

Senate Finance and Public Administration Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Human Services Portfolio

Department of Human Services

Additional Estimates February 2005

Question: HS14

Outcome 1, Output 1.1 - Effective delivery of Australian Government services to eligible customers

Topic: ANAO Audit of Management of Customer Debt

Hansard Page/Written Question on Notice: Written

Senator Lundy asked on 15 February 2005:

Please note: the numbering of the questions below is the way they appear in the question asked by Senator Lundy.

I refer to the Auditor-General's audit report number 4 for 2004-05, entitled Management of Customer Debt and note Centrelink's agreement with the majority of the report recommendations:

- (1) Can Centrelink advise what progress has been made on implementation of the report's recommendations?
- (2) To what extent has this implementation flowed down to the local Centrelink customer service centres, which are the places where most Australians deal with the agency?
- (3) What exactly are the customer service officers now doing differently in response to the recommendations of the audit report?
- (4) Is this change just occurring at the planning level, or are customers actually seeing a difference in the service?
- (5) In respect of Centrelink customers who incur debts due to illiteracy:
- (6) How does Centrelink deal with customers who have incurred debts due to not being able to read or understand the complicated material which relates to notification of a change in circumstances?
- (7) Has Centrelink specifically identified people with literacy problems as a group at risk of overpayment? If so, what are you doing about it?
- (8) What measures does Centrelink take to identify customers with literacy problems and how does the agency help them manage their responsibilities with regard to income support? For example, is there a note included on their file that they have literacy difficulties?
- (9) Does Centrelink ensure that there is a family member or other authorised person to act on a customer's behalf when their literacy skills are poor?
- (10) I am aware of one case of a particularly disadvantaged person who entered Australia as a recognised refugee with no English language skills and who is illiterate in both her own language and English. Staff at Centrelink knew she was illiterate, as they completed forms on her behalf, and yet they continued to send complicated documents about her obligations that neither she nor her family could understand. Consequently, she was overpaid over \$4,000 and is now being pursued by Dun & Bradstreet, the Centrelink debt collectors. Surely a debt such as this should be categorised as a debt arising from Centrelink error?
- (11) Given the unsympathetic handling that this young person has received from Centrelink thus far, would you be willing to look into this person's case?
- (12) In relation to the use of Dun & Bradstreet to collect Centrelink debts:
- (13) Can Centrelink provide statistics on how many cases have been referred to Dun & Bradstreet for debt collection in each of the last three financial years? How many of these relate specifically to the ACT and Queanbeyan region.

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(14) How many of the cases referred to Dun & Bradstreet have subsequently been overturned? Please provide this information for each of the last three financial years. How many of these relate specifically to the ACT and Queanbeyan region. Please also indicate the basis on which these debts were overturned.

(15) In the overturned cases, do you have any statistics on what stage Dun & Bradstreet had reached in their recovery activities? For example, how many customers were still receiving letters from Dun & Bradstreet or visits to their home etc at the time the debt was overturned?

(16) Does Centrelink have discretionary power to ensure that Dun & Bradstreet temporarily cease collection activities under any circumstances? If so, under what circumstances?

(17) If this discretion exists, how often has it been used since Centrelink started using Dun & Bradstreet for debt collection?

In regard to cases of customer debt that have been referred to Dun & Bradstreet for collection, only to subsequently be overturned because they were due to Centrelink error:

(18) Given that it was an error for Centrelink to pursue these debts in the first place, hasn't the customer's privacy has been violated by passing their details on to Dun & Bradstreet?

(19) Has Centrelink consulted with the Privacy Commissioner on this issue? If so, what advice have you received? If not, isn't this an issue where the Commissioner's advice should be sought?

(20) Does Centrelink apologise to the customers whose debts are subsequently found to be due to Centrelink error?

(21) In these cases, does Dun & Bradstreet destroy the information it holds regarding these customers? Does Centrelink check that Dun & Bradstreet actually do destroy the documentation?

Answers:

(1) Recommendations 8 and 9 have been implemented and the remainder are in progress.

(2) Debt recovery was consolidated in expert teams on 1 October 2004. Training and debt recovery scriptors are in place as recommended.

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(3) As part of broader debt recovery reform initiated the following changes to Centrelink's debt recovery operations have been implemented:

- The five expert teams operate as one virtual team;
- a national '13' phone number for customers to contact Centrelink about their debts has been established; and
- all sites take inbound enquiries from customers;

In addition all recovery staff have been trained in customer service skills and this is reflected in improved customer service. The training stressed the need to negotiate an appropriate level of repayment to ensure that the customer will not be placed in financial hardship.

(4) Since implementation on 1 October 2004, customers are able to connect directly with recovery and debt raising teams and are having their concerns addressed more efficiently.

(5) Please see answers to questions (6) – (11) below.

(6) (7) (8) and (9) Literacy problems are generally evident at interview and this is placed on the customer's record. Centrelink encourages these customers to appoint a nominee who receives all correspondence relating to them and becomes the first point of contact for Centrelink when issues arise. The nominee is invited to accompany the customer to interviews.

Centrelink customers who are advised that they have a debt are informed of their review and appeal rights in the debt notification (Account Payable) advice. Customers who have literacy problems are encouraged to appoint a correspondence nominee to assist them with understanding their reporting requirements.

(10) If the Senator provides the details of the customer involved Centrelink will investigate the circumstances and provide detailed advice.

(11) Yes.

(12) Please see answers to questions (13) – (17) below.

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(13) Referral statistics of debt collection to Dun & Bradstreet are contained in the following two tables:

Total Referrals

2001-2002	198,215
2002-2003	259,637
2003-2004	238,232

Of these the following relate to the ACT and Queanbeyan region:

	2001-02	2002-03	2003-04
Total to ACT and Queanbeyan region	937	1465	1107

(14) This data is not available without extensive research.

(15) Refer to question 14 in respect of the data. Centrelink is not aware of any cases where Dun and Bradstreet have visited a customer's home and it is not Dun and Bradstreet policy to do so.

(16) Yes. Centrelink has discretionary powers to recall a case from Dun and Bradstreet for any reason.

(17) No statistics are available.

(18) Dun & Bradstreet is bound by contractual arrangements with Centrelink, which include secrecy and privacy provisions in relation to disclosure of information. Staff act in accordance with the information privacy principles set out in section 14 of the Privacy Act 1988.

(19) Centrelink consulted with the Privacy Commissioner when the contract was put in place in 2000.

(20) A debt that is raised and subsequently found to be a result of Centrelink error is waived. If the customer has not been advised of the existence of this debt no contact is made. Should the Centrelink error be identified through the review and appeals process then the customer receives a letter from the decision maker that advises that the debt has been waived. Based on the circumstances surrounding the debt the decision maker may include an apology in the advice to the customer.

(21) No. Dun & Bradstreet stores customer information in a secure environment.