

Senate Finance and Public Administration Standing Committee

SUPPLEMENTARY BUDGET ESTIMATES – 20 October 2009 ANSWER TO QUESTION ON NOTICE

Human Services Portfolio

Topic: Child Support Program - Debt Collection

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Senator: Bernardi

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Question:

- a) The outstanding child support debt has steadily increased (\$1.013 billion at 30 June 2008, \$1.067 billion at 30 April 2009 and \$1.088 billion at 30 June 2009). (Department of Human Services, Annual Report 2008–09, p.44 and Commonwealth Ombudsman report, *CSA: Administration of Departure Prohibition Order powers*, June 2009, p.4.) Apart from the reasons given in the Annual Report, are there any other explanations for this increase?
- b) The Annual Report uses the following reason for the increase in debt: “*reduced proactive collection activity arising from increased workload demands associated with the implementation of the new Child Support Scheme on 1 July 2008.*” Does that mean that the staff had to focus more on the new Child Support Scheme, so less time was spent on debt collection?
- c) Was any effort made to employ more staff to cope with the increased workload?
- d) The Annual Report states that the Department is now finalising a strategy to address the rise in domestic child support debt. (Department of Human Services, Annual Report 2008–09, p.44) What are the details of this strategy?
- e) When will the strategy be finalised?
- f) When will the strategy be implemented?
- g) Are there any costs associated with the strategy?
- h) Will a review be conducted after the strategy begins, to assess the effectiveness of it?

Answer:

- a) The explanations provided in the Annual Report were the main reasons for the increase in the child support debt.
- b) The changes to the Child Support Scheme resulted in new assessments for over 1.4 million customers. The level of response from customers was greater than expected and this required ongoing prioritisation of workload to meet demand in all areas of the CSP.
- c) The CSP utilised the available resources including additional staff recruited to assist with the changes in the Child Support Scheme.

- d) In March 2009, the CSP commenced the development of a Debt Improvement Strategy. The Strategy identified four key areas to improve the debt collection performance of the CSP. The areas are:
- increasing early intervention to minimise debt growth;
 - increasing the number of child support payment options available for parents;
 - improving the segmentation of overall child support debt into categories to better target collection activities; and
 - enhancing the debt collection capability of staff through targeted recruitment and training.

Activities are now underway in each of these areas.

- e) The Strategy was finalised in October 2009.
- f) The Strategy is currently being implemented.
- g) Costs associated with the implementation of the Strategy are being met within the existing resources of the CSP.
- h) The CSP will review the operation of the Strategy on an ongoing basis.