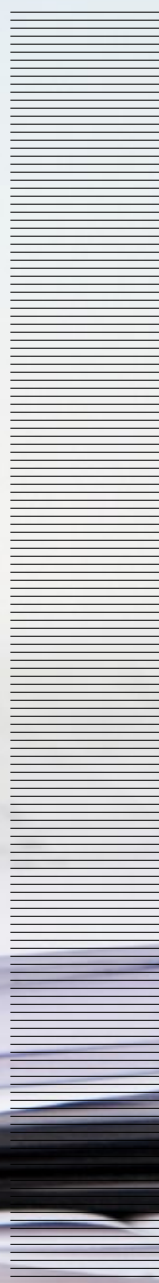




Australian Government
Department of Veterans' Affairs

DATA MATCHING PROGRAM

REPORT ON PROGRESS
2010–2011





Australian Government
Department of Veterans' Affairs
OFFICE OF THE SECRETARY

The Hon Warren Snowdon MP
Minister for Veterans' Affairs
Parliament House
CANBERRA ACT 2600

Dear Minister

In accordance with section 12 (2B) of the *Data-matching Program (Assistance and Tax) Act 1990*, I submit for your presentation to Parliament the twentieth report on progress of the Data Matching Program.

The Data Matching Program plays an important role in ensuring the integrity of payments made to the veteran community.

The Department works closely with the Office of the Privacy Commissioner to ensure the program is operating in accordance with the law and with strict adherence to privacy safeguards and principles.

It is recommended that you approve the content. The report will then require presentation to Parliament.

Yours sincerely

Ian Campbell
Secretary

7 October 2011

LOVETT TOWER
13 KELTIE STREET
PHILLIP ACT 2606

GPO BOX 9998
CANBERRA ACT 2601
AUSTRALIA

TELEPHONE (02) 6289 6736
FACSIMILE (02) 6289 6257
INTERNET www.dva.gov.au

Saluting Their Service

CONTENTS

INTRODUCTION 2

OVERVIEW OF THE DATA MATCHING PROGRAM

Legislation	3
Data Matching Agency	3
Assistance Agencies	3
Source Agencies	3
Specific Data	3
Objectives of the Data Matching Program	4

ACTION TAKEN ON DISCREPANCIES

Information Required As Per Act Guidelines 9(i) and 9(vi)	5
Prosecutions	5
Table 1 - Prosecution Statistics	6
Table 2 - Discrepancy Statistics	7

COSTS/BENEFITS OF THE PROGRAM

Table 3 - Departmental Expenses for the 2010-11 Reporting Year	8
Table 4 - Projected Savings Statistics	8
Table 5 - Total Savings for the 2010-11 Financial Year	9
Table 6 - Savings from the Data Matching Program	10

INTRODUCTION

In the 1990-91 Budget, the then Government announced new measures to detect incorrect payments in the income support system. This involved a program of computerised matching of identity and income data held by a limited number of government agencies including the Australian Taxation Office (ATO).

In order to validate these matches, people claiming Australian Government financial assistance have to provide a Tax File Number (TFN) as a condition of grant of pension or allowance.

The legal authority for data matching is contained in the *Data-matching Program (Assistance and Tax) Act 1990* (the Act). The Act provides for participating agencies holding personal data to match that information through a central Data Matching Agency (DMA) located within Centrelink.

Under subsections 12 (2B) and 12 (2C) of the Act, each agency is required to table in Parliament a standard report every year, and a comprehensive report every three years. A comprehensive report was last submitted in 2010 and will next be submitted in 2013.

This report focuses on the operation of the program within the Department of Veterans' Affairs (DVA) in the 2010-11 financial year.

For a full explanation of the progress of the Data Matching Program within the Department, this report should be read in conjunction with previous data matching annual reports.

OVERVIEW OF THE DATA MATCHING PROGRAM

LEGISLATION

The Act provides the authority for matching specific data held by source agencies.

DATA MATCHING AGENCY

The establishment of the DMA within Centrelink is authorised under section 4 of the Act.

ASSISTANCE AGENCIES

The following Departments are involved in the Data Matching Program and are known as 'assistance agencies' under the Act:

- The Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA)/Centrelink
- The Department of Veterans' Affairs (DVA).

SOURCE AGENCIES

The Act defines the ATO and assistance agencies as 'source agencies'.

SPECIFIC DATA

The ATO provides details of identity and tax data for people in receipt of income support payment for comparison with the details provided by the assistance agencies.

OBJECTIVES OF THE DATA MATCHING PROGRAM

The objectives of the Data Matching Program are:

1. To detect invalid Tax File Numbers (TFNs).

2. To detect fictitious or assumed identities.

This is called identity matching.

3. To detect instances where people are receiving incorrect or dual payments from one or more assistance agencies.

This is called payment matching. Payment matching detects people in receipt of two payments from the same or different agencies, where the receipt of one precludes or limits the payment of the other.

4. To detect instances where the income declared to the ATO varies from the income disclosed to assistance agencies.

This is called income matching. Income matching detects instances where the income information disclosed to the assistance agency differs from the income declared to the ATO.

5. To detect instances of tax evasion.

DVA is not directly involved in this form of matching. Income matching can, however, also detect instances where the client of an assistance agency has disclosed more income to that agency than has been declared to the ATO. DVA provides details of those cases to the ATO for it to investigate.

ACTION TAKEN ON DISCREPANCIES

INFORMATION REQUIRED AS PER ACT GUIDELINES 9(i) AND 9(vi)

The Act requires that each source agency report on matters as described in paragraphs 9(i) and 9(vi) of the *Data-matching Program (Assistance and Tax) Guidelines* such as the number of matches undertaken and the proportion of discrepancies. This chapter contains the details of information required by these guidelines.

PROSECUTIONS

Reviews of entitlement by the Department may bring to notice cases where an offence may have been committed under the *Veterans' Entitlements Act 1986*, the *Safety, Rehabilitation and Compensation Act 1988*, the *Military Rehabilitation and Compensation Act 2004*, the *Criminal Code Act 1995*, or the *Commonwealth Crimes Act 1914*.

The Department's role in the prosecution process is to investigate cases where it appears an offence may have been committed and to forward these cases, if warranted, to the Commonwealth Director of Public Prosecutions (CDPP) for a decision on whether prosecution action should proceed.

Depending on the type of investigation required, a case may be referred to the Australian Federal Police for further investigation. In 2010-11, any suspected fraud cases detected by data matching were referred to the Compliance Section of the Business Integrity and Legal Services Group for an initial case assessment, prioritisation, and further action if appropriate.

Where sufficient evidence is obtained from investigation, the Compliance Section makes recommendations to the CDPP Referral Board about the appropriateness or readiness of referring the matter to the CDPP.

TABLE 1 - PROSECUTION STATISTICS

DETAIL	2010-11
Cases referred to the Compliance Section identified through data matching	18
Cases referred to the CDPP identified through data matching	0
Successfully prosecuted	n/a
Dismissed by the CDPP due to “insufficient evidence” or “not in the public interest”	n/a
Cases with the CDPP pending consideration ¹	1
Cases still under investigation by the Compliance Section ¹	6
Cases finalised by the Compliance Section without CDPP referral ¹	15

1. This figure may include cases that were identified in previous financial years.

TABLE 2 - DISCREPANCY STATISTICS

No	DETAIL	Figures
1.	Total Number of records read ²	1,155,698
2.	Matches that resulted in discrepancies ³	18,135
3.	Proportion of matches that resulted in discrepancies	1.6%
4.	Number of discrepancies referred for investigation	750
5.	Number of discrepancies referred for investigation that resulted in a notice under Section 11 of the Act being sent	223
6.	Number of cases where the Section 11 letter was followed up by action being undertaken ⁴	143
7.	Proportion of discrepancies that resulted in action being taken	0.8%
8.	Cases where the accuracy of data in the Section 11 letter was disputed	0
9.	Number of cases where action proceeded despite a dispute to the accuracy of the data	0
10.	Proportion of discrepancies which did not proceed to action after a Section 11 letter was sent	35.9%
11.	Number of overpayments raised	143
12.	Cases where debt was fully recovered ⁵	73
13.	Number of pensions cancelled, suspended, or reduced	116
14.	Number of pensions that were continued	85
15.	Number of pensions that were increased	27
16.	Number of cases where the Secretary granted an extension of time to continue an investigation	0

2. In the period 2010-2011, the DMA conducted four cycles, however only three out of the four cycles involving Step 5 Income Matching were successfully completed. Due to the time constraints imposed by the Act and data accuracy concerns, cycle 99 was not finalised. All Step 5 Income Matching data received as part of cycle 99 was destroyed in accordance with the Act.

3. Discrepancies include those resulting from TFN validity checking, identity matching, payment matching, and income matching. The number of discrepancies does not represent the number of pensioner ie more than one discrepancy selected in respect of the same pensioner.

4. Action refers to the action set out in section 10 of the Act, i.e. pension was reduced, cancelled, increased or continued.

5. This figure includes debts fully recovered from previous financial years.

Note: Figures in items 13, 14 and 15 may not equal the figure in item 6, as a Section 11 letter sent to a couple may result in two actions.

COSTS/BENEFITS OF THE PROGRAM

This chapter discusses the costs and benefits of the Data Matching Program. The Department’s involvement in the program has shown that there are substantial savings to be gained through comparison of data held by different agencies.

TABLE 3 - DEPARTMENTAL EXPENSES FOR THE 2010-11 REPORTING YEAR

DETAIL	2010-11 Expenses
Salary costs	\$462,348
Administrative overheads	\$80,522
Programming costs	\$0
Support costs for data matching processing system	\$3,172
TOTAL	\$546,042

PROJECTED SAVINGS

DVA calculates savings for clients whose payments are suspended, cancelled or reduced. For clients in receipt of a pension, it is assumed that they would have continued to receive the same rate of payment for 52 fortnights. These savings are in line with the methodology used by Centrelink to calculate savings.

TABLE 4 - PROJECTED SAVINGS STATISTICS

DETAIL	NUMBER OF CASES
Number of pensions reduced	111
Number of pensions suspended/cancelled	5
TOTAL	116

TABLE 5 - TOTAL SAVINGS FOR THE 2010-11 FINANCIAL YEAR

DETAIL	2010-11
Number of pensions cancelled/reduced/suspended ⁶	116
Number of potential overpayments identified ⁷	86
Number of overpayments raised ⁸	143
Number of debts fully recovered this financial year	73
Value of overpayments raised	\$1,560,389
<i>Less waivers and write-offs</i>	<i>\$83,282</i>
Sub Total	\$1,477,107
Value of projected savings ⁹	\$701,268
Total gross savings	\$2,178,375
<i>Less Departmental Expenses</i>	<i>\$546,042</i>
NET SAVINGS	\$1,632,333

6. The number of cases that result in projected savings. Although a person’s pension may be cancelled, reduced or suspended, an overpayment may not necessarily exist.
7. Where a case officer believes there may be an overpayment, a potential debt identifier is registered. The figure represented above reflects the number of potential debts identified.
8. The reason for the discrepancy between the number of overpayments identified and the number of overpayments raised is due to the fact that although a potential debt has been identified, further investigation may result in a determination that no debt existed. Debts may also be raised and consequently recovered separately for both members of a couple. Overpayments raised during the 2010-11 financial year may also have been identified in previous financial years.
9. Cases may have been identified in previous financial years.

TABLE 6– CUMULATIVE SAVINGS FROM THE DATA MATCHING PROGRAM

DETAIL	2008-09	2009-10	2010-11
Overpayments raised	\$1,023,354	\$1,256,097	\$1,560,389
<i>Less waivers and write-offs</i>	<i>\$172,441</i>	<i>\$169,802</i>	<i>\$83,282</i>
Value of projected savings	\$503,814	\$864,579	\$701,268
Total gross savings	\$1,354,727	\$1,950,874	\$2,178,375
<i>Less Departmental Expenses</i>	<i>\$519,960</i>	<i>\$612,615</i>	<i>\$546,042</i>
Net savings	\$834,767	\$1,338,259	\$1,632,333
CUMULATIVE NET SAVINGS	\$18,720,673	\$20,058,932	\$21,691,265

Note: For full explanation on previous years' savings, this table should be read in conjunction with previous data matching annual reports.