

Senate Community Affairs Legislation Committee

BUDGET ESTIMATES - 4 JUNE 2013 ANSWER TO QUESTION ON NOTICE

Human Services Portfolio

Topic: Centrelink Fraud

Question reference number: HS 40

Senator: Boyce

Type of question: Written

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Number of pages: 3

Question:

- a) Over the years Centrelink's system for recovering overpayments has received constant criticisms. Now a decision by the High Court [*Keating case*] has cast into doubt thousands of Centrelink prosecutions because the court found that the retrospective components of a 2011 change to the law that made it mandatory for recipients to inform Centrelink within 14 days of any income change were invalid. What is the total outstanding money Centrelink claims it is owed that rests on this decision?
- b) How much has Centrelink so far spent on this case?
- c) Critics have claimed that the amendment to the law made in 2011 was a blatant attempt by Centrelink to turn honest mistakes into welfare fraud?
- d) Has this High Court decision confirmed that view?
- e) Who decides whether something is a genuine mistake or a crime?
- f) What efforts have Centrelink made to make sure that customers receiving Centrelink notices properly understand what's in them?
- g) Those with a disability?
- h) Those who don't speak English?
- i) Have recent staff cuts affected the ability of Centrelink to get its payment systems right?
- j) How many staff do you have employed in your compliance and fraud detection sections and what percentage of your total staff are they?
- k) What is your yearly spending on employing contractors to conduct fraud investigations?
- l) What is Centrelink's total annual spending on compliance and fraud detection?
- m) Do you have an estimate of fraud committed against Centrelink that is not detected?

Answer:

- a) Nil. The Department's ability to recover debts is not affected by the Keating decision.
- b) The Department does not track expenditure at the individual case level.

- c) The Department of Education, Employment and Workplace Relations sought the amendment to the social security law. The law was amended by Parliament on 4 August 2011. The amendment ensured that the long standing obligation for payment recipients to notify circumstances changes within 14 days is an explicit legal requirement. The High Court decision means that the social security law amendment is not valid for the purposes of prosecuting under the *Criminal Code* when applied retrospectively to periods prior to 4 August 2011.
- d) See part c) above.
- e) The Department investigates all incidences of possible fraud and collects the facts and circumstances. If there is evidence of an alleged offence, a brief of evidence is provided to the Commonwealth Director of Public Prosecutions. The Commonwealth Director of Public Prosecutions assesses the brief of evidence and decides whether to prosecute based on the Prosecution Policy of the Commonwealth. Ultimately, a court decides whether a crime has been committed. Investigations that do not result in a brief of evidence are resolved administratively. While most people try to do the right thing, if a discrepancy is identified this may result in an overpayment being raised.
- f) The Department uses a set of strict guidelines in the development of all customer correspondence to increase customer understanding of their obligations. The specific requirements in regards to customer notices include, but are not limited to:
- an adherence to plain English guidelines;
 - obligations and the consequences of non-compliance are clearly set out and highlighted;
 - required timeframes for notifying specific changes in circumstances are clearly highlighted; and
 - the inclusion of clear and specific instructions on how to notify the Department of changes.

Additionally, the Department undertakes customer testing of letters particularly with regard to the introduction of new initiatives and has an established process to respond to feedback regarding the content of its letters.

- g) The Department is able to provide Auslan interpreters, provide documents in alternative formats such as braille, or the customer can seek additional assistance from a Customer Service Officer. The Department also has hearing loop services available in some Service Centres. TTY and National Relay Service phone numbers are also widely promoted by the Department via print and online channels. Customers can authorise a correspondence nominee to act on their behalf. A correspondence nominee receives a copy of the customer's Centrelink correspondence and is required to act in the customer's best interests. This includes advising the Department of any changes to the customer's circumstances, responding to notices and reporting notifiable events. Correspondence nominees are required to confirm they understand their role when they are nominated.
- h) The Department provides translated fact sheets (available online in over 50 languages and in English), in-language audio segments broadcast on SBS and community radio, ethnic press releases and in-house bi-monthly electronic publication of *The Journey* (eNewsletter to multicultural community organisations).
- Also, the Department recently released the Express Plus Lite App which allows people to calculate, record and report their income and receive reminders about reporting in English, Arabic, Chinese or Vietnamese. This technology supports these people in meeting their obligations to the Department.

Furthermore, the Department's translated information relating to Centrelink payments provides the following message in-language: *To speak to us in your own language about Centrelink services and payments, call us on 131 202. For help with Medicare and Child Support services, call the Translating and Interpreting Service on 131 450.*

- i) No.
- j) As at 31 May 2013, there were 1,716.21 Full Time Equivalentents (FTE) employed across all of the Department's compliance and fraud detection sections. This is 5.44 per cent of the total FTE in the Department.
- k) The Department does not employ contractors to conduct fraud investigations.
- l) The direct cost of compliance and fraud detection within the Centrelink Master Program in the 2011-12 financial year was \$119,147,479.
- m) No.