

## Senate Community Affairs Legislation Committee

### BUDGET ESTIMATES – 1 JUNE 2017 ANSWER TO QUESTION ON NOTICE

#### Department of Human Services

**Topic:** Re-payment Plans

**Question reference number:** HS 53 (SQ17-000134)

**Senator:** Watt

**Type of question:** Written

**Date set by the committee for the return of answer:** 21 July 2017

**Number of pages:** 2

#### **Question:**

Can you explain the process for recipients who have agreed to a re-payment plan, in particular:

- a) those who agree to have payments deducted from their current payments?
- b) those who wish to pay through other ways – i.e. post office?
- c) those who are not currently in receipt of Centrelink payments?
- d) is there a time limit put on repayment plans?
- e) what happens to the debt if a person passes on?

#### **Answer:**

- a) Current recipients of a social welfare payment, who repay their debt via withholdings, can negotiate a repayment amount that suits their financial circumstances. This can be as low as \$5 per week. *The Social Security Act 1991* (*the Act*) provides that social security debts become payable by a person 28 days after the date of the accounts payable notice and permits deductions to be made from social security payments to repay the debt.
- b) A person can repay their debt via a lump sum, or a number of payments, before the due date on their Account Payable Notice. These payments can be made through BPAY®, Post Billpay®, direct debit, or through debit and credit cards.

The Department also has an online service 'Money You Owe', where people with outstanding debts can:

- view their outstanding debt amount;
- set up a payment arrangement;
- view the due date of their next payment;
- make a payment online using their MasterCard or Visa credit and debit cards; and
- view their payment history.

- c) If the person is able to repay in full, the debt is finalised. Alternatively, a suitable payment arrangement may be set up where the person voluntarily agrees to BPAY®, Post Billpay®, direct debit, or through debit and credit cards.

The Department considers the former recipient's financial situation to determine their ability to repay their debt and negotiate the rate of recovery accordingly. This can be as low as \$5 per week.

If a former recipient has not paid their debt in full, or entered into a payment arrangement after the debt becomes due, the Department issues a reminder letter, providing a further 14 days to respond. If a person is unable to enter into a payment arrangement, they can contact the Department to discuss their situation and, in some circumstances, the Department will defer the recovery of the debt. If the debt remains outstanding and no payment arrangement is in place after 42 days from the date of the Account Payable Notice, the debt is referred to an External Collection Agent.

Only debts relating to former recipients are referred to External Collection Agents. Current recipients are not referred to External Collection Agents.

External Collection Agents take into account a former recipient's financial situation when determining a suitable payment arrangement. The External Collection Agent may pause or defer debt repayment when a person is experiencing hardship. The payment methods used by External Collection Agents include BPAY®, Post Billpay®, direct debit, cheques/money orders, or through debit and credit cards.

- d) The timeframe for a payment arrangement depends on the individual's circumstances. Current recipients have their nominated payment arrangements reviewed automatically every three months.

Former recipients will negotiate an appropriate time frame based on their ability to repay.

- e) The Department's standard processes are based on the legislative provisions that the Department must give notice when a decision to raise a debt is made, advising them of certain matters. When a person dies, the estate "stands in shoes" of the deceased for all intents and purposes to enable the deceased's affairs to be put in order.

The Department's standard processes allow for the debt notice to be issued to the Executor. The debt notice requests the Executor contact the Department within 28 days. If the Executor does not make contact, the Department will also make reasonable attempts to contact them to make arrangements to repay the debt.

In some circumstances the Department can write off the debt when there is insufficient funds in the estate to recover the debt.