

**Senate Finance and Public Administration Standing Committee**  
**ANSWERS TO QUESTIONS ON NOTICE**  
**ADDITIONAL ESTIMATES – 24 FEBRUARY 2009**

**Human Services Portfolio**

**Department/Agency:** Centrelink  
**Outcome/Output Group:** Outcome 1/Output Group 1.1  
**Topic:** Centrelink Error - Underpayments

**Senator:** Scullion  
**Question reference number:** HS20c  
**Type of question:** Written  
**Date set by the committee for the return of answer:** 9 April 2009

**Question:**

**HS20c:** How are underpayments corrected, is interest or compensation paid?

**Answer:**

**HS20c:** Arrears may be payable under the law that authorises the payment in question. For example, generally the Social Security Law allows payment of arrears from the date the error was made if the customer seeks a review of the incorrect decision within thirteen weeks of receiving a written notice of that decision. If a notice was not received, there is no time limit within which to seek a review and receive arrears from the date the error was made. Similarly, the Family Assistance Law enables payment of Family Tax Benefit arrears for up to three years through the process of reconciling amounts paid with entitlements based on actual taxable income assessed by the Australian Taxation Office. Interest is not payable when arrears are paid under the relevant law.

Compensation may be paid under the *Scheme for Compensation for Detriment caused by Defective Administration* for amounts underpaid due to calculation and assessment errors by Centrelink and where there is no legal liability for the claim. This is a discretionary scheme, and a number of factors are taken into account in deciding whether to pay compensation and, if so, the amount to be paid. These factors include whether the customers read the decision notices they received, their actions to limit their loss on becoming aware they were being underpaid, and their capacity to manage their affairs. As a general matter, interest is not payable under this scheme (unless it represents a lost opportunity claim).

**Number of pages:** 1