

Senate Community Affairs References Committee

DESIGN, SCOPE, COST-BENEFIT ANALYSIS, CONTRACTS AWARDED AND IMPLEMENTATION ASSOCIATED WITH THE BETTER MANAGEMENT OF THE SOCIAL WELFARE SYSTEM INITIATIVE

PUBLIC HEARING 19 APRIL 2017

ANSWER TO QUESTION ON NOTICE

Department of Human Services

Topic: Debt Recovery and Calls – Breakdown

Question reference number: QoN 133

Member: Senator Rhiannon and Chair

Type of question: Hansard page 7

Date set by the committee for the return of answer: 8 May 2017

Number of pages: 2

Question:

Senator RHIANNON: Thank you. I just want to pick up on a question that Senator Watt asked. You took it on notice. I think it was about the Centrelink automatic debt recovery and the figures for calls coming in for New South Wales. Was that the one you took on notice?

Mr Mowbray-d'Arbela: Yes.

Senator RHIANNON: Could you also do that for areas within New South Wales like the Illawarra and Newcastle. You probably break it down by regional areas. Other areas are the Mid North Coast, the Central West and those sorts of things.

Mr Mowbray-d'Arbela: I am not aware of the extent to which it can be broken down, but we will take that on notice.

Senator RHIANNON: However you can break it down. Can you provide that, please.

CHAIR: My understanding, from having been in a call centre, is that you can actually see on the board which lines are coming into and the region.

Mr Mowbray-d'Arbela: Yes.

CHAIR: So I would have thought that you could provide that, but we would obviously take it on your regions rather than the specific regions we just asked about.

Mr Mowbray-d'Arbela: Yes.

Senator RHIANNON: Yes, what your regions are.

CHAIR: Break it down on how your regions are.

Mr Mowbray-d'Arbela: The service zones have a particular perspective.

CHAIR: If it is possible, could you do that for all of the regions around Australia, because we will just ask the same question for WA.

Mr Mowbray-d'Arbela: Indeed.

Answer:

The Department has a national virtual telephony network. The telephone calls the Department receives are not monitored from a geographic location. Telephone calls are allocated to the next available staff member with the appropriate skills irrespective of their location. Due to this approach, telephone calls are managed and monitored by queue type and not by geographic location.

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ANSWER TO QUESTION ON NOTICE

Department of Human Services

Topic: Debt Collection

Question reference number: QoN 136

Member: Siewert

Type of question: Hansard page 9

Date set by the committee for the return of answer: 8 May 2017

Number of pages: 2

Question:

CHAIR: I thought I had it clear in my head, but, from reading the answers to questions on notice and the discussions we have already had, it is not clear—I am sorry. If you could get back to me, that would be appreciated. From the questions on notice and the conversation we have just had, the various time lines involved for barring a debt's referral to the external collection agency are pretty clear. The submissions we have received seem to indicate that there is a different process involved there about when payments are starting to be garnished. Could I ask you to take on notice the time line for when the garnishing starts and whether that has changed, as well as the process of referral of the time line and the process. I ask that because it indicates to me that people are starting to be garnished before they have completed the whole process.

Mr Mowbray-d'Arbela: I will take that on notice. If I could make one comment, the technical phrasing we have used is about payments being withheld rather than—

CHAIR: Other people use the word 'garnish'.

Mr Mowbray-d'Arbela: 'Garnishing' is a word that actually applies in a formal context regarding employment payments. Because this is in relation to withholding aspects of welfare payments, we tend to try and avoid using—

CHAIR: Okay, I will use the right word—withholding.

Mr Mowbray-d'Arbela: I understand the point you are making. It is a question that has been taken on board. The answer is being developed, so I should be able to speak to that very soon.

CHAIR: Thank you, that would be appreciated. This may have been put on notice by the committee last week, so if it has, just say it has been taken on notice.

Answer:

The standard process for all social welfare debts is the Department issues a person an Account Payable Notice when a debt has been raised. The debt is due 28 days from the date of the notice. The notice provides information regarding the debt value and reason for the debt, contact details if the person wishes to discuss the debt, or enter into a payment arrangement, payment options and review and appeal rights.

In line with the Department's standard processes, only debts relating to former recipients are referred to External Collection Agents. Current recipients are not referred to External Collection Agents.

If a former recipient has not paid their debt in full, or entered into a payment arrangement after the debt becomes due, the Department issues a reminder letter, providing a further 14 days to respond. If a person is unable to enter into a payment arrangement, they can contact the department to discuss their situation and, in some circumstances, the Department will defer the recovery of the debt. If the debt remains outstanding and no payment arrangement is in place after 42 days from the date of the Account Payable Notice, the debt is referred to an External Collection Agent.

Current recipients are not referred to External Collection Agents. For current recipients automatic withholdings will apply from the first full payment after the debt becomes due, unless the person has contacted the Department to discuss alternative payment options.

For both former and current recipients, recovery can be paused where the person requests a review of their debt within the Department. The Department can also defer recovery where a person is in financial hardship.

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ANSWER TO QUESTION ON NOTICE

Department of Human Services

Topic: Debts Waived

Question reference number: QoN 138

Member: Chair

Type of question: Hansard page 10

Date set by the committee for the return of answer: 8 May 2017

Number of pages: 1

Question:

CHAIR: It is 57. So the law says \$200. Can I ask how many have been waived for less than \$200?

Mr Mowbray-d'Arbela: Yes, I will take that on notice.

Answer:

Of the debts raised as a result of the online compliance intervention (in the period from 1 July 2016 to 28 February 2017), 6,197 debts were waived that had a value of less than \$200.

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PUBLIC HEARING 19 APRIL 2017

ANSWER TO QUESTION ON NOTICE

Department of Human Services

Topic: Debts Waived

Question reference number: QoN 139

Member: Siewert

Type of question: Hansard page 10

Date set by the committee for the return of answer: 8 May 2017

Number of pages: 1

Question:

CHAIR: How many have been waived for less than \$50?

Mr Mowbray-d'Arbela: Yes, on notice.

Answer:

Of the debts raised as a result of the online compliance intervention (in the period from 1 July 2016 to 28 February 2017), 6,174 debts were waived that had a value of less than \$50.

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ANSWER TO QUESTION ON NOTICE

Department of Human Services

Topic: Debts Waived

Question reference number: QoN 140

Member: Siewert

Type of question: Hansard page 10

Date set by the committee for the return of answer: 8 May 2017

Number of pages: 1

Question:

CHAIR: Could you take on notice how many have been waived at less than \$50, how many have been waived between \$50 and \$200—those are non-recipients—and how many recipients have been charged between \$50 and \$200? Does that make sense?

Mr Mowbray-d'Arbela: Yes.

Answer:

Of the debts raised for *former recipients* as a result of the online compliance intervention for the period 1 July 2016 to 28 February 2017:

- 4,185 debts were waived that had a value of less than \$50; and
- 11 debts were waived that had a value between \$50 and less than \$200.

For *current recipients* as a result of online compliance intervention for the period 1 July 2016 to 28 February 2017, 3,686 debts were raised for recovery of a debt between \$50 and less than \$200 and four of these were waived.

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ANSWER TO QUESTION ON NOTICE

Department of Human Services

Topic: Debts Waived

Question reference number: QoN 141

Member: Siewert

Type of question: Hansard page 10

Date set by the committee for the return of answer: 8 May 2017

Number of pages: 2

Question:

CHAIR: So you cannot waive anything greater than \$200?

Mr Mowbray-d'Arbela: I need to take that on notice. I think that there are some other laws that may be relevant.

CHAIR: If you can, because we had a conversation—I am sure it was with Ms Campbell, but I will need to check the *Hansard*—where there was suggestion that debts higher than \$200 could be waived.

Mr Mowbray-d'Arbela: There are some issues regarding the concept of write-off and waiver. The Public Governance, Performance and Accountability Act may also be relevant. I will take that on notice.

CHAIR: Could you take us through each of those steps and, if any greater than \$200 have been waived, can you let us know that too, please?

Answer:

The Department can waive debts greater than \$200 providing the requirements in the relevant legislative provisions are met.

The Department can waive debts under certain conditions, including where:

- The debtor is subject to extreme or unusual circumstances that interfere with their capacity to repay;
- The debt was solely due to administrative error and not raised within a period set out in legislation; or
- The debt is likely to be less than \$50 in value and therefore not considered to be cost effective to pursue.

Of the debts raised as a result of the online compliance intervention in the period from 1 July 2016 to 28 February 2017, 79 debts were waived that had a value of \$200 or more.

A waiver extinguishes a debt owing to the Commonwealth. Once waived, the debt can no longer be recovered even if the debtor's circumstances change in the future, unless the original decision to waive was incorrect.

Under the legislation, the Department can also under the legislation write off a debt either temporarily or on a permanent basis.

- Temporary write-off may occur in situations such as when a debt is not economical to pursue, the customer is overseas, in short-term financial hardship, or in prison
- Permanent write-off may be applicable in some cases, for example, when the customer is deceased and there are insufficient assets in the estate.

A decision to write-off a debt does not legally extinguish the debt. If the debtor's circumstances change in the future, the debt can be reinstated and pursued.