

Senate Finance and Public Administration Legislation Committee

ADDITIONAL ESTIMATES – 9 FEBRUARY 2010 ANSWER TO QUESTION ON NOTICE

Human Services Portfolio

Topic: Income minimiser investigations

Question reference number: HS2 (a – b)

Senator: KROGER

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Question:

Ms Godwin—To give you a snapshot, in the period July 2006 to December 2009 we finalised 15 375 income minimiser investigations, and that resulted in the collection of almost \$45 million.

(a) Senator JACINTA COLLINS—What work do you do?

Ms Godwin—I am sorry. That is what the brief gives me. We could break that down for you but that was just to give you a bit of a flavour of the size.

(b) Senator KROGER—What would be an average time frame, if there is such a thing, for an investigation? How long would it take an investigation?

Ms Cooke—It would really vary according to the particular circumstances of the case. Sometimes some of these investigations require quite complex investigation and forensic accounting. Sometimes it is reasonably straightforward in terms of being able to access material that is freely available. We could take it on notice to look at the overall amount of time and break it down, but it really is quite variable depending on the circumstances of the case, which go from quite straightforward to sometimes quite complex.

Answer:

(a) The work of the Capacity to Pay area is to review cases where the taxable income of either, or both, parents may not accurately reflect their income, property or financial resources and consequently their 'Capacity to Pay' or entitlement to receive child support.

Cases are referred through to Capacity to Pay (Income Minimisers) from a variety of sources including stakeholders, requests from customers and other CSP business areas as well as via an internal case selection methodology.

An examination of the customers' financial affairs is necessary to establish a more accurate basis for the assessment. This investigation, which also includes discussions with the customers, is undertaken by specially trained Financial Investigators (FI) and often involves requests for financial information from third parties, such as banks. The outcome of an investigation can result in a Child Support Agreement between the two parents, a departure from the formula assessment via the Child Support Program (CSP) Change of Assessment Process, or no further action.

Capacity to Pay teams are also involved in collection of child support – both ongoing and arrears – through discussions with customers in order to gain payment/s or by referring the case to other business areas where non-compliance has been identified.

(b) The average time taken for a Capacity to Pay investigation is 97 days. A FI undertakes this investigation and the time taken to achieve an outcome is dependent upon two main factors:

1. if the customers readily provide information as requested this often results in a shorter timeframe to achieve the outcome. If the customers elect not to participate in the investigation and CSP needs to issue legal notices to third parties there is an increase in the length of time required to complete the investigation; and
2. the second factor is the complexity of the case, such as customers with multiple business entities. Information obtained generally requires more in depth analysis in order to understand the complex business and financial structures and attribute an income to the customer appropriately reflects their capacity to pay.