



Andrew Wilkie MP
INDEPENDENT MEMBER FOR DENISON

30 MAY 2019

Mr Michael Manthorpe PSM
Commonwealth Ombudsman
GPO Box 442
CANBERRA ACT 2601

Dear Ombudsman

I ask you to further investigate the debt notices being sent by Centrelink as part of the Social Welfare Debt Recovery Program. I have been approached by a whistleblower who I believe has a good knowledge of the current internal processes on how these debts are verified and raised.

One of the key issues raised by the whistleblower is that people who provide pay slips, instead of bank statements, may incur a higher debt because payslips provide a person's gross income whereas bank statements provide net income. Indeed I have been told that it is standard procedure that a person's net income is not grossed up unless a person has earned more than \$18,000 even though it is common for the income of Centrelink recipients to be below this amount. The example given to me by the whistleblower was that if two individuals earned \$10,000, and one person provided payslips and the other provided bank statements, then the person who provided payslips would owe \$10,000 whereas the person who provided bank statements would only owe what was deposited, eg \$10,000 less the personal income tax which would normally be refunded when the person submitted their tax return.

Moreover I have also been told that another key issue with the system is duplicate or triplicate debts that occur because one employee has been recorded under several different names. For example, a person may have declared income for 'McDonalds', but the official name of the organisation is "McDonald's Family Restaurants". If these two different names are entered into the computer system then the income is duplicated and there is no mechanism for cross-checking other than manually, which I am told is only undertaken on an irregular basis. As Centrelink often

requests payslips for a five year period, people often have many employers and so such errors are common.

Moreover I have enclosed for your information an example of a letter received by one of my constituents informing them of a debt over \$15,000. While I have redacted the identity of the customer you can see the timeframe for the debt repayment and astonishingly small amount of information provided for such a large debt. How can a person identify issues or errors with the debt, such as those listed above, with such little information? Surely it is essential that a government agency provide full disclosure of the details for such a debt.

I ask that you again investigate this debt recovery process. I am particularly concerned as Budget Measures 2018-19 state savings of \$299.3 million over three years from 2019-20, partly by extending data matching activities with the Australian Taxation Office.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'A. Wilkie'.

Andrew Wilkie MP

Independent Member for Denison