

## Senate Community Affairs Legislation Committee

### ADDITIONAL BUDGET ESTIMATES - 16 FEBRUARY 2012 ANSWER TO QUESTION ON NOTICE

#### Human Services Portfolio

**Topic:** Payment of Centrelink Entitlements by Cheque

**Question reference number:** HSW 22

**Senator:** Siewert

**Type of question:** Written

**Date set by the committee for the return of answer:** 29 March 2012

**Number of pages:** 3

#### **Question:**

1. At 1 January 2012, how many people received their Centrelink payments by cheque? (Please provide number and percentages.)
2. Provide a breakdown by payment type of the numbers of people currently paid by cheque.
3. What is the annual cost of paying income support via cheque?
4. What is the cost per individual to pay a person by cheque as opposed to paying a person via direct debit electronically? (Indicate fortnightly and annual costs, if available.)
5. What would be the implications of ending the option for recipients to be paid their income support payment by cheque?
6. How many cheques were issued by Centrelink in total?
7. What other circumstances are cheques used, e.g. emergencies, BasicsCard transactions?
8. How many cheques have been issued each year since 2007 in relation to purchases with the BasicsCard funds?

**Answer:**

1. On 1 January 2012 no cheques were paid as it was a non-processing day (Sunday). The next working day was a public holiday. Selection of any single processing day would not accurately reflect the makeup of Centrelink payments and delivery methods for a standard processing period.

Centrelink customers receive their payments on their nominated day within a 10 business day delivery period, Monday through Friday. This delivery schedule allows the volume and value of payments each delivery period to be spread more evenly across the delivery period. Therefore detail has been provided for the payment delivery period of 6 February 2012 – 17 February 2012. This period represents a standard Centrelink delivery period more accurately representing the customer and cheque numbers that would usually be processed across any given year, without potential distortion created by holiday processing.

For the payment delivery period of 6-17 February 2012, a total of 5,941,681 customers received payments of which 4,247 customers received their payment by cheque, which equates to 0.07 per cent of Centrelink customers receiving payment by cheque.

2.

<b>Payment Type</b>	<b>Cheque Recipients</b>
Abstudy	38
Carer Allowance	81
Family Assistance	597
Future Flexible Support Payments	15
Generic Payments (including Income Management)	1,307
Mobility Allowance	81
NewStart	1,310
Pension	1,362
Pensioner Education Supplement	4
Parenting Payment Partnered	58

Note: A customer can be in receipt of more than one payment type at any one time, for which they will receive one cheque per payment type per payment period.

3. For the financial year 2010-11 the annual cost of cheque payments was \$80,456.00 comprising:
  - \$15,000 for pre-printed stationery;
  - \$6,019 for printing and inserts;
  - \$2,729 for envelopes; and
  - \$56,708 for postage.
4. Cost of cheque payment per individual is \$0.65 per cheque. Cost of direct debit payment is \$0.02 per transaction. Fortnightly and annual costs will vary depending on number of payments made for each period noting customer base changes resulting from new customers, circumstance changes and customers moving off payments.
5. Determination of an alternative payment method to replace cheques would be required.

6. In financial year 2010-11, 124,089 system cheques were issued.  
In financial year 2010-11, 3,728 manual cheques were issued from the Customer Service Centres.
7. Manual cheques are issued to customers to address emergency situations, to Income Management customers for disbursement of funds when they move off Income Management and to some Third Party Organisations on behalf of Income Management Customers.
8. For calendar years 2008 – 2012, the following numbers of system cheques were issued against Income Managed funds:
  - 2008 - 790 cheques
  - 2009 - 917 cheques
  - 2010 - 941 cheques
  - 2011 - 705 cheques.