



Australian Government

Department of Families, Housing,
Community Services and Indigenous Affairs

In-Confidence

20 June 2011

Mr Richard Grant
The Secretary (a/g)
Senate Standing Committee on Economics
PO Box 6100
Parliament House
CANBERRA ACT 2600

Dear Mr Grant

Re: Submission to Senate Standing Committee on Economics - Schedule 4 of the Families, Housing, Community Services and Indigenous Affairs and Other Legislation Amendment (Further Election Commitments and Other Measures) Bill 2011.

The 2010-11 Budget Measure-‘Streamlining Processes for Compensation Recipients,’ seeks to amend the social security legislation to make it a legal requirement that persons such as compensation payers, insurers and regulators notify Centrelink before personal injury compensation payments are made. This includes payments for non-economic loss payments (recompense) made to injured workers.

Schedule 4 of the Families, Housing, Community Services and Indigenous Affairs and Other Legislation Amendment (Further Election Commitments and Other Measures) Bill 2011 brings this measure into effect.

Consultation with the compensation and insurance sector as well as regulators following the introduction of the Bill on 23 March 2011 indicated that in its current form, compliance with the Bill’s provisions would place these parties in conflict with their statutory requirements and licence conditions.

The Government subsequently moved an amendment to the Bill to allow parties to enter into notification agreements with the Secretary that would enable retrospective reporting of specified payments within agreed time limits that would not interfere with the ability of the compensation payers and insurers to make timely payments to injured workers as specified in each jurisdictions’ statutory framework.

Further consultation by FaHCSIA via post, email and face-to-face presentations has been, and continues to be, undertaken with compensation payers, insurers and regulators to address concerns surrounding the practical issues associated with this measure and to assist in the development of the notification agreements.

The compensation provisions within the *Social Security Act 1991* exist to prevent double-dipping by injured workers in both the compensation and social security systems. Current long-standing arrangements, whereby compensation payers and insurers are issued with a preliminary notice by Centrelink, requires considerable manual intervention.

As an important part of this measure, Centrelink will improve its processes by enhancing its Business Services Online Services portal from 1 October 2011, to allow for electronic individual and bulk notification of periodic and lump sum payments by compensation payers, insurers and regulators.

The Government is of the view that a significant number of payments that are currently made to injured workers may be regarded as recompense for an injury. This information is currently not being notified to Centrelink, however may be required to determine the correct rate of payment made to social security recipients and their partners. Currently, when incorrect payments are detected, debts are raised against social security recipients.

This measure seeks to help Centrelink customers from building up social security debts as a result of unreported compensation payments. The intention of the measure is to seek to recover any debt from lump sum payments before being released to these customers, thereby reducing social security debt.

The feedback received thus far during consultations is supportive of the principle of this measure. Furthermore, the compensation payers, insurers and regulators have demonstrated a willingness to enter into notification agreements and have opted in to participate in the pre-launch pilot of the Centrelink Business Online Services portal.

Compensation payers and insurers are likely to achieve efficiencies (staffing, dial-up and paper costs) by reporting through this portal. There should also be a reduction in staff workload due to the digitisation of forms that are currently filled in manually and faxed to and from Centrelink. The method of communicating with Centrelink (by facsimile) will still be available.

Ty Emerson
Branch Manager
Social Security Policy Branch