



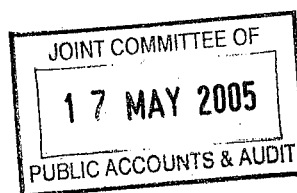
Australian Government

Department of Family and Community Services

1ST + 2ND PERS 04/05
Submission No:8.....

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Mr Russell Chafer
Committee Secretary
Joint Statutory Committee on Public Accounts and Audit
Parliament House
Canberra ACT 2600



AUDIT REPORT NO 4 MANAGEMENT OF CUSTOMER DEBT (CENTRELINK)

Dear Mr Chafer

At the public hearing on 4 April 2005 on the Audit Report of the Management of Customer Debt (Centrelink) the Chairman, Mr Bob Baldwin MP asked the Department of Family and Community Services to provide a response to a question raised by Senator Watson.

Senator Watson asked about the recovery of a debt where a person has disclosed all movements regarding changes of income and where Centrelink has failed take action on that information.

A response to that question is attached for the Committee's consideration. If the Committee have any further queries on this matter please contact me on 6244 5873.

Yours sincerely

Nick Hartland
Branch Manager
Social Security Relationships and Compliance

12 May 2005

Attachment

Senator Watson asked: “Where a person has disclosed all movements in terms of income receipts et cetera and that has not been cross matched by Centrelink, what is the time period in terms of that debt – how long can it go on for in terms of recovery?”

There is no time limit on the raising of debts. However, under section 1231(2A) of the Social Security Act recovery of a debt cannot commence after the end of the period of six years starting on the first day on which an officer becomes aware or could reasonably be expected to have become, of the circumstances that gave rise to the debt.

Section 1231 (2A) states:

Subject to subsections (2C), (2D) and (2E), action under this section for the recovery of a debt or overpayment is not to be commenced after the end of the period of 6 years starting on the first day on which an officer becomes aware, or could reasonably be expected to have become aware, of the circumstances that gave rise to the debt.

Section 1231(2A) covers debt that have been raised under section 1223(1) of the SSA and overpayments that may be debts under the SSA but have not been formally raised.

The six year period for recovery can be extend by another six years in a number of circumstances, including if acknowledgement of the debt has been made or other recovery action has occurred during that time.

Where a debt is not recoverable because of the operation of Section 1231(2A) the debt is written off as it is irrecoverable at law. Write-off of the debt means that the debt exists but recovery may not be undertaken.

It is our understanding this part of provision has never been used or tested in an appeals court.

It should be noted that there are other provisions that may be used in situations where Centrelink has made an error. Where a debt occurs solely due to administrative error, Centrelink can waive all or part of the of the debt if it is received in good faith and not raised within 6 weeks of when it occurred. Waiving the debt means that the debt effectively ceases to exist.