

Senate Standing Committee on Community Affairs

INQUIRY INTO CENTRELINK'S COMPLIANCE PROGRAM

ANSWER TO QUESTION ON NOTICE

Department of Human Services

Topic: Other compliance debts

Question reference number: QoN 3

Type of question: Written

Date set by the committee for the return of answer: 26 September 2019

Number of pages: 1

Question:

For each of the following questions, can the Department please provide data as national totals for 2016–17, 2017–18, 2018–19 and 2019–20 year to date:

- a) What was the total number of compliance debts raised outside of the online compliance systems?
- b) What was the value associated with debts raised?
- c) What was the average and median sized debt?
- d) What was the value of debts recovered?

Answer:

The compliance activities presented relate to the Department of Human Services' (the Department's) annual programme of compliance interventions focussed on social welfare payments. Business as usual activities across the Department such as updating a customer's circumstances may lead to a debt as a result of a customer complying with their obligation. This is not captured as part of the compliance programme.

	(a) Debt Raised Number	(b) Debts Raised Amount (\$m)	(c) Average Debt Amount
2016-17	119,104	\$228.6	\$1,919
2017-18	46,286	\$79.4	\$1,716
2018-19	64,540	\$105.3	\$1,631

Note, the information requested in part c) regarding the median debt amount, and in part d) regarding the value of debts recovered, is not readily available in existing reports as debt raised in a particular year can be recovered over a number of years. To prepare this information would require the development of new reports, which would be an unreasonable diversion of departmental resources.

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INQUIRY INTO CENTRELINK'S COMPLIANCE PROGRAM

ANSWER TO QUESTION ON NOTICE

Department of Human Services

Topic: Historical compliance program data

Question reference number: QoN 4

Type of question: Written

Date set by the committee for the return of answer: 26 September 2019

Number of pages: 1

Question:

For each of the following questions, can the Department please provide data as national totals for 2009–10, 2010–11, 2011–12, 2012–13, 2013–14, 2014–15, 2015–16:

- What was the total number of debts raised?
- What was the value associated with debts raised?
- What was the average and median sized debt?
- What was the value of debts recovered?

Answer:

The compliance activities presented relate to the Department of Human Services' (the Department's) annual programme of compliance interventions focussed on social welfare payments. Business as usual activities across the Department such as updating a customer's circumstances may lead to a debt as a result of a customer complying with their reporting obligation. This is not captured as part of the compliance programme.

	(a) Debt Raised Number	(b) Debts Raised Amount (\$m)	(c) Average Debt Amount
2009-10	433,805	\$551.4	\$1,271
2010-11	296,564	\$406.9	\$1,372
2011-12	169,588	\$337.3	\$1,989
2012-13	109,619	\$219.9	\$2,006
2013-14	101,331	\$283.6	\$2,799
2014-15	126,134	\$362.1	\$2,871
2015-16	210,009	\$694.6	\$3,308

Note, the information requested in part c) regarding the median debt amount, and in part d) regarding the value of debts recovered, is not readily available in existing reports as debt raised in a particular year can be recovered over a number of years. To prepare this information would require the development of new reports, which would be an unreasonable diversion of departmental resources.

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INQUIRY INTO CENTRELINK'S COMPLIANCE PROGRAM

ANSWER TO QUESTION ON NOTICE

Department of Human Services

Topic: Compliance communication

Question reference number: QoN 6

Type of question: Written

Date set by the committee for the return of answer: 26 September 2019

Number of pages: 3

Question:

For the each of the following questions, can the Department please provide data as national totals for 2016–17, 2017–18, 2018–19 and 2019–20 year to date:

- a) How many initial letters have been sent?
 - i. How many initial letters were sent electronically?
 - ii. How many initial letters were sent by post?
 - iii. How many initial letters were sent directing people to use the original Online Compliance Intervention system?
 - iv. How many initial letters were sent directing people to use the Electronic Income Confirmation system?
 - v. How many initial letters were sent directing people to use the Check and Update Past Income system?
- b) How many reminder letters have been sent?
 - i. How many reminder letters were sent electronically?
 - ii. How many reminder letters were sent by post?
- c) How many debt notices have been sent?
 - i. How many debt notices were sent electronically?
 - ii. How many debt notices were sent by post?
 - iii. How many debt notices were sent after a person had not engaged following initial and reminder letters or other contact from the department?

Answer:

Correspondence is sent to customers based on how they have opted to engage with Centrelink services.

a) Customer preference for communication as at the date of the initiation of review.

(i) Preference for Electronic and (ii) Preference for Post

Financial Year	(i) Electronic	(ii) Post
2016-17	148,830	167,477
2017-18	365,010	145,601
2018-19	233,716	55,116

iii) Online Compliance Intervention (OCI) Initiations

Financial Year	Initiations
2016-17	221,015
2017-18	0
2018-19	0

iv) Employment Income Confirmation (EIC) Initiations

Financial Year	Initiations
2016-17	95,292
2017-18	510,611
2018-19	96,134

v) Check and Update Past Income (CUPI) Initiations

Financial Year	Initiations
2016-17	0
2017-18	0
2018-19	192,698

b) Customers may receive a number of reminder letters throughout the course of a compliance review. For reviews where at least one reminder letter was sent, the table below shows the customer preference for communication as at the date of the first reminder.

i) Preference for Electronic and ii) Preference for Post

Financial Year	(i) Electronic	(ii) Post
2016-17	141,650	137,210
2017-18	364,771	161,574
2018-19	196,782	33,796

c) Where a review is completed with a debt to be recovered, the table below shows the customer preference for communication as at the date of review completion. Debt to be recovered does not include debts raised and then waived, as a debt notice is not issued.

i) Preference for Electronic and ii) Preference for Post

Financial Year	(i) Electronic	(ii) Post
2016-17	71,503	66,724
2017-18	94,641	50,590
2018-19	198,330	40,623

iii) Customers may engage with the Department of Human Services (the Department) for a number of reasons. The Department does not capture whether a customer has engaged with Department specifically in relation to their compliance review.

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ANSWER TO QUESTION ON NOTICE

Department of Human Services

Topic: Other Compliance Debts - Communication

Question reference number: QoN 7

Type of question: Written

Date set by the committee for the return of answer: 26 September 2019

Number of pages: 1

Question:

For the each of the following questions, can the Department please provide data as national totals for 2016–17, 2017–18, 2018–19 and 2019–20 year to date:

- a) How many debt notices have been sent for compliance debts raised outside of the online compliance systems?
 - i. How many debt notices were sent electronically?
 - ii. How many debt notices were sent by post?

Answer:

a)

	Debt Notices Issued
2016-17	108,516
2017-18	42,957
2018-19	56,958

i) & ii)

A customer can choose to receive their letters electronically when they link their myGov account with their Centrelink services. Correspondence is sent to customers based on how they have opted to engage with Centrelink services at that point in time.

It is an unreasonable diversion of departmental resources to disaggregate data to determine whether a customer had linked Centrelink services to their myGov account and opted to receive correspondence electronically at the time of issue of a debt notice.

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INQUIRY INTO CENTRELINK'S COMPLIANCE PROGRAM

ANSWER TO QUESTION ON NOTICE

Department of Human Services

Topic: Online Compliance Systems – Error Rates

Question reference number: QoN 8

Type of question: Written

Date set by the committee for the return of answer: 26 September 2019

Number of pages: 2

Question:

a) Initial letters:

- i. How many initial letters were generated and issued in error?
- ii. How many initial letters were sent to individuals to whom the purported debt did not relate?
- iii. How many initial letters were sent to individuals found (through reassessment or review) not to have a debt?

b) Debt notices:

- i. How many debt notices were generated and issued in error?
- ii. How many debt notices were sent to individuals to whom the purported debt did not relate?
- iii. How many debt notices were issued to individuals later found (through reassessment or review) not to have a debt?

Answer:

a) Initial letter:

- i. Online compliance letters are sent to customers who are identified as having an income discrepancy. When the Department is made aware of an anomaly between available data and a customer's details, a specialist team investigates the anomaly. Where the data pertaining to the compliance review is found not to relate to the customer, the compliance review is no longer progressed.
Between July 2016 and 30 June 2019, 292 compliance reviews were initiated via the issue of an initial letter and as a result of the identification of a data anomaly, were not progressed. That data anomaly could include an incorrectly identified employer, a customer's identification details being incorrect, or a combination of these.
- ii. Of the 292 initial letters referred to in (i) above, it is not possible to identify how many solely related to anomalies in customer identification details.

iii. An initial letter is sent (the 'initiation' letter) to a person advising them that a discrepancy has been identified. This is not a debt letter. The letter initiates an iterative review process between the person and the Department, allowing for the provision of information to explain the discrepancy. To answer this question it would be necessary to identify how many of the people who received an initiation letter, and who, following a review process which resulted in a debt, then subsequently requested a reassessment or review of that debt at any time following the raising of that debt. As people can seek a reassessment at any time following the raising of a debt and multiple times, it is not possible to ascertain this information. Between July 2016 and 30 June 2019, 21,689 completed reviews were reduced to zero following the provision of additional information.

b) Debt notices:

i & ii

The Department is not aware of any online compliance account payable notices being sent to a customer in error. When the Department is made aware of an anomaly between available data and a customer's details, a specialist team investigates the anomaly. Where the data is found not to relate to the customer, the compliance review is no longer progressed and there is no accounts payable notice issued.

iii. Additional information provided throughout the compliance review process can affect the value of a debt. Between July 2016 and 30 June 2019, 21,689 debts were reduced to zero following the provision of additional information.

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ANSWER TO QUESTION ON NOTICE

Department of Human Services

Topic: Under-payments

Question reference number: QoN 10

Type of question: Written

Date set by the committee for the return of answer: 26 September 2019

Number of pages: 1

Question:

- a) How many under-payment errors have been identified through data-matching?
- b) How many payments have been made following identification of an under-payment error through data-matching?
- c) What was the value associated with those payments?

Answer:

a) - c)

As part of the Department of Human Services' (the Department's) policy guidelines, any under-payments made during the review period are taken into account as part of the income compliance review process.

The Department does not hold management information to break this information down further.

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ANSWER TO QUESTION ON NOTICE

Department of Human Services

Topic: External Debt Collection

Question reference number: QoN 11

Type of question: Written

Date set by the committee for the return of answer: 26 September 2019

Number of pages: 1

Question:

- a) How many compliance debts have been referred to external collections agents?
- b) How many debts have been referred to external collection agents where there has been no response to the initial letter, reminder letters or debt notice?
- c) How many of these referred debts have found to be in error?
- d) What is the total value of debts referred to external collections agents?
- e) What is the total value of debts recovered by external collections agents?

Answer:

- a) From July 2016 to 30 June 2019, the Department of Human Services (the Department) referred 235,832 income compliance reviews with a debt to External Collection Agents (ECAs).
- b) The information requested is not readily available and collection of the number of individual instances of referrals where there has been no response to letters and notices would involve an unreasonable diversion of departmental resources.
- c) The information requested is not readily available and collection of the number of individual instances of referrals where the debt was subsequently adjusted would involve an unreasonable diversion of departmental resources.
- d) From July 2016 to 30 June 2019, the Department referred to ECAs debts across all programs to the total value of \$1,980,485,452.
- e) From July 2016 to 30 June 2019, ECAs recovered a total debt value across all programs of \$399,524,111. The total value of debts recovered by ECAs excludes any subsequent refunds to customers.

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ANSWER TO QUESTION ON NOTICE

Department of Human Services

Topic: Garnishee orders, tax returns and benefits

Question reference number: QoN 12

Type of question: Written

Date set by the committee for the return of answer: 26 September 2019

Number of pages: 1

Question:

For the each of the following questions, can the Department please provide data as national totals for 2016–17, 2017–18, 2018–19 and 2019–20 year to date:

- a) How many peoples' tax returns have been garnished for compliance debt repayments?
 - i. How many of these people had prior notification that this was going to occur?
- b) How many peoples' Family Tax Benefits have been garnished for compliance debt repayments?
 - i. How many of these people had prior notification that this was going to occur?

Answer:

- a) The Department of Human Services (the Department) is not able to provide numbers by reference to individual tax returns, as it does not hold such information.
 - i. The Department provides advice in all debt related correspondence that if the person does not pay the debt, the Department may recover the money they owe through a range of mechanisms including garnishee their tax refund.
- b) The information requested is not readily available and collection of the number of individual instances of withholding and quantum of funds would involve an unreasonable diversion of departmental resources.
 - i. The Department provides advice in all debt related correspondence that if the person does not pay the debt, the Department may recover the money they owe through a range of mechanisms including using Family Tax Benefit arrears, lump sums, top-ups and supplement payments.