

Senate Community Affairs Legislation Committee

SUPPLEMENTARY BUDGET ESTIMATES – 22 OCTOBER 2015 ANSWER TO QUESTION ON NOTICE

Department of Human Services

Topic: Payment by Cheque

Question reference number: HS 190

Senator: Siewert

Type of question: Written

Date set by the committee for the return of answer: 23 December 2015

Number of pages: 3

Question:

For 2014-15:

- a) How many people receive their income support payments by cheque?
- b) Provide a breakdown by payment type of the numbers currently paid by cheque.
- c) What is the cost of this method of payment?
- d) How many cheques were written for income management-related reasons 2014-15? What was the cost of this?
- e) Will DHS continue to pay a person by cheque if they are unwilling to opt to alternative payment methods by 1 January 2016?
- f) Update Senate Community Affairs Legislation Committee, Additional Budget Estimates, 16 February 2012, Answers to Questions on Notice, Human Service Portfolio, HSW No. 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) Data regarding the number of customers receiving income support payments via cheque is not available.
- b) 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	<20*
Assistance for Isolated Children	265
Carer Allowance	982
Payments to Child Care Services	<20*
Commonwealth Senior Health Card	360
Dad and Partner Pay	1,146
Emergency and General Assistance	28
Emergency Recovery Payment	<20*
Essential Medical Equipment Payment	<20*
Family Assistance	5,153
Income Management	480
Low Income Supplement/Low Income Family Supplement	331
Mobility Allowance	<20*
Newstart System – including Newstart Allowance, Youth Allowance, Sickness Allowance, Special Benefit, Widow Allowance, Austudy, Partner Allowance	29,980
Pension System – including Age Pension, Disability Support Pension, Carer Payment, Wife Pension, Parenting Payment Single, Parenting Payment Partnered, Pensioner Education Supplement	32,392
Paid Parental Leave	131
<i>Manually issued (at service centre)**</i>	590

* **Confidentiality Provision:** All cells that have a value of less than 20, including zero, have been changed to display '<20'.

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

- c) The cost per cheque is \$1.13.
- d) There were 480 system cheques produced for Income Management reasons for customers. At \$1.13 per cheque, the total cost in 2014-15 was \$542.40.
- e) DHS will cease paying customers by cheque on 1 January 2016. The Department may, however, continue paying a small number of people by cheque after this date where they have genuine barriers to adopting an alternative payment method. The department will continue working with individuals to overcome these barriers.
- f) HSW 22:
1. See answer (a) above.

2. See answer (b) above.
3. The total cost in 2014-15 was \$80,523.80.
4. The cost of cheque payment per individual is \$1.13 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 (a) 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
 - 2012-2013 – 592 cheques
 - 2013-2014 – 534 cheques
 - 2014-2015 – 480 cheques