

Senate Community Affairs Legislation Committee

BUDGET ESTIMATES - 4 JUNE 2013 ANSWER TO QUESTION ON NOTICE

Human Services Portfolio

Topic: Parenting Payment Single

Question reference number: HS 38

Senator: Boyce

Type of question: Written

Date set by the committee for the return of answer: 26 July 2013

Number of pages: 8

Question:

- a) In the forced transition from single parent payments to Newstart dole payments, Centrelink wrongly told thousands of single parents to destroy their concession cards. How did this error occur?
- b) In the end how many people were affected?
- c) How much has it cost to rectify?
- d) Once again Centrelink has also been criticised for arrogance, rudeness and incompetence in the way this matter was handled. How do you respond?
- e) How many single parents have been forced to raise children while under the poverty line because of the move to Newstart that saw as much as \$67 a week cut from payments?
- f) You don't know? This was one of the major concerns of critics. Surely as the agency caring for these people it's in your professional interests and duties to have a detailed knowledge of the effects such changes have had on your client base?

Answer:

- a) Detail on this was provided in a Statement to the Senate Committee tabled on 14 February 2013 by Ms Kathryn Campbell, Secretary, Department of Human Services. A copy of the statement is attached.
- b) See (a).
- c) The cost to send the apology letters was \$30,209.
- d) See (a).
- e) The number of single parents who moved to Newstart Allowance from 1 January 2013 to 31 March 2013 was 63,877.
- f) The Department of Human Services implemented the changes to Parenting Payment on behalf of the Department of Education, Employment and Workplace Relations. The effects of this change on parents are being monitored by the Department of Education, Employment and Workplace Relations.



Australian Government
Department of Human Services

KATHRYN CAMPBELL CSC

**SECRETARY OF THE DEPARTMENT OF HUMAN
SERVICES**

**STATEMENT TO THE COMMUNITY AFFAIRS LEGISLATION
COMMITTEE**

COMMITTEE ROOM 2S1

PARLIAMENT HOUSE

14 FEBRUARY 2013

In December 2012 a letter containing incorrect advice was sent to approximately 74,500 people moving from Parenting Payment to Newstart Allowance. The letter contained incorrect advice in regards to the need to destroy concession cards. The advice contradicted the information that the department provided through the contact interviews conducted with people from October to December 2012.

The error was a human error, compounded by the complexity of the department's computer generated letter system.

Firstly I wish to say that the department deeply regrets that this incident occurred.

Today I want to briefly explain what we did to assure people that they would not lose their concession cards and then go through what we are doing to prevent this happening again.

I first became aware of this incorrect advice when a report appeared in the Sun Herald newspaper on Sunday, 13 January 2013. We also received 189 calls regarding the matter between 13 and 15 January.

My immediate concern was how to correct this mistake and to assure people about their concession cards.

On 15 and 16 January 2013 I wrote to the people who received this incorrect letter. My letter explained to people that their concession cards remained valid and could be used until a new card was sent. I also apologised for any confusion or concern this may have caused. This letter was sent either electronically or by post depending on the preference of the individual.

The letter included a number for people to ring if they required further information. The letter also advised that if people had destroyed their card they should contact the nearest Centrelink Office to be issued with an interim card.

On 15 January I tasked the Deputy Secretary Enabling Services, Ms Bennett, to review what had happened and to identify what actions needed to be taken to prevent this happening again.

The changes to Parenting Payment were announced in the 2012-13 Budget. The department was aware that the people affected on 1 January by these changes would be worried about what it meant for

them. Arrangements were put in place to make the transition as seamless as possible. The department commenced, on 26 October 2012, to phone people impacted by the changes to ensure they were aware of what the changes meant for their individual circumstances.

During these phone calls people were told their current Pensioner Concession Cards would still be valid when they transferred to Newstart and could be used until they were issued with a new card in January 2013. It is normal practice to issue a new concession card that relates to a new payment, even if someone is moving from one payment to another. Letters containing the incorrect instructions to "please destroy the card immediately after this date" were progressively sent from 15 December 2012.

In light of the advice provided to people during the contact interviews, the information in the letters was incorrect and confusing.

This incident occurred due to a combination of factors.

All departmental letters are computer generated; selected text is inserted in to 'standard' templates. In this case, the standard template contained the 'Please destroy the card immediately' paragraph.

The department has some 10,500 paragraphs which are used for letters and some 300 templates which are used depending on the citizen's circumstances.

In the past with a new measure like this, officers approved only new text that was to be inserted into an existing template. Regrettably this meant that the complete letter, which included the standard concession card paragraph, was not viewed in its entirety until 30 November 2012, when concerns were raised about citizen letters from outside the department.

It was at this point that the responsible officers realised the advice in the letter contradicted what people had been told in the contact interview.

Attempts were made to change the letters but the responsible officers were advised that it was too late to change the IT system. The officers decided the contact interviews mitigated the incorrect advice provided in the letters and did not escalate the issue.

This was a mistake. These officers involved have been counselled about this issue.

The department has taken several steps to ensure this does not happen again.

The department is continuing to give priority to engaging and supporting those parents progressively transitioning to Newstart under the new arrangements and has maintained a specific team for this ongoing work.

I have asked Mr Ben Rimmer, Associate Secretary, to lead a wider review of our approach to communicating with customers, including our letters and electronic messages. A review of significant correspondence has already commenced and is well progressed. No specific concerns have been identified. This review commenced immediately as the department well understands that significant changes or new initiatives can sometimes cause concern or confusion to citizens. This immediate action provides a level of assurance that future correspondence on these types of matters is appropriate and accurate.

A revised process has also been established to systematically scrutinise communication material in relation to new, major and/or sensitive initiatives which are to be implemented from now on. Furthermore, the department will strengthen the way it engages with community

organisations and relevant stakeholders to inform and seek their views on such initiatives.

Over the next six months, the department will review commonly occurring 'business as usual' letters. All active paragraphs and the most common combinations of these paragraphs that are generated in letters will be refreshed to ensure that they accurately reflect Government policy objectives and the experience of citizens.

I believe these steps will reduce the risk of a repeat of such an incident.

I do want to assure the Committee that we are taking this incident very seriously. Our staff worked extraordinarily hard to ensure the minimum impact of affected people in the lead up to the transition. We were very concerned that this mistake led to confusion. We are very focussed on learning from the incident and avoiding a recurrence.