

Senate Community Affairs Legislation Committee

ADDITIONAL ESTIMATES – 26 FEBRUARY 2015 ANSWER TO QUESTION ON NOTICE

Department of Human Services

Topic: Centrelink overpayments

Question reference number: HS 11

Senator: Siewert

Type of question: Hansard pages 30-31

Date set by the committee for the return of answer: 17 April 2015

Number of pages: 8

Question:

a) ACTING CHAIR (Senator Siewert):You answered a question for me, question 158 on overpayment figures. The average overpayment was 0.13 per cent—the Chair is back now—then you gave the figures of the average overpayment. In terms of the overpayments, could you take on notice for me, please, what the causes of those overpayments were? If you could tell me in general and then take on notice what the causes of those overpayments were. Were they misreporting, not reporting on time or were they the department's errors? Is that possible?

Ms Campbell: We will do the best we can. I am not sure what level of specificity we have got on that. We will seek to get as much information as we can.

Senator SIEWERT: You have given me some quite detailed information on breaking it down. I thank you for that because it is really useful. You look at some that are really high. For example, for parenting payment single it is nearly 30 per cent. I am wondering if you could also take on notice that question.

b) Ms Campbell: We are constantly looking at why people get overpayments, whether it is not doing the appropriate reporting or not understanding the parameters around which the payments are made. One of the roles of Mr Jongen is to make sure that people understand their reporting requirements and their obligations under them. When we find an area where we are seeing a spike in people getting it wrong, we do that strategy about ensuring that people are aware of their commitments.

Senator SIEWERT: Have you done that in these cases, because it is really high for Austudy, parenting payment partnered, parenting payment single, Newstart, family tax benefit—in fact, there are a whole lot of areas that are really high. Have you done that, and have you seen a decrease in it in the six months since the end of June 2014?

Ms Golightly: We will take the detail of that on notice. In general terms—and what I am about to say is not specific to a payment; I will have to check it—certainly with income reporting and change of circumstances, particularly in a student's place, there are things that we have noticed, as the secretary said, that people often get wrong. We do have quite an extensive information campaign around how important it is to tell us immediately if your circumstances change and to report your income.

I know, as a general statement, those two are fairly high up there in terms of the sorts of things we see that are causing problems. We do have information sessions and products out there to help with that.

Senator SIEWERT: Could you provide those figures to December, to see if we have seen a decrease in response to any actions you have taken? That would be very much appreciated.

Ms Golightly: Certainly, Senator.

Answer:

- a) You requested additional information relating to figures previously supplied by the department in question HS 158 from the Supplementary Budget Estimates of October 2014. Those figures provided numbers and percentages of income support recipients with Centrelink overpayments for 2013-14. The table on the following page provides the number and percentage of income support recipients with Centrelink overpayments for 2013-14, broken down by payment type and reason.

Payment Type	Overpayment reason number and percentage for income support recipients with Centrelink overpayments for 2013-14																		
	Advance/Loan		Automatic (includes FTB reconciliation)		Compensation		Dependants		Income		Obligation		Qualification		Studies		Miscellaneous		TOTAL Custs
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.
ABSTUDY	2,009	34.57	762	13.11	15	0.26	26	0.45	781	13.44	248	4.27	434	7.47	919	15.81	618	10.63	5,812
Age Pension	2,614	3.65	4,558	6.37	900	1.26	18	0.03	43,843	61.26	365	0.51	15,291	21.36	37	0.05	3,945	5.51	71,571
Austudy	2,396	12.83	2,898	15.52	164	0.88	42	0.22	3,554	19.03	493	2.64	3,035	16.25	4,698	25.15	1,398	7.48	18,678
Carers	4,014	12.39	7,790	24.04	765	2.36	118	0.36	7,847	24.22	497	1.53	8,450	26.08	512	1.58	2,406	7.43	32,399
Disability Support	5,681	9.3	10,379	17.00	2,948	4.83	136	0.22	20,853	34.15	430	0.7	12,984	21.26	1,103	1.81	6,552	10.73	61,066
Family Tax Benefit	23,936	4.66	334,960	65.19	2,362	0.46	1,428	0.28	50,379	9.80	6,239	1.21	51,706	10.06	3,492	0.68	39,344	7.66	513,847
Newstart Allowance	56,046	22.44	47,345	18.96	4,663	1.87	1,396	0.56	51,005	20.42	34,672	13.88	29,579	11.84	8,113	3.25	16,913	6.77	249,732
Other	1,420	5.26	8,734	32.38	835	3.10	80	0.30	7,285	27.01	475	1.76	3,569	13.23	1,868	6.93	2,705	10.03	26,971
Parenting Payment Partnered	3,715	7.64	21,310	43.81	364	0.75	159	0.33	14,141	29.07	439	0.90	4,121	8.47	410	0.84	3,986	8.19	48,645
Parenting Payment Single	6,506	6.79	42,055	43.92	535	0.56	634	0.66	19,366	20.23	1,375	1.44	14,255	14.89	1,397	1.46	9,626	10.05	95,749
Youth Allowance	18,127	20.75	5,131	5.87	372	0.43	140	0.16	11,391	13.04	12,846	14.70	12,427	14.22	18,789	21.5	8,153	9.33	87,376

Note 1: While each customer is only counted once within each payment type, some customers receive more than one payment. As a result, the combined number of customers with an overpayment in this table, is more than the total number of distinct individual customers.

Note 2: The percentages have been rounded to two decimal points. Using rounded figures may result in discrepancies in individual calculations of the number of customers with an overpayment.

Note 3: **Attachment A** provides an explanation of the debt reason groupings.

- b) The department reports on reasons for overpayments to better understand why people are incurring debts. The department has strategies in place to reduce people getting future overpayments, particularly within the higher areas of debt such as Parenting Payment, Newstart and Austudy.

Some of the ongoing debt reduction strategies employed by the department include advising income support recipients to report earnings and any change of circumstances relevant to their eligibility for income support (such as changes in address or relationship status) to the department. This ensures that income support recipients have the opportunity to report payment affecting circumstances and reduce the potential of incorrect payments and/or debts.

The department regularly advises income support recipients of their rights, obligations and conditions of payment in customer correspondence and through a range of channels such as their MyGov and Centrelink online accounts and their Express Plus apps, the department's website, and via Facebook and radio interviews with the department's Communication manager. There is detailed information available explaining how recipients can report income at

<http://www.humanservices.gov.au/customer/enablers/centrelink/income-reporting>.

In addition to the above strategies and general reporting requirements, the department utilises a number of channels to target students on Austudy, Youth Allowance or ABSTUDY. Social media channels including Youtube videos, live online Q&As, the Student Update Facebook page, and Twitter accounts are regularly used to target messaging at students to tell the department about changes in their circumstances, study details and other personal details. The Human Services webpages contain information about "*Managing your payment*" for all student payments. This includes information about reporting a change of circumstances while receiving a payment. The department also conducts regular electronic data-matching with education institutions, which indicate whether a customer's study details may have changed. Customers are then prompted to contact the department to provide more information about their circumstances.

Reporting is conducted on a regular basis (usually fortnightly), although some recipients have a less frequent reporting requirement based on a risk-based approach. To advise the department of earnings or any change in circumstances recipients can report using self-managed services (online services, Express Plus app or phone self-service), in person or in writing in order to receive payment. These channels are designed to remove any barriers that recipients may have to reporting and to offer guidance and support through the reporting process.

Family Tax Benefit customers can incur a debt if they underestimate their family income, fail to lodge their tax returns or fail to notify the department of changes in their circumstances in a timely manner. The department regularly advises customers about the importance of providing accurate income estimates and notifying changes in circumstances in customer correspondence, including an annual mail-out to obtain updated income estimates for the next financial year. Information on estimating income is also available of the department's website at

<http://www.humanservices.gov.au/customer/enablers/one-time-access/family-income-estimate>

Every year the department writes to Family Tax Benefit customers to remind them to lodge outstanding tax returns to avoid a debt. This is supported by posts on the Family Update Facebook page and Twitter account as well as news items on the department's website.

While the percentages of customers with an overpayment from July to December 2014 indicate a slight decrease when compared to 2013-14, due to seasonal fluctuations in the number of overpayments and volume of income support recipients it is difficult to determine a clear trend. For example, the annual Family Tax Benefit reconciliation and non-lodger processes have peaks from July to December each year. A full year comparison would be required to determine any overall decrease in overpayments.

The following table provides the number and percentage of income support recipients with Centrelink overpayments for the period 1 July 2014 to 31 December 2014, by payment type.

Payment Type	Total number of customer with an overpayment	Percent of Total Customers with an Overpayment (%)
ABSTUDY	2,714	7.54%
Age Pension	40,415	1.63%
Austudy	8,420	13.64%
Carers	19,018	7.26%
Disability Support	31,852	3.80%
Family Tax Benefit	356,694	20.62%
Newstart Allowance	127,452	13.27%
Other	12,767	9.22%
Parenting Payment Partnered	28,963	22.41%
Parenting Payment Single	56,352	19.41%
Youth Allowance	41,139	9.75%
TOTAL	725,786	9.87%

Note 1: While each customer is only counted once within each payment type, some customers receive more than one payment. As a result, the combined number of customers in this table is more than the total number of individual customers with an overpayment.

Note 2: The percentages have been rounded to two decimal points. Using these rounded figures may result in discrepancies in individual calculations of the number of customers with an overpayment.

The following table represents the Indigenous or non-Indigenous status of income support recipients with Centrelink overpayments for the period 1 July 2014 to 31 December 2014.

Payment type	Number and percentage of income support recipients with Centrelink overpayments for the period 1 July 2014 to 31 December 2014			
	No. of Indigenous customers with an overpayment	% of Indigenous customers with an overpayment	No. of Non-Indigenous customer with an overpayment	% of Non-Indigenous customer with an overpayment
ABSTUDY	2,623	7.44%	91	12.04%
Age Pension	518	3.14%	39,897	1.62%
Austudy	88	25.36%	8,332	13.58%
Carers	1,711	12.97%	17,307	6.96%
Disability Support	2,892	6.01%	28,960	3.67%
Family Tax Benefit	19,483	21.81%	337,211	20.55%
Newstart Allowance	13,574	16.54%	113,878	12.96%
Other	955	15.06%	11,812	8.94%
Parenting Payment Partnered	2,816	25.51%	26,147	22.12%
Parenting Payment Single	6,908	18.77%	49,444	19.51%
Youth Allowance	4,334	16.05%	36,805	9.32%
TOTALS	55,902		669,884	

Note 1: While each customer is only counted once within each payment type, some customers receive more than one payment. As a result, the combined number of customers in this table is more than the total number of individual customers with an overpayment

Note 2: While ABSTUDY customers are required to make a declaration of Aboriginal or Torres Strait Islander descent as part of the claim process, coding of the Indigenous Indicator on a customer record is a manual process.

The following table provides the number and percentage of income support recipients with Centrelink overpayments for the period 1 July 2014 to 31 December 2014, by state and territory.

State/Territory	Number and percentage of individual income support recipients with Centrelink overpayments for the period 1 July 2014 to 31 December 2014	
	Number of Customers with Overpayment	Percentage of current customers with an Overpayment (%)
ACT	6,442	9.41%
NSW	169,775	8.2%
NT	8,045	13.33%
QLD	131,534	10.08%
SA	40,480	7.58%
TAS	12,652	6.91%
VIC	131,137	8.15%
WA	54,451	9.8%
Other*	789	1.42%
Total	555,305	8.62%

* Other - where the address is unknown or is an overseas address

Note 1: These figures refer to distinct customers, with each customer only counted once, not under different payment types as per the previous tables.

Note 2: The percentages have been rounded to two decimal points. Using these rounded figures may result in discrepancies in individual calculations of the number of customers with an overpayment.

The following table page provides the number and percentage of income support recipients with Centrelink overpayments for the period 1 July 2014 to 31 December 2014, by payment type and reason.

Payment type	Overpayment reason percentage for income support recipients with Centrelink overpayments for the period 1 July 2014 to 31 December 2014																		TOTAL Custs No.
	Advance/Loan		Automatic		Compensation		Dependants		Income		Obligation		Qualification		Studies		Misc		
	No.	%	No.	%	No.	%	No.	%	No.	No.	%	%	No.	%	No.	%	No.	%	
ABSTUDY	809	29.81	450	16.58	5	0.18	10	0.37	324	11.94	55	2.03	174	6.41	470	17.32	417	15.36	2,714
Age Pension	1,409	3.49	4,763	11.79	493	1.22	14	0.03	21,920	54.24	218	0.54	9,579	23.70	26	0.06	1,993	4.93	40,415
Austudy	932	11.07	1,853	22.01	61	0.72	23	0.27	1,113	13.22	110	1.31	1,211	14.38	2,547	30.25	570	6.77	8,420
Carers	1,743	9.17	7,070	37.18	396	2.08	65	0.34	3,661	19.25	121	0.64	4,414	23.21	399	2.10	1,149	6.04	19,018
Disability Support	2,528	7.94	8,849	27.78	1,366	4.29	78	0.24	8,936	28.05	113	0.35	6,311	19.81	953	2.99	2,718	8.53	31,852
Family Tax Benefit	11,471	3.22	266,652	74.76	1,158	0.32	911	0.26	21,282	5.97	3,024	0.85	24,022	6.73	2,840	0.80	25,334	7.10	356,694
Newstart Allowance	25,658	20.13	36,579	28.70	2,225	1.75	1,068	0.84	19,943	15.65	15,489	12.15	13,618	10.68	4,122	3.23	8,750	6.87	127,452
Other	422	3.31	5,403	42.32	373	2.92	44	0.34	2,518	19.72	153	1.20	1,265	9.91	1,443	11.30	1,146	8.98	12,767
Parenting Payment Partnered	1,652	5.70	17,146	59.20	138	0.48	83	0.29	5,794	20.00	132	0.46	1,722	5.95	247	0.85	2,049	7.07	28,963
Parenting Payment Single	2,578	4.57	32,650	57.94	244	0.43	455	0.81	7,206	12.79	733	1.30	6,520	11.57	1,178	2.09	4,788	8.50	56,352
Youth Allowance	7,526	18.29	3,603	8.76	147	0.36	78	0.19	4,160	10.11	5,482	13.33	5,639	13.71	10,891	26.47	3,613	8.78	41,139

Note 1: While each customer is only counted once within each payment type, some customers receive more than one payment. As a result, the combined number of customers in this table is more than the total number of individual (Answer (a)).

Note 2: The percentages have been rounded to two decimal points. Using rounded figures may result in discrepancies in individual calculations of the number of customers with an overpayment.

Note 3: **Attachment A** provides an explanation of the debt reason groupings.

Attachment A - Debt Reason Code Descriptions

Debt reason grouping	Description
Advance/Loan	Options to deliver payments early, immediately or as an advance of future payments may be available dependent on an individual's circumstances. Generally advance type payments are recovered by deducting a set amount from the recipient's fortnightly entitlement. In some circumstances, such as where a customer ceases receiving their entitlement or it is later found the customer was not entitled to the payment, a debt will be owed to the Commonwealth.
Automatic	Debts that are raised automatically when a reassessment occurs that impacts the payment or where Centrelink is recovering a debt on behalf of another department or agency. This includes: <ul style="list-style-type: none"> • Family Tax Benefit reconciliation debts – these debts arise as a result of the end of year process where Family Tax Benefit payments are balanced. Payments made to customers during a financial year based on their estimated annual income are compared with their entitlement based on their actual family income for the year. If the customer received more than they were entitled to, a debt will be raised. • Family Tax Benefit non-lodger debts – these debts arise where a customer who received Family Tax Benefit during a financial year based on their estimated annual income (or their partner) fail to lodge a tax return for that year. Where this occurs, a debt for all of the Family Tax Benefit paid during the relevant year will be raised. The debts are raised in November, 16 months after the end of the relevant financial year. • Other income support payments – e.g. transferring between payments and the new rate is lower than payments already made; or where Centrelink is recovering a debt on behalf of another agency.
Compensation	Social security pensions, benefits or allowances may be recovered, reduced and/or precluded if a customer or their partner receives compensation.
Dependants	Where a change in circumstance has occurred regarding a dependent child or initial information provided relating to family circumstances was incorrect.
Income	Customer or partner has income that affects their entitlement to social security. This income can include earnings, foreign income and investments.
Qualification	Customer does not qualify for a social security payment. Circumstances such as assets being over the allowable limit or a change in marital status.
Studies	Customer has a change in student status which impacts their social security payment, such as discontinues study.
Obligation	Customer has failed to meet an agreed obligation required for their social security payment, such as not returning a reporting statement.
Miscellaneous	Covers all other debt reason types not accounted for in the specific groupings.