

Centrelink is responsible for making sure income support goes to people in genuine need and that they get their correct payments. This involves regular detection and prompt recovery of incorrect payments and regular reviews of customers' circumstances. People getting payments must tell Centrelink about any changes to their circumstances.

How Centrelink detects incorrect payments

Centrelink detects incorrect payments in various ways, including:

- data matching (for example, comparing customer information given to Centrelink with Australian Taxation Office records)
- getting information from other agencies (for example, financial institutions) or public (tip-offs)
- selecting customers on the basis of risk factors or as part of a survey of randomly selected customers.

Carrying out reviews

Centrelink reviews customers' entitlements in a number of ways. Many reviews simply involve a form mailed out to customers. The form must be completed and returned to Centrelink within a specified time. If complex issues are involved, the review takes place in a Centrelink Customer Service Centre, or a Review Officer may visit the customer's home.

A Review Officer may contact employers and other people, including other organisations, during the course of the review to ensure that a person's entitlement details are correct. In most cases, the customer will have been contacted first and will be aware that this information is being sought.

Reviews in the home

A Review Officer may visit a person at home:

- if the person cannot come to a Centrelink Customer Service Centre because of a disability or illness, or
- to make sure the customer's payment is still correct by collecting relevant information.

Most home visits are arranged in advance. Customers are contacted by phone or letter to make an appointment.

If a customer is interviewed in their own home, the Review Officer must give them the brochure *Centrelink office and home interviews—your rights and responsibilities* before starting the interview and explaining the purpose of the interview. The rights outlined in the brochure are observed by Review Officers, whether the interview takes place in a person's home or in a Centrelink Customer Service Centre. A Review Officer is not allowed into a house unless invited and may be asked to leave at any time. A Review Officer must identify her/himself before starting a home interview.

If a person is concerned about answering questions at home, they can:

- ask the Review Officer to call back (for example, if the person would like someone else present)
- ask for time to think about the questions and to have them in writing
- ask to be interviewed at a Centrelink Customer Service Centre
- choose to make a written statement in response to the Review Officer's questions.

A person can ask for a copy of any form or statement they have signed or any record of the interview the Review Officer has made. The same right applies to documents prepared in a Centrelink Customer Service Centre. Freedom of Information requests may have to be made, depending on the type of information requested.

For more information about Freedom of Information, see Chapter 18.

Debt prevention

Centrelink places a strong emphasis on a wide range of debt prevention measures in its dealings with customers. The aim of this preventive action is ensuring payments are correct as well as providing:

- good customer service—it helps customers avoid debts
- good policy department service by paying correct entitlements in the first place
- good administration—it reduces review work, debt raising and recovery action.

Centrelink has a debt prevention strategy that aims to reduce the incidence of preventable Centrelink customer debts and implement cost effective and efficient arrangements for accurate and timely identification and calculation of customer debt.

The strategy identifies customer groups most at risk of incurring a debt, across all programmes, and is designed to identify and address the key reasons for debts. Because these reasons largely relate to lack of understanding, the focus of the strategy is on improved understanding and communication with customers, community groups and employers, and the trial of targeted interventions.

The emphasis on debt prevention is strengthened by Centrelink's network of Debt Management Coordinators and Officers. These officers assist customer service staff to help customers avoid debts. They play a key role in developing, implementing and promoting debt prevention strategies. Their function includes (in consultation with other relevant Centrelink teams):

- identifying and applying strategies to minimise and prevent customer debt
- monitoring debt activity to ensure debts are processed in a timely and accurate manner
- conducting information and outreach programmes within the community, with employers and within Centrelink, to publicise and market the benefits of debt prevention
- increasing awareness of debt-related issues with staff and customers.

Telling Centrelink when circumstances change

Centrelink is committed to increasing the level of customers' voluntary compliance by improving awareness of payments and obligations and influencing customers' ability and motivation to comply with their reporting obligations.

A media campaign and the development of a National Voluntary Compliance Strategy, targeting identified customer groups, has been a positive influence in reducing customer debt and increasing compliance among these groups. Centrelink will continue its effort to increase voluntary compliance.

A person making a claim for or receiving payments from Centrelink, or the Family Assistance Office, is responsible for telling Centrelink about any changes in their circumstances within a specified period. All claim forms, Income Statements, review forms and letters clearly state the changes a person must tell Centrelink about and the timeframe in which they must advise Centrelink of the change.

Some of the changes customers must notify Centrelink about include the following:

- Income and assets:
 - if the amounts of their or their partner's income or assets changes from the amounts previously advised to Centrelink (this includes assets from outside Australia, pensions, private superannuation or compensation).
- Work:
 - starting or going back to work, changing jobs, or becoming self employed—this can be full-time, part-time or casual.
- Living arrangements:
 - marital status including living with a partner, getting back together with a former partner, separating, marrying or re-marrying
 - changing address (including leaving Australia or returning to Australia)
 - any change in the amount of rent paid.
- Children:
 - a change to the number of dependants
 - starting to get child support or any change in the amount of child support
 - changes to the shared care arrangements for dependants.
- Enrolment:
 - change in enrolment and/or attendance at an educational institution or child care service.
- Compensation:
 - getting compensation payments.
- Leaving Australia:
 - leaving Australia or returning to Australia, even when the absence is for a short period.
- Prison:
 - being sent to prison.

Not notifying changes in income or other circumstances may result in a debt. There may also be penalties if a person misrepresents their circumstances or makes false or misleading statements. Some cases of fraud can lead to imprisonment.

There are also duties and obligations for those Centrelink customers with nominee appointments. The nominee needs to advise Centrelink of any changes in the customer's circumstances. This is to ensure correct eligibility and to avoid possible debt. It is also necessary to advise of any

changes in circumstances which affect the ability of the nominee to continue to act in the customer's best interests.

For more information about nominee arrangements, see Chapter 13.

It is also important that Centrelink is notified promptly when a person dies. Prompt notification will allow Centrelink staff to assess what bereavement assistance may be available. It will also help avoid an overpayment when the person has been receiving payments from Centrelink.

Changes affecting Family Assistance Office payments can be notified by calling **13 6150**, in person at any Family Assistance Office site in all Centrelink Customer Service Centres, Medicare offices and Australian Taxation Offices, or online at **www.familyassist.gov.au**

Repaying money to Centrelink

Customers (including Family Assistance Office customers) who owe money are sent a letter called an "account payable". Customers who are unable to pay by the due date are asked to contact Centrelink.

When a customer is unable to pay the debt in full, Centrelink prefers to reach an agreement with the customer about an arrangement that will recover the debt owing as quickly as possible without placing the customer in financial hardship.

When the customer is receiving a payment from Centrelink, that payment may be reduced to help recover the debt. Unless the customer contacts Centrelink before the debt is due, this reduction will be at a standard rate, which varies according to the type of payment the customer is getting. This rate may be reviewed, either because the customer requests this (for example, because they cannot afford the deductions) or because Centrelink believes the customer has the ability to pay more.

If the customer is not receiving a Centrelink payment, and does not make, or keep, a repayment arrangement, Centrelink may recover money from the customer's wages, bank accounts, tax refund or other money held by a third person. Centrelink may also take legal action or refer the debt to a private debt collection agency.

Customers who disagree with any decision about debt recovery have access to the review and appeal process.

For more information about reviews and appeals, see Chapter 18.

Recovering from arrears of pension from other countries

People who are granted pensions from countries other than Australia may get a lump sum payment in arrears from that country. The arrears paid by the country other than Australia may affect your and or your partner's Australian payment. Centrelink is entitled to recover any Australian payment that should not have been paid.

For foreign pensions granted before 1 July 2004, this only applies to countries with which Australia had an International Social Security Agreement, and to some customers granted a United Kingdom pension. For agreement countries, these amounts are generally recovered by the other country's paying authority, which transfers part of the customer's arrears payment to Centrelink. If this is not done, the amount can be recovered by withholding future Australian payments.

For foreign pensions granted on or after 1 July 2004, in all cases the amount overpaid may be recovered in the same way as a normal debt. This includes non-agreement countries and any spouse overpaid during their partner's arrears period due to the lump sum arrears payment. See the "Repaying money to Centrelink" section earlier in this chapter.

For more information about International Social Security Agreements, see Chapter 17 or call **13 1673**.

How compensation affects entitlements

The social security law administered by Centrelink sets down rules governing the effect of compensation payments on entitlement to most income support payments.

The compensation rules are designed to stop a person getting Centrelink payments and compensation payments for the same period.

Taking account of compensation payments

Compensation includes any payment made wholly or partly in respect of lost earnings or lost capacity to earn, as a result of:

- work-related injury or illness (for example, Workers' Compensation)
- injury received in a motor vehicle accident
- injury received as a result of the negligence or fault of another person.

Payments under a personal sickness and accident insurance policy or an income replacement insurance policy—when the amounts paid under the policy have been reduced or not paid because the person gets, or is entitled to get, a payment from Centrelink—are also treated as compensation.

Compensation rules

Compensation can affect a person's (and the person's partner's) income support payments in the following ways:

- A person or their partner may be required to claim compensation if Centrelink considers they could be entitled to compensation payments.
- Regular or periodic compensation—for example, Workers' Compensation—usually reduces the compensation recipient's payments from Centrelink on a dollar-for-dollar basis. For example, if a single person gets \$100 a week in compensation payments, the Centrelink payment would be reduced by \$100 a week. Any amount of periodic compensation over the basic income support payment will be assessed as ordinary income for their partner.
- If a person has to wait for periodic compensation payments to start, and gets payments from Centrelink in the meantime, some or all of these payments may have to be repaid from the payment of arrears of periodic compensation payments.
- If a person gets a lump sum compensation payment, a period (called a "preclusion period") is calculated during which the person cannot get income support payments. The preclusion period can be in the past, in which case all income support payments received by the person during the preclusion period must be repaid to Centrelink, or in the future, in which case no income support payments can be made until the period is over, or both.
- During the preclusion period, a person may still qualify for a Commonwealth Seniors Health Card or a Low Income Health Care Card. For Low Income Health Care Card purposes the lump sum payment will be counted as ordinary income in the 12 months after receipt.

The compensation recipient's partner is not precluded and may be able to be paid Centrelink payments if they apply and qualify for a payment.

These rules apply whether or not there is any connection between the reason the person is paid compensation and the reason the person gets payments from Centrelink.

Before agreeing to a settlement or spending a lump sum compensation payment, people should find out the effect the lump sum may have on payments from Centrelink.