

Senate Community Affairs Legislation Committee

BUDGET ESTIMATES – 3 JUNE 2015 ANSWER TO QUESTION ON NOTICE

Department of Human Services

Topic: Payment by Cheque/Budget Measure - Efficiencies

Question reference number: HS 40

Senator: Siewert

Type of question: Written

Date set by the committee for the return of answer: 24 July 2015

Number of pages: 2

Question:

- a) How many people are currently paid by cheque? Provide a breakdown by payment type and age.
- b) How long have people been paid by cheque?
- c) What work has the department undertaken into the circumstances of people who are currently being paid by cheque?
- d) How will the department ensure that these people, who may have mental health issues, continue to receive income support?
- e) How will the department make sure that people impacted are not excluded from the banking system?
- f) What are the savings to be made from ceasing payment by cheques under the “efficiency” changes announced in the 2015-16 Budget?

Answer:

- a) Approximately 83,000 cheques were issued in 2013-14. Data regarding the number of individual customers receiving cheques by payment type and age will be provided to the committee when available.
- b) Prior to the mid-1980s, all customers were paid by cheque.
- c) The department has undertaken considerable work over the past 12 months to engage with customers currently paid by cheque, particularly those customers who are most vulnerable. Strategies include:
 - Indigenous Specialist Officer engagement with individuals and communities to discuss issues related to cheque payments and options for bank account services;
 - working on a community by community basis with local stakeholders (i.e. shire councils, stores and financial literacy program providers) to identify and develop appropriate alternate arrangements for extremely vulnerable customers in receipt of cheque payments;
 - referral of customers to voluntary income management to maintain access to priority needs, particularly where nominee arrangements or kinship obligations have placed the customer at high risk; and

- priority focus by remote servicing personnel during planned trips to proactively explore and transition customers to alternative payment arrangements.
- direct credit to bank accounts has always been the preferred method of payment for customers. The advances in banking technology now makes this option more flexible and convenient for customers to be able to conduct their banking using telephone, BPAY, pay wave, internet, apps and direct credit.

Additional strategies across the department continue to be explored.

- d) All options will be explored for customers with mental health issues to ensure they are supported throughout this change.
- e) The department will work closely with internal and external stakeholders to ensure that impacted customers have alternative options available to them and are supported during this transition.
- f) The efficiencies announced in the 2015-16 Budget totalled \$55.1 million in savings from 2015-16 over the forward estimates. Of these savings, \$27.7 million are attributed to:
 - making all Centrelink payments directly into bank accounts rather than making payments via cheque (from January 2016) and Electronic Benefit Transfer Cards (from January 2017); and
 - move all Medicare and Pharmaceutical Benefit Scheme payments to Electronic Funds Transfer or online from July 2016.