

Women Find Themselves Convicted of Fraud

Women are more likely to be convicted of social security fraud, a University of Wollongong study has found.

The study looked at 56 case files from Legal Aid Wollongong from July 1, 2008 to June 30, 2010.

The study, *Centrelink Prosecutions at the Employment/Benefit Nexus*, was carried out by the researchers Freda Hui, Lee Moerman and Kathy Rudkin from the Social Accounting and Accountability Research Centre at the Faculty of Commerce.

One of the major findings of the study was that females dominate cases of social security fraud of criminal cases that are brought to Wollongong court. Of the defendants in criminal social security fraud cases 57% are female. This is an over-representation given that the percentage of female offenders in criminal courts of all cases is approximately 21%.

While social security fraud occurs when employment income is under reported, this study did not concern itself with the reasons the defendants had for incorrectly reporting their income. It did however note that 99% of prosecutions for social security fraud were successful.

The study also provides a breakdown of social security fraud convictions based on the type of benefit. Parenting payments, single and partnered, top the list with 40%. The remainder is made up of Newstart allowance (38%), Disability allowance (12%), other (6%) and Youth Allowance (4%).

“It can be surprisingly easy for a social security recipient to find themselves under reporting income given that Australia has one of the highest rates of casual employment in the developed world with research claiming more than two million being casually employed,” says researcher Dr Lee Moerman.

“While business claims this flexibility of employment is beneficial the inconsistent nature of employment can lead to problems when it comes to reporting income to Centrelink.

“Also for many of these people in precarious employment their lives can be massively disrupted by a sudden reduction in their income, be it temporary or permanent.”

While the maximum penalty for social security fraud is five years imprisonment the bulk of offenders (58%) received a good behaviour bond. Of the remainder (26%) received a community service order and 16% were imprisoned.

Welfare recipients can often be stigmatised and stereotyped in the media and other public forums making it appear that social security fraud is rampant,” Dr Moerman says. “However research suggests that 0.04% of the 6.5 million welfare recipients are convicted of fraud annually.

The study also targeted ways to reduce social security fraud. At present Centrelink matches data of benefit recipients with details they have supplied to the Australian Taxation Office and acts on any inconsistencies. This is a secondary prevention measure, which targets people only after an overpayment has taken place. The study suggests this same data matching technology could be used in other ways to help ensure overpayment does not occur in the first place.

Findings

- Majority of criminal of social security defendants are female
- The majority of civil and criminal cases involved individuals between 36-40

- The majority (77%) of these people had a social security debt of less than \$10,000
- Most common areas of employment for defendants is nursing for civil cases and hospitality for criminal cases

Recommendations

- Utilising existing data matching technology with the Australian Taxation Office to stop fraud before it happens
- Trail this data management system with at least one large employ, the ATO and Centrelink
- Creating a more flexible Centrelink income reporting cycle
- An education program for those receiving the benefits

The Social Accounting and Accountability Research Centre will be presenting their findings to the Wollongong Legal Aid office on the 27th October at 4.30pm at the University of Wollongong.