

**Senate Finance and Public Administration Legislation Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

**Human Services Portfolio**

**Department of Human Services**

Budget Estimates 26 May 2005

**Question: HS92**

**Outcome 1, Output 1**

**Topic: Debt management**

**Hansard Page/Written Question on Notice: Written**

Senator Evans asked on 26 May 2005:

(1) Please provide an update (covering the 2004-05 financial year to date) of tables 4 and 5 on pages 51 and 52 of the Centrelink Annual Report 2003-04.

(2) Please provide a table showing a full breakdown (by payment type and value of debt raised) of debts raised in 2004-05 (to date)

(3) What is the total value of debts that have been recovered by Centrelink in the 2004-05 financial year (to date).

(4) Please provide a full breakdown of the cause (ie payment type) of all debts recovered in 2004-05 (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 2002-03, 2003-04 and 2004-05 (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 2002-03, 2003-04 and 2004-05 (to date)?

(10) Is Centrelink party to the Debt Collection Guidelines that are issued by the Australian Securities and Investments Commission and the Australian Competition and Consumer Commission?

(11) If not, why not? How is adherence to best practice ensured if Centrelink is not a signatory to these guidelines.

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Answer:

- (1) Please refer to page 44 of the 2004-05 Centrelink Annual Report.
- (2) The following table shows debt raised by payment in 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

- (3) Please refer to page 44 of the 2004-05 Centrelink Annual Report.
- (4) The following table shows debts recovered by payment 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

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Childcare Assistance	14
Family Related Payments	5
Family Assistance Office Reconciliation	479
Parenting Payment	119
Parenting Related Payment	7
Special Circumstances	10

(5) Dun and Bradstreet. Full details can be seen on AusTender at [www.contracts.gov.au](http://www.contracts.gov.au).

(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) The following table shows the value of debt recovered by Dun and Bradstreet.

<b>Financial Year</b>	<b>Value of debt recovered (\$m)</b>
2002-03	20
2003-04	31
2004-05	54

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.

(9) The detailed information required to provide figures for the 2002-03, 2003-04 and 2004-05 financial years 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.

(10) Yes.

(11) Not applicable.