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22 November 2019

Jeanette Radcliffe
Committee Secretary
Standing Committee on Community Affairs

Via email: community.affairs.sen@aph.gov.au

Dear Ms Radcliffe.

Inquiry into Centrelink's compliance program – response to written questions on notice

Our executive officer Kate Beaumont is on leave so I am responding in her absence. Please see our response to the questions. I would be grateful if you could pass them onto the committee.

1. Centrelink's information gathering powers

In your experience how often has Centrelink used their powers to require employers and/or banks to provide payslips or bank statements? Please provide examples if you have them.

Prior to the changes to the compliance program it was routine for Centrelink to send a request to the person's employer(s) specifying the period they were reviewing and then this information was used to raise an overpayment. They would usually give the person the initial notice following a datamatch with the ATO and ask them to provide the employment information but if they did not have the information or did not respond then Centrelink sent notices to employers. I am not aware of cases where they requested bank statements to verify income.

In the past and currently Centrelink always request information from employers and bank statements from banks when the fraud investigation branch are considering referring matters to the CDPP.

Within our agency we are not aware of any cases where Centrelink have used these powers as part of the online compliance process.

2. Debt collectors

How many of your clients who have incurred debts have had contact with external debt collectors?

We can't easily access this data from our database. Some of our clients have and most of those who are no longer on a Centrelink payment at the time the debt is raised.

Did those clients experience any issues with the external debt collection agencies?

Clients contacting our service often describe being threatened and harassed by the debt collectors and told they had to pay the debt back immediately even though this is often the first time they have heard that a debt has been raised. The person they deal with will not know anything about the reason for the debt but just insist on repayment. These are people no longer on Centrelink payments and who may not have been receiving Centrelink payments for some years.

Have your clients been contacted by debt collectors when they had no knowledge that a debt existed? If so, how prevalent is this?

Yes. Where a client is no longer on a Centrelink payment then those contacted by a debt collection agency have usually heard nothing from Centrelink before that. Centrelink will send any mail to the person's last known address and if they have moved since they were last receiving payments then they won't receive it.

3. Initiation letters

Centrelink have changed the process somewhat and now send an initial discrepancy letter – in your experience has this process reduced peoples' initial anxiety when receiving contact?

It is difficult for us to assess this. People that contact us for advice at this stage are usually anxious because they don't understand what they are required to do or can't provide the information requested. People who receive these letters and are not anxious may not contact a welfare rights centre for advice at this stage.

Do some people continue to regard this as a 'debt letter'?

We haven't had clients who have said this to us.

4. Garnishee orders

In your experience, how often have clients had their tax returns or FTB garnished?

We have had many clients contact us about this issue particularly this year.

How often has this occurred when there is already a payment plan in place?

We can only comment on our clients, but it does happen. It has also happened when clients tell us they thought recovery had been paused as they were disputing the debt. After getting advice from us clients have successfully had the garnishee decision set aside on the basis that the client has not refused to enter into a reasonable repayment arrangement.

5. Multiple debts

How prevalent is it for clients to have multiple debts?

Some of our clients have more than one debt.

6. Social Workers

In your experience how often have clients been offered the services of a social worker by Centrelink?

We are not aware of any cases where clients who are struggling with the online compliance system or are upset by the process/outcome have been offered the services of a social worker by Centrelink.

7. Challenging debts

To what extent have your clients successfully challenged debts or had debts reduced after requests for review?

Where we advise clients about the review process and they do it themselves we usually do not know the outcome.

Some clients contact us after they have already had the debt reassessed and it has changed significantly (usually in their favour) but they have no confidence in the figures because they cannot get an explanation from Centrelink of how the debt has arisen and they cannot understand the dramatic change in amounts.

We have also assisted clients to successfully challenge debts.

Where debts have been reduced has this been because clients have provided further income data, or because there were errors in the calculation of the debt?

Sometimes the change is because the client has been able to provide additional employment income; sometimes it is because they have pointed out that they were not on Centrelink payments at the time they were working and sometimes it is because of errors e.g. double counting employment from an employer.

Please contact me if you require any further information.

Yours sincerely,

CATHERINE EAGLE
Principal Solicitor