

# Department of Human Services (Centrelink)

INVESTIGATION OF A COMPLAINT FROM MS Z  
CONCERNING THE ADMINISTRATION OF YOUTH  
ALLOWANCE

February 2013

Report by the Commonwealth Ombudsman  
Mr Colin Neave, under the *Ombudsman Act 1976*

REPORT NO. **01|2013**

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## **BACKGROUND**

In late October 2011, we received a complaint on behalf Ms Z, who was then 16 years old. Ms Z had recently left her family home due to family breakdown. She contacted Centrelink on 6 October 2011 to claim youth allowance (YA) at the 'Unreasonable to Live at Home' (UTLAH) rate. The complaint concerned the length of time Centrelink was taking to process Ms Z's YA claim. Immediately prior to her claim, Ms Z had been sleeping at a homeless shelter and at a friend's house. Ms Z had no income, was at risk of dropping out of school, and had a limited support network.

On 7 November 2011 we commenced our investigation of Ms Z's complaint. By that time, Centrelink had made one YA payment to Ms Z. However, it was not until 15 December 2011 that Ms Z's YA was granted on an ongoing basis. Before then, Centrelink twice granted YA to Ms Z for periods of 28 days only. Each time, Ms Z's YA stopped again shortly afterwards, because her circumstances made it impossible for her to obtain necessary documents or information within Centrelink's standard timeframes. This left Ms Z without a regular and reliable source of income between 6 and 30 October 2011, 2 and 27 November 2011 and 30 November and 14 December 2011.

The Ombudsman's office's investigation of Centrelink's handling of Ms Z's YA claim identified several instances of deficient administration that impacted adversely on this vulnerable young person.

## **YA QUALIFICATION AND PAYABILITY**

YA payments are available to young people aged between 16 and 24 years, who meet study, training or job search requirements. YA is paid at different rates, depending on the recipient's personal circumstances.

YA is paid subject to income and assets tests. Centrelink takes into account the income and assets of all YA recipients to work out their entitlement. Payments to YA recipients aged 21 or less are also subject to a parental income and assets test, unless Centrelink is satisfied that the person cannot live at the home of their parents because of extreme family breakdown or other exceptional circumstances. YA recipients who cannot live at the home of their parents because of extreme family breakdown or other exceptional circumstances are paid YA at the UTLAH rate, which is higher than the 'living at home' rate, in recognition of the increased expense of independent living.

## **CENTRELINK PROCEDURES**

Ms Z's YA claim was subject to three intersecting sets of Centrelink procedures, all intended to protect Commonwealth revenue from incorrect outlays and/or fraudulent claims.

1. Centrelink's procedures to confirm that a person should be paid the UTLAH rate of YA
2. Centrelink's proof of identity (POI) procedures
3. Centrelink's requirement for a person to provide their tax file number (TFN).

### **Confirming eligibility for UTLAH rate of YA**

When a young person claims YA at the UTLAH rate, a Centrelink social worker interviews them and completes a report on whether it is unreasonable for them to live at home. While preparing the report, the Centrelink social worker will usually speak to the young person's

parents and seek information from other parties who are aware of their situation and may be assisting them, such as community welfare organisations or state and territory child protection agencies. If Centrelink accepts that it is unreasonable for the young person to live at home, and they meet the other criteria for receiving YA, the young person still needs to satisfy Centrelink's POI and TFN requirements in order to receive payment.

## **Centrelink's POI procedures**

All Centrelink payments are subject to POI requirements. For YA, this usually involves the provision of a 'cardinal document' (e.g. birth certificate, birth extract or Australian passport), and a further 100 points of acceptable identification. If the person is using a different name to that shown on the cardinal document, they will also need to provide documents linking their old and new name(s).

### ***Identity review period***

If a customer is unable to provide POI, Centrelink may implement an 'identity review period' (IRP), or else accept 'alternative POI'.

An IRP allows Centrelink to grant a customer a payment for two pay periods (28 days), so as to allow time for the customer to provide POI. To implement an IRP, a Centrelink officer must be satisfied that the customer is who they say they are, and must reasonably believe that they will provide the required POI during the IRP period. If the customer does not provide POI within 28 days, Centrelink will cancel the payment.

### ***Alternative POI***

'Alternative POI' allows a customer to verify their identity by completing a questionnaire that seeks information that only the customer is likely to know. Alternative POI is appropriate when the customer experiences genuine difficulty providing POI, including where they are having a personal crisis or family breakdown.

Centrelink policy allows alternative POI to be used when the customer has provided some documents but not enough to meet the points requirement, or when the customer is unable to provide any POI documentation. It is particularly appropriate when Centrelink anticipates that a customer will need to apply for identity documents. Alternative POI allows a customer to receive payments for up to 13 weeks while the customer obtains the required identity documents.

### ***Request for verification***

Centrelink also has a 'request for verification' process for assisting customers to meet POI requirements in some circumstances. Centrelink completes the relevant form with the customer and sends it to the appropriate Australian birth registry office. Centrelink pays the application fee and the registry then provides verification of the customer's name and date of birth.

## **Centrelink's TFN procedures**

The Australian Taxation Office (ATO) is responsible for issuing TFNs. Centrelink requires people who are Australian residents to provide a valid TFN to receive a Centrelink payment. Ms Z did not have a TFN when she claimed YA. Centrelink has a form and procedures to assist a person to apply for a TFN, but the person must provide POI to use the form.

If a person has been granted a Centrelink payment with an IRP (because they do not have POI documents) Centrelink gives them a TFN form to complete and bring back with their

POI. The person is granted a 28 day TFN grace period which starts from the date of their Centrelink claim.

Centrelink has different procedures for a customer who is genuinely unable to meet the ATO's POI requirements for a TFN, for example, because of homelessness. In such cases, the Centrelink officer is supposed to ask the customer to complete a TFN application form. The Centrelink officer should then provide detailed comments in the notes section of the TFN form, attach copies of any available identity document to the form and send it to the ATO. The ATO can then advise Centrelink directly of the person's TFN, when issued.

## **ANALYSIS OF Ms Z'S EXPERIENCE**

Ms Z's YA claim and payments were unnecessarily delayed due to Centrelink failing to act in a timely manner and to utilise the full range of tools it had available to assist Ms Z. We identified the following specific concerns regarding Centrelink's administration of Ms Z's YA claim.

### **Centrelink's initial delay in granting YA**

Ms Z claimed YA on 6 October 2011 but Centrelink did not assess whether to pay her the UTLAH rate of YA until 1 November 2011. Centrelink attributed this delay, in part, to a delay in receiving information from the relevant state child welfare department.

Centrelink contacted the child welfare department the same day that Ms Z claimed YA, asking that it consider accepting a 'Youth Protocol' referral. The Youth Protocol is a set of agreements between the Commonwealth and State and Territory governments setting out formal liaison and referral procedures by which the Commonwealth can refer people aged 17 and under to state and territory child welfare departments for assessment and support.

Centrelink's liaison with the child welfare department was appropriate under the Youth Protocol. However, Centrelink then delayed finalising its assessment of Ms Z's claim for a period of time as the child welfare department advised that it would provide further information. Centrelink's records did not provide detail about when the child welfare department provided additional information or what that information was. However, it is apparent that there was further liaison between the Centrelink social worker and the child welfare department until four days before Ms Z's YA was granted.

Centrelink's policies and procedures do not suggest that a Youth Protocol referral should hold up assessment of a YA claim. There is no evidence in Centrelink's records to suggest that Centrelink required specific information from the state child welfare department about Ms Z's identity or family circumstances in order to assess her claim or to implement an IRP. Given Ms Z's vulnerable circumstances, we consider that it was unreasonable for Centrelink to delay granting YA to her whilst it liaised with the state child welfare department.

Centrelink advised us that "*it appears that the social worker's professional judgement was that the [child welfare department] information was critical to the overall assessment of extreme family breakdown and ongoing risk issues*". Nevertheless Centrelink conceded that the 26 day period that it took the social worker to complete the assessment of extreme family breakdown was "*too long to delay the grant of YA*".

## **Centrelink's decision to grant Ms Z YA on 1 November 2011**

On 1 November 2011 Centrelink granted YA to Ms Z. However, Ms Z was unable to meet the POI requirements at this time, so Centrelink granted her YA on a provisional basis, subject to a 28-day IRP.

### ***The IRP decision***

Centrelink told us it considered using the 'alternative POI' process for Ms Z but decided an IRP was more appropriate, given its expectation that Ms Z would obtain her birth certificate with the assistance of a community organisation.

On 1 November 2011, having decided to grant YA to Ms Z subject to an IRP, Centrelink sent Ms Z a letter asking her to provide POI by 30 November 2011.

### ***The TFN grace period***

Ms Z did not have a TFN by 1 November 2011, so Centrelink granted her YA subject to a 28 day TFN grace period. Centrelink advised us that Ms Z's TFN grace period commenced from 6 October 2011, when she lodged her YA claim. The TFN grace period was 28 days, ending on 3 November 2011.

## **Centrelink's decision to cancel Ms Z's YA on 3 November 2011**

As Ms Z had not provided her TFN to Centrelink by 3 November 2011 (because she did not have one) Centrelink cancelled her YA, just two days after it had granted it.

Centrelink acknowledged that it did not follow correct procedures when it granted Ms Z's YA subject to a TFN grace period. Rather than waiting for Ms Z to apply for and advise her TFN, Centrelink should have assisted her to complete the TFN application form and sent it to the ATO for her, with detailed comments and copies of the identity documents that she did have. At our suggestion, Centrelink eventually did this and restored Ms Z's YA.

## **Centrelink's decision to restore Ms Z's YA on 28 November 2011**

On 28 November 2011, having now used the correct TFN procedure for Ms Z, Centrelink restored YA and paid Ms Z arrears, backdated to 3 November 2011. However, Centrelink failed to consider the impact of the IRP that it had already recorded for Ms Z, which required her to provide POI documents by 30 November 2011.

We are particularly concerned that Centrelink failed to review Ms Z's POI arrangements, even after we had contacted it on 24 November 2011 and specifically asked it to consider using alternative POI for Ms Z instead of an IRP. Centrelink knew that Ms Z needed to obtain multiple forms of identification, including a birth certificate, and that this process would be complicated by the fact that she had long been using a different family name to her registered birth name. Even assuming the community organisation would be able to promptly obtain Ms Z's birth certificate, in our view, Centrelink had no reasonable basis for believing that Ms Z was "definitely" (as required in Centrelink's internal policy guide) going to be able to supply the necessary identification documents within 28 days.

In response to this investigation, Centrelink acknowledged that it should have considered using alternative POI once it became apparent that the community organisation had not applied for Ms Z's birth certificate.

## **Centrelink's decision to cancel Ms Z's YA on 30 November 2011**

Ms Z did not have any new POI documents by 30 November 2011. She was not aware that Centrelink still expected her to provide additional documents by 30 November 2011. When Centrelink received nothing further from Ms Z by 30 November 2011, it cancelled her YA again for lack of POI, just two days after restoring it.

## ***Centrelink's decision to make manual payments to Ms Z on 9 and 12 December 2011***

Ms Z contacted Centrelink on 9 December 2012, seeking an urgent payment because of her financial hardship. Centrelink did not restore her YA payments, preferring to wait until she provided a birth certificate. However, Centrelink identified that it had underpaid Ms Z a total of \$178.99 for the period ending 30 November 2012. On 9 December 2011, Centrelink paid Ms Z \$150 and the balance on 12 December 2012.

## ***Centrelink's failure to make a 'request for verification'***

In the course of our investigation, we asked Centrelink whether it had considered using the 'request for verification' process to help Ms Z satisfy the cardinal document requirement. Centrelink advised that it did not consider using this process because it had anticipated that the community organisation would obtain Ms Z's birth certificate for her.

We accept that, initially, it was not unreasonable for Centrelink to defer to the community organisation and not use its request for verification process at that point. However, by mid-November 2011 Centrelink was aware that Ms Z was experiencing genuine difficulty in obtaining her birth certificate and the community organisation had not obtained it for her. We consider that Centrelink should have then utilised the request for verification process and obtained Ms Z's birth certificate itself.

## **Centrelink's decision to restore Ms Z's YA on 15 December 2011**

On 15 December 2011, Ms Z finally obtained a birth certificate. She showed it to Centrelink, and Centrelink restored her YA payments that day.

## **Centrelink's decision to pay Ms Z's YA to a third party**

When Centrelink paid YA to Ms Z on 3 November 2011, it deposited her money to an account owned by her friend, Mr Q.

Ms Z did not have her own bank account when she claimed YA. On 7 October 2011, she requested that Centrelink appoint Mr Q, as her payment nominee. Centrelink decided that it was not in Ms Z's best interests to pay her YA to Mr Q, but it did not formally refuse the request.

On 2 November 2011, Ms Z gave Centrelink details for a bank account that she had just opened. However, due to a computer system error, Centrelink's system failed to recognise receipt of these details. Presumably in order to help Ms Z, Centrelink paid a sum of \$529.40 into Mr Q's bank account on 3 November 2011. We do not think this was appropriate in circumstances where Centrelink had formed the view that paying Mr Q as not in Ms Z's best interests.

In any case, Centrelink could only legally pay Ms Z's YA to her or to her payment nominee. In the absence of a decision being made on Ms Z's request to appoint Mr Q as her nominee, it was incorrect for Centrelink to pay her entitlement to his bank account at that time.

## Centrelink's failure to make and retain adequate records

During the course of our investigation, we requested copies of Centrelink's records of its contacts with Ms Z, the community social worker assisting her, Ms Z's family members and other third parties. Centrelink refers to such records on its customer records as 'DOCS' (short for documents).

After examining the available records, we developed concerns that Centrelink's internal requirements were not met in this case. In particular, the Centrelink social worker had failed to make complete records of the actions they had taken relevant to establishing Ms Z's UTLAH entitlement. Some bare details of contacts (date, source, brief issues, number of contacts) were recorded on the separate Social Work Information System (SWIS), but this information was inadequate to establish what action was taken, when, with whom and why.

To respond to our questions, Centrelink needed to rely on the social worker's subsequent personal recollection of events and obtain access to the social worker's email history. While we accept that it is appropriate for Centrelink to have special arrangements to protect very sensitive information that a social worker gathers in the course of making a UTLAH assessment, we nevertheless believe that proper records must be kept.

In our view, Centrelink does not provide adequate guidance to its social workers about what information they should record, and what kinds of 'sensitive information' should not be recorded except in 'exceptional circumstances'. It may be that this lack of guidance has unintentionally encouraged a culture amongst social workers of only making minimal records of their contacts and actions.

We believe Centrelink's social workers should meet recordkeeping standards that allow for adequate scrutiny of their administrative actions. Not only do Centrelink's social workers deal with vulnerable people; they do so in large numbers. Centrelink's 2011-2012 Annual Report stated that "[d]uring 2011–12, 208 690 referrals were made to social workers to support young people who were considered homeless or at risk of homelessness, with 5064 given intensive support and intervention".

## OMBUDSMAN'S CONCLUSIONS

Centrelink's POI and TFN requirements exist to protect the system from fraudulent claims. The risk of fraud and abuse is real. However, there needs to be an assessment of the risk of fraud, balanced with the risk to the individual person if their payments are delayed pending Centrelink's usual POI and TFN procedures. In Ms Z's case, we believe that the risks inherent in Centrelink delaying payment to a homeless 16 year old were greater than the risk that she might be trying to defraud the system.

In 2008, we published another report about the difficulties a vulnerable young person experienced in accessing YA at the UTLAH rate.<sup>1</sup> The specific issues identified in this report about Ms Z are different from the issues identified in our 2008 report. However, the underlying theme is the same. Procedural requirements that appear reasonable on their face can place unreasonable barriers in the way of vulnerable young people receiving the support that they need from Centrelink.

Centrelink had at its disposal the tools necessary to remove those barriers for Ms Z. However, the individual staff dealing with her claim failed to consider whether to follow the

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<sup>1</sup> "Report 01|2008: Centrelink—Payment of independent rate of youth allowance to a young person", February 2008, available on the Commonwealth Ombudsman's website at [http://www.ombudsman.gov.au/files/investigation\\_2008\\_01.pdf](http://www.ombudsman.gov.au/files/investigation_2008_01.pdf).



special procedures designed to assist homeless and vulnerable people who cannot readily comply with the usual arrangements. Ms Z's complaint clearly demonstrates the need for Centrelink officers to be attuned to a customer's particular circumstances and to exercise judgment and discretion to ensure that they receive the assistance they need, when they need it.

## **OMBUDSMAN'S RECOMMENDATIONS**

Centrelink agreed to take the following steps after our investigation:

- review its procedures for clarity and reiterate to staff the importance of using alternative POI instead of an IRP in appropriate cases
- consider the viability of creating an automated prompt to direct staff to the range of POI policies whenever information is unable to be provided by a customer
- provide a letter of apology to Ms Z
- review record keeping policies for social workers.

Although we acknowledge Centrelink's undertakings, we have decided to make six formal recommendations to address Ms Z's complaint.

### **Recommendation 1**

That Centrelink take steps to ensure members of staff are aware of the available alternatives when a customer cannot provide proof of identification. This would include awareness of when it is appropriate to use alternative POI instead of an IRP, how to facilitate TFN applications and how and when to make a request for verification of a customer's birth or commencement of identity.

### **Recommendation 2**

That Centrelink review its procedural instructions concerning Youth Protocol referrals, to clarify that assessment of a young person's qualification for YA is separate from, and should not be delayed by, the referral process.

### **Recommendation 3**

That Centrelink consider the viability of creating an automated computer system prompt which notifies a Centrelink officer of these POI policies whenever the required information is not able to be provided by the customer.

### **Recommendation 4**

That Centrelink provide a written apology to Ms Z for its actions which resulted in her not receiving YA on an ongoing basis until 15 December 2011.

### **Recommendation 5**

That Centrelink, as a matter of priority, amend its recordkeeping policies for social workers to ensure that contemporaneous and detailed records of contact between social workers, customers and third parties are kept.

### **Recommendation 6**

That Centrelink amend its e-references so that, in assessing whether to pay a person the UTLAH rate of YA, the decision as to which independent third party is to be contacted should have regard to the likely timeframe in which the third party will provide the required information. The e-reference should provide guidance that the decision maker should contact the third party who will provide the information in the shortest timeframe.

## THE DHS SECRETARY'S RESPONSE TO THE REPORT AND RECOMMENDATIONS

We provided this report to the Department of Human Services (DHS) in draft form for comment. (DHS is the Commonwealth Department that delivers payments and services in Centrelink, Medicare and Child Support offices around Australia). The DHS Secretary took a personal interest in Ms Z's case, commenting that it was "an example of a situation where the Department should have performed better" and noting that "[h]ighlighting cases such as this enables us to critically analyse our processes for both professional and administrative staff and helps us improve the quality of our service".

The Secretary's letter to the Ombudsman is reproduced at **Attachment A**.

We endorse the Secretary's statement that "[t]here is always a great deal that can be improved in service delivery by listening to customer and independent feedback".

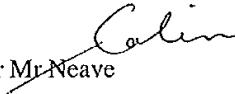
We intend to monitor DHS's implementation of our six recommendations.



**Australian Government**  
**Department of Human Services**

**Kathryn Campbell CSC**  
**Secretary**

Mr Colin Neave AM  
Commonwealth Ombudsman  
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Dear Mr Neave 

Thank you for your letter of 29 January 2013 providing me an opportunity to respond to your revised draft report prepared under section 15 of *The Ombudsman Act 1976*, following your investigation of a complaint by

This case highlights a number of points where a more timely outcome could have been achieved for a vulnerable young person. The Department of Human Services (The department) accepts that if different administrative decisions were made it could have expedited the gathering of information to reach a more timely decision. There are meticulous administrative and professional requirements within the department designed to ensure that we make the right decisions about vulnerable young people experiencing extreme family breakdown. The purpose of this rigor is not to expose the young person or their family to further stress, but to enable the young person to remain safe whilst the department undertakes an assessment that will enable the correct decision to be made. Large numbers of young people at risk approach the department for support. Highlighting cases such as this enables us to critically analyse our processes for both professional and administrative staff and helps us improve the quality of our service.

The previous submission from the department provides significant detail about the social worker's professional assessment and the relevant administrative linkages such as Proof of Identity (POI), Proof of Birth (POB) and Tax File Number (TFN) requirements that often occur simultaneously with the social worker's assessment of vulnerable young people for Youth Allowance (Unreasonable to live at home -UTLAH).

There is always a great deal that can be improved in service delivery by listening to customer and independent feedback. The department will continue to review our practices and ensure a high quality of service particularly to people with vulnerable circumstances.

I would like to thank you for raising this issue with me. \_\_\_\_\_'s complaint is an example of a situation where the department should have performed better and I am keen to ensure our practices are constantly improved. Your report and recommendations will assist with this.

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Yours sincerely



Kathryn Campbell

// February 2013