

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

Senator: Scullion
Question reference number: HS20d
Type of question: Written
Date set by the committee for the return of answer: 9 April 2009

Question:

HS20d: How are overpayments recovered, are interest or fees charged?

Answer:

HS20d: (i) How are overpayments recovered?

Centrelink recovers debt by making repayment arrangements to fit each customer's individual circumstance.

The following flexible repayment methods are available:

- deductions from Centrelink payments or wages;
- repayments at Australia Post Office outlets;
- mail;
- in person;
- direct debit repayments; and
- repayment via BPAY and Bill Pay (internet or phone).

HS20d: (ii) Are interest or fees charged?

Centrelink does not charge interest or fees on outstanding debts.

Centrelink may impose a penalty referred to as a Recovery Fee on certain debts, of 10 per cent of the value of that debt.

This fee is legislated under *Section 1228B of the Social Security Act 1991* (the Act); It only applies to Working Age Payment Debts (i.e. no Age Pension, Carers or Family payments) where a customer has 'misdeclared' their income from employment (personal exertion):

- by refusing or failing to provide information in relation to the person's income from personal exertion; or
- knowingly or recklessly providing false or misleading information in relation to a person's income from personal exertion;

Centrelink adheres to the *Debt Collection Guideline: for collectors and creditors; October 2005* as issued by the Australian Competition and Consumer Commission.

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