

**Senate Finance and Public Administration Legislation Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

**Finance and Administration Portfolio**

**Department of Human Services and agencies**

Additional Estimates 2005-2006, 14 February, 2006

**Question: HS 52**

**Outcome 1, Output 1.1**

**Topic: Centrelink - Debt Management**

**Written Question on Notice: Written**

**SENATOR EVANS** asked:

1. Please provide an update (covering the 2005-06 financial year to date) of the figures provided on table 4 on page 44 of the Centrelink Annual Report 2004-05.
2. Please provide a table showing a full breakdown (by payment type and value of debt raised) of all debts raised in 2004-05 and 2005-06 (to date).
3. What is the total value of debts that have been recovered by Centrelink in the 2005-06 financial year (to date)?
4. Please provide a full breakdown of the cause (ie payment type) of all debts recovered in 2004-05 and 2005-06 (to date).
5. Please provide a table listing of all private debt collection agencies used by Centrelink, the commencement of the contract with the agency, the expiry date of the contract, the value of the contract, and how much has been paid to the agency under the contract to date.
6. Do any of Centrelink's contracts with private sector debt collection agencies have performance/incentive bonuses of any kind built into the contract? Please provide all details of all such bonus arrangements.
7. Are private debt collection agencies required to follow Centrelink debt collection guidelines when undertaking debt collection activities for Centrelink? If not, why not? If so, please supply a copy of the guidelines.
8. How much Centrelink debt has been recovered by Dun & Bradstreet in 2004-05 and 2005-06 (to date)? Please indicate the value of the debts recovered in these years, and the number of customers repaying these debts.
9. What level of debt has been recovered by credit card by Dun & Bradstreet in 2004-05 and 2005-06 (to date)?

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**Answer:**

1. The table below shows debts raised for 2005-06 financial year to 31 December 2005.

<b>Type of debts</b>	<b>Number of debts</b>	<b>Amount raised \$m</b>
Total debts raised, excluding Family Tax Benefit and Child Care Benefit reconciliation and non-lodger debts	796,163	472

2. The table below shows debts raised by payment type for 2004-05.

<b>Payment Type</b>	<b>Raised Amount (\$m)</b>
Age Pension	71
Age Pension Related Payments	1
Disability Support and Sickness Allowance	109
Disability and Sickness Related Payments	19
Newstart Allowance	259
Newstart Related Payments	15
Youth Allowance and Austudy	126
Abstudy	12
Assistance to Isolated Children	0.8
Youth and Student Related Payments	3
Family Tax Benefit	42
Childcare Assistance	15
Family Related Payments	2
Family Assistance Office Reconciliation	949
Parenting Payment	174
Parenting Related Payments	3
Special Circumstances	13

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The table below shows debts raised for 2005-06 financial year to 31 December 2005

<b>Payment Type</b>	<b>Raised Amount (\$m)</b>
Age Pension	43.7
Age Pension Related Payments	0.8
Disability Support & Sickness Allowance	58.6
Disability Support & Sickness Related Payments	10.6
Newstart Allowance	131.8
Newstart Related Payments	5.6
Youth Jobseeker	13.1
Youth Student, Apprentice and Austudy	54.5
Abstudy	5.6
Assistance to Isolated Children	0.5
Youth and Student Related Payments	1.8
FTB (including FAO reconciliation)	545.0
Childcare Assistance	5.9
Family Related Payments	0.6
Parenting Payment	106.9
Parenting Related Payments	0.9
Special Circumstances	6.6

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3. See the 2005-06 table provided in answer to question 4.
4. The table below shows debts recovered by payment type in 2004-05.

<b>Payment Type</b>	<b>Recovery Amount (\$m)</b>
Age Pension	56
Age Pension Related Payments	1
Disability Support & Sickness Allowance	88
Disability Support & Sickness Related Payments	15
Newstart Allowance	216
Newstart Related Payments	14
Youth Allowance and Austudy	93
Abstudy	10
Assistance to Isolated Children	0.6
Youth and Student Related Payments	5
Family Tax Benefit	31
Childcare Assistance	14
Family Related Payments	5
Family Assistance Office Reconciliation	479
Parenting Payment	119
Parenting Related Payments	7
Special Circumstances	10

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The table below shows debts recovered by payment type in 2005-06 financial year to 31 December.

<b>Payment Type</b>	<b>Recovery Amount (\$m)</b>
Age Pension	30.3
Age Pension Related Payments	0.4
Disability Support & Sickness Allowance	46.2
Disability Support & Sickness Related Payments	7.7
Newstart Allowance	111.0
Newstart Related Payments	5.6
Youth Jobseeker	10.2
Youth Allowance, Apprentice and Austudy	39.6
Abstudy	4.9
Assistance to Isolated Children	0.4
Youth and Student Related Payments	2.0
Family Tax Benefit	17.6
Childcare Assistance	6.3
Family Related Payments	1.8
FAO Reconciliation	312.7
Parenting Payment	68.7
Parenting Related Payments	2.8
Special Circumstances	5.5

5. Centrelink established a panel of providers for debt collection in October 2005. The providers on the panel are Dun and Bradstreet (Australia) Pty Ltd and RCL Mercantile. Details can be seen on AusTender at [www.contracts.gov.au](http://www.contracts.gov.au). In the 2005-06 financial year to 31 January 2006 (exclusive of GST), \$3.88 million has been paid to Dun and Bradstreet (Australia) and \$0.06 million has been paid to RCL Mercantile.
6. No.
7. No, although letters, scripts etc. used by the Mercantile Agent are subject to approval by Centrelink. The purpose of outsourcing work to a Mercantile Agent is to have the expertise and tools of that agent applied to the collection of debt from Centrelink ex customers.
8. In the 2004-05 financial year Dun and Bradstreet recovered \$54 million. In the 2005-06 financial year to 31 January 2006 Dun and Bradstreet recovered \$32.8 million. The detailed information required to answer the question on the number of ex-customers involved is not readily available. To obtain this information would be highly resource intensive and I cannot justify the level of expenditure that would be required to obtain it.

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9. The detailed information required to provide figures for the 2004-05 financial year is not readily available. To obtain this information would be highly resource intensive and I cannot justify the level of expenditure that would be required to obtain it. For the 2005-06 financial year to 31 January 2006, ex-customers made 2,198 credit card payments to Dun and Bradstreet to a total value of \$692,238.

This answer required 5 hours at a cost of \$208.00 to prepare.