

Senate Community Affairs Legislation Committee

SUPPLEMENTARY BUDGET ESTIMATES – 23-24 OCTOBER 2014 ANSWER TO QUESTION ON NOTICE

Department of Human Services

Topic: Payment by Cheque

Question reference number: HS 147

Senator: Siewert

Type of question: Written

Date set by the committee for the return of answer: 12 December 2014

Number of pages: 3

Question:

- a) For 2013-14:
- 1) How many people receive their income support payments by cheque?
 - 2) Provide a breakdown by payment type of the numbers currently paid by cheque.
 - 3) What is the cost of this method of payment?
 - 4) How many cheques were written for income management-related reasons 2013-14? What was the cost of this?
- b) Please update Senate Community Affairs Legislation Committee, Additional Budget Estimates, 16 February 2012, Answers to Questions on Notice, Human Service Portfolio, Question HSW 22.
- HSW 22 Questions were:*
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 issues by Centrelink in total?*
 7. *What other circumstances are cheques used, e.g. emergencies, BasicsCard transactions?*
 8. *How many cheques have been issues each year since 2007 in relation to purchases with the BasicsCard funds?*

Answer:

a) For 2013-14:

- 1) Data regarding the number of customers receiving income support payments via cheque is not available. There were 83,567 cheque payments made in 2013-14. Some people may have received more than one payment via cheque.
- 2) Numbers by payment type are not available as several income support payments can be made through the same payment system (see Newstart System and Pension System in the table below). The breakdown that can be provided in relation to the number of cheque payments made is contained in the table below.

Payment System	Number
Abstudy	458
Assistance for Isolated Children	756
Carer Allowance	819
Dad and Partner Pay	<20
Emergency and General Assistance	25
Emergency Recovery Payment	36
Essential Medical Equipment Payment	3,344
Family Assistance	3,253
Income Management	534
Low Income Supplement/Low Income Family Supplement	936
Mobility Allowance	775
Newstart System – including Newstart Allowance, Youth Allowance, Sickness Allowance, Special Benefit, Widow Allowance, Austudy, Partner Allowance	33,084
Pension System – including Age Pension, Disability Support Pension, Carer Payment, Wife Pension, Parenting Payment – Single, Pensioner Education Supplement	37,145
Parenting Payment Partnered	426
Paid Parental Leave	372
<i>Manually issued (at service centre)*</i>	1,601

* Cheques issued manually at a service centre, are unable to be identified by payment type.

- 3) The cost per cheque is \$1.12.
- 4) There were 534 system cheques produced for Income Management reasons for customers. At \$1.12 per cheque, the total cost in 2013-14 was \$598.08.

b) HSW 22:

1. See answer 1 above.
2. See answer 2 above.
3. There were 83,567 cheques produced in 2013-14. At \$1.12 per cheque, the total cost in 2013-14 was \$93,595.04.
4. The cost of cheque payment per individual is \$1.12 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. Where a person ceases to be paid their income support by cheque, an alternative payment method, such as by paying directly into a bank account, would be required.
6. See answer 1 above.
7. Cheques may be used to address emergency situations. In addition, cheques may also be used for some Income Management customers. For Income Management customers, the use of cheques may be for disbursement of funds when the customers move off Income Management or for paying Third Party Organisations on behalf of these customers.
8. The following numbers of system cheques were issued against Income Managed funds:
 - 2008 – 790 cheques
 - 2009 – 917 cheques
 - 2010 – 941 cheques
 - 2011 – 705 cheques
 - 2012-13 – 592 cheques
 - 2013-14 – 534 cheques