

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 10 APRIL 2017

ANSWER TO QUESTION ON NOTICE

Department of Human Services

Topic: Debt recovery costs

Question reference number: QoN 102

Member:

Type of question: Written

Date set by the committee for the return of answer: 5 May 2017

Number of pages: 1

Question:

What is an approximate cost to collect smaller debt amounts, as a proportion of the debt? For debts under \$100 what is the proportion of the debt lost to costs of collection?

Please outline how debt recovery costs have been factored into the debt recovery program, particularly where debt recovery costs make an individual debt action cost positive, neutral or cost negative.

Answer:

Debtors repay their debt through a multitude of repayment arrangements. The repayment arrangements are generally determined on a case by case basis to suit the recipient's financial circumstances.

Current recipients repay their debts through withholdings, which is an automated deduction from their social welfare payment. The cost of recovery for this method is negligible.

Only debts for former welfare recipients are referred to External Collection Agents (ECA) for debt recovery.

The ECA pays 100 per cent of the payments they successfully recover to the Department. The ECA fees are paid separately to the ECA.

For the financial year 2015-16, ECAs recovered approximately \$145m in social welfare debt. For the same period, the Department paid a commission of approximately \$15m (excluding GST).

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ANSWER TO QUESTION ON NOTICE

Department of Human Services

Topic: Indigenous Communities

Question reference number: QoN 108

Member: Written QoN

Type of question: Written

Date set by the committee for the return of answer: 5 May 2017

Number of pages: 1

Question:

Is the debt recovery program being implemented in remote indigenous communities?

Answer:

People who live in remote or very remote Australia are currently not reviewed using the online compliance system. These people will be able to be assisted by a DHS staff member.