

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 8 MARCH 2017

ANSWER TO QUESTION ON NOTICE

Department of Human Services

Topic: Update of Table

Question reference number: QoN 10

Member: Siewert

Type of question: Hansard page 44

Date set by the committee for the return of answer: 31 March 2017

Number of pages: 2

Question:

CHAIR: Can we talk about data now. I would like us to clarify some of the data that is available. I am after a stack of information on numbers. Thank you for the information you have provided. Can we get updates for January and February?

Ms Campbell: We will take that on notice. I do not have it with me at the table.

CHAIR: That would be good, and obviously then the full table—not just the numbers initiated and completed without debt. Could you also take on notice the number of people who have sought a reassessment?

Ms Campbell: I thought we had already taken that on notice, but we can.

Answer:

The data for July 2016 to February 2017 is provided in the table below.

	Number of Assessments							
	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17
Assessments Initiated	230	844	62,240	50,342	94,754	8,993	3,465	364
Assessments Completed - Without Debt ¹	1	45	156	14,216	11,973	9,954	2,115	126

	Number of Debts							
	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17
Number of Debts Raised²	10	194	618	47,785	45,501	39,174	5,764	367
Debt Reduced to Zero³	0	0	11	227	1,307	1,330	2,362	1,384
Debt Reduced non-Zero³	1	2	19	307	1,846	2,120	4,017	2,800
Debt Amount Increased³	0	1	4	25	274	202	302	279
Recovery Fee Applied⁴	8	104	379	33,543	34,175	29,085	3,687	73
Debts Waived and / or Written Off permanently^{3, 5, 6}	0	3	31	1,816	1,862	1,851	584	197

¹ The month relates to the date completed so there will be a lag affect between when assessments were initiated and when they were completed.

² One assessment can lead to multiple debts if the recipient has been the beneficiary of different types of income support payments.

³ The month the change is reported is the month the reassessment or review of the debt was completed which may be different to the month the debt was raised.

⁴ A recovery fee can be applied to debts for working age recipients where they have not provided information about their income, and they have not provided a reasonable explanation. Some debts may have the recovery fee removed at a later date if the recipient provides information that demonstrates they had a reasonable explanation.

⁵ A Social Welfare debt may be waived due to being not cost effective to pursue (under \$50), an administrative error or in special and unusual circumstances

⁶ A permanent write-off may be applicable in some cases, for example, when the customer is deceased or has been declared bankrupt.

Senate Community Affairs References Committee

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PUBLIC HEARING 8 MARCH 2017

ANSWER TO QUESTION ON NOTICE

Department of Human Services

Topic: Outcomes from Formal Reviews

Question reference number: QoN 13

Member: Siewert

Type of question: Hansard page 45

Date set by the committee for the return of answer: 31 March 2017

Number of pages: 1

Question:

CHAIR: So what I want is that formal—

Ms Campbell: The formal authorised review officer?

CHAIR: the formal authorised review where someone has got their actual debt that they owe and they are going, 'That's not right,' even though they have gone through the iterative process. How many through that process? How many have had their debt increased, decreased, or—

Ms Golightly: Simply from the formal reviews?

CHAIR: Yes.

Ms Campbell: We will have to take that on notice. I do not think we have got that.

Answer:

For 2016-17, as at 28 February 2017, 1,370 people had lodged an application for a formal review at Authorised Review Officer (ARO) level, in relation to the online compliance assessment component of the Employment Income Matching measure. This equates to 1 per cent of people that have an online Employment Income Matching related debt.

Of the 1,370 people, 1,244 reviews have been finalised, with 689 (50.3 per cent) of the finalised reviews resulting in a change to the original decision (debt increased or decreased). In 2015-16, 62 per cent of formal reviews at the ARO level resulted in a change to the original decision for debts raised using the manual process under the Employment Income Matching measure. An ARO undertakes an independent review of the decision and considers all original information. New information or evidence is also regularly provided and the ARO takes this into account in reviewing the decision.

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

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ANSWER TO QUESTION ON NOTICE

Department of Human Services

Topic: Recovery Fee

Question reference number: QoN 39

Member:

Type of question: Written

Date set by the committee for the return of answer: 31 March 2017

Number of pages: 1

Question:

How are decisions made to apply the 10% recovery fee under the Online Compliance Intervention program?

Answer:

The Department applies a recovery fee in accordance with section 1228B of the *Social Security Act 1991*.

The Department adds a 10 per cent recovery fee to a debt where an individual provides incorrect information about their income related earnings or refuses to provide information about those earnings, and does not have a reasonable excuse for doing so.

Once an individual responds to a request to call or go online, they have an opportunity to certify that they had a reasonable excuse for providing incorrect information or refusing to provide relevant information.

If an individual fails to indicate they had a reasonable excuse, the 10 per cent recovery fee must be applied.

People can at any time contact the Department and, if it can be established that there was a valid reason why incomplete or incorrect information was previously provided to the Department, then the recovery fee can be removed.

As noted in the Ombudsman's report, the recovery fee was automatically applied in limited circumstances. This was where there was no contact from the recipient or the recipient did not tell the Department they had a reasonable excuse for inaccurate reporting.

The Department has commenced contacting people who have had the fee applied to remind them of their review rights, including the application of the recovery fee. In addition, the Department will write to all recipients who had an online compliance debt to remind them of their review rights, including the application of the recovery fee.

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 8 MARCH 2017

ANSWER TO QUESTION ON NOTICE

Department of Human Services

Topic: Reassessments of debts

Question reference number: QoN 43

Member:

Type of question: Written

Date set by the committee for the return of answer: 31 March 2017

Number of pages: 1

Question:

How many people have had a reassessment of an alleged debt detected by the Online Compliance Intervention program with Centrelink?

Of these:

- How many have been finalised?
- How many resulted in the original decision being changed?
- Of decisions changed, how many resulted in a lower debt or no debt raised?
- How many have been taken to the Administrative Appeals Tribunal?

Answer:

The process can involve an iterative engagement with individuals as additional information is provided, the Department, either online or with the assistance of compliance officers facilitates the individual entering the information to allow a debt to be determined. Once a debt is determined, the Department continues this open approach to being able to reassess the debt based on new information. As a result of this iterative process, it is possible for debts to be re-categorised through subsequent reassessments.

Information on the number of individuals that have been reassessed and their outcomes can be found in response to Questions on Notice 10 and 194.

The number of individuals that have lodged an application with the Administrative Appeals Tribunal is answered in Question on Notice 14.

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 8 MARCH 2017

ANSWER TO QUESTION ON NOTICE

Department of Human Services

Topic: Money returned for collection of incorrect debts

Question reference number: QoN 47

Member:

Type of question: Written

Date set by the committee for the return of answer: 31 March 2017

Number of pages: 1

Question:

How much money has the Department of Human Services paid back to people who started paying or had paid an alleged debt detected by the Online Compliance Intervention program that was found to be raised in error?

Answer:

In relation to debts raised through the online compliance intervention program, as at 28 February 2017, the Department had refunded 0.2 per cent of debts raised to recipients who had partially or fully repaid a debt and then that debt was subsequently reduced to zero.

The reduction of a debt does not mean the original debt was determined in error. When current and non-current recipients engage with the Department with additional or clarifying information, it is possible for the debt to change.

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

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ANSWER TO QUESTION ON NOTICE

Department of Human Services

Topic: Process

Question reference number: QoN 58

Member:

Type of question: Written

Date set by the committee for the return of answer: 31 March 2017

Number of pages: 2

Question:

Given the projected 50-fold annual increase in DHS debt cases, what are the projected red tape burden and productivity impacts upon employers who are being chased for old payslips in relation to both former and current employees?

- How has the Centrelink been communicating its requirement for employers to provide payslips?
- Why, given employers are legislatively required to provide payslips if requested by the Centrelink, has Centrelink been requiring customers to provide payslips?
- What business representations have been made to DHS, Centrelink and the Government in relation to the red tape burden of diverting staff to find, generate and supply payslips for current and former employees affected by the OCI?
- Was the original time frame for keeping pay slips 6 months? If not, what was the period?
- Who authorised the decision to change the requirement to retain payslips?

Answer:

Prior to the commencement of the Employment Income Matching measure on 1 July 2015, documentary evidence was required in almost every instance. This involved long manual processes for recipients, employers and the Department over an extended period of time.

The online compliance system, which is part of the same Employment Income Matching measure, has not increased red-tape for employers. The Department is not aware of any formal representations from businesses on the implementation of the online compliance system.

Recipients are asked to confirm or update their information as the recipient is in the best position to explain differences. To assist the recipients, the Department has made it easier to upload information that might be several years old, by making changes to the online system. Payslips are not mandatory. People are able to enter net income information and the system will calculate the gross income amounts. Net income information can be found on bank statements, which can be more readily accessed by the recipient.

On the Department of Human Service website under 'Income reporting' and within the 'Information you need to know about reporting employment and using the Earnings Worksheet' it advises recipients to keep evidence of their earnings (payslips) as they may be asked to provide proof of their income in the future.

At one stage, the website included a statement that suggested recipients retain payslips for at least six months was provided as a guide only and not part of any legislative or policy requirement. The phrase in question was drawn to the Department's attention and was removed.

During employment income discussion with recipients, they are advised to retain payslips in case their earnings are verified in the future.

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 8 MARCH 2017

ANSWER TO QUESTION ON NOTICE

Department of Human Services

Topic: Income averaging and anomalies

Question reference number: QoN 68

Member:

Type of question: Written

Date set by the committee for the return of answer: 31 March 2017

Number of pages: 1

Question:

What percentage and number of cases involved income averaging and other anomalies?

Please describe the anomalies discovered and the rate of each type.

Answer:

The Department is unable to provide information on how many recipients have had their final outcome based on averaging, due to a number of factors, including complexities with manual debts that involve multiple employers with multiple years.

It is also the case that income may legitimately be evenly distributed across a number of pay periods for the following reasons:

- actual earnings may have been the same in each period;
- the recipient may evenly apply the earnings across the period;
- the recipient may choose to average earnings; or
- as a last resort, where the recipient does not engage as requested, the department will use the information available from the ATO, which may involve averaging.

Where income is evenly distributed over pay periods, the Department's systems do not capture information on the individual reasons described above.

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PUBLIC HEARING 8 MARCH 2017

ANSWER TO QUESTION ON NOTICE

Department of Human Services

Topic: Rate received for debts

Question reference number: QoN 80

Member:

Type of question: Written

Date set by the committee for the return of answer: 31 March 2017

Number of pages: 1

Question:

What is the rate in the dollar that the Australian government receives for debts that have been referred to the debt collection agency and that the agency successfully collects?

Answer:

The debt collection agents pay 100 per cent of the payments they successfully collect to the Department.

The debt collection agencies are paid their fees directly by the Department, not as a deduction from debts recovered.

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 8 MARCH 2017

ANSWER TO QUESTION ON NOTICE

Department of Human Services

Topic: Calls logged

Question reference number: QoN 86

Member:

Type of question: Written

Date set by the committee for the return of answer: 31 March 2017

Number of pages: 1

Question:

There is a new category in Centrelink's database for counsellors speaking with clients about "Centrelink Automatic Debt Recovery". How many calls have been logged under this category since it was established?

Answer:

There is no new category in any Centrelink database that enables conversations with social workers or other counsellors to be categorised as relating to the online compliance system.

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ANSWER TO QUESTION ON NOTICE

Department of Human Services

Topic: Referral of individuals

Question reference number: QoN 88

Member:

Type of question: Written

Date set by the committee for the return of answer: 31 March 2017

Number of pages: 1

Question:

How many of those individuals have had their files referred to an authorised Debt Collection Agency?

Answer:

No individuals with a Vulnerability Indicator at the time of the review being initiated have had their files referred to an authorised Debt Collection Agency.