

Senate Standing Committee on Community Affairs

SUPPLEMENTARY ESTIMATES – 21 OCTOBER 2010 ANSWER TO QUESTION ON NOTICE

Human Services Portfolio

Topic: Debt recovery

Question reference number: HS 24

Senator: Siewert

Type of question: Written

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Question:

1. Is the process by which individuals can negotiate to reduce the debt recovery rate changing so that anyone seeking to reduce their debt rate below 15% must renegotiate that rate every 12 weeks?
2. If yes, why?
3. What impact is this expected to have on people in hardship?
4. What will be the additional cost to Centrelink in administering this program?

Answer:

1. No, there is no requirement to renegotiate the rate every 12 weeks. New processes are being introduced on 1 January 2011 to ensure customers with debts are repaying at a rate appropriate to their financial capacity. The review periods of customers on non-standard withholdings will vary depending on an assessment of their capacity to repay, based on their financial circumstances at the time of review. Non-standard repayment arrangements may be negotiated for a minimum of 12 and a maximum of 52 weeks.
2. The review process will ensure those customers who have capacity to repay at the standard rate are doing so. This will ensure that customers' repayment arrangements fit their individual circumstances, whilst ensuring overpayments are recovered as quickly as possible.
3. Centrelink will continue to consider the financial circumstances of customers experiencing financial hardship. Non-standard withholding rates will continued to be negotiated under hardship provisions.
4. The additional cost to Centrelink in administering this program is expected to be \$28.5 million over the next four years.