

*Senator Ludwig – follow-up question 1. (email 12.24pm 16/11/2006)*

In the first paragraph of the response to the question about the ‘emerging gap’ (at p.38 of the transcript), there is no indication of how many fraud cases there are in total, i.e. ‘less than 50 cases’ may have been accepted in 2005-06 but how many were referred (and not accepted)? And how many cases did Centrelink want to refer but did not refer, due to the perception the AFP would not be able to assist?

**Response**

**In 2005-06 Centrelink referred 35 cases to the Australian Federal Police for criminal investigation. Of the 35 cases referred 3 were rejected by the Australian Federal Police.**

**Centrelink does not collect data on the number of cases not referred.**

**One of the purposes of the Australian Federal Police’s Case Categorisation and Prioritisation Model is to provide its clients with a basis for considering matters prior to referral. It is under this framework that Centrelink fraud investigators assess cases prior to making a referral to the Australian Federal Police. The outposted Australian Federal Police agents assist Centrelink fraud investigators in determining which matters meet the Case Categorisation and Prioritisation Model. This role of the outposted agents is included in the Memorandum of Understanding between the Australian Federal Police and Centrelink.**

*Senator Ludwig – follow-up question 2. (email 12.24pm 16/11/2006)*

The AFP has provided statistics which do not seem to accord with the statistics given by Centrelink. Please provide an explanation of the apparent discrepancies for accepted referral in the period 2005-06.

**Response**

**In the response by the Australian Federal Police to their ‘Additional Question No.2’ the figure of 167 referrals received in 2005/2006 includes:**

- 1. referrals for criminal investigation; and**
- 2. requests for assistance including:**
  - a. search warrants;**
  - b. arrest warrants; and**
  - c. forensic analysis.**

**The statistics provided by Centrelink were in response to a question that asked about the investigation of more complex cases and refer only to referrals for criminal investigation by the Australian Federal Police.**

**This is a subset of the overall numbers quoted by the Australian Federal Police.**

*Senator Ludwig – follow-up question 3. (email 12.24pm 16/11/2006)*

Could Centrelink provide statistics in relation to the amounts that it recovers in relation to fraud cases, i.e. in monetary terms how successful is the existing regime.

**Response**

**The monetary value of savings to program outlays (savings and debts) for fraud investigations in 2005-06 was \$100,225,870.**

*Senator Ludwig – Additional follow-up question 1. (email 04.30pm 16/11/2006)*

The AFP's response to question 6 from Senator Payne indicated that the delays involved in executing that particular search warrant (regarding a meat processing plant between 2003 and 2005) were agreed to by Centrelink. Could Centrelink provide details of occasions where there have also been 'delays' in the execution of a search warrant, but where Centrelink didn't agree with the AFP's decision for the deferral?

**Response**

**Centrelink would always agree with decisions to delay the execution of a search warrant where the Australian Federal Police advise entities involved in an investigation were of interest to the Australian Federal Police in relation to a more serious and significant criminal matter.**

**Examples of delays in the execution of a search warrant that are not associated with the Australian Federal Police having an interest in the investigation in relation to a more serious and significant criminal matter include the following:**

- ✓ **Cash Economy Operation – Centrelink made the initial request to Australian Federal Police for warrant assistance on 26 July 2006. Execution of the warrant was scheduled for 21 September 2006 as the appointed Australian Federal Police case officer was unavailable. The warrant was actually executed on 28 September 2006. At the time Centrelink were advised that the extra one-week delay was because additional Australian Federal Police resources necessary for this warrant were unavailable due to operational commitments at Melbourne Airport.**
- ✓ **Cash Economy Operation - Centrelink made the request for warrant assistance to the Australian Federal Police on 21 April 2006. The request asked for the search warrant to be executed on 26 June 2006. The search warrant was executed on 2 August 2006. Centrelink were advised by the Australian Federal Police that the delay was associated with the appointed case officer being deployed elsewhere.**

**Centrelink notes that these delays are the result of the sometimes competing operational demands of the Australian Federal Police. This is in line with the Service Agreement and the Australian Federal Police guidelines on the execution of search warrants and the priority the Australian Federal Police is able to give to Centrelink matters.**

*Senator Ludwig – Additional follow-up question 2. (email 4.30pm 16/11/2006)*

Page 29 of Centrelink's Annual Report for 2005-06 mentions 3961 matters referred to the CDDP for consideration of prosecution. Could Centrelink provide a breakdown of the types of matters referred and where appropriate the sums of money involved? Could Centrelink also provide the number of convictions secured (as mentioned on page 30) where the defendant pleaded guilty?

**Response**

**The types of matters referred by Centrelink to the Commonwealth Director of Public Prosecutions in 2005-06 are detailed in the table below. In some instances a case may have multiple matters which explains the difference in the number of referrals (3961) to the types of matters (4012).**

<b>Type of matter</b>	<b>Number</b>
Employment	3285
Marriage Like Relationship	248
Dual / Multiple Payments	143
Income	26
Dependant Child	19
Residence	16
Internal Fraud	4
Tax Information	2
Education	112
Child Care Benefit	1
Non Customer	12
Not ascertainable in time available	101
Other	43
<b>Total</b>	<b>4012</b>

**For 2005-06 in 96.3% of matters convicted the defendant entered a guilty plea.**

**It should be noted that pleas and convictions do not necessarily occur in the same financial year that a matter is referred to the Commonwealth Director of Public Prosecutions.**

**The monetary value of debts associated with convicted cases of fraud in 2005-06 was \$34,336,639. We are unable to break this down by the type of matter in the provided time frame.**

Senator Ludwig – further questions. Question 1 (email 11.03 AM 17/11/2006)

1. When asked about the concerns of Centrelink General Manager, Dr Browne, of an ‘emerging gap’ and a decline in cases that the AFP is able to investigate, the AFP responded with data actually demonstrating a decline in the number of cases being rejected. Can Centrelink reconcile the AFP’s response to Additional Question No. 2 with the concerns of the General Manager articulated at the hearing on the Bill as well as their own written response indicating that the AFP accepted less than 50 cases in 2005-06? In particular, given the ‘gap’ in terms of referrals rejected is actually narrowing, can Centrelink indicate whether this ‘emerging gap’ means that there are an increasing number of serious or complex cases of fraud that Centrelink is not referring to the AFP? If so, can Centrelink provide details of the size of this ‘gap’, the sorts of cases involved and the reasons why Centrelink has been deciding against referring them to the AFP?

**Response**

**In the Australian Federal Police’s response to Additional Question No.2 it stated that the Australian Federal Police does not believe the total number of referrals it has accepted has declined. Statistics provided by the Australian Federal Police include:**

- 1. referrals for criminal investigation; and**
- 2. requests for assistance including:**
  - a. search warrants;**
  - b. arrest warrants; and**
  - c. forensic analysis.**

**Referral statistics provided by Centrelink refer only to the referrals for criminal investigation by the Australian Federal Police. This is a subset of the overall numbers quoted by the Australian Federal Police.**

**The data provided by the Australian Federal Police highlights a decrease from 2004-05 onwards in the numbers of referrals rejected. This can be linked to the implementation of the outposted Australian Federal Police agents to Centrelink in 2003-04. Through the implementation of the outposted arrangement and the development of the Memorandum of Understanding (2004), Centrelink fraud investigators have, with the assistance of the outposted agents, refined their assessment of cases against the Case Categorisation and Prioritisation Model.**

**As the table below highlights, this was fully implemented in 2004-05.**

	2003-04	2004-05	2005-06	2006-07
	\$	\$	\$	\$
AFP Agents	179,576	924,063	929,305	950,744
No of Rejections	24	8	3	1

**Note – the \$ in table relate to the resources Government provided for the outposted agents.**

**As indicated in an earlier answer, there is no residual ‘gap’ in the sense that where the Australian Federal Police decline to accept a case or it has been assessed as not meeting the criteria under the Case Categorisation and Prioritisation Model it will still be**

**investigated by Centrelink. The 'emerging gap' relates to those cases assessed by Centrelink as not meeting the criteria for referral to the Australian Federal Police but which are still serious and complex in the context of Centrelink fraud. Centrelink is unable to provide statistical information around the size of the 'gap' but the sorts of cases involved include fraud related to the cash economy and identity fraud..**

*Senator Ludwig – further questions. Question 2 (email 11.03 AM 17/11/2006)*

2. Under the MOU between the AFP and Centrelink, how does Centrelink determine a particular case is 'routine or minor' in nature and therefore unlikely to be accepted by the AFP under the CCPM for investigation? For example, is there a list of particular offences that are considered routine or minor or a monetary threshold above which the fraud is considered 'serious'?

**Response**

**Centrelink officers assess cases against the Case Categorisation Prioritisation Model (CCPM) to decide whether they should be referred to the AFP.**

**No one element of the CCPM is considered in isolation to determine whether a matter is accepted or rejected for investigation. It is largely the combination of Impact and Priority ratings that determine this.**

**The Impact rating is about the seriousness of the matter to Australian society and is categorized as Very High, High, Medium or Low. The Australian Federal Police response to one of their questions on notice outlined the number of cases which fell into the various impact categories in 2005-06 and 2006-07. The Priority rating refer to the timeliness of response required and is categorised as Response, Essential, Routine or Special Reason.**

**In accordance with the Memorandum of Understanding the outposted Australian Federal Police agents assist in the assessment process.**

**There is no list of particular offences in the Case Categorisation and Prioritisation Model that are considered routine or minor. In relation to the monetary threshold this is assessed against the Impact rating, for example Very High is more than \$5 million, High is more than \$1 million and Medium is more than \$0.25 million.**



*Senator Ludwig – further questions. Question 3 (email 11.03 AM 17/11/2006)*

3. In cases in which the fraud is ‘serious or complex’ and therefore requires referral to the AFP, how does Centrelink envisage it will use the proposed powers? For example, does Centrelink intend to, as part of its preliminary investigations, execute search warrants prior to referring the cases to the AFP? In such circumstances will Centrelink conduct criminal background checks on the subject of a warrant prior to its execution? If so through what means?

**Response**

**Serious or complex cases that are referred to and accepted by the Australian Federal Police for criminal investigation, in accordance with the Case Categorisation and Prioritisation Model, are taken over for investigation by the Australian Federal Police. The proposed powers would not be used in these circumstances, as the Australian Federal Police would be responsible for the investigation and the execution of any search warrants associated with their investigation.**

**Centrelink would not use the proposed powers as part of its preliminary investigations as there would not be enough information to satisfy a Magistrate of the requirement for a search warrant.**

Senator Ludwig – further questions. Question 4 (email 11.03 AM 17/11/2006)

4. Of the cases referred directly to the CDPD by Centrelink: in what court are these cases usually dealt with in? What are the typical orders for the various types of cases?

**Response**

**Approximately 95% of cases referred by Centrelink to the Commonwealth Director of Public Prosecutions are summary offences that are dealt with in lower courts. Cases involving indictable offences are heard in the Supreme Court.**

**The table below provides the typical orders (penalties issued) for cases prosecuted by the Commonwealth Director of Public Prosecutions. In some instances a case may have multiple orders which explains the difference in the number of referrals (3961) to the typical orders of matters (5542).**

<b>Penalty</b>	<b>Number</b>
Community Service Order	722
Counselling	20
Gaol Term	231
Good Behaviour Bond	1417
Home Detention	22
Intensive Correction Order	33
No Penalty Provided	147
Fine	376
Release Without Sentence	44
Periodic Detention	53
Probation	41
Reparation Order	1862
Suspended Sentence	574
<b>Total</b>	<b>5542</b>

**Centrelink is unable to link the penalty with the types of cases in the time frame available.**