Senate Standing Committee on Community Affairs
Inquiry into Centrelink's Compliance Program

Public Hearing – 17 August 2020
ANSWER TO QUESTION ON NOTICE

Department of Social Services

Topic: Senate Standing Committee on Community Affairs Inquiry into Centrelink's Compliance Program - Question 2

Question reference number: SQ20-000550

Senator: Rachel Siewert
Type of Question: Spoken. Hansard Page/s: 20
Date set by the Committee for the return of answer: 28 August 2020

Question:
CHAIR: Are you aware of or have you provided advice on any other amendments to the social security legislation to implement anything further on the income compliance program?
Ms Campbell: I'd have to take it on notice, but nothing springs to mind at the moment. But we'll take that on notice. Of course, the Social Security Act was changed to facilitate Single Touch Payroll. Mr Bennett might be able to talk about the changes that were made for that.
Mr Bennett: In terms of the change of assessment model and Single Touch Payroll, with the proclamation that occurred on 23 July we're now very focused on the arrangements that need to occur for 7 December. As we have discussed before, that's quite a considerable change. That is significant in terms of the way that we will have, as I've discussed previously, a more intuitive system to support people with their reporting obligations, better use of data matching and better use of technology.
CHAIR: I understand that. I am asking are there any other changes proposed by government to the income compliance program beyond the single-touch payroll and the changes that were made when that legislation passed?
Mr Bennett: As the secretary mentioned, we will take that on notice. My lens at the moment is very much about doing the work to support the successful implementation of such a big initiative.

Answer:
There are no amendments proposed to social security legislation to make changes to the Income Compliance Program.

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Department of Social Services

Topic: Senate Standing Committee on Community Affairs Inquiry into Centrelink's Compliance Program - Question 3

Question reference number: SQ20-000551

Senator: Murray Watt
Type of Question: Spoken. Hansard Page/s: 23
Date set by the Committee for the return of answer: 28 August 2020

Question:
Senator WATT: So are you denying that there was ever a document produced by your department, stamped 'PROTECTED CABINET', which contemplated the expansion of income compliance to these groups, which is what is cited in this report?
Ms Campbell: I remember this report. I am pretty sure it was not from the Department of Social Services, but we will take that on notice.
Senator WATT: So it was another department that was looking to expand robodebt for pensioners and people with disability?
Ms Campbell: Senator, I don't know where the Guardian got this from.
Senator WATT: Have you seen these documents that are referred to? Whether they were produced by your department or any other?
Ms Campbell: Senator, I see a lot of documents. I'd have to take it on notice. Sometimes we see documents and we say, 'That's not the position of the department.'
Senator WATT: This report says that it was an early draft ministerial submission for Minister Robert. I would have thought that would be by your department.
Ms Campbell: Senator, I most certainly didn't draft it.
Senator WATT: Hang on; he's the Minister for Government Services, so it may have been produced by the department for government services, as opposed to the Department of Social Services. Is that what you're saying?
Ms Campbell: The Department of Social Services has policy responsibility for this area.
Senator WATT: And you're saying your department has never produced a ministerial submission for Minister Robert which contemplated the expansion of income compliance in this way?
Ms Campbell: I have said not to my knowledge. I would expect that sometimes people might draft things, but this has never been the position of the department in providing advice to government of such an expansion.
Senator WATT: You just told the committee that your department has never undertaken such work, and it sounds like you're now saying you're not aware of any such work being undertaken.
Ms Campbell: I did ask Mr Bennett, and he was unaware of it as well. We can take it on notice.

Answer:

The Department of Social Services (the department) has provided a range of advice to the Government relating to compliance activities, including the Income Compliance Program. The department has not provided advice to Government recommending the expansion of the Income Compliance Program to the groups described by Senator Watt.

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Department of Social Services

Topic: Senate Standing Committee on Community Affairs Inquiry into Centrelink's Compliance Program - Question 4

Question reference number: SQ20-000552

Senator: Catryna Bilyk
Type of Question: Spoken. Hansard Page/s: 30
Date set by the Committee for the return of answer: 28 August 2020

Question:
Senator BILYK: Okay. Services Australia spokesperson Mr Jongen—I'm sorry if I said that wrongly—said that legal services were engaged to assist in 'making sure the law is applied correctly'. Are you able to tell me which companies contracted over the last six years have provided advice on how to apply the Social Security Act 1991?
Ms Campbell: We can take that on notice.

Answer:
The Department of Social Services and Services Australia (formerly known as the Department of Human Services) have engaged the Australian Government Solicitor and the following law firms to provide advice on various aspects of social security law since 1 July 2014: Clayton Utz, HWL Ebsworth, Maddocks, King & Wood Mallesons, Mills Oakley, Minter Ellison and Sparke Helmore.

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Department of Social Services

Topic: Senate Standing Committee on Community Affairs Inquiry into Centrelink's Compliance Program - Question 5

Question reference number: SQ20-000553

Senator: Catryna Bilyk
Type of Question: Spoken. Hansard Page/s: 30
Date set by the Committee for the return of answer: 28 August 2020

Question:
Senator BILYK: Okay. And you will probably take this on notice too: which of them provided advice about 1222 to 1224 of the Social Security Act?
Ms Campbell: We'll take it on notice and do our best to see what we can provide.

Answer:
To answer this question would require an unreasonable diversion of resources.

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Department of Social Services

Topic: Senate Standing Committee on Community Affairs Inquiry into Centrelink's Compliance Program - Question 6

Question reference number: SQ20-000554

Senator: Catryna Bilyk
Type of Question: Spoken. Hansard Page/s: 30 - 31
Date set by the Committee for the return of answer: 28 August 2020

Question:
Senator BILYK: Is $34 million consistent with the previous year's spending on legal services for the department and Services Australia or—
Ms Campbell: I can take you through what has been spent in previous years, because this is publicly available on the OLSC website—I assume—annually. For the Department of Social Services in 2018-19—that would have been the last time it was published—there was a total expenditure of $7.59 million; in 2017-18 it was $8.32 million; in 2016-17 it was $8.37 million; and in 2015-16 it was—
Senator BILYK: Can you do me some comparison tables, seeing how you're taking things on notice, and perhaps tables for the next six years?
Ms Campbell: For the next six years?
Senator BILYK: Sorry—for the previous six years!
Ms Campbell: We'll take that question on notice.

Answer:

Legal expenditure is published annually on the OLSC website at: www.ag.gov.au/about-us/publications/commonwealth-legal-services-expenditure. Legal expenditure for the 2019-20 financial year will be published by 30 October 2020. The table below outlines legal expenditure for the past six financial years:

$M (GST exclusive)		
	Department of Social Services	**Services Australia**
2018-19	7.59	47.40
2017-18	8.32	44.02
2016-17	8.37	41.52
2015-16	9.36	35.93
2014-15	10.22	35.02
2013-14	9.98	28.93

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Department of Social Services

Topic: Senate Standing Committee on Community Affairs Inquiry into Centrelink's Compliance Program - Question 7

Question reference number: SQ20-000555

Senator: Catryna Bilyk
Type of Question: Spoken. Hansard Page/s: 32
Date set by the Committee for the return of answer: 28 August 2020

Question:
Senator BILYK: So, besides Social Services, how do these costs compare with other government departments' and executive agencies' costs?
Ms Campbell: I would expect that the OLSC's, the Office of Legal Services Coordination's, website might have that comparison. I haven't turned my mind to it.
Senator BILYK: If they don't, I'll put a question on notice. Is there any modelling being done on future spending on legal services within DSS and Services Australia, within Treasury or otherwise?
Ms Campbell: I think the OLSC looks quite closely at legal expenditure. I know that in the Department of Social Services we go up and down, depending sometimes on the legislative drafting we're doing—
Senator BILYK: Okay, but is any modelling being done within Treasury or otherwise? That's what I'm asking.
Ms Campbell: I think there's been a review, but we can take that on notice and see what we can find.
Senator BILYK: Could you take that on notice. Then could we have those models or estimates fairly soon? You haven't got anything with you?
Ms Campbell: No. We've taken it on notice because the estimates for this financial year are due to be published on 30 October but we also indicated the information that was in the Daily Telegraph article talked about the maximum amount for a contract, and that might be over more than one year. I think sometimes the contracts might be for two years, so it might say—and I'm making this up—$5 million, but it would be maybe $3 million in one year and $2 million in the other, and then we may not even expend that amount. That's the estimate of what's likely to be spent.

Answer:
Legal expenditure for the Department of Social Services and Services Australia (formerly known as the Department of Human Services) has been broadly consistent over recent years and legal expenditure during FY 2020-21 is expected to be similar. No modelling is being undertaken for future years.

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Department of Social Services

Topic: Senate Standing Committee on Community Affairs Inquiry into Centrelink's Compliance Program - Question 8

Question reference number: SQ20-000556

Senator: Deborah O'Neill
Type of Question: Spoken. Hansard Page/s: 36
Date set by the Committee for the return of answer: 28 August 2020

Question:
Senator O'NEILL: They are for Mr Bennett. You were talking about the microbusinesses that would be outside the Single Touch Payroll. Could you mock up some scenarios for me being, say, a casual employee moving between different landscaping people, providing my labour services, on the Central Coast? What would happen with me? That relates to another question, a clarifying one, which was about the proof. We've seen the reverse onus of proof, where it was the department that had to check—get bank statements and pay slips—previously, prior to robodebt. But, with the change of robodebt, the reverse came, with Australian citizens having to provide financial statements, tax returns, pay slips, payment summaries, rental history, bank statements or any other documents. Do Australians have to keep that for seven years and are you going to continue to rely on them to give you the information to justify themselves, or is the department going back to checking the information themselves? It's complex—too hard to write.

Answer:

The changes to employment income reporting that come into effect on 7 December 2020 will benefit all income support recipients who report employment income to Centrelink, regardless of whether their employer reports Single Touch Payroll (STP) data.

Currently, recipients are required to calculate the amount of income they have earned in an entitlement period, often before they have been paid. This can be complicated, particularly when taking into account different hourly rates and penalty rates. From 7 December, recipients will be able to report the gross amount they have been paid, as it appears on their payslip.

Moving to a paid model of reporting employment income also allows for the use of STP data to assist recipients report their income. As the STP expanded dataset is rolled out, income support recipients whose employers report through STP will see their employer details and income prefilled. Recipients will be able to review and amend, as required, the pre-filled information before confirming their income to Centrelink.

Please refer to response to SQ20-000540 for information about the requirement to keep records.

<u>Example after 7 December 2020</u>

Jack is receiving JobSeeker payment and works as a casual labourer on the Central Coast. Jack often takes on labouring jobs for a variety of different employers. Most of these employers are large businesses employing a range of permanent and casual staff. As they have more than four employees, these businesses will report the STP expanded dataset when it is fully rolled out.

Over time, Jack will see each of his employers' details and the income they pay him pre-filled in his fortnightly Centrelink report. Jack can compare these amounts with what appears on his payslips before confirming and submitting his income report to Centrelink.

Jack also does work from time to time for Ken's Mowing. Ken runs a mowing business and employs a full-time worker. To meet increased demand, Ken asks Jack if he could cover a few jobs. Ken's Mowing has fewer than four staff so is considered a micro employer and is not required to report the STP expanded dataset. Ken pays Jack for the jobs he did and issues him a payslip.

During the fortnight, Jack received pay from three different businesses. Two of them reported through STP, and Ken's Mowing did not. When Jack reports his income to Centrelink, the Report Employment Income service has pre-filled the employer name and income from the two larger landscaping businesses that report the STP expanded dataset. Jack checks his payslip to confirm the amounts. If there is a discrepancy between the pre-filled information and what he was paid, Jack can correct the information before he submits his income report.

The details for Ken's Mowing have not been pre-filled. The Report Employment Income service prompts Jack to report all employment income paid to him during the fortnight. Jack responds to the screen prompts to add Ken's Mowing as an employer, and enters his gross income for the fortnight from Ken's Mowing as it appears on his payslip. The employer details will be saved into the Report Employment Income service, so Jack will not have to add these details again if he works for Ken's Mowing in the future.

Jack submits his fortnightly income report, which includes the pre-filled amounts from the two businesses who report through STP and the income from Ken's Mowing that Jack has added using his payslip. The total amount is applied to his income support assessment to determine Jack's rate of JobSeeker payment.