUESTION ON NOTICE

Department of Human Services

Topic: Litigation policy

Question reference number: 8

Member: Ms Butler

Type of question: Hansard page 8

Number of pages: 1

Question:

Ms BUTLER: You just told me that a quarter of payers have debts and that, of those, some have got payment arrangements. A quarter of payers having debts sounds like a large number of payers to me, to be frank. The concern that I would have is that there is always a demonstration effect in being prepared to litigate. There is always a risk in not being prepared to litigate. You send a message to payers that, if they do not pay, serious action is unlikely to be taken. My question is really about whether you think that you are sufficiently and adequately communicating to payers that they are at risk of legal action; even if they try to tell you that they have no assets, even if they string you along and keep talking to you, nonetheless legal action will be sought.

Mr Young: The department does take some legal action. Part of that is to act as a deterrent to people that have not paid their child support. As we have said, it is far quicker to use administrative collection action, where that is possible—

Ms BUTLER: Of course.

Mr Young: but, in the event that that is not successful and there are the realisable assets then certainly progressing through to litigation—even the notice of intention to commence litigation can prove an effective outcome.

Ms BUTLER: The problem with only serving when there are realisable assets, of course, is that some people have their money in the cash economy. Some people, you will find, if you get a judgement against them, will find the money even though they do not have any obvious realisable assets. If people get the impression that by purporting to be broke they will not be sued then that does not really encourage compliance, does it? Is having that broad policy position that you only serve if there are realisable assets, that you are aware of, the right policy setting?

Mr Young: We can provide further information on our policy for litigation. It can include things such as an extravagant lifestyle and things of that nature. We do have other powers, including departure prohibition orders and things like that, where people are consistently not paying their child support and travelling overseas. So there are those other powers for us to consider.

Answer:

Refer to answer in QoN 5.

**House of Representatives Standing Committee on Social Policy
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ANSWER TO QUESTION ON NOTICE

Department of Human Services

Topic: Debt

Question reference number: 9

Member: Mr Porter

Type of question: Hansard pages 9

Number of pages: 1

Question:

Mr PORTER: I understand that the very large figure is an accumulation figure and it always looks terrible, to be honest—and they do at state level with fines collection and so forth. But the central question is whether or not the gap is opening up between liabilities and collections or transfers. Do you keep data around that particular issue? If each financial year the pool of liabilities is assessed, are you collecting a higher or lower percentage of those liabilities, or transferring a higher or lower percentage each year than the year before? Do you keep data in that kind of dataset?

Mr Young: Yes, we do.

Mr Mahony: We do.

Mr PORTER: I think that might be useful, Chair, for the committee—if we can have the proportion on a yearly basis of what is payable and what is actually being paid. So the liability that is actually being transferred, I think, is probably the best marker of the health of the system.

Answer:

The table below sets out the total liabilities and credits for the last two financial years, to show the relative proportions collected each year. The proportion collected refers only to liabilities raised and credits applied each year. Payments are credited when they are received, even if they are for past liabilities.

The proportion of total liabilities collected remains steady at 95.3 per cent.

	2012-13	2013-14
Total – Liabilities Raised	\$1,453M	\$1,524M
Total – Credits Applied	\$1,385M	\$1,452M
Total – Proportion Collected	95.3%	95.3%

**House of Representatives Standing Committee on Social Policy
and Legal Affairs**

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ANSWER TO QUESTION ON NOTICE

Department of Human Services

Topic: Lodgement Enforcement with the ATO

Question reference number: 10

Member: Referred by Inquiry Secretary

Type of question: Referred by Inquiry Secretary

Number of pages: 1

Question:

1. In respect of CSP clients who fail to lodge a tax return, the total number of clients in this category, and the number of clients in this category who are referred to the ATO for compliance action (data preferably by year); and
2. If there is any information sharing or coordination in place such that, if the ATO is considering granting a tax-penalty remission to a CSP client with a child support debt, the remission decision takes the debt into account.

Answer:

1. The department has a Services Schedule with the Australian Taxation Office (ATO) for the Lodgement Enforcement Programme. This sets out that every child support customer with at least one tax return outstanding will be referred to the ATO. The department may also request that certain cases be prioritised. The number of customers with outstanding tax returns for the last three financial years is as follows:

	2011-12	2012-13	2013-14
Customers with outstanding tax returns	488,208	447,999	435,425

All of these customers were referred to the ATO.

2. The department does not have any information sharing or coordination arrangements in place with the ATO regarding tax-penalty remission. The remission of tax penalties falls under taxation law and the department has no authority in this regard.