Australian Government

Department of Human Services

2017–18
Annual Report

This annual report was prepared in accordance with the *Resource Management Guide No. 135—Annual reports for non-corporate Commonwealth entities* issued by the Department of Finance in July 2017. The main purpose of the report is to describe the department's activities during 2017–18, reporting on the performance and financial information presented in the *2017–18 Department of Human Services Portfolio Budget Statements,* and the *2017–18 Department of Human Services Portfolio Additional Estimates Statements.* It aims to provide readers with a useful and informative picture of the department's performance during 2017–18.

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CONTACT INFORMATION

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This annual report is available online at **humanservices.gov.au/organisations/ about-us/annual-reports**

To speak to the department in languages other than English please call **131 202**.

If you are deaf or have a hearing or speech impairment please call **1800 810 586** (a TTY phone is required to use this service).

More information about the Department of Human Services is available at **humanservices.gov.au** and on social media at:

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Department overview

1

LETTER OF TRANSMITTAL

Australian Government
Department of Human Services

Our Ref: EC18-001653

Secretary
Renée Leon PSM

The Hon Michael Keenan MP
Minister for Human Services and Digital Transformation
Parliament House
CANBERRA ACT 2600

Dear Minister

I am pleased to submit the Department of Human Services Annual Report for the year
ending 30 June 2018, as required by section 46 of the *Public Governance, Performance and
Accountability Act 2013*. The report has been prepared in accordance with the *Resource
Management Guide No. 135—Annual reports for non-corporate Commonwealth entities*,
issued by the Department of Finance.

The report meets my reporting requirements under the *Human Services
(Medicare) Act 1973*.

The report also includes information on the data-matching program for the period
1 July 2017 to 30 June 2018 required by subsection 12(4) of the *Data-matching Program
(Assistance and Tax) Act 1990*. I am required to provide the report on the data-matching
program to the Information Commissioner.

In accordance with Section 10 of the *Public Governance, Performance and Accountability
(PGPA) Rule 2014*, the department has prepared fraud risk assessments and fraud control
plans to minimise the incidence of fraud through appropriate fraud prevention, detection,
investigation and reporting mechanisms. All reasonable measures have also been taken to
recover the proceeds of fraud against the department.

Yours sincerely

Renée Leon
18 September 2018

PO Box 7788, Canberra Business Centre ACT 2610 | Phone (02) 6223 4411 | www.humanservices.gov.au

SECRETARY'S REVIEW

Our department provides essential services to almost every Australian. Through Medicare, social welfare, aged care, child support and crisis recovery programs, we have the privilege and responsibility of helping people meet life's most fundamental challenges.

To continue to do so effectively, efficiently and equitably, we are transforming the way we work inside the department and with our customers.

2017–18 in numbers

- $173.4 billion in payments
- More than 3.3 million social security and welfare claims
- More than 62 000 aged care claims
- More than 419 million Medicare services

$173.4 BILLION	**3.3 MILLION+**	**62 000+**	**419 MILLION+**
Payments	Social security and welfare claims	Aged care claims	Medicare services
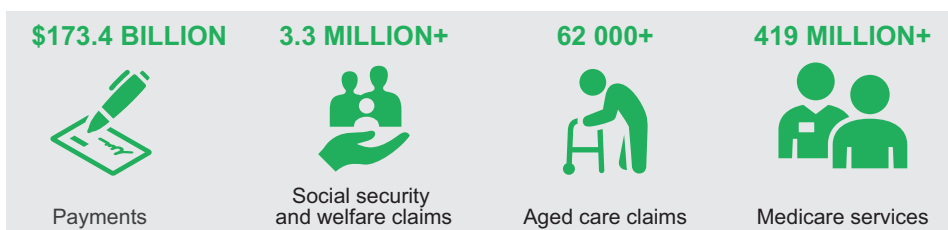
Customer engagement

Customer-centred design—learning from our customers and transforming our services around their needs—is one of our top priorities. In 2017–18, we expanded our Voice of the Customer research initiative, which reveals how customers experience their interactions with us and closely involves them in shaping the services we offer.

For example, in 2017–18, with input from students, we made more than 45 online and behind-the-scenes improvements that make it easier for students to claim and manage their payments. Each improvement delivered a new digital service, improved an existing system or removed a manual process.

Digital transformation

We are transforming the way we provide services, with the ambition of being truly excellent at service delivery.

The take-up of our online services continues to increase. For example, for the 2017–18 financial year, the percentage of Medicare services claimed digitally rose to 97.9 per cent and a significant number of practices sent 100 per cent of their claims digitally. At the same time, we improved our Medicare card security systems and raised awareness of the importance of safeguarding personal information.

We shared our digital expertise with the Department of Veterans' Affairs (DVA), enabling important veteran centric service reforms and adding DVA staff to our payroll system.

We successfully delivered the second tranche of welfare improvements, laying strong foundations for the next level of transformation. Our transformation is no longer just a promise or a vision; we have demonstrated that we can do it. This is a whole-of-department venture—it is about much more than information and communications technology (ICT) or payments reform.

Collaboration and innovation

We increased our use of multidisciplinary teams to plan and deliver projects in a more integrated way. As well as enabling us to deliver joined-up services, this approach provides exciting opportunities for cross-skilling and staff development.

We also found innovative ways to deploy our workforce differently. For example, through considered staff planning we are making our call centres more flexible and better able to handle high volumes of calls.

Staff engagement

Helping our staff to feel valued and motivated at a time of profound change has been an important focus over the past year.

Information is a powerful enabler of engagement. People need to understand the context, what is going to change, why it is going to change and how they will be involved and consulted. By opening up lines of communication in every direction, we are keeping all our staff informed and involved as we transform our business.

Investing in leadership at all levels is a significant priority for the department and for me as Secretary. That starts with our team leaders in service centres and goes all the way up to our senior executives in Canberra. We recognise leadership as a skill and expect it to be performed at the same high standard that we expect to see in customer service and every other deliverable.

In November 2017, we achieved our target of 5 per cent Indigenous employees. I am proud to lead an organisation that is driving reconciliation in the Australian Public Service (APS) through our employment practices and our exemplary Reconciliation Action Plan.

Appreciation

Both personally and on behalf of the department, I thank my predecessor, Kathryn Campbell CSC, for the vision and commitment she brought to the role. After six distinguished years, she has left an indelible legacy of achievement.

I also thank all our staff and our colleagues across the APS for making the department's successes over the past year possible. Our staff inspire me every day with their dedication to those who rely on us. I look forward to continuing with them on the journey towards making our services as great as they can be in 2018–19 and beyond.

Renée Leon PSM
Secretary
Department of Human Services

Our Senior Executive Team

Senior Executive Team as at October 2018.

Left to right: Deputy Secretaries John Murphy and Rebecca Cross, Chief Operating Officer Andrew Wood, Secretary Renée Leon, Deputy Secretaries Amanda Cattermole, Barry Jackson and Catherine Rule, and Chief Information Officer Charles McHardie.

1.1 THE DEPARTMENT

PURPOSE

The Department of Human Services delivers payments and associated services on behalf of partner agencies; and provides related advice to government on social welfare, health and child support service delivery policy.*

GENERAL ROLE AND FUNCTIONS

The department delivers payments and services to almost every Australian. It delivers:

- Centrelink payments and services for seniors, job seekers, families, carers, parents, students, people with disability, Aboriginal and Torres Strait Islander people, people from culturally and linguistically diverse backgrounds, people living overseas, and people who need support at times of major change, including following natural disasters

- aged care payments to services funded under the *Aged Care Act 1997*, including residential care, home care and flexible care services

- health payments and services such as Medicare, the Pharmaceutical Benefits Scheme, digital health information, the Private Health Insurance Rebate, the Australian Immunisation Register, the National Bowel Cancer Screening Register, the Australian Organ Donor Register, and related services for veterans and their spouses and dependants

- Child Support services for separated parents to provide financial support for their children

- other services, including the Tasmanian Freight Equalisation Scheme and the whole-of-government myGov service.

*Updated in the May 2018 *Portfolio Budget Statement 2018–19*. See the Annual Performance Statement on page 166 for the 2017–18 Corporate Plan purpose statement.

1.2 ORGANISATIONAL STRUCTURE

Figure 1: Organisational structure as at 30 June 2018

Renée Leon, Secretary

Payments Reform John Murphy Deputy Secretary	Service Delivery Operations Barry Jackson Deputy Secretary		Health and Aged Care Amanda Cattermole Deputy Secretary	Integrity and Information Rebecca Cross Deputy Secretary
♠ **Chief of Staff** Lisa Carmody, CoS	**Face to Face Services** Sandy Mamo, Ag GM	**Smart Centres, Indigenous and Intensive Servicing** Jennifer Rufati, GM	**Health Service Delivery** Steve Farrell, A/g GM	**Business Integrity** Robert McKellar, A/g GM
♦ Payments Reform Assurance Danielle Finnigan, A/g NM	Central NSW Tricia Flanagan, NM	Smart Centres South Paul McNae, NM	Health Support and Performance Jane Crowe, A/g NM	Fraud Investigation Kate Buggy, NM
Business Transformation Mark le Dieu, GM	Central Queensland Ian McInnes, NM	Smart Centres East Louise Hamilton, NM	Payment and Claiming Karen Lock, NM	Fraud Control and Assurance Eilish Richardson, A/g NM
Digital and DVA Transformation Larissa Hinds, NM	Eastern Victoria Jane Steinkamp, NM	Smart Centres Central and West Brian Wilkinson, NM	Medicare Providers Steve Farrell, NM	Payment Review Jan Bailey, NM
Business Architecture Jodi Cassar, A/g NM	North NSW Chantal Oxenham, NM	Smart Centres North Narelle Cameron, NM	Medicare Public Jill Simpson, NM	■ Taskforce Integrity Kate Buggy, Cmdr
Programme Delivery Stephen Planincic, GM	Northern Australia Katrina Zander, A/g NM	Assessment Services and Smart Centres Coordination	**Health Programmes** Kirsty Faichney, GM	**Customer Compliance** Craig Storen, GM
Programme Office Leanne McCormick, NM	Northern Queensland Peter Searston, NM	Robert Williams, NM	Assistance Programmes Jenny Benjamin, NM	Compliance Risk Alison McCann, NM
Commercial Partner Management Jacinda Still, NM	Northern Victoria Sue Kitchin, NM	Social Work and Multicultural Services Monica Bacusi, NM	Pharmaceutical Benefits Gavin Matthews, NM	**Information, Debt and Appeals** Karen Harfield, GM
Project Delivery Kylie Finnigan, A/g NM	South Australia Brenton Halliday, NM	Indigenous and Remote Servicing Lauren Callinan, A/g NM	Medicare and Veterans Kylie Barsley, A/g NM	Information Services Mark Morrison, A/g NM
Strategic Information Management and Data Aaron Wilkins, NM	South Queensland Jody Taylor-Robinson, NM	**Operations Management** Bridget Brill, GM	**Aged Care and Industry Programmes** Paul Creech, GM	Information Management Matt Corkhill, NM
Business Transformation Susan Morrison, NM	Southern NSW Tracey Sheather, NM	Channel Operations Matt Clarke, NM	Aged Care Programmes Vanessa Beck, NM	Debt Management Robert Hanlon, NM
Enterprise Transformation Joost de Kock, GM	Sydney Scott Chant, NM	Workload and Performance Management Gavin Wolfe, A/g NM	Digital Health Stephen Kelly, NM	Appeals Terry Dalkos, A/g NM
Workforce Strategy Susan Moriarty, A/g NM	Tasmania David Mole, NM	Correspondence Jo Hammersley, NM	Industry Programmes Shareez Farouk, NM	**Integrity Modernisation** Jason McNamara, GM
Transformation Change Management Julie Hockey, A/g NM	West Victoria Stan Neely, NM	Telephony Services Craig Kelly, NM		Integrity Implementation Liz Bundy, NM
■ Transformation Design and Planning Leanne Smith, NM	Western Australia Rhonda Williams, A/g NM	**Service Delivery Strategy** Chris Horsley, GM		Integrity Design Deborah Winkler, NM
Chief Citizen Experience Office Mukul Agrawal, CCEO	**Child Support Smart Centres** Bill Volkers, GM	Channel Strategy and Transformation Mark Cousins, NM		
Innovation, User Experience and Design Pam Spurr, NM	Child Support Smart Centres, VIC and TAS Stuart Brazendale, A/g NM	Business Processing Helen Oberg, A/g NM		
Digital Projects Lisiane Barao Macleod, NM	Child Support Smart Centres, WA, SA and QLD Tara Pamula, A/g NM	Capability Improvement Hamid Heydarian, NM		
	Child Support Smart Centres, NSW and ACT Bruce Young, NM			
	Customer Service Lorna Andrews, NM			

Key:
A/g	Acting
CC	Chief Counsel
CCEO	Chief Citizen Experience Officer
CFO	Chief Financial Officer
CIO	Chief Information Officer
Cmdr	Commander
COO	Chief Operating Officer
CoS	Chief of Staff
CTO	Chief Technology Officer
FOI	Freedom of Information
GC	General Counsel
GM	General Manager
ICT	Information and Communication Technology
NM	National Manager
PMO	Portfolio Management Office
WPIT	Welfare Payment Infrastructure Transformation

♠   SES Band 1 reports directly to the Secretary

♦   SES Band 1 reports directly to the Deputy Secretary

■   Temporary role

Programme Design
Catherine Rule
Deputy Secretary

Families
Melissa Ryan, GM
Family Tax Benefit
Tulip Chaudhury, NM
New Child Care Subsidy
James Peterswald, NM
New Parents, Child
Care and Programme
Improvement
Angela Ford, A/g NM

Child Support and Redress
Maree Bridger, GM
Child Support Program
Mitchell Cole, NM
Child Support
Modernisation
Jo-Anne Mason, NM
Institutional Redress
Susan Cartwright, NM

Older Australians
Deb Harrison, A/g GM
Seniors, Carers and
International
Pam Saunders, NM
Multicultural and Rural
Programmes
Brendan Moon, NM
Deduction and
Confirmation
Jacqui Houghton, A/g NM

Participation and Disability
Rosemary Deininger, GM
Job Seeker
Joanna Stanion, NM
Student and Parenting
Programmes
Deborah Masani, NM
Disability
Rhonda Morris, NM

Corporate Services
Jonathan Hutson
Deputy Secretary

Corporate Operations
Robert Higgins, GM
Property
Robert Towner, NM
Security
Steve O'Loughlin, NM
Procurement and Contract
Management
Andrew Stephen, NM

People Policy and Operations
Ian Fitzgerald, GM
HR Policy
Owen Livermore, NM
Payroll and HR Operations
Paul Smith, A/g NM
Workplace Relations
Stephen Cooney, NM

People Services
Jenny Teece, GM
HR Support – SDO
Doris Gibb, NM
HR Support – Enabling,
Corporate Services and ICT
Carl Princehorn, NM
HR Support – Programme,
Health, Integrity and
Payments Reform
Andrea Paschalis, NM

Audit
Michelle Kelly, GM
Audit
Vacant

Chief Financial Officer
Mark Jenkin, CFO
Financial Management
Kari Ahmer, NM
Financial Accounting
Andrew Harvey, NM
Financial Systems
Drago Stanojcic, NM
Group Financial
Management
Rohan Wong, NM
CIO Group Financial
Management
Alison Frewin, NM

■ **Onboarding Taskforce**
Linda Young, A/g GM

Enabling Services
Andrew Wood
Deputy Secretary

Strategic Governance
Patrick Cremen, A/g GM
Governance
Robin Priddin, A/g NM
Ministerial Coordination and
Parliamentary
Glenn Black, A/g NM
Portfolio Strategic Manager
Ben Keily, A/g NM

Legal Services
Annette Musolino, CC
Commercial Law
David Cooke, A/g GC
Business Transformation
Legal
Jeff Derix, GC
Programme Advice
and Privacy
Maris Stipnieks, GC
Ombudsman and
Information Release
Kristen Foster, A/g NM
FOI and Litigation
Matthew Roser, GC
Employment Law and
Customer Compensation
Tim Ffrench, GC

Communications
Cathy Sear, GM

Departmental Spokesperson
Hank Jongen
Internal Communications
Paul Short, A/g NM
External Communications
Scott Anderson, NM
Media
Bevan Hannan, NM

Project and Services
Kylie Crane, A/g GM
Project Delivery and
Assurance
Bianca Ruut, NM
Government Partnerships
Alex Dolan, NM
■ Project Support
Soraya Weber, NM
Bilateral Services and
Business Capability
Angela Geerdink, NM

Service Strategy
Vacant
Strategic Advice
Paul Levi, A/g NM
Financial Support Initiatives
Vacant
Strategy Analysis
Simon Heath, A/g NM

CIO Group
Charles McHardie, A/g
Chief Information Officer

♦ **Cyber Security**
Narelle Devine, NM

Chief Technology Office
Mike Brett, CTO
Enterprise Architecture
Thanh Nguyen, A/g NM
ICT Product Architecture
Rob Doughty, NM
PMO and Business
Relationship Management
Helen Peel, NM
Vendor Management
Anthony Barać, NM
■ ICT Quality Assurance
David Gray, NM

Brisbane Delivery Centre
Bob Lyons, GM
Technology Delivery
and Solutions
Josh Bosschieter, NM
Business Enablement
and Quality
Kate Hay, NM
Core Solutions
and Capability
Craig Douglass, NM

Production Systems Delivery Centre
Tracy Muddle, GM
Families and
Pensions Systems
Graham Archer, NM
Employment, Payment and
Child Support Systems
Phil Hoyle, A/g NM
Health Systems
Elaine Ninham, NM
Veterans' Systems
Joumana El Hassan, A/g NM

Adelaide Delivery Centre
Jim McMahon, A/g GM
Professional Services
Denise Lanyon, NM
Applications Delivery
Compliance
Josh Smith, A/g NM
Applications Delivery
Social Services
Matt Smith, NM

Canberra Delivery Centre
Garrett McDonald, A/g GM
Child Care, Subsidy
Systems
Dale Naughton, NM
Data Analytics, Insurance
and Disability Services
Shane McLeod, NM
Online Services
Megan Bunfield, NM
Digital Services and
Corporate Systems
Lorraine Hollis, NM

ICT Infrastructure
Brynten Taylor, A/g GM
Service Operations
Belinda Gloyne, NM
Infrastructure and
Applications Engineering
Kirk Batty, NM
Production Support
Derek Byrnes, NM
Infrastructure Design and
Assurance
Devika Weeeratne, NM

WPIT ICT
Andrew Larkin, GM
ICT Welfare Payment
Transformation
Derek Lawrence, NM

SECRETARY

Responsible for supporting the Minister for Human Services in the delivery of portfolio responsibilities and the development of strategic policy advice. The Secretary provides strategic oversight, leadership and management of the department, ensuring collaborative implementation and delivery of government policy and programs and a whole-of-government approach to service delivery. The Secretary also manages key stakeholder relationships and contributes to the stewardship of the APS.

DEPUTY SECRETARY, PAYMENTS REFORM

Responsible for leading the department's welfare payments transformation agenda, including the design and implementation of a business model for welfare payments and working with the Chief Information Officer Group on the development of new ICT systems. The Deputy Secretary also has responsibility for the department's customer experience functions and leading the department's enterprise transformation.

DEPUTY SECRETARY, SERVICE DELIVERY OPERATIONS

Responsible for the effective operation of the department's face-to-face service centres delivering Medicare, Child Support and Centrelink services as well as phone and processing smart centres for Child Support and Centrelink services. The Deputy Secretary is also responsible for coordinating the department's response to emergencies and for developing and delivering the department's Indigenous and multicultural servicing strategies. The Deputy Secretary is the Chief Executive Centrelink under section 7(2)(b) of the *Human Services (Centrelink) Act 1997*.

DEPUTY SECRETARY, HEALTH AND AGED CARE

Responsible for administering and delivering new and existing programs for the Department of Health and other agencies. The Deputy Secretary is the Chief Executive Medicare under section 4(2)(b) of the *Human Services (Medicare) Act 1973*.

DEPUTY SECRETARY, INTEGRITY AND INFORMATION

Responsible for administering the department's fraud and compliance risk programs, which aim to maintain the integrity of outlays for social welfare and Medicare public claims. The Deputy Secretary is also responsible for administering the department's strategic information data holdings and associated analysis.

DEPUTY SECRETARY, PROGRAMME DESIGN

Responsible for leading and managing a range of welfare programs the department delivers on behalf of the Department of Social Services, the Department of Jobs and Small Business, the Department of Education and Training and other policy departments. The Deputy Secretary leads a group with expertise in policy interpretation, program design and project management that aligns policy intent and program outcomes.

DEPUTY SECRETARY, ENABLING SERVICES

Responsible for providing support to the Minister and to the management of the department's programs and projects; and for communications, legal matters and the strategic governance of the department.

DEPUTY SECRETARY, CORPORATE SERVICES

Responsible for leading the department's workforce and culture to drive increased innovation, productivity and engagement. The Deputy Secretary is responsible for developing initiatives to improve the security, health and safety of the department's people, and for procurement and contract management, property, audit and financial management.

CHIEF INFORMATION OFFICER

Responsible for developing and delivering the department's ICT capability. This includes ensuring the reliability of the department's systems and developing fit-for-purpose systems to support the department's future direction.

1.3 PORTFOLIO STRUCTURE

Figure 2: Human Services portfolio structure

MINISTER FOR HUMAN SERVICES MINISTER ASSISTING THE PRIME MINISTER FOR DIGITAL TRANSFORMATION The Hon Michael Keenan MP	
DEPARTMENT OF HUMAN SERVICES Secretary: Ms Renée Leon PSM	**AUSTRALIAN HEARING** Acting Managing Director: Mr Kim Terrell
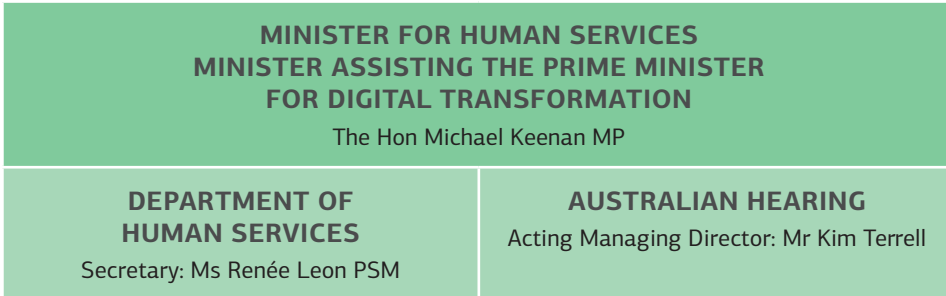
MINISTER FOR HUMAN SERVICES

The Hon Michael Keenan MP was appointed as the Minister for Human Services on 20 December 2017.

As at 30 June 2018, the Minister for Human Services was responsible for administering the following legislation:

- *Australian Hearing Services Act 1991*, except the parts administered by the Minister for Health
- *Human Services (Centrelink) Act 1997*
- *Human Services (Medicare) Act 1973*, except the parts administered by the Minister for Health.

PORTFOLIO ENTITY: AUSTRALIAN HEARING

Australian Hearing is a statutory authority established by the *Australian Hearing Services Act 1991*, governed by a board appointed by the Minister for Human Services. It delivers hearing services under the Australian Government Hearing Services Program, which the Department of Health administers.

The department works closely with Australian Hearing and advises the Minister for Human Services on the ministerial responsibilities that relate to Australian Hearing.

The department also liaises with stakeholder departments and agencies—such as the Department of Health, the Department of Finance, the National Disability Insurance Agency and the Department of Social Services—in relation to Australian Hearing, to inform advice to the Minister and the Secretary.

Australian Hearing is a corporate Australian Government entity under the *Public Governance, Performance and Accountability Act 2013*.

Financially, Australian Hearing is not a general government sector entity. Therefore, it is not consolidated into the government's general government sector fiscal estimates and does not appear in the Portfolio Budget Statements or the Portfolio Additional Estimates Statements.

Australian Hearing prepares its own annual report under section 45 of the *Public Governance, Performance and Accountability Act 2013*.

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Outcomes and programs

2

2.1 OUTCOME AND PROGRAM STRUCTURE

The department has one outcome and three programs.

Figure 3: Outcome and program structure, 2017–18

OUTCOME 1:
Support individuals, families and communities to achieve greater self-sufficiency; through the delivery of policy advice and high quality accessible social, health and child support services and other payments; and support providers and businesses through convenient and efficient service delivery.
PROGRAM 1.1
Services to the Community—Social Security and Welfare
The department supports individuals, families and communities to achieve greater self-sufficiency by providing access to social security and welfare payments and services on behalf of the Australian Government.
PROGRAM 1.2
Services to the Community—Health
The department supports individuals, families and communities to achieve greater self-sufficiency by providing access to health payments and services on behalf of the Australian Government.
PROGRAM 1.3
Child Support
The department's Child Support program is designed to ensure that both parents contribute to the cost of their children, according to their capacity.

2.2 SERVICE DELIVERY

HOW THE DEPARTMENT DELIVERS PAYMENTS AND SERVICES

Face-to face   Telephone   Online   Apps
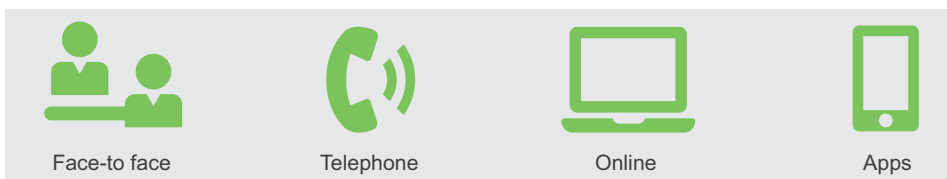
Customers have a variety of ways to interact with the department, including:

- face-to-face through service centres and Access Points
- by telephone
- online through myGov, Health Professional Online Services (HPOS) and Provider Digital Access (PRODA)
- by using Express Plus mobile apps.

In 2017–18 the department continued to improve access to services as a key priority. The department has supplied free Wi-Fi access to all of its service centres. Customers now have an additional way to transact and self-manage. It is a service that meets customers' needs and responds to the way that customers wish to interact with the department.

Also, in 2017–18 the department began to operate the Veterans' Information Service under a revised Statement of Intent with the Department of Veterans' Affairs (DVA).

Face-to-face

The department has a national network of 346 service centres. Of these, 341 are One-stop Shops—places where customers can carry out their Centrelink and Medicare business under one roof. A further five are dedicated myGov shopfronts, which assist customers in accessing government online services.

The department has two Mobile Service Centres, which travel to regional and remote communities to provide Medicare, Centrelink and Child Support services to customers in those areas. The Mobile Service Centres also provide accessible support during emergency recovery efforts.

The department is also increasing the number of Agents and Access Points in rural and regional areas.

SERVICE CENTRES

One-stop Shops

The department continues to expand on the success of the One-stop Shop approach, which offers customers face-to-face Centrelink and Medicare services and supported digital services at a single physical location. One-stop Shops make it easier and more convenient for customers to transact their business with the government.

The One-stop Shop approach continues to build a sustainable, accessible and fit-for-purpose network of service centres and reduces the costs and duplication of service delivery. As a result, the department has more scope and capability to provide targeted assistance to customers with more complex circumstances who require more intensive services.

In 2017–18, the department's focus remained on developing a more flexible and responsive service delivery network that better meets people's needs and accommodates the shift to digital services.

As at 30 June 2018, customers made an average of over 70 000 service centre contacts each day. The Social Security and Welfare average wait time in service centres for 2017–18 was 14 minutes and 49 seconds, against a target of 15 minutes.

All staff in service centres provide face-to-face services to customers as well as undertaking processing work based on national priorities.

myGov shopfronts

myGov accounts give users secure and easy access to a range of government online services. Users have a secure digital Inbox to receive mail from participating member services. They can also update address details in one place and have that information automatically notified to participating member services, such as the Australian Taxation Office (ATO). All Australians have the option to sign up for a myGov account.

At myGov shopfronts, people are assisted in setting up and using their myGov account. They can also complete their government transactions either online or using a range of available government mobile apps on their own devices. Free Wi-Fi is available in all myGov shopfronts and service centres.

Mobile Service Centres

The department has two Mobile Service Centres, Golden Wattle and Desert Rose, which travel to rural and regional communities to deliver the same Centrelink, Medicare and Child Support services that are available at any other service centre in Australia.

Expanding mobile services in rural and remote areas

Just over 11 years ago the Australian Government's first Mobile Service Centre—a converted red Winnebago—set off from Parliament House in Canberra. Its mission was to deliver on-the-ground income support services and access to drought relief measures to customers in the New South Wales Southern Tablelands.

Today, the department operates two Mobile Service Centres: Golden Wattle and Desert Rose. Mobile Service Centres deliver the same Centrelink, Medicare and Child Support services as those that are available at any of the department's other service centres.

In 2017–18 the department began a trial to deliver Department of Veterans' Affairs (DVA) services through the department's Mobile Service Centres. This is one of four trials in which the department is collaborating and sharing its expertise with DVA to help increase access to veterans' services.

The trial helped to reach more veterans in regional and rural areas. The Mobile Service Centres visited 132 locations in the 2017–18 DVA pilot phase, and the DVA service offer will continue to be piloted in 2018–19.

Since the Mobile Service Centres first began to operate, they have covered more than 800 000 kilometres, helped nearly 140 000 people, visited more than 4000 towns and provided vital support during 21 emergency recovery efforts.

In 2017–18 the two current Mobile Service Centres travelled continually throughout Australia, prioritising visits to communities that are more than 50 kilometres from a service centre. They visited 375 towns, of which 269 were more than 50 kilometres from a service centre, and helped more than 10 000 people. By comparison, in 2016–17 they visited 381 towns, of which 271 were more than 50 kilometres from a service centre, and provided services to over 11 000 people.

AGENTS AND ACCESS POINTS

Agents and Access Points help people in rural, regional and remote areas to access Centrelink, Medicare and other government services.

Agents help customers to conduct their business with the department using free self service facilities. They also offer face-to-face support for people who are using the department's digital services.

Access Points provide customers with free self service facilities. They have phones for self service or calls to the department, as well as faxes, photocopiers and internet facilities. Staff at Access Points can copy and certify proof of identity documents.

At 30 June 2018, the department had 349 Agents and 238 Access Points throughout regional, rural and remote Australia (compared with 347 Agents and 239 Access Points in 2016–17).

Agents and Access Points have benefited from the Remote ICT Capability Enhancement (RICE) project, which is delivering a reliable, robust and consistent digital experience for remote customers, Agents and staff at Access Points. The project has increased the efficiency and accessibility of government services while improving staff, community and customer satisfaction.

349 Agents + 238 Access Points IN REGIONAL RURAL REMOTE

INFORMATION SERVICES FOR VETERANS

The department now delivers the Veterans' Information Service at 22 regional service centres—ten in New South Wales, four in Victoria, six in Queensland, one in South Australia and one in the Northern Territory.

The department is performing this role under a Statement of Intent with DVA.

Community Engagement Services were delivered in Coffs Harbour and Port Macquarie, and Veterans' Agent Services were delivered at four sites in South Australia and one on Norfolk Island. In addition, the department maintained three Veterans' Information Kiosks in South Australia and delivered Assisted Services at two sites in Queensland.

The department and DVA continue to work in partnership on measures such as managed investments, welfare payments, Income Management, compliance and fraud initiatives, online concession entitlement confirmation and administration of the Defence Force Income Support Allowance.

Phone services

The department offers services to customers through 'smart centres', which provide an Australia-wide telephony network service. The department is working hard to improve the Australian community's access to telephone services. In 2017–18 the department undertook a comprehensive review of its telephone services.

Work is well underway on a major reconfiguration. During the year the department upskilled more than 3300 call staff to better support the resolution of customer enquiries across the Centrelink main business line call queues. The department also reduced the number of Centrelink main business line call queues from 145 to eight.

The department's call operation is the largest in size and most complex in the southern hemisphere. In 2017–18, it handled more than 48 million calls. Because of the scale of the service, improvements will need to be phased in progressively over the next 18 months.

SMART CENTRES

Smart centres deliver Centrelink, Medicare and Child Support telephony and processing services. Smart centre staff resolve enquiries at the first point of contact whenever possible and promote the use of self service options, including Express Plus mobile apps and online services.

Telephony and processing services are delivered from many locations around Australia that form a virtual network. Staff are also skilled in multiple areas and can be deployed based on demand.

The department traditionally experiences seasonal peak periods of demand from January to March and June to September each year, when an increased workload is generated by:

- families income estimates
- families reconciliation
- updates to child care information
- increased application volumes for issuance of provider location numbers
- student eligibility assessments for new and changed enrolments for the new academic year and second semester
- enquiries about Centrelink payments and Centrelink payment summaries
- child support enquiries about assessments for newly separated parents and assessments as a result of tax lodgements.

Demand for Medicare provider registration peaks from November to March and for Medicare Entitlement Statements from June to October each year.

Multilingual smart centre services

Smart centres provide phone services to people in several languages other than English. Bilingual service officers can finalise most of a person's business in a single phone call either directly or with support from interpreters.

In 2017–18 service officers on the multilingual lines answered more than 742 000 calls.

740 000+
Multilingual lines calls answered
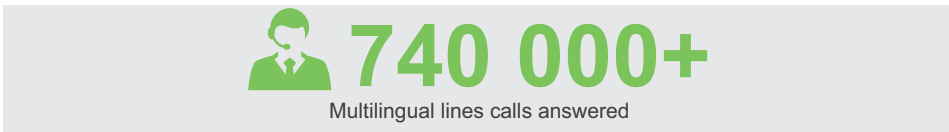
Rural smart centre services

Rural smart centres provide a rural phone service designed specifically to meet the needs of people living in rural and remote communities. Service officers draw on their knowledge of local rural issues and help to alleviate the effects of geographic isolation and changing circumstances, such as drought or flood, for farmers and their families.

In 2017–18 more than 127 000 calls were answered in rural smart centres, and more than 20 000 drought assistance calls were also answered in rural smart centres.

127 000+
Calls answered in rural smart centres
+
20 000+
Drought assistance calls answered
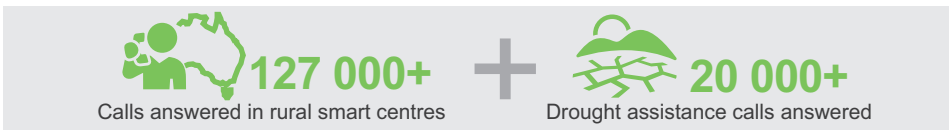
Remote smart centre services

Remote smart centres deliver phone services to Indigenous Australians, including advice about Indigenous-specific payments. Service officers respond to calls from Indigenous people as well as from Agents acting on their behalf in remote areas.

In 2017–18 the department's remote smart centres answered more than 2.9 million calls about Indigenous issues and Income Management.

2.9+ MILLION
Indigenous issues and Income Management calls answered

Medicare smart centre services

Medicare smart centres provide telephony and processing services to members of the public and health providers for Medicare, the Pharmaceutical Benefits Scheme (PBS), aged care and a range of other health programs.

In 2017–18 more than 14.2 million telephone calls were handled and 617.6 million Medicare and PBS claim services were processed.

14.2+ MILLION
Calls handled

617.6 MILLION
Medicare and PBS claim services processed

Child Support smart centre services

The department delivers most of its Child Support services to separated parents over the phone, in many cases finalising processing in real time. In 2017–18:

- it received over 1.8 million calls about child support from separating or separated parents
- it processed 19 022 requests for a change of assessment.

1.8 MILLION
Calls about child support

Smart centre service targets

The Portfolio Budget Statements 2017–18 set targets for average speed of answer for each of the programs. The average length of time a person waited for their call to be answered in 2017–18 was:

- 15 minutes and 58 seconds for social security and welfare services against a target of ≤16 minutes
- 30 seconds for PBS authorities and eHealth providers against a target of ≤30 seconds
- one minute 53 seconds for health services (provider) against a target of ≤ two minutes
- six minutes 56 seconds for health services (recipient) against a target of ≤ seven minutes
- nine minutes and five seconds for child support services against a target of ≤ three minutes.

Maximising access to the same-sex marriage survey

The department's remote servicing teams worked closely with the Australian Bureau of Statistics (ABS) and the Australian Electoral Commission (AEC) to help make participation in the same-sex marriage postal survey in 2017 as broad as possible, regardless of location and circumstances. The department has previously worked with the AEC in similar ways.

The Australian Marriage Law Postal Survey was the first survey of its kind in Australia and attracted worldwide attention. The survey form was distributed to individuals by post, to be returned during a fixed response period from September to November 2017. Responding was voluntary.

The challenge was to enable and encourage all voting-age Australians, including those living in the most remote Indigenous communities, to have their say. To do this the department used its proven remote service strategy, which includes culturally appropriate community engagement activities and proactive engagement with community leaders and members. The high proportion of local Indigenous staff on the department's remote servicing teams enables those teams to communicate in local languages and understand local customs, traditions and relationships.

Before and throughout the survey period, the department provided additional support to 35 communities across the Northern Territory, northern Queensland and Western Australia to engage them on the purpose of the survey and to support their participation. It also answered over 165 000 phone and email enquiries from the Australian community.

AUSTRALIAN MARRIAGE LAW SURVEY

In 2017 the Australian Bureau of Statistics (ABS) engaged the department to deliver services for the Australian Marriage Law Survey.

The department worked closely with the ABS to provide telephony services and assistance with its remote strategies to help implement the postal survey.

The department answered 157 814 calls on behalf of the ABS and answered 7351 email enquiries.

HEALTH AND AGED CARE PHONE SERVICES

The department offers a range of phone services to customers, including Medicare eligibility, Medicare claiming and benefits and Medicare Safety Net services. In 2017–18 these phone services handled almost 2.6 million calls.

In addition, the department has specific phone services for health professionals, aged care organisations and small businesses. During the year these services included Medicare, PBS, specialised health and medical services and aged care provider payments. In 2017–18 these phone services handled more than 14.2 million calls.

Online

Customer expectations about being able to access services through digital channels on any device are increasing rapidly.

The department offers its customers a range of ways to access its services and complete claims and tasks online. Customers can:

- submit an increasing number of claims online through myGov
- report employment income
- check payments and submit claims using mobile apps
- receive electronic correspondence from the department
- submit documents online, safely and securely
- make changes to personal details and circumstances
- complete income stream reviews online
- access Centrelink Confirmation eServices
- complete forms online.

In addition, health professionals can access a range of health-related programs and online services through the HPOS—97.9 per cent of all Medicare services are now claimed online at the point of service.

In 2017–18, over 80 per cent of claims submitted to the department for Family Tax Benefit, Child Care Benefit, Parenting Payment, Parental Leave Pay, Dad and Partner Pay, Age Pension, Newstart Allowance, Youth Allowance, Austudy, Sickness Allowance, Carer Payment, Carer Allowance and Mobility Allowance were submitted online.

The Payment and Service Finder, released in June 2017, combines three existing online services—Payment Finder, Service Finder and rate estimator—into one service. By combining the three existing services, the department has made it simpler for users to find the information they need. The service allows users to find payments and services they may be eligible for based on their circumstances. It also provides the ability to complete 'what if' scenarios to help them identify potential service offers that may be available to them. Existing claimants can use the service to work out what a change in circumstance might mean for the payments and services they currently receive from the department.

The Payment and Service Finder is used over 61 300 times a week. Since July 2017, it has been used nearly 3.2 million times.

61 300+

Payment and Service Finder used per week
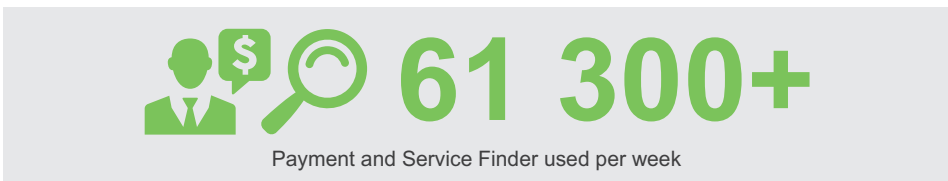
MYGOV

The myGov online service is a convenient and secure way to access multiple Australian Government services using a single logon and password.

The myGov digital service is a great example of how the government is using technology to help Australians connect with the services they need. A myGov account offers people a simple and secure way to access government online services, including:

- Australian JobSearch
- ATO
- Centrelink
- Child Support
- DVA
- Medicare
- My Aged Care
- My Health Record
- National Disability Insurance Scheme (NDIS)
- Victorian Housing Register Application.
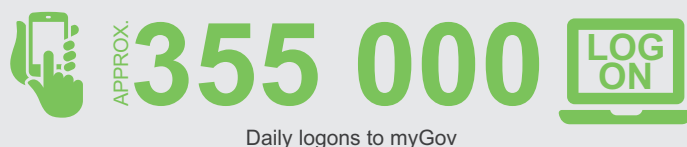
APPROX. **355 000**

Daily logons to myGov

Users have a secure digital Inbox to receive mail from participating member services. They can also update address details in one place and have that information automatically notified to participating member services, such as the ATO.

myGov allows people to undertake a variety of types of business—for example, looking for lost superannuation, submitting their income tax returns and claiming payments at a time and place that suits them.

In 2017–18, myGov services were available 99.9 per cent of the year, exceeding the target of 99.5 per cent availability.

There were approximately 355 000 logons to myGov every day, an increase of 34 per cent from the 2016–17 financial year.

The myGov digital service underwent significant modernisation in the 2016–17 financial year. Ongoing and regular improvements continued to be made in 2017–18.

In October 2017 a service was implemented that allows myGov member services to overlay their own mobile apps with the myGov authentication service. Centrelink was the first member service to use this, with other member services set to follow.

Customers from a participating member service or agency can access their online account using that agency's app and link it to their myGov account. Once they are linked and their four-digit myGov personal identification number (PIN) is established, customers can sign in to the relevant online account (for example, the Centrelink Express Plus app) by simply entering their myGov PIN into the app. This authentication flow is known as the Mobile Authentication Pattern.

In December 2017 the mobile app 'myGov Access' was released to support authentication to myGov. myGov Access provides a security code for myGov users who choose to use two-factor authentication for myGov. After the initial set-up, myGov Access does not require an internet connection. This means it has significant value to customers travelling overseas or in rural or remote areas, where mobile phone use for SMS-based two-factor authentication can be a problem.

All design decisions are made with myGov users in mind and, as such, additional improvements are continuously being worked on. For example, the department is currently working on a myGov Virtual Assistant.

myGov is now one of the biggest digital services in Australia, with over 13 million accounts.

EXPRESS PLUS MOBILE APPS

The department's free Express Plus mobile apps continue to be a popular and convenient way for people to engage with government services. The apps can be downloaded onto mobile phones and tablets, giving customers access to services anywhere and at any time. For example, using mobile apps, customers can upload documents, report income, claim Medicare benefits, view child support account balances and access a range of other services.

Customers have downloaded the apps more than 13.2 million times since they were introduced in 2012. In 2017–18 over 2.6 million apps were downloaded (an average of just over 7300 downloads per day).

ELECTRONIC MESSAGING

The department continues to use electronic messaging (SMS and email) to communicate with customers. The department uses this technology to send personalised messages to customers based on their circumstances. This helps to reduce the number of letters the department mails—see Tables 1 and 2.

In 2017–18 the department ran five pilots measuring the effectiveness of SMS in communicating with customers. Pilots included sending messages to reduce inbound calls, improve compliance and increase reporting. These pilots have demonstrated that SMS is an effective tool for making positive changes to customer behaviour.

The reduction in SMS and email from the 2015–16 financial year to the last two financial years is a result of the transitioning of Centrelink Online Letters to the myGov platform. With this transition to myGov the emails and SMS 'you've got mail' notifications are sent from myGov.

Table 1: SMS messages sent by the department

SMS	2015–16	2016–17	2017–18	% change since 2016–17
Total SMS	29 029 960	20 688 141	19 488 620	−5.8

Table 2: System-generated email messages sent by the department

Email	2015–16	2016–17	2017–18	% change since 2016–17
Total email	19 837 060	5 854 043	5 041 647	−13.9

PERSONAL DETAILS AND CIRCUMSTANCE UPDATES

For the department to provide effective services, it is important that customers are aware of information that affects them. Customers must also keep their information on their circumstances and personal details up to date. This process has now been made easier through myGov and the Express Plus mobile apps and enhancements to online services.

Customers can now view more of their details on the landing page of their online account. For example, they can see the status of their online claims, reminders, and when and what their next payment will be. This reduces the number of steps required to check this information. The enhancements also make it easier for customers to access their information when using the apps.

To receive the correct payments, Centrelink customers need to keep their personal details up to date. This has also been made easier with myGov and mobile apps. Customers can view and update a range of personal details as well as notify changes in circumstances online or via mobile apps. For example, customers can check details like address and accommodation, income and assets (including savings, shares, real estate, managed investments, gifts, foreign income and assets, and other income), study, overseas travel and bank account details to receive payments. Customers can also report employment income, request a document and claim advance payments online.

In 2017–18, customers undertook over 49.1 million interactions online, via phone self service and using Express Plus mobile apps.

ONLINE INCOME STREAM REVIEWS

The Income Stream Review (ISR) service allows customers receiving means-tested income support payments to provide information requested during the August and February ISRs.

Certain customers must complete ISRs, including where:

- the customer or their partner has an account-based income stream that is not paid from a Self-Managed Super Fund (SMSF) or Small APRA Superannuation Fund (SAF) and is not updated automatically via data supplied electronically by the providers

- the customer or their partner has an account-based income stream product or an asset test exempt lifetime or life expectancy product that is sourced from an SMSF or SAF. This review includes account-based products as well as an actuarial certificate

- the customer or their partner has an account-based income stream or a market-linked income stream that is not paid from an SMSF or SAF and is not updated automatically via data supplied electronically by the providers.

The department offers an online service for those who are required to undergo ISRs. People can either access their online account or use a one-time access code to complete the review.

Customers can also authorise third-party providers, such as financial planners, to use their one-time access code to complete the reviews on their behalf.

During the six-monthly reviews, more older Australians chose to complete their reviews online. Approximately 84 per cent of people completed their reviews online compared with 80 per cent in the previous financial year.

CENTRELINK CONFIRMATION ESERVICES

Sometimes businesses and organisations—for example, utility providers, local councils, housing providers, financial planners and superannuation funds—need information from the department to determine a person's eligibility to receive a concession, rebate or service they provide.

The department's online Centrelink Confirmation eServices allows approved businesses and organisations to confirm that a person is entitled to a concession or rebate, obtain income and asset information or help with determining eligibility for the early release of superannuation due to financial hardship. With the person's consent, businesses and organisations can electronically:

- confirm that a customer is eligible to receive a concession, rebate or service (Customer Confirmation)
- confirm the customer's income, assets and payment details (Income Confirmation)
- confirm whether superannuation can be released early due to financial hardship (Superannuation Confirmation).

In 2017–18 there were 95.1 million Centrelink Confirmation eServices transactions.

In 2016-17 additional information was moved to the online service landing page for Centrelink, reducing the need for customers to navigate within the site.

The department previously counted these navigations as an online transaction. As customers can now access this information without taking any additional actions, those transactions no longer occur.

Table 3: Digital and online services

	2015–16	**2016–17**	**2017–18**
Centrelink			
Self service transactions[a] [b]	51.1 million	53.7 million	49.1 million
Electronic Data Interchange (EDI)[c]	43.0 million	44.7 million	46.5 million
Medicare			
Self service transactions[d]	9.4 million	13.3 million	22.9 million
Provider 'point of service' digital transactions[e]	588.0 million	594.1 million	617.4 million
Child Support			
Self service transactions[f] [g]	890 000	835 000	858 000

(a) Due to enhancements of online services Centrelink recipients now view more of their details on the landing page once entering their online account.

(b) The number of self service transactions for 2015–16 does not include transactions that are no longer required because the data is available on the landing page.

(c) Electronic Data Interchange (EDI) is a Centrelink digital transaction for businesses and organisations providing the department data electronically.

(d) Claim Medicare Benefits Online (CMBO) transactions were included in this entry for the first time in 2016–17 (0.1 million transactions). The figure from 2015–16 was 0.2 million transactions.

(e) Point of service digital transactions include PBS Online, online bulk billing, Easyclaim, Health Professional Online Services (HPOS) and Electronic Claim Lodgement and Information Processing Service Environment (ECLIPSE).

(f) From 2015–16 Child Support 'self service transactions' data included phone self service transactions.

(g) From 2017–18 Child Support 'self service transactions' data included online registrations transactions.

HEALTH PROFESSIONAL ONLINE SERVICES

HPOS, established in 2009, offers health professionals a single entry point and real-time access to a range of health-related programs and online services.

To prevent loss, disclosure, modification or unauthorised use of customer information, HPOS is accessed via the PRODA online authentication system—a robust yet flexible identity verifying and open source authentication service which replaces the legacy hardware and software authentication types with a two-step username and password combined with a single-use verification code.

In 2017–18 the department added several functions to HPOS, which included:

- introducing a new online forms upload facility and increasing the number of forms that can be submitted through HPOS—this has made it easier for health professionals to complete and electronically submit forms directly to the department

- introducing the Health Care Homes service, which enables practices to register patients and receive monthly bundled payments to cover the costs of care for enrolled patients

- streamlining DVA web claiming by merging the DVA Medical and the DVA Allied Health web claim functions

- developing an online file upload service that enables Medical Indemnity Insurers, the Australian College of Rural and Remote Medicine and the Royal Australian College of General Practitioners to electronically submit registration and payment applications.

As a result of these improvements in functionality, over the past 12 months there has been a significant increase in the use of HPOS.

Table 4: Access to HPOS services

	2015–16	**2016–17**	**2017–18**
Users[a]	209 307	n/a	n/a
Logons[b]	n/a	163 082	193 584
Accesses to HPOS[c]	3 929 685	4 825 438	6 110 054

(a) Both 2014–15 and 2015–16 Annual Reports showed the number of HPOS users. However, the calculation method used to derive those figures did not accurately reflect the number of unique users of the system. This calculation method is no longer used.

(b) This figure (not published in previous years) represents the number of active PKI and PRODA logons, noting that providers may have more than one logon.

(c) A correction has been made to the 2016–17 figure for Accesses to HPOS. A calculation error occurred during the previous financial year resulting in a 0.06 per cent underestimate in this figure in the previous annual report.

Improving Pharmaceutical Benefits Scheme access for health professionals
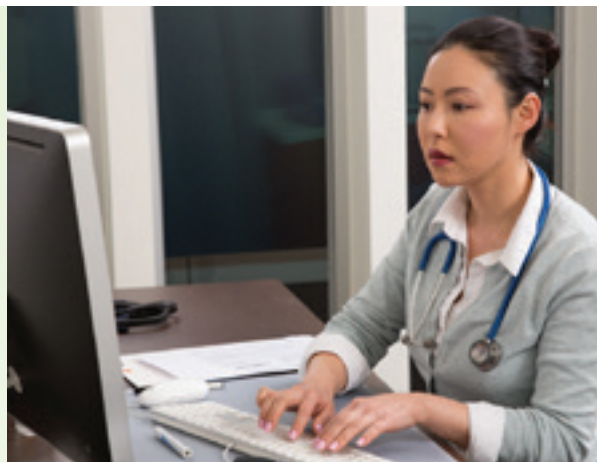
In the past year, the department continued to make it easier for health professionals to deal with the department on Pharmaceutical Benefits Scheme (PBS) matters and access services.

The Australian Government subsidises a wide range of prescription medicines through the PBS to make them more affordable. The department administers the PBS, ensuring prescribers meet the requirements under the scheme and patients have timely access to PBS subsidised medicines.

In 2018 the department continued to make the PBS more accessible and user friendly. For example, the department integrated three separate prescription forms used by doctors, optometrists and midwives into a single form, creating a more efficient process for health professionals.

The department set up a system enabling prescribers to lodge their orders for PBS stationery with the department electronically, by email or through the Health Professional Online Services portal. The department confirms these orders by emailing a receipt with parcel tracking details so that prescribers can monitor progress.

The department also introduced an option to request online approvals of PBS paediatric growth hormone prescriptions instead of mailing applications for processing. The online system operates 24 hours a day, seven days a week, and provides a real-time result.

These are major steps to reduce the administrative burden on health professionals, saving time that they can instead use for their patients.

LETTERS AND FORMS

Customers can receive letters online through their myGov Inbox or have a hard copy posted to their mailing address. Customers who receive letters online are sent an SMS or email to let them know that they have a new letter in their Inbox.

The department promotes letters online as a convenient digital service that supports customers who are managing their interactions with the department through an integrated and secure digital channel. The department continues to encourage people to receive their letters online rather than have them sent in hard copy to their mailing address—see Table 5 on page 6. Letters sent online arrive in a customer's Inbox faster than through the post and are archived within their online account for two years. Online letters help to reduce the number of letters mailed and therefore reduce the department's paper and postage costs.

In 2017–18 the department sent 62 022 682 letters online compared with 58 849 861 in 2016–17—see Table 6. The number of letters sent through the mail house decreased from 64 540 125 in 2016–17 to 52 110 062 in 2017–18.

The department also continues to review the content of letters and forms to ensure customers can readily understand them. The department applies plain language principles to its materials so that they are expressed in a simple, clear and readable way. The department uses literacy measurements, user testing and controlled trials to measure the readability of written materials.

The department offers customers printable and downloadable claim forms (where the customer prints the form, fills it in by hand and posts it to us) as well as online claim forms (where the customer fills in the form directly online without having to print and send the form). However, online claim forms are convenient and easy to access; therefore, they are becoming more popular.

The number of forms printed and distributed by the department has reduced from 12 175 450 in 2016–17 to 7 505 672 in 2017–18. This is because online claims and digital forms are more available to customers and can be submitted through digital channels. Aligning with the digital strategy, the department continues to work to rationalise the number of forms, including through use of alternative avenues for information collection.

Table 5: Registrations for social welfare service online letters

	2015–16	2016–17	2017–18
Registrations	1 405 301	1 137 392	1 492 488
Registered at 30 June	4 178 562	4 891 550	6 004 748
Percentage registered at 30 June	35.9	42.7	53.3

Table 6: Number of online letters

	2015–16	2016–17	2017–18	% change since 2016–17
Centrelink	47 073 502	50 246 219	54 085 586	+7.6
Medicare	3 670 957	4 794 806	3 773 746	−21.3
Child Support	3 532 567	3 808 836	4 163 350	+9.3
Total letters online	**54 277 026**	**58 849 861**	**62 022 682**	**+5.4**

ELECTRONIC DOCUMENT SCANNING

Customer information and correspondence lodged with the department is electronically scanned and stored. The department also encourages customers to upload their own documents through self service channels, ensuring that the information is automatically attached to their record. This provides increased accessibility and flexibility for both customers and staff, enabling staff anywhere in Australia to access the information quickly.

A change was implemented in May 2018 to make Customer Reference Number entry mandatory when scanning documents at the department's service centres (accounting for a little over 40 per cent of digital images). This change is increasing the number of images that are automatically classified, reducing the time it takes for the image to be available on the customer record.

SOCIAL MEDIA

The Australian community expects Australian Government departments to use modern channels to make it easier for community members to engage with them. In line with that expectation, in 2017–18 the department's social media capability continued to grow.

The department reached a combined annual audience of 21.74 million with service delivery messages. The department received 135 592 posts via social media accounts and responded to 61 087 questions. In peak periods the department averaged 26 965 incoming social media posts and 11 508 responses per month, many of which addressed multiple posts.

A list of all social media accounts can be found at **humanservices.gov.au/socialmedia**

2.3 SERVICES TO THE COMMUNITY—SOCIAL SECURITY AND WELFARE (PROGRAM 1.1)

The department delivers payments and programs that support families, people with disability, carers, older Australians, job seekers and students.

In 2017–18 the department delivered $112.4 billion in Social Security and Welfare payments to customers.

The department also improved the readability of the department's website— in particular, job seekers now have clearer information on how to claim Youth Allowance as a student or apprentice or Youth Allowance as a job seeker.

Customers who use the Centrelink Online Account now have a new landing page for their account. The new page makes it easier for them to interact with the department in the digital channel.

The department uses Virtual Assistants on the 'Families' and 'Students and job seekers' web pages on the department's website. Virtual Assistants assist users by providing quick answers to many questions and encourage customers to stay in the digital channel.

CLAIMS PROCESSED

In 2017–18 the department processed more than three million claims for Social Security and Welfare. When compared with 2016–17, the volumes of claims finalised remained steady across most payment types. Due to legislative changes to the Age Pension qualifying age in 2017–18, fewer Age Pension claims were finalised. Seniors Health Care Card and Low Income Card claim numbers returned to normal levels after a legislative change increased levels in 2016–17.

The department is committed to transforming the delivery of welfare payments and making it easier for people to claim online. An enhanced online claim was released for Newstart and Parenting Payment, which reduced the touch points throughout the claim experience.

The enhanced online claim provides:

- upfront advice about eligibility, allowing customers to stream out if they are unlikely to qualify
- the ability for customers to monitor the progress of their claims
- an enhanced customer experience by reusing information already at hand, making it easier to claim.

Table 7: Claims finalised for each payment type

Payment type	Claims finalised 2016–17			Claims finalised 2017–18		
	Total	Granted	Rejected	Total	Granted	Rejected
ABSTUDY	33 000	26 000	7 000	32 000	25 000	7 000
Age Pension	174 000	129 000	45 000	127 000	95 000	32 000
Assistance for Isolated Children (AIC) Scheme	5 000	4 000	1 000	7 000	5 000	2 000
Bereavement Allowance	1 500	1 000	500	1 400	1 000	400
Carer Payment and Carer Allowance	219 000	139 000	80 000	236 000	149 000	87 000
Child Care Benefit	355 000	313 000	42 000	389 000	357 000	32 000
Crisis Payment	86 000	81 000	5 000	79 000	73 000	6 000
Dad and Partner Pay	101 000	95 000	6 000	103 000	93 000	10 000
Disability Support Pension	97 000	27 000	70 000	104 000	31 000	73 000
Double Orphan Pension	400	300	100	300	200	100
Family Tax Benefit	575 000	435 000	140 000	547 000	414 000	133 000
Low Income Card	362 000	288 000	74 000	283 000	205 000	78 000
Mobility Allowance	10 000	5 000	5 000	9 000	4 000	5 000
Newstart Allowance	661 000	483 000	178 000	562 000	424 000	138 000
Paid Parental Leave	307 000	287 000	20 000	294 000	273 000	21 000
Parenting Payment	189 000	102 000	87 000	142 000	82 000	60 000
Pensioner Education Supplement (incl. ABSTUDY PES)	44 000	38 000	6 000	43 000	37 000	6 000
Seniors Health Care Card	133 000	121 000	12 000	43 000	29 000	14 000
Sickness Allowance	32 000	16 000	16 000	28 000	15 000	13 000
Special Benefit	11 000	6 000	5 000	10 000	5 000	5 000
Stillborn Baby Payment	1 500	1 000	500	1 500	1 000	500
Widow Allowance	3 000	2 000	1 000	2 500	2 000	500
Youth Allowance (incl. Austudy)	430 000	268 000	162 000	351 000	240 000	111 000

Note: Figures in the table have been rounded. The total claims finalised in 2016-17 was presented in the 2016-17 Annual Report as a rounded figure and slight differences may occur.

Grandparent Advisers provide tailored assistance to non-parent carers

It can be very daunting for people who unexpectedly find themselves responsible for a child's ongoing care. But support is available via the Department of Human Services' Grandparent Adviser network.

Jennifer, who is a Grandparent Adviser, not only works with grandparents, but with non-parent carers as well to help them understand the payments and services they might be eligible for, such as child care payments and Medicare services.

'Being a Grandparent Adviser gives me the opportunity to link people directly to financial support as well as other services,' Jennifer said.

'We help make a positive difference in the lives of the young people they care for.'

Jennifer knows that not everybody finds it easy to make that first call for help.

'Many people find it hard or embarrassing,' she said.

'When they do call us, it is often during a traumatic time in their lives—there are many reasons why someone becomes a long-term carer for a child who isn't their own.

'By the time they reach out, they're often in financial hardship.

'We urge people to call us before visiting an office, because we can walk them through the process and let them know what to expect ahead of time.

'We help with tasks such as booking appointments with the department, and can step people through how to use our online services.

'In addition to helping people access services through the department, we can also link people to services in their local areas, such as support groups.'

Grandparent Advisers are located all around Australia.

FAMILIES

The department administers a range of payments to help families to meet the costs of raising children. The payments help families with:

- the general costs of raising a child
- costs associated with newborn babies or newly adopted children
- schooling costs
- costs faced in special circumstances.

The department also runs programs to help parents who are planning to return to work or education; and grandparents and non-parent carers who are seeking information about payments and services.

General costs of raising a child

The payments that help families with the general costs of raising children are:

- Family Tax Benefit
- Parenting Payment
- Child Care Program payments.

The **Family Tax Benefit** assists families with the day-to-day cost of raising children. The Family Tax Benefit has two parts—Family Tax Benefit Part A, which is paid per child; and Family Tax Benefit Part B, which is paid to the family. Both payments are income tested, and the amount each family is paid is based on the family's individual circumstances.

The **Parenting Payment** is an income support payment for parents or guardians to help with the cost of raising children. To qualify for the Parenting Payment, customers must be:

- single and caring for at least one child aged under eight years, or
- partnered and caring for at least one child aged under six years.

Parenting Payment is income tested and assets tested (for both the parent and their partner). The customer must also meet residency requirements and participation requirements where necessary.

The **Child Care Program** helps families to cover the cost of child care. It consists of:

- the Child Care Benefit, which assists with child care fees
- the Child Care Rebate, which assists with out-of-pocket expenses for child care
- Jobs, Education and Training Child Care Fee Assistance, which supports eligible parents who are entering or re-entering the workforce.

The existing Child Care Program ended on 1 July 2018. From 2 July 2018 the three payments listed above were replaced with two new payments:

- the Child Care Subsidy, which is a single means-tested subsidy paid directly to Child Care services to reduce the out-of-pocket costs for families
- the Additional Child Care Subsidy, which gives families extra help with the cost of approved child care.

In 2017–18 the department worked closely with the Department of Education and Training to implement the new Child Care Program and develop a new integrated information and communications technology (ICT) system for the program. The department also provided families with information about how their current entitlements may change under the new program and how to move to the new payment system.

Newborns and newly adopted children

Payments that help parents with expenses for newborn or newly adopted children are:

- the Newborn Upfront Payment
- the Newborn Supplement
- Parental Leave Scheme payments.

The **Newborn Upfront Payment** and **Newborn Supplement** increase a person's rate of Family Tax Benefit Part A for up to 13 weeks to help with the upfront costs of a newborn child, a child aged under one year who becomes entrusted to a person's care or a child placed for adoption. Families cannot receive Parental Leave Pay as well as Newborn Upfront Payment and Newborn Supplement for the same child.

Paid Parental Leave Scheme payments help eligible parents to take time off work to care for a new baby or recently adopted child. There are two payments under the scheme:

- Parental Leave Pay, which is a payment to parents of newborns and newly adopted children
- Dad and Partner Pay, which is a short-term payment to fathers or partners who are on leave to help care for a new child.

To receive the payments, a person must meet an income test and work test and also meet residency requirements.

Schoolchildren

SCHOOL ENROLMENT AND ATTENDANCE MEASURE

The School Enrolment and Attendance Measure (SEAM) operated in the Northern Territory and was designed to raise the level of children's education by linking school enrolment and attendance to income support payments. SEAM ceased on 31 December 2017.

Special circumstances

The department administers payments to families who are in special circumstances. Currently there are two payments:

- Stillborn Baby Payment
- Double Orphan Pension.

The **Stillborn Baby Payment** assists families with the extra costs they face when their child is stillborn. These families cannot receive both Parental Leave Pay and the Stillborn Baby Payment for the same child.

The **Double Orphan Pension** is available to help with the cost of caring for children who:

- are orphans
- have one parent who has died and the other parent unable to care for them due to special circumstances, or
- are refugees and cannot be cared for by their parents.

This payment is not income tested or asset tested.

Other projects to assist families

PARENTSNEXT PROGRAM

The ParentsNext Program helps parents with children under six to plan and prepare for future study or work. Providers work with parents to help them to identify their education and employment goals, develop pathways to achieve their goals and link them to activities and services in the local community.

ParentsNext is delivered in local government areas in New South Wales, Queensland, South Australia, Victoria, Western Australia and Tasmania. The department refers eligible people in these areas to a ParentsNext provider.

As part of the announcement in the 2017–18 Budget that the program will be rolled out nationally, from 1 July 2018 ParentsNext will be expanded. The national expansion will be delivered in two streams:

- the first stream will deliver a targeted ParentsNext to the most disadvantaged parents in all 51 Employment Regions
- the second stream will deliver a more intensive ParentsNext in the existing ten locations and a further 20 locations where there is a high proportion of Parenting Payment recipients who are Indigenous. The more intensive stream of ParentsNext will have a stronger employment focus to help meet the employment Closing the Gap target.

GRANDPARENT ADVISER PROGRAM

The Grandparent Adviser Program was established for grandparents and other non-parent carers who have ongoing caring responsibility for children. Grandparent Advisers understand the unique challenges that grandparents and non-parent carers face. They give tailored information about payments and services that are available through the Australian Government, state and territory governments and community service providers.

Grandparent Advisers give assistance through the Grandparent Adviser Line and when attending community forums and working with care organisations in each state and territory.

In 2017–18, 18 873 calls were answered through the Grandparent Adviser Freecall phone service.

PEOPLE WITH DISABILITY AND CARERS

The department delivers payments to people with disability who cannot earn a full income because of a medical condition; and to carers who cannot earn a full income because they are providing care for someone with a disability of medical condition, or someone who is frail aged.

In 2017–18 a new assessment process for the Disability Support Pension (DSP) was introduced. The new process has led to a reduction in the number of DSP claims requiring a full Job Capacity Assessment (JCA) as well as a decrease in DSP claim processing times.

People with disability

The department delivers the following payments for people with disability:

- DSP
- Sickness Allowance
- Mobility Allowance.

DSP provides financial support to people who have a physical, intellectual or psychiatric condition that stops them from working. People who claim DSP must undertake an assessment process.

Sickness Allowance is for people who are employed or self-employed or in some cases in full-time study. It provides a short-term payment to those who are temporarily unable to do their usual work or study because of a medical condition.

Mobility Allowance helps people with disability, illness or injury who cannot use public transport without substantial assistance. The allowance provides help with transport costs for study, training or work or to look for work.

NEW ASSESSMENT PROCESS FOR THE DISABILITY SUPPORT PENSION

In July 2017 the department implemented a new and improved assessment process for DSP after a successful pilot in May 2017. The new process makes it simpler and faster to claim DSP. It also clarifies the claiming process. It ensures that claimants have clear advice on the medical evidence they must have when claiming DSP. The assessment process aims to:

- provide claimants and their treating doctors with clear information about the evidence they will need when they submit a claim for DSP
- conduct earlier expert assessments of medical evidence for people who are clearly unable to work, so that their claims can be fast-tracked
- use the earlier expert assessments to also identify those who are not eligible for DSP. This ensures that ineligible claimants do not attend multiple assessments only to find that they are not eligible
- ensure that only those who require a comprehensive medical assessment need to attend JCAs. This serves to improve the time frames for these assessments and reduce requests to claimants for additional medical evidence to support their claim.

Carers

The department supports the following payments to carers:

- Carer Payment
- Carer Allowance.

Carer Payment is an income support payment for carers who cannot take on substantial paid employment because they are providing care for another person who has high care needs. To be eligible for Carer Payment, a carer must be providing constant care for:

- an adult or child with disability or a medical condition, or
- an adult who is frail aged.

In 2017–18 nearly 53 000 new claims for Carer Payment were granted.

Carer Allowance is an income supplement for people who provide additional daily care and attention for:

- an adult or child with disability or a medical condition, or
- an adult who is frail aged.

In 2017–18 more than 96 000 new claims for Carer Allowance were granted.

Working with the National Disability Insurance Agency on the National Disability Insurance Scheme

The department has a longstanding relationship with the National Disability Insurance Agency (NDIA). In 2017–18 it supported the rollout of the NDIS by:

- successfully building and supporting the NDIA ICT business system, which incorporates the NDIA's business systems, information management and corporate systems
- providing contact centre services that help providers and participants transition to the full-scheme NDIS
- providing corporate shared services, including human resources and payroll services
- providing property accommodation solutions through a national co-location program
- seconding senior staff to the NDIA.

On 20 April 2018, the NDIA announced it had engaged Serco Citizen Services Pty Ltd (Serco) as its service delivery partner for contact centre services with a two year contract. Serco is now operating the NDIA contact centre services out of locations in Melbourne and regional Victoria. Since 12 June 2018, the department has been assisting the NDIA to transition contact centre services to Serco.

OLDER AUSTRALIANS

The department delivers the following payments to older Australians and aged care providers on behalf of older Australians:

- Age Pension for those aged 65.5 years and over who meet residence and income and assets requirements
- subsidies and supplements to approved aged care providers to assist in providing care for older Australians
- incentive payments to eligible aged care workers for specified education and training programs.

Age Pension

Age Pension is a regular payment for eligible older Australians. It also gives customers access to a range of concessions.

Age Pension is income and assets tested. Age Pension customers' entitlements are assessed under the Social Security Income and Assets Tests.

In 2017–18 there were approximately 2.5 million Age Pension customers.

From 1 July 2017, the age pension age increased to 65.5 years for people born on or after 1 July 1952. The age pension age will progressively increase by six months every two years until it reaches 67 on 1 July 2023.

In 2017–18:

- 61 per cent of age pensioners received the full-rate pension and 39 per cent received a part-rate pension based on their income and assets
- women made up 55 per cent and men 45 per cent of the Age Pension population
- the department paid over $44.6 billion in Age Pension payments.

TRANSFER TO AGE PENSION

The department uses an online transfer system to make it easier for eligible people to transfer from some income support payments to Age Pension. The system uses existing information to pre-populate fields. This means people need to provide only the information that the department does not already have.

AGE PENSION INCOME AND ASSETS TESTING

Automation of income stream reviews

Age Pension recipients, concession cardholders and their partners must give the department information about their income streams so that the department can calculate their entitlements under the Social Security Income and Assets Tests.

From 1 January 2018, the Automation of ISRs measure introduced an electronic data transfer to allow the department to collect income stream information directly from income stream providers. The information received is used to review and update the income stream products held on customer records.

From 1 January 2019, the electronic data transfer will be mandatory for all income stream providers other than SMSFs and SAFs.

Real estate valuations

When the department assesses whether a person qualifies for a pension, benefit or allowance, it takes into account the value of that person's assets. The department analyses the individual circumstances of a customer and their real estate (excluding the family home and up to two hectares on one title) to determine whether a valuation is required.

When needed, the department arranges for a professional valuation or estimate verification of assets. To maintain the current value, an annual indexation percentage is applied to eligible assets.

Income and assets assessments for people entering aged care

The department continues to perform means-testing assessments for people who are entering aged care. The means test is based on a combined assets and income based assessment and calculation. The means test for people accessing a Home Care Package is based on an income-based assessment only. The means test for those accessing a Residential Care Package is based on both assets and income to determine to what extent the recipient is eligible for government-subsidised care.

JOB SEEKERS AND STUDENTS

The department provides income support payments to job seekers and those in full-time study.

Job seekers

The department delivers the following payments to job seekers:

- Newstart Allowance
- Youth Allowance (Job Seekers).

The department also administers the Jobs PaTH Internship Program, which gives people an opportunity to gain experience and skills in the workplace.

The department assesses payment eligibility for those who are seeking employment but who have medical conditions and other barriers to employment.

Newstart Allowance gives financial help to people looking for work. Recipients must be looking for suitable paid work. Also, they must be aged 22 years or over but under age pension age.

Newstart Allowance recipients need to meet income and assets tests and residency requirements. They may also need to meet mutual obligation requirements (see below).

In 2017–18 the department introduced pre-submission requirements for Newstart Allowance customers. Claimants now need to provide their supporting documentation before they submit a claim (exception rules apply to vulnerable customers). The new requirements have resulted in a reduction in the number of claims being submitted for assessment. In the past these claims would have been made, processed and rejected because the claimant had failed to supply documents or information.

Youth Allowance is an income support payment to job seekers generally aged between 16 and 21 years.

Youth Allowance recipients need to meet income and assets tests and residency requirements. They may also need to meet mutual obligation requirements (see below).

In 2017–18 the department introduced pre-submission requirements similar to those for Newstart Allowance customers (see above).

MEETING MUTUAL OBLIGATION REQUIREMENTS

The community expects income support recipients to do all they can to find suitable work.

The Job Seeker Compliance Framework, which was introduced in 2009, aims to ensure that job seekers who are receiving income support payments are actively seeking work and contributing to the community that is supporting them while they are looking for work.

Under the framework, job seekers who receive payments must meet mutual obligation requirements—that is, they must attend appointments and participate in activities designed to help them get into work. If a job seeker does not meet the requirements without a good reason, they may have their payments suspended.

For example, if a job seeker does not attend a compulsory appointment and does not have a good reason for that, an employment services provider may suspend their income support payment. That job seeker's payment will usually be suspended until the job seeker attends a rescheduled appointment. This approach prompts the job seeker to quickly re-engage with their employment services provider and to meet their mutual obligation requirements.

If a job seeker does not meet a mutual obligation requirement, the provider may report this to the department for investigation. When a job seeker does not have a reasonable excuse for not meeting their mutual obligation requirements, they may face a financial penalty.

Job seekers who receive Newstart Allowance, Youth Allowance, Parenting Payment Single or Special Benefit (paid under Newstart Allowance conditions) must meet mutual obligation requirements.

Table 8 below shows the number of payment recipients who had mutual obligation requirements in 2017–18.

Table 8: Customers with mutual obligation requirements, by payment type

	2015–16[a]	2016–17[b]	2017–18[c]
Newstart Allowance	732 100	733 088	727 533
Youth Allowance	98 100	101 045	94 009
Special Benefit[d]	1 030	2 687	3 043
Parenting Payment Single[e]	50 406	49 535	48 734
Total	**881 636**	**886 355**	**873 319**

(a) Source: Department of Social Services on 6 July 2016.

(b) Source: Department of Social Services on 6 July 2017.

(c) Source: Department of Social Services on 29 June 2018.

(d) The majority of Special Benefit recipients are not activity tested.

(e) Parenting Payment Single recipients are not subject to compulsory mutual obligation requirements until their youngest dependent child turns six years of age.

SEASONAL WORK INCENTIVES TRIAL

The Seasonal Work Incentives Trial, which commenced on 1 July 2017, allows eligible job seekers who participate in specified horticultural seasonal work to earn up to $5000 in a 12-month period before their income is assessed under the income test. As at 30 June 2018, the trial had 278 participants.

The trial is due to end on 30 June 2020.

INTERNSHIP PROGRAM

The Jobs PaTH Internship Program was implemented on 1 April 2017. Under the measure, young job seekers can gain real work experience within businesses. While job seekers are participating in the internship, they receive an Incentive Payment of $200 per fortnight on top of their regular income support payment. Each job seeker can be paid up to six payments.

To participate in the program, the job seeker must be:

• receiving income support

• accessing employment services from a provider for six months or more.

In 2017–18, 5059 individual job seekers participated in 5393 internships, and the Department of Jobs and Small Business paid $3.3 million in Incentive Payments.

JOB SEEKERS WITH MEDICAL CONDITIONS AND OTHER BARRIERS TO EMPLOYMENT

The department, through assessment services, undertakes assessments of job seekers who have medical conditions so that it can identify their work capacity and what type of employment service is best suited to their circumstances. The two assessments are:

- Employment Services Assessments (ESAts)
- Job Capacity Assessments (JCAs).

An **ESAt** identifies the most appropriate type of employment service for job seekers with multiple and/or complex barriers. For job seekers with long-term disability, illness or injury, an ESAt assesses the job seeker's capacity to work.

Job seekers assessed as being able to work fewer than 30 hours per week have reduced mutual obligation requirements and may be eligible for supplementary payments such as Pharmaceutical Allowance and Youth Disability Supplement.

There are two types of ESAts:

- medical—helps the department to assess capacity to work of a job seeker with long-term illness, injury or disability and to identify the most suitable employment service for the job seeker
- non-medical—where no, or insufficient, medical evidence has been provided, a non-medical ESAt is used to identify the most suitable employment service for the job seeker.

A **JCA** helps the department determine the impact of medical conditions and disabilities on a person's ability to work and whether the person would benefit from employment assistance. A JCA is used as part of determining medical eligibility for DSP. People may be referred for a JCA if they are:

- claiming DSP
- undergoing a review of medical eligibility for DSP
- seeking to have DSP paid indefinitely while they are outside Australia.

Assessment Services teams conduct the ESAts and JCAs. These multidisciplinary teams are located across Australia. Currently there are 50 teams in 210 locations.

The department employs the following types of qualified health and allied health professionals to perform assessments:

- exercise physiologists
- medical advisers
- occupational therapists
- physiotherapists
- psychologists
- registered nurses
- rehabilitation counsellors
- social workers
- speech pathologists.

In 2017–18 the department employed 480 qualified health and allied health professionals in assessment roles.

Table 9 below shows the number of medical and non-medical ESAts and JCAs the department completed each year.

Table 9: Types of assessments completed[a]

	2015–16	2016–17	2017–18	% change since 2016–17
Employment Services Assessment: non-medical	13 596	17 367	12 524	−28
Employment Services Assessment: medical	159 250	152 340	182 524	+20
Job Capacity Assessment	97 698	88 717	49 701[b]	−44
Total	**270 544**	**258 424**	**244 749**	**−5**

(a) Source: Department of Social Services.

(b) The significant reduction in the number of Job Capacity Assessments in 2017–18 is a positive outcome of the improved assessment process for new DSP claims that was introduced in 2017–18, as outlined on page 44 of this report.

Health Professional Advisory Unit

The Health Professional Advisory Unit (HPAU) strengthens DSP decision-making by providing expert advice to departmental assessors and decision-makers and providing medical opinion on matters before the Administrative Appeals Tribunal. It is a multidisciplinary unit comprising seven medical advisers and 17 health and allied health professionals across a virtual network.

The involvement of the HPAU on more complex issues provides assurance that the correct assessments are being made (observed by the Australian National Audit Office in its report *Qualifying for the Disability Support Pension*).

The HPAU provides ongoing specialist advice and input into training materials and procedures used by Assessment Services. This supports the quality and consistency of assessments provided by the department.

The HPAU also provides advice relating to ministerial complaints, media-related cases and high-profile matters. It works closely with the Department of Social Services (DSS) on DSP policy matters.

In addition, the HPAU carries out medical assessments for the department for:

- foreign pensions
- portability extensions due to a medical condition
- indefinite portability of DSP.

HPAU medical advisers and health professionals also provide educational and professional development forums to relevant groups across the department.

In 2017–18 the HPAU received 1350 referrals, and there was a strong trend toward more complex, appeal-based referrals.

Students

The department administers the following payments to students:

- Youth Allowance (Student Program)
- ABSTUDY
- Austudy
- the Pensioner Education Supplement.

Youth Allowance (Student Program) is an income support payment for full-time students and Australian Apprentices generally aged 16 to 24 years. Youth Allowance customers need to meet income and assets tests and residency requirements.

In 2017–18 the department finalised approximately 170 000 Youth Allowance (Student Program) claims.

ABSTUDY provides a means-tested allowance and other supplementary benefits to eligible Indigenous students.

In 2017–18 the department administered $31.9 million in ABSTUDY travel and finalised approximately 32 000 ABSTUDY claims compared with $30.5 million in ABSTUDY travel and 33 000 finalised claims in 2016–17.

ABSTUDY claimants can provide an over-the-phone verbal declaration, removing the need for a paper-based signed declaration form. In 2017–18, around 80 per cent of ABSTUDY claims were accepted over the phone through a staff-assisted service.

Austudy assists full-time students and Australian Apprentices aged 25 years or over.

In 2017–18 the department finalised approximately 51 000 new Austudy claims compared with approximately 64 000 in 2016–17.

The **Pensioner Education Supplement** is available as extra help with ongoing study costs for recipients of some department and DVA income support payments. The supplement is available to full-time students and, in certain circumstances, to students approved to undertake part-time study of at least 25 per cent of a full study load.

In 2017–18 the department finalised approximately 43 000 Pensioner Education Supplement claims compared with 43 000 in 2016–17.

Special Benefit

Special Benefit helps people in severe financial hardship who are not able to support themselves and their dependants and are not eligible for another payment.

2.4 SERVICES TO THE COMMUNITY—HEALTH (PROGRAM 1.2)

The department is responsible for administering Medicare, which is Australia's health care system.

The department also delivers other health payments and services under various programs, and administers three health registers: the National Bowel Cancer Screening Register, the Australian Immunisation Register and the Australian Organ Donor Register.

The department has several administration roles in various health care schemes in Australia. It administers:

- rural health programs that provide incentives and support for medical practitioners providing services in rural areas
- medical indemnity schemes to strengthen the longer-term viability and success of the medical insurance industry
- the PBS and Repatriation Pharmaceutical Benefits Scheme (RPBS), which provide subsidised access to medicines.

The department also provides digital services for several national systems. The department:

- is the Operator of the Healthcare Identifiers Service (HI Service)—a national system for uniquely identifying individuals and health care providers and organisations
- supports the My Health Record system by delivering registration and enquiry services and some technical services
- delivers authentication services to health care providers and supporting organisations for the National Authentication Service for Health (NASH).

MEDICARE

Medicare provides eligible people access to medical, optometry and hospital care and other allied health services.

In 2017–18, 25.3 million people were enrolled in Medicare and $23.5 billion was paid in benefits. The percentage of claims made digitally continues to grow, with 97.9 per cent of Medicare services claimed digitally in 2017–18. Approximately 52 per cent of all health practices digitally lodge 100 per cent of their Medicare claims at their practice.

The department also completed technology enhancements to promote digital transactions, including simplified claims processes.

Medicare eligibility

To be eligible for services under Medicare, a person must be:

- an Australian citizen residing in Australia
- a permanent resident or a New Zealand citizen residing in Australia
- an applicant for permanent residency, meeting certain criteria—restrictions and other requirements apply to people who have applied for a parent visa
- a Resident Return visa holder residing in Australia
- a resident or citizen of a country with which Australia has a reciprocal health care agreement—only for medically necessary treatment while visiting Australia (a person must meet the specific eligibility requirements set out in the agreement), or
- covered by a ministerial order.

Table 10: Medicare enrolments

	2015–16	2016–17	2017–18
People enrolled at 30 June	24.6 million	24.9 million	25.3 million
Active cards at 30 June	13.9 million	14.1 million	14.4 million
New enrolments	588 574	593 976	567 143

Medicare Entitlement Statements

People who do not meet the eligibility criteria for Medicare may apply for an exemption from paying the Medicare levy. If the application is approved, the department issues a Medicare Entitlement Statement. When a person lodges their income tax return and applies for a Medicare levy exemption, the ATO requires the applicant to acknowledge that they have been issued with a Medicare Entitlement Statement.

Table 11: Medicare Entitlement Statements

	2015–16	2016–17	2017–18
Accepted applications	122 529	116 918	109 765
Rejected applications	2 452	2 503	2 505
Total applications	**124 981**	**119 421**	**112 270**

Medicare Safety Net

The Medicare Safety Net provides benefits to eligible individuals, couples and families who have high out-of-hospital medical expenses.

When the level of out-of-pocket costs a customer pays reaches certain thresholds, the customer can receive higher Medicare benefits. There are two Medicare Safety Net thresholds:

• the Original Medicare Safety Net

• the Extended Medicare Safety Net.

The **Original Medicare Safety Net** threshold for the 2018 calendar year is $461.30 and applies to all Medicare cardholders. Under this threshold, the gap amount that consumers pay counts towards the threshold. The gap amount that consumers pay is the difference between the Medicare Benefits Schedule fee and the Medicare benefit paid.

The **Extended Medicare Safety Net** has two threshold levels for the 2018 calendar year:

• $668.10 for Commonwealth concession cardholders and Family Tax Benefit Part A recipients

• a general threshold of $2093.30 for all other Medicare cardholders (singles and registered families).

Under these thresholds, out-of-pocket costs count towards the thresholds. Out-of-pocket costs are the difference between the doctor's charge and the Medicare benefit.

Medicare claiming

Health professionals can 'bulk bill' their patients. This means that the patient agrees to have their Medicare benefit paid directly to the health professional. The health professional can claim the Medicare benefit directly from the department as full payment for the service.

If a health professional charges the patient a fee (that is, the patient is not bulk billed), there are three ways that the patient can claim the Medicare benefit:

- The patient can pay the account directly to the health professional. Then, if the health professional or practice offers digital claiming, practice staff can lodge the claim digitally with the department, with most claims paid into the patient's bank account within 48 hours.

- The patient can pay the account and then claim the Medicare benefit from the department. To claim the benefit, patients can use the Express Plus Medicare mobile app; claim through their Medicare online account via myGov; or claim by mail, phone or in person at a service centre. Medicare benefits claimed this way are processed within two to three days.

- The patient can lodge the unpaid account with the department and receive a cheque payable in the health professional's name. The patient then gives the cheque to the health professional and pays any outstanding balance.

Where a patient has received in-hospital services, Medicare claims can be made through simplified billing arrangements. Simplified billing streamlines the way patients pay their bills and claim benefits from the department and their private health insurer. Simplified billing claims can be lodged by hospitals, billing agents, providers and day surgeries with the department and private health insurers—through the Electronic Claim Lodgement Information Processing Service Environment (ECLIPSE), through Electronic Data Interchange transmitted by Simple Mail Transfer Protocol (SMTP) systems, or manually.

Table 12: Medicare services and benefits by claim type

	2015–16	2016–17	2017–18
Bulk billing	305.2 million	313.6 million	332.3 million
Patient claiming	53.3 million	52.9 million	53.5 million
Simplified billing	30.5 million	32.9 million	34.0 million
Total services processed	**389.0 million**	**399.4 million**	**419.9 million**
Bulk billing	$14.8 billion	$15.6 billion	$16.5 billion
Patient claiming	$4.2 billion	$4.3 billion	$4.4 billion
Simplified billing	$2.4 billion	$2.5 billion	$2.6 billion
Total benefits paid	**$21.4 billion**	**$22.4 billion**	**$23.5 billion**
Average benefit per service	$55.05	$56.08	$56.04
Average period (date of lodgement to processing)	1.6 days	2.5 days	2.3 days

(a) Totals take account of rounding.

(b) Cheques to claimants ended from 1 July 2016.

Table 13: Medicare services by payment type

	2015–16 million	%	2016–17 million	%	2017–18 million	%
Cheque to claimant	2.7	0.7	n/a[b]	n/a[b]	n/a[b]	n/a[b]
Electronic Funds Transfer (EFT) to claimant	35.3	9.1	38.0	9.5	38.2	9.1
EFTPOS payment to claimant	11.0	2.8	11.6	2.9	12.3	2.9
EFT to health professional	305.2	78.5	313.5	78.4	332.3	79.1[c]
Pay doctor via claimant cheque	4.3	1.1	3.7	0.9	3.1	0.7
Payment to private health fund or billing agent	30.5	7.8	32.9	8.2	34.0	8.1
Total services[a]	**389.0**	**100**	**399.7**	**100**	**419.9**	**100**

(a) Totals take account of rounding.

(b) Cheques to claimants ended from 1 July 2016.

(c) Numbers may differ due to rounding.

Table 14: Volumes of services transmitted digitally

	2015–16	2016–17	2017–18
Medicare Online			
Bulk billing	279.9 million	288.6 million	308.0 million
Patient claiming	32.2 million	33.8 million	35.2 million
Medicare Easyclaim			
Bulk billing	19.9 million	20.1 million	19.7 million
Patient claiming	11.2 million	11.8 million	12.5 million
Electronic Claim Lodgement and Information Processing Service Environment (ECLIPSE)			
Simplified billing	24.4 million	28.0 million	29.8 million
Simple Mail Transfer Protocol			
Simplified billing	5.9 million	4.8 million	4.1 million
Claiming Medicare Benefits Online			
Patient claiming	208 200	130 500	138 000
Health Professional Online Services (HPOS)[a]			
Bulk billing	274 100	820 900[b]	1 557 600[b]
Patient claiming	n/a	43 700	131 800
Total services	374.0 million	388.1 million	419.9 million
Percentage of overall claims lodged electronically	96.1	97.1	97.9

(a) 2016–17 is the first year that HPOS figures have been included in this table.

(b) The HPOS Webclaim bulk billing channel has shown strong growth since it was released in June 2015. In particular, this free claiming has been taken up by allied health professionals, dentists and some general practitioners.

Health professionals under Medicare

Where an eligible health professional provides services covered by Medicare, they must be allocated a specific Medicare provider number for each practice location. A Medicare provider number uniquely identifies the health professional and the location from which a service is delivered. The provider number allows the health professional to prescribe, refer or request health services for patients and claim benefits under the Medicare Benefits Schedule (MBS) and on behalf of DVA.

In 2017–18 the department issued 185 368 Medicare provider numbers. A health professional providing health services at multiple locations must apply for and be issued with a subsequent provider number specific to each location.

Practices that have diagnostic imaging services, including radiation oncology, must be registered with the department and have a Location Specific Practice Number to claim Medicare benefits. The number of diagnostic imaging practices that register with the department continues to increase each year. In 2017–18, 5058 diagnostic imaging practices were registered with the department.

Health professionals who provide pathology services must have departmental approval to claim Medicare benefits. In 2017–18 there were 107 Approved Pathology Authorities, 495 Approved Pathology Practitioners, 741 Accredited Pathology Laboratories and 3581 Approved Collection Centres registered with the department.

Table 15: Health professionals under Medicare

	2015–16	2016–17	2017–18
Medicare provider numbers issued[a]	175 703	178 411	185 368
Diagnostic imaging practices registered	4 957	5 026	5 058
Approved Pathology Authorities	127	117	107
Approved Pathology Practitioners	541	507	495
Accredited Pathology Laboratories	743	750	741
Approved Collection Centres	3 513	3 457	3 581

(a) This figure does not equate to individual health professionals, as health professionals can be issued more than one provider number if providing services at multiple locations. This figure is correct as at the date of extraction on 3 July 2018.

In 2017–18 medical practices received benefits administered by the department for eligible services such as operating outside of major metropolitan areas, making earlier diagnosis of diabetes and delivering after-hours services.

Medicare Compensation Recovery

When a person receives a lump-sum compensation payment of more than $5000 for an injury or illness, they may have to repay moneys that the government paid to them for treatment of their injury or illness. This amount is repaid by the insurer from the compensation sum before the residual amount is paid to the claimant.

Medicare Compensation Recovery aims to recover any Medicare benefits, nursing home benefits or residential care or home care government subsidies paid to a claimant as a result of their compensable injury or illness.

In 2017–18, the number of cases finalised was 28 per cent lower than in 2016–17. The numbers of cases finalised in the 2015–16 and 2016–17 financial years were higher as a result of the closure of a large number of discontinued older cases that did not have an associated recovery amount. Additional funds were recovered in 2017–18 as a result of resolving large numbers of aged complex cases in 2016–17 and 2017–18.

Table 16: Compensation recovery

	2015–16	2016–17	2017–18	% change since 2016–17
Cases finalised	87 504	62 867	45 287	–28
Amount of benefits recovered	$42.6 million	$41.8 million	$63.6 million	+52

HEALTH PAYMENTS AND SERVICES

The department delivers many health payments and rebates on behalf of other government departments:

- DVA health services payments
- the External Breast Prostheses Reimbursement Program
- the National Bowel Cancer Screening Program
- the Continence Aids Payment Scheme
- the Child Dental Benefits Schedule
- the Stoma Appliance Scheme
- the Hearing Services Program
- the Practice Incentives Program
- the Practice Nurse Incentive Program.

The department also administers three health registers:

- the National Bowel Cancer Screening Register
- the Australian Immunisation Register (AIR)
- the Australian Organ Donor Register.

Payments and rebates

DEPARTMENT OF VETERANS' AFFAIRS HEALTH SERVICES PAYMENTS

The department is responsible for making payments to health professionals for health services on behalf of the DVA. The department assesses claims and processes payments for the treatment of eligible DVA clients for medical, specialist, diagnostic imaging, pathology, allied health and dental services, and for private hospital admissions and prostheses.

On behalf of DVA, the department produces DVA's Gold Cards (for all clinically necessary health care needs and all health conditions, whether they are related to war service or not), White Cards (for care and treatment of war-caused or service-related specific conditions) and Orange Cards (for pharmaceuticals only) for eligible veterans.

In 2017–18, the department continued to highlight the benefits of electronic claiming to providers by promoting the DVA Webclaim channel. DVA Webclaim offers an alternative to manual claiming and delivers significantly faster payments and reconciliation for health professionals.

As a result of ongoing promotion of electronic claiming channels, DVA electronic claiming across all services increased to 91.8 per cent in 2017–18. Electronic claiming for allied health services increased to 81.8 per cent, electronic claiming for medical services increased to 96.0 per cent and electronic claiming for hospitals increased to 87.6 per cent.

Manual claiming for DVA decreased to 8.2 per cent in 2017–18.

Table 17: Department of Veterans' Affairs processing

	2015–16	2016–17	2017–18
Cards produced	17 866	19 148	22 717
Services processed	18.4 million	17.8 million	17.3 million
Total benefits paid	$2.0 billion	$2.0 billion	$2.0 billion

EXTERNAL BREAST PROSTHESES REIMBURSEMENT PROGRAM

The External Breast Prostheses Reimbursement Program reimburses up to $400 for each new or replacement external breast prosthesis for women who have had breast surgery as a result of breast cancer.

Claimants must be eligible for Medicare and must not have claimed under the program in the previous two years unless there is a medical reason.

In 2017–18 the department updated its website for customers who are experiencing financial difficulty and paying for their prostheses upfront before they claim from the program. This update advised customers that, if they receive an income support payment, they may be eligible for an advance payment under that program which they can use to pay for their prostheses before claiming a reimbursement. Any advance payment is subject to the income support advance payment rules.

Table 18: External Breast Prostheses Reimbursement Program

	2015–16	2016–17	2017–18
Number of claims processed	14 986	14 880	14 747
Amount paid	$6.2 million	$6.1 million	$6.2 million

CONTINENCE AIDS PAYMENT SCHEME

The Continence Aids Payment Scheme gives eligible people with severe and permanent incontinence yearly ($583.20) or twice-yearly ($291.60) payments to help buy continence aids products.

Table 19: Continence Aids Payment Scheme

	2015–16	**2016–17**	**2017–18**
Number of applications processed	29 221	28 325	29 972
Total amount paid	$80.2 million	$84.5 million	$90.2 million

CHILD DENTAL BENEFITS SCHEDULE

The Child Dental Benefits Schedule provides families, teenagers and approved care organisations with financial support for basic dental services for eligible children. Dental services include examinations, x-rays, cleaning, fissure sealing, fillings, root canals and extractions.

Benefits for basic dental services are capped at $1000 per child over two consecutive calendar years.

To be eligible, children must:

• be aged between two and 17 years on any one day of the calendar year

• receive (or their family, guardian or carer must receive) certain Australian Government benefits such as Family Tax Benefit Part A for at least one day of the calendar year

• be eligible for Medicare.

In 2017–18 the department processed 5.5 million services and paid $334 million in benefits.

PRIVATE HEALTH INSURANCE REBATE

The Private Health Insurance Rebate reimburses or discounts the cost of private health insurance cover. It is available to all people who are eligible for Medicare and have a complying health insurance policy.

The rebate is income tested. The level of rebate that people are entitled to claim depends on their age and income. The rebate can be claimed in one of two ways:

• as an upfront reduction in the cost of premiums—the Premiums Reduction Scheme (administered by the department)

• as a tax offset in annual income tax returns (administered by the ATO).

Table 20: Private Health Insurance Rebate

	2015–16	2016–17	2017–18
Memberships registered	7.0 million	7.3 million	6.7 million
Total paid to private health funds	$5.9 billion	$6.0 billion	$6.0 billion

STOMA APPLIANCE SCHEME

The Stoma Appliance Scheme gives patients subsidised access to stoma aids and appliances after surgery.

The products are distributed through 21 regional stoma associations across Australia. Approximately 45 000 association members access the products.

The scheme operates under the *National Health Act 1953*.

HEARING SERVICES PROGRAM

The Hearing Services Program aims to reduce the incidence and consequences of avoidable hearing loss in the Australian community by providing high-quality hearing services and devices to those who are eligible for assistance.

The department processes and pays claims to accredited hearing service contractors via the HPOS eClaims facility.

Table 21: Hearing Services Program services and payments

	2015–16	2016–17	2017–18	% change since 2016–17
Services processed[a]	1 394 933	1 434 052	1 461 036	+1.9
Total amount paid[b]	$404.6 million	$419.0 million	$431.1 million	+2.9

(a) Services provided to individuals.
(b) Payments made to hearing service contractors.

PRACTICE INCENTIVES PROGRAM

The Practice Incentives Program (PIP) pays incentives to medical practices and individual providers to encourage improvements in general practice.

The PIP consists of 11 incentives, shown in Table 22 below.

In 2017–18 the department undertook a range of activities, including publication of articles in the quarterly *Incentives news*, to raise awareness of the PIP Indigenous Health Incentive (IHI), which helps to improve the health of Aboriginal and Torres Strait Islander people who are at risk of developing a chronic condition.

These activities saw an increase in the participation of eligible practices in the PIP IHI and a rise in the number of outcome payments made.

Table 23 below contains data on practice participation in the PIP.

Table 22: Practice Incentives Program payments

After hours	Incentive payments to practices encourage general practitioners (GPs) to provide their patients with access to after-hours care.
Aged care access	Service Incentive Payments (SIPs) to GPs encourage increased and continuing services in Australian Government funded residential aged care facilities.
Asthma	Sign-on payments to practices encourage GPs to better manage the clinical care of people with moderate to severe asthma. SIPs are available to GPs for each asthma cycle of care completed for a patient with moderate to severe asthma.
Cervical screening[a]	Sign-on and outcomes payments to practices encourage GPs to screen women aged between 24 years and nine months and 74 years inclusive who have not had a cervical smear in the past four years, increasing overall screening rates.
Diabetes	Sign-on and outcomes payments to practices encourage GPs to provide earlier diagnosis and effective management of people with established diabetes mellitus. SIPs are available to GPs for completing an annual diabetes cycle of care.
eHealth	Incentive payments encourage practices to adopt new digital health technology as it becomes available to improve administration processes and the quality of care provided to patients.
Indigenous health	Payments to practices encourage GPs to provide better health care for Aboriginal and Torres Strait Islander patients, including best practice management of chronic disease.
Procedural GP payment	Incentive payments to practices encourage rural GPs to provide procedural services.
Quality prescribing	Payments to practices encourage GPs to keep up to date with information on the quality use of medicines by taking part in activities recognised or provided by the National Prescribing Service.
Rural loading	A rural loading is applied to PIP payments to practices where the main location is outside a major metropolitan area.
Teaching	Incentive payments to practices encourage GPs to provide teaching sessions to undergraduate medical students to ensure that the practitioners of tomorrow are trained and have actual experience of general practice.

(a) On 1 December 2017 the age cohort was amended from 20 to 69 years to 24 years and nine months to 74 years.

Table 23: Practice participation in the Practice Incentives Program

	2015–16	2016–17	2017–18
Total number of practices participating	5 550	5 811	5 985
Practices registered per incentive[a]			
After hours	4 787	5 169	5 389
Asthma	3 799	4 134	4 363
Cervical screening	3 851	4 175	4 394
Diabetes	3 846	4 177	4.398
eHealth	5 037	4 557	4.922
Indigenous health	4 351	4 743	5 000
Practices receiving outcomes payments[b]			
Cervical screening[c] [d]	467	473	131
Diabetes[c]	1 168	1 219	1 272
Procedural GP[e]	367	349	316
Indigenous health[f]	6 186	6 958	7 830
Other			
Indigenous health incentive patient registration payments	76 360	87 053	98 717
Teaching session payments	223 894	220 125	219 409
SIP[g] (asthma, cervical, diabetes, aged care access incentive)	69 705	70 570	71 551
Total amount paid at 30 June	**$340.1 million**	**$341.7 million**	**$342.9 million**

(a) Practices are automatically registered for the teaching, rural loading and quality prescribing incentives when they are approved for the program.

(b) Outcome payments are made to practices that have reached the target level required to receive the incentive under the program. This relates to the number of practices that received an outcome payment in the May quarter for the cervical screening and diabetes incentives.

(c) Cervical screening practices must screen at least 70 per cent of their eligible patients in a 30-month reference period. For diabetes, the outcome payment is made to the practice when at least 2 per cent of practice patients are diagnosed with diabetes, and GPs have completed a diabetes cycle of care for at least 50 per cent of these patients.

(d) On 1 December 2017 cervical screening underwent a number of changes, including to MBS items and age eligibility, which impacted on the PIP cervical screening.

(e) The number of practices that received a Procedural GP payment.

(f) This relates to the number of outcome payments made to practices. This includes both Tier 1 and Tier 2 payments. Tier 1 is paid to practices for each registered Indigenous patient when the practice provides a target level of care in a calendar year. Tier 2 is paid to the practice for providing the majority of care for registered Indigenous patients in a calendar year.

(g) The total service incentive payments made for the asthma incentive, cervical screening incentive, diabetes incentive and GP aged care access incentive.

PRACTICE NURSE INCENTIVE PROGRAM

The Practice Nurse Incentive Program makes incentive payments to practices to support an expanded and enhanced role for nurses working in general practice.

General practices across Australia, including those in urban areas as well as Aboriginal Medical Services and Aboriginal Community Controlled Health Services, may be eligible for an incentive to help with the costs of employing a practice nurse. To be eligible the practice must be accredited under the Royal Australian College of General Practitioners Standards for general practices.

In 2017–18 the number of practices participating in the program increased by 5.21 per cent, continuing the trend seen in previous years.

Table 24: Practice Nurse Incentive Program

	2015–16	2016–17	2017–18
Number of practices participating	4 594	4 910	5 166
Amount paid to practices	$335.7 million	$347.0 million	$364.3 million

HEALTH CARE HOMES

The stage one trial of Health Care Homes began on 1 October 2017. This program is designed to improve health care for patients with chronic and complex conditions by providing them with a 'home base' for the ongoing coordination, management and support of their treatment.

Health Care Homes medical practices receive a monthly bundled payment. There are three tiers of payments, which are linked to the level of patient complexity and need. The monthly payment is based on the tier levels of each of the practice's registered patients. Payments are retrospective, allowing for regular patient review and, if necessary, adjustment of the patient's Health Care Homes tier level.

Health registers

NATIONAL BOWEL CANCER SCREENING REGISTER

The National Bowel Cancer Screening Program aims to reduce the rate of bowel cancer and death from bowel cancer in Australia.

The department administers the National Bowel Cancer Screening Register. This is a free screening initiative under the Department of Health's National Bowel Cancer Screening Program. The department:

- identifies and invites eligible people to participate in the program
- makes payments to medical professionals for providing information on the register about consultations and medical procedures for people who have received positive test results
- operates the information phone line for the general public and health professionals.

Since the phased introduction of biennial screening in 2015 (that is, screening every two years instead of every five years), there have been incremental increases in participation.

In 2017–18 the department continued to encourage people to undertake screening for bowel cancer. The department invited eligible people who turned 50, 54, 55, 58, 60, 62, 64, 65, 66, 68, 70, 72 and 74 years in 2018 to undertake screening.

Table 25: National Bowel Cancer Screening Program

	2015–16	2016–17	2017–18
Invitations distributed	1 585 211	2 082 916	2 700 703
Information line calls received	183 209	171 640	262 582[a]

(a) Increase has occurred due to a national awareness-raising campaign through various media outlets.

AUSTRALIAN IMMUNISATION REGISTER

The AIR is a whole-of-life national register that records all National Immunisation Program (NIP) vaccines. In addition to vaccinations given as part of the NIP, the AIR can record most privately purchased vaccines given by recognised vaccination providers and community clinics and vaccines given overseas. The department administers the AIR on behalf of the Department of Health.

The AIR has over 26 million registrations. It has increased functionality and enhanced reporting for state and territory health authorities and vaccination providers.

Immunisation records, including Immunisation History Statements, can be accessed through the AIR by recognised vaccination providers, individuals aged 14 years or over, and parents or guardians of younger children. Individuals can easily download their own Immunisation History Statement through Medicare Online accounts in myGov or the Express Plus Medicare mobile app.

Immunisation records are used as proof of immunisation for enrolment in school or child care, and they help with determining eligibility for various family assistance payments (under the No Jab No Pay policy, to be eligible for certain family assistance payments, individuals aged zero to under 20 must have received their childhood immunisations). People who work with vulnerable people (for example, in aged, health and child care) may also be required to produce these records for employment purposes.

In 2017–18, the department continued to promote the AIR and encourage vaccination providers to record vaccines given to people of all ages.

Table 26: Australian Immunisation Register

	2015–16	2016–17	2017–18
Valid immunisation episodes[a]	4.1 million	10.2 million[b]	14.8 million[b]
Total amount paid to immunisation providers[c]	$9.7 million	$10 million	$9.9 million

(a) The AIR reports on the number of vaccination episodes. A single episode can include one or more vaccination antigens. For example, the measles, mumps and rubella vaccination given at 18 months under the NIP schedule is only one injection, but it includes three vaccination antigens—measles, mumps and rubella. This would be recorded as a single episode on the AIR.

(b) There was a significant increase between 2015–16 and 2016–17 because, until 30 September 2016, the AIR was the Australian Childhood Immunisation Register and only included immunisation episodes for children aged zero to seven years. The 2016–17 and 2017–18 figures reflect the whole-of-life nature of the AIR from 30 September 2016.

(c) Payments are made on completion of the early childhood (aged less than seven years) NIP schedule. Medical practitioners and other recognised vaccination providers are paid based on a completed schedule which may require more than one injection.

AUSTRALIAN ORGAN DONOR REGISTER

The Australian Organ Donor Register is a national register that records people's decisions about becoming organ and/or tissue donors for transplantation after death.

The register enables authorised medical personnel to verify a person's decision about donating their organs and/or tissue for transplantation. People can register their donation decision online using Medicare Online accounts in myGov or the Express Plus Medicare mobile app on the department's website. The website also has general information about organ and tissue donation for transplantation.

There are two types of registration for organ donation:

• consent registration

• intent registration.

A legally valid consent registration occurs when a person aged 18 years or older provides a signed registration form or submits their registration using Medicare Online accounts in myGov or the Express Plus Medicare mobile app.

Intent registration occurs when a person registers their decision to donate through a channel that does not require a signature or electronic authentication—for example, by phone or email. Whether registration is by consent or intent, approval will always be sought from the person's family before proceeding with the donation process.

The department promotes and raises national awareness of the Australian Organ Donor Register by supporting DonateLife week and the annual Gift of Life Walk.

The Australian Organ Donor Register has seen steady annual growth. Table 27 shows the cumulative total of the numbers of consent and intent registrations since the inception of the register.

Table 27: Australian Organ Donor Register

	2015–16	2016–17	2017–18
Consent registrations	1 958 925	2 150 789	2 300 828
Intent registrations at 30 June	4 275 431	4 245 259	4 264 541
Total registrations	6 234 356	6 396 048	6 565 369
Enquiry line calls received	19 301	13 495	13 788

HEALTH AND AGED CARE

Aged Care Program

The department delivers subsidies and supplements to approved aged care providers to help them deliver cost-effective, quality care for older Australians.

The department's role is to provide timely and accurate payments efficiently and effectively on behalf of the Department of Health and DVA.

The department is responsible for paying subsidies and supplements to aged care providers for:

- Home Care, which provides older people who want to stay in their home with access to a range of ongoing personal services, support services and clinical care to help them with their day-to-day activities
- Residential Care, which provides a range of accommodation and care options for older people who are unable to continue to live independently in their own homes. The payment can be offered on both a respite and a permanent basis
- Transition Care, which provides time-limited, goal-oriented and therapy-focused packages of services to older people after a hospital stay
- Short Term Restorative Care (STRC), which provides older Australians with a program of care that allows them to be supported to stay in their own home, living independently. It can also support people to be independent again after a setback, like an illness or a fall.

SUPPORTING AGED CARE IN 2017–18

The Residential Care, Transition Care and STRC were implemented on 27 February 2017. This increases the flexible care options available to older Australians. STRC services aim to reverse or slow functional decline in older Australians, thereby improving their capacity to stay independent and live in their homes longer.

STRC services are time limited (up to eight weeks) and can be accessed where a customer has experienced functional decline. They are provided in either a home or a residential setting, or a combination of both, depending on the needs of the client.

The department also supported the Department of Health in implementing the first stage of Increasing Choice in Home Care, which gives eligible people the ability to choose from any approved service provider (rather than allocating a specific number of Home Care Packages to individual providers) and changes payment arrangements so that funding is paid to the provider that the care recipient chooses.

Table 28: Aged care overview

	2015–16	2016–17	2017–18
Residential Care claims processed	32 128	32 227	32 526
Home Care Package claims processed	21 875	27 488	28 746
Transition Care claims processed	941	997	982
Short Term Restorative Care claims processed	n/a	53	713
Total claims processed	54 944	60 765	62 967
Total amount paid[a]	$13.2 billion	$13.7 billion	$14.5 billion
Residential care services	2 672	2 703	2 719
Home Care Package services	2 107	2 202	2 466
Transition Care services	83	83	84
Short Term Restorative Care services	n/a[b]	17	53
Active services transmitting (online claiming)			5 042

(a) Includes $1.2 billion in 2015–16, $1.1 billion in 2016–17 and $1.0 billion in 2017–18 paid on behalf of DVA.

(b) Historical data unavailable.

In early 2017 a large number of Home Care providers were still lodging paper claims and in some cases they were several months behind in their claims. In an effort to improve online self service usage, the Aged Care Programmes Branch improved the design of this process and increased direct support to service providers.

This resulted in an increase in online claim lodgement: online usage grew from 68 per cent in March 2017 to over 91 per cent by September 2017. Online usage was maintained over the last nine months of 2017–18 at over 90 per cent— something that has not been achieved in any other month since the system was introduced.

In addition to increased online activity, a secondary outcome was also achieved: an increase in the number of services up to date with their claiming. In mid-February 2017, 71.3 per cent of services were fully up to date with their claims. In February 2018 this number had grown to 88.6 per cent of services fully up to date with their claims.

Aged care worker education and training

The Aged Care Education and Training Incentive Program provides incentive payments to eligible aged care workers who undertake specified education and training programs. Aged care workers must be employed by approved facilities. The program helps aged care workers to improve their qualifications as a personal care worker, enrolled nurse or registered nurse within the aged care sector.

Eligible aged care workers can apply for two incentive payments—one at the start of their course and the other on completion of their study. Incentive payment amounts depend on the level of study.

The program closed to new applicants on 31 March 2016 and ends on 30 June 2020.

Table 29: Aged Care Education and Training Incentive Program

	2015–16	2016–17	2017–18
Participants in vocational education and training	5 857	1 810	88
Participants in enrolled nurse training	1 267	592	381
Participants in registered nurse training	905	911	219
Amount paid	$6.5 million	$3.1 million	$1.6 million

RURAL HEALTH PROGRAMS

The department administers two rural health programs that offer incentives and support for medical practitioners providing services in rural areas:

- the General Practice Rural Incentives Program (GPRIP)
- the Rural Procedural Grants Program (RPGP).

The GPRIP aims to encourage medical practitioners to practise in rural and remote communities and to promote careers in rural medicine.

Table 30: General Practice Rural Incentives Program

	2015–16	2016–17	2017–18
Medical practitioners paid (GPs and specialists)	17 243[a]	7 589	8 229
Payments made	21 051	7 589	8 273
Amount paid	$110.8 million	$111.9 million	$117.3 million

(a) The large volume of GPRIP participants paid in 2015–16 was a result of the one-off pro-rata payments made in December 2015. This finalised all outstanding payments under the old GPRIP program rules up to 30 June 2015.

The RPGP assists GPs who deliver procedural or emergency medicine services in rural and remote areas to attend training courses to maintain and improve their skills. Under the program, up to $20 000 is paid per GP per year.

The RPGP works closely with the Australian College of Rural and Remote Medicine and the Royal Australian College of General Practitioners to streamline the payment process for eligible providers.

Table 31: Rural Procedural Grants Program

	2015–16	2016–17	2017–18
GPs paid	2 054	1 728	1 737
Amount paid	$19.3 million	$16.4 million	$17.2 million

MEDICAL INDEMNITY

The government's medical indemnity framework consists of a number of schemes to strengthen the longer-term viability and success of the medical insurance industry. These include:

- the Exceptional Claims Indemnity Scheme
- the High Cost Claims Indemnity Scheme
- the Premium Support Scheme
- the Run-off Cover Indemnity Scheme for doctors
- the Incurred But Not Reported (IBNR) Indemnity Scheme
- the Midwife Professional Indemnity Scheme.

Under these schemes the government provides financial support to reduce the effect of large claims and makes medical indemnity insurance more affordable for medical practitioners. The department administers the schemes under the *Medical Indemnity Act 2002*, the *Midwife Professional Indemnity (Commonwealth Contribution) Scheme Act 2010* and associated legislation.

Exceptional Claims Indemnity Scheme

Under the Exceptional Claims Indemnity Scheme, medical practitioners are protected against personal liability for eligible claims that exceed the level of their insurance cover.

In 2017–18 no claims were submitted against this scheme.

High Cost Claims Indemnity Scheme

Under the High Cost Claims Indemnity Scheme, the government funds 50 per cent of the cost of medical indemnity insurance payouts that are greater than the threshold amount up to the limit of a medical practitioner's insurance cover.

In 2017–18, the number of claims paid increased by 14.6 per cent compared with the previous year.

Table 32: High Cost Claims Indemnity Scheme

	2015–16	2016–17	2017–18
Claims received	310	378	433
Benefits paid	$49.9 million	$47.7 million	$58.6 million

Premium Support Scheme

Under the Premium Support Scheme, eligible medical practitioners receive a subsidised reduction in their insurance premiums. Insurers are then reimbursed the subsidised amount.

- For premium periods starting before 1 July 2012, the scheme subsidises 80 per cent of the cost of the premium beyond the 7.5 per cent threshold.

- For premium periods starting on or after 1 July 2012 and before 1 July 2013, the scheme subsidises 70 per cent of the cost of the premium beyond the 7.5 per cent threshold.

- For premium periods starting on or after 1 July 2013, the scheme subsidises 60 per cent of the cost of the premium beyond the 7.5 per cent threshold.

Table 33: Premium Support Scheme

	2015–16	**2016–17**	**2017–18**
Eligible practitioners	1 237	1 268	985
Amount paid	$8.0 million	$7.6 million[a]	$8.2 million
Administration fees	$1.4 million	$1.4 million	$1.4 million

(a) Figure reflects recovery undertaken for a previous financial year ($120,000).

Run-off Cover Indemnity Scheme for doctors

Under the Run-off Cover Indemnity Scheme, the government covers the cost of claims for eligible medical practitioners who have left the private medical workforce. The government uses funds paid into the scheme by medical indemnity insurers to cover incidents that occur in connection with a medical practitioner's practice. Indemnity cover for eligible medical practitioners reflects the last claims arrangement they had with their insurer.

In 2017–18, the number of claims paid increased by 68.1 per cent compared with the previous year.

Table 34: Run-off Cover Indemnity Scheme for doctors

	2015–16	**2016–17**	**2017–18**
Claims received	56	47	79
Benefits paid	$2.6 million	$2.9 million	$4.9 million

Run-off Cover Support Payment

The Run-off Cover Support Payment is imposed as a tax on each medical indemnity insurer for each contribution year. This is used to fund eligible claims made under the scheme. Medical indemnity insurers are reimbursed for compliance costs.

In 2017–18, $2.1 million was paid in administration fees. This figure includes $289 000 paid to an insurer for the 2015–16 year.

Incurred But Not Reported Indemnity Scheme

Under the Incurred But Not Reported Indemnity Scheme (IBNR), the government covers the costs of claims from medical defence organisations that do not have adequate reserves to cover their liabilities. United Medical Protection—now known as Avant Insurance Limited—is the only medical defence organisation actively participating in the scheme.

The department determines claims lodged under the scheme on their merits, and claims can often take a number of years to finalise. Therefore, the amount paid under the IBNR can vary each year. The number of claims submitted for the IBNR over time will decrease because the eligibility criteria under the *Medical Indemnity Act 2002* require that the incident must have occurred on or before 30 June 2002.

In 2017–18, the number of claims paid decreased by 34.8 per cent compared with the previous year.

Table 35: Incurred But Not Reported Indemnity Scheme

	2015–16	2016–17	2017–18
Claims received	54	23	15
Benefits paid	$5.9 million	$1.1 million	$0.7 million

Midwife Professional Indemnity Scheme

The Midwife Professional Indemnity Scheme gives financial help to eligible insurers who provide indemnity to eligible midwives. The scheme includes a government contribution to help with claims made against midwives. It benefits private independent midwives by providing indemnity insurance policies.

In 2017–18, no claims were made under this scheme (to June 2018).

Administration fees are paid to midwife professional indemnity insurers to compensate for the work they undertake to administer the scheme.

In 2017–18, $142 000 in administration fees was paid (to June 2018).

Visiting medical practitioners

The department administers a payment and information system for hospital staff on behalf of the Western Australian Government. The payment is for claims processing from visiting health professionals who treat public hospital patients under individual contracts with participating public hospitals in Western Australia.

Table 36: Visiting medical practitioners

	2015–16	2016–17	2017–18
Number of services	257 136	239 812	246 060
Total value	$77.9 million	$74.3 million	$77.4 million

National Health Funding Administrator Payments System

The National Health Funding Administrator Payments System facilitates payments from the Australian Government to states and territories for public hospital services through the National Health Funding Pool as required under the National Health Reform Agreement.

The department provides program, corporate and support services to the National Health Funding Body and the Administrator of the National Health Funding Pool to carry out their functions. All eight jurisdictions are successfully using the payments system.

In 2017–18 payments of $42.2 billion were made compared with $41.4 billion in 2016–17.

Health professional support and education services

The department provides high-quality, accessible information through education resources and services to help health professionals to access programs. In 2017–18 the department regularly promoted current and new education resources to health professionals and their peak bodies, and products were enhanced to meet accessibility guidelines and to include infographics, simulations and demonstration models.

The department also developed targeted resources to help health professionals in understanding Medicare and other health-related programs. These new resources include the:

- redesign of the MBS and PBS suite of eLearning programs
- DVA eLearning program
- HPOS eLearning program
- Incentives eLearning program
- PRODA eLearning program
- Form Upload Service eLearning module
- Online PBS Authorities system module
- Closing the Gap PBS Co-Payment Measure module
- Your Guide to Medicare for Indigenous Health Services
- Expansion of the AIR eLearning program.

In 2017–18 there were 230 706 page views of the department's education guides and over 163 514 views of the eLearning resources.

PHARMACEUTICAL BENEFITS SCHEME

The department administers two schemes that provide subsidised access to medicines:

• the Pharmaceutical Benefits Scheme (PBS)

• the Repatriation Pharmaceutical Benefits Scheme (RPBS).

The PBS provides subsidised access to a wide range of medicines for Australian residents and eligible overseas visitors.

The RPBS gives eligible veterans, war widows, widowers and eligible dependants subsidised access to some additional medicines and dressings at concession rates. If it is clinically justified, the RPBS also subsidises items that are not listed on either the PBS or RPBS schedules.

In administering these schemes the department processes requests for approval from prescribers for medicines that require prior authority to access the PBS subsidy. The department also processes approved supplier claims for the supply of PBS and RPBS medicines to eligible customers.

Table 37: Pharmaceutical Benefits Scheme and Repatriation Pharmaceutical Benefits Scheme expenditure

	2015–16	2016–17	2017–18
PBS benefits paid[a]	$10.9 billion	$12.1 billion	$11.8 billion
RPBS benefits paid[a] [b]	$0.3 billion	$0.3 billion	$0.3 billion
Total benefits paid	**$11.2 billion**	**$12.4 billion**	**$12.1 billion**
PBS services processed[c]	210.1 million	198.5 million	198.6 million
RPBS services processed[b] [c]	10.5 million	9.4 million	8.8 million
Total services processed	**220.6 million**	**207.9 million**	**207.4 million**

(a) Payments/services processed on behalf of DVA.

(b) Excludes payments for under co-payment prescriptions; Patient Refund claims; and Aboriginal Health Service claims.

(c) Excludes services for under co-payment prescriptions; Patient Refund claims; Aboriginal Health Service claims; and claims that are yet to be closed by approved suppliers.

PBS eligibility

The price paid for PBS medicines depends on a person's level of eligibility and whether the approved supplier provides up to the optional maximum $1 co-payment discount. The two levels of eligibility are the general rate and the concession rate. See also 'PBS Safety Net' below.

The patient contribution at the general rate from 1 January 2018 is $39.50. All Australian residents and eligible overseas visitors can access PBS medicines at the general rate.

Patients and their families with a valid concession card from either the department or DVA are eligible for the concession rate of $6.40.

These amounts change on 1 January each year in line with the consumer price index. Patients may pay extra for more expensive brands of medicines.

PBS Safety Net

The PBS Safety Net helps patients with the cost of their medicines when they or their families require a high number of prescription medicines in a calendar year.

The PBS Safety Net thresholds are updated each year on 1 January in line with the consumer price index. The 2018 general threshold is $1521.80. For concession cardholders the 2018 threshold is $384.00.

After patients reach the relevant threshold, a pharmacist can give the consumer (and their family members covered by the scheme) a PBS Safety Net card. Their contribution for PBS medicines for the rest of the calendar year will then be:

- $6.40 for general patients
- nil for concession cardholders.

Patients may pay extra for more expensive brands of medicines or if prescription repeats are filled too close together.

Indigenous people's access to the PBS

The department administers special PBS arrangements in remote Indigenous communities through Aboriginal Health Services and some state and territory funded health services. Patients of approved remote area Aboriginal Health Services can access PBS medicines directly from the health services at no cost. A medical practitioner or an Aboriginal Health Worker or nurse working under the supervision of a medical practitioner can supply these medicines to patients.

At 30 June 2018 there were 166 approved Aboriginal Health Services around the country.

Aboriginal and Torres Strait Islander people living with chronic disease, or at risk of it, can get help with the cost of PBS medicines through the Closing the Gap PBS Co-Payment. This co-payment enables eligible patients to receive free PBS medicines or medicines at the concession patient contribution rate.

Travelling with PBS medicines

Under the *National Health Act 1953* it is illegal to take or send PBS subsidised medicines out of Australia unless they are for the personal use of the person to whom the medicine was prescribed.

The Pharmaceutical Benefits Scheme—Taking or Sending Medicine Overseas enquiry line and the Travelling Overseas with PBS Medicine page on the department's website provide information and advice to people about their responsibilities when travelling overseas with PBS medicines.

In 2017–18 the enquiry line received almost 1800 calls and the Travelling Overseas with PBS Medicine web page received 33 378 visits.

Online claiming for PBS

Online claiming for PBS allows approved suppliers to lodge prescription claims with the department each time a PBS or RPBS medicine is dispensed.

At 30 June 2018, 99.9 per cent of approved suppliers of PBS or RPBS medicines used online claiming.

Authority-required prescriptions

The Schedule of Pharmaceutical Benefits lists authority-required PBS medicines. Some of these medicines need prior approval from the department before they can be prescribed to patients. These medicines are for the treatment of specific conditions.

In 2017–18 6.2 million authority approval requests were received. (Note: Figures include RPBS authority approval requests administered by DVA of 0.3 million.)

From 1 July 2016 the department expanded the online capability to enable approved prescribers to get a PBS authority approval online. This removes the need for prescribers to phone the department for most authority approvals.

Approving suppliers of PBS medicines

Under the *National Health Act 1953* the department approves community pharmacies, private hospitals, public hospitals and medical practitioners to supply PBS medicines.

Table 38: Approved Pharmaceutical Benefits Scheme suppliers

	2015–16	2016–17	2017–18
Approved pharmacies	5 588	5 665	5 723
Approved medical practitioners	19	13	11
Approved hospital authorities—private hospitals	122	129	141
Approved hospital authorities—public hospitals participating in pharmaceutical reforms	161	164	164
Approved hospital authorities—highly specialised drugs only	79	79	84

Prescription Shopping Program

The Prescription Shopping Program helps prescribers to identify patients who get more PBS subsidised medicines than they medically need. It also provides information to help prescribers to make informed prescribing decisions and better manage the health outcomes of their patients.

The department administers the program on behalf of the Department of Health in accordance with the *Human Services (Medicare) Regulations 2017*.

The program has two components:

- the Prescription Shopping Information Service
- the Prescription Shopping Alert Service.

The Prescription Shopping Information Service is a 24-hour phone line available to prescribers and approved suppliers. Each month the Prescription Shopping Alert Service assesses patients who meet the program's criteria and contacts prescribers whose patients may be obtaining more medicines than they medically need.

DIGITAL HEALTH

During the year, the department worked closely with the Australian Digital Health Agency (ADHA) and the Digital Transformation Agency (DTA) to progress the national digital health agenda. This has included delivering some parts of the government's 2017–18 Budget measure My Health Record—Continuation and Expansion. The measure supports the continued and improved operation of the My Health Record system.

The department also updated the Healthcare Identifiers Service (HI Service) and National Authentication Service for Health Public Key Infrastructure (NASH PKI) policies to align with the DTA's Gatekeeper PKI Framework 3.1—a set of policies, standards and procedures that govern the use of digital certificates in government for the authentication of agencies and their customers.

The department delivers digital health services on behalf of the ADHA. The digital health services are:

- the HI Service
- components of the My Health Record system
- the NASH.

Healthcare Identifiers Service

The HI Service is a national system for uniquely identifying individuals and health care providers and organisations. Healthcare identifiers help to ensure that health care providers and their patients can have confidence that the right information is assigned to the right patient at the point of care.

The department is the HI Service Operator, as defined in the *Healthcare Identifiers Act 2010*. The HI Service Operator assigns, collects, stores and maintains healthcare identifiers.

In 2017–18 there was a continued pattern of growth: the daily average number of transactions delivered by the HI Service exceeded 605 000, compared with 474 000 in 2016–17.

Table 39: Healthcare identifiers

	2015–16	2016–17	2017–18
Assigned to individuals	591 597	597 008	545 416
Collected or assigned to health care providers	35 806	37 527	37 723
Assigned to health care organisations	796	943	2 500

The HI Service annual report, which is tabled in parliament each year, contains full details of HI Service operations.

My Health Record

My Health Record is a secure online summary of an individual's health information. It allows the individual to access and control their own medical history and treatments, such as vaccinations.

The department supports the My Health Record system by delivering registration and enquiry services and some technical services.

In line with the My Health Record—Continuation and Expansion Budget measure, consumer support services were transferred to the ADHA in 2017–18.

Table 40: My Health Record registrations processed

	2015–16	2016–17	2017–18
Consumers	337 318	278 573	243 078
Provider organisations	839	1 114	2 718

National Authentication Service for Health

NASH delivers authentication services to health care providers and supporting organisations by providing PKI certificates and associated services.

Health care providers and supporting organisations can use NASH PKI certificates to access the My Health Record system and send messages securely to other health care provider organisations.

The department issues the NASH PKI certificates to eligible health care providers and supporting organisations.

In 2017–18 the department and ADHA worked together to streamline access to the National Provider Portal for My Health Record by using the PRODA model.

REPORTING UNDER THE *HUMAN SERVICES (MEDICARE) ACT 1973*

The Minister for Human Services is responsible for administering the *Human Services (Medicare) Act 1973*, except to the extent that it is administered by the Minister for Health.

Part IID of that Act gives the Chief Executive Medicare certain powers to investigate whether civil or criminal offences have been committed in relation to health programs that the department delivers. Section 42 of the Act requires the department to report on the use of particular investigative powers. During the year the department did not exercise powers under Part IID.

2.5 CHILD SUPPORT (PROGRAM 1.3)

The Child Support Scheme aims to ensure that children receive an appropriate level of financial support from parents who are separating or separated. The department delivers the scheme. The department provides child support assessment, registration, collection and disbursement services to parents and non-parent carers such as grandparents, legal guardians or other family members. A range of referral services and products is also provided to separated parents and non-parent carers to help them with their child support needs.

The person entitled to receive the child support payments can elect to transfer child support privately (Private Collect) or ask the department to collect on their behalf (Child Support Collect).

The department has compliance and enforcement programs to ensure that payments are made.

The department also assesses parents' applications to have their child support payments reviewed based on changes of circumstances.

Child support transfers

In 2017–18 the department worked with separated parents to facilitate the transfer of $3.6 billion to support approximately 1.2 million children.

Table 41: Child support transferred between parents

	2015–16	2016–17	2017–18
Child Support Collect	$1.5 billion	$1.5 billion	$1.6 billion
Private Collect[a]	$2.0 billion	$2.0 billion	$2.0 billion
Total	**$3.5 billion**	**$3.5 billion**	**$3.6 billion**

(a) The amount of Private Collect transferred assumes 100 per cent of Private Collect is collected.

PRIVATE COLLECT

Private Collect is used by parents who can make and receive payments directly between themselves.

The department encourages separated parents to manage their child support responsibilities independently through Private Collect.

In 2017–18, 52 per cent of cases used Private Collect.

$3.6+ BILLION
Transfers facilitated between separated parents

+

APPROX.
1.2 MILLION
Children supported

CHILD SUPPORT COLLECT

If parents cannot transfer their payments directly, the department can collect and transfer their child support payments for them through Child Support Collect.

In 2017–18, $1.6 billion in child support payments was collected and transferred.

Active paying parents without debt and with debt under a payment arrangement

The department focuses on reducing child support debt through its compliance and enforcement programs. Table 42 below shows the percentage of active paying parents who do not have a child support debt as a proportion of all active paying parents. The table also shows the percentage of active paying parents with a child support debt and a payment arrangement in place, as a proportion of all active paying parents with a child support debt.

Active paying parents are responsible for paying child support in at least one active child support case when there is a current or future liability. The data below does not include parents whose cases have ended but who still owe child support.

Table 42: Active paying parents without debt and with debt under a payment arrangement

	2015–16 %	2016–17 %	2017–18 %
Active paying parents without debt	76.3	76.3	75.1
Active paying parents with a child support debt which is under a payment arrangement	51.8	50.6	48.6

Change of assessment and objections

A parent can apply to have their child support assessment reviewed where certain special circumstances have not been taken into account and they significantly affect either parent's capacity to provide financial support for the child or maintain themselves or a dependant. Special circumstances applications must be based on one or more of ten reasons, which cover:

- high costs of spending time with or communicating with a child
- high costs of a child's special needs
- high costs of education expected by the parents
- high child care costs
- income, property or financial resources of either a parent or a child
- costs of supporting another person or child.

In 2017–18 the department received 18 077 change of assessment in special circumstances applications. Of these applications, 49.65 per cent resulted in a change to the rate of child support so that it better reflected the special circumstances of parents and their children, and 66.79 per cent of applications were about a parent's income, property, financial resources or earning capacity.

Child Support System Redesign Project

The Child Support Systems Redesign Project delivered a new child support staff user interface in June 2017. This has been an important first step in modernising the systems that the department uses to deliver Child Support services.

In October 2017 the department commenced a staged release of new online services. The new online services make it easier for customers to find information, update details and let the department know when their circumstances change.

These steps form part of the department's focus on transforming services to customers and modernising the systems used by staff to deliver child support services.

2.6 SERVICES FOR PEOPLE NEEDING OTHER SUPPORT

The department has a role in providing specialist services for people with greater or special support needs and for vulnerable customers.

In 2017–18 the department established a National Redress Information Line that provided information about the proposed National Redress Scheme (see below). In addition, the service delivery processes and the ICT systems needed to deliver the National Redress Scheme from 1 July 2018 were developed. The department also offers services to individuals affected by domestic violence; people with complex circumstances who cannot access the department's services without assistance; children and young people who are at risk of homelessness; and prisoners.

The department manages other support services for vulnerable customers and those in emergency situations, including:

- two superannuation programs to assist small business and those who are experiencing financial difficulty and wish to draw on their superannuation before retirement age
- social work services for those with complex needs, working within specific priority areas. The department also provides specialist social work services for a range of customer groups, including carers, vulnerable job seekers and those involved in emergencies
- the Farm Household Allowance to rural farming families who are in financial hardship
- special programs and service specialists for Indigenous people who face particular challenges because their communities are in remote areas
- services to help customers to manage their money, such as financial information services, bill-paying services, rent payment services, tax payment services and Income Management
- two Tasmanian transport equalisation schemes: the Tasmanian Freight Equalisation Scheme and the Bass Strait Passenger Vehicle Equalisation Scheme
- various concession cards for customers
- applications for advance payments, urgent payments and bereavement payments

- programs to ensure that the department's services are suitable for people from culturally and linguistically diverse backgrounds. This includes translation and interpreter services, services in languages other than English, Multicultural Service Officer (MSO) assistance, and support for refugees and humanitarian entrants
- several disaster recovery payments: the Australian Government Disaster Recovery Payment (AGDRP) and Disaster Recovery Allowance (DRA), and ex-gratia payments to New Zealand residents (in 2017–18, these payments were made to victims of Tropical Cyclone Debbie)
- the Australian Victim of Terrorism Overseas Payment (AVTOP).

SUPERANNUATION PROGRAMS

The department manages two superannuation programs:

- the Small Business Superannuation Clearing House
- the Early Release of Superannuation Benefits program.

Small Business Superannuation Clearing House

The ATO Small Business Superannuation Clearing House is a free government service to help small businesses with 19 or fewer employees or an annual aggregated turnover of below $10 million to meet their superannuation guarantee obligations and reduce red tape. Under the superannuation guarantee requirements, small businesses must make superannuation payments at least four times a year.

The department managed the clearing house on behalf of the ATO until December 2016, when service delivery for the clearing house was transferred to the ATO following a machinery of government change. On 26 February 2018 the system functionality was transitioned to the ATO. The department's system was decommissioned in June 2018.

Early Release of Superannuation Benefits

The Early Release of Superannuation Benefits program allows eligible people to draw on their superannuation benefits on compassionate grounds in times of need. Applicants can be granted early release of superannuation only for help in meeting costs for:

- medical expenses for an applicant or their dependant
- home and vehicle modifications to accommodate a severe disability for an applicant or their dependant
- funeral expenses for a dependant
- palliative care for an applicant or their dependant
- mortgage arrears for an applicant.

Superannuation funds can also approve early release on severe financial hardship grounds.

The department's role is to assess applications for early release on compassionate grounds and provide an approval letter if the person is eligible. The role for severe financial hardship is to confirm that a person has received a qualifying income support payment for the required period either via a letter or through the Centrelink Confirmation eService.

In February 2018 the government announced that responsibility for the Early Release of Superannuation Benefits program would be transferred from the department to the ATO. Legislation to facilitate this transfer was passed by the parliament on 29 March 2018, and from 1 July 2018 responsibility sits with the ATO.

In 2017–18 the department received 39 662 applications for early release of superannuation on compassionate grounds, and 24 073 applications were approved either in full or in part. The total amount approved for the release in 2017–18 was $343.9 million.

VULNERABLE PEOPLE

The department has a role in helping people in challenging or special circumstances, including:

- people who have experienced complex trauma, including institutional child sexual abuse
- people affected by family and domestic violence
- people with complex circumstances who find it difficult to access the department's mainstream services
- young people who are at risk
- people in prison or recently released from prison.

National Redress Scheme for survivors of institutional child sexual abuse

The National Redress Scheme is in response to the Royal Commission into Institutional Responses to Child Sexual Abuse. The scheme acknowledges people who experienced institutional child sexual abuse in Australia and aims to help them to move forward with their lives in the way that is best for them.

The scheme will run for ten years to 30 June 2028.

The department is providing the service delivery processes and the ICT for the scheme in two stages:

- On 9 March 2018 a National Redress Information Line was established to provide information about the scheme and refer people to specialist community-based support services, including legal, financial and other social supports as required. As at 30 June 2018 the National Redress Information Line has answered 1795 calls.
- From 1 July 2018 the department began accepting and processing applications from survivors of institutional child sexual abuse for which the Commonwealth and other participating governments and institutions are responsible. A specific standalone Redress ICT case management system was developed for processing applications and exchanging information with the responsible institutions.

The scheme provides three components of redress:

- access to counselling and psychological services
- a direct personal response (an apology) from the institution/s responsible for the abuse
- a redress payment.

Designing the service delivery response for the National Redress Scheme for people who have experienced institutional child sexual abuse

National Redress Scheme
For people who have experienced institutional child sexual abuse

In 2017–18 the department in partnership with the Department of Social Services designed the National Redress Scheme.

The scheme is based on the following principles, outlined in a recommendation of the Royal Commission:

a. Redress should be survivor focused.

b. There should be a 'no wrong door' approach for survivors in gaining access to redress.

c. All redress should be offered, assessed and provided with appropriate regard to what is known about the nature and impact of child sexual abuse— and institutional child sexual abuse in particular—and to the cultural needs of survivors.

d. All redress should be offered, assessed and provided with appropriate regard to the needs of particularly vulnerable survivors.

Over the last 18 months, the department's design hubs have hosted multiple user research sessions with survivors, support services, institutions, and Australian and state government agency staff.

The department has listened to people who have experienced institutional child sexual abuse and the people who care for them to understand their concerns and work out how its service should be delivered.

For example, in response to many survivors' perception that information is being withheld from them, the department has established a Redress Team to keep each applicant fully informed about the status of their application from the start to end of the process.

The department's iterative research and design process has enabled it to understand the survivor journey; shape and refine the service accordingly; and precisely calibrate the design, content and language of the digital and non-digital application materials.

All staff involved have received trauma-informed awareness training to ensure that they place survivors' needs at the heart of all aspects of the scheme. The department's policy, service delivery and ICT teams have developed a shared understanding of, and commitment to, the principles of survivor-centric design. More broadly, the department's multidisciplinary approach to this project has strengthened its culture and capacity for innovation.

The National Redress Scheme will accept applications from 1 July 2018 to 30 June 2027.

Help for individuals affected by family and domestic violence

The department supports staff and customers affected by family and domestic violence by providing information, referrals and support services.

For customers affected by family and domestic violence, the department uses a risk identification and referral model. The model ensures that the department takes a consistent approach to identifying and supporting customers based on their individual circumstances.

For staff affected by family and domestic violence, the department has a phone support service. The department also conducts training to raise awareness and help staff and managers to support affected colleagues.

In 2017–18 the department's dedicated Family and Domestic Violence web pages were viewed approximately 189 000 times.

In 2017–18 approximately 17 100 training sessions were completed by employees to help assist customers and/or departmental staff affected by family and domestic violence. These sessions were undertaken through a variety of methods, including self-paced and facilitated face-to-face training.

In 2017–18 the department granted 17 180 Crisis Payments to support customers affected by family and domestic violence.

Community Engagement Officers help to customers with complex circumstances

The Community Engagement Officer (CEO) program is responsible for delivering services to people with complex circumstances who find it difficult to access the department's mainstream services—for example, those experiencing a vulnerability (such as drug and/or alcohol abuse) that reduces their capability to navigate mainstream services in an effective and safe manner.

CEOs deliver services in locations such as mental health facilities, general crisis/support services, specialist accommodation services, youth services, drug and alcohol services, family and domestic violence services and organised meeting places.

CEOs are committed to assisting people with complex circumstances to increase their capacity for greater self-sufficiency. They also work with third-party organisations to support them in enabling and empowering these individuals to self-manage their departmental business and access mainstream payments and services.

In 2017–18, the department had over 90 CEOs, who had relationships with over 1700 third-party organisations and their customers.

Youth Protective Assessments for at-risk children and young people

The department makes referrals to the state and territory child welfare authorities for Youth Protective Assessments where there are concerns about the wellbeing of a child or young person. The aim of making the assessment is to protect young people from homelessness, abuse and violence. The assessments help the Australian Government and state and territory child welfare authorities to work together to support at-risk young people aged between 12 and 17 years who are seeking income support.

In 2017–18 the Commonwealth and state/territory Youth Protocol ceased. However, the principles of the protocol still apply and inform Youth Protective Assessment arrangements.

Services for prisoners

The department provides a range of services to prisons and youth justice centres to help reintegrate prisoners into the community, including service measures that:

- prevent social welfare payment debts
- ensure that child support assessments for adults in prison are accurate
- complete ESAts and JCAs
- provide Medicare services
- provide income support on release
- assist Indigenous people with study expenses.

The services are delivered under program protocol agreements with state and territory correctional authorities.

The department has a strong and cooperative relationship with state and territory corrective services. During the year, the department's Prison Liaison Officers participated in prison open days to provide information about payments and services to support reintegration.

SOCIAL WORK SERVICES

The department offers social work services through its service centres and smart centres for those who have highly complex needs and require more support.

Social workers provide a high-quality professional service. They can help people to navigate a life crisis and to stabilise and reconnect with the support they need. Social workers also work with staff and the community to support individuals and families with multiple and complex issues.

In 2017–18 the department focused attention on three priority areas:

- people at risk of suicide and self-harm
- young people without adequate support
- people affected by family and domestic violence.

At 30 June 2018 the department had 737 social workers located in service centres, smart centres, rural and remote servicing teams and compliance teams. Social workers responded to 249 738 referrals for support in 2017–18.

Priority areas

SUICIDE AND SELF-HARM

Social workers provide support and intervention to people at risk of suicide or self-harm. This includes ensuring that the person is safe, making referrals for further assistance, and supporting service officers engaging with people who are at risk. Social workers also provide training to other departmental staff to ensure they are supported to identify and refer people who are at risk of suicide or self-harm.

In 2017–18 social workers responded to 6750 referrals for people at risk of suicide.

YOUNG PEOPLE WITHOUT ADEQUATE SUPPORT

Social workers provide targeted intervention and support for vulnerable and unsupported young people aged under 25 years. Specifically, social workers help unsupported young people to obtain employment, re-engage in schooling or tertiary studies, rebuild family relationships and engage with community mental health supports and accommodation services. They also ensure that young people are connected with services in their community that will help them to meet their basic needs, such as accommodation.

In 2017–18 social workers worked with 3576 young people.

SUPPORT FOR PEOPLE AFFECTED BY FAMILY AND DOMESTIC VIOLENCE

Social workers conduct private and confidential interviews and provide counselling and support for people affected by family and domestic violence. They help people to consider their options, link people with support services and determine their eligibility for specific payments and services when family and domestic violence concerns are identified.

During the year, social workers continued to support departmental staff assisting individuals affected by family and domestic violence. They helped to ensure that staff effectively identified at-risk individuals and referred them on to the help they needed.

In 2017–18 social workers received 63 293 referrals for people experiencing family and domestic violence.

SPECIALIST SOCIAL WORK PROGRAMS

In addition to their work in general social work programs, social workers undertake interventions, conduct professional assessments and make recommendations to departmental staff regarding customer eligibility for payments or consideration of special circumstances. Social workers undertake specific work such as:

- social work carer assessments
- social work assessments within the job seeker compliance model
- social work services during emergency recovery.

Social work carer assessments

Carer Specialist Assessments are conducted to determine whether a carer can give a care recipient the required level of care. The assessments are carried out by social workers who specialise in the assessment of carers.

Where a service officer is assessing a claim for Carer Payment (child), the officer may identify a need to refer a claim to a social worker. The social worker then investigates any additional evidence relating to the assessment and provides support, information and referrals as required.

When a carer is under 18 years of age or over 80 years of age, a social worker assesses whether the carer can provide the care receiver with the constant care they require. Social workers also assess the carer's capacity to provide the practical and emotional support to meet the care receiver's needs. The social worker's assessment assists the decision-maker in determining qualification for Carer Payment or Carer Allowance.

Social work assessments within the job seeker compliance model

Social workers undertake Comprehensive Compliance Assessments for the most vulnerable customers within the job seeker compliance model. The assessment and information from social workers guides decision-making about serious failures and assists in exploring opportunities for vulnerable job seekers to fully meet their mutual obligation requirements.

Social work services during emergency recovery

The department provides social work services to those affected by natural disasters such as bushfires, floods and cyclones. Social workers provide support via telephone and in recovery centres, service centres and communities.

In 2017–18 social workers provided personal support to individuals and families affected by disasters. This included assisting with their emotional, material, income support and community service needs.

In 2017–18 social workers assisted vulnerable people who claimed the AVTOP, ensuring that distressed victims had the offer of a social work contact.

RURAL SERVICES

Farm Household Allowance

Farm Household Allowance is a payment for farming families in financial hardship. Help is available to eligible farmers and their partners to improve their capacity for financial self-reliance. It is a time-limited payment. From 1 August 2018, the time limit will be extended to four cumulative years (measured as 1460 days) instead of the current three cumulative years of payment (measured as 1095 days).

From the commencement of the program in 2014 to 30 June 2018, the department has finalised 10 307 claims.

INDIGENOUS PEOPLE

Indigenous people can often face particular challenges in accessing services if they live in especially remote areas.

The department's framework for service delivery to Indigenous customers consists of:

* the Indigenous Servicing Strategy, which guides the department's approach to service delivery
* Indigenous Service Officers, who are specialists in service delivery for Indigenous people
* service specialists in remote areas
* Indigenous interpreter services.

In planning services for Indigenous customers, the department is advised by the National Indigenous Coalition (NIC), which is the department's peak strategic and advisory forum on the effective delivery of payments and services for Aboriginal and Torres Strait Islander people.

The department manages the Australian Government Indigenous Locations (AGIL) dataset, which is the government's authoritative source of data on Indigenous locations.

Indigenous Servicing Strategy

The Indigenous Servicing Strategy 2018–22 (ISS) outlines the department's commitment to improving outcomes for Aboriginal and Torres Strait Islander people by continuing its focus on effective service delivery. The ISS provides clear direction to all departmental staff who design and deliver services for Aboriginal and Torres Strait Islander Australians.

The ISS follows on from the department's original Indigenous Servicing Strategy 2016–17, which was replaced by the ISS in 2017–18.

The ISS draws on whole-of-government priorities and has three key themes:

* healthy and safe families and communities
* digital capability
* education and employment outcomes.

Each theme has areas of focus, with corresponding measures and targets.

The ISS aligns with and supports the department's Reconciliation Action Plan 2018–22 and the Aboriginal and Torres Strait Islander Employees Strategy 2018–22.

Indigenous servicing specialists

Indigenous Service Officers (ISOs) support Aboriginal and Torres Strait Islander individuals, families and communities to connect with the department's payments, services and programs.

ISOs help the department address operational and strategic service delivery issues, deliver key messages about the department's services, and identify customer and community service gaps and trends through established stakeholder and community relationships.

As at 30 June 2018 there were 69 ISOs, compared with 70 as at 30 June 2017.

Remote servicing

REMOTE SERVICING MODEL AND SERVICES PROVISION

The department's Remote Servicing Model responds to the unique challenges that people living in remote regions face.

As part of the model, services are provided through:

- service centres
- remote service centres
- Agents
- Access Points
- online options
- remote servicing teams
- place-based services supported by an integrated remote smart centre to provide phone and claims-processing services.

The department engages directly with people living in remote Aboriginal and Torres Strait Islander communities to deliver services that are culturally appropriate, effective and empowering.

The department has partnerships with other Australian Government departments and agencies, and state, territory and local governments to deliver services in remote areas.

REMOTE SERVICING TEAMS

A small number of departmental staff work in remote servicing teams. The teams visit Aboriginal and Torres Strait Islander communities regularly to provide departmental services. Remote servicing staff can proactively engage customers through community engagement activities.

The department recruits local Indigenous staff to work in remote servicing teams wherever possible. Staff from remote communities are more likely to speak Indigenous languages and understand local customs, traditions and relationships. Indigenous staff can also act as role models for young Indigenous people by exemplifying workforce participation in remote communities.

State-of-the-art remote service centres

As part of the department's commitment to provide better outcomes for Aboriginal and Torres Strait Islander Australians, it is progressively replacing service centres in remote communities with new, environmentally friendly buildings. In the past year the department opened two newly built centres in very remote Northern Territory locations.

In November 2017 the Minister for Indigenous Affairs, Nigel Scullion, officially opened the new Wadeye Remote Service Centre building; and in December 2017 the department opened the state-of-the-art Groote Eylandt Remote Service Centre. The Halls Creek Remote Service Centre in Western Australia has been operating in new premises since June 2017.

All of these new buildings are designed to provide more opportunities for customers to access and learn how to use digital and other self service channels, while maintaining culturally appropriate face-to-face services for those who need them. They have more phones and self service terminals, upgraded equipment and more comfortable spaces for private interviews. Their designs also prioritise sustainability, with features such as energy-efficient fittings, high-grade insulation and photovoltaic solar panels.

The department prioritises employment of local Aboriginal and Torres Strait Islander people in remote Indigenous communities, reflecting the government's focus on supporting more Indigenous Australians into work. These remote service centres are staffed almost entirely by people from the region, providing not only valuable employment opportunities but also meaningful connections back to the community.

Indigenous interpreting services

There are over 120 Indigenous languages spoken in Australia. These languages have a vital cultural role in linking Aboriginal and Torres Strait Islander people to their history, spirituality and rites through story and song.

When Indigenous Australians interact with the department, the department offers an Indigenous language interpreter as required. These services are mainly supplied by the Aboriginal Interpreter Service (AIS) in the Northern Territory and Aboriginal Interpreting Western Australia (AIWA) (formerly called Kimberley Interpreting Service) in the Kimberley region of Western Australia. The department is the largest government user of both services. In 2017–18 it used 10 536 hours of interpreting services.

There are a number of ways the department helps customers in their preferred language:

- Telephone interpreting provides immediate access to an interpreter over the phone in northern and central Australian languages.
- Face-to-face interpreters are located in high-demand service centres and frequently help departmental staff working in remote and extremely remote Indigenous communities.
- The department also provides a Community Language Allowance to 28 bilingual staff from northern Australia and northern Queensland who can speak with Indigenous Australians in their own language.

An Indigenous Language Officer also works in the Wadeye community in the Northern Territory. Wadeye, on the western edge of the Daly River Reserve, is Australia's biggest Indigenous town. It is 400 kilometres from Darwin and for six months of the year it is only accessible by air and sea. Wadeye's location means access to formal interpreting services is limited, so an Indigenous Language Officer provides a valuable resource to the town in connecting local people to the department's services.

National Indigenous Coalition

The NIC is the department's peak strategic and advisory forum on the effective delivery of payments and services for Aboriginal and Torres Strait Islander people.

The NIC provides opportunities for the department's Indigenous servicing network to engage with business areas on issues affecting Aboriginal and Torres Strait Islander people, communities and staff.

During the year, the department held two NIC face-to-face conferences—in November 2017 and May 2018—and hosted eight teleconferences.

Providing spatial services for government and community

The department manages the AGIL dataset, which is the government's authoritative source of data on Indigenous locations. AGIL contains locational data for over 3800 communities in approximately 1600 Indigenous locations. Government departments and agencies, private industry and community groups across Australia use AGIL regularly. AGIL is also included in a national map maintained by National ICT Australia.

The AGIL dataset is available at no cost to the general public at **data.gov.au**

In 2017–18 the AGIL dataset was viewed 519 times and downloaded 1066 times.

MONEY MANAGEMENT

The department provides services to help customers in challenging circumstances to manage their money.

It offers:

- the Financial Information Service (FIS), which gives people information on financial matters
- Centrepay, which is a voluntary bill-paying service for Centrelink customers
- the Rent Deduction Scheme, under which customers can opt to have public housing payments deducted from their income support payment
- the Tax Deduction Service, which allows customers with taxable Centrelink income support payments to have their tax withheld from their payments
- Income Management, which helps certain customers to manage their money and prioritise their spending so they can meet essential household expenses.

Financial Information Service

FIS is a free, independent and confidential service that helps people in various circumstances to make better informed decisions about their finances.

FIS can explain the risk of certain financial product categories, the roles of financial professionals, the benefit of reducing debt and how people can increase overall retirement income.

With this information, people are better able to:

- undertake their financial matters like investment, salary sacrifice and superannuation with increased confidence
- understand their own financial affairs and options
- understand financial planners and how to use their advice
- use credit sensibly
- save and plan for the future through investing
- plan for their retirement
- understand what happens when a family member moves into aged care.

FIS is available by phone, by appointment and through seminars.

In 2017–18 FIS officers:

- answered more than 83 400 phone calls
- conducted more than 65 300 interviews
- delivered 7883 hours of outreach services
- held 2457 seminars for more than 49 600 participants.

Providing financial information services in a rural community

Darienne Keizer has been the department's Dubbo-based Financial Information Service (FIS) Officer for 12 years. She provides free financial information through seminars, at face-to-face interviews and over the phone to farmers and the general community.

Darienne is passionate about what she does: 'It's a brilliant job; I love it so much. Being able to help my local community is a really fulfilling part of my role.'

In fact her work is much more than just a job; it's part of her identity in the community. 'I've lived in Dubbo since 1983, so people know me in the area and they feel comfortable asking questions. They'll even ask me a quick question if I see them in the street.'

One of her career highlights was working with New South Wales farmers, solicitors, financial planners and accountants to run a series of seminars—some held in a paddock or a shearing shed—to help people in smaller farming communities understand and get help with financial matters.

Among the many financial challenges she helps farmers negotiate is transferring the farm to the next generation. 'Succession planning is huge. When it's time for the farm to be passed on, six or seven people involved in the farm might all come for a meeting with me, as well as their accountant, to find out information to help them make the right decisions.'

Darienne has also faced some unusual professional challenges—like competing in the town's annual chook-catching event while running an information stall at a family fun day. 'Chook catching definitely isn't my forte,' she recalls. Luckily for her customers, 'I prefer financial information any day!'

Centrepay

Centrepay is a voluntary bill-paying service for Centrelink customers. It helps customers to manage their expenses by providing customers with the option of making regular deductions directly from their welfare payments to businesses.

Centrepay is free for customers, while businesses are charged a fee to recover Centrepay operating costs.

At 30 June 2018:

- 645 349 customers were using Centrepay
- 12 497 businesses received a Centrepay deduction.

In 2017–18, 26.2 million deductions were made to the value of $2.58 billion.

During the year, the department made some important improvements to Centrepay. The department:

- continued to expand the range of online options for businesses using Centrepay so businesses have more efficient ways to transact with the department
- increased the number of assurance checks completed on businesses
- increased its capability to identify potential instances of non-compliance.

Rent Deduction Scheme

The Rent Deduction Scheme gives customers the option of having their public housing payments deducted from their income support payment and sent directly to their state or territory housing authority. The scheme is an easy, free way for customers to pay for their government housing.

At 30 June 2018, 336 381 customers were using the scheme. In 2017–18, 9.36 million rent deductions were made.

Tax deduction service

The tax deduction service allows customers who receive taxable Centrelink income support payments to choose to have tax withheld from their payments. The service is an easy and free way for customers to meet their tax obligations.

During the year the department continued to improve this service by:

- enhancing the Tax Deduction Authority form to increase its functionality and update its content
- improving the readability of the Centrelink online account tax deduction function.

Income Management

Income Management helps specific groups of people who receive income support to manage their money to meet essential household expenses. The Income Management system operates in specified locations.

Under Income Management, a percentage of a person's income support, and 100 per cent of lump-sum payments, is allocated to pay for priority items such as food, housing, clothing, utilities, education and medical care. The remaining percentage of the person's payment is paid to them in the usual way to be used at their discretion.

Income Management does not change the amount of money a person receives as payment, but it affects the way a person receives the payment.

Money that is income managed cannot be spent on alcohol, tobacco, pornography or gambling.

In 2017–18 Income Management continued to be a stable welfare quarantining program, supporting vulnerable people to meet essential expenses. Customer numbers were constant across identified locations.

ACCESSING MANAGED INCOME

The department works with people on Income Management to identify how their income support can be used to pay organisations for items they and their families need.

Organisations can be paid in a variety of ways:

- using the BasicsCard—a reusable, PIN-protected card that can be used via EFTPOS at approved stores and businesses
- making a direct deposit into a nominated bank account via scheduled transfer or BPAY
- having a contractual arrangement through which the department will make a payment to a nominated bank account and send the organisation a deduction report to reconcile payment
- using a credit card over the phone for urgent and immediate requests for expenses like food and travel.

There are also self service options available to help customers to access their Income Management money and be more self-sufficient. These include the Express Plus Centrelink mobile app and online services. People can use these services to complete transactions such as transferring funds between their Income Management and BasicsCard account and checking their BasicsCard balance.

At 30 June 2018, 15 841 stores and businesses accepted the BasicsCard.

The department investigates public complaints and conducts random sample reviews to ensure stores and businesses are complying with the terms and conditions.

In 2017–18:

- 96 per cent of income-managed customers used the BasicsCard
- $202.3 million was spent using the BasicsCard.

DATA ON INCOME MANAGEMENT

Table 43: Numbers of Income Management customers

Measure	2015–16[a]	2016–17[a]	2017–18
Cape York Income Management	160	166	136
Child Protection Income Management	339	205	185
Disengaged Youth	4 096	4 280	4 096
Long Term Welfare Payment Recipient	12 856	14 487	14 944
Supporting People at Risk	223	275	<5
Voluntary Income Management	5 146	4 400	3 857
Vulnerable Welfare Payment Recipient	2 100	1 689	1 581

(a) These numbers are point in time at the dates specified and do not represent recipient movements between measures and on and off Income Management.

CASHLESS DEBIT CARD

The Cashless Debit Card aims to provide customers with greater financial stability while reducing the social harm resulting from alcohol, drugs and gambling.

Currently the Cashless Debit Card operates in three locations in Australia.

Where a customer is using a Cashless Debit Card, 80 per cent of their income support payment is paid to their card. The card operates like a normal debit card, except that it cannot be used to buy alcohol, gamble or withdraw cash.

The Cashless Debit Card started as a 12-month trial in Ceduna, South Australia, on 15 March 2016 and in the East Kimberley region, Western Australia, on 26 April 2016.

As a result of the positive outcomes of these trials, the Cashless Debit Card trial was extended until 30 June 2019 in these two locations.

In September 2017, the Australian Government announced that the Goldfields region in Western Australia was to be the third Cashless Debit Card location. On 26 March 2018, the Cashless Debit Card was implemented across the Goldfields region to customers receiving working-age income support payments.

The department's service delivery role is focused on placing participants on and off the measure based on their eligibility. The card provider (Indue Ltd) provides cards and all associated banking and support services to participants.

As at 30 June 2018, 5207 customers were using the Cashless Debit Card.

ANCILLARY SERVICES AND SUPPORT

Tasmanian transport schemes

The department administers two Tasmanian transport equalisation schemes:

- the Tasmanian Freight Equalisation Scheme, which helps to alleviate the sea freight cost disadvantage for shippers of eligible non-bulk goods that are moved by sea between mainland Australia and Tasmania, given that there is no option to transport the goods by road or rail
- the Bass Strait Passenger Vehicle Equalisation Scheme, which helps to alleviate the cost of sea travel across Bass Strait between Tasmania and mainland Australia. The rebate is paid to passengers who are accompanying an eligible vehicle in the form of a reduction in the fare charged by the transport service operator.

In 2017–18, the department received 13 492 claims for assistance and processed $195.3 million in payments through the two schemes. This compares with 13 556 claims and $191.3 million in 2016–17.

Portability of payments

'Portability' refers to the continuation of Australian social security payments while a customer is outside Australia. The department assists customers to understand how their entitlements may be affected if they leave Australia. The department also assesses customers' eligibility for payments while they are outside Australia.

A datalink between the department and the Department of Home Affairs identifies social security customers who depart from or return to Australia. The information that the datalink generates is used to automatically review payments for people who have departed from Australia.

In 2017–18, customers receiving income support payments, family assistance, allowances and concessions travelled outside Australia 1.95 million times, compared with 1.94 million overseas trips in 2016–17.

Concession cards

The department delivers six types of concession and health care cards:

- Pensioner Concession Card
- Health Care Card
- Low Income Health Care Card
- Commonwealth Seniors Health Card
- Ex-Carer Allowance (Child) Health Care Card
- Foster Child Health Care Card.

Concession or health care cards give cardholders access to Australian Government health concessions. They also help with the cost of living by reducing the cost of certain goods and services.

Most people who receive an income support payment will automatically receive a concession or health care card. People who receive the maximum rate of Family Tax Benefit Part A will automatically receive a Health Care Card that covers their family. Partners and children may also be covered by a person's card if the card is attached to an income support payment. For people who have a Low Income Health Care Card, their partner and their children may also be covered by the card.

Only the Commonwealth Seniors Health Card cardholder has access to the concessions available for the card—the cardholder's family members cannot access them.

In addition to Medicare services, concession or health care cards can give cardholders, their partners and their children other concessions from state, territory and local government authorities and private businesses. Each card has its own eligibility requirements and concessions.

In 2017–18 Pensioner Concession Cards (PCCs) were reinstated to about 88 700 former pensioners who lost the PCC on 1 January 2017 due to the Rebalancing the Assets Test measure. From 9 October 2017, affected non-pensioners automatically received their new PCC, which replaced their non-income-tested Low Income Health Care Card.

Rent Assistance

Rent Assistance is a payment to help people who are also receiving an income support payment or Family Tax Benefit (if they have dependent children).

Rent Assistance helps customers to pay their rent, generally in the private rental market. Private rent can also include amounts paid for site fees, mooring fees, board and lodgings, some retirement villages, and fees paid to occupy a non-Australian Government funded bed in an aged care facility such as a hostel or nursing home.

Advance payments

In special circumstances, recipients of some payments can apply for an advance payment.

An advance payment is a lump-sum payment made from a customer's future entitlement. The advance payment amount can vary depending on the type of payment the customer receives. Non-pension recipients—including Parenting Payment Single recipients—can receive a minimum of $250 and a maximum of $500 once in a 12-month period. Pension recipients can receive multiple advance payments depending on the amount available at each application. Family Tax Benefit recipients can receive a regular advance that is paid every 26 weeks as long as the customer is still eligible.

From August 2017, customers are now able to repay their outstanding advance payment balances using an online repayment service or by making a payment at an Australia Post outlet using a special barcode Billpay receipt. Therefore, customers no longer need to attend a service centre with the exact amount to make these repayments.

In 2017–18 the department paid 2.6 million advance payments worth $1.8 billion, compared with 2.5 million advance payments worth $1.8 billion in 2016–17.

Urgent payments

If a customer faces severe financial hardship because of exceptional and unforeseen circumstances or because they need to pay for the funeral of an immediate family member, they can apply for an urgent payment.

An urgent payment is an early part-payment of a customer's regular fortnightly income support payment.

From 1 June 2017, customers can generally receive only two urgent payments for exceptional and unforeseen circumstances in a 12-month period. This change to the urgent payment process helps to identify people who are experiencing ongoing financial difficulties so that early intervention and non-financial help can be offered. Social workers will also provide additional support and make referrals to financial counselling, community organisations or accommodation help where necessary.

Bereavement payments

Bereavement payments help customers adjust to changed financial circumstances following the death of their partner, child or care receiver. The type of bereavement payment a customer receives and the amount they can receive will depend on individual circumstances and when the department is notified of the person's death.

Bereavement payments are usually paid as a lump sum. However, some payments, such as the Family Tax Benefit Bereavement Payment, can be paid fortnightly.

Bereavement Allowance is a short-term income support payment that supports eligible, recently widowed people.

Centrelink Payment Summary

A Centrelink Payment Summary is a document that sets out the amounts that the department has paid to a customer within the financial year. It is provided to people who receive taxable and certain non-taxable payments.

The Centrelink Payment Summary information is automatically provided to the ATO. When completing an income tax return using myTax or a registered tax agent, a customer's Centrelink Payment Summary information is automatically available.

People can view, download or request a copy of their Centrelink Payment Summary using:

- the Centrelink online account through myGov
- the Express Plus Centrelink mobile app
- self service terminals at a service centre
- Centrelink phone self service by selecting 'request a document'.

Customers continue to choose to use the department's digital services to access their payment summaries. In 2011–12 the department issued over 5 million payment summaries via surface mail. In 2017–18 the number of payment summaries issued via surface mail had declined to 220 000, and approximately 2.5 million payment summaries were accessed via the department's digital services.

MULTICULTURAL SERVICES

The department's Multicultural Servicing Strategy 2016–19 guides its activities and ensure that services are suitable for people from culturally and linguistically diverse backgrounds.

The department runs weekly Australian citizenship tests for those who are applying to become Australian citizens.

The department also offers customers:

- translation and interpreter services
- services in languages other than English
- Multicultural Service Officer (MSO) assistance.

The department provides a range of support for immigration applicants, refugees and humanitarian entrants.

Multicultural Servicing Strategy 2016–19

The Minister for Human Services launched the three-year Multicultural Servicing Strategy 2016–19 on 31 August 2016. The department developed the strategy to meet its commitments under the Australian Government's Multicultural Access and Equity Policy.

The strategy continues the department's long history of delivering culturally and linguistically tailored services. It outlines a number of actions, including:

- ensuring that people from culturally and linguistically diverse backgrounds are taken into account in the design of future digital business models, especially when they need help with language
- providing staff with multicultural awareness training to build cultural capability
- allocating an MSO position to relevant business areas to increase accessibility of services for customers from culturally and linguistically diverse backgrounds
- delivering actions in the department's Culturally and Linguistically Diverse (Multicultural) Employee Plan 2016–19 to provide a socially inclusive workplace that delivers services that are responsive to the needs of customers.

In 2017–18 the department tracked well in delivering on the actions committed to in the Multicultural Servicing Strategy. Highlights in the last 12 months include:

- The department conducted consultation and user testing of digital projects with people from culturally and linguistically diverse backgrounds to ensure accessibility. Results showed there was a high level of engagement among participants.
- 6989 staff undertook multicultural awareness training to build cultural capability.
- MSOs were actively engaged in the community and conducted over 30 000 activities aimed at ensuring access to services for customers from culturally and linguistically diverse backgrounds, reaching over 250 000 participants.
- The department developed the Multicultural Communications Strategy 2018–20.

30 000+
Multicultural Service Officer activities

+

250 000+
Participants reached

Citizenship testing

Weekly citizenship tests are available at 33 service centres in regional areas. The department delivers the tests on behalf of the Department of Home Affairs.

In 2017–18 approximately 87 693 citizenship tests were taken across Australia, with 8048 tests taken in regional service centres.

Language services

The department provides free translation and interpreting services in over 200 languages to help people to conduct their business.

More than 2476 contracted interpreters and translators deliver these services. The department also supplies regular, rostered onsite interpreters who work out of 61 service centres where demand for assistance in certain languages is high.

Bilingual staff may receive a Community Language Allowance if they use their language skills as part of their work.

In 2017–18, 658 staff received the Community Language Allowance.

Multicultural Service Officers

MSOs are community-facing officers with expertise in multicultural servicing. They help to ensure that customers with culturally and linguistically diverse backgrounds can access payments and services with the department.

In 2017–18, a network of approximately 70 MSOs operated throughout Australia. Each officer covers a geographical area, giving all service centres access to multicultural expertise. MSOs have close relationships with multicultural communities and play an important role in supporting service delivery to customers with culturally and linguistically diverse backgrounds.

Examples of MSO activities are:

- promoting and demonstrating the department's digital services to customers and community groups
- working with multicultural communities, service providers, and government and non-government stakeholders to develop local strategies and local solutions
- promoting the department's payments, services and communication options to multicultural communities
- ensuring that local service centres can meet the language needs of people with a preferred language other than English
- promoting multicultural resources to staff.

In 2017–18 the MSO program focused on six key priority areas:

- Financial capability and debt prevention—helping the community to understand their rights and responsibilities to prevent them from incurring debt and build their financial capability
- Refugee servicing—helping new arrivals, particularly refugees, to access appropriate departmental services early in their settlement in Australia
- Family and domestic violence—ensuring culturally appropriate approaches to this community issue and promoting access to services in the department and the community
- Cultural capability—ensuring the department delivers culturally appropriate services through culturally competent staff
- Language services—supporting staff capability in engaging with language services and promoting language services to the community
- Digital—working with the community to ensure access to digital services for people from culturally and linguistically diverse backgrounds.

Support for refugees and humanitarian entrants

The department offers a range of services to help refugees entering the community—for example, income support assessments, Medicare enrolments, information sessions and referrals. The department works closely with the Department of Home Affairs, DSS, Humanitarian Settlement Program (HSP) providers contracted to DSS, and community groups to ensure that refugees have targeted services on arrival in Australia. A network of specialist Refugee and Asylum Seeker teams and subject-matter experts in locations with high settlement populations provide tailored services for these entrants.

In 2017–18 the department's income support claims for newly arrived refugees increased in line with Australia's refugee humanitarian intake increase to 16 250 places compared with 13 750 in 2016–17. The department continued to monitor its services to ensure they met the evolving needs of refugees and to improve customer outcomes. This included providing support for the regional settlement of refugees in Armidale and working collaboratively with DSS to tailor the department's service offer to align with settlement services delivered by HSP providers.

Assurance of Support

An Assurance of Support is a legal agreement between an Australian resident or organisation (assurer) and the Australian Government. Under the agreement an assurer agrees to support a migrant on a specific type of visa for their first one, two or ten years in Australia (depending on the visa type) so they do not have to rely on payments from the government. The department decides who can be an assurer by assessing their financial capacity to support a migrant.

From April 2018, there is also now a third type of Assurance of Support which covers visa applicants under the Community Support Program. Potential assurers are now able to apply online and can check their eligibility before applying by using the Assurance of Support Checker on the department's website.

Status Resolution Support Services Payment

The Status Resolution Support Services Payment provides financial help to people who are living in the community while their immigration status is being resolved.

The Department of Home Affairs determines eligibility for the payment, while the department administers the Status Resolution Support Services payment.

At 30 June 2018, approximately 6970 customers had received the payment.

Innovative multicultural services

The department is working to ensure that customers with culturally and linguistically diverse backgrounds are included in the design and development of new services and digital transformation by:

- facilitating user research to enable culturally and linguistically diverse user-centric design
- convening the Commonwealth Working Group on CALD Digital Design. This group was brought together to ensure a consistent approach across government to designing digital services for users with culturally and linguistically diverse backgrounds.

EMERGENCY RESPONSES

Payments and services

The department's core responsibility in response to emergencies is to ensure continuity of payments and services to customers who are in emergency situations. Payments and social work services are delivered so that customers are supported during emergencies.

The department also administers the following payments:

- Australian Government Disaster Recovery Payment (AGDRP)
- Disaster Recovery Allowance (DRA)
- ex-gratia payments to New Zealand residents
- Australian Victim of Terrorism Overseas Payment (AVTOP).

Services that the department delivers during an emergency can include:

- assisting individuals to test their eligibility for an income support payment or service
- assessing and paying Medicare benefits
- supporting Medicare providers
- tailoring collection and assessment services to affected child support customers
- providing social work services.

To support the government's emergency response, the department also participates in state, territory and local recovery committees. Departmental services may be delivered from established relief or recovery centres with agreement from the relevant state or territory government.

In response to an emergency, the department can deploy:

- staff to recovery centres
- staff to take emergency calls and process claims for emergency payments
- social workers to local and overseas locations to help Australians in emergency affected areas or to help Australians when they return from offshore disasters
- mobile computing support
- Australian Government Mobile Service Centres to provide services in affected areas.

Emergency Reserve

The department maintains a register of Emergency Reserve staff willing to assist in recovery efforts. They help the department to respond quickly following emergencies, as they are a resource that can be called on at short notice.

There are 5178 staff (15.7 per cent of the department's staff) registered for the Emergency Reserve. These staff have a range of skills which are used in various roles, including:

- assisting people affected by emergencies at field locations
- supporting affected service centres
- working behind the scenes in processing centres
- answering calls to the Australian Government Emergency Information Line
- backfilling for staff deployed to provide emergency support.

In 2017–18 no Emergency Reserve staff were deployed.

CURRENT EVENTS

Australian Government Disaster Recovery Payment

In 2017–18 the department's response to emergencies included payment of AGDRP claims. This payment was provided to people adversely affected by Tropical Cyclone Debbie in the Logan, Gold Coast, Mackay, Rockhampton, Scenic Rim, Whitsunday, Lismore, Tweed, Byron and Rockhampton local government areas.

Table 44: Australian Government Disaster Recovery Payments in 2017–18

	Tropical Cyclone Debbie
Claims finalised	1 217
Claims paid to affected people	930
Amount paid	$1 115 800

Disaster Recovery Allowance

The DRA was activated to help individuals, including employees, primary producers and sole traders, in specified areas who experienced a loss of income as a direct result of Tropical Cyclone Debbie.

Table 45: Disaster Recovery Allowance payments in 2017–18

	Tropical Cyclone Debbie
Claims finalised	244
Claims paid to affected people	9
	NSW East Coast Storms and Floods 2016
Claims finalised	1
Amount paid	$422 678.78

Ex-gratia disaster recovery assistance for New Zealand non-protected special category visa holders

In 2017–18, the department activated the Ex-gratia Disaster Recovery Payment for New Zealand Non-protected Special Category Visa Holders for individuals affected by Tropical Cyclone Debbie. These payments are equivalent to the AGDRP.

At 30 June 2018 the department had:

- received more than 16 claims
- paid more than 12 claims
- paid $12 400 in total.

The department activated the Ex-gratia Disaster Recovery Allowance for New Zealand Non-Protected Special Category Visa Holders to help those who suffered a loss of income as a direct result of Tropical Cyclone Debbie. This payment is equivalent to the DRA.

At 30 June 2018 the department had:

- received more than 21 claims
- paid more than eight claims
- paid $21 237.18 in total.

Emergency claim lodgement channel

People affected by disasters have various options to claim disaster recovery payments, including over the phone, online, by completing a paper claim form, and in person.

Table 46: Disaster recovery claims granted, by claiming channel

Claiming channel	2015–16 %	2016–17 %	2017–18 %
Phone	59	91	74
Online	18	0	0
Paper and in person	23	9	26

Note: These figures do not include AVTOP or rapid response payment claims.

Australian Victim of Terrorism Overseas Payment

AVTOP provides one-off help to Australians who were harmed (primary victims) and close family members of a person who died (secondary victims) as a direct result of a declared overseas terrorist act.

In 2017–18 the department activated AVTOP for the following events:

- April 2017 attack in Stockholm, Sweden
- May 2017 attack in Manchester, United Kingdom
- May 2017 attack in Baghdad, Iraq
- June 2017 attack in London, United Kingdom
- August 2017 attacks in Barcelona and Cambrils, Spain
- September 2017 attack in Parsons Green, London, United Kingdom.

The Australian Victim of Terrorism Overseas hotline answered 52 calls.

In 2017–18, 36 claims were paid, totalling $1 962 390. The AVTOP payments were made for the following events:

- August 2017: Barcelona and Cambrils, Spain, attacks
- 2017: Past overseas incidents
- 2017: attacks in Stockholm, Sweden; Manchester, United Kingdom; Baghdad, Iraq; and London, United Kingdom (3 June 2017)
- March 2017: London, United Kingdom, attack
- December 2016: Berlin, Germany, attack
- July 2016: Nice, France, attack
- November 2015: Paris, France, attack.

Payments for events that are closed

The claim period for the AGDRP and the DRA is the period up to six months from the date the payment is activated. In 2017–18 the department paid claims that were lodged outside of the six-month claim period for:

- Tropical Cyclone Marcia (Queensland)—February 2015.

In 2017–18 the department paid a total of $967.83 for this event.

Australian Government Emergency Information Line

The Australian Government Emergency Information Line was activated in response to Tropical Cyclone Debbie in the 2016–17 financial year. It continued until closure in 2017–18.

Table 47: Calls to the Australian Government Emergency Information Line

Australian Government Emergency Information Line	2015–16	2016–17	2017–18
Calls answered	8 128[a]	59 570[b]	1 920[b]

(a) Pinery bushfires, South Australia; Waroona bushfires, Western Australia; storms and floods, New South Wales east coast; storms and floods, Tasmania east coast.

(b) Tropical Cyclone Debbie.

Working in emergency recovery

No emergency payments were declared in 2017–18.

The department supported people affected by the flooding in Daly River/Woodycupaldiya in January and February 2018. The department assisted at the Daly River/Woodycupaldiya evacuations centre at the Darwin Showground for a period of six days from 2 February 2018.

National Emergency Call Centre Surge Capability

The department provides surge assistance through the National Emergency Call Centre Surge Capability (NECCSC) on request from states, territories and other Australian Government agencies when their own resources are overwhelmed (this does not include calls to the state and territory emergency services and 000).

In April 2018 the NECCSC was activated for the Department of Agriculture and Water Resources in response to media coverage regarding Australia's export of live animals.

Table 48: National Emergency Call Centre Surge Capability calls taken in 2017–18

NECCSC activation	Department of Agriculture and Water Resources
Calls answered	1 961

National Security Hotline

The National Security Hotline is the single point of contact for people to report possible signs of terrorism or to request information. The department provides surge assistance for the National Security Hotline on request from the Attorney-General's Department.

In 2017–18 the department was not called upon to assist the National Security Hotline.

Disaster Health Care Assistance Scheme

The Disaster Health Care Assistance Scheme (DHCAS) provides help with reasonable health-related out-of-pocket costs for individuals who have suffered an injury as a direct result of specific international acts of terrorism and natural disaster events.

Under DHCAS, the department administers the following schemes:

- Balimed: Bombing in Bali, Indonesia, on 12 October 2002
- Tsunami: Indian Ocean tsunami on 26 December 2004
- London: Bombing in London, United Kingdom, on 7 July 2005
- Bali 2005: Bombing in Bali, Indonesia, on 1 October 2005
- Dahab Egypt: Bombing in Dahab, Egypt, on 24 April 2006.

In 2017–18 the department updated the website to provide clearer information for eligible claimants about DHCAS and the requirements for claims.

2.7 COMPLIANCE AND BUSINESS INTEGRITY

The department's compliance and business integrity systems ensure that only eligible people receive payments and that they receive the right amount. Where a customer receives money they are not entitled to, they must repay the money. The department actively manages and pursues the recovery of debt.

The department focuses its compliance action on ensuring people receive correct payments, helping them to meet their obligations, identifying potential overpayments and checking discrepancies, and ensuring fair and appropriate debt recovery processes.

In cases of serious and deliberate fraud, the department may prosecute offenders.

IDENTITY MANAGEMENT AND SUPPORT

The department plays an important role in confirming and reconfirming the identities of people who receive payments—that is, ensuring that those people are who they say they are. This work is fundamental to the integrity of the welfare system. The department continues to strengthen processes for managing identity checks and making it easier for people to enrol in services in a way that suits them. The department is working closely with the DTA on this.

In 2017–18 the department confirmed the identities of over 700 000 recipients in line with the Department of Home Affairs National Identity Proofing Guidelines. In 2017–18 over 1.5 million identity documents were successfully matched from recipients using the Department of Home Affairs Document Verification Service.

In 2017–18 the department set up a dedicated helpdesk to advise and support people whose identity information has been stolen, lost or compromised.

Supporting targets of scams and identity theft

On 21 May 2018, the department introduced a new helpline for customers to call if they suspect that they have been targeted by a scam and have provided their personal information or had their identity details or documents stolen, lost and misused or potentially misused.

As at 30 June 2018, the department had provided support and advice to 1317 people through the Scams and Identity Theft Helpline.

Richard was one of them. He had received a phone call from someone who claimed to be from Centrelink. The caller told him he had to pay a $300 penalty for not replying to letters requesting information. Richard was not aware of having received any such letters.

Speaking very quickly, the caller told Richard that his file had been sent to the Canberra office and he would need to buy $300 worth of iTunes cards to cover the penalty. If he did this, his file would be returned to his local Centrelink office. If he did not, his pension would be stopped. Richard gave the caller his full name, address, date of birth and Customer Reference Number, and told him the amount of his last pension payment.

Richard did not know what iTunes cards were, so he asked if he could pay the penalty by cash or credit card. The caller said that that was not possible and harassed him to buy the iTunes cards.

Richard finally agreed. He was told that a Centrelink staff member would call him back for the card codes. He was given a phone number, supposedly for Centrelink's Canberra office, and told to call if he had any concerns. He was also told he had an appointment at his local Centrelink office the following Monday to discuss the situation. When the scammer called back, Richard told him the codes from the iTunes cards.

Richard was stressed about his situation and felt that something was not right. He called the Scams and Identity Theft Helpline and described what had happened. The helpdesk staff member confirmed that the contact had been a scam and was able to reassure Richard that the scammer had not at that point used his personal information to get access to his records. To reduce the risk of this happening, they added a password and a warning note to his Centrelink record. They also referred him to IDCARE, Australia's national identity support service, for further practical and emotional support.

Richard's story is typical of the cases the department hears about through the helpline—a scammer exploiting the stress, self-doubt and instinct to comply that most people would feel if they had sudden hostile contact from a supposed government official.

The Scams and Identity Threat Helpline number is **1800 941 126**.

HELPING PEOPLE TO MEET THEIR OBLIGATIONS

To improve the accuracy of payments the department undertakes a range of activities and strategies to educate and assist people in meeting their obligations. The department also provides support to those who have mistakenly not met their obligations.

The department also works with people at important life events such as commencing new employment, moving house or commencing studies. This contact from the department helps people to ensure their information is up to date so they receive their correct payment. The department may contact people by calling, writing or sending an SMS.

For example, during the year the department introduced a new rent review and Rent Certificate to make it easier and quicker for customers to update their accommodation circumstances. The intent is to proactively ask Rent Assistance recipients to keep their rent details up to date so they can be correctly assessed for payment and avoid a debt.

DEBT MANAGEMENT

The department is committed to improving its debt management processes. The department is required under legislation to manage and pursue the recovery of debts and negotiate suitable payment arrangements for customers based on their capacity to repay their debt.

A person can request a review of their debt at any time. If they disagree with the review outcome, they have further appeal rights.

The most common method of repayment for those receiving social welfare payments is through withholdings from their payment. For people who are no longer receiving a payment, the department offers flexible repayment options, including direct debit, BPAY, telephone or internet banking, Australia Post's Post Billpay service and the Money You Owe online service.

The Money You Owe online service is a convenient and efficient way for people no longer receiving a payment to repay their debt or set up a payment arrangement. Where a person is finding it difficult to repay a debt, the department can organise a payment arrangement suited to their individual circumstances to ensure they are not placed in serious financial hardship.

Departure Prohibition Orders (DPOs) were introduced as part of the current Expand Debt Recovery Measure, which was originally agreed at the Mid-Year Fiscal and Economic Outlook (MYEFO) 2015–16. DPOs are an additional tool available for use in the recovery of social welfare debts. They are based on a model that has been successfully applied in child support debt recovery. By introducing DPOs, the department has aligned the powers of debt recovery across child support, tax and social welfare debts. A DPO prevents a person with outstanding social welfare debt from leaving Australia where satisfactory arrangements have not been made to repay a debt. DPOs are only issued after considering other methods of recovery and in each case the department takes in-depth consideration of a person's circumstances. If the person then pays their debt in full or negotiates a satisfactory payment arrangement, the DPO is lifted.

Debt recovery

When a person is no longer receiving payments and has failed to make or maintain a payment arrangement, the department may:

- apply an interest charge to the debt
- use a contracted external collection agent to recover a debt, with commission only paid on the recovered amount
- garnish wages or income tax refunds, or
- issue a DPO.

The department also uses investigative and intelligence capabilities to locate people who have large outstanding debts and the capacity to pay them. If necessary, the department may take legal action to recover the amounts owed.

In 2017–18 the department raised 2.49 million social welfare debts to the value of $3.17 billion.

Table 49: Debts raised from people who receive payments

	2015–16	2016–17	2017–18
Number of debts raised	2 439 431	2 384 911	2 493 474
Amount raised	$2.8 billion	$2.8 billion	$3.2 billion

Table 50: Social welfare debt recovered

	2015–16	2016–17	2017–18
Total debts recovered	$1.54 billion	$1.64 billion	$1.70 billion
Amount recovered by contracted agents	$144.7 million	$126.1 million	$125.7 million
Total recovered by contracted agents (%)	9.4	7.7	7.4

Taskforce Integrity

Taskforce Integrity is a long-term initiative to change any localised cultures of non-compliance and welfare fraud and positively influence people's behaviour by encouraging self-correction.

The taskforce, which started in November 2015, is a partnership between the department and the Australian Federal Police (AFP). It draws on capability from across both agencies and is led by a senior AFP officer. The taskforce identifies and targets geographical areas where data analysis and intelligence points to a higher risk of non-compliance and welfare fraud.

In 2017–18, the taskforce completed 16 221 compliance activities and referred 40 cases to the Commonwealth Director of Public Prosecutions (CDPP).

Public tip-offs

Effective handling of tip-offs from the public about potential fraud is a key element in maintaining community confidence in the integrity of payments. The department invests substantial effort in dealing with tip-offs appropriately. Specialist staff assess all suggestions that someone may be receiving a payment or benefit to which they are not entitled.

People can provide tip-off information to the department by:

• reporting via the fraud page on the department's website **humanservices.gov.au**

• phoning the Australian Government Services Fraud Tip-off Line on **131 524**

• writing to the department at PO Box 7803, Canberra BC ACT 2610.

In 2017–18 the department received more than 33 000 tip-offs through the Australian Government Services Fraud Tip-off Line and more than 76 000 tip-offs from other sources.

Table 51: Public tip-offs

	2015–16	**2016–17**	**2017–18**
Tip-offs through the Fraud Tip-off Line	42 825	38 838	33 123
Tip-offs from other sources	67 973	75 227	76 181

PAYMENT ACCURACY AND CORRECTNESS

The department conducts activities to ensure that it consistently pays the right person the right amount through the right program and at the right time.

To monitor how successfully the department is doing this, random sample surveys are conducted to estimate the percentage of people whose payments were free of administrative and processing errors. This measure is known as payment correctness. The department had a target of 95 per cent in 2017–18, and it achieved payment correctness of 98.5 per cent.

DSS uses a similar measure, known as payment accuracy, which factors in errors by both the person receiving payments and the department. It publishes the results in its annual report (see **dss.gov.au**).

The department has a thorough system of checks in place to minimise the likelihood of errors.

Compensation payments

The *Social Security Act 1991* encourages people to use private financial resources, such as compensation payments, before accessing a social welfare payment. It also ensures that any compensation payments for an injury or illness are considered in the calculation of any social welfare payments.

Under the Act:

- if a person and/or their partner claims or receives a social security payment, they may be required to take action to obtain compensation when it may be payable
- the department can recover past payments of social security from arrears payments of periodic compensation payments and lump-sum compensation payments
- periodic payments, such as weekly workers' compensation payments, reduce the rate of social security payments—any excess is treated as income for partners of compensation recipients
- if a person receives a lump-sum compensation payment, they will not receive social security payments during the preclusion period.

So that individuals fully understand the effect of a compensation payment on future social welfare payments, the department requests that they discuss the effect of their preclusion period with department staff. This helps them to make informed decisions about their financial situation.

Individuals and their legal representatives can also access an online estimator on the department's website to estimate the effect of a pending compensation claim.

Potential overpayments

The department uses data matching to identify possible discrepancies in the information that customers provide compared with information held by external sources. The department then examines and investigates the data discrepancies. These data matching processes adhere to the *Privacy Act 1988* and are carried out in accordance with the *Guidelines on data matching in Australian Government* administration issued by the Office of the Australian Information Commissioner.

In 2017–18 external sources used included:

- Australian Securities and Investments Commission
- Australian Tax Office
- Commonwealth Superannuation Corporation
- Department of Education and Training
- Department of Jobs and Small Business
- Department of Health
- Department of Home Affairs
- Department of Veterans' Affairs
- Defence Housing Australia
- public and private education providers
- state and territory departments of corrective services
- state and territory registrars of births, deaths and marriages
- state and territory land titles offices.

Clarifying discrepancies

A key component of the department's work to protect the integrity of the welfare system is the checking of past income for current and former customers.

In line with the government's budget measures, the department is increasing the number of compliance checks where there is a discrepancy between the income that the customer reported to the department and information held by other parties, such as the ATO. During a compliance check, customers are given an opportunity to explain the discrepancy and have the choice of doing so through an online portal or over the phone though a dedicated number.

During the year the department continued to enhance the online portal and associated compliance letters. The department has done this through extensive user testing and consultation with community and welfare organisations. By taking a user-centric approach and using plain language, the department has helped customers to better understand the information and requirements in letters.

To deliver the increased number of compliance checks the department has engaged additional resources, including 1000 staff through a labour hire arrangement.

Behavioural insights shaping the design of Income Data Matching Compliance budget measures

Since July 2017, the Behavioural Insights and Engagement team has been working with customers, community and legal organisations, and departmental staff to develop the department's approach to implementing the government's Income Data Matching Compliance budget measures.

In particular, the team has initiated face-to-face meetings and regular emails and phone calls with many groups that made submissions to the 2016–17 Senate inquiry into the welfare system, to give them an active role in the design process.

With colleagues from the project team and the Chief Citizen Experience Office Division, by the end of May 2018 the Behavioural Insights and Engagement team had conducted more than 230 interviews with Centrelink customers focusing on the standard letters and online processes relating to income data matching. These interviews help project staff get to know the people they are designing for and build empathy and understanding.

From November 2017 to April 2018, the team conducted 70 interviews with customers across six locations in New South Wales, the ACT, Victoria, South Australia and Tasmania.

The interviewees were selected to include significant numbers of:

- Indigenous Australians
- multicultural Australians
- both current and non-current customers of a variety of payment types
- people in a range of gender and age groups.

The team also held a series of focus groups in Sydney and Melbourne with current and non-current customers who have had income as a sole trader or from a business partnership.

The insights gathered from this research about how these groups of customers engage in the online environment and what they think, feel and do when contacted by Centrelink will be fed back into the design and implementation work and inform improvements to the user experience of the department's compliance, debt management and appeals processes.

SERIOUS NON-COMPLIANCE AND FRAUD

The department's intelligence capability

In 2017–18 the department conducted a variety of intelligence activities to detect and target potential fraud and serious non-compliance associated with Social Security and Welfare, Child Support and Health programs. This included:

- supporting a number of joint taskforce activities
- testing and implementing new detection programs
- assessing tip-offs from the public
- increasing the department's well-established detection capability
- using data analytics and data mining to improve and refine the department's detection processes.

The department continued to work closely with a number of other government agencies, including the Australian Transaction Reports and Analysis Centre (AUSTRAC), the Australian Criminal Intelligence Commission (ACIC), the CDPP and the AFP, to promote law enforcement.

Fraud investigations

The department investigates fraud and refers appropriate matters to the CDPP for it to consider prosecution. The department's fraud control processes are deliberately focused on the most serious cases of fraud rather than on people making honest mistakes.

In 2017–18 the department assessed and investigated matters covering a range of risks, including:

- undisclosed income or assets
- identity fraud
- undeclared family relationships
- residency and absence from Australia
- study requirements
- claiming for services not rendered.

In 2017–18 the department completed 3301 evaluations and 748 investigations of fraud.

Of the investigations completed:

- 686 related to the department's Social Security and Welfare Program
- 56 related to the department's Health Program.
- three related to the department's Child Support Program.

To support the investigation capability in a digital environment, the department enhanced its digital forensics capability through new detection technologies and deploying extra staff. The department also further developed risk profiling capabilities to enhance its ability to address online and identity fraud and prevent incorrect payments in real time.

Internal investigations

The department's Internal Investigations Section is primarily responsible for leading investigations of potential unauthorised access and internal (administrative, program and information, including customer records) fraud and corruption. This section also works collaboratively with internal and external stakeholders, including:

- the department's Workplace Relations Branch on matters of employee misconduct
- the AFP on matters of criminal investigation
- the CDPP on briefs of evidence and referrals for consideration of criminal prosecution
- the department's Programme Advice and Privacy Branch on matters of unauthorised access and disclosure and eligible data breaches
- the department's Cyber Security Branch on matters of data security
- the department's Security Branch to ensure that the physical and information security of both customers and staff is maintained.

The Internal Investigations Section undertook a range of investigations, including:

- unauthorised access to customer information
- unauthorised access to personal administrative information
- falsification of documents
- fraud relating to leave and related entitlements
- assisting customers inappropriately
- unsecured external emails
- dishonestly influencing a public official in the exercise of the official's duties
- identity fraud
- undeclared family relationships
- fraud by staff who are also customers
- claiming for services not rendered.

The department's digital forensics capability utilises the latest forensic technologies and methodologies to support investigations. Real-time risk profiling capabilities have also been developed to address online and identity fraud and prevent incorrect payments.

Optical surveillance

Optical surveillance involves observing people, vehicles, places or objects. The department continued to use optical surveillance when other types of investigation techniques were unsuccessful and when there was a reasonable suspicion of fraud, serious child support avoidance or income minimisation.

In 2017–18 the department completed 50 matters involving optical surveillance.

Whole-of-government engagement to combat crime

To ensure a strong response to fraud and serious non-compliance, the department continued to work with a number of other government agencies. This included cooperation through:

- new information-sharing arrangements
- combined intelligence activities and investigations
- engagement with overseas agencies
- proactive data matching relating to people of interest
- regular data matching
- active involvement in taskforces.

Australian Transaction Reports and Analysis Centre

AUSTRAC gives the department access to its records of significant or suspicious financial transactions. AUSTRAC and the department have developed an automated data exchange capability to supplement existing data acquisition and sharing arrangements. This capability increases the department's access to AUSTRAC intelligence used to detect undisclosed income or target unexplained wealth.

Greater access to AUSTRAC intelligence has strengthened the department's ability to address serious and systematic misuse of the welfare system.

Australian Criminal Intelligence Commission

The department provides ongoing support to ACIC to address the threat of organised crime. In 2017–18 the department continued to have an officer seconded to ACIC working in the Australian Gangs Intelligence Coordination Centre. As part of this arrangement the department received information and intelligence from ACIC on issues associated with social security and welfare fraud and serious non-compliance.

Australian Federal Police

The AFP contributes to the department's fraud control capabilities. During the year, nine seconded federal agents worked in the department to help with investigations, including by preparing and executing search warrants. The federal agents also provide training and advice to departmental investigators and coordinate access to specialist forensic services.

The department collaborates with the AFP on specific joint operations to investigate and disrupt larger scale organised crime against health and welfare programs.

The department is a member of the AFP-led Fraud and Anti-Corruption Centre. The centre responds to serious and complex fraud against the Australian Government, corruption by Australian Government employees, foreign bribery, and complex identity crime involving the manufacture and abuse of credentials. One departmental officer is seconded to the centre.

Commonwealth Director of Public Prosecutions

In 2017–18 the department and the CDPP continued to work together to respond to fraud against government programs.

Successful prosecutions are a critical component of the department's fraud control, prevention and deterrence strategies. The CDPP plays a pivotal role in prosecuting alleged fraud matters that the department has detected and investigated.

During the year both agencies increased their focus on collaboration and innovation, including through mutual training, efficiency, and capability development initiatives.

In 2017–18 the department referred 597 cases to the CDPP. These included:

- 560 cases related to social security or family assistance payments
- 35 cases related to Health Program benefits
- two cases related to Child Support services.

The types of fraud and serious non-compliance threats that the department addresses continued to shift towards those driven by technological changes or involving unexplained wealth. The department continued to work with the AFP and state police forces on a number of complex organised frauds and online frauds.

Prosecution is not the department's only response to fraud and serious non-compliance. Not all cases are suitable for prosecution, particularly where there are evidentiary issues. The department can take a range of administrative actions to complement prosecution activity and tackle cases that cannot be prosecuted.

The department does not set targets for prosecution activity. Instead, the department focuses on tackling fraud and serious non-compliance threats holistically, quickly and cost-effectively.

Child support compliance

In 2017–18 the department continued to refine its child support compliance programs. Various activities are used to ensure that assessments for child support are accurate. For example, it requests that the ATO take lodgement enforcement action for mutual customers where those customers have not submitted tax returns and therefore their child support liability cannot be assessed accurately. Any available tax refund can also be used to reduce outstanding child support.

Wherever possible, child support is collected via employer withholding and income support payments to ensure timely and sustainable payments are made.

Where voluntary compliance is not possible, the department will pursue collection. This could include seeking a DPO or pursuing collection from a paying parent through the courts.

Table 52: Child support compliance and enforcement actions

	Number of actions			Child support collected/ corrected $ million		
	2015–16	2016–17	2017–18	2015–16	2016–17	2017–18
ATO taxable incomes enforced[a]	58 588	65 407	107 049	n/a	n/a	n/a
Tax refund intercept payment[b]	97 679	99 022	108 549	114.6	116.0	127.4
Departure Prohibition Orders[c]	928	1 952	1 572	7.9	9.9	12.5
Litigation[d]	184	208	113	6.4	8.1	7.5

(a) To ensure assessments for child support are accurate, the ATO takes lodgement enforcement action for mutual customers.

(b) Tax refund intercepts resulting from actions taken to enforce ATO taxable incomes (lodgement enforcement) are included in this figure.

(c) Departure Prohibition Orders (DPOs) preventing overseas travel are issued to persons who have not made satisfactory arrangements to clear substantial debts. A DPO is a rigorous debt treatment that stops a child support debtor from leaving the country. Due to the success of the program, additional resources were directed to this activity to increase the collection rate of outstanding child support.

(d) When other enforcement options have been unsuccessful and an assets or income stream is identified, the department takes litigation action against parents who repeatedly avoid paying their child support.

Table 53: Employer withholding from wages and salaries

	2015–16	2016–17	2017–18
Active paying parents with employer withholding payments set up[a]	62 702	67 676	69 110

(a) The department may initiate employer withholding for both current liability and child support debt.

Table 54: Deductions from Centrelink and Department of Veterans' Affairs payments

	2015–16[a]	2016–17	2017–18
Amounts collected from Centrelink and DVA payments[b]	$69.4 million	$67.8 million	$66.8 million

(a) Represents the total amount of deductions from both Centrelink and DVA payments.

(b) These deductions may be made for both current liability and child support debt.

Transformation and technology

3

3.1 REFORM OF SERVICE DELIVERY

WELFARE PAYMENT INFRASTRUCTURE TRANSFORMATION

The Welfare Payment Infrastructure Transformation (WPIT) Programme is a business-led, user-centered, technology-enabled transformation that will fundamentally transform the delivery of welfare payments and services.

It is an important long-term investment. It will allow the government to properly address the challenges facing Australia's welfare system and maximise the benefits of digital capabilities while reducing the costs of administering payments.

The department's transformed welfare system will be quicker and easier to navigate, providing seamless access to its face-to-face, phone and digital services.

The department is three years into a seven-year program of work.

Tranche Two

In the 2016–17 Mid-Year Economic and Fiscal Outlook (MYEFO), the government invested $313.5 million net expenditure over four years for Tranche Two of the WPIT Programme. Tranche Two, which ran from 1 January 2017 to 30 June 2018, focused on developing new welfare payment processes and services for students, transforming how student payments will be administered and delivered in the future.

In Tranche Two the department developed the capability to automate the processing of student claims. This will mean faster and more consistent decisions on applications and more time available for staff to support customers with complex needs and circumstances.

Median time to process most student claims types is now less than three weeks. The new online claiming system tailors questions based on the student's circumstances and reuses information that the department already holds. This has reduced the number of questions some students have to answer when they claim by almost 70 per cent, from 117 to 37. From August 2017 to 30 June 2018 over 13 per cent of all student claims were lodged via the reduced question set. In addition, all students can now inform Centrelink online about changes in their employment and can have their fortnightly income reporting automatically initiated. As at 30 June 2018, this online service had been used over 58 000 times since it was launched on 22 June 2017.

The program has successfully developed the capability to progressively automate the processing of student claims, meaning that some students will find out in near real time whether they will receive a payment.

The department is designing business processes enabled by technology to meet the needs of customers and government and to support welfare reform and broader service delivery transformation. This includes service delivery for job seekers, families, older Australians and people with a disability. Tranche Three started on 1 July 2018 and will build on and extend the capabilities developed during Tranche Two.

User-centred transformation of student payments

The department is progressively transforming its student payment systems by learning directly from real customers about how they use its services and redesigning those services around their needs. In 2017–18 this resulted in more than 45 online and behind-the-scenes improvements that made it easier for students to claim and manage their payments.

In March 2018 the multidisciplinary team driving this project—the Student Transformation Agile Release Train (START)—held two student engagement sessions in the department's Brisbane Design Hub to gather insights from customers. Twenty-five students participated in a variety of visual activities to help design, test and validate changes being developed by the START team. At each session, they described their individual experiences of claiming student support payments.

Jenna told us how her experience of dealing with the department had changed following improvements like reducing the number of claim questions. Her original claim, in 2015, for Youth Allowance took four months to process and required several phone calls and visits to Centrelink. The inconvenience of having to supply multiple documents in hard copy turned to frustration when some

of them were misplaced and she eventually had to resupply them. She received 'ambiguous' advice on how long her claim would take to process and had to follow up because the updates on progress were not clear. Overall, the whole experience was 'quite painful'.

In contrast, when Jenna re-applied for Youth Allowance in January 2018 she was surprised by how easy it was to claim.

> It took me five minutes to put it all through. I think a lot of information was populated from my last claim, so I just had to put in my new course and my start and finish dates. I found out within a day that I had got the claim put through, so it was very good after my first experience.

Jenna is one of thousands of customers who have benefited from the department's student payments transformation work.

CUSTOMER-CENTRIC APPROACH

Since establishing the Chief Citizen Experience Officer (CCXO) position in June 2017, the department has made good progress in adopting a customer-centric approach to designing and delivering services. Through design and innovation hubs the department is engaging directly with customers on key departmental and Australian Government priorities. More than 5000 customers had participated in this by the end of 2017–18. This behavioural and ethnographic research has created a rich library of insights for the department to use in new and ongoing projects to improve service delivery and policy design.

To continue on this successful path, the CCXO is leading the development of the department's Citizen Experience Strategy. This will outline the department's goals for delivering high-quality, consistent service experiences. The department will develop the strategy collaboratively with its customers; its staff at all levels, including the most senior leaders; and other stakeholders. To support the strategy, performance will be measured in a way that allows real-time tracking of service quality and identification and resolution of issues as they occur.

5000+ CUSTOMERS
Participated in design and innovation hubs

Chief Citizen Experience Officer

One of the department's highest priorities is improving the experience customers have when they engage with us. By representing customers and making their voices heard throughout the department, the Chief Citizen Experience Officer (CCXO) is playing an influential role in reshaping the way the department delivers services.

This role involves communicating to all staff how important it is for us to engage directly with customers to gain a better understanding of their needs, their pain points and their experience of the department and its services. This knowledge helps improve existing services and create exemplary new ones through user-centred design processes.

At the same time, the department is transforming its approach to customer feedback. The department's goal is to continually measure how customers use its services and what they think and feel about them, to hear their voices and to respond with actions that make their interactions with the department easier. The CCXO will shortly begin work on defining a 'blueprint' for the experience that the department wants its customers to be able to have.

VETERAN CENTRIC REFORM

The department is working collaboratively with the Department of Veterans' Affairs (DVA) to deliver stage 1 of the Veteran Centric Reform measure announced in the 2017–18 Budget.

Veteran Centric Reform is a comprehensive transformation program for DVA that puts veterans and their families at the centre of everything DVA does. The department is leveraging information and communications technology (ICT) capabilities developed through the WPIT Programme to help DVA build a modern ICT platform, starting with a focus on the DVA Education Assistance Scheme, and helping to build DVA's service design, portfolio, project management and change management capabilities by sharing the department's experience in transforming service delivery.

The department is working with DVA to shape service delivery pilots that will evaluate approaches to improving access to veteran services. This includes DVA's redesign of claim processes. In 2017–18 the department helped to develop the MyService digital product, which is now enabling DVA to process claims more quickly. MyService, a redesign of DVA's initial claim process, is a simpler way for customers to interact with DVA online.

HEALTH MODERNISATION

The department undertook a range of health and aged care remediation activities in 2017–18 through the Modernising Health and Aged Care Payments Services Program led by the Department of Health. Remediation activities included essential system upgrades required to ensure the compliance, operational stability and availability of the department's health and aged care payment systems. This work also included the development of strategies to improve health systems workforce capability.

3.2 INFORMATION AND COMMUNICATIONS TECHNOLOGY

TECHNOLOGY PLANNING

The department's *Technology Plan 2016–20* sets out the vision for ICT, which is to provide government services through a trusted digital services platform. It supports the *Corporate Plan 2017–18*, the Digital Transformation Strategy and the Digital Transformation Agency's goal of transforming services to be simple, clear and fast. The plan builds on the department's transformation so far and provides a structure to establish the department as a leading provider of government services.

A core capability of the digital services platform is a system of planning that will enable the department to identify, engage, collaborate on, align and ensure the consistency and transparency of funded initiatives that provide opportunities and solutions to achieve the Technology Plan deliverables. These initiatives include Welfare Payment Infrastructure Transformation, the Child Care Subsidy, health and aged care systems reform, a citizen to government to business eMarketplace, cognitive computing, a data lake, virtual assistants, an elastic private infrastructure cloud and shared government services.

SERVICE STABILITY

In 2017–18 the department continued to maintain the stability of its core systems. The average number of priority one incidents was 0.17 per month. Priority one applies if a system, network, application or customer self service capability is unavailable or severely degraded, there is no alternative available, and this affects the department or an organisation to which it provides key services to meet customer service level commitments or otherwise has a significant impact on a critical function.

To support community demand for 24/7 online access, the department maintains ICT infrastructure to be available and to have enough capacity to meet customer needs. This is important during peak demand periods such as the end of financial year, end of calendar year and holiday processing periods. Complex data modelling indicates service demand profiles so that the department can increase infrastructure capacity in anticipation of demand peaks.

TELSTRA CONTRACT

The department has consolidated its telecommunications services through a managed contract with Telstra. This contract consolidated over 20 individual telecommunications contractual arrangements into a single managed services arrangement. It covers end-to-end voice and data services, voice carriage, contact centre services, videoconferencing services and mobile phone services.

Since the contract started in 2012, the department has increased efficiency and productivity and significantly improved service delivery through:

- a common communication platform using internet protocol telephony
- modern solutions to meet the department's evolving requirements, including a workload distribution capability
- integrated systems for workforce management
- call recording and quality monitoring
- an easier automated authentication process using voice biometrics.

ICT SUPPORT FOR OTHER GOVERNMENT AGENCIES

The department continued to provide ICT support to other Australian, state and territory government agencies, including:

- internet gateway services to eight departments and agencies
- data warehousing and business information services to several departments, primarily the Department of Social Security and the Department of Health. Services include:
  - collecting data from transaction processing systems
  - formatting, relating and storing that data in a data warehouse
  - developing analytical and reporting products that use it
- information and data exchange programs
- online capability for:
  - the Higher Education Contribution Scheme Reimbursement Scheme
  - business services supporting the Parental Leave Pay scheme

- ICT components and technical operational support, including:
  - components of the My Health Record system
  - the National Authentication Service for Health, which enables secure electronic communications across the health sector
  - authentication and digital services for users of myGov
- the National Health Funding Administrator Payments System, through which all state and territory government health departments provide payments to all public hospitals
- ICT shared services to DVA, including end-user computing, telephony, infrastructure and application support and development.

The department continues to support the National Disability Insurance Scheme (NDIS) by providing:

- a full suite of ICT shared services to the National Disability Insurance Agency, including end-user computing, information management and corporate systems, telephony, online channels and business systems
- support for general enquiries and participant and provider access to the NDIS by 250 contact centre staff who are trained to undertake this work
- other corporate shared services, including property support, payroll management, credit card management, accounts payable, accounts receivable, travel, fleet management, records management and security services.

PROVIDER DIGITAL ACCESS

Provider Digital Access is an online authentication system used to securely access online services, including Health Professional Online Services and the NDIS provider portal.

Designed as a two-step verification process, the system requires a username, password and verification code to log on. A portable solution that requires no additional hardware or software, it enables health professionals and their administrators, including those in regional and remote communities, to connect with specific government services. See also 'Health Professional Online Services' on page 32.

Testing cyber defence capacity

In September 2017 the department hosted the first ever Australian Government cross-training exercise for cyber security staff: Cyber War Games—Operation First Wave 2017. As cyber attacks grow more sophisticated and disruptive, this unique training opportunity allowed some of the Australian Public Service's brightest minds to test their cyber skills in a controlled environment.

Five teams, comprising 46 staff from 10 agencies, participated in a week-long series of activities and social events. More than 150 visitors—including school students, agency chief information officers and chief information security officers, as well as representatives from the IT industry and community groups—attended spectator sessions.

The main event was a simulated warfare game played on a 'cyber range'. Teams attacked and defended a Lego® city connected to a purpose-built ICT network, separated from departmental systems. The cyber range was designed to replicate real-life critical infrastructure—a common target for criminals. To succeed, players had to understand the mind of a cyber criminal and demonstrate their defence skills.

The teams were scored on their technical skills, teamwork and communication effort across a range of activities throughout the week, including media doorstop interviews

and a Lego® fast build as well as the main cyber war game. The overall winner was the Department of Human Services team.

The games were a great success on a number of levels, including:

- enabling improved and new ways for agencies to identify training needs for future learning and development
- establishing useful relationships between agencies and with industry leaders
- strengthening the department's reputation as a cyber-secure organisation
- attracting positive media coverage that reached an estimated audience of over 900 000 people
- increasing community interest, with several schools and community groups expressing interest in further activities with the department.

3.3 CYBER SECURITY

Government operates in an environment in which cyber security threats are growing in number and sophistication. Threats come from a wide range of sources, including individuals, issue-motivated groups, organised criminal syndicates and state based or foreign government hackers.

The department addresses these threats by continually improving its ability to protect the extensive data and payment systems it administers. The capability of the Cyber Security Branch has expanded to over 180 staff with a wide range of technical and supporting skills. The department's expanded intelligence and forensic areas now work 24/7 to provide rapid responses to emerging issues. The department is also focusing on increasing the cyber security awareness of its workforce as an additional line of defence and on collaborating across the government and private sectors.

To improve training both in the department and across government, the department hosted the first Australian Government cyber security war games event in 2017. The department welcomed staff from nine external agencies to participate. The games were an opportunity to train in simulated cyber security scenarios and enhance soft skills such as teamwork, communication, creative thinking and critical analysis.

Customer engagement and feedback

4

4.1 CUSTOMER SATISFACTION

THE DEPARTMENT'S SERVICE COMMITMENTS

The department's service commitments are a public expression of its vision of delivering excellent services to the Australian people while delivering on the outcomes and expectations of government. They cover:

- what people can expect from the department under the four themes of respect, quality information, honesty and integrity, and efficiency
- the department's business improvement priorities, such as designing products and services that take people's feedback into account
- what people can do to help the department, such as providing complete, accurate and timely information about their circumstances and treating staff with courtesy
- how people can offer feedback about service delivery and have complaints resolved.

The department's service commitments underpin its business priorities. They are available on the department's website at **humanservices.gov.au**

SUMMARY OF PERFORMANCE AGAINST SERVICE COMMITMENTS

This is an overview of the department's performance against each of the four service commitment themes. The results are based on responses to a survey conducted throughout 2017–18 that asked about each respondent's most recent interaction with the department. Respondents who were unable to provide an answer were removed from the calculation of results.

The department has an ongoing focus on improving the way services are delivered in line with the expectations of the Australian community. There has been an improvement in results against all four of the service commitment themes in 2017–18.

Respect

We will listen and work with you to understand your individual and cultural needs—measured by people's assessment of staff behaviour:

- 92.3 per cent of people surveyed about Centrelink services agreed that staff treated them with respect and 80.8 per cent agreed that staff took into account their individual circumstances

- 94.4 per cent of people surveyed about Medicare services agreed that staff treated them with respect and 89.4 per cent agreed that staff took into account their individual circumstances

- 90.1 per cent of people surveyed about Child Support services agreed that staff treated them with respect and 85.1 per cent agreed that staff took into account their individual circumstances.

Centrelink	92.3%
Medicare	94.4%
Child Support	90.1%

Quality information

We are committed to providing consistent and accurate information—measured by people's assessment of the consistency and accuracy of information:

- 83.6 per cent of people surveyed about Centrelink services agreed that staff had told them everything they had to do to get the service and 84.2 per cent agreed that they were given accurate information

- 92.4 per cent of people surveyed about Medicare services agreed that staff had told them everything they had to do to get the service and 93.3 per cent agreed that they were given accurate information

- 87.8 per cent of people surveyed about Child Support services agreed that staff had told them everything they had to do to get the service and 89 per cent agreed that they were given accurate information

Centrelink	83.6%
Medicare	92.4%
Child Support	87.8%
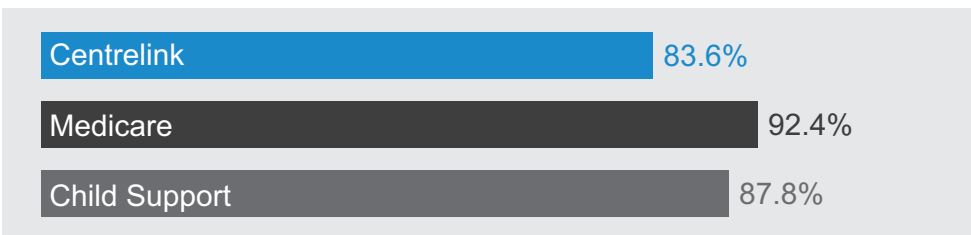
- 79.8 per cent of people surveyed about Centrelink services agreed that staff gave them information that was consistent with what they had already heard or read

- 89.8 per cent of people surveyed about Medicare services agreed that staff gave them information that was consistent with what they had already heard or read

- 85.7 per cent of people surveyed about Child Support services agreed that staff gave them information that was consistent with what they had already heard or read.

Centrelink	79.8%
Medicare	89.8%
Child Support	85.7%

Honesty and integrity

We will be open and honest and follow through on our commitments—measured by people's assessment of information that is clear and easy to understand:

- 85.1 per cent of people surveyed about Centrelink services agreed that staff gave them information that was clear and easy to understand
- 92.3 per cent of people surveyed about Medicare services agreed that staff gave them information that was clear and easy to understand
- 87.4 per cent of people surveyed about Child Support services agreed that staff gave them information that was clear and easy to understand.

Centrelink	85.1%
Medicare	92.3%
Child Support	87.4%
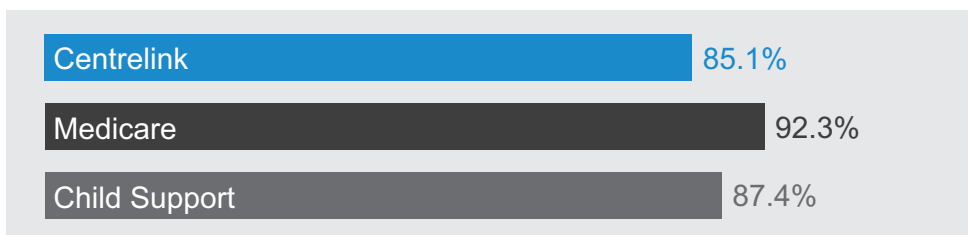
Efficiency

We will simplify the way we deliver services to you—measured by people's assessment of staff promptness and efficiency:

- 82.2 per cent of people surveyed about Centrelink services said that staff were prompt and efficient
- 86.4 per cent of people surveyed about Medicare services said that staff were prompt and efficient
- 87.8 per cent of people surveyed about Child Support services said that staff were prompt and efficient.

Centrelink	82.2%
Medicare	86.4%
Child Support	87.8%
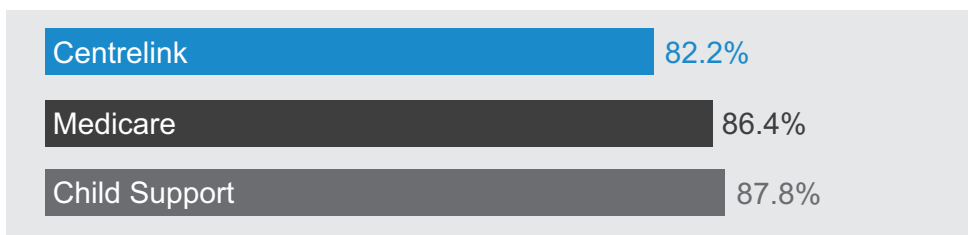
SATISFACTION RESEARCH PROGRAM

In 2017–18 the department engaged a new market research provider to administer its Satisfaction Research Program. This program includes a number of survey modules designed to measure satisfaction with the department's service delivery:

- The **Transactional Survey** measures people's perceptions of the quality of service they received in their most recent interaction with the department.

- The **Relationship Survey** measures people's general perceptions of and engagement with the department.

- The **Health Provider Survey** measures satisfaction with the department's services to health professionals, including aged care providers, pharmacists, general practitioners and practice managers.

Table 55: Summary of the department's satisfaction survey activities

Survey title	Target audience, timing and sample size	Results 2016–17	Results 2017–18
Transactional Survey	Random selection of current users who have recently interacted with the department Continuously throughout the year Approximately 26 469 surveys completed through phone interviews and 1 525 surveys completed through interactive voice response	Satisfied with: • Centrelink services: 69.5% • Medicare services: 81.7% • Child Support services: 84.9%	Satisfied with: • Centrelink services: 75.2%[a] • Medicare services: 83.7%[a] • Child Support services: 74.5%
Relationship Survey[a]	Random selection of users who have had any interaction with the department in the previous 12 months Annually 2 980 surveys completed	Satisfied with: • Centrelink: 50% • Medicare: 71% • Child Support: 46%	Satisfied with: • Centrelink: 46.5% • Medicare: 70.5% • Child Support: 38.8%
Health Provider Survey	Random selection of health professionals who have interacted with the department in the previous 12 months Annually 1 762 surveys completed	Satisfied with or neutral about the department's services: • Pharmacists: 94% • Practitioners: 89% • Practice managers: 82%	Satisfied with or neutral about the department's services: • Pharmacists: 95.5% • Practitioners: 86.4% • Practice managers: 86% • Aged Care Providers:[b] 74.9%

Note: As the survey methodology changed in 2017–18, the results should not be compared with those of previous years.

(a) Due to a change in survey provider, results are from September 2017 only. (Child Support surveys are conducted via interactive voice response and were not affected by the change in provider.)

(b) In 2017–18, aged care providers were added as a cohort.

FEEDBACK ON SERVICES

The department is committed to delivering high-quality services to the Australian people. Receiving feedback is valuable, as it helps improve business processes and deliver better services.

The department is committed to ensuring that people are aware of their right to complain and provide feedback. They can do so:

- by calling the complaints and feedback line
- online via their myGov account or at **humanservices.gov.au**
- by calling one of the department's international phone numbers from overseas—listed at **humanservices.gov.au/international**
- by mail (no postage stamp required)
- by calling the National Relay Service for people who are deaf or have a hearing or speech impairment
- by speaking to a service officer at any service centre or on the phone.

The number of complaints the department received in 2017–18 about its services was 265 293, or 0.19 per cent of the more than 139 million interactions for that period.

In 2017–18 the department received 10 975 compliments. Of these, 88.2 per cent were about the service provided by staff, 6.2 per cent were about programs and 5.6 per cent were about products.

The department actively encourages feedback and suggestions about programs, services and new initiatives. In 2017–18 the department received 8386 suggestions.

👍 **10 975 COMPLIMENTS**

88.2% Staff   **6.2%** Programs   **5.6%** Products

Centrelink feedback

In 2017–18 the department recorded 253 752 feedback contacts about Centrelink services. Of these, 236 563 were complaints. The top three complaint reasons, by volume, were:

- dissatisfaction with a claim, application or assessment process, including waiting too long, needing to contact the department multiple times to progress the matter, and not being updated on progress (40.7 per cent)
- dissatisfaction with a decision, outcome or payment, including waiting too long, a cancellation or suspension, or a payment not being received (26.8 per cent)
- difficulties with phone services, including busy or engaged signals, call wait times, and call disconnections (12.1 per cent).

Centrelink feedback	253 752
Centrelink complaints	236 563
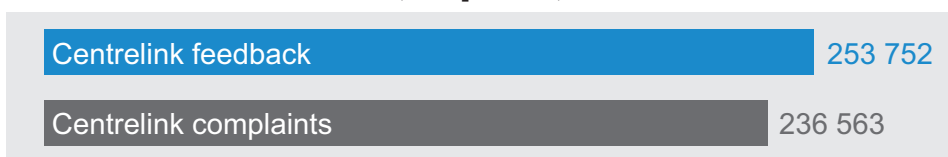
Medicare feedback

In 2017–18 the department recorded 12 254 feedback contacts about Medicare services. Of these, 10 472 were complaints. The top three complaint reasons, by volume, were:

- dissatisfaction with a claim, application or assessment process, including waiting too long, incorrect information, and requests for information (32.5 per cent)
- dissatisfaction with a decision, outcome or payment, including a payment not being received, waiting too long, or the amount of payment (19.9 per cent)
- difficulties with digital services, including inability to complete a transaction, inability to access, and lack of user friendliness (17.8 per cent).

Medicare feedback	12 254
Medicare complaints	10 472
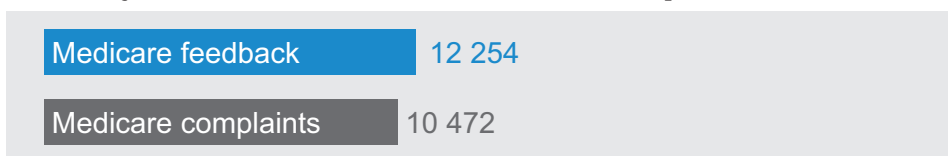
Child Support feedback

In 2017–18 the department recorded 18 711 feedback contacts about Child Support services. Of these, 18 258 were complaints. The top three complaint reasons, by volume, were to do with:

- collection, including lack of collection, issues with account balance, and issues with employer withholding (31.4 per cent)
- quality of service, including lack of courtesy, poor advice, and inaction (30.1 per cent)
- assessment, including income used, care level used, and change of assessment (22.2 per cent).

Child Support feedback	18 711
Child Support complaints	18 258
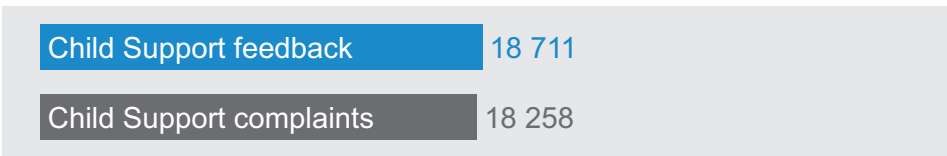
RESPONSES TO COMPLAINTS AND FEEDBACK

The department is committed to continuous service improvement and reducing overall complaint volumes. Complaints, compliments and suggestions are used to improve service delivery, training, and procedural and communication guidelines.

The department uses data analytics techniques to identify the underlying causes of complaints and determine the actions needed to resolve these issues. Trends in complaints are regularly monitored and reports are provided to service and process teams so that the issues identified can be addressed.

The department provides staff with comprehensive training and guidance materials covering all aspects of complaints management. In July 2017 feedback from staff was also used to improve training in how to manage and record complaints and feedback.

4.2 COMMUNITY ENGAGEMENT

NATIONAL SOCIAL SECURITY RIGHTS NETWORK

The National Social Security Rights Network (NSSRN) comprises 16 community legal services specialising in social security and family assistance law and its administration by the department.

Member organisations help individual clients, train community workers and produce publications to help social security customers and community organisations to understand the system.

The department and the NSSRN meet twice yearly to exchange information and ideas.

CIVIL SOCIETY ADVISORY GROUP

The department has established the Civil Society Advisory Group to engage with community peak bodies to share progress towards the department's customer experience and transformation activities, including the Welfare Payment Infrastructure Transformation Programme relating to health and aged care. The group meets quarterly and explores key topics through a facilitated process to highlight areas of consensus and any issues.

MULTICULTURAL ADVISORY FORUMS AND COMMITTEES

The department has partnerships with a wide range of community and government organisations that work on issues relating to service delivery for people with culturally and linguistically diverse (CALD) backgrounds.

The National Multicultural Advisory Group comprises members from non-government organisations and peak bodies representing CALD communities. It gives the department advice and feedback about the quality and effectiveness of its service delivery to people with CALD backgrounds. The department's annual face-to-face meeting with the group was held in August 2017, with follow-up meetings in November 2017 and March 2018. Issues discussed included digital transformation, Medicare re-enrolment for refugees, and challenges and opportunities for multicultural servicing.

The department convenes other multicultural advisory committees and forums to consult regularly with multicultural communities at local and state/territory levels. These committees and forums operate in areas with high multicultural populations across all states and territories. They make communities aware of the department's programs, services and new initiatives. Issues raised in 2017–18 included employment pathways for migrants and asylum seekers, improving social cohesion, settlement services for refugees, and digital engagement for CALD users.

STAKEHOLDER CONSULTATIVE GROUP

The Stakeholder Consultative Group is the department's peak stakeholder consultation forum on health issues. It comprises representatives from consumer, medical, allied health, pharmaceutical and aged care fields. The department advised the group on emerging strategic and operational matters and on our implementation of government measures. Stakeholder engagement and input assists the department in delivering its aged care and health-related services more effectively. The group met twice in 2017–18.

Report on performance

5

5.1 OVERVIEW OF THE ANNUAL PERFORMANCE STATEMENT FOR 2017–18

ANNUAL PERFORMANCE STATEMENT 2017–18

Statement of Preparation

I, Renée Leon PSM, as the accountable authority of the Department of Human Services, present the 2017–18 annual performance statement of the Department of Human Services, as required under paragraph 39(1)(a) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

In my opinion, the 2017–18 annual performance statement is based on properly maintained records, accurately reflects the performance of the department, and complies with subsection 39(2) of the PGPA Act.

The department's purpose

The purpose stated in the *2017–18 Corporate Plan* was:

> The department delivers payments and associated services on behalf of partner agencies, and provides related advice to government on social welfare, health and child support service delivery policy.

> The department delivers payments to the community on behalf of the Australian Government either directly via face-to-face and telephone or through digital channels. A key aim of the department is to deliver digital services that support individuals, families and communities to be self-sufficient and manage their own affairs.

The text of Outcome 1 has remained consistent across 2017–18 in the Appropriation Acts and in the *Portfolio Budget Statements 2017–18 Budget Related Paper No. 1.15B* as follows:

> Support individuals, families and communities to achieve greater self-sufficiency; through the delivery of policy advice and high quality accessible social, health and child support services and other payments; and support providers and businesses through convenient and efficient service delivery.

Performance measure results

Program 1.1 Services to the Community—Social Security and Welfare—Performance overview

Performance measure	Met
1. Customer satisfaction: Achievement of customer satisfaction standards.	✗
2. Achievement of digital service level standards: Departmental interactions completed through digital channels.	✓
3. Achievement of digital service level standards: Availability of ICT systems that support 24/7 customer access.	✓
4. Achievement of payment quality standards: Centrelink: Delivery of correct customer payments.	✓
5. Key initiatives delivered as agreed within timeframes and on budget: Welfare Payments Infrastructure Transformation Budget measure.	✓
6. Key initiatives delivered as agreed within timeframes and on budget: Strengthening the Integrity of Welfare Payments Budget measure.	✓
7. Key initiatives delivered as agreed within timeframes and on budget: Jobs Budget measures.	✓
8. Key initiatives delivered as agreed within timeframes and on budget: Families Budget measures.	✓
9. Key initiatives delivered as agreed within timeframes and on budget: Income Management Budget measure.	✓
10. Support economic and social participation of Indigenous Australians through the timely delivery of appropriate departmental payments and services: Centrelink: Delivery of correct payments for Indigenous Australians.	✓
11. Achievement of face-to-face service level standards: Average wait time.	✓
12. Achievement of telephony service level standards: Average speed of answer.	✓
13. Achievement of processing service level standards: Claims processed within standard.	✓
14. Internal reviews: Percentage of reviews finalised within standard.	✓
15. Achievement of payment integrity standards: Centrelink: Debt under recovery.	✗

Criterion	1. Customer satisfaction: Achievement of customer satisfaction standards.
Target	**≥85%** of survey respondents are satisfied overall with their most recent interaction.
Method	Survey.
Rationale	The provision of customer service is a key objective of the department.
Source	2017–18 Corporate Plan, page 6 2017–18 Portfolio Budget Statements, page 35
Results	**Not achieved. 75.2%** of customers were satisfied. This represents an improvement of 5.7 percentage points over the result for 2016–17. The department's highest performing attributes were 'fair treatment' (91.3%) and 'communication' (83.2%). The lowest performing attributes continue to be 'time to receive service' (55.5%) and 'ease of access' (66.6%).

Year	Performance	Yearly change	Result
2017–18	75.2%	5.7%	Not achieved
2016–17	69.5%	2.7%	Not achieved
2015–16	66.8%	–3.5%	Not achieved

Criterion	2. Achievement of digital service level standards: Departmental interactions completed through digital channels.
Target	**≥5% increase** in the total number of interactions conducted via digital channels compared with 2016–17.
Method	Data mining.
Rationale	Encouraging customers into digital channels is a key objective of the department.
Source	2017–18 Corporate Plan, page 6 2017–18 Portfolio Budget Statements, page 35
Results	**Achieved.** There was a **6.6%** increase in the total number of interactions completed through digital channels. The department made significant improvements in moving letters online and electronic data interchange. In addition, there were a range of measures and activities occurring across the department to improve the levels of digital servicing and customer trust in digital channels. At this time, not all transactions can be completed online, requiring some customers to be diverted back into staff-assisted channels. This makes it difficult for the department to re-engage customers digitally. The department continues to investigate making targeted improvements to its self service products.

Year	Performance	Yearly change	Result
2017–18	6.6%	N/A	Achieved
2016–17	5.3%	N/A	Achieved
2015–16	21.3%	N/A	Achieved

Notes	This performance measure commenced in 2015–16.

Criterion	3. Achievement of digital service level standards: Availability of ICT systems that support 24/7 customer access.
Target	ICT systems that support 24/7 customer access are available **≥98%** of the time.
Method	Data mining.
Rationale	Continuous access to digital claiming is a key objective of the department.
Source	2017–18 Corporate Plan, page 6 2017–18 Portfolio Budget Statements, page 35
Results	**Achieved.** ICT systems that support 24/7 customer access were available **99.1%** of the time.

This continued strong result can be attributed to modernisation of the technologies used to provide departmental services and migration off old technology to the current industry standard.

Year	Performance	Yearly change	Result
2017–18	99.1%	–0.2%	Achieved
2016–17	99.3%	1.3%	Achieved
2015–16	98.0%	N/A	Achieved

Notes	This performance measure commenced in 2015–16.

Criterion	4. Achievement of payment quality standards: Centrelink: Delivery of correct customer payments.
Target	**≥95%** of Centrelink customer payments delivered correctly.
Method	Random sample surveys.
Rationale	The delivery of high quality payments is a key objective of the department.
Source	2017–18 Corporate Plan, page 6 2017–18 Portfolio Budget Statements, page 35
Results	**Achieved. 98.5%** of Centrelink customer payments were delivered correctly. This represents a 0.2% improvement over the result for 2016–17.

Year	Performance	Yearly change	Result
2017–18	98.5%	0.2%	Achieved
2016–17	98.3%	–0.1%	Achieved
2015–16	98.4%	0.3%	Achieved

Criterion	5. Key initiatives delivered as agreed within timeframes and on budget: Welfare Payment Infrastructure Transformation Budget measure.
Target	The delivery of the Welfare Payment Infrastructure Transformation Programme Budget measure initiatives as agreed within timeframes and on budget is **achieved**.
Method	Evaluation.
Rationale	Transforming the department's ICT environment is a key objective of the department.
Source	2017–18 Corporate Plan, page 7 2017–18 Portfolio Budget Statements, page 35
Results	**Achieved.** The Welfare Payment Infrastructure Transformation (WPIT) Budget measure initiatives were delivered as agreed within timeframes and on budget. The WPIT Programme has adopted the Scaled Agile Framework (SAFe) delivery model, which has been successfully applied to large transformative programmes in other service delivery organisations. In the WPIT Programme, the Students Transformation project has been successfully managed using the SAFe methodology, delivering many enhancements to the student online claim question set, developing straight-through processing capability and improving multiple digital services for students.

Year	Performance	Yearly change	Result
2017–18	Achieved	N/A	Achieved
2016–17	Achieved	N/A	Achieved
2015–16	Achieved	N/A	Achieved

Criterion	6. Key initiatives delivered as agreed within timeframes and on budget: Strengthening the Integrity of Welfare Payments Budget measure.
Target	The delivery of the Strengthening the Integrity of Welfare Payments Budget measure initiatives as agreed within timeframes and on budget is **achieved**.
Method	Evaluation.
Rationale	The Strengthening the Integrity of Welfare Payments Budget measure package is aimed at providing greater assurance to Australians that the integrity of taxpayer dollars is protected by reducing the impact of erroneous/fraudulent outlays.
Source	2017–18 Corporate Plan, page 7 2017–18 Portfolio Budget Statements, page 35

| Results | **Achieved.** The Strengthening the Integrity of Welfare Payments Budget measure consists of a package of elements aimed at providing greater assurance to Australians that the integrity of outlays is protected and reduces the risk of erroneous and fraudulent payments. |

The department is funded to undertake income data matching reviews through a range of measures, including through the Strengthening the Integrity of Welfare Payments Budget measure, until 2021–22. The income data matching elements of the Strengthening the Integrity of Welfare Payments Budget measure are administered by the department as a single program with other income data matching measures and are reported on a consolidated basis. The savings achieved for all income data matching measures are approximately:

- $401 million in 2015–16.
- $324 million in 2016–17.
- $405 million in 2017–18.

The department has successfully deployed an automated data-sharing platform that will improve data sharing between the Australian Transaction Reports and Analysis Centre and the department. This has strengthened the department's capability to identify and respond to threats to the integrity of the welfare system. It also enables the department to target investigative resources towards cases that are more likely to yield greater results.

The deployment of the 'Real Time Risk Profiling' element has strengthened the department's control framework. This has strengthened the department's capability to identify and intervene in potentially fraudulent or erroneous claims before they go into payment.

The 'Strengthening Obligations for Students' element allows students to confirm their study loads online at critical points in time such as semester changes or enrolment periods. This approach prompts students to respond at periods where they were most likely to have a change in study load.

The Taskforce Integrity element involves the establishment of specialised teams dedicated to fraud and non-compliance activity. The taskforce focuses on specific geographical locations with a higher risk of non-compliance and welfare fraud. In 2017–18, Taskforce Integrity conducted activity in eight locations. Taskforce activity includes a highly visible strategy including localised media, administrative compliance reviews, and full fraud investigations for high-risk individuals. Taskforce Integrity conducted 16 221 reviews this year compared to 13 595 in 2016–17.

Year	Performance	Yearly change	Result
2017–18	Achieved	N/A	Achieved
2016–17	Not achieved	N/A	Not achieved
2015–16	Achieved	N/A	Achieved

Criterion	7. Key initiatives delivered as agreed within timeframes and on budget: Jobs Budget measures.
Target	The delivery of the Jobs Budget measure initiatives as agreed within timeframes and on budget is **achieved**.
Method	Evaluation.
Rationale	The Jobs Budget measure package focuses on supporting the government's agenda to implement a range of measures for job seekers.
Source	2017–18 Corporate Plan, page 7 2017–18 Portfolio Budget Statements, page 36
Results	**Achieved.** The department's components of the Jobs Budget measures were delivered as agreed within timeframes and on Budget. Four of the measures were achieved in 2016–17 and the remaining three measures are no longer proceeding. The 'Further strengthening the job seeker compliance', 'Increasing the age of eligibility for Newstart Allowance and Sickness Allowance' and 'Revised waiting period for youth income support' elements of this measure did not proceed due to legislation not being passed.

Year	Performance	Yearly change	Result
2017–18	Achieved	N/A	Achieved
2016–17	Achieved	N/A	Achieved
2015–16	Achieved	N/A	Achieved

Criterion	8. Key initiatives delivered as agreed within timeframes and on budget: Families Budget measures.
Target	The delivery of the Families Budget measure initiatives as agreed within timeframes and on budget is **achieved**.
Method	Evaluation.
Rationale	The Families Budget measure package focuses on supporting the government's agenda to implement a range of measures across Families and Child Care programs.
Source	2017–18 Corporate Plan, page 8 2017–18 Portfolio Budget Statements, page 36
Results	**Achieved.** The Families Budget measures were successfully delivered as agreed within timeframes and on budget.

Year	Performance	Yearly change	Result
2017–18	Achieved	N/A	Achieved
2016–17	Achieved	N/A	Achieved
2015–16	Achieved	N/A	Achieved

Criterion	9. Key initiatives delivered as agreed within timeframes and on budget: Income Management Budget measure.
Target	The delivery of Income Management Budget measure initiatives as agreed within timeframes and on budget is **achieved**.
Method	Evaluation.
Rationale	The Income Management Budget measure will help customers manage their money to meet essential household needs and expenses.
Source	2017–18 Corporate Plan, page 8 2017–18 Portfolio Budget Statements, page 36
Results	**Achieved.** The Income Management Budget measure was successfully delivered as agreed within timeframes and on budget.

Year	Performance	Yearly change	Result
2017–18	Achieved	N/A	Achieved
2016–17	Achieved	N/A	Achieved
2015–16	Achieved	N/A	Achieved

Criterion	10. Support economic and social participation of Indigenous Australians through the timely delivery of appropriate departmental payments and services: Centrelink: Delivery of correct payments for Indigenous Australians.
Target	**≥95%** of Centrelink Indigenous customer payments delivered correctly.
Method	Random sample surveys.
Rationale	The delivery of high quality payments is a key objective of the department.
Source	2017–18 Corporate Plan, page 8 2017–18 Portfolio Budget Statements, page 36
Results	**Achieved. 99.1%** of payments were delivered correctly. Ensuring that the department has well-designed workflows and procedures for processing claims is supporting staff to make correct decisions and assessments. Having highly skilled staff in Remote Service Centres, Remote Servicing Teams, and Remote and ABSTUDY Smart Centres has helped to reduce barriers for Indigenous Australians in remote communities to interact with the department.

Year	Performance	Yearly change	Result
2017–18	99.1%	No change	Achieved
2016–17	99.1%	–0.2%	Achieved
2015–16	99.3%	0.4%	Achieved

Criterion	11. Achievement of face-to-face service level standards: Average wait time.
Target	The average length of time a customer waits to access social security and welfare face-to-face services in the department's service centres is **≤15 minutes.**
Method	Data mining.
Rationale	The provision of customer service is a key objective of the department.
Source	2017–18 Corporate Plan, page 8 2017–18 Portfolio Budget Statements, page 36
Results	**Achieved.** The average wait time was **14 minutes and 49 seconds**. While there has been an increase in the average wait time, the following work has helped the department to continue to meet the target. Implementation of workload process improvements have improved staff capability to manage workload and customer demand. Integration of the Customer First Front-of-House Application has provided a more accurate data source for the measurement of service centre traffic. Management of new initiatives such as the Child Care Subsidy through notification mediums like push notifications have reduced potential peaks in average wait times through pro-active customer management.

Year	Performance	Yearly change	Result
2017–18	14 minutes 29 seconds	2 minutes 25 seconds	Achieved
2016–17	12 minutes 4 seconds	1 minute 6 seconds	Achieved
2015–16	10 minutes 58 seconds	–1 minute 20 seconds	Achieved

Criterion	12. Achievement of telephony service level standards: Average speed of answer.
Target	The average length of time a social security and welfare customer waits to have a call answered through the department's telephony services is **≤16 minutes**.
Method	Data mining.
Rationale	The provision of customer service is a key objective of the department.
Source	2017–18 Corporate Plan, page 9 2017–18 Portfolio Budget Statements, page 36
Results	**Achieved.** The average speed of answer was **15 minutes and 58 seconds**. The department has been actively implementing the recommendations and findings of the independent expert in call centre operations and telephony optimisation, in order to increase capacity and improve the technical functioning of the department's telephony platform. Successfully managing a blended workforce of ongoing and non-ongoing full-time and part-time, contract and labour hire staff has assisted the department's ability to meet the target. Working with a service delivery partner has been an effective way to respond to demand. It increased the department's capacity to manage surge, emergency responses and other government business.

Year	Performance	Yearly change	Result
2017–18	15 minutes 58 seconds	14 seconds	Achieved
2016–17	15 minutes 44 seconds	35 seconds	Achieved
2015–16	15 minutes 9 seconds	–31 seconds	Achieved

Criterion	13. Achievement of processing service level standards: Claims processed within standard.
Target	**≥82%** of claims processed within standard.
Method	Data mining.
Rationale	The provision of customer service is a key objective of the department.
Source	2017–18 Corporate Plan, page 9 2017–18 Portfolio Budget Statements, page 36
Results	**Achieved. 82.1%** of claims were processed within service level standards, as agreed with partner agencies. The department actively managed demand across channels, allocating staff to target work in the different channels to achieve departmental outcomes. The department is committed to transforming the delivery of welfare payments and making it easier for people to claim online. The department is transforming the processing system, with more payments and services moving from old technology into new platforms. Enhancements are being made to the digital channel, which is affecting the customer experience through improved online claiming and reduced touch points. Enhancements include: • Upfront advice about eligibility, allowing claimants to evaluate if they are unlikely to qualify. • The ability for claimants to monitor the progress of their claims. • Reusing information already at hand, making it easier to claim. The current calculation for processing timeliness includes time outside the department's control such as requesting documentation. The ability to influence customer behaviour and have information returned in a timely manner remains a challenge for the department despite innovations in this area, including a claim tracker and SMS reminders.

Year	Performance	Yearly change	Result
2017–18	82.1%	No change	Achieved
2016–17	82.1%	3.6%	Achieved
2015–16	78.5%	–6.1%	Not achieved

Criterion	14. Internal reviews: Percentage of reviews finalised within standard.
Target	**≥70%** of internal reviews are finalised within the 49-day standard.
Method	Data mining.
Rationale	Finalising reviews within agreed timeframes is a key objective of the department.
Source	2017–18 Corporate Plan, page 9 2017–18 Portfolio Budget Statements, page 36
Results	**Achieved. 97.1%** of internal reviews were finalised within standard. The department focused on managing work on hand and ensuring reviews are progressed in a timely manner.

Year	Performance	Yearly change	Result
2017–18	97.1%	22.6%	Achieved
2016–17	74.5%	–2.0%	Achieved
2015–16	76.5%	11.1%	Achieved

Criterion	15. Achievement of payment integrity standards: Centrelink: Debt under recovery.
Target	**≥60%** of Centrelink debt has a current debt recovery arrangement in place.
Method	Data mining.
Rationale	Reducing the number and value of debts is a key objective of the department.
Source	2017–18 Corporate Plan, page 9 2017–18 Portfolio Budget Statements, page 37
Results	**Not achieved.** Debt recovery arrangements were in place for **59%** of Centrelink debt. The department continued to progress strategies under the 2015–16 Mid-Year Economic Fiscal Outlook measures, enhancing debt recovery capacity to utilise the full extent of powers contained within existing legislation for pursuing recovery of welfare debts.

These strategies include the Expand Debt Recovery Measure package, which aims to improve the effectiveness of the department in recovering debt from former customers. The measure delivered increased resourcing for the department to be proactive in using the full range of its existing debt recovery powers, including litigation, and garnishee from wages, bank accounts and tax returns.

The department also implemented legislative amendments to introduce departure prohibition orders to prevent targeted social welfare debtors from leaving the country, to encourage repayment of their debt, and the removal of the six-year statute of limitations on the recovery of social welfare debts.

Several factors impacted on debt recovery performance throughout the year including:
- The annual Family Assistance Office non-lodger process was brought forward, resulting in debts being raised for recipients (and applicable partners) who had not lodged an income tax return or advised the department that they were not required to lodge for the 2015–16 financial year.
- The cessation of debt recovery activities, including outbound recovery action and referral to External Collection Agents for debts for persons located in areas impacted by Tropical Cyclone Debbie.
- The Employment Income Confirmation service recovery strategy resulted in applicable outstanding debts being recalled from external collection agents.
- There was a pause in debt raising and recovery activity over the Christmas period.
- Additional contact requirements associated with the planned implementation of the Interest Charge measure, increased the use of collection agents, which affected performance, as debts under arrangement with collection agents are not included in the calculation of this measure. |

Year	Performance	Yearly change	Result
2017–18	59.0%	–2.8%	Not achieved
2016–17	61.8%	–1.7%	Achieved
2015–16	63.5%	No change	Achieved

Program 1.2 Services to the Community—Health—Performance overview

Performance measure	Met
1. Satisfaction with Medicare provider service delivery: Practitioners.	✓
2. Satisfaction with Medicare provider service delivery: Pharmacists.	✓
3. Satisfaction with Medicare provider service delivery: Practice managers.	✓
4. Customer satisfaction: Achievement of customer satisfaction standards.	✕
5. Achievement of digital service level standards: Medicare Benefits Schedule digital claiming rate.	✓
6. Achievement of digital service level standards: Departmental interactions completed via digital channels.	✓
7. Achievement of digital service level standards: Availability of ICT systems that support 24/7 customer access.	✓
8. Achievement of payment quality standards: Medicare: Delivery of accurate medical benefits and services.	✓
9. Achievement of face-to-face service level standards: Average wait time.	✓
10. Achievement of telephony service level standards: Average speed of answer: Pharmaceutical Benefits Scheme Authorities and My Health Record Providers.	✓
11. Achievement of telephony service level standards: Average speed of answer: Providers.	✓
12. Achievement of telephony service level standards: Average speed of answer: Customers.	✓
13. Achievement of processing service level standards: Claims processed within standard.	✓
14. Achievement of payment integrity standards: Medicare: Completed interventions with customers for compliance purposes.	✓

Criterion	1. Satisfaction with Medicare provider service delivery: Practitioners.
Target	**≥70%** of General Practitioners are satisfied with or neutral towards the services provided.
Method	Survey.
Rationale	The provision of provider services is a key objective of the department.
Source	2017–18 Corporate Plan, page 10 2017–18 Portfolio Budget Statements, page 38
Results	**Achieved. 86.4%** of General Practitioners indicated they were satisfied or neutral. General Practitioners indicated a high level of satisfaction with how Medicare 'respects the rights of people' and with the 'accuracy of claims and payments' made by Medicare. The priority areas for action in 2018–19, as identified by practitioners in the survey, are 'speed of response', 'clarity of item number definitions' and 'convenient access to services'.

Year	Performance	Yearly change	Result
2017–18	86.4%	–2.6%	Achieved
2016–17	89.0%	–2.0%	Achieved
2015–16	91.0%	No change	Achieved

Criterion	2. Satisfaction with Medicare provider service delivery: Pharmacists.
Target	**≥70%** of pharmacists are satisfied with or neutral towards the services provided.
Method	Survey.
Rationale	The provision of provider services is a key objective of the department.
Source	2017–18 Corporate Plan, page 10 2017–18 Portfolio Budget Statements, page 38
Results	**Achieved. 95.5%** of pharmacists indicated they were satisfied or neutral. Pharmacists indicated a high level of satisfaction with how Medicare 'respects the rights of people' and with the 'accuracy of claims and payments' made by Medicare. The priority areas for action in 2018–19, as identified by pharmacists in the survey, are 'speed of response', 'level of technical support provided' and 'convenient access to services'.

Year	Performance	Yearly change	Result
2017–18	95.5%	1.5%	Achieved
2016–17	94.0%	–5.0%	Achieved
2015–16	99.0%	No change	Achieved

Criterion	3. Satisfaction with Medicare provider service delivery: Practice managers.
Target	**≥70%** of practice managers are satisfied with or neutral towards the services provided.
Method	Survey.
Rationale	The provision of provider services is a key objective of the department.
Source	2017–18 Corporate Plan, page 10 2017–18 Portfolio Budget Statements, page 38
Results	**Achieved. 86%** of practice managers indicated they were satisfied or neutral. Practice managers indicated a high level of satisfaction with how Medicare 'respects the rights of people' and with the 'accuracy of claims and payments' made by Medicare. The priority areas for action in 2018–19, as identified by practice managers in the survey, are 'consistency of information and advice', 'speed of responding' and 'convenient access to services'.

Year	Performance	Yearly change	Result
2017–18	86.0%	4.0%	Achieved
2016–17	82.0%	−5.0%	Achieved
2015–16	87.0%	−1.0%	Achieved

Criterion	4. Customer satisfaction: Achievement of customer satisfaction standards.
Target	**≥85%** of survey respondents are satisfied overall with their most recent interaction.
Method	Survey.
Rationale	The provision of customer service is a key objective of the department.
Source	2017–18 Corporate Plan, page 10 2017–18 Portfolio Budget Statements, page 38
Results	**Not achieved. 83.7%** of customers were satisfied. This represents an improvement of 2 percentage points over the result for 2016–17. The department's highest performing attributes were 'fair treatment' (94.2%) and 'communication' (92.1%). The lowest performing attributes were 'time to receive service' (68.2%) and 'ease of access' (78.1%).

Year	Performance	Yearly change	Result
2017–18	83.7%	2.0%	Not achieved
2016–17	81.7%	4.1%	Not achieved
2015–16	77.6%	−4.9%	Not achieved

Criterion	5. Achievement of digital service level standards: Medicare Benefits Schedule digital claiming rate.
Target	**≥96%** of Medicare claimed services are lodged electronically across all digital Medicare service channels.
Method	Data mining.
Rationale	Encouraging digital claiming is a key objective of the department.
Source	2017–18 Corporate Plan, page 11 2017–18 Portfolio Budget Statements, page 38
Results	**Achieved. 97.9%** of Medicare claimed services were lodged electronically across all digital Medicare service channels. The department continued to engage extensively with practices, health professionals and the medical software industry to increase the rate of digital Medicare claiming.

Year	Performance	Yearly change	Result
2017–18	97.9%	0.8%	Achieved
2016–17	97.1%	1.0%	Achieved
2015–16	96.1%	N/A	Achieved

Notes	This performance measure commenced in 2015–16.

Criterion	6. Achievement of digital service level standards: Departmental interactions completed via digital channels.
Target	**≥5% increase** in the total number of interactions conducted via digital channels compared with 2016–17.
Method	Data mining.
Rationale	Encouraging digital claiming is a key objective of the department.
Source	2017–18 Corporate Plan, page 11 2017–18 Portfolio Budget Statements, page 38
Results	**Achieved.** There was an **8.2%** increase in the total number of interactions completed through digital channels compared to 2016–17. The department continues to target its effort in areas where available evidence indicates improved digital take-up could be achieved.

Year	Performance	Yearly change	Result
2017–18	8.2%	N/A	Achieved
2016–17	6.2%	N/A	Achieved
2015–16	5.3%	N/A	Achieved

Notes	This performance measure commenced in 2015–16.

Criterion	7. Achievement of digital service level standards: Availability of ICT systems that support 24/7 customer access.
Target	ICT systems that support 24/7 customer access are available **≥98%** of the time.
Method	Data mining.
Rationale	Continuous access to digital claiming is a key objective of the department.
Source	2017–18 Corporate Plan, page 11 2017–18 Portfolio Budget Statements, page 38
Results	**Achieved.** ICT systems that support 24/7 customer access were available **99.6%** of the time. The strong result can be attributed to modernisation of the technologies used to provide departmental services and migration off old technology to the current industry standard.

Year	Performance	Yearly change	Result
2017–18	99.6%	0.2%	Achieved
2016–17	99.4%	No change	Achieved
2015–16	99.4%	N/A	Achieved

Notes	This performance measure commenced in 2015–16.

Criterion	8. Achievement of payment quality standards: Medicare: Delivery of accurate medical benefits and services.
Target	**≥98%** of medical benefits and services are delivered accurately.
Method	Data mining.
Rationale	The delivery of accurate medical benefits and services is a key objective of the department.
Source	2017–18 Corporate Plan, page 11 2017–18 Portfolio Budget Statements, page 38
Results	**Achieved. 98.8%** of medical benefits and services were delivered accurately. The department continues to invest in its people, ensuring they have the necessary skills to meet this performance measure and providing supporting tools such as the Medicare Quality Control Strategy (consistent with the department's National Quality Framework).

Year	Performance	Yearly change	Result
2017–18	98.8%	–0.3%	Achieved
2016–17	99.1%	1.1%	Achieved
2015–16	98.0%	No change	Achieved

Criterion	9. Achievement of face-to-face service level standards: Average wait time.
Target	The average length of time a customer waits to access face-to-face services in the department's service centres is **≤15 minutes.**
Method	Data mining.
Rationale	The provision of customer service is a key objective of the department.
Source	2017–18 Corporate Plan, page 12 2017–18 Portfolio Budget Statements, page 38
Results	**Achieved.** The average wait time was **13 minutes and 14 seconds**. The department continues to meet the target. Continued focus is being given to improving the take-up of Medicare digital claiming and moving more services online to reduce the need for customers to attend a service centre.

Year	Performance	Yearly change	Result
2017–18	13 minutes 14 seconds	2 minutes 43 seconds	Achieved
2016–17	10 minutes 31 seconds	2 minutes 23 seconds	Achieved
2015–16	8 minutes 8 seconds	43 seconds	Achieved

Criterion	10. Achievement of telephony service level standards: Average speed of answer: Pharmaceutical Benefits Scheme Authorities and My Health Record Providers.
Target	The average length of time a Pharmaceutical Benefits Scheme (PBS) Authority or My Health Record provider waits to have a call answered through the department's telephony services is **≤30 seconds**.
Method	Data mining.
Rationale	The provision of customer service is a key objective of the department.
Source	2017–18 Corporate Plan, page 12 2017–18 Portfolio Budget Statements, page 39
Results	**Achieved.** The average speed of answer was **30 seconds**. This represents an improvement on 2016–17 and the performance measure has been met. Recruitment and increased training of telephony staff has resulted in increased flexibility and responsiveness to peaks and troughs in call volumes. The department is also working to increase the uptake of the online PBS authorities system.

Year	Performance	Yearly change	Result
2017–18	30 seconds	–10 seconds	Achieved
2016–17	40 seconds	No change	Not achieved
2015–16	40 seconds	15 seconds	Not achieved

Criterion	11. Achievement of telephony service level standards: Average speed of answer: Providers.
Target	The average length of time a provider waits to have a call answered through the department's telephony services is **≤2 minutes**.
Method	Data mining.
Rationale	The provision of customer service is a key objective of the department.
Source	2017–18 Corporate Plan, page 12 2017–18 Portfolio Budget Statements, page 39
Results	**Achieved.** The average speed of answer was **1 minute and 53 seconds**. Recruitment and increased training across all telephony staff has resulted in increased flexibility and responsiveness to peaks and troughs in call volumes.

Year	Performance	Yearly change	Result
2017–18	1 minute 53 seconds	–3 seconds	Achieved
2016–17	1 minute 56 seconds	29 seconds	Achieved
2015–16	1 minute 27 seconds	2 seconds	Achieved

Criterion	12. Achievement of telephony service level standards: Average speed of answer: Customers.
Target	The average length of time a customer waits to have a call answered through the department's telephony services is **≤7 minutes**.
Method	Data mining.
Rationale	The provision of customer service is a key objective of the department.
Source	2017–18 Corporate Plan, page 12 2017–18 Portfolio Budget Statements, page 39
Results	**Achieved.** The average speed of answer was **6 minutes and 56 seconds.** The introduction of Managed Telephony Services and recruitment and increased training across all telephony staff has resulted in increased flexibility and responsiveness to peaks and troughs in call volumes.

Year	Performance	Yearly change	Result
2017–18	6 minutes 56 seconds	22 seconds	Achieved
2016–17	6 minutes 34 seconds	–17 seconds	Achieved
2015–16	6 minutes 51 seconds	1 minute 41 seconds	Achieved

Criterion	13. Achievement of processing service level standards: Claims processed within standard.
Target	**≥82%** of claims processed within standard.
Method	Data mining.
Rationale	The provision of customer service is a key objective of the department.
Source	2017–18 Corporate Plan, page 13 2017–18 Portfolio Budget Statements, page 39
Results	**Achieved. 97.4%** of claims were processed within service level standards, as agreed with partner agencies. A coordinated approach to managing workloads and priorities across the business has contributed to strong performance and achievement of the target.

Year	Performance	Yearly change	Result
2017–18	97.4%	2.0%	Achieved
2016–17	95.4%	–3.9%	Achieved
2015–16	99.3%	0.6%	Achieved

Criterion	14. Achievement of payment integrity standards: Medicare: Completed interventions with customers for compliance purposes.
Target	**≥300** interventions with customers for compliance purposes are completed.
Method	Data mining.
Rationale	Protecting the integrity and accuracy of health payments to members of the public and addressing risks of non-compliance are key objectives of the department.
Source	2017–18 Corporate Plan, page 13 2017–18 Portfolio Budget Statements, page 39
Results	**Achieved. 305** Medicare customer compliance interventions were completed. Medicare Customer Compliance activities are designed to protect the integrity and accuracy of health payments to patients and members of the public. Enhanced and targeted profiling has led to higher risk cases being selected for investigation.

Year	Performance	Yearly change	Result
2017–18	305	–193	Achieved
2016–17	498	N/A	Achieved
2015–16	1557	N/A	Achieved

Notes	The target was amended in the 2015–16 Portfolio Additional Estimates Statements due to machinery of government changes. The new figures are not comparable with historical results as provider audits and reviews were transferred to the Department of Health. The result for this measure was incorrectly reported in 2016–17 as 499. The actual result was 498.

Program 1.3 Child Support—Performance overview

Performance measure	Met
1. Customer satisfaction: Achievement of customer satisfaction standards.	✕
2. Achievement of digital service level standards: Departmental interactions completed via digital channels.	✕
3. Achievement of digital service level standards: Availability of ICT systems that support 24/7 customer access.	✓
4. Child Support collection: Child Support collection rate (Child Support collect only).	✓
5. Child Support collection: Percentage of domestic active paying parents with less than one month liability outstanding (Child Support collect only).	✓
6. Achievement of telephony service level standards: Average speed of answer.	✕
7. Achievement of processing service level standards: Claims processed within standard.	✕

Criterion	1. Customer satisfaction: Achievement of customer satisfaction standards.
Target	**≥85%** of survey respondents are satisfied overall with their most recent interaction.
Method	Survey.
Rationale	The provision of customer service is a key objective of the department.
Source	2017–18 Corporate Plan, page 14 2017–18 Portfolio Budget Statements, page 40
Results	**Not achieved. 74.5%** of customers were satisfied. The department's highest performing attributes were 'fair treatment' (89.6%) and 'communication' (87.9%). The lowest performing attributes were 'time to receive service' (50.9%) and 'ease of access' (54.9%).

Year	Performance	Yearly change	Result
2017–18	74.5%	-10.4%	Not achieved
2016–17	84.9%	9.3%	Not achieved
2015–16	75.6%	1.6%	Not achieved

Criterion	2. Achievement of digital service level standards: Departmental interactions completed via digital channels.
Target	**≥5% increase** in the total number of interactions conducted via digital channels compared with 2016–17.
Method	Data mining.
Rationale	Encouraging digital claiming is a key objective of the department.
Source	2017–18 Corporate Plan, page 14 2017–18 Portfolio Budget Statements, page 40

Results	**Not achieved.** There was a **1.3%** increase in the total number of interactions completed through digital channels compared to 2016–17. There were significant increases for online registrations (applications for Child Support) (37.9% or 20 295), online letters (9.3% or 354 514) and customer online service transactions (24.9% or 82 562). There were decreases in electronic payment transactions (-4.5% or -215 169) and phone self-servicing (-24.9% or -122 725). The reduction in electronic payment transactions was largely due to a decrease in Centrelink deductions (-10.7% or -259 400). The decrease is attributable to a correction for customers who made excess payments and remained in surplus, negating the need for those deductions. The decrease in phone self service transactions is likely due to customers undertaking the same transaction using the Express Plus Child Support app. However, these transactions are not included in the calculation for this measure.

Year	Performance	Yearly change	Result
2017–18	1.3%	N/A	Not achieved
2016–17	5.0%	N/A	Achieved
2015–16	13.6%	N/A	Achieved

Notes	This performance measure commenced in 2015–16.

Criterion	3. Achievement of digital service level standards: Availability of ICT systems that support 24/7 customer access.
Target	ICT systems that support 24/7 customer access are available **≥98%** of the time.
Method	Data mining.
Rationale	Continuous access to digital claiming is a key objective of the department.
Source	2017–18 Corporate Plan, page 14 2017–18 Portfolio Budget Statements, page 40

Results	**Achieved.** ICT systems that support 24/7 customer access were available **99.7%** of the time. The strong result can be attributed to modernisation of the technologies used to provide departmental services and migration off old technology to the current industry standard.

Year	Performance	Yearly change	Result
2017–18	99.7%	0.2%	Achieved
2016–17	99.5%	–0.4%	Achieved
2015–16	99.9%	N/A	Achieved

Notes	This performance measure commenced in 2015–16.

Criterion	4. Child Support collection: Child Support collection rate (Child Support collect only).
Target	**≥91.7%** of all child support liabilities raised since the inception of the Child Support Scheme have been credited.
Method	Data mining.
Rationale	Ensuring that child support is transferred in a timely fashion for the benefit of children is a key objective of the department.
Source	2017–18 Corporate Plan, page 14 2017–18 Portfolio Budget Statements, page 40
Results	**Achieved. 93.9%** of all child support liabilities raised since the inception of the Child Support scheme have been credited. This represents a 0.2% improvement over the 2016–17 result. The strong performance reflects the department's continued focus on collection, which delivers on the core purpose of the Child Support Scheme to ensure that children receive financial support from their parents in a regular and timely fashion.

Year	Performance	Yearly change	Result
2017–18	93.9%	0.2%	Achieved
2016–17	93.7%	0.2%	Achieved
2015–16	93.5%	0.2%	Achieved

Criterion	5. Child Support collection: Percentage of domestic active paying parents with less than one month liability outstanding (Child Support collect only).
Target	**≥63%** of domestic active paying parents in child support collect cases have less than one month liability outstanding.
Method	Data mining.
Rationale	Ensuring that child support is transferred in a timely fashion for the benefit of children is a key objective of the department.
Source	2017–18 Corporate Plan, page 15 2017–18 Portfolio Budget Statements, page 40
Results	**Achieved. 64.6%** of domestic active paying parents in child support collect cases have less than one month liability outstanding. Performance for this measure remained stable throughout the year. The department utilises the various collection methods available, such as employer withholding provisions to help ensure timely child support payments.

Year	Performance	Yearly change	Result
2017–18	64.6%	–1.4%	Achieved
2016–17	66.0%	0.1%	Achieved
2015–16	65.9%	N/A	Achieved

Notes	This performance measure commenced in 2015–16.

Criterion	6. Achievement of telephony service level standards: Average speed of answer.
Target	The average length of time a customer waits to have a call answered through the department's telephony services is **≤3 minutes.**
Method	Data mining.
Rationale	The provision of customer service is a key objective of the department.
Source	2017–18 Corporate Plan, page 15 2017–18 Portfolio Budget Statements, page 40
Results	**Not achieved.** The average speed of answer was **9 minutes and 5 seconds**. The child support legacy technology is in transition to a new platform, which has led to increased handling times in the transition phase.

Year	Performance	Yearly change	Result
2017–18	9 minutes 5 seconds	4 minutes 53 seconds	Not achieved
2016–17	4 minutes 12 seconds	1 minute 19 seconds	Not achieved
2015–16	2 minutes 53 seconds	20 seconds	Achieved

Criterion	7. Achievement of processing service level standards: Claims processed within standard.
Target	**≥82%** of claims processed within standard.
Method	Data mining.
Rationale	The provision of customer service is a key objective of the department.
Source	2017–18 Corporate Plan, page 15 2017–18 Portfolio Budget Statements, page 40
Results	**Not achieved. 76.2%** of claims were processed within service level standards, as agreed with partner agencies. The rapid rollout of a new IT processing system in late 2016–17 resulted in the department entering 2017–18 with a significant backlog of unallocated applications and work on hand. Staff were required to work across two systems to be able to deliver end-to-end outcomes. As a result, increases were experienced in processing time for applications.

Year	Performance	Yearly change	Result
2017–18	76.2%	–6.8%	Not achieved
2016–17	83.0%	–7.6%	Achieved
2015–16	90.6%	–2.0%	Achieved

ANALYSIS OF PERFORMANCE AGAINST PURPOSE

The department met 29 of its 36 performance measures in 2017–18 through the delivery of its social security and welfare, health, and child support programs. In comparison, the department met 30 of 36 performance measures in 2016–17 and 31 of 36 performance measures in 2015–16.

Customer-centred service delivery

The department achieved consistent results against its service level standards for its face-to-face, telephony, and digital servicing channels throughout 2017–18. During the year, the department handled around 48 million phone calls and 17 million visits to service centres, and $173 billion in payments. In 2016–17, the department handled 52 million phone calls, 19 million visits to service centres and $174.3 billion in payments.

To meet the demand, the department utilised the flexible structure of its Smart Centres to transfer staff between telephony and processing-based work. The integration of new systems designed to simplify and improve claims processing performance resulted in a period of adjustment, which required additional training and development for staff who process claims. This is reflected in the department's performance.

The department continued to improve and expand the services that it offers to ensure they remain high quality, timely and accessible for the community. Examples of this work included:

- Establishing a dedicated helpdesk to advise and support people whose identity information has been lost, stolen or compromised.

- Developing targeted resources to help health professionals and peak bodies in understanding Medicare and other health-related programs. These new resources include a number of new eLearning programs and modules, and enhancements to existing resources.

- Introducing a new rent review and rent certificate to make it quicker and easier for customers to update their accommodation circumstances. This encourages rent assistance customers to keep their rent details up to date so their payment can be correctly assessed and they can avoid a debt.

- The department conducting extensive user testing and consultation with community and welfare organisations to enhance the online portal and associated letters for compliance purposes. The department's user-centric approach has helped customers to better understand and meet their compliance obligations.

The analysis above provides a sample of the department's work in 2017–18 to simplify services and communicate more effectively with customers. This aligns with the department's purpose to deliver payments to the community on behalf of the Australian Government either directly via face-to-face and telephone or through digital channels.

Working with partner agencies

The department delivers payments and associated services to the community on behalf of partner agencies, either directly via face-to-face and telephone or through the department's digital channels. Examples of this new work included:

- The new Disability Support Pension process, which has led to a decrease in claim processing times, with claimants being advised of assessment outcomes much earlier.
- The implementation of the first stage of Increasing Choice in Home Care. In 2017, many home care providers were still lodging paper claims, and, in some cases, were several months behind in their claims. To address this, the department improved the online self service process and increased direct support to service providers. This resulted in an increase in online claim lodgement from 68 per cent to over 90 per cent.

These examples demonstrate how the department is committed to working with partner agencies to improve customer outcomes. This aligns with the department's purpose to deliver payments and services on behalf of partner agencies.

Transformation

A key aim of the department is to deliver digital services that support individuals, families and communities to be self-sufficient and manage their own affairs.

The department is committed to improving the delivery of welfare payments and making it easier for people to claim online. The department is transforming its processing system, with more payments and services moving from old technology into new platforms. Enhancements are being made to the digital channel, which is improving the customer experience. The enhancements include stronger initial advice to claimants about their eligibility, and the ability for claimants to monitor the progress of their claims. This will reduce the need for claimants to contact the department through the telephony and face-to-face channels.

The department also carried out a number of technology enhancements to promote digital transactions, including simplifying claims processes. Examples of this work included:

- New self service options to help customers to access their Income Management money and be more self-sufficient. These include the Express Plus Centrelink mobile app and online services. People can use these services to complete transactions such as transferring funds between their Income Management and BasicsCard account and checking their BasicsCard balance.

- The department's Customer Engagement Officers assisting customers with complex circumstances to increase their capacity for greater self-sufficiency. They also work with third-party organisations to support them in enabling and empowering these individuals to self-manage their departmental business and access mainstream payments and services. The department had over 90 Customer Engagement Officers, who had relationships with over 1700 third-party organisations and their customers.

- The number of Centrelink payment summaries issued via surface mail continued to significantly decline. In 2011–12, over five million paper payment summaries were issued. This year the number has declined to 222 000. By comparison, approximately 2.5 million payment summaries were accessed via the department's digital services.

- A new Child Support staff user interface being implemented. This has been an important first step in modernising the systems that staff use to deliver Child Support services. In October 2017, the department commenced a staged release of new online services that have made it easier for customers to find information, update their details, and advise the department when their circumstances change.

- From August 2017, customers are no longer required to attend a service centre to repay outstanding advance payment balances. Customers are now able to use an online repayment service or make payments at an Australia Post outlet using a special barcode Billpay receipt.

Underpinning this work, the department's ICT platforms that support uninterrupted access were available over 99 per cent of the time, enabling greater uptake of digital services.

The department continues to transform itself to support customers now and into the future. The work outlined above is an example of how the department is taking advantage of improved technology. This supports the department's purpose to deliver digital services that support individuals, families and communities to be self-sufficient and manage their own affairs.

Financial statements

6

6.1 STATEMENT OF FINANCIAL PERFORMANCE

In 2017–18 the department administered approximately $173.4 billion in payments, or around 38 per cent of government outlays. The department reported an operating surplus of $174.9 million after adjustment for unfunded depreciation and amortisation expenses and the revaluation of assets. This represents a 4 per cent variance from the budgeted net cost of services of $4.8 billion.

Table 56: Departmental income and expenses

	2015–16 $ million	2016–17 $ million	2017–18 $ million
Income	4 417.1	4 446.4	4 612.5
Expenses	4 669.8	4 608.6	4 687.0

Figure 4: Departmental income and expenses
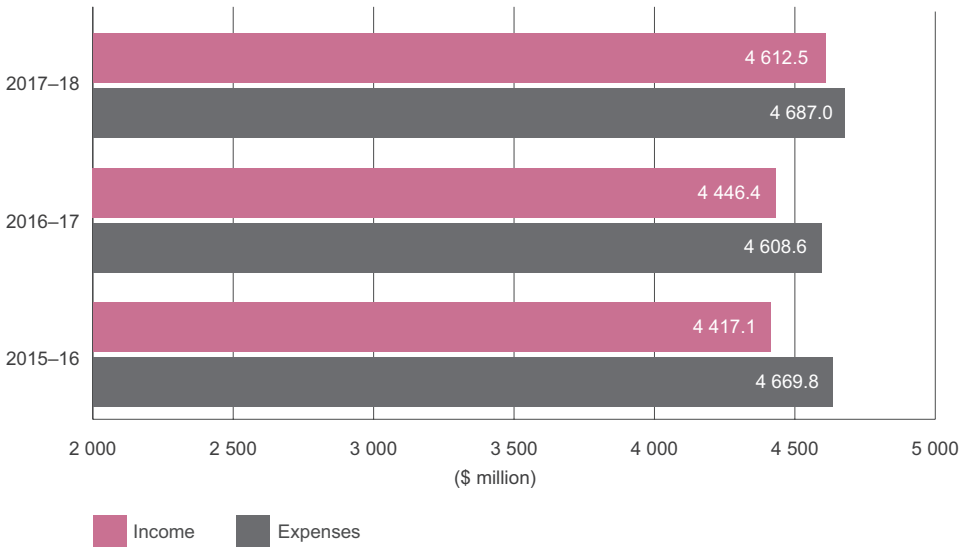
INCOME

The department is primarily funded through direct appropriation in the annual budget cycle. The department also receives service-related revenue from other Australian Government agencies and non-government entities under service arrangements (see Table 57).

In 2017–18 the department's total income was $4 612.5 million, comprising $4 297.1 million in government appropriation and $315.4 million in own source revenue and gains (see Table 57).

Table 57: Departmental own source revenue[a]

Government agencies and other entities	$ million
Australian Bureau of Statistics	2.9
Australian Digital Health Agency	41.1
Australian National Audit Office	1.0
Australian Taxation Office	13.6
Department of Defence	1.0
Department of Jobs and Small Business	1.1
Department of Foreign Affairs and Trade	5.8
Department of Health	49.4
Department of Immigration and Border Protection	1.0
Department of Social Services	2.3
Department of Veterans' Affairs	52.2
National Disability Insurance Agency	102.3
Other agencies (amounts of less than $1 million from other government agencies)	4.7
Other entities	29.7
Total—own source revenue	308.1
Other gains	7.3
Total	**315.4**

(a) Financial and other data in this annual report is rounded to the nearest decimal point. This may lead to minor differences between numbers.

EXPENSES

The department's expenses in 2017–18 totalled $4 687 million. These were primarily staff and supplier expenses.

REPORTING OF SIGNIFICANT NON-COMPLIANCE ISSUES

No matters were reported under section 19(1)(e) of the *Public Governance, Performance and Accountability Act 2013* in relation to non-compliance with the finance law during the reporting period.

6.2 STATEMENT OF FINANCIAL POSITION

Table 58: Departmental equity, assets and liabilities

	2015–16 $ million	2016–17 $ million	2017–18 $ million
Equity	698.0	847.3	1 160.0
Assets	2 061.1	2 256.2	2 808.1
Liabilities	1 363.1	1 408.9	1 648.1

Figure 5: Departmental equity, assets and liabilities
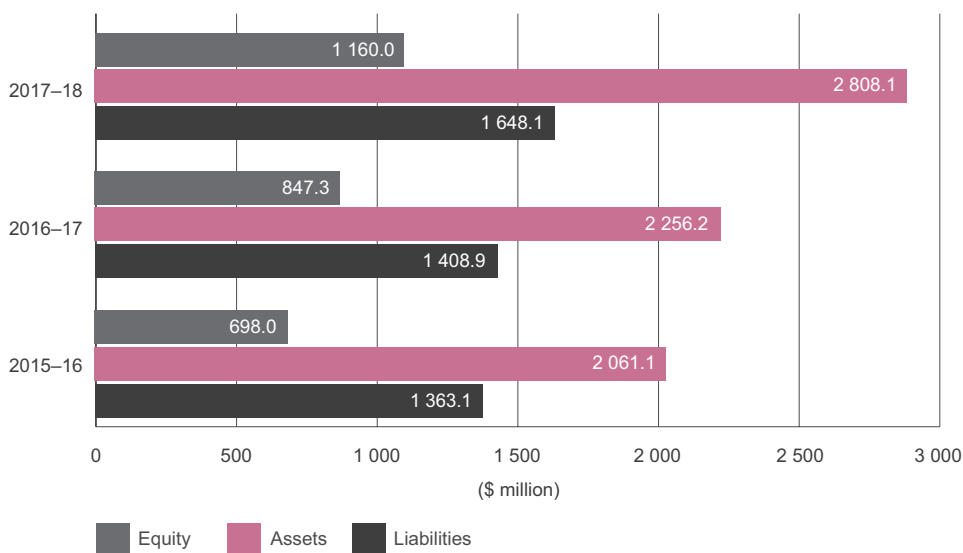
EQUITY

The total equity of the department at 30 June 2018 was $1160 million.

ASSETS

The department's total assets increased by 24.5 per cent from the end of 2016–17 to $2808.1 million at 30 June 2018. The department's assets are primarily retained appropriations and non-financial assets.

LIABILITIES

The department's total liabilities increased by 17 per cent from the end of 2016–17 to $1648.1 million at 30 June 2018. The department's liabilities primarily relate to accrued payments and staff provisions.

ADMINISTERED ITEMS

In 2017–18 the department collected and transferred $1.6 billion in child support payments between separated parents.

The department recognised $24.5 million in dividends and competitive neutrality payments on behalf of the Australian Government from Australian Hearing.

INDEPENDENT AUDITOR'S REPORT

To the Minister for Human Services and Digital Transformation

Opinion

In my opinion, the financial statements of the Department of Human Services for the year ended 30 June 2018:

(a) comply with Australian Accounting Standards – Reduced Disclosure Requirements and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and

(b) present fairly the financial position of the Department of Human Services as at 30 June 2018 and its financial performance and cash flows for the year then ended.

The financial statements of the Department of Human Services, which I have audited, comprise the following statements as at 30 June 2018 and for the year then ended:

- Statement by the Secretary and Chief Financial Officer;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement;
- Administered Schedule of Comprehensive Income;
- Administered Schedule of Assets and Liabilities;
- Administered Reconciliation Schedule;
- Administered Cash Flow Statement; and
- Notes to and forming part of the financial statements, comprising significant accounting policies and other explanatory information.

Basis for Opinion

I conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Department of Human Services in accordance with the relevant ethical requirements for financial statement audits conducted by the Auditor-General and his delegates. These include the relevant independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) to the extent that they are not in conflict with the *Auditor-General Act 1997*. I have also fulfilled my other responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Key audit matter	How the audit addressed the matter
Valuation of Intangible Assets	To address this key audit matter, I have:
Refer to Note B2 'Non-Financial Assets'	• assessed the design and effectiveness of key controls related to capturing the costs of internally generated intangible assets;
The Department of Human Services has various information technology systems to manage its	

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operations and the payments made on behalf of other entities. These systems are recognised as intangible assets in the Department of Human Services' financial statements.

I considered this area a key audit matter due to:

- judgements involved in determining whether the costs of internally developed intangible assets have been correctly capitalised;

- significant assumptions and judgements involved in considering whether an intangible asset may be impaired, such as whether current or expected changes in the entity's operating environment may reduce the usefulness of the intangible asset and whether intangibles under development will achieve expected benefits; and

- judgements in determining the appropriate useful lives for intangible assets.

As at 30 June 2018, the carrying value of these intangible assets was $390,830,000. This carrying value was net of an allowance for write down and impairment of $12,383,000.

- reviewed the Department of Human Services' policies on capitalisation and impairment of intangible assets for conformity with Australian Accounting Standards and undertook inspections and testing to assess the application of those policies;

- assessed the appropriateness of management's judgements about the current and future usefulness of intangible assets against project owners' assessments and internal reporting regarding the impact of the operating environment on intangible assets and the expected benefits from intangibles under development; and

- evaluated management's judgements in assigning useful lives to intangible assets against project owners' assessments and Department of Human Services' policy.

Key audit matter	How the audit addressed the matter
Valuation of receivables related to the Child Support Scheme	To address this key audit matter, I have:

Refer to Note B6.2 'Child Support Receivables'

I considered this area a key audit matter as the valuation of child support receivables involves significant judgements about the rates of collection. The valuation is based on historical collection rates and these may not be consistent with future rates due to changes in government policy or in economic conditions.

The judgements relate to the amount and timing of future cash flows, estimating the period over which receivables are expected to be received by the Department of Human Services and use of an appropriate discount rate. These judgements rely on the completeness and accuracy of the underlying data used in the estimation process.

As at 30 June 2018, the receivables related to the child support scheme were carried at $835,210,000. This carrying value was net of an allowance for unrecoverable receivables of $703,704,000.

- assessed the IT application controls designed to prevent and detect the inaccurate recording of information in the systems from which data is extracted;

- assessed the competence, capability and objectivity of the actuary engaged by the Department of Human Services to assist in making the estimation;

- evaluated the Department of Human Services' review and approval process to assess the reasonableness of actuarial assumptions used in the estimation of receivables;

- assessed the actuary's discount rate against the risk faced by the Commonwealth and market evidence of the time value of money;

- assessed the actuary's assumed rate of repayment against historical actual repayment of the Child Support Scheme; and

- assessed the data used in the estimation process for accuracy and completeness.

Accountable Authority's Responsibility for the Financial Statements

As the Accountable Authority of the Department of Human Services the Secretary is responsible under the *Public Governance, Performance and Accountability Act 2013* for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards – Reduced Disclosure Requirements and the rules made under that Act. The Secretary is also responsible for such internal control as the Secretary determines is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Secretary is responsible for assessing the Department of Human Services' ability to continue as a going concern, taking into account whether the Department's operations will cease as a result of an administrative restructure or for any other reason. The Secretary is also responsible for disclosing matters related to going concern as applicable and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

Auditor's Responsibilities for the Audit of the Financial Statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian National Audit Office Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with the Australian National Audit Office Auditing Standards, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Department of Human Services' internal control;

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Secretary;

- conclude on the appropriateness of the Secretary's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Department of Human Services' ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Department of Human Services to cease to continue as a going concern; and

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Australian National Audit Office

Sean Benfield
Executive Director
Delegate of the Auditor-General
Canberra
3 September 2018

Department of Human Services

Financial Statements

for the period ended 30 June 2018

DEPARTMENT OF HUMAN SERVICES
STATEMENT BY THE SECRETARY AND CHIEF FINANCIAL OFFICER

In our opinion, the attached financial statements for the year ended 30 June 2018 comply with subsection 42(2) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), and are based on properly maintained financial records per subsection 41(2) of the PGPA Act.

In our opinion, at the date of this statement, there are reasonable grounds to believe that the Department of Human Services will be able to pay its debts as and when they fall due.

Signed

Renée Leon
Secretary

31 August 2018

Signed

Mark Jenkin
Chief Financial Officer

31 August 2018

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DEPARTMENT OF HUMAN SERVICES
STATEMENT OF COMPREHENSIVE INCOME
for the period ended 30 June 2018

	Notes	2018 $'000	2017 $'000	Original Budget[1] 2018 $'000
NET COST OF SERVICES				
Expenses				
Employee benefits	A1.1	**2,838,219**	2,811,058	2,699,327
Supplier expenses	A1.2	**1,576,230**	1,458,072	2,014,554
Depreciation and amortisation	B2.1	**249,391**	242,875	269,522
Write-down and impairment of assets	B1.1, B2.1	**18,449**	92,922	124
Other expenses	A1.3	**4,687**	3,666	3,987
Total expenses		**4,686,976**	4,608,593	4,987,514
Income	A2			
Own-source revenue				
Rendering of goods and services		**287,796**	221,962	206,097
Rental income		**19,870**	11,762	10,346
Other revenue		**396**	6,051	-
Total own-source revenue		**308,062**	239,775	216,443
Gains				
Resources received free of charge	A2.1	**2,907**	3,472	2,766
Reversal of previous asset write-down and impairment	B1.1, B2.1	**2,843**	1,187	-
Other gains		**1,642**	365	-
Total gains		**7,392**	5,024	2,766
Total income		**315,454**	244,799	219,209
Net cost of services		**(4,371,522)**	(4,363,794)	(4,768,305)
Revenue from government	A2.2	**4,297,066**	4,201,599	4,498,783
Deficit		**(74,456)**	(162,195)	(269,522)
OTHER COMPREHENSIVE INCOME				
Items not subject to subsequent reclassification to net cost of services				
Changes in asset revaluation reserve	B2.1, B5.2	**20,162**	37,587	-
Total other comprehensive income		**20,162**	37,587	-
Total comprehensive deficit[2]		**(54,294)**	(124,608)	(269,522)

[1]Budget reported in the 2017-18 *Portfolio Budget Statements* published in May 2017.
[2]Depreciation and amortisation expenses are not funded through revenue appropriations. Entities receive a separate capital budget provided through equity appropriations. Capital budgets are appropriated in the period when cash payment for capital expenditure is required.

The above statement should be read in conjunction with the accompanying notes.

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DEPARTMENT OF HUMAN SERVICES
STATEMENT OF FINANCIAL POSITION
as at 30 June 2018

	Notes	2018 $'000	2017 $'000	Original Budget[1] 2018 $'000
ASSETS				
Financial assets				
Cash	B1	14,802	11,133	20,000
Trade and other receivables	B1.1	1,589,736	1,143,866	962,675
Total financial assets		1,604,538	1,154,999	982,675
Non-financial assets				
Land and buildings	B2.1, B3	376,772	354,554	292,912
Plant and equipment	B2.1, B3	300,072	194,743	185,310
Software	B2.1	390,830	360,721	594,484
Other non-financial assets	B2.2	135,870	191,201	89,811
Total non-financial assets		1,203,544	1,101,219	1,162,517
Total assets		2,808,082	2,256,218	2,145,192
LIABILITIES				
Payables				
Suppliers	B4.1	618,979	412,902	352,860
Lease incentives	B4.2	87,378	81,209	36,447
Employee benefits		33,844	30,879	43,869
Other payables	B4.3	7,764	5,521	4,016
Total payables		747,965	530,511	437,192
Provisions				
Employee provisions	B5.1	867,119	849,230	847,025
Other provisions	B5.2	32,972	29,182	27,800
Total provisions		900,091	878,412	874,825
Total liabilities		1,648,056	1,408,923	1,312,017
Net assets		1,160,026	847,295	833,175
EQUITY				
Parent entity interest				
Contributed equity		2,317,526	1,950,501	2,330,570
Reserves		186,402	166,240	128,654
Accumulated deficit		(1,343,902)	(1,269,446)	(1,626,049)
Total parent entity interest		1,160,026	847,295	833,175
Total equity		1,160,026	847,295	833,175

[1]Budget reported in the 2017-18 Portfolio Budget Statements published in May 2017.

The above statement should be read in conjunction with the accompanying notes.
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DEPARTMENT OF HUMAN SERVICES
STATEMENT OF CHANGES IN EQUITY
for the period ended 30 June 2018

	Notes	2018 $'000	2017 $'000	Original Budget[1] 2018 $'000
CONTRIBUTED EQUITY				
Balance carried forward from previous period		1,950,501	1,676,574	1,979,491
Adjusted opening balance		1,950,501	1,676,574	1,979,491
Distributions to owners				
Returns of capital				
Restructuring		-	10	-
Contributions by owners				
Departmental capital budget		188,996	164,675	188,996
Equity injection - appropriations		178,029	109,242	162,083
Total transactions with owners		367,025	273,927	351,079
Total as at 30 June		2,317,526	1,950,501	2,330,570
RESERVES				
Balance carried forward from previous period		166,240	128,653	128,654
Changes in asset revaluation reserve		20,162	37,587	-
Total as at 30 June		186,402	166,240	128,654
ACCUMULATED DEFICIT				
Balance carried forward from previous period		(1,269,446)	(1,107,251)	(1,356,527)
Deficit for the period		(74,456)	(162,195)	(269,522)
Total as at 30 June		(1,343,902)	(1,269,446)	(1,626,049)
Total equity as at 30 June		1,160,026	847,295	833,175

[1]Budget reported in the 2017-18 Portfolio Budget Statements published in May 2017.

The above statement should be read in conjunction with the accompanying notes.

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DEPARTMENT OF HUMAN SERVICES
CASH FLOW STATEMENT
for the period ended 30 June 2018

	Notes	2018 $'000	2017 $'000	Original Budget[1] 2018 $'000
OPERATING ACTIVITIES				
Cash received				
Appropriations		4,399,469	4,571,262	4,967,868
Rendering of goods and services		282,832	274,302	221,193
GST received		166,088	160,018	204,821
Other		64,109	31,376	45,718
Total cash received		4,912,498	5,036,958	5,439,600
Cash used				
Employees		2,836,540	2,879,210	2,728,880
Suppliers[2]		1,539,173	1,731,675	2,235,491
Other		5,567	4,713	3,000
Borrowing and other financing costs		58	-	-
Competitive neutrality		406	371	497
Returns to the official public account		513,138	466,036	471,732
Total cash used		4,894,882	5,082,005	5,439,600
Net cash from/used by operating activities		17,616	(45,047)	-
INVESTING ACTIVITIES				
Cash received				
Proceeds from sale of plant and equipment		109	340	-
Total cash received		109	340	-
Cash used				
Purchase of buildings, plant and equipment[2]		243,792	122,032	126,221
Purchase of software[2]		139,693	80,447	224,858
Total cash used		383,485	202,479	351,079
Net cash used by investing activities		(383,376)	(202,139)	(351,079)
FINANCING ACTIVITIES				
Cash received				
Contributed equity - departmental capital budget		183,996	164,675	188,996
Contributed equity - capital injection		185,433	71,238	162,083
Total cash received		369,429	235,913	351,079
Net cash from financing activities		369,429	235,913	351,079
Net increase in cash held		3,669	(11,273)	-
Cash at the beginning of the reporting period		11,133	22,406	20,000
Cash at the end of the reporting period		14,802	11,133	20,000

[1]Budget reported in the 2017-18 Portfolio Budget Statements published in May 2017.
[2]Reclassification of $53.2 million in 2016-17 from purchases of buildings, plant and equipment and purchases of software to supplier payments.

The above statement should be read in conjunction with the accompanying notes.
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DEPARTMENT OF HUMAN SERVICES
ADMINISTERED SCHEDULE OF COMPREHENSIVE INCOME
for the period ended 30 June 2018

	Notes	2018 $'000	2017 $'000	Original Budget[1] 2018 $'000
NET COST OF SERVICES				
Expenses	A3			
Child support maintenance expenses		**1,492,212**	1,450,026	1,476,389
Write-down and impairment of assets	A3.1	**95,993**	115,931	96,841
Total expenses		**1,588,205**	1,565,957	1,573,230
Income	A4			
Non-taxation revenue				
Child support maintenance revenue		**1,576,208**	1,543,529	1,572,887
Dividends		**11,595**	15,526	13,421
Competitive neutrality revenue		**12,935**	15,121	15,044
Fees and fines		**8,814**	8,439	9,225
Other revenue		**-**	419	-
Total non-taxation revenue		**1,609,552**	1,583,034	1,610,577
Gains				
Reversal of previous asset impairment	A4.1	**12,162**	21,897	-
Total gains		**12,162**	21,897	-
Total income		**1,621,714**	1,604,931	1,610,577
Net contribution by services		**33,509**	38,974	37,347
Surplus		**33,509**	38,974	37,347
OTHER COMPREHENSIVE INCOME				
Items subject to subsequent reclassification to net cost of services				
Gain on investment		**7,508**	6,854	-
Total comprehensive income		**41,017**	45,828	37,347

[1]Budget reported in the 2017-18 Portfolio Budget Statements published in May 2017.

The above statement should be read in conjunction with the accompanying notes.

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DEPARTMENT OF HUMAN SERVICES
ADMINISTERED SCHEDULE OF ASSETS AND LIABILITIES
as at 30 June 2018

	Notes	2018 $'000	2017 $'000	Original Budget[1] 2018 $'000
ASSETS				
Financial assets				
Cash and cash equivalent	B6.1	**135,175**	133,145	660
Child support receivables	B6.2	**835,210**	806,298	896,487
Investment – Australian Hearing	B7.1	**72,214**	64,706	57,852
Other receivables	B6.3	**7,184**	9,120	10,264
Total assets administered on behalf of the Australian Government		**1,049,783**	1,013,269	965,263
LIABILITIES				
Payables				
Recovery of compensation payable	B8.2	**82,809**	82,805	-
Child support and other payables	B8.1	**31,664**	28,928	27,555
Child support payments received in advance		**20,702**	21,411	17,981
Total payables		**135,175**	133,144	45,536
Provisions				
Child support maintenance provisions	B9.1	**832,638**	803,758	894,199
Total provisions		**832,638**	803,758	894,199
Total liabilities administered on behalf of the Australian Government		**967,813**	936,902	939,735
Net assets		**81,970**	76,367	25,528

[1]Budget reported in the 2017-18 Portfolio Budget Statements published in May 2017.

The above statement should be read in conjunction with the accompanying notes.
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DEPARTMENT OF HUMAN SERVICES
ADMINISTERED RECONCILIATION SCHEDULE
for the period ended 30 June 2018

	2018	2017
	$'000	$'000
Opening assets less liabilities as at 1 July	76,367	72,041
Net contribution by services		
Income	1,621,714	1,604,931
Expenses to other than corporate Commonwealth entities	(1,588,205)	(1,565,957)
Other comprehensive income		
Gain on investment	7,508	6,854
Transfers to/from Australian Government		
Appropriation transfers from the official public account		
Special accounts (unlimited)		
Payments to other than corporate Commonwealth entities[1]	37,089	38,839
Annual appropriation		
Payments to other than corporate Commonwealth entities	1,103	1,050
Appropriation transfers to the official public account	(73,606)	(81,391)
Closing assets less liabilities as at 30 June	81,970	76,367

Income administered and managed on behalf of the Australian Government is administered income. Collections are transferred to the official public account maintained by the Department of Finance. Conversely, cash is drawn from the official public account to make payments under appropriations (including from special accounts). These transfers to and from the official public account are reported in the administered cash flow statement, in this schedule and through the special accounts.

[1]Amounts relate to s77 & s78 of the *Child Support (Registration and Collection) Act 1988* credited directly to the Child Support Special account.

The above schedule should be read in conjunction with the accompanying notes.

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DEPARTMENT OF HUMAN SERVICES
ADMINISTERED CASH FLOW STATEMENT
for the period ended 30 June 2018

	Notes	2018 $'000	2017 $'000
OPERATING ACTIVITIES			
Cash received			
Child support		1,463,520	1,417,319
Health compensation receipts		295,779	297,786
Competitive neutrality		13,697	16,611
Dividends		12,688	15,962
Fees and fines		8,840	7,967
Other		898	1,106
Total cash received		1,795,422	1,756,751
Cash used			
Child support		1,461,376	1,411,404
Health compensation payments		295,775	288,841
Other		827	816
Total cash used		1,757,978	1,701,061
Net cash from operating activities		37,444	55,690
Cash at the beginning of the reporting period		133,145	118,957
Cash from the official public account			
Appropriations		38,192	39,889
Total cash from the official public account		38,192	39,889
Cash to the official public account			
Appropriations		(37,954)	(40,005)
Other		(35,652)	(41,386)
Total cash to the official public account		(73,606)	(81,391)
Cash at the end of the reporting period[1]	B6.1	135,175	133,145

The above statement should be read in conjunction with the accompanying notes.
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DEPARTMENT OF HUMAN SERVICES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2018

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DEPARTMENT OF HUMAN SERVICES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2018

Overview

Objectives of the Department of Human Services
The department is an Australian Government controlled not-for-profit entity. The department delivers social and health related services, through its Centrelink, Medicare and Child Support programmes. The department builds on its foundation of service excellence to improve the delivery of services to the Australian community. Through close collaboration with the community and partner agencies, the department plays an active role in developing new approaches to social and health related policy and service delivery.

The contribution of the department to the Australian Government's agenda is reflected in its outcome statement which is to:

Support individuals, families and communities to achieve greater self-sufficiency; through the delivery of policy advice and high quality accessible social, health and child support services and other payments; and support providers and businesses through convenient and efficient service delivery.

The department's activities contributing to this outcome are classified as either departmental or administered. Departmental activities involve the use of assets, liabilities, revenue and expenses controlled or incurred by the department in its own right. Administered activities involve the management and oversight by the department, on behalf of the Australian Government, of items controlled or incurred by the Australian Government.

The continued existence of the department is dependent on government policy and on continuing funding by the Parliament for the department's administration and programmes.

Basis of preparation of the financial statements
The financial statements are required by section 42 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) and are general purpose financial statements.

The financial statements have been prepared in accordance with the:
- PGPA Act Financial Reporting Rule 2015 (FRR), updated for reporting periods ending on or after 1 July 2017 and
- Australian Accounting Standards Reduced Disclosure Requirements and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The financial statements are presented in Australian dollars and values are rounded unless disclosure of the full amount is specifically required.

Revenues, expenses, assets and liabilities are recognised net of GST except:
- where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- for receivables and payables.

Unless otherwise stated, administered revenue, expenses, assets, liabilities and cash flows reported in the administered schedules and related notes are accounted for on the same basis, using the same policies as for departmental items and relate to: child support; fees and fines; dividends; and competitive neutrality items.

Taxation
The department is exempt from all forms of taxation except fringe benefits tax and the goods and services tax.

New Australian accounting standards
Adoption of new Australian accounting standard requirements
New and revised accounting standards and interpretations that were issued prior to the signing of the financial statements and were applicable to the current reporting period did not have a material financial impact and are not expected to have significant future financial impact on the department's financial statements.

Future accounting standard requirements
The department will apply AASB 16 *Leases* from 2019-20. The standard will require the net present value of payments under most operating leases to be recognised as assets and liabilities. An initial assessment indicates that the implementation of the standard will have a substantial impact on the financial statements. The department has commenced the analysis to quantify the impact, however, further work is required before the full impact is finalised.

The department will also apply AASB 9 *Financial Instruments* from 2018-19; and AASB 15 *Revenue from Contracts with Customers* and AASB 1058 *Income for Not-for-Profit Entities* from 2019-20. These standards are not expected to have a material impact on the transactions and balances recognised in the financial statements.

Commonwealth expenditure
The Australian Government continues to have regard to developments in case law, including the High Court's most recent decision on Commonwealth expenditure in Williams v Commonwealth [2014] HCA 23, as they contribute to the larger body of law relevant to the development of Commonwealth programmes. In accordance with its general practice, the Australian Government will continue to monitor and assess risk and decide on any appropriate actions to respond to risks of expenditure not being consistent with constitutional or other legal requirements. As at 30 June 2018 the department has assessed that it has no spending activities having a high or medium constitutional risk.

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DEPARTMENT OF HUMAN SERVICES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2018

Breach of section 83 of the Constitution

Section 83 of the Constitution provides that no amount may be paid out of the Consolidated Revenue Fund except under an appropriation made by law. Payments made which are not supported by an appropriation are not consistent with section 83 of the Constitution.

It is impractical for the department to completely eliminate the potential for non-compliance with section 83. The department has not identified any instances of non-compliance resulting from serious mismanagement. There have been a small number of instances of minor non-compliance. The identified non-compliance represents a small proportion of the total payments made, both by value and by volume and was caused by inaccurate customer supplied bank account data and minor administrative errors.

In 2017-18 the department identified 283 payments totaling $35,896.10 from the Child Support Special Account that were not consistent with section 83 of the Constitution. The department undertook recovery action or offsets of an amount against future payments to the customer. As at 30 June 2018 $10,877.77 had been recovered or offset.

In 2017-18 the department identified two payments totaling $13,004.79 from the Recovery of Compensation for Health Care and Other Services Special Account that were not consistent with section 83 of the Constitution. The department undertook recovery action and as at 30 June 2018 $12,949.44 had been recovered.

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DEPARTMENT OF HUMAN SERVICES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2018

A: Financial Performance		
A1: Expenses		

	2018	2017
	$'000	$'000
A1.1: Employee benefits		
Wages and salaries	**1,957,935**	2,003,665
Superannuation[1]		
Defined benefit plans[2]	**249,544**	265,513
Defined contribution plans	**158,412**	153,373
Leave and other entitlements	**423,974**	361,873
Separation and redundancies	**45,191**	24,351
Other employee expenses	**3,163**	2,283
Total employee benefits	**2,838,219**	2,811,058

[1]Staff of the department are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS), the PSS accumulation plan (PSSap) or non-government superannuation funds. The CSS and PSS are defined benefit schemes for the Australian Government. The PSSap and other non-government super funds are defined contribution schemes.
[2]The department made employer contributions to defined benefit superannuation schemes at rates determined by an actuary to be sufficient to meet the current cost to the Australian Government. The department accounts for the contributions as if they were contributions to defined contribution plans.

A1.2: Supplier expenses		
Goods and services supplied or rendered		
Consultants and contractors	**455,701**	304,800
IT maintenance[1]	**207,810**	209,515
Communications	**225,757**	212,207
Property operating	**125,880**	126,833
Customer related	**49,659**	57,624
Travel and motor vehicles	**39,626**	37,225
Staff related	**36,052**	33,841
Fees and charges	**25,574**	25,720
Legal services and compensation	**22,548**	19,410
Other	**13,171**	11,921
Total goods and services supplied or rendered[2]	**1,201,778**	1,039,096
Goods supplied	**41,364**	46,472
Services rendered	**1,160,414**	992,624
Total goods and services supplied or rendered	**1,201,778**	1,039,096
Other supplier expenses		
Operating lease rentals - external parties[1]	**339,215**	353,182
Workers compensation premium	**35,237**	65,794
Total other suppliers	**374,452**	418,976
Total supplier expenses	**1,576,230**	1,458,072

[1]Reclassification of $28.8 million in 2016-17 from IT maintenance to operating lease rentals.
[2]Includes $167.3 million (2017: $153.2 million) in related entity transactions.

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DEPARTMENT OF HUMAN SERVICES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2018

Operating lease payments are expensed on a straight line basis which is representative of the pattern of benefits derived from the leased assets.

Lease payments are subject to increases in accordance with upwards movements in the consumer price index, market rates, fixed increase rates or a combination of the aforementioned rates. Lease terms are determined by property use and generally range between one and ten years. Three per cent of office accommodation leases have terms of greater than ten years. Most lease agreements include option terms of three to five years that are exercisable at the Commonwealth's discretion and generally provide for an adjustment of rentals to current market levels upon exercise of an option term.

Lease incentives provided to the department by way of rent free periods, leasehold improvements or cash incentives are recognised as lease incentive liabilities (note B4.2 refers). Lease payments are allocated between a reduction of the lease incentive liabilities and the property rental expense to effect a spreading of the rental expense in accordance with the pattern of benefits derived from the rental properties.

The department makes an immediate allowance for property make-good where required under lease agreements (note B5.2 refers).

A property lease is deemed onerous if it relates to a vacant floor and/or an identifiable and separable portion of a building for which there are no immediate future plans or sub-let arrangements (e.g. a vacant, self-contained floor of a larger building or wing). In these instances a provision for surplus lease space is recognised and subject to annual review (note B5.2 refers).

Commitments payable for minimum lease payments in relation to non-cancellable operating leases

	<1 year	Between 1-5 years	>5 years	Total	<1 year	Between 1-5 years	>5 years	Total
	2018	**2018**	**2018**	**2018**	2017	2017	2017	2017
	$'000	**$'000**	**$'000**	**$'000**	$'000	$'000	$'000	$'000
Operating leases[1,2]	**368,636**	**967,737**	**398,164**	**1,734,537**	365,972	960,654	458,405	1,785,031

[1]Contractual obligations comprise property operating, ICT equipment and motor vehicle fleet leases.
[2]The 2016-17 commitments payable for minimum lease payments have been restated to include lease incentives of $57.9 million previously not disclosed.

	2018	2017
	$'000	$'000
A1.3: Other expenses		
Resolution of claims	**3,190**	2,755
Finance costs	**650**	540
Competitive neutrality - state tax equivalent[1]	**406**	371
Losses from asset disposals	**441**	-
Total other expenses	**4,687**	3,666

[1]The department provides Centrepay services which is subject to the Australian Government's competitive neutrality policy. The department is required to make payroll taxation equivalent payments to the Australian Government.

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DEPARTMENT OF HUMAN SERVICES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2018

A2: Income

Own source revenue mainly relates to the provision of shared services to other government entities.

The stage of completion of contracts at the reporting date is determined by reference to the proportion that costs incurred to date bear to the estimated total costs of the transaction.

Gains include incidental transactions and events outside of ordinary operations such as: Contributions of assets at no cost or for nominal consideration; gains arising from the disposal of non-current assets; reversals of provisions, previous asset write-downs and impairment; and resources received free of charge where the services would have been purchased if they had not been donated.

	2018	2017
	$'000	$'000
A2.1: Resources received free of charge		
Australian Taxation Office	1,901	2,472
Australian National Audit Office - financial statement audit fee	980	1,000
Seconded staff	26	-
Total resources received free of charge	**2,907**	3,472

A2.2: Revenue from Government

Amounts appropriated for departmental outputs for the year (adjusted to reflect the department's funding agreement, formal additions, reductions and restructures) are recognised as revenue from government when the department gains control of the appropriation.

Appropriations receivable are recognised at their nominal amounts (note B1.1 refers).

Amounts appropriated which are designated as equity injections (less any formal reductions) and the departmental capital budget are recognised directly in contributed equity in that year (statement of changes in equity refers).

Income and Expenses Administered on Behalf of Government
A3: Administered - Expenses

Child support maintenance expenses are recognised and measured in line with child support revenue (note A4 refers).

	2018	2017
	$'000	$'000
A3.1: Write-down and impairment of assets		
Child support maintenance discharge	61,376	70,764
Child support write-down and impairment of assets	34,420	44,533
Child support waivers	139	43
Child support cost recovery discharge	3	-
Other - fees and fines	55	591
Total write-down and impairment of assets	**95,993**	115,931

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DEPARTMENT OF HUMAN SERVICES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2018

A4: Administered - Income

Non-taxation revenue
All administered revenue is revenue relating to the course of ordinary activities performed by the department on behalf of the Australian Government.

Child support maintenance revenue
The child support programme acts as the intermediary in the transfer of child support payments, which are collected from the non-custodial parent and then paid to the custodial parent.

Revenue from the assessment and collection of child support is recognised in the administered schedule of comprehensive income at the nominal amounts. The revenue is recognised at the point when a child support assessment, private child support agreement or maintenance court order is registered for collection by the child support registrar under the *Child Support (Registration and Collection) Act 1988*. In accordance with the Act, the revenue is adjusted when a private settlement is agreed by both parents for a particular period of payment.

Fees and Fines
Under section 67 of the *Child Support (Registration and Collection) Act 1988*, a late payment penalty is applied whenever a non-custodial parent fails to make their child support payment to the custodial parent by the due date and where the outstanding maintenance debt exceeds $1,000.

Late payment penalties are recognised as revenue in the administered financial statements at the time the cash is received. Of the $8.8 million of fees and fines revenue in administered income, $8.5 million (2017: $7.8 million) relates to penalty revenue receipts.

Dividend revenue
The Australian Government owns 100 per cent of the issued share capital of Australian Hearing. Dividends from Australian Hearing are recognised in the administered financial statements and have been paid or are payable to the official public account.

Competitive neutrality revenue
Australian Hearing provides services on a for-profit basis and is subject to the Australian Government's competitive neutrality policy. Under competitive neutrality arrangements Australian Hearing is required to make payroll tax and income tax equivalent payments to the Australian Government. These amounts are recognised in the administered financial statements and have been paid or are payable to the official public account.

Gains include incidental transactions and events outside of ordinary operations such as reversals of previous asset impairments.

	2018	2017
	$'000	$'000
A4.1: Reversal of previous asset impairments		
Reversal of impairment - child support	**12,162**	21,897
Total reversal of previous asset impairments	**12,162**	21,897

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DEPARTMENT OF HUMAN SERVICES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2018

B: Financial Position
B1: Financial Assets

Cash is recognised at its nominal amount and includes cash on hand.

	2018	2017
	$'000	$'000
B1.1: Trade and other receivables		
Trade receivables in connection with		
Goods and services	**82,560**	62,857
Total trade receivables	**82,560**	62,857
Appropriation receivables		
Existing programmes - operating	**1,471,390**	1,029,559
Departmental capital budget	**5,000**	-
Equity	**30,600**	38,004
Funding agreement adjustment - operating	**(57,573)**	(26,477)
Total appropriations receivables	**1,449,417**	1,041,086
Other receivables		
Goods and service tax	**58,048**	40,618
Total other receivables	**58,048**	40,618
Total trade and other receivables (gross)	**1,590,025**	1,144,561
Less impairment allowance		
Trade receivables	**(289)**	(695)
Total impairment allowance	**(289)**	(695)
Total trade and other receivables (net)	**1,589,736**	1,143,866

Movements in impairment allowance	Goods and services	Goods and services
As at 1 July	**(695)**	(670)
Additional provisions raised	**(203)**	(574)
Amounts written off	**72**	63
Amounts recovered and reversed	**537**	486
Total as at 30 June	**(289)**	(695)

The department classifies its financial assets at the time of initial recognition depending on the nature and purpose of the asset. All receivables are classified as trade and other receivables and are expected to be recovered within 12 months unless otherwise indicated.

Trade receivables are recognised when the department becomes party to an agreement and has the right to receive cash. Trade receivables have 30 day terms (2017: 30 days) and are recognised at the nominal amount due less any impairment allowance. The collectability of debts are reviewed at the end of the reporting period and an impairment allowance is recognised. This includes an allowance for all trade receivables owed by external entities that are more than 90 days overdue.

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DEPARTMENT OF HUMAN SERVICES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2018

B2: Non-Financial Assets

B2.1: Reconciliation of the opening and closing balances of property, plant and equipment and software

	Land and buildings $'000	Plant and equipment $'000	Software $'000	Total $'000
Total as at 30 June 2017	354,554	194,743	360,721	910,018
Gross book value	375,648	258,357	1,007,340	1,641,345
Accumulated depreciation and amortisation	(21,094)	(63,614)	(646,619)	(731,327)
Total as at 1 July 2017	**354,554**	**194,743**	**360,721**	**910,018**
Additions				
Purchases	**88,227**	**167,974**	**26,689**	**282,890**
Internally developed	**-**	**-**	**114,792**	**114,792**
Revaluations recognised in other comprehensive income[1]	**27,024**	**(3,027)**	**-**	**23,997**
Write-down and impairment recognised in net cost of services[2]	**(4,250)**	**(830)**	**(12,383)**	**(17,463)**
Impairment reversal recognised in net cost of services[3]	**101**	**-**	**2,205**	**2,306**
Depreciation and amortisation expenses	**(88,895)**	**(60,841)**	**(99,655)**	**(249,391)**
Other movements[4]	**11**	**2,604**	**(1,539)**	**1,076**
Disposals	**-**	**(551)**	**-**	**(551)**
Total as at 30 June 2018[5]	**376,772**	**300,072**	**390,830**	**1,067,674**
Gross book value	**402,056**	**359,347**	**1,081,699**	**1,843,102**
Accumulated depreciation and amortisation	**(25,284)**	**(59,275)**	**(690,869)**	**(775,428)**
Total as at 30 June 2018	**376,772**	**300,072**	**390,830**	**1,067,674**

[1]Recognised in changes to asset revaluation reserve and other provisions (property make-good provision).
[2]Recognised in write down and impairment of assets.
[3]Recognised in reversal of previous asset write-down and impairment.
[4]Includes assets recognised for the first time and transferred between classes.
[5]Includes asset under construction amounts for land and buildings of $67.1 million and software of $122.2 million.

The asset thresholds and useful lives for each asset class remain unchanged from 2017.

Departmental assets	2018 Useful life	2018 Threshold
Land	Unlimited	nil
Buildings	50 years	nil
Leasehold improvements	Shorter of unexpired lease term or useful life	$20,000
General plant and equipment	3 to 10 years	$3,000
ICT plant and equipment	3 to 10 years	nil
Purchased software	5 to 10 years	$100,000
Internally developed software	5 to 10 years	$1,000,000

Unless otherwise stated, depreciation and amortisation rates are applied on a straight-line basis and rates are reviewed annually, as are useful lives and residual values. Any necessary adjustments are recognised as appropriate. Where material software assets have not been budgeted to be enhanced, replaced, or retired, a minimum remaining useful life of two years is applied.

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DEPARTMENT OF HUMAN SERVICES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2018

All property, plant and equipment is reported at fair value (note B3 refers). Cost is considered an acceptable fair value proxy for assets under construction. An indexation test is applied annually to verify that the carrying amount is acceptable. Revaluations are conducted by an independent valuer. In 2017-18 JLL Public Sector valuations (formerly Australian Valuation Solutions) conducted the revaluation of leasehold improvement and make-good relating to leasehold improvements as well as data centre asset classes (2017: revaluation of all leasehold improvement and make-good relating to leasehold improvements).

Software assets are carried at cost less accumulated amortisation and impairment except for software assets under development which are recognised at cost.

All non-financial assets are assessed annually for indicators of impairment and, where appropriate, the asset's carrying value is adjusted to fair value. In 2017-18, impairment was assessed by management applying professional judgement, supported by the use of an independent service provider. This assessment takes into account how assets are being used and is impacted by factors such as legislative changes, program cessations and platform changes. This has resulted in an impairment expense of $17.5 million (2017: $92.3 million).

Capital commitments payable

	<1 year	Between 1-5 years	Total	<1 year	Between 1-5 years	Total
	2018	**2018**	**2018**	2017	2017	2017
	$'000	**$'000**	**$'000**	$'000	$'000	$'000
Land and buildings	**1,745**	**-**	**1,745**	1,244	-	1,244
Plant and equipment[1]	**10,044**	**-**	**10,044**	1,917	4,571	6,488
Software	**249**	**-**	**249**	-	-	-
Total	**12,038**	**-**	**12,038**	3,161	4,571	7,732

[1]Contractual obligation primarily for the purchase of Information and Communication Technology hardware.

	2018	2017
	$'000	$'000
B2.2: Other non-financial assets		
Prepayments expected to be amortised	**97,121**	162,001
Lease incentives asset[1]	**38,749**	29,200
Total other non-financial assets	**135,870**	191,201

[1]As at 30 June 2017, the department's lease incentive balance did not include future lease incentives relating to 17 leases. The value of unrecognised lease incentives was $29.2 million. The lease incentive balance for 30 June 2017 has been restated to include this amount and a corresponding lease asset recognised in other non-financial assets for 2017 (See note B4.2).

No indicators of impairment were found for other non-financial assets.

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DEPARTMENT OF HUMAN SERVICES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2018

B3: Fair Value Measurement

The department adopts a risk-based asset valuation approach to measure non-financial assets at fair value in accordance with AASB 13 *Fair Value Measurement*. Each class of non-financial assets is subject to a formal independent valuation at least once every three years dependent upon an annual risk assessment. In years where a formal valuation is not undertaken non-financial assets are subject to a desktop review.

Fair value is a market-based, rather than entity specific, measurement. The objective in all cases is to estimate the price at which an orderly transaction to sell the asset would take place between market participants under current market conditions at the measurement date. Where possible, assets are valued based upon observable inputs, such as quoted prices in active markets or other market transactions or information. Where this information is not available, valuation techniques rely upon unobservable inputs.

The different levels of the fair value hierarchy are:
Level 1: Quoted prices (unadjusted) in active markets for identical assets.
Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset, either directly or indirectly.
Level 3: Unobservable inputs for the asset.

In 2018, level 2 valuations were based on market comparable information. In 2018 and 2017 level 3 valuations were based on depreciated replacement cost and adjusted market comparable information.

A revaluation of non-financial assets was completed in 2018 for leasehold improvements and data centre asset classes in property, plant and equipment (2017: leasehold improvements). Results of the revaluation are disclosed at note B2.1.

The following table provides an analysis of assets that are measured at fair value. The remaining assets disclosed in the statement of financial position do not apply the fair value hierarchy.

Fair value measurements, valuation techniques and inputs used

Fair value measurements as at 30 June				For levels 2 and 3 fair value measurements	
	2018 **$'000**	2017 $'000	Level	**Valuation techniques**[1]	**Inputs used**
Non-financial assets[2]					
Freehold land and buildings	**7,256**	7,422	2	Market comparables	Adjusted market transactions.
Freehold land and buildings	**6,900**	4,545	3	Market comparables	Adjusted market transactions.
Leasehold buildings and leasehold improvements	**362,616**	342,587	3	Depreciated replacement cost	Replacement cost new ($/m^2), total useful life, remaining useful life and consumed economic benefit/obsolescence of asset.
Plant and equipment	**188,580**	122,014	2	Market comparables	Adjusted market transactions.
Plant and equipment	**108,772**	72,605	3	Depreciated replacement cost	Replacement cost new.
Plant and equipment	**2,720**	124	3	Market comparables	Adjusted market transactions.
Total non-financial assets	**676,844**	549,297			

[1]In 2018, nil (2017: nil) transferred from level 3 to level 2 due to a change in valuation techniques from depreciated replacement cost to market comparables. In 2018, $43.9 million (2017: nil) transferred from level 2 to level 3 due to a change in observable inputs.
[2]A reconciliation of movements in property, plant and equipment is included in note B2.1.

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DEPARTMENT OF HUMAN SERVICES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2018

B4: Payables

	2018	2017
	$'000	$'000
B4.1: Suppliers		
Trade creditors and accruals	**539,201**	327,588
Operating lease rentals	**79,778**	85,314
Total suppliers	**618,979**	412,902

Supplier and other payables are recognised at the present value of expected future cash flows. Trade creditors and accruals are recognised to the extent that the goods and services have been received (irrespective of having been invoiced). Credit terms for goods and services are expected to be settled within 30 days (2017: 30 days).

B4.2: Lease incentives		
Lease incentives expected to be settled		
No more than 12 months	**16,871**	13,163
More than 12 months	**70,507**	68,046
Total lease incentives[1]	**87,378**	81,209

[1]As at 30 June 2017, the department's lease incentive balance did not include future lease incentives relating to 17 leases. The value of unrecognised lease incentives was $29.2 million. The lease incentive balance for 30 June 2017 has been restated to include this amount and a corresponding lease asset recognised in other non-financial assets for 2017 (See note B2.2).

B4.3: Other payables		
Unearned income	**7,097**	4,976
Fringe benefits tax	**667**	545
Total other payables	**7,764**	5,521

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DEPARTMENT OF HUMAN SERVICES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2018

B5: Provisions

	2018	2017
	$'000	$'000
B5.1: Employee provisions		
Leave	855,300	847,959
Separations and redundancies	11,819	1,271
Total employee provisions	867,119	849,230

The department's leave liability includes provisions for annual and long service leave. No provision is made for personal leave, which is non-vesting.

In accordance with AASB 119 *Employee Benefits*, recreation and long service leave liabilities are measured at the present value of the estimated future cash outflows. The interest rates used in discounting future cash flows relate to market yields on government bonds which have a comparable term to the leave obligations. In 2016 the department engaged the Australian Government Actuary to undertake a triennial actuarial assessment of the leave provisions taking into account the likely tenure of existing staff, patterns of leave claims and payouts, future salary movements, and discount rates.

The department recognises a provision for separations and redundancies where there is a detailed formal plan that has been communicated to the affected staff.

B5.2: Other provisions

Movements in other provisions

	Property make-good provision[1]	Surplus lease space provision	Other	Total
	$'000	$'000	$'000	$'000
As at 1 July 2017	26,824	-	2,358	29,182
Additional provisions made[2]	3,576	88	831	4,495
Amounts used	(397)	-	(327)	(724)
Amounts reversed	(358)	-	(215)	(573)
Unwinding of discount or change in discount rate	592	-	-	592
Total as at 30 June 2018	30,237	88	2,647	32,972

[1]There are 436 (2017: 449) agreements for the leasing of premises, which have provisions requiring the department to restore the premises to their original condition at the conclusion of the lease.
[2]The total additional provision includes property make-good revaluations of existing arrangements. The revaluation conducted by Jones Lang LaSalle (JLL) Inc. resulted in a $3.8 million decrement to the asset revaluation reserve less a $0.3 million recognised in goods and services expense (property operating) and other gains.

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B6: Administered - Financial Assets		
	2018	2017
	$'000	$'000
B6.1: Cash and cash equivalent		
Cash on hand or on deposit	**162**	91
Cash in special accounts	**135,013**	133,054
Total cash	**135,175**	133,145
B6.2: Child support receivables		
Maintenance receivables	**1,529,648**	1,466,574
Less: impairment allowance	**(697,011)**	(662,816)
Net maintenance receivables	**832,637**	803,758
Customer miscellaneous receivables	**5,868**	5,801
Less: impairment allowance	**(4,572)**	(4,542)
Net customer miscellaneous receivables	**1,296**	1,259
Client top up receivables	**1,516**	1,458
Less: impairment allowance	**(712)**	(727)
Net client top up receivables	**804**	731
Cost recovery receivables	**1,882**	1,878
Less: impairment allowance	**(1,409)**	(1,328)
Net cost recovery receivables	**473**	550
Total child support receivables (net)	**835,210**	806,298
Child support receivables (gross) in connection with		
External parties	**1,538,914**	1,475,711
Total child support receivables (gross)	**1,538,914**	1,475,711

Child support maintenance receivables and impairment allowance
The child support programme acts as the intermediary in the transfer of child support payments, which are collected from the non-custodial parent and then paid to the custodial parent. The majority of the receivable balance relates to maintenance debt for which the Commonwealth does not have any financial exposure given that the child support programme acts as the intermediary only.

The department actively manages the collection of child support debt on a continual basis and engages the Australian Government Actuary (AGA) annually to perform a review of the impairment allowance for child support maintenance debt.

Since 30 June 2017, changes in collection rates and the discounted mean term have resulted in the impairment allowance for child support maintenance debt changing from 44.39 per cent to 44.83 per cent as at 30 June 2018. This resulted in an increase to the impairment allowance of $6.8 million in 2017-18.

AASB 136 *Impairment of Assets* requires that payments are discounted at a rate reflecting the estimated timing of the payments. As at 30 June 2018 the AGA's assessment was that the mean term for child support receivables was approximately five and a half years and the five and a half year bond rate was applied (2017: seven year collection and bond rate).

As at 30 June 2018 the five and a half year bond rate was 2.36 per cent and the ten year bond rate was 2.63 per cent. If the ten year bond rate was applied the result would be a further increase in the impairment allowance of approximately $7.3 million.

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Child support penalty receivables
Child support penalty revenue is recognised in the administered financial statements at the time cash is received not when the debt is raised (note A4 refers). As at 30 June 2018, amounts not recorded in the financial statements included: Total outstanding penalty debt $902.6 million (2017: $853.4 million); penalty debts raised during 2017-18, $131.4 million (2017: $130.2 million); and total penalty debts remitted, written off, waived or discharged, $73.7 million (2017: $120.2 million).

	2018	2017
	$'000	$'000
B6.3: Other receivables		
Dividends	**5,213**	6,306
Competitive neutrality	**1,786**	2,548
Other - fees and fines	**2,850**	2,876
Total other receivables (gross)	**9,849**	11,730
Less: impairment allowance - fees and fines	**(2,665)**	(2,610)
Total impairment allowance	**(2,665)**	(2,610)
Total other receivables (net)	**7,184**	9,120

All significant receivables are expected to be collected within 12 months.

B7: Administered - Fair Value Measurement

Administered non-financial assets are measured at fair value in accordance with AASB 13 *Fair Value Measurement* and consistent with the departmental policy described at note B2 and B3.

The fair value of administered investments is taken to be the Australian Government's proportional interest in the net assets of the entity. The Australian Government owns 100 per cent of the issued share capital of Australian Hearing, a Corporate Commonwealth Entity. The principal activity of Australian Hearing is to help people manage their hearing impairment in order to improve their quality of life.

B7.1: Fair value measurements, valuation techniques and inputs used

Fair value measurements at 30 June				For level 3 fair value measurements	
	2018	2017		Valuation	
	$'000	$'000	Level[2]	techniques[1]	Inputs used
Financial assets					
Investment - Australian Hearing	**72,214**	64,706	3	Net assets	Net assets of the entity.

[1]No change in valuation technique occurred during the period.
[2]Note B3 refers.

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B8: Administered - Payables		
	2018	2017
	$'000	$'000
B8.1: Child support and other payables		
Child support maintenance	**31,502**	28,837
Other	**162**	91
Total child support and other payables	**31,664**	28,928

Child support maintenance payables reflect amounts collected and due to be transferred to the custodial parent. All payables are expected to be settled within 12 months and are measured at their nominal amount.

B8.2: Compensation payable		
Recovery of compensation	**82,809**	82,805
Total compensation payables	**82,809**	82,805

Recovery of compensation payable reflects amounts collected from insurers and third parties for compensation recovery claims not yet finalised.

B9: Administered - Provisions

The child support maintenance provision reflects child support obligations to the custodial parent that have been assessed but not yet received. The liability is calculated on the basis of the present value of the estimated future cash flows to be made to custodial parents at the reporting date. Estimated future cash flows are calculated with reference to the past experience of the recoverability of gross child support receivables from non-custodial parents. The estimate does not include future cash outflows that may result from child support re-assessments, relating prior to the reporting date, that are requested by non-custodial or custodial parents after the reporting date.

B9.1: Child support maintenance provisions

Movements in child support maintenance provisions

As at 1 July	**803,758**	770,507
Additional provisions made[1]	**1,576,208**	1,543,529
Amounts used	**(1,463,333)**	(1,416,775)
Amounts reversed	**(83,995)**	(93,503)
Total as at 30 June	**832,638**	803,758

[1]Additional provisions made to reflect child support obligations to the custodial parent that have been assessed but not yet received.

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C: Funding
C1: Appropriations

C1.1: Annual appropriations (recoverable GST exclusive)

	2018	2017
	$'000	$'000
Departmental ordinary annual services		
Annual appropriation		
Operating[1]	**4,495,742**	4,258,713
Departmental capital budget	**188,996**	164,675
PGPA Act section 74 receipts	**341,857**	300,942
PGPA Act section 75 transfers	**-**	(700)
Total appropriation	**5,026,595**	4,723,630
Appropriation applied (current and prior years)	**4,401,433**	4,580,408
Variance	**625,162**	143,222
Departmental other services		
Annual appropriation		
Equity injection[2]	**177,850**	138,421
Total appropriation	**177,850**	138,421
Appropriation applied (current and prior years)	**185,433**	71,238
Variance[3]	**(7,583)**	67,183
Administered ordinary annual services		
Annual appropriation		
Operating	**1,566**	1,565
PGPA Act section 74 receipts	**1,068**	1,000
Total appropriation	**2,634**	2,565
Appropriation applied (current and prior years)[4]	**1,136**	1,050
Variance	**1,498**	1,515

[1]In 2017-18 revenue from the government reported in the statement of comprehensive income is $4,297.1 million, $198.6 million less than the operating annual appropriation of $ 4,495.7 million. The $198.6 million difference reflects:
- $236.5 million reduction through the *Appropriation Act (No.1) 2018-19* to reflect adjustments to 2017-18 revenue from government. This reduction is made up of a $57.5 million downward funding model adjustment and a net reduction in funding of $179.0 million.
- $12.3 million reduction through the *Appropriation Act (No.1) 2017-18* to reflect adjustments to 2016-17 revenue from government, which was adjusted through the 2017-18 Appropriation Acts. This reduction is made up of a $0.9 million downward funding model adjustment and a net reduction in funding of $11.4 million.
- $25.6 million reduction through the *Appropriation Act (No.3) 2017-18* to reflect adjustments to 2016-17 revenue from government for a downward funding model adjustment, which was adjusted through the 2017-18 Appropriation Acts.

[2]In 2017-18 the equity injections reported in the statement of changes in equity is $178.0 million, $0.2 million more than the equity injections of $177.8 million. The $0.2 million difference relates to a reduction through the *Appropriation Act (No.2) 2017-18* to reflect adjustments to 2016-17 equity injections which could not be reflected in that year's Appropriation Acts.
[3]Funded from 2016-17 appropriation.
[4]Applied administered appropriation is represented by $1.1 million drawn from the *Appropriation Act (No.1) 2017-18*.

Figures in text have been rounded. Discrepancies between totals and sums of components are due to rounding.

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C1.2: Unspent annual appropriations (recoverable GST exclusive)

	2018	2017
	$'000	$'000
Authority		
Departmental		
Appropriation Act (No.1) 2013-14[1]	-	5,969
Appropriation Act (No.1) 2015-16[2]	**9,563**	9,563
Appropriation Act (No.1) 2016-17[3]	**57,116**	943,210
Appropriation Act (No.3) 2016-17	-	155,822
Appropriation Act (No.4) 2016-17[4]	**29,000**	67,183
Appropriation Act (No. 1) 2017-18[5]	**1,645,768**	-
Appropriation Act (No. 1) 2017-18 DCB	**5,000**	-
Appropriation Act (No. 2) 2017-18	**30,600**	-
Appropriation Act (No. 3) 2017-18	**9,228**	-
Appropriation Act (No. 4) 2017-18	-	-
Total appropriation[6]	**1,786,275**	1,181,747
Administered		
Appropriation Act (No.1) 2016-17[7]	**1,515**	1,515
Appropriation Act (No.1) 2017-18	**1,498**	-
Total appropriation	**3,013**	1,515

[1]Represents $6.0 million quarantined for the 2013-14 downwards funding agreement adjustment. *Appropriation Act (No.1) 2013-14* which was repealed through *Appropriation Act (No.4) 2017-18*.
[2]*Appropriation Act (No.1) 2015-16* unspent annual appropriation includes $9.6 million of funds quarantined for administrative purposes.
[3]*Appropriation Act (No.1) 2016-17* includes $56.5 million of operating appropriations withheld under section 51 of the PGPA Act, with a determination date of 30 June 2017 and quarantined amount of $0.6 million due to reversal of a 2017-18 measure.
[4]*Appropriation Act (No.4) 2016-17* includes $29.0 million of capital appropriations withheld under section 51 of the PGPA Act, with a determination date of 30 June 2017.
[5]*Appropriation Act (No. 1) 2017-18* includes cash at bank of $14.8 million.
[6]The total unspent departmental annual appropriation as at 30 June 2018 is $1,786.3 million (2017:$1,181.7 million) as compared to the total cash and appropriation receivable balance of $1,464.2 million (2017: $1,052.2 million). The $322.1 million difference reflects:
  - $56.5 million of operating appropriation withheld through section 51 of the PGPA Act (footnote 3 refers);
  - $29.0 million of capital appropriation withheld under section 51 of the PGPA Act (footnote 4 refers); and
  - $236.5 million reduction to appropriation receivable in 2017-18 for the funding model adjustment amounting to $57.5 million and net reduction in funding of $179.0 million.
[7]This amount reflects unspent appropriation from 2016-17 relating to the child support programme.

Figures in text have been rounded. Discrepancies between totals and sums of components are due to rounding.

C1.3: Special appropriations applied (recoverable GST exclusive)

Authority		
Public Governance, Performance and Accountability Act 2013[1]	**2,220**	2,617
Total special appropriations applied	**2,220**	2,617

[1]Refund appropriation of $0.8 million to enable payments of security bonds following issuance of Departure Prohibition Orders and $1.4 million to enable payments to be made for repayment of amounts earlier received under the Centrelink master programme.

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C1.4: Disclosure by agent in relation to annual and special appropriations (recoverable GST exclusive)

	2018	2018	2017	2017
	$'000	$'000	$'000	$'000
	Total receipts	**Total payments**	Total receipts	Total payments
Attorney-General's Department[1]	**2,965**	**2,965**	26,278	26,278
Department of Agriculture and Water Resources[2]	**34,460**	**34,460**	61,350	61,350
Department of Defence[3]	**-**	**-**	1,452	1,452
Department of Education and Training[4]	**1,375,019**	**1,375,019**	1,460,692	1,460,692
Department of Jobs and Small Business[5]	**3,353**	**3,353**	13,592	13,592
Department of Health[6]	**57,308,349**	**56,315,133**	56,259,983	55,138,535
Department of Home Affairs[7]	**132,358**	**132,358**	213,275	213,275
Department of Infrastructure, Regional Development and Cities[8]	**195,281**	**195,281**	191,264	191,264
Department of Social Services[9]	**110,584,183**	**110,584,183**	112,310,331	112,310,331
Department of Veterans' Affairs[10]	**2,311,816**	**3,305,175**	2,337,839	3,455,341
Total	**171,947,784**	**171,947,927**	172,876,056	172,872,110

Payments are made from appropriations administered by other agencies. The related revenue, expense, assets, liabilities and cash flows are disclosed in the financial statements of the relevant government agency which is responsible for the outcomes to which the items relate.

[1]Attorney-General's Department - Following the machinery of government changes on 20 December 2017, payments for disaster recovery relief and victims of terrorism made on behalf of the entity were transferred to the Department of Home Affairs.
[2]Department of Agriculture and Water Resources - The department made third party payments on behalf of the entity for farm household allowance.
[3]Department of Defence - The department made third party payments on behalf of the entity for assistance to individuals and businesses affected by the closure of Hunter River and Port Stephens fisheries. The payment ceased in February 2017.
[4]Department of Education and Training - The department made third party payments on behalf of the entity for child care rebate and child care benefit.
[5]Department of Jobs and Small Business - The department made third party payments on behalf of the entity for the job commitment bonus and commenced PaTH Internship Incentive payments.
[6]Department of Health - The department made third party payments on behalf of the entity for aged care, medical and pharmaceutical benefits.
[7]Department of Home Affairs - Following the machinery of government changes on 20 December 2017, payments for disaster recovery relief and victims of terrorism were transferred from the Attorney-General's Department to the Department of Home Affairs. The department continues to make third party payments on behalf of the entity for asylum seeker support.
[8]Department of Infrastructure, Regional Development and Cities - The department made third party payments on behalf of the entity for the Bass Strait passenger vehicle equalisation scheme and Tasmanian freight equalisation scheme.
[9]Department of Social Services - The department made third party payments on behalf of the entity for personal benefits related to a wide section of the community. These include age pension, disability support pension, carer payment, family tax benefit, austudy, abstudy, youth allowance and newstart.
[10]Department of Veterans' Affairs - The department made third party payments on behalf of the entity for aged care, medical and pharmaceutical benefits.

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C2: Special Accounts

The Child Support Special Account is used for the receipt of child support payments and the making of regular and timely payments to the custodial parents. The nature of the special account requires that child support monies received into the account are paid from the account to the relevant recipients. As such net child support receivables reported on the schedule of administered items are offset by equivalent child support provisions.

The Recovery of Compensation for Health Care and Other Services Special Account is used for the recovery of Medicare benefits, residential care and home care subsidies where the recipient receives compensation from a third party as a result of the injury or illness for which they had received benefits. The department is responsible for case management and the recovery of benefits back to the Australian Government. Compensation recovery revenue, receivables and transfers to the official public account are reported by the relevant policy agency.

	Child Support Special Account[1]		Recovery of Compensation for Health Care and Other Services Special Account[2]	
	2018	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000
As at 1 July	**71,622**	61,078	**82,805**	73,860
Increases				
Child Support (Registration & Collection) Act				
1988 section 77[3]	**37,089**	38,839	**-**	-
Ordinary annual services	**1,103**	1,050	**-**	-
Repayments of ordinary annual services	**1,068**	1,000	**-**	-
Child support receipts	**1,433,008**	1,395,972	**-**	-
Health compensation receipts	**-**	-	**295,779**	297,786
Total increases	**1,472,268**	1,436,861	**295,779**	297,786
Available for payments	**1,543,890**	1,497,939	**378,584**	371,646
Decreases				
Payments to custodial parents	**(1,471,940)**	(1,425,317)	**-**	-
Repayments debited from the special account	**(1,068)**	(1,000)	**-**	-
Payments made to the Department of Health	**-**	-	**(62,157)**	(37,567)
Refunds to customers	**-**	-	**(225,337)**	(251,274)
Total decreases	**(1,473,008)**	(1,426,317)	**(287,494)**	(288,841)
Total as at 30 June	**70,882**	71,622	**91,090**	82,805
Represented by:				
Cash held in the Official Public Account	**70,882**	71,622	**91,090**	82,805
Total appropriation available	**70,882**	71,622	**91,090**	82,805
Less timing differences	**(18,678)**	(21,373)	**(8,281)**	-
Total cash in special accounts	**52,204**	50,249	**82,809**	82,805

[1]*Appropriation: Public Governance, Performance and Accountability Act 2013*, section 80.
Establishing Instrument: Child Support (Registration and Collection) Act 1988, section 73.
Purpose: For the receipt of child support payments and the making of regular and timely payments to custodial parents.
[2]*Appropriation: Public Governance, Performance and Accountability Act 2013*, section 78(1).
Establishing Instrument: Determination 2015/06 under *Public Governance, Performance and Accountability Act 2013*.
Purpose: To credit monies for the purpose of recovery of compensation following a judgement or settlement under the *Recovery of Compensation for Health Care and Other Services Special Account 2015* and;
(a) to pay a person an amount consistent with the *Health and Other Services (Compensation) Act 1995*;
(b) to pay an amount to a Commonwealth entity that manages a benefit, subsidy or scheme related to the *Health and Other Services (Compensation) Act 1995*;
(c) activities that are incidental to a purpose mentioned in paragraphs (a) or (b);
(d) to reduce the balance of the special account (and, therefore, the available appropriation for the special account) without making a real or notional payment;
(e) to repay amounts where an Act or other law requires or permits the repayment of an amount received.
[3]Special Appropriations $9.1 million in amounts credited to the special account as budget adjustments which are excluded from note C1.3 Special Appropriations applied, Child Support (Registration and Collection) Act 1988.

In 2018 and 2017 the *Services for Other Entities and Trust Moneys - Department of Human Services Special Account* had a nil balance and there were no transactions debited or credited during either year.

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C3: Regulatory Charging		
	2018	2017
	$'000	$'000
Amounts applied		
Departmental		
Annual appropriation[1]	**5,079**	4,891
Total amounts applied	**5,079**	4,891
Expenses		
Departmental[2]	**3,930**	4,482
Total expenses	**3,930**	4,482

[1]The annual appropriation is taken to be representative of the amount applied and is equivalent to revenue received.
[2]Departmental expenses consist of direct and indirect costs. Indirect costs are apportioned internally to activities and may include administrative, corporate and technical support costs.

The department is responsible for the administration of early release of superannuation benefits on specific compassionate grounds. The department receives direct appropriation for the delivery of the service. The department provides details of the cost of delivery of the service to Treasury each year. Treasury liaises with the Australian Prudential Regulation Authority each year to confirm the agreed amount of levies collected on behalf of the department under the *Financial Institutions Supervisory Levy Collection Act 1998*.

The other entities involved in this cost recovery activity are the Australian Taxation Office and the Australian Securities and Investments Commission.

The Cost Recovery Implementation Statement for the above activity is available at:
https://www.apra.gov.au/sites/default/files/apra_cris_2018-19.pdf

On 1 July 2018, this activitiy transferred to the Australian Taxation Office.

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D: Other Items

D1: Contingent Assets and Liabilities

Contingent assets and liabilities may arise from uncertainty as to the existence of a liability or asset, or where the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain. Contingent liabilities are disclosed when settlement is greater than remote.

	2018	2017
Claims for damages or costs	**$'000**	$'000
Contingent assets		
As at 1 July	**2,469**	2,275
New contingent assets recognised	**50**	2,119
Re-measurement	**(9)**	(1,925)
Assets realised	**(33)**	-
Total contingent assets as at 30 June[1]	**2,477**	2,469
Contingent liabilities		
As at 1 July	**1,692**	2,473
New contingent liabilities recognised	**792**	1,620
Re-measurement	**(12)**	153
Liabilities realised	**(637)**	(632)
Obligations expired	**(1,006)**	(1,922)
Total contingent liabilities as at 30 June[2]	**829**	1,692
Net contingent liabilities as at 30 June	**(1,648)**	(777)

[1]Contingent assets includes legal claims.
[2]Contingent liabilities include compensation and legal claims.

Unquantifiable contingencies
The department had a number of legal claims for which it has denied liability and is defending as well as claims which the department is pursuing. It is not possible to estimate the amount of any eventual payments or compensation in relation to these claims.

There were no quantifiable or unquantifiable administered contingent assets or liabilities in 2018 and 2017.

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D2: Budgetary Reporting

Statement of comprehensive income
In 2017-18 the department reported an operating deficit of $74.5 million against a budgeted deficit of $269.5 million[1]. This $195.0 million variance represents 4.1 per cent of the budgeted $4.8 billion net cost of services reported in the *2017-18 Portfolio Budget Statements* published in May 2017.

The department's total expenses of $4.7 billion varies by 6.0 per cent to the original budget. The main causes of the variation is a reduction in expenditure relating to reduced costs of delivering some budget measures, delays in the passage of legislation associated with some budget measures, and a general lower than budgeted expenditure on suppliers. These were offset by an increase in employee benefits reflecting the effect of a change in the bond rate used to estimate the present value of future leave payments and salary increase paid to staff.

The department's total revenue of $4.6 billion varies by 2.2 per cent to the original budget. Total revenue was lower than budget reflecting a reduction in revenue from government, the result of budget adjustments and decisions of government since the 2017-18 Budget.

Statement of financial position
As at 30 June 2018 the department's total equity was $1,160.0 million compared to the original budget of $833.2 million. The original budget was prepared before the 2017 actual figures were known and used an estimated rather than actual final outcome. A more positive operating result than estimated was achieved for 2017, and combined with the positive result in 2018 has improved the department's equity.

Total assets are higher than budget by 30.9 per cent primarily as a result of the positive variance in budgeted deficit which is largely reflected in the appropriation receivable balance. The positive variance also relates to lease incentive assets.

Total liabilities are higher than budget by 25.6 per cent. The major movements were due to higher than budgeted year-end supplier payables and lease incentive liabilities.

During 2017-18, the department received $367.0 million in contributed equity, $15.9 million more than originally budgeted. This increase mainly reflects additional capital funding provided during 2017-18 to support measures approved in the *2017-18 Mid-Year Economic and Fiscal Outlook* update process.

Cash flow statement
The variances between budget and actuals in the cash flow statement are primarily the flow on effect from the events described above. Overall, the department operated within $5.2 million of the budgeted closing cash position.

[1]The Government does not provide operating funding for make-good, depreciation or amortisation expenses. Rather, capital funding is received when assets need to be replaced and is recognised directly in equity.

D3: Administered - Budgetary Reporting

In 2017-18 the department administered $1.6 billion of expenses on behalf of the government, 1.0 per cent within budget and total income of $1.6 billion, 0.1 per cent within budget.

Approximately 99 per cent of the administered expense and administered income relates to child support.

The assets primarily relate to the debts owing from non-custodial parents. Similarly, the liabilities are in respect of the related payables owed to custodial parents.

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D4: Key Management Personnel Remuneration

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities, directly or indirectly of the department. The department has determined the key management personnel to be the Secretary and Deputy Secretaries[1]. Key management personnel remuneration is reported in the table below.

	2018	2017
	$'000	$'000
Key management personnel remuneration expense		
Short-term employee benefits		
Salary	**3,413**	3,878
Non-salary benefits	**312**	345
Total short-term employee benefits	**3,725**	4,223
Post-employment benefits		
Superannuation	**796**	683
Total post-employment benefits	**796**	683
Other long-term employee benefits		
Annual leave	**411**	449
Long-service leave	**107**	83
Total other long-term employee benefits	**518**	532
Termination benefits	**398**	-
Total key management personnel remuneration expenses[2]	**5,437**	5,438

The total number of key management personnel that are included in the above table are 20 (2017: 17). This represents the total number of individuals who have been remunerated during the year, this includes acting arrangements where it is determined the individual meets the definition of a key management personnel.

[1]From 2 January 2018 the Chief Financial Officer and General Manager Service Strategy were no longer classified as key management personnel due to a changed reporting arrangements within the department.
[2]The above key management personnel remuneration excludes the remuneration and other benefits of the Portfolio Minister. The Portfolio Minister's remuneration and other benefits are set by the Remuneration Tribunal and are not paid by the department.

D5: Related Party Disclosures

Related party relationships:
The entity is an Australian Government controlled entity. Related parties to this entity are key management personnel, including the Portfolio Minister and Executive, and other Australian Government entities.
Transactions with related parties:
Given the breadth of government activities, related parties may transact with the government sector in the same capacity as ordinary citizens. Such transaction include the payment or refund of taxes, receipt of a Medicare rebate or higher education loans. These transactions have not been separately disclosed in this note.

Significant transactions with related parties can include:
- the payments of grants or loans;
- the purchase of goods and services;
- asset purchases, sales transfers or leases;
- debts forgiven; and
- guarantees.

Giving consideration to relationships with related entities, and transactions entered into during the reporting period by the entity, it has been determined there are no significant related party transactions to be separately disclosed.

D6: Events After the Reporting Period

Departmental

There were no subsequent events that had the potential to significantly affect the ongoing structure and financial activities of the department.

Administered

There were no subsequent events that had the potential to significantly affect the financial activities delivered on behalf of the government.

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Management and accountability

7

7.1 FRAUD AND RISK CERTIFICATION

MANAGING INTERNAL FRAUD

The department's Fraud Control Plan provides assurance that the department is managing its identified fraud risks appropriately. The plan meets the department's responsibility for compliance with section 10 of the *Public Governance, Performance and Accountability Rule 2014* and the *Commonwealth Fraud Control Framework*.

Under the Fraud Control Plan the department takes a comprehensive strategic approach to fraud risk and ensures that all reasonable measures are in place to prevent, detect and deal with fraud.

The department uses a range of strategies to prevent and respond to internal fraud, including:

- fraud control planning, monitoring and reporting
- a requirement that all staff adhere to the department's Fraud Strategy Statement
- internal and external reporting mechanisms
- collecting and analysing information and data to detect fraud
- receiving and analysing allegations from internal and external sources
- testing and analysing the effectiveness of fraud controls and, if necessary, making recommendations to strengthen controls to prevent and detect fraudulent activity
- conducting investigations in accordance with the *Australian Government Investigation Standards.*

The department supports fraud prevention by promoting messages about:

- how the department identifies and reports suspected fraud
- staff responsibilities
- current and emerging risks.

The department's fraud prevention and awareness strategy includes:

- mandatory fraud awareness training, with tailored communication activities and presentations
- a dedicated Intranet page linking to all relevant information and tip-off forms.

The department refers substantiated incidents of internal fraud to the Commonwealth Director of Public Prosecutions for consideration of criminal prosecution. The department also considers administrative action against breaches of the Australian Public Service (APS) Code of Conduct (see 'Standards of behaviour' on page 262 of this report).

MANAGING RISK

Risk management is integral to the department's operations. The governance framework and planning processes reflect this.

The department's Enterprise Risk Management Policy and Risk Management Framework outline the vision, direction and guiding principles of the risk management approach. They are consistent with the international risk management standard *AS/NZS ISO 31000:2009 Risk Management* and the Commonwealth Risk Management Policy. The department reviews the policy and framework annually to ensure compliance with better practice and it is currently under review to ensure consistency with the recently published *ISO 31000:2018 Risk Management Guidelines*.

The department identifies risks and develops responses to them during the strategic planning process and the business planning cycle. As well as the department's direct risk environment, factors affecting the Australian Government and the APS are considered more widely. The senior executive staff manage risks and report on them regularly to the Executive Committee. The Audit Committee reviews the effectiveness of the department's risk management system.

Comcover risk management

In 2017–18 the department participated in the annual Comcover Risk Management Benchmarking Program by completing a self-assessment survey, which measured the department's risk management maturity against elements of the Commonwealth Risk Management Policy using a flexible risk maturity model. Comcover rated the department's maturity level as advanced. The Comcover Risk Management Benchmarking Program identifies an 'advanced' risk management rating as the second highest on a six-point maturity scale. This maturity level reflects the department's commitment to sound risk management and the integration of risk management with its operations.

7.2 INFORMATION MANAGEMENT

MANAGING DATA

The department collects data to help determine people's eligibility for social security and welfare services and for health-related services and payments. This information also helps the department and other agencies to understand service delivery and program requirements. The department can only provide data to internal and external stakeholders in a way that complies with legislation and protects consumer privacy. The department's website at **humanservices.gov.au** provides statistical information and data and an option for stakeholders to request more statistics.

Beyond this direct activity, the department's datasets support a broader government agenda, framed by the recommendations of the Public Sector Data Management Project and the Australian Government Public Data Policy Statement. Any other use of the datasets is within the strict boundaries of legislation, with a primary focus on privacy.

The department develops its data analytics capability by investing in staff. A workforce that understands the value of data in strengthening the evidence base helps the department to design effective policies and services that improve people's lives. In 2018, the department again offered a data analytics professional pathway in its Graduate Program. This option, successfully introduced in 2017, is an important investment in new data analytics capability for the department.

CORPORATE RECORD KEEPING

The Australian Government's Digital Continuity 2020 Policy promotes a consistent approach to information governance.

The department prefers to create and maintain administrative records digitally, thereby reducing reliance on paper records. This is in line with the department's goal of transitioning to a complete digital record-keeping model, including converting incoming paper to digital records wherever possible. The continued focus on online and self service capabilities for customers has further reduced the volume of paper received and stored in 2017–18.

7.3 SAFEGUARDING PRIVACY

CUSTOMER RECORDS AND PERSONAL INFORMATION

To protect the privacy of customers and staff, the department has comprehensive processes to protect personal information. The department's privacy framework is guided by the Operational Privacy Policy, with which all staff must comply. The policy requires:

- all staff to acknowledge their privacy and confidentiality responsibilities every year
- reporting of privacy incidents as soon as they are identified.

Personal information related to the administration of the department's programs and services is protected by the *Privacy Act 1988* and the secrecy provisions in the various laws under which the department delivers its services, such as the *Social Security (Administration) Act 1999*. The department considers requests for personal information under the *Privacy Act 1988* and relevant secrecy provisions.

PRIVACY IMPACT ASSESSMENTS

As the department develops new projects and program improvements, it considers the potential impact on privacy. Under the Operational Privacy Policy, the department undertakes privacy impact assessments to:

- minimise privacy risks and impacts
- ensure compliance with statutory obligations
- meet the department's commitment to safeguarding customer privacy.

PRIVACY INCIDENTS

The department investigates all privacy complaints and uses escalation and reporting processes to minimise the effects of any privacy incident. In 2017–18 the total number of substantiated privacy incidents was 98.

7.4 COMPENSATING CUSTOMERS

The department pays compensation to customers when the department is legally liable to pay it or under the Scheme for Compensation for Detriment caused by Defective Administration.

In 2017–18 the department received 1616 customer compensation claims, compared with 1694 in 2016–17.

The department approved 41 customer compensation claims in 2017–18 on the basis of a legal liability.

The department approved 724 customer compensation claims in 2017–18 under the Scheme for Compensation for Detriment caused by Defective Administration. This represents 41 per cent of all claims determined under the scheme, compared with 43 per cent in 2016–17.

The department aims to process claims under the Scheme for Compensation for Detriment caused by Defective Administration within 90 days.

In 2017–18, 88 per cent of claims determined under the scheme were completed within 90 days, compared with 83 per cent in 2016–17.

7.5 CORPORATE GOVERNANCE STRUCTURES AND PROCESSES

For the department to deliver outcomes in controlled, transparent and accountable ways, strong governance is essential.

The department's governance framework comprises the principles, practices and tools needed to ensure the approach to governance is consistent and coordinated. Major elements include:

- coordinated business planning that reflects the department's Corporate Plan
- performance monitoring through regular review of strategic and organisational performance measures—see *Annual Performance Statement 2017–18* on page 166
- strong management of the department's major programs and projects
- the department's Risk Management Framework.

REGULATORY REFORM AGENDA

The Australian Government remains committed to improving the quality of its regulation, including minimising the burden of regulation on businesses, community organisations and individuals. The department contributed $4.8 million in deregulation savings towards this agenda in 2017–18. The department has contributed savings of $323 million to the Deregulation Agenda since it commenced in 2013.

GOVERNANCE COMMITTEE FRAMEWORK

The department's governance committee structure at 30 June 2018 includes the Executive Committee and eight supporting governance committees that provide advice and assurance.

A number of the committees have an independent chair and/or members who are senior experienced professionals from outside the organisation who offer an additional level of independent oversight and assurance.

Executive Committee—provides advice to the Secretary on the department's strategic directions and on significant management and investment decisions. It also monitors financial performance, risk and compliance standards. The Secretary chairs the committee, which meets at least twice each month.

Enterprise Transformation Committee—provides advice and assurance to the Secretary on major enterprise transformation activities to ensure coordinated delivery of the department's transformation. The Secretary chairs the committee, which meets monthly.

Finance and Investment Committee—provides advice to the Secretary on financial issues and internal investment. The Secretary chairs the committee, which meets at least quarterly.

ICT Committee—provides strategic advice relating to the information and communications technology (ICT) operations of the department, including ICT investment and architecture decisions. The committee also provides strategic guidance on critical ICT risks and issues for resolution to ensure that sufficient planning and controls are in place to mitigate strategic risks. The Secretary chairs the committee, which meets at least quarterly.

Advisory committees

Audit Committee—reviews and gives independent advice and assurance on the appropriateness of the department's financial and performance reporting and systems of risk oversight, risk management and internal control. The committee has an independent chair and three other independent members. It meets at least five times a year.

Implementation Committee—provides advice to the Secretary and Executive Committee to ensure the effective implementation of significant departmental change initiatives and programs and projects. The committee is chaired by the Deputy Secretary, Enabling Services, and has one independent member. It meets monthly.

Service Delivery Committee—provides advice and assurance to the Secretary and the Executive Committee on the department's service delivery priorities and arrangements. The committee is chaired by the Deputy Secretary, Service Delivery Operations, and has one independent member. It meets monthly.

Workforce Management Committee—provides advice and assurance to the Secretary and Executive Committee on all departmental workforce and people matters. The Deputy Secretary, Corporate Services, chairs the committee. It meets monthly.

Figure 6: Governance committee structure in 2017–18
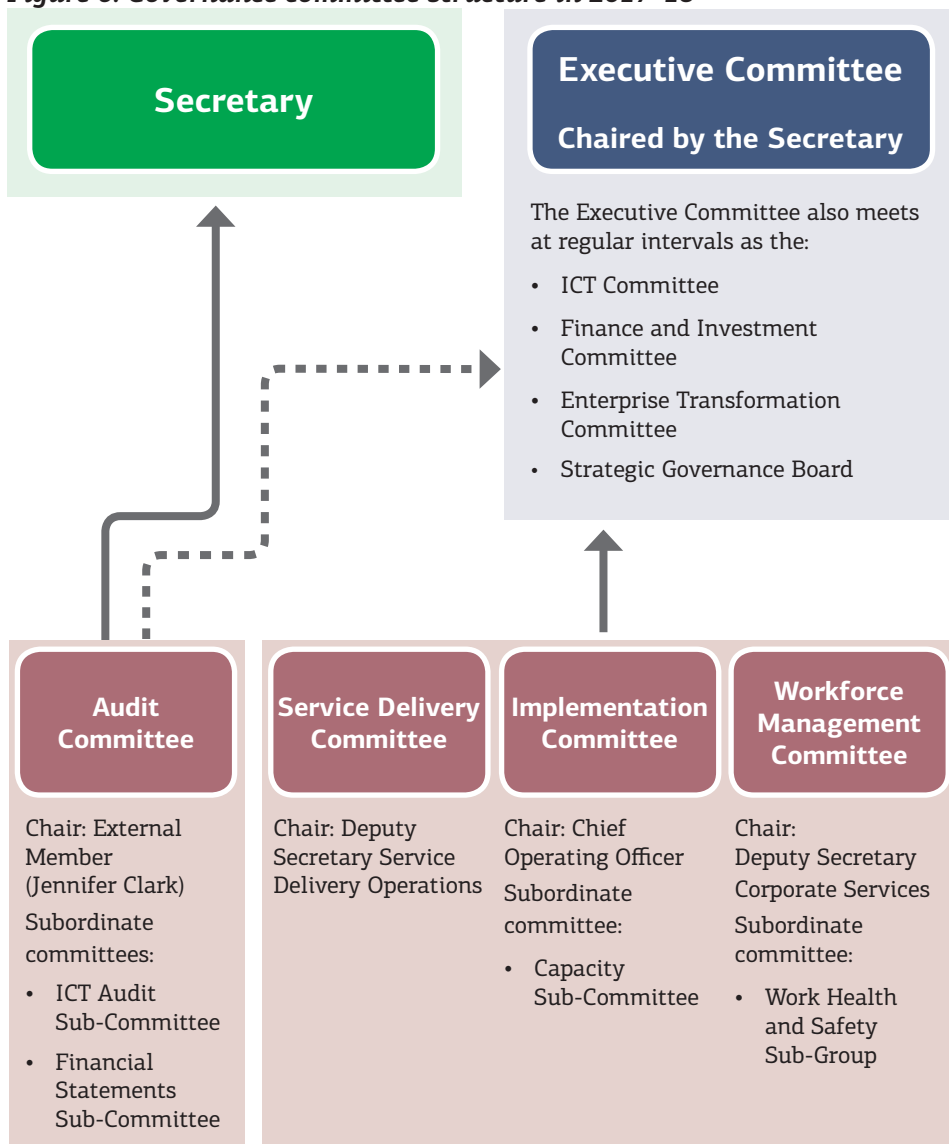
PROGRAM AND PROJECT MANAGEMENT

In 2017–18 the department continued to improve its program and project management. This included finding better ways to deliver budget measures, legislative reforms and transformation initiatives.

Work during the year included:

- improving governance of programs and projects
- improving risk management and change management practices
- streamlining program and project management processes and artefacts
- improving the quality, timeliness and accuracy of reporting
- developing senior officials and program/project managers
- building an engaged program and project management community.

PUBLIC INTEREST DISCLOSURE ACT 2013

The *Public Interest Disclosure Act 2013* allows for investigation of allegations of serious wrongdoing in the APS and provides protections for staff who disclose or report suspected wrongdoing. Staff undertake mandatory refresher training that includes information about making a public interest disclosure.

The department's responsibilities and functions under the Act are delegated to a core group of staff to ensure that disclosures are controlled and managed consistently and correctly.

In 2017–18 the department received ten public interest disclosures. There were six in 2016–17.

Of the ten disclosures received, two were assessed as not being public interest disclosures under the Act, four were not investigated further, disclosable conduct was not found in three, and one disclosure is under investigation.

INTERNAL AUDIT

The role of the department's internal audit function is to provide objective and independent assurance on business activities. Internal auditing promotes accountability, transparency and sound governance.

Each year the department develops a risk-based rolling work program of internal audit priorities for the coming 12 months, designed to ensure broad coverage of responsibilities and activities. The internal audit team developed the program for 2017–18 in consultation with the Senior Executive Service (SES), the Audit Committee and the Secretary. It focused on the business risks associated with the digital transformation of customer services.

In 2017–18 the department presented 26 internal audits to the Audit Committee. External consultants selected from the department's internal audit services panel completed these audits in accordance with the standards of the Institute of Internal Auditors International Professional Practices Framework.

The internal audit team also continued to monitor the implementation of internal and Australian National Audit Office (ANAO) audit recommendations, providing advice and assistance on request to the responsible business areas.

BUSINESS CONTINUITY

The department has a business continuity program based on the international standard *BS ISO 22301:2012 Societal security: Business continuity management systems—Requirements.*

The business continuity team conducts business continuity analysis to support the development of the department's business continuity plans, then tests these plans through a formal validation program to confirm response and recovery arrangements.

The team reports on the progress of business continuity activities to the department's Executive Committee.

7.6 EXTERNAL SCRUTINY

EXTERNAL AWARDS

In 2017–18, the following public sector and private sector industry association awards programs recognised individuals and teams from the department:

- Public Service Medal:
    - Karen Gooden for outstanding public service in the improvement of outcomes for job seekers
    - Ian Jamieson for outstanding public service in Commonwealth aged care policy, programs and delivery
    - Natasha Dawes for outstanding public service in leading and delivering Medicare initiatives
    - Clayton Trevilyan for outstanding public service through the creation of more inclusive and accessible workplaces for APS employees with a disability
- 2017 Association of Corporate Counsel Australia In-House Lawyer Awards—Government Lawyer of the Year: Annette Musolino
- 2017 Step Two Intranet and Digital Workplace Awards—silver award: Ensuring the quality of internet content
- 2017 Prime Minister's Awards for Excellence in Public Sector Management—finalist: Agile Approach Achieves 97 per cent Medicare Digital Claiming initiative
- 2017 Pacific Services Group Holdings Indigenous Female Employee of the Year Award—finalist: Sheree Glastonbury
- 2017 Australian Association of Graduate Employers AAGE Graduate Recruitment Industry Awards—finalist for Most Popular Integrated Marketing Campaign (public sector): National Graduate Program
- 2017 Australian Public Service APS Diversity and Gender Equality Awards—special mention: Sreta Mrkic for mentoring a staff member who acquired a brain injury.

REVIEWS OF SOCIAL WELFARE PAYMENT DECISIONS

Internal review

The department's review and appeals systems consist of internal and external review mechanisms.

Under the internal review process, the department conducts only one customer-initiated formal internal review of a decision.

There are three steps in the internal review process:

- the customer or their nominee requests a review of a decision
- a subject-matter expert undertakes a quality check of the decision and ensures the customer is given a thorough explanation as to why the decision was made
- if the customer disagrees with the decision, an Authorised Review Officer (ARO) conducts a formal internal review.

A formal review of a decision by an ARO is an independent process undertaken by an officer who was not involved in the original decision. The ARO can affirm, vary or set aside the original decision.

In 2017–18 the department received 61 347 applications for formal internal reviews.

Administrative Appeals Tribunal review

If the customer is still dissatisfied after the internal review process, they can apply for a merit review by the Social Services and Child Support Division of the Administrative Appeals Tribunal (AAT)—an 'AAT first review'.

If the customer remains dissatisfied after the AAT first review, they can request a further review by the AAT General Division—an 'AAT second review'.

The types of decisions most commonly challenged in the AAT in 2017–18 were:

- rejection of a claim for a payment (such as Disability Support Pension)
- raising or recovering debts, including Family Tax Benefit reconciliation debts
- participation failure
- start date of payment
- rate of payment.

Table 59: Social welfare payments merit review applications

	2015–16	2016–17	2017–18
Applications received for formal internal review[a]	105 786	83 143	61 347
AAT first review	11 198	12 767	8 920
AAT second review— customer applications	2 178	2 179	1 658
AAT second review— Secretary applications[b]	81	88	72

(a) The counting methodology for formal internal reviews changed in November 2016 following the introduction of a business model under which reviews finalised by a subject-matter expert are no longer considered to be formal internal reviews.

(b) Refers to the Secretary of any department where the relevant minister is responsible, under the Administrative Arrangement Orders, for that part of the social security laws that allows for appeal of a decision to the AAT.

Table 60: Social welfare payments merit review outcomes[a]

	Unchanged decisions[b]			Changed decisions		
	2015–16	2016–17	2017–18	2015–16	2016–17	2017–18
Formal internal review	62.5%	63.2%	63.1%	37.5%	36.8%	36.9%
	60 963	60 345	37 358	36 617	35 207	21 848
AAT first review	74.6%	75.5%	73.3%	25.4%	24.5%	26.7%
	8 195	8 716	7 681	2 788	2 830	2 799
AAT second review—customer applications	79.2%	79.2%	75.7%	20.8%	20.8%	24.3%
	1 542	1 621	1 481	404	427	475
AAT second review—Secretary applications[c]	50.0%	46.1%	50.8%	50.0%	53.9%	49.2%
	43	41	32	43	48	31

(a) A social welfare payments merit review application can be lodged in one financial year; however, it may not be decided in the same financial year. Due to this, the numbers of social welfare payments merit review applications are not comparable with the numbers of social welfare payments merit review outcomes.

(b) Unchanged decisions include reviews that were withdrawn.

(c) Refers to the Secretary of any department where the relevant minister is responsible, under the Administrative Arrangements Order, for that part of the social security laws that allows for appeal of a decision to the AAT.

REVIEWS OF CHILD SUPPORT DECISIONS

Under the *Child Support (Registration and Collection) Act 1988*, a parent can apply for review of most child support decisions through the department's objection process—a legislated internal review process for child support decisions.

Before the department makes any decisions in the objection process, both parents are contacted. To ensure procedural fairness, both parents have the opportunity to provide information. This helps the department to ensure that review decisions are accurate and based on individual circumstances.

To help to improve future decision-making, the department provides feedback to the original decision-makers on the outcomes of objections.

Table 61: Child support objections received and finalised

	2015–16	2016–17	2017–18
Number of objections received	16 698	16 590	16 530
Percentage relating to care	35.8	37.9	37.6
Percentage relating to change of assessment	16.8	17.4	19.9
Percentage relating to estimates	13.3	14.4	12.2

Objections to change of assessment

The objection rate to the department's decisions to change child support payment assessments was 17.32 per cent in 2017–18. In 41.72 per cent of these cases the department changed the original decision as a result of the objection, most commonly because parents provided new information.

Table 62: Change of assessment applications finalised and objections received

	2015–16	2016–17	2017–18
Change of assessment applications finalised	17 232	18 024	19 022
Change of assessment objections received	2 888	2 891	3 295

Administrative Appeals Tribunal review

The AAT is responsible for independently reviewing objections to child support decisions. It received 2396 applications for first reviews of child support decisions in 2017–18.

The two most common reasons for parents seeking review by the AAT were change of assessment decisions and disputed care arrangements for their children.

To improve service delivery and policy outcomes, in 2017–18 the department continued to analyse child support review decisions to identify any systemic procedural or operational issues.

Table 63: Child support Administrative Appeals Tribunal review outcomes[a]

	Unchanged decisions[b]			Changed decisions		
Applications	2015–16	2016–17	2017–18	2015–16	2016–17	2017–18
AAT first review	555	541	513	806	703	799

(a) The number of reviews finalised does not equal the total number of applications received, as finalised numbers do not include applications that are withdrawn, dismissed or still in progress.

(b) Unchanged decisions are those made by the AAT affirming the original decision by the Child Support Registrar. Unchanged decisions do not include withdrawn or dismissed applications.

JUDICIAL DECISIONS AND TRIBUNAL APPEALS

In 2017–18 there were no judicial decisions that had a significant effect on the operations of the department. A large number of the department's decisions are subject to merit review by the AAT.

EXTERNAL AUDITS: AUSTRALIAN NATIONAL AUDIT OFFICE

In 2017–18 the ANAO tabled five performance audit reports involving the department and made a total of one recommendation to the department. The department agreed to this recommendation.

When the ANAO made recommendations involving responsibilities of policy departments, the department worked with its partners to respond effectively to the recommendations.

The department maintains a collaborative and productive relationship with the ANAO and welcomes the audit and assurance activities it undertakes.

The department views the ANAO's performance auditing as complementary to the internal audit program. The ANAO's audit work program for 2017–18 helped the department to plan for maximum audit coverage while minimising duplication of effort.

The department works closely with the ANAO throughout the annual financial statements audit cycle and closely monitors implementation of ANAO performance audit and financial statements audit recommendations.

The Joint Committee of Public Accounts and Audit is required by the *Public Accounts and Audit Committee Act 1951* to examine all Auditor-General reports tabled in parliament. The department was required to attend public hearings of the committee during 2017–18 relating to ANAO performance audits. During 2017–18, officers from the department were invited to attend hearings of the committee relating to Report No. 19, *Australian Government procurement contract reporting*, tabled 6 December 2017.

Relevant ANAO audits tabled in parliament in 2017–18

- Report No. 13, *Decision-making controls for sustainability—National Disability Insurance Scheme access* (a cross-entity audit also involving the National Disability Insurance Agency (NDIA)), tabled 19 October 2017

- Report No. 14, *The design and implementation of the Community Development Programme* (a cross-entity audit also involving the Department of the Prime Minister and Cabinet and the then Department of Employment), tabled 31 October 2017

- Report No. 22, *Administration of Medicare electronic claiming arrangements*, tabled 19 December 2017

- Report No. 35, *Management of special appropriations*, tabled 17 April 2018

- Report No. 41, *Efficiency through Contestability Programme*, tabled 21 May 2018.

The complete ANAO audit reports are at **anao.gov.au**

INDEPENDENT REVIEW OF HEALTH PROVIDERS' ACCESS TO MEDICARE CARD NUMBERS

On 10 July 2017 the Minister for Health, the Hon Greg Hunt MP, and the then Minister for Human Services, the Hon Alan Tudge MP, announced the Independent Review of Health Providers' Access to Medicare Card Numbers. The review was commissioned following media reports that Medicare card numbers were available for sale on the 'dark web'. These reports were referred to the Australian Federal Police, which is investigating them.

The review panel was led by Professor Peter Shergold AC. Its other members were Dr Bastian Seidel, President of the Royal Australian College of General Practitioners; and Dr Kean-Seng Lim, Deputy Chair of the Australian Medical Association Council of General Practice, representing Dr Michael Gannon, President of the Australian Medical Association.

The panel considered how to balance appropriate access to Medicare card numbers for health professionals to confirm patient eligibility for health services with the security of patients' Medicare information.

The final report, publicly released on 14 October 2017, made 14 recommendations. The Australian Government gave immediate in-principle agreement and on 16 February 2018 released its detailed response to the report. It agreed without qualification to 13 recommendations and agreed in principle to one recommendation, pending further engagement with the health sector about implementation options.

The government committed to implementing seven of the recommendations by 30 June 2018 (all seven have been implemented), a further four by 31 December 2018 and one by mid-2019. The remaining two require no changes to current practice.

PARLIAMENTARY INQUIRIES

In 2017–18 the department supported a range of parliamentary inquiries, including by providing written submissions, attending public hearings and private briefings and submitting answers to a large number of supplementary questions. Further information on some of the inquiries is below.

The hearing health and wellbeing of Australia

On 2 November 2016 the then Minister for Health, Aged Care and Sport referred to the House of Representatives Standing Committee on Health, Aged Care and Sport the matter of the hearing health and wellbeing of Australia.

The committee tabled its report on 13 September 2017. The department is working with the Department of Health to finalise the government response to this report.

Medicare information available for sale illegally on the 'dark web'

On 9 August 2017 the Senate referred to the Senate Finance and Public Administration References Committee the issue of the circumstances in which Australians' personal Medicare information has been compromised and made available for sale illegally on the 'dark web'.

Departmental representatives attended a public hearing on 15 September 2017, and the department provided a written submission to the inquiry on 5 October 2017. The department coordinated the government response to the report, which was tabled on 22 February 2018.

The digital delivery of government services

On 16 August 2017 the Senate agreed to an inquiry by the Senate Finance and Public Administration References Committee into the digital delivery of government services.

The department provided a written submission to the inquiry on 5 October 2017. Departmental representatives attended a public hearing on 23 March 2018 and subsequently responded to a series of supplementary questions.

The committee tabled its report on 27 June 2018.

JCPAA Report 452: Natural Disaster Recovery, Centrelink Telephone Services and Safer Streets Program [Review of Auditor-General's Reports Nos 24–50 (2014–15)]

On 7 December 2015 the Joint Committee of Public Accounts and Audit (JCPAA) tabled its report on the Natural Disaster Recovery, Centrelink Telephone Services and Safer Streets Program.

The department responded to five of the report's recommendations on 28 September 2016 and supplied further information/updates on 16 March 2017 and 6 October 2017. On 7 February 2018, departmental officers met with the committee and subsequently responded to a series of supplementary questions.

Commonwealth contracting [based on Auditor-General's Report No. 19 (2017–18)]

The JCPAA is conducting an inquiry based on any items, matters or circumstances connected with Auditor-General's Report No. 19 (2017–18)— *Australian Government procurement contract reporting*.

The department made a written submission to the inquiry in February 2018. Departmental officers attended a public hearing on 23 March 2018 and subsequently responded to a series of supplementary questions.

JCPAA Report 461: Commonwealth risk management

On 10 May 2017 the JCPAA tabled its report on Commonwealth risk management. This inquiry was based on Auditor-General's Report No. 18 (2015–16)—*Qualifying for the Disability Support Pension*.

The department and the Department of Social Services jointly coordinated the government response to eight of the report's recommendations, which was tabled on 21 December 2017. On 4 May 2018, both departments provided another consolidated response after the committee sought further information.

National Redress Scheme for Institutional Child Sexual Abuse Bill 2018 and related bill

On 10 May 2018, the Senate referred to the Community Affairs Legislation Committee the National Redress Scheme for Institutional Child Sexual Abuse Bill 2018 and the National Redress Scheme for Institutional Child Sexual Abuse (Consequential Amendments) Bill 2018 for inquiry and report.

The department provided input to a consolidated Australian Government written submission which was submitted to the committee on 30 May 2018 by the Department of Social Services.

The committee tabled its report on 15 June 2018.

Social Services Legislation Amendment (Drug Testing Trial) Bill 2018

On 22 March 2018, the Senate referred to the Community Affairs Legislation Committee the Social Services Legislation Amendment (Drug Testing Trial) Bill 2018 for inquiry and report.

Departmental representatives attended a public hearing held by the committee on 24 April 2018.

The committee tabled its report on 7 May 2018.

Future of work and workers in Australia

On 19 October 2017, the Senate established the Select Committee on the Future of Work and Workers to inquire into and report on the impact of technological and other changes on the future of work and workers in Australia.

Together with representatives from the Department of Social Services, a departmental representative attended a public hearing held by the committee on 4 June 2018.

COMMONWEALTH OMBUDSMAN

The department maintains a collaborative and productive working relationship with the Office of the Commonwealth Ombudsman. The department monitors the implementation of recommendations from reports published by the Commonwealth Ombudsman.

In 2017–18 the Commonwealth Ombudsman opened 608 investigations relating to the department. This is a decrease of 4.3 per cent compared with 2016–17.

The department provides timely, high-quality responses to investigations. In 2017–18 the department responded to 94.6 per cent of requests within the required time frame.

In 2017–18 the Commonwealth Ombudsman published no reports about the department.

7.7 MANAGEMENT OF HUMAN RESOURCES

The department aligns its business and workforce planning strategies to meet current requirements and to plan for the future workforce. Workforce analytics and data inform the department's workforce profile, trends and future requirements.

At 30 June 2018 the department employed 32 943 people, of whom 30 108 (91.4 per cent) were ongoing, 1069 (3.2 per cent) were non-ongoing and 1766 (5.4 per cent) were irregular/intermittent. Changes to the department's workforce size reflect government priorities, budget measures, service delivery demands, ongoing efficiencies and natural attrition.

Appendix A presents statistics on staff by classification, location, employment status, employment type, gender, disability, diverse background, and Aboriginal and Torres Strait Islander identity. It also sets out salary ranges and employment arrangements.

ASSESSING EFFECTIVENESS OF HUMAN RESOURCES MANAGEMENT

Human resources information for managers and employees

Following the commencement of the *Department of Human Services Enterprise Agreement 2017–2020*, the department has reviewed and refreshed the suite of human resources (HR) policies to create information that is clear, concise and accurate. This process has delivered 30 policies developed in consultation with staff.

As part of this review, the department's Intranet was updated and the number of links to HR material was reduced by over 80 per cent. The department also introduced the virtual assistant MelissHR so that HR information is now quicker and easier for staff to access. MelissHR has also reduced the number of enquiries to the People Advisory Centre, enabling its staff to spend more time on complex HR issues.

STAFF ENGAGEMENT

The department seeks cooperative workplace relations by engaging directly with staff and consulting their representatives about workplace change, consistent with good management practice and industrial commitments. In 2017–18, the department established new terms of reference for the National Consultative Committee to engage staff representatives in a higher level overview of changes that will affect the workforce, including those arising from new technologies and systems.

The department helps staff balance work and personal commitments through access to flexible working hours. At 30 June 2018, 8450 staff members (25.7 per cent) worked part-time (excluding irregular/intermittent staff).

In 2018, 84 per cent of the department's staff completed the government-wide APS Employee Census. Results showed that engagement scores in all four indices have improved since the 2017 APS census. Other results indicate significant improvements were made in the areas of innovation and creativity—particularly in job engagement—in the department. Table 64 below shows levels of staff engagement, as measured by the census, since 2014.

Table 64: Levels of staff engagement

Engagement element index score	2014	2015	2016	2017	2018
Job engagement index score	6.4	6.5	6.6	6.3	6.7
Team engagement index score	6.3	6.4	6.4	6.3	6.5
Supervisor engagement index score	7.0	7.2	7.2	7.2	7.5
Agency engagement index score	5.5	5.7	5.7	5.4	5.7

Note: The engagement index uses a 0–10 point scale, with 10 being the highest level of engagement.

The department also conducted a 'My SES' leadership poll of a random sample of staff. The aim was to give each individual SES member de-identified feedback on their leadership and behaviour. This feedback will allow the department to help SES staff to demonstrate the behaviours and values needed to build a positive workplace culture.

STRATEGIC WORKFORCE PLANNING

Strategic workforce planning is how the department ensures that its workforce has the capabilities, understanding and support needed to continue to achieve positive outcomes for government and customers. The department undertakes strategic workforce planning, job design, capability identification and staff development to meet day-to-day and longer term business delivery needs and support transformation initiatives.

In 2017–18 the department implemented the Australian Public Service Commission's 2017 APS job family model. The model underpins strategic workforce planning and job design by segmenting the workforce into function-based groups. This segmentation helps the department understand its workforce, identify demand for critical roles and understand shifts in the labour market. The skills and capabilities identified as workforce priorities include service delivery, leadership, design thinking, digital, data analytics, strategic policy, and program and project management.

During 2017–18 the department implemented an HR account manager model to support business areas with their specific workforce needs. Strategic workforce planning is conducted at the group level to ensure that the department's workforce strategies align with the enterprise transformation agenda while enabling the department to develop plans that target the specific needs of each business area.

JOB PLACEMENT SCHEME

The *Department of Human Services Enterprise Agreement 2017–2020* formalises the department's commitment through the Job Placement Scheme to keep and redeploy staff whose roles may be affected by organisational change. The scheme aims to ensure that the department retains valuable skills and capabilities.

During 2017–18 the department continued to focus on proactive redeployment practices to enable the matching of redeployment candidates with suitable positions as promptly as possible. In 2017–18, 566 people in the Job Placement Scheme were found ongoing positions or left the department.

DEPARTMENTAL CULTURE

Organisational culture continues to be an important priority and a critical enabler of the department's transformation. In 2017–18 the department established a centralised culture function. The function designs and implements department-wide strategies to improve workplace culture and climate. Evidence-based decision-making underpins the new approach to leading strategic enterprise-wide cultural initiatives. The department provides ongoing support to staff and business areas to help build an understanding of 'We' culture and desired values and behaviours, and how to apply them. The Intranet 'Culture Hub' provides tools and information to further embed the culture.

ETHICS AND VALUES

The department remains committed to ensuring that all staff understand and comply with the APS Values and Code of Conduct.

In 2017–18 the department:

- reviewed its Preventing and Resolving Workplace Bullying Policy
- developed a new standalone Sexual Harassment Policy
- provided regular messages and information to staff on workplace behaviour and ethical decision-making.

In addition to clear staff policies and guidelines, the department has a broad range of training programs and resources to support good workplace behaviour.

For example, staff have access to interactive ethics and respect guides that cover putting ethics and values into practice and maintaining the integrity of relationships at work.

Managers and staff have access to a Workplace Bullying Prevention Kit, which offers practical tools and resources to help minimise the risk of bullying in the workplace and highlights steps that individuals can take to address concerns. The department also has a network of over 400 harassment contact officers trained to provide information and support to staff who have concerns about workplace behaviours including bullying, harassment and discrimination. Harassment contact officers receive a fortnightly allowance for undertaking this role, as specified in the *Department of Human Services Enterprise Agreement 2017–2020.*

RECONCILIATION

The department has reaffirmed its commitment to being a reconciliation leader in the APS and commenced drafting the next phase of its reconciliation journey—the Reconciliation Action Plan (RAP) 2018–22.

The RAP 2018–22 will build on the success of the department's RAP 2015–17, which saw the department become the first Australian Government department to be awarded *Elevate* status by Reconciliation Australia—the peak not-for-profit organisation driving reconciliation across Australia.

The department's key achievements through its RAP 2015–17 include:

- increasing the percentage of Aboriginal and Torres Strait Islander departmental staff from 3.1 per cent to 5.2 per cent
- recruiting 645 Aboriginal and Torres Strait Islander people into the APS through the Indigenous Apprenticeships Program
- spending more than $24 million with Aboriginal and Torres Strait Islander businesses
- providing access to departmental services in 12 Indigenous languages
- establishing the APS Indigenous Champions Network.

The RAP 2018–22 outlines the department's reconciliation vision and its commitments for the next four years. It is being drafted with the assistance of the department's RAP steering and working groups and the National Indigenous Coalition and in close consultation with Reconciliation Australia.

The RAP 2018–22 will inform the Indigenous Servicing Strategy 2018–22 and the Aboriginal and Torres Strait Islander Employees Strategy 2018–22. These internal strategies support reconciliation by helping internal decision-makers ensure the department is an employer of choice for Aboriginal and Torres Strait Islander people and that services are designed to meet Indigenous service standards.

STANDARDS OF BEHAVIOUR

The department treats possible breaches of the APS Code of Conduct seriously and takes action when breaches occur. Investigations are conducted in line with departmental procedures to ensure fair treatment for all staff. If a breach of the Code of Conduct is found, sanctions may be imposed. In 2017–18 the department completed 235 investigations and found 224 breaches of the Code of Conduct. In 2016–17 there were 320 investigations and 304 findings of breach.

The department expects high standards of conduct by staff. Almost half of the breaches of the Code of Conduct involved staff gaining unauthorised access to information by looking up their own record or information on family members. Almost a quarter related to incorrect reporting of income by staff who were also receiving Centrelink benefits.

Staff are continually reminded of their responsibilities as Centrelink customers and that they are not to access information on family members, neighbours or other people they know. In 2017–18 the department introduced a system enhancement that prevents staff from accessing their own records and reminds them of their obligations.

A number of staff were dismissed, resigned or ceased casual work following a finding that they had breached the Code of Conduct. In less serious cases, a fine or reduction in salary was imposed. No staff members whose employment was terminated were reinstated by the Fair Work Commission.

PERFORMANCE MANAGEMENT

The department's performance management process is designed to foster a culture of high performance by providing all staff with a clear link between their work effort and departmental priorities.

All eligible staff develop and negotiate an individual performance agreement with their manager. These agreements:

- give staff a clear understanding of their role and the performance and behavioural standards expected of them
- align individual and team work efforts to departmental priorities
- help staff to identify their learning and career development needs.

In 2017–18, 95.3 per cent of staff negotiated individual performance agreements. Nearly all of those who did not—4.5 per cent—were on long-term leave or had not yet completed more than eight weeks of duties during the performance cycle.

The department's performance management initiatives during the year focused on:

- building management capability
- implementing a coaching framework
- streamlining tools and resources
- simplifying processes.

RECRUITMENT

The department is committed to increasing the representation of Aboriginal and Torres Strait Islander staff through affirmative measures for Indigenous recruitment. In 2017–18 the department placed approximately 40 Indigenous vacancy advertisements in the APS employment gazette.

In 2017–18 the department advertised approximately 658 vacancy notices in the APS employment gazette, generating approximately 28 000 candidate applications. The department undertook recruitment processes for a variety of roles including customer service, social work, compliance and debt management, corporate and entry-level programs. These recruitment processes ranged from APS2 to SES classifications.

The department needs a flexible workforce to ensure the efficient delivery of services, especially in periods of high demand. To meet these needs, non-ongoing and irregular/intermittent staff are recruited to supplement the department's ongoing workforce.

Indigenous graduates

There are three Indigenous graduates participating in the department's 2017 National Graduate Program.

Indigenous Apprenticeships Programme

The Indigenous Apprenticeships Programme (IAP) is an entry-level pathway program to attract Indigenous people into the APS. IAP participants can attain a certificate or diploma qualification combined with on-the-job training and development to supplement formal study. Participants graduate when they successfully complete both components of the program. The IAP is a whole-of-government program run by the department.

In 2017, 306 apprentices commenced within the department and 12 partner agencies. It is expected that the IAP 2018 intake will place about 306 participants across 15 partner agencies.

The IAP continues to be a highly successful initiative, attracting Aboriginal and Torres Strait Islander Australians to careers in the department and across the APS.

ICT Apprenticeship Program and ICT Cadetship Program

In 2017–18, 19 apprentices started work in the department under the ICT Apprenticeship Program and 20 cadets started under the ICT Cadetship Program. These programs, run by the Digital Transformation Agency, are helping the department to increase its expertise in ICT.

Indigenous Cadetship Program

The department did not have any Indigenous cadets in 2017–18. The Australian Public Service Commission has ended this program. Instead, the department is supporting Indigenous staff through the Indigenous Scholarship Program to complete their final year of full-time undergraduate studies.

National Graduate Program

The department's National Graduate Program offers university graduates professional development opportunities, accredited learning, and targeted events and activities. The program offers two pathways: professional and generalist. The professional pathway attracts people with communications, finance, human resources, social work, data analytics and legal qualifications. The generalist pathway is for graduates who do not have a particular professional area that they would like to work in or whose degree does not match the professional pathway discipline. The 2018 intake for the National Graduate Program comprised 47 professional and 43 generalist pathway participants.

Science, technology, engineering and mathematics graduates

The department runs a science, technology, engineering and mathematics (STEM) ICT scheme that offers STEM graduates who are interested in ICT work an opportunity to start their career here. This is part of the strategy to increase the department's ability to design, develop and deliver digital services to customers.

The scheme offers graduates ongoing employment at the APS 5 level. It starts with a six-month opportunity to develop analytical and creative thinking ability and initiative. At the end of this development period, participants are offered ongoing ICT positions in the department.

RECOGNISING EXCELLENCE

Internal awards

The department's Awards and Honours Program recognises and rewards excellent performance. Its main national award program is for exceptional service delivery, successful innovation, inspiring leadership, and business excellence for individuals and teams.

At an awards ceremony in Canberra on 19 September 2017, the Acting Secretary announced the winners of the Pinnacle Achievement Awards—the department's main annual awards program. The award's categories and criteria align with the department's strategic direction, culture and leadership priorities. Four individuals and four teams won awards for their exceptional contribution and performance, and 19 nominees were highly commended.

The department's Australia Day Achievement Awards recognise significant contributions staff have made to the Australian community through their outstanding work for the department. The awards provide an opportunity to engage in Australia Day celebrations. On 26 January 2018, 15 staff were recognised for their commitment and dedication to their work.

As part of the department's celebration of National Aboriginal and Islanders Day Observance Committee (NAIDOC) Week, each year the department presents awards for Aboriginal and Torres Strait Islander Employee Achievement, Individual Achievement in Indigenous Servicing, and Team Achievement in Indigenous Servicing. The Secretary announced the results at a ceremony in Canberra on 4 July 2017. Two individuals and two teams won awards for their exceptional achievements, and five individuals were highly commended for their commitment to and excellence in Indigenous servicing.

The Significant Achievement Awards, sponsored by the department's SES, recognise achievements by individuals and teams in their business areas. The department's Moment Program provides immediate and informal recognition at a local level.

Service recognition

In 2017–18 the department's Service Recognition Program acknowledged 3662 staff who reached 10, 20, 25, 30, 40 or 50 years of continuous employment in the APS. The program is an important part of the department's strategy to build a culture that values the cumulative experience, capability and insight that develops through continuous service.

LEARNING AND DEVELOPMENT

The department invests substantially in building its capability, guided by its *Learning Strategy 2015–19*. The strategy includes a range of learning methods and tools to support workforce change and use new technologies. It represents a cultural shift across the department from training to learning. The main aim is to build a workforce with the skills to meet future service delivery challenges, including digital capabilities.

The department's priority initiatives for learning in 2017–18 were about:

- dealing with customer aggression
- family and domestic violence awareness
- gender guidelines
- coaching
- mental health first aid
- our enterprise agreement
- our internal review process
- training in policy initiatives
- multiculturalism and Indigenous cultural awareness
- leadership development
- departmental induction
- completing the mandatory refresher program
- supporting budget measures.

The department ran a wide range of technical and service delivery, management and corporate leadership courses in 2017–18. The department's learning management system recorded 1 083 159 attendances at face-to-face and electronic learning sessions. This equates to an overall investment of 879 247 hours of formal learning.

Induction Program

The department's Induction Program is mandatory for all new staff, including contractors. A refreshed program was introduced on 1 July 2017.

The Induction Program utilises a blend of digital technologies, self-paced learning, curated resources, learner journals, toolkits and manager-supported discussions under nine topic areas. The program is easy to access, as all information and resources are available through the Intranet.

Between 1 July 2017 and 1 April 2018 approximately 3600 staff accessed the program.

The induction modules and quizzes are the foundation for the department's Mandatory Refresher Program, which was deployed from May to September 2017.

Digital learning

Advancing the department's digital agenda and its workforce's digital learning is a major priority for the department. A growing proportion of staff are engaging with technology to support the department's digital transformation. The department has increased awareness of digital technologies for learning by introducing 360-degree feedback surveys and online resources such as MindTools, which was introduced to the department in 2017–18.

MindTools provides a variety of resources to help build capability. It delivers expert training content online at the staff member's own pace. Staff can use it to develop personal learning plans to help achieve their learning goals. This content is linked to the department's Human Services Capability Framework.

The department has begun to deploy significant learning programs that staff can access using virtual meeting technology. This allows the department to take advantage of the diversity of experience across its geographic footprint and gives staff in rural and remote sites greater access to learning opportunities.

Developing service delivery capability

The department's Service Skills Learning Program is an innovative way to incrementally develop the service and communication skills of service delivery staff and, as a result, improve business outcomes. These skills enable staff to excel in their roles and contribute to reducing the risk of aggressive behaviour.

The department designed the program through a proof of concept with staff from a diverse range of service delivery environments, developing and testing prototypes in partnership with staff.

The program blends different forms of learning solutions, including self-driven, self-paced learning; social learning through online forums; and virtual and face-to-face workshops to practise skills. Practice models and on-the-job activities are provided to support the application of skills in service delivery.

Developing Indigenous leadership and management

The department has a number of programs and initiatives to support the leadership development of Aboriginal and Torres Strait Islander staff, including:

- The Australian Graduate School of Management Emerging Indigenous Executive Leaders Program. This program develops future Indigenous leaders in the public and private sectors. Five of the department's staff successfully participated in the pilot program in 2017. The department is supporting another four Indigenous staff in the 2018 program.

- The Certificate IV in Indigenous Leadership, delivered through the Australian Indigenous Leadership Centre. This program builds on participants' existing leadership skills and further develops their skills and knowledge. From July 2017 to October 2017, four of the department's Indigenous staff completed the program. The department will support another ten staff members to do so in 2018–19.

- Support for an Indigenous Scholar to complete their final year of undergraduate studies at university through the department's Indigenous Scholarship Program. The department's Indigenous Scholar from February 2017 to November 2017 started as an Indigenous apprentice and also successfully applied for a position in the National Graduate Program. The department will support a further two Indigenous Scholars in 2018–19.

- Support for five Indigenous staff members to participate in the 2018 Public Sector Management Program. This is a postgraduate course delivered by the Queensland University of Technology. The program is specifically designed for the public sector to develop management skills in the business of government. Participants qualify with a Graduate Certificate in Business (Public Sector Management).

VOLUNTEERING AND COMMUNITY ENGAGEMENT

Workplace giving

The department has a workplace giving program that allows staff to make one-off or regular donations to charities under pre-tax arrangements directly from their pay. In 2017–18 staff donated a total of more than $98 965, distributed among 64 charities. The main beneficiaries were Australian Cancer Research ($6776), Hartley Lifecare ($6454), RSPCA ($4188), The Smith Family ($4078), Cancer Council of Australia ($4058), Fred Hollows Foundation ($3794), World Vision ($3108) and Australian Red Cross ($3060).

CHARITY FUNDRAISING

The department is committed to supporting charitable organisations and community groups.

With input from staff, the department developed a national charity calendar outlining which charities it would support throughout 2017 and 2018.

In 2017–18 the department supported Orange Sky Laundry, Red Dust Role Models, Vision Australia, Diabetes Australia, Youngcare, Make-A-Wish Australia and beyondblue. A range of internal communication activities were used to fundraise and increase awareness of the work each charity does.

The total amount the department raised for official national charities was $232 305.61.

The department also supported a number of charities at the local level, including Donate Life, the Tara Costigan Foundation, Legacy, and Hartley Lifecare.

WORKPLACE DIVERSITY AND INCLUSION

The department is committed to creating workplaces that are accessible and inclusive for all staff. During 2017–18 the department continued to deliver on key commitments outlined in the Workplace Diversity and Inclusion Strategy 2016–19, which recognises the value a diverse and inclusive workforce brings to its services. The strategy includes five staff plans:

- Culturally and Linguistically Diverse (Multicultural) Employee Plan 2016–19
- Workplace Accessibility Plan 2016–19
- Mature Age Employee Plan 2016–19
- Gender Equality Plan 2016–19
- Lesbian, Gay, Bisexual, Transgender and Intersex (LGBTI) Inclusion Plan 2016–19.

The statistics in this section apply to the department's APS staff, who are by far the largest proportion of the workforce.

Cultural and linguistic diversity

There is significant diversity across the department's workforce. At 30 June 2018, 25.4 per cent of staff identified as having a culturally and linguistically diverse (CALD) background. The diversity of the department's staff helps it to better understand the needs of multicultural customers and enables it to provide culturally appropriate services to the Australian community.

The department's Culturally and Linguistically Diverse (Multicultural) Employee Plan 2016–19 demonstrates commitment to increasing and supporting a diverse workforce.

During 2017–18 the department continued its membership of the government's National Anti-Racism Partnership, which is helping to implement the National Anti-Racism Strategy. The department provides multicultural awareness training to staff, celebrates events of significance such as Harmony Day and Refugee Week, and participates in the national 'Racism. It Stops with Me' campaign.

The department also continued to pay a Community Language Allowance (see 'Language services' on page 117) in line with the *Department of Human Services Enterprise Agreement 2017–2020*.

ICT support for accessibility

In 2017–18 the department provided support, training and advice to around 500 staff with disability who use assistive technology software and to 200 staff with disability who use accessible telecommunication products. The department implemented innovative assistive technology solutions to enable staff who are deaf or have hearing loss to actively participate in the workplace.

The department continued to provide accessibility support shared services to the NDIA and began providing accessibility support to the Australian Taxation Office and Department of Veterans' Affairs (DVA). These services include support and training for assistive technology software and accessible telecommunication products for both staff with disability and their managers.

Employing people with disability

The department's Workplace Accessibility Plan 2016–19 outlines recruitment and retention strategies for attracting, supporting and retaining people with disability. At 30 June 2018, 5.3 per cent of staff in the department identified as having disability.

In 2017–18 the department continued to:

- apply the APS RecruitAbility scheme, which advances applicants with disability to a further stage in the selection process and helps to build confidence and capability when applying for positions
- provide workplace adjustment advice and support to staff with disability and their managers via a centralised National Disability Access Coordinator
- deliver an immersive experience program to senior leaders to build broader awareness and understanding of the recruitment, career progression and work experiences of people with disability
- deliver online and face-to-face disability awareness and confidence training programs to managers and staff
- support the Employee Network on Disability, comprising around 700 staff, which is consulted on proposed disability employment initiatives.

The department was also pleased to implement and pilot new programs and initiatives, including:

- the Workplace Adjustment Passport, which gives staff with disability the option to describe the barriers they may experience in the workplace and the impacts of those barriers
- the Australian Public Service Commission's GradAccess program, under which the department recruited four university graduates with disability
- the Australian Network on Disability's Stepping Into program, which provides work experience opportunities for university students with disability.

The department is committed to recruiting graduates with disability through the National Graduate Program and has established a specific affirmative measures disability recruitment process for the 2019 graduate intake.

Training for people on the autism spectrum

To help establish careers for people on the autism spectrum, the department has a unique partnership with DXC Technology to deliver the Dandelion Program. This initiative builds valuable information technology skills, life skills and executive functional skills. In 2017–18, the program had 29 participants across the Adelaide, Brisbane and Canberra ICT hubs.

The trainees are working in areas such as software testing, programming, systems analytics, data analytics and information analytics.

The Dandelion Program has seen a 96 per cent retention rate—far above what is typical for people on the autism spectrum.

Milestone year for the Dandelion Program

The Dandelion Program offers three-year IT traineeships to job seekers who are on the autism spectrum. The department works in partnership with DXC Technology to deliver the program.

Our first Dandelion cohort completed their third and final year of the program in January 2018. The program has been life-changing for participants.

The Dandelion Program was offered in the department's three Chief Information Officer Group hubs—Canberra, Brisbane and Adelaide. Across the three hubs, the Dandelion group made great progress both technically and socially: 30 participants gained certifications from the International Software Testing Qualifications Board (ISTQB) and 14 gained further certifications in proprietary software, open source software and Agile, or undertook study for further advanced qualifications.

Two candidates left the program to join the department through the STEM ICT recruitment scheme. Another left the program after finding employment in the private sector and another was successful in obtaining a full-time position with the department via an external recruitment process. Several candidates achieved critical life milestones, such as purchasing their own home and becoming parents.

The department is proud to continue this important initiative into 2018–19.

Other diversity initiatives

Other diversity initiatives that promoted workplace diversity and inclusion in the department in 2017–18 included:

- participating in the 2017 Australian Workplace Equality Index, where the department achieved Bronze Employer status
- implementing workplace support resources to support gender affirmation for staff and managers
- actively supporting LGBTI staff and their allies during the Australian Marriage Law Postal Survey in specific events and campaigns
- implementing a gender equality 'panel pledge' to highlight and actively discourage the under-representation of women at public and professional forums
- hosting five staff diversity networks to share information and to support Indigenous staff, staff with disability, mature age staff, staff with CALD backgrounds and LGBTI staff.

Employing Aboriginal and Torres Strait Islander people

The department is committed to the recruitment, development and retention of Aboriginal and Torres Strait Islander staff. In November 2017 the department reached the 5 per cent Indigenous representation target of Aboriginal and Torres Strait Islander Employees Plan 2016–17. At 30 June 2018, the department had 5.2 per cent representation of Aboriginal and Torres Strait Islander staff.

In 2017–18 the department developed a new Aboriginal and Torres Strait Islander Employees Strategy 2018–22. This will continue to guide its commitment to positioning the department as an employer of choice, building on previous success. The strategy will encourage strong working partnerships between Indigenous staff and leadership teams. All business areas will share accountability for delivering the strategy.

Supporting Aboriginal and Torres Strait Islander people

The department's programs to support and develop Aboriginal and Torres Strait Islander staff include:

- the Indigenous Mentoring Program, which assigns trained Aboriginal and Torres Strait Islander staff members to help new Aboriginal and Torres Strait Islander recruits to 'navigate' their way around the department and the APS and balance their community and work obligations
- the Indigenous Buddy Program, which also helps new Aboriginal and Torres Strait Islander staff to adjust to the new workplace
- the Indigenous Cultural Capability Framework, which aims to increase knowledge and awareness of Aboriginal and Torres Strait Islander cultures across the department
- Indigenous cultural awareness eLearning training, which 6492 staff members accessed in 2017–18, and face-to-face training, in which 2083 participated
- secondments of six staff members to Indigenous communities as part of the Jawun APS Secondment Program, and of one staff member to Reconciliation Australia
- local Indigenous Employment Networks, which provide learning and development opportunities that reflect community-based support mechanisms
- regional presence forums run by the APS-wide Indigenous Champions Network, which the department leads. These forums are an opportunity for Indigenous staff to discuss their career aspirations, hear from inspiring leaders and build networks in their region. Following a successful pilot program, there were six regional presence forums across the country between February 2018 and June 2018, including forums facilitated in Darwin and Townsville.

EMPLOYMENT ARRANGEMENTS AND STATISTICS

Enterprise agreements

The *Department of Human Services Enterprise Agreement 2017–2020* came into effect on 2 November 2017, following 72 per cent support from staff at a ballot in September 2017 and approval by the Fair Work Commission in October 2017. The agreement gave staff a 3 per cent pay increase on 2 November 2017 and a further 3 per cent increase over the following 18 months; and retained family-friendly flexible working arrangements.

The department bargained in good faith over three years to finalise the new agreement and consulted widely with staff and their representatives. During that time the department continued its commitment to reaching a fair and affordable agreement consistent with service delivery requirements and the Australian Government Workplace Bargaining Policy.

The new agreement nominally expires on 2 November 2020. It covers all staff of the department, except SES staff, who have individual contracts; and medical officers, who are covered by the *Department of Human Services Medical Officers Agreement 2013–2014.*

Individual flexibility arrangements

The department makes individual flexibility arrangements with staff to provide additional conditions of service in exceptional circumstances that are not in the enterprise agreements. For example, the department has used individual flexibility arrangements to attract and retain staff in remote and isolated places.

In 2017–18 the department had 81 individual flexibility arrangements.

Workforce availability

The business and workforce planning strategies are aligned to meet the department's current requirements and to plan for the future workforce. Workforce analytics and data inform the workforce profile, trends and future requirements.

At 30 June 2018 the department employed 32 943 people, of whom 30 108 (91.4 per cent) were ongoing, 1069 (3.2 per cent) were non-ongoing and 1766 (5.4 per cent) were irregular/intermittent. Changes to the department's workforce size reflect government priorities, budget measures, service delivery demands, ongoing efficiencies and natural attrition. To flexibly meet these changes as a large and diverse service delivery organisation, the department uses full-time, part-time, ongoing and non-ongoing staffing arrangements.

The department helps staff balance work and personal commitments through access to flexible working hours. At 30 June 2018, 8450 (25.7 per cent) of staff worked part time (excluding irregular/intermittent staff).

Appendix A presents staffing statistics by classification, location, employment status, employment type, gender, disability, diverse background and Aboriginal and Torres Strait Islander descent. It also sets out staff salary ranges and employment arrangements.

7.8 ASSET MANAGEMENT

PROPERTY

As at 30 June 2018 the department leased 423 commercial properties, covering 772 779 square metres.

The department also owned 36 residential properties and leased another four in remote locations. These properties provide accommodation for staff where it would otherwise be difficult to find suitable housing.

The department continually reviews its property portfolio to ensure that it meets business objectives and is as cost efficient as possible.

In 2017–18, the department's expenditure on property operating expenses was $397.7 million, and the department spent a further $85.5 million on capital improvements. This included a program of works to maintain the customer engagement areas in service centres and other sites to acceptable standards.

ASSETS

The department's assets management policies and procedures cover whole-of-life asset management. Guidance and procedures are published for staff, and the department regularly confirms the existence, validity and valuation of its assets. Specifically, the department undertakes:

- a risk-based rolling stocktake
- a valuation of leasehold improvements, ICT assets, general plant and equipment, and data centre equipment
- a quality assurance process across the major components of the assets base to ensure the integrity of the assets records
- an assets impairment review in accordance with *Australian Accounting Standard AASB 136—Impairment of assets.*

The department's assets base comprises mainly software, leasehold improvements and data centre equipment.

SECURITY

Effective governance of the department's protective security program ensures that staff, information and assets are protected.

The department's compliance with the mandatory requirements of the Australian Government Protective Security Policy Framework is managed through activities such as effective security risk management, monitoring and review of security plans and policies, and training and education.

The department's protective security policy aligns with the Australian Government framework and emphasises the need for security as part of the department's culture.

In 2017–18 the department continued to strengthen security governance arrangements through the Work Health and Safety Sub Group. This group ensures alignment of the department's security program with broader corporate controls in areas such as people management, fraud, property, privacy, and information management.

SHARED SERVICES

The department's size, scale and ICT capability positions it well as a provider of shared services within the APS.

In 2017–18 the department continued to provide a range of ICT and corporate shared services to the NDIA. The ICT services included end-user computing, telephony, online channels and business systems. The corporate suite included payroll management, credit card management, accounts payable, accounts receivable, travel, fleet management, records management and security services.

The department continued to support the DVA with end-user computing, including assistive technology support, telephony and ICT infrastructure services, and, from June 2018, HR and payroll services.

In 2017–18 the department managed internet gateway services for eight agencies and managed and administered the Indigenous Apprenticeships Programme for agencies including the Department of Social Security (DSS), Department of Health, Department of Defence, Department of the Environment and Energy, Department of Home Affairs, DVA and Department of the Prime Minister and Cabinet.

In support of the Department of Finance's Shared Services Program, the department worked with DVA, DSS and the Department of Health to explore opportunities for more corporate shared services. In consultation with key stakeholders, development of the department's corporate shared services framework and operating model progressed.

7.9 PURCHASING

The department conducts procurement activities in accordance with the Commonwealth Procurement Rules (CPRs). The Accountable Authority Instructions are reviewed periodically to ensure that procurement activities and related policy and procedural publications remain aligned with the CPRs and the Commonwealth Procurement Framework.

In 2017–18 the department continued to provide specialist procurement advice, training and assistance to staff undertaking procurements to ensure compliance with the CPRs—in particular, the need to deliver value for money. The department also refreshed and maintained the arrangements it administers that support sourcing of communications-related services by 63 Australian Government agencies.

CONTRACTING

Consultancy contracts

The department's consultancy contracts are categorised in accordance with the *Public Governance Performance and Accountability Rule 2014* for annual reports and the guidance from the Department of Finance on reporting consultancies. In addition to the requirements of the department's procurement guidelines and policies, all proposals for consultancy services are compliance assessed by two procurement specialists before they go to the relevant delegate for approval.

The department engages consultants to provide specialist professional services, independent research or assessment, and necessary skills that are otherwise unavailable in the department.

The department is in the process of major transformational change in areas such as the welfare payment system. To secure the right skills and experience to support this changing environment, the department increased its use of consultancies in 2017–18.

During 2017–18, 29 new consultancy contracts were entered into, involving total actual expenditure of $8 069 858.59 (including GST). In addition, three active ongoing consultancy contracts were active during the period, involving total actual expenditure of $1 133 991.93 (including GST).

Table 65 below shows total expenditure (including GST) on consultancy contracts for 2017–18 and the previous two financial years.

Table 65: Expenditure on consultancy services

	2015–16 $ (including GST)	2016–17 $ (including GST)	2017–18 $ (including GST)
New consultancy services expenditure	1 481 771	989 366	8 069 858.59
Ongoing consultancy services expenditure	131 622	62 140	1 133 991.93
Total consultancy services expenditure	**1 613 393**	**1 051 506**	**9 203 850.52**

Annual reports contain information about actual expenditure on contracts for consultancies. Information on the value of contracts and consultancies is available on the AusTender website at **tenders.gov.au**

For information on the department's advertising and market research costs, see Appendix D.

ANAO access clause

All the department's contract templates include a standard clause giving the Auditor-General appropriate access to a contractor's premises and records.

Exempt contracts

In 2017–18 the department had no contracts or standing offers that the Secretary had exempted from publication on AusTender.

PROCUREMENT INITIATIVES TO SUPPORT SMALL BUSINESS

The department supports small business participation in the Commonwealth Government procurement market. Small and Medium Enterprises (SMEs) and Small Enterprise participation statistics are available on the Department of Finance's website at **finance.gov.au/procurement/ statistics-on-commonwealth-purchasing-contracts/**

The department recognises the importance of ensuring that small businesses are paid on time. The results of the Survey of Australian Government Payments to Small Business are on the Treasury's website at **treasury.gov.au**

In procurement activities, the department supports SMEs through a range of measures, including:

- using the Commonwealth Contracting Suite for low-risk procurements valued under $1 million
- implementing the Supplier Diversity Strategy to increase the level of activity between the department and supplier groups such as Australian Disability Enterprises and Indigenous SMEs
- being a member of Supply Nation—a non-profit organisation that supports growth in the Aboriginal and Torres Strait Islander business sector by promoting supplier diversity
- mandatory reporting against both the Australian Government's Indigenous Procurement Policy and the department's RAP on the number of contracts, contract values and expenditure for all Indigenous SMEs. In 2017–18 the department spent $9.2 million (including GST) with Aboriginal and Torres Strait Islander businesses, exceeding the RAP target of $4.3 million
- using Australian Industry Participation Plans in whole-of-government procurement where applicable
- encouraging credit card use to expedite payments.

7.10 PARTNERSHIPS

PARTNERSHIPS WITH AUSTRALIAN GOVERNMENT AGENCIES

The department is responsible for delivering payments and services on behalf of a wide range of Australian Government agencies. The department's model for partnering with agencies is characterised by early engagement, regular consultation, recognition of expertise, and information sharing. For example, to support the Australian Bureau of Statistics (ABS) in conducting the Australian Marriage Law Postal Survey, the department provided contact centre services and support for the ABS's remote servicing strategy.

The department also supports the delivery of Australian Government outcomes by working with other government agencies on a range of activities. These include data exchange, customer-centric approaches and user testing, service delivery co-design, corporate shared services, co-location, myGov and ICT infrastructure support, and the National Emergency Call Centre Surge Capability.

More information on the payments and services the department delivers on behalf of the Australian Government is on its website at **humanservices.gov.au**

PARTNERSHIPS WITH STATE AND TERRITORY GOVERNMENTS AND OTHER ORGANISATIONS

The department continues to work with state, territory and local governments, as well as other organisations, to deliver payments and services.

The department also contributes to a number of whole-of-government transformation projects led by the Digital Transformation Agency. These include reviewing and modernising the myGov user experience and developing a whole-of-government digital identity solution.

The Department of Health is leading work associated with modernising the health and aged care payment systems. While this is underway, the department is focusing on ensuring that the existing health and aged care payment systems deliver high-quality, reliable services.

INTERNATIONAL PARTNERSHIPS

The department administers formal social security agreements with
31 countries. These agreements outline the shared responsibility for social
security coverage and entitlements when people move between the agreement
countries. At 30 June 2018, 77 192 people received an Australian pension under
international agreements.

7.11 OTHER INFORMATION

GRANTS

There were no grants awarded by the Department of Human Services during 2017–18.

DISABILITY REPORTING

People with disability

Since 1994 Commonwealth departments and agencies have reported on their performance as policy adviser, purchaser, employer, regulator and provider under the Commonwealth Disability Strategy.

In 2007–08 reporting on the employer role was transferred to the Australian Public Service Commission's State of the Service Report and the APS Statistical Bulletin. These reports are available at **apsc.gov.au**. Since 2010–11 departments and agencies have no longer been required to report on these functions.

The Commonwealth Disability Strategy has been overtaken by the National Disability Strategy 2010–2020, which sets out a ten-year national policy framework to improve the lives of people with disability, promote participation and create a more inclusive society. A high-level two-yearly report will track progress against each of the six outcome areas of the strategy and present a picture of how people with disability are faring. The first of these reports was published in 2014 on the DSS website—**dss.gov.au**

For more information about the department's specialised services and support for and engagement with carers and people with disability, see:

- 'People with disability and carers' on page 43
- 'Social work carer assessments' on page 99
- 'Employing people with disability' on page 272
- 'Carers' and 'People with disability' on the home page of the department's website at **humanservices.gov.au**

FREEDOM OF INFORMATION

In 2017–18 the department received 6219 freedom of information (FOI) requests. The department received 14 requests for amendment or annotation of personal records. Taking into account cases pending from previous years, the department finalised 6324 FOI requests.

Of these requests:

- 1891 were withdrawn before decisions on access were made (in most cases because the department provided access by way of administrative release)
- full access was granted in 2047 cases
- part access was granted in 1746 cases
- access was refused in 618 cases
- 22 cases were transferred to other departments/agencies.

In 2017–18 the department received 129 FOI requests for internal review of access or amendment decisions. Taking into account requests pending from previous years, the department completed 133 of these reviews in 2017–18. Of the 133 completed decisions, 82 affirmed the original decision and 27 set aside the original decision and granted further access in full or part. The remaining 24 requests for internal review were withdrawn or otherwise finalised.

Required FOI reporting—Information Publication Scheme

As required under Part II of the *Freedom of Information Act 1982* (FOI Act) the department has an Information Publication Scheme (IPS) Plan, which is available on its website at **humanservices.gov.au**

Information that must be published under the FOI Act is available in various documents on the website. It can easily be identified by the IPS logo on the freedom of information page.

In 2017–18 the information on the website included:

- information about the IPS
- details of the department's organisational structure
- details of the department's functions, including its decision-making powers and other powers affecting members of the public (or any particular person or entity, or class of persons or entities)
- appointments of officers under legislation (other than APS staff), such as statutory office-holders
- the department's annual reports
- the department's consultation arrangements
- contact details to enquire about access to the department's information or documents under the FOI Act
- the department's operational information
- information in documents to which the department routinely gives access in response to requests under Part III (access to documents) of the FOI Act, except information that is otherwise exempt
- information that the department routinely provides to parliament in response to requests and orders from parliament.

Office of the Australian Information Commissioner

In 2017–18 the Office of the Australian Information Commissioner published 18 decisions on applications for review of the department's FOI access decisions. Of these, 11 affirmed the department's decisions and seven varied or set aside the department's decisions.

Personal information requests

The department offers various ways for people to access their own information, including through online services. The department also responds to requests to release personal information, with the individual's consent, in the public interest or under specific legislative provisions.

In 2017–18 the department responded to 91 400 personal information requests.

INJURY MANAGEMENT, WORK HEALTH AND SAFETY

The department's work health and safety policy, guidelines and procedures aim to identify, adopt and develop best practice in health and safety management to reduce the social and financial cost of work-related injury and illness and improve business outcomes.

The department actively manages work health and safety programs to educate staff, reduce injury risks and ensure legislative compliance. In 2017–18, the department reviewed and updated its Work Health and Safety Policy, which will clarify and strengthen understanding of responsibilities.

The department complies with its obligations under the *Work Health and Safety Act 2011*. These include:

- ensuring that the health and safety of the department's staff underpins its decisions
- using risk management processes
- engaging in consultation and delivering training
- meeting reporting and response requirements.

In 2017–18, Comcare conducted an audit to measure the effectiveness of the department's work health and safety management systems. For the 25 criteria assessed, the department achieved 92 per cent conformance. The department is working to address the areas identified for improvement.

The department's Work Health and Safety Strategy commits it to reducing serious injury rates (claims resulting in one or more weeks of absence) by 30 per cent by 2022 (from 2012 rates). The rate of serious injury for 2017–18 was a reduction of 71 per cent from the 2011–12 rate.

The department has a number of initiatives to enable early return to work and, in turn, reduce the likelihood of matters progressing to a claim for workers' compensation. These initiatives continued to show good progress against strategy targets. The work health and safety outcomes in 2017–18 included reducing the number of workers' compensation claims submitted in 2017–18 by 34.53 per cent (compared with 2011–12), including a 57.41 per cent reduction in the number of body stress injury claims.

In 2014 the department began an internal campaign focusing on preventing body stress injuries. Since then, the body stress injury rate has decreased by 77 per cent.

Guided by the department's Psychological Health Strategy, launched in November 2016, the department is developing positive work environments that support mental health and wellbeing throughout the mental health continuum. This approach also aims to minimise the risk of psychological injury. The strategy focuses on improved prevention, early intervention and psychological injury management.

The figure below shows a breakdown of injury claims in the department that were accepted in 2017–18.

Figure 7: Claims accepted in 2017–18, by mechanism of injury (per cent of total claim numbers)

Falls, trips and slips	26%
Hitting objects with part of the body	6%
Being hit by moving object	11%
Sound and pressure	1%
Body stressing	23%
Heat, electricity and environment	0%
Chemicals and other substances	0%
Biological factors	1%
Mental stress	22%
Vehicle incidents and other	9%
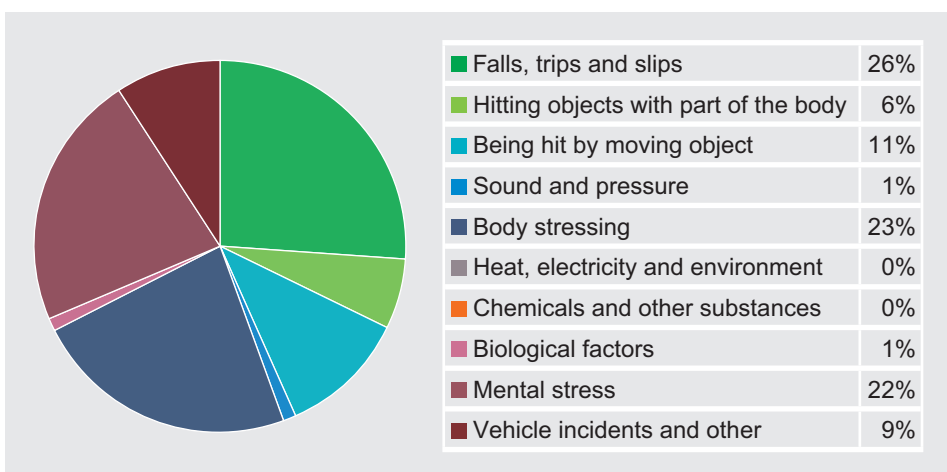
Numbers may differ due to rounding.

Work Health and Safety Act 2011—reporting

In 2017–18 Comcare undertook eight reactive workplace inspections in the department. These were visits related to an incident or complaint. In addition, Comcare completed nine proactive workplace inspections. These were visits not related to an incident or complaint and aimed at education and continuous improvement. Comcare identified one contravention of the *Work Health and Safety Act 2011* and issued one improvement notice under the Act.

A total of 39 incidents in the department were notified to Comcare in 2017–18 (compared with 32 in 2016–17).

Table 66: Incidents notified to Comcare in 2017–18

Type of incident	Number
Death	1
Serious injury or illness	24
Dangerous incidents	14
Total	**39**

ADVERTISING AND MARKET RESEARCH

Communication and advertising campaigns

The department did not undertake any communication or advertising campaigns in 2017–18.

Advertising costs—media advertising

In 2017–18 the department's total expenditure on advertising was $1 907 390. This includes spending on print and online advertising in areas such as recruitment, public notices and tenders.

Table 67: Costs associated with advertising

Payee	Purpose	2017–18 $ (including GST)
Dentsu Mitchell Media Australia Pty Ltd	Advertising	867 890
Sensis Pty Ltd	White Pages	1 039 500
Total		**1 907 390**

Market research payments

In 2017–18, the department commissioned the projects listed in Table 68 below. They involved gathering, analysing and reporting information from external audiences or sources to provide insight on a particular topic or issue.

Table 68: Payments associated with market research organisations

Vendor	Description	2017–18 $ (including GST)
Bastion Latitude	Online application research and testing	59 950
Colmar Brunton Research	Financial Information Services, First Principle Review[a]	70 000
Colmar Brunton Research	Integrated satisfaction program	1 525 448
Colmar Brunton Research	Correspondence testing program	302 439
Colmar Brunton Research	Website redesign refinement[a]	78 980
Dialogue Consulting Pty Ltd	Social media evaluation	18 900
Freeform Strategy Pty Ltd	Departmental communication research	71 569
Grey Advantage Consulting Pty Ltd	Service delivery model research	126 500
Instinct and Reason	Correspondence testing program	44 000
Instinct and Reason	Agents and access points research	33 049
Instinct and Reason	Testing departmental messages	37 499
McNair YellowSquares Pty Ltd	Recruitment of participants	318 552
Wallis Consulting Group Pty Ltd	Communication needs and preferences research	194 909
University of New South Wales	Gender equality research[a]	17 600
Total		**2 899 395**

(a) Relates to payments in 2017–18 for research funded from and completed in 2016–17.

ENVIRONMENTAL MANAGEMENT

The department is committed to carrying out business in an environmentally responsible and resource-efficient way.

The department's environmental management system aligns with international standard *ISO 14001:2015: Environmental management systems—Requirements with guidance for use*. It helps the department to manage and report on greenhouse gas emissions, energy use, resource use and waste arising from building operations, motor vehicle and air travel, ICT and stationery supplies.

The department is dedicated to achieving better practice environmental performance for energy use, resource consumption and waste. The department supports reputable environmental standards for application in procurement processes.

Supporting these measures drives resource efficiency and innovation in supply chains and across industry.

See Appendix C for more information about the department's contribution to ecologically sustainable development and environmental performance.

CARER RECOGNITION ACT 2010 REPORT

The *Carer Recognition Act 2010* prescribes the following obligations for all public service agencies.

> Section 7(1)—Each public service agency is to take all practicable measures to ensure that its employees and agents have an awareness and understanding of the Statement for Australia's Carers.

The department raises staff awareness and understanding of the Statement for Australia's Carers through a suite of online resources. The statement, set out in Schedule 1 of the Carer Recognition Act, sets out the rights, opportunities and choices of carers. Resources on the department's Intranet include links to the Carer Recognition Act and information about support available to help staff with their caring responsibilities.

> Section 7(2)—Each public service agency's internal human resource policies, so far as they may significantly affect an employee's caring role, are to be developed having due regard to the Statement for Australia's Carers.

The department complies with section 7(2) of the Carer Recognition Act through the *Department of Human Services Enterprise Agreement 2017–2020* and internal human resource policies.

The department consults with staff and representatives, providing the opportunity for comments and feedback while having due regard to the Statement for Australia's Carers. It supports staff with caring responsibilities through:

- flexible working arrangements
- part-time work
- home-based work
- an elder care advisory service
- the department's Employee Assistance Program.

> Section 8(1)—Each public service care agency is to take all practicable measures to ensure that it, and its employees and agents, take action to reflect the principles of the Statement for Australia's Carers in developing, implementing, providing or evaluating care supports.

The department is committed to the principles of the Statement for Australia's Carers. The payments, services and information the department provides to carers reflect this, as does the development and implementation of carer programs and supports.

The department works with partner agencies to ensure that carer policy and service delivery align with the statement and priorities identified in the Australian Government's National Carer Strategy Action Plan (2011–2014). The department will continue to develop and implement practical actions against each of the six priority areas.

The department actively supports awareness and understanding of carer issues within the community—for example, by participating in National Carers Week through outreach and community activities and by promoting awareness of carer issues to staff.

The department also produces *News for carers*—an online publication for people receiving Carer Payment and Carer Allowance and for peak carer organisations. It provides information about national initiatives and services for carers.

> Section 8(2)—Each public service care agency is to consult carers, or bodies that represent carers, when developing or evaluating care supports.

The department continues to promote service models that involve carers as partners in the provision of care. The department consults carers and carer peak bodies on the development of new measures as required.

> Section 8(3)—Each public service care agency must prepare a report on its compliance with section 7 and this section in each reporting period. The report must be included in the agency's annual report for the reporting period.

For more information about the department's specialised services for, and engagement with, carers see 'People with disability and carers' on page 43.

CORRECTIONS TO PREVIOUS ANNUAL REPORTS

Table 69: Correction of errors in the department's 2016–17 Annual Report

Reference	Issue	Correction
Page 32	Table: Access to HPOS services	The number of Accesses to HPOS for 2016–17 should read '4 825 438'.
Page 48	The year when the adult vaccines pneumococcal (pneumonia) for people over 65 years of age and zostavax (shingles) for people aged 70–79 years were added to the National Immunisation Program was incorrectly stated as September 2017.	Two adult vaccines, pneumococcal (pneumonia) for people over 65 years of age and zostavax (shingles) for people aged 70–79 years, were added to the National Immunisation Program in September 2016.
Page 115	Table: Child support compliance and enforcement actions. The table incorrectly lists the number of Departure Prohibition Orders for 2016–17 as '1 892'.	The number of Departure Prohibition Orders for 2016–17 should read '1 952'.
Page 115	Table: Child support compliance and enforcement actions. The table incorrectly lists the number of Departure Prohibition Orders for 2015–16 as '911'.	The number of Departure Prohibition Orders for 2015–16 should read '928'.
Page 185	Annual Performance Statement: Performance Measure Results. The number of 'Medicare: Completed interventions with customers for compliance purposes' was incorrectly listed as '499'.	The number of 'Medicare: Completed interventions with customers for compliance purposes' should read '498'.

Appendices

8

APPENDIX A: STAFFING STATISTICS AND REMUNERATION

STAFF PROFILE

Table 70: Staff by substantive[a] classification and location

Classification	ACT	NSW	Qld	SA	NT	Tas.	Vic.	WA	Total
SES Band 3	7	0	0	0	0	0	1	0	**8**
SES Band 2	23	4	2	1	0	0	3	0	**33**
SES Band 1	88	6	13	5	0	1	5	2	**120**
Executive Level 2	500	88	91	35	2	18	67	11	**812**
Executive Level 1	1 138	288	323	161	17	61	249	78	**2 315**
APS 6	1 167	1 140	986	467	45	249	880	239	**5 173**
APS 5	556	713	715	337	91	167	456	172	**3 207**
APS 4	497	4 250	2 950	1 150	190	967	3 098	966	**14 068**
APS 3	131	1 792	1 264	500	130	246	1 643	889	**6 595**
APS 2	3	39	23	11	2	52	24	10	**164**
APS 1	49	21	20	6	0	5	13	10	**124**
Other—trainees, graduates, cadets	126	34	85	10	23	4	26	16	**324**
Total	**4 285**	**8 375**	**6 472**	**2 682**	**500**	**1 770**	**6 465**	**2 393**	**32 943**

(a) Substantive classification is the permanent classification of an ongoing employee or the classification of the role a non-ongoing employee is performing at the time of reporting.

Table 71: Staff by substantive(a) *classification and employment status*

Classification	Ongoing	Non-ongoing(b)	Total
SES Band 3	6	2	**8**
SES Band 2	31	2	**33**
SES Band 1	120	0	**120**
Executive Level 2	804	8	**812**
Executive Level 1	2 307	8	**2 315**
APS 6	5 157	16	**5 173**
APS 5	3 188	19	**3 207**
APS 4	13 768	300	**14 068**
APS 3	4 165	2 430	**6 595**
APS 2	136	28	**164**
APS 1	102	22	**124**
Other—trainees, graduates, cadets	324	0	**324**
Total	**30 108**	**2 835**	**32 943**

(a) Substantive classification is the permanent classification of an ongoing employee or the classification of the role a non-ongoing employee is performing at the time of reporting.

(b) Includes irregular/intermittent staff.

Table 72: Staff by substantive(a) *classification and employment type*

Classification	Full time	Part time(b)	Total
SES Band 3	7	1	**8**
SES Band 2	32	1	**33**
SES Band 1	120	0	**120**
Executive Level 2	750	62	**812**
Executive Level 1	1 988	327	**2 315**
APS 6	3 816	1 357	**5 173**
APS 5	2 587	620	**3 207**
APS 4	9 086	4 982	**14 068**
APS 3	3 828	2 767	**6 595**
APS 2	123	41	**164**
APS 1	80	44	**124**
Other—trainees, graduates, cadets	310	14	**324**
Total	**22 727**	**10 216**	**32 943**

(a) Substantive classification is the permanent classification of an ongoing employee or the classification of the role a non-ongoing employee is performing at the time of reporting.

(b) Includes irregular/intermittent staff.

Table 73: Staff by substantive[a] classification and gender

Classification	Female	Male	Non-binary	Total
SES Band 3	4	4	0	8
SES Band 2	14	19	0	33
SES Band 1	59	61	0	120
Executive Level 2	414	398	0	812
Executive Level 1	1 317	998	0	2 315
APS 6	3 447	1 723	3	5 173
APS 5	2 146	1 060	1	3 207
APS 4	10 795	3 261	12	14 068
APS 3	4 998	1 583	14	6 595
APS 2	112	52	0	164
APS 1	74	50	0	124
Other—trainees, graduates, cadets	195	125	4	324
Total	**23 575**	**9 334**	**34**	**32 943**

(a) Substantive classification is the permanent classification of an ongoing employee or the classification of the role a non-ongoing employee is performing at the time of reporting.

Table 74: Staff self-identified as having disability, by substantive[a] classification and gender

Classification	Female	Male	Non-binary	Total
SES Band 3	0	1	0	1
SES Band 2	0	0	0	0
SES Band 1	4	3	0	7
Executive Level 2	17	13	0	30
Executive Level 1	49	42	0	91
APS 6	178	110	0	288
APS 5	129	57	0	186
APS 4	646	208	1	855
APS 3	139	70	0	209
APS 2	15	19	0	34
APS 1	15	10	0	25
Other—trainees, graduates, cadets	9	7	0	16
Total	**1 201**	**540**	**1**	**1 742**

(a) Substantive classification is the permanent classification of an ongoing employee or the classification of the role a non-ongoing employee is performing at the time of reporting.

Table 75: Staff self-identified as having a culturally and linguistically diverse background, by substantive[a] *classification and gender*

Classification	Female	Male	Non-binary	Total
SES Band 3	0	1	0	1
SES Band 2	3	6	0	9
SES Band 1	19	10	0	29
Executive Level 2	98	128	0	226
Executive Level 1	360	353	0	713
APS 6	936	531	1	1 468
APS 5	564	327	0	891
APS 4	2 679	927	2	3 608
APS 3	994	316	2	1 312
APS 2	19	13	0	32
APS 1	21	12	0	33
Other—trainees, graduates, cadets	17	16	0	33
Total	**5 710**	**2 640**	**5**	**8 355**

(a) Substantive classification is the permanent classification of an ongoing employee or the classification of the role a non-ongoing employee is performing at the time of reporting.

Table 76: Staff self-identified as Indigenous, by substantive[a] *classification*

Classification	2016–17		2017–18	
	Ongoing	Non-ongoing	Ongoing	Non-ongoing[b]
SES Band 3	0	0	0	0
SES Band 2	0	0	0	0
SES Band 1	3	0	1	0
Executive Level 2	15	0	15	0
Executive Level 1	46	1	49	0
APS 6	126	0	123	0
APS 5	196	0	190	2
APS 4	680	10	705	17
APS 3	338	65	362	52
APS 2	3	2	3	1
APS 1	2	0	2	0
Other—trainees, graduates, cadets	119	0	175	0
Total	**1 528**	**78**	**1 625**	**72**

(a) Substantive classification is the permanent classification of an ongoing employee or the classification of the role a non-ongoing employee is performing at the time of reporting.

(b) Includes irregular/intermittent staff.

NON-SENIOR EXECUTIVE SERVICE REMUNERATION

At 30 June 2018, the *Department of Human Services Enterprise Agreement 2017–2020* covered 32 774 non-SES staff.

Table 77: Salary ranges for staff under the department's enterprise agreement in 2017–18

Classification	Salary range[a] $
Executive Level 2	115 028–136 794
Executive Level 1	99 400–110 144
APS 6	79 469–91 894
APS 5	71 790–77 465
APS 4	64 368–71 317
APS 3	57 752–64 367
APS 2	52 098–56 226
APS 1	46 621–49 989
Deputy General Counsel—Executive Level 2 (Legal Job Stream)	145 271
Senior Rehabilitation Consultant—APS 6 (Professional Job Stream)	96 838
Rehabilitation Consultant 2+—APS 6 (Professional Job Stream)	92 198
APS Trainee (School-based Pathway) Year 11	21 148
APS Trainee (School-based Pathway) Year 12	23 311
APS Trainee (Apprentice)	52 098–64 368
APS Trainee (ICT Apprentice)	46 621–55 530
Cadet APS	26 574–53 530
Cadet ICT (Technical Trainee)	52 098–55 403
Graduate APS	57 752–64 368

(a)   The salary ranges in this table cover base salary rates only. They do not include reportable fringe benefits, allowances and salary sacrifice arrangements.

At 30 June 2018, the *Department of Human Services Medical Officers Agreement 2013–2014* covered eight medical officers.

Table 78: Salary ranges for staff under the department's medical officers agreement

Classification	Salary range[a] $
Medical Officer Class 4	163 518–174 248
Medical Officer Class 3	150 468–157 238
Medical Officer Class 2	118 817–141 283

(a)   The salary ranges in this table cover base salary rates only. They do not include reportable fringe benefits, allowances and salary sacrifice arrangements.

PERFORMANCE PAY

The department made no performance payments in 2017–18.

NON-SALARY BENEFITS

The *Department of Human Services Enterprise Agreement 2017–2020* provides for a range of allowances for staff who meet eligibility criteria. For example, social workers can claim reimbursement for professional association membership fees associated with the performance of their duties.

Staff can access salary sacrifice benefits, including additional superannuation and leased motor vehicles. Non-salary benefits can include a health insurance discount and a public transport loan scheme. Staff also have access to business tools, such as mobile phones and mobile computing devices, if there is a business requirement.

SES staff have car parking at their local office and a vehicle allowance or a vehicle to use for business and private purposes.

SENIOR EXECUTIVE SERVICE REMUNERATION

The Secretary establishes salary ranges for SES staff, based on:

- the *Australian Government Workplace Bargaining Policy 2018*
- the annual Australian Public Service SES remuneration survey
- the performance of the department
- value for money.

Table 79: Salary ranges for SES classifications

Classification	Salary range[a] $
SES Band 3	303 000–360 000
SES Band 2	215 000–265 000
SES Band 1	161 000–207 500

(a) The salary ranges in the table cover base salary rates only. They do not include motor vehicles, reportable fringe benefits or other allowances. These ranges are indicative, as the Secretary may approve salary rates outside them.

The Secretary reviews salaries for individual SES staff each year after the end of the annual performance cycle.

As well as individual performance, the Secretary takes into account factors such as organisational performance, comparable remuneration data, and the size and complexity of the role.

INDIVIDUAL EMPLOYMENT ARRANGEMENTS

The following industrial instruments have been used to establish conditions of service for the department's staff.

Table 80: Employment arrangements

Arrangement	SES	Non-SES
Section 24(1) of the *Public Service Act 1999*	160	0
Individual flexibility agreements	0	81
Common law contracts	1	0

APPENDIX B: RESOURCE STATEMENTS AND EXPENSES FOR OUTCOME 1

Table 81: Resource statements 2017–18

	Actual available appropriation for 2017–18 $'000	Payments made 2017–18 $'000	Balance remaining 2017–18 $'000
	(a)	(b)	(a)–(b)
Ordinary annual services			
Departmental appropriation[1]	5 872 433	4 217 437	1 654 996
Departmental capital budget[2]	188 996	183 996	5 000
Total	**6 061 429**	**4 401 433**	**1 659 996**
Administered expenses			
Outcome 1	2 634	1 136	1 498
Total	**2 634**	**1 136**	**1 498**
Total ordinary annual services A	**6 064 063**	**4 402 569**	**1 661 494**
Other services			
Departmental non-operating			
Equity injections	216 033	185 433	30 600
Total	**216 033**	**185 433**	**30 600**
Total other services B	**216 033**	**185 433**	**30 600**
Total available annual appropriations	**6 280 096**	**4 588 002**	**1 692 094**

	Actual available appropriation for 2017–18 $'000	Payments made 2017–18 $'000	Balance remaining 2017–18 $'000
Special accounts[3]			
Opening balance	154 427		
Appropriation receipts	1 103		
Adjustments[4]	37 089		
Non-appropriation receipts to special accounts	1 729 855		
Payments made		1 760 502	
Total special accounts C	**1 922 474**	**1 760 502**	**161 972**
Total resourcing and payments			
A+B+C	8 202 570	6 348 504	
Less appropriations drawn from annual or special appropriations above and credited to special accounts.	1 103	1 103	
Total net resourcing and payments for the Department of Human Services	**8 201 467**	**6 347 401**	

(1) Excludes Departmental Capital Budget.

(2) Departmental capital budgets are not separately identified in Appropriation Bill (No. 1) and form part of ordinary annual services items. For accounting purposes, this amount has been designated as a 'contribution by owner'.

(3) Includes Recovery of Compensation for Health Care and Other Services Special Account. Appropriation: *Public Governance, Performance and Accountability Act 2013*, section 78(1). Establishing Instrument: Determination 2015/06 under *Public Governance, Performance and Accountability Act 2013*.

(4) The available balance of the Child Support special account is adjusted under section 77 of the *Child Support (Registration and Collection) Act 1988* (Child Support Act) for deductions made by employers but not yet received; and under section 78 of the Child Support Act for unexplained remittances not yet credited.

Table 82: Outcome 1 expenses 2017–18

	Budget[1] $'000	Actual expenses $'000	Variation $'000
	(a)	(b)	(a)–(b)
Programme 1.1: Services to the Community—Social Security and Welfare			
Administered expenses			
Ordinary annual services *(Appropriation Act No. 1)*			
Expenses not requiring appropriation in the Budget year		55	(55)
Departmental expenses			
Departmental appropriation[2]	3 825 041	3 471 473	353 568
Expenses not requiring appropriation in the Budget year[3]	193 322	205 716	(12 394)
Total for Programme 1.1	**4 018 363**	**3 677 244**	**341 119**
Programme 1.2: Services to the Community—Health			
Departmental expenses			
Departmental appropriation[2]	564 139	536 482	27 657
Expenses not requiring appropriation in the Budget year[3]	38 670	42 300	(3 630)
Total for Programme 1.2	**602 809**	**578 782**	**24 027**
Programme 1.3: Child Support			
Administered expenses			
Ordinary annual services *(Appropriation Bill No. 1)*	1 553	1 103	450
Special accounts	1 469 837	1 491 109	(21 272)
Expenses not requiring appropriation in the Budget year	99 880	95 938	3 942
Departmental expenses			
Departmental appropriation[2]	430 319	408 274	22 045
Expenses not requiring appropriation in the Budget year[3]	20 120	22 731	(2 611)
Total for Programme 1.3	**2 021 709**	**2 019 155**	**2 554**

	Budget[1]	Actual expenses	Variation
	$'000	$'000	$'000
Outcome 1 Totals by appropriation type			
Administered expenses			
Ordinary annual services (*Appropriation Bill No. 1*)	1 553	1 103	450
Special accounts	1 469 837	1 491 109	(21 272)
Expenses not requiring appropriation in the Budget year	99 880	95 993	3 887
Departmental expenses			
Departmental appropriation[2]	4 819 499	4 416 229	403 270
Expenses not requiring appropriation in the Budget year[3]	252 112	270 747	(18 635)
Total expenses for Outcome 1	**6 642 881**	**6 275 181**	**367 700**
Average staffing level (number)	28 629	28 799	(170)

(1) 2017–18 Budget, including any subsequent adjustment made at Additional Estimates.

(2) Departmental appropriation combines ordinary annual services (*Appropriation Acts No. 1* and *No. 3*) and revenue from independent sources (section 74).

(3) Includes unfunded depreciation and amortisation expenses, write-down and impairment of assets and resources received free of charge.

APPENDIX C: ENVIRONMENTAL PERFORMANCE

Section 516A of the *Environment Protection and Biodiversity Conservation Act 1999* requires Commonwealth agencies to report annually on their contribution to the principles of ecologically sustainable development (ESD) and the measures taken to minimise their effect on the environment.

The ESD principles are set out in section 3A of the *Environment Protection and Biodiversity Conservation* Act *1999*.

HOW ADMINISTERED PROGRAMS ACCORD WITH ESD PRINCIPLES—SECTION 516A(6)(A)

In 2017–18 the department administered the programs of Centrelink, Medicare and Child Support in accordance with the principles of ESD.

Fundamental considerations in administering these programs are the economic, environmental, equity and social consequences in short-term and long-term decision-making.

HOW OUTCOME 1 CONTRIBUTED TO ESD PRINCIPLES—SECTION 516A(6)(B)

In 2017–18 the department continued to contribute to the principles of ESD in delivering efficient and convenient services. Departmental activities that made a direct contribution to ESD included:

- increasing the number of online self services
- improving the functionality of Express Plus mobile apps
- operating mobile service centres that visit regional and rural communities
- exploring new ways of providing digital services through a technology innovation centre.

EFFECT OF ACTIVITIES ON THE ENVIRONMENT—SECTION 516A(6)(C)

To assess the risk of its activities affecting the environment, the department uses the international standard *Risk Management ISO 31000:2009* and the Standards Australia handbook *Managing environment-related risk HB203:2012*. The department manages activities that pose the most significant risk through the department's environmental management system, which aligns with the international standard *EMS ISO 14001:2015*.

In general, activities that most affect the environment are those that consume considerable resources and generate significant waste. They include:

- building operations and refurbishments
- use of information and communications technology
- use and disposal of stationery supplies, including paper
- operating vehicles.

Table 83: Resources use

	Units	2015–16	2016–17	2017–18
Stationary energy (electricity and gas)	gigajoules	348 291	314 400	n/a[a]
Transport energy (fuels)	gigajoules	27 148	25 356	n/a[a]
Total energy use	**gigajoules**	**375 439**	**339 756**	**n/a**[a]
Internal paper use	tonnes	729	682	571
Letters to customers[b]	A4 sheets	67 591 799	80 617 954	89 212 087
Property use	square metres	731 977	727 161	722 799

(a) Stationary and transport energy reporting for 2017–18 was unavailable prior to finalising the annual report. The department's energy reporting is in line with the *National Greenhouse and Energy Reporting Act 2007*.

(b) Paper procured by the department and letters printed by an external print provider.

Table 84: Waste, resource recovery and pollution

	Measure	2015–16	2016–17	2017–18
Net greenhouse gas emissions—energy use	tonnes of carbon dioxide equivalents	92 365	83 231	n/a[a]
Office copy paper recycling	% coverage (square metres)	98	98	98
Commingled recycling	% coverage (square metres)	20	20	22
Mobile phone recycling	kilograms	262	98	146
Fluorescent and other lamps recycled	units	3 747	3 722	6 334

(a) Stationary and transport net greenhouse gas emissions for 2017–18 is unavailable prior to finalising the annual report. The department's energy reporting is in line with the *National Greenhouse and Energy Reporting Act 2007.*

MEASURES TAKEN TO MINIMISE THE EFFECT OF ACTIVITIES ON THE ENVIRONMENT— SECTION 516(6)(D)

The department's Environmental Sustainability Policy (available at **humanservices.gov.au**) is used to minimise the effect of activities on the environment and to drive better practice, performance and accountability.

The department assesses any proposed environmental initiative or measure by conducting a cost–benefit analysis that includes other business benefits associated with the initiative.

Table 85: Measures taken to minimise effect on the environment

Activity	Measures
Air travel	• The department encouraged staff to use Skype and video/phone conferencing rather than air travel to attend meetings.
Building operations	• The Green Lease Schedule requirements for landlords and tenants have improved overall energy efficiency in the department's large offices. At 30 June 2018 there were 50 large office Green Leases. • National Australian Built Environment Rating System (NABERS) energy assessments were undertaken at all of the department's Green Lease offices over 2000 m². At 30 June 2018, 37 were performing at or above a 4.5 Star NABERS energy rating and seven were waiting for an assessment. • The department's energy performance continued to improve through upgrading LED lighting; installing master switches and timers in meeting rooms; reviewing program settings on hot water units, lighting and air conditioners; and synchronising air conditioning to security timers. • The department continued the rollout of a photovoltaic solar installation program to reduce greenhouse emissions and energy costs and to support local electricity grid stability. • The department used reputable eco-labels and other environmental standards—such as the Energy Rating Label star system for appliances—to improve environmental performance. • The department supported the FluoroCycle scheme to ensure that hazardous fluorescent lamps are recycled on disposal. • The department participated in Earth Hour 2018 to promote awareness of greenhouse emissions and to review its lighting systems.
ICT	• Relevant software applications are virtualised on servers to improve equipment utilisation and to avoid the purchase of additional servers. The department's data centres are located in highly energy-efficient premises. • The department is progressively introducing docked tablets to enable better workforce mobility. To save energy and cost, desktop PCs, docked laptops and docked tablets shut down after three hours of inactivity. • The department's PCs and monitors complied with the silver or gold standard of the Electronic Product Environmental Assessment Tool, which covers energy use, greenhouse emissions, hazardous materials and end-of-life waste. • The department allocated printers and multifunction devices so as to achieve maximum resource efficiency. • The department's ICT contracts contained e-waste clauses that require suppliers to take back and recycle equipment and to dispose of equipment responsibly.

Activity	Measures
Management and communication	• The department's Environmental Sustainability Policy continued to strengthen its environmental management program. • The department introduced a web-based sustainability reporting system to improve reporting capability. • Clauses in the department's Leasing Heads of Agreement require lessors to consider installing photovoltaic solar systems and/or upgrading to LED lighting. • The department continued to promote and communicate environmental initiatives inside the department. • The department included environmental standards in relevant procurements, to improve environmental performance at a product and supplier level. • The department trialled a web-based system for redeploying surplus assets across government. • The department continued to support and participate in the Government Agencies Environmental Network.
Motor vehicle travel	• The department procured energy-efficient vehicles in accordance with the Australian Government Fleet Vehicle Selection Policy. • An electronic log book system was introduced to accurately monitor and manage vehicle use, and improve reporting quality.
Stationery (including paper)	• More than 95 per cent of the paper used for internal printers, photocopiers and multifunction devices was 100 per cent recycled content paper. • For bulk external mail, most of the envelopes were made from 60 per cent recycled content paper, and letters are made from reputably sourced virgin fibre paper. • The department has increased its digital record-keeping capability and has significantly reduced the number of paper-based files.

MECHANISMS TO REVIEW AND INCREASE THE EFFECTIVENESS OF THOSE MEASURES—SECTION 516(6)(E)

In 2016–17 the department continued to enhance governance processes to review and report environmental performance. Table 86 below outlines the department's performance against the Energy Efficiency in Government Operations policy targets.

Table 86: Office energy performance

Measures	Target	Actual 2015–16	Actual 2016–17	Actual 2017–18[a]
Office—tenant light and power (megajoules per person)	7 500	4 711	4 853	n/a
Office—central services (megajoules per square metre)	400	331	326	n/a

(a) Stationary energy reporting for 2017–18 was unavailable prior to finalising the annual report. The department's energy reporting is in line with the *National Greenhouse and Energy Reporting Act 2007*.

APPENDIX D—DATA MATCHING

REPORT UNDER THE *DATA-MATCHING PROGRAM (ASSISTANCE AND TAX) ACT 1990*

The Data-matching Program is governed by the *Data-matching Program (Assistance and Tax) Act 1990* (DMP Act). Under section 12 of the DMP Act, participating agencies are required to table reports in both houses of parliament.

During 2015–16 the department ceased using the Data-matching Program under the DMP Act to detect recipients at risk of overpayment. The department has completed all residual Data-matching Program reviews during 2017–18, and details of these are set out below. As required by the legislation, the costs and benefits of the Data-matching Program are included.

The department continues to act as the Data Matching Agency (DMA) as defined in the legislation. The sole activity of the DMA for 2017–18 was to undertake Data-matching Program activities on behalf of the Department of Veterans' Affairs (DVA).

REPLACEMENT OF THE DATA-MATCHING PROGRAM

In 2016–17 the department undertook enhancements to address compliance risks previously covered by the Data-matching Program. The new approach replaced the department's component of the activity governed by the DMP Act. The change brought the activity in line with the department's other data-matching activity and the *Guidelines on data matching in Australian Government administration* (voluntary data-matching guidelines) issued by the Office of the Australian Information Commissioner (OAIC).

DATA MATCHING AGENCY

The department continues to monitor the current operation of the Data-matching Program. This is predominantly around the activities of the DMA as it completes activities on behalf of DVA. This is undertaken to ensure strict compliance with the legislation.

The statistical details of the results of DMA activities required under guideline 12 of the Schedule to the DMP Act are published in the *Department of Veterans' Affairs annual report 2017–18*.

Table 87 below shows the number of residual matches completed for discrepancies identified in previous financial years.

Table 87: Results of discrepancies released for action in 2017–18

Discrepancies/cases	Number
Discrepancies which resulted in a notice under section 11 of the *Data-matching Program (Assistance and Tax) Act 1990* being sent[a]	0
Discrepancies which resulted in action being taken[b]	0
Cases in which action proceeded despite a dispute about the accuracy of the data[c]	0
Discrepancies which did not proceed to action after the individual was contacted[d]	0
Cases where an overpayment was identified[e]	0
Cases where recovery action was initiated[f]	2 090
Cases where the debt was fully recovered[g]	8 271

(a) Section 11 of the *Data-matching Program (Assistance and Tax) Act 1990* requires that people must be given written notice of any proposed action as a result of information gained through the program. People have 28 days to respond.

(b) Following the completion of a cycle, departments undertake further refinements before releasing the discrepancies for follow-up action. These refinements are to reduce the number of unproductive discrepancies that are released.

(c) In any year a small number of people may challenge the accuracy of the information on which the proposed action is based—usually because they do not fully understand conditions of eligibility for payment.

(d) There may be a number of cases where people are sent a notice of proposed action but the action does not proceed. In these cases people or a third party such as an employer are able to provide details to show that the payments received were correct.

(e) The number of overpayment cases identified, including the number of debts waived.

(f) The number of cases where recovery action was commenced on a debt. The department has two ways to recover debts—by withholding part of a customer's entitlement or by cash repayments.

(g) Recovery of a debt can take place over a number of years and the number and value of debts raised in a year does not necessarily correspond to the number and value of recoveries.

COSTS AND BENEFITS

This section sets out the savings and other benefits of the Data-matching Program. It includes details of direct savings in outlays and the actual direct costs of the program. See Table 88 below for cost–benefit information.

Direct savings methodology

There are three direct savings components of the program:

- downward variations in rate or stopping payments
- raised debts
- ceasing payments to new recipients for failure to comply with Tax File Number requirements.

The program is also used to match details of former recipients of each assistance agency who owe a debt to the Australian Government. Detection of these recipients means that withholdings can be made from their current entitlement to assist in repaying their debt.

Direct savings achieved

In 2017–18 the Data-matching Program achieved $14 million in savings.

Direct cost methodology

ADMINISTRATIVE COSTS

Administrative costs included computer and associated costs. The equipment used to run the program cycles has some ongoing administrative costs associated with computer hardware and software maintenance.

SALARY COSTS

The program's main salary costs were costs associated with:

- managing and supporting the program within the department
- the department's network review activity, including its management and coordination.

Direct cost–benefit summary

When the costs and benefits (direct savings) are compared, the net benefits of the program are significant. In 2017–18 the net benefit of the program was $12.8 million.

Table 88: Direct cost–benefit summary

	2017–18 actual
Benefits[a]	$14 050 800
Costs	$1 178 500
Net benefits[b]	$12 872 300
Cost–benefit ratio[c]	1:11.9

(a) Net savings, including the effect of upward variations.

(b) Calculated by subtracting costs from benefits.

(c) Calculated by dividing benefits by costs.

CHRONOLOGY

The events listed below include data matching cycles run in accordance with the DMP Act and consultation with the OAIC over the period 2017–18:

- 24 July 2017 Cycle 3/2017 commenced
- 18 August 2017 Cycle 3/2017 completed
- 16 October 2017 Cycle 4/2017 commenced
- 8 November 2017 Cycle 4/2017 completed
- 5 February 2018 Cycle 1/2018 commenced
- 2 March 2018 Cycle 1/2018 completed
- 30 April 2018 Cycle 2/2018 commenced
- 28 May 2018 Cycle 2/2018 completed.

APPENDIX E—COMPLIANCE INDEX

PGPA Rule reference	Part of report	Description	Requirement	Page number(s) in this report
17AD(g)	**Letter of transmittal**			
17AI		A copy of the letter of transmittal signed and dated by accountable authority on date final text approved, with statement that the report has been prepared in accordance with section 46 of the Act and any enabling legislation that specifies additional requirements in relation to the annual report.	Mandatory	2
17AD(h)	**Aids to access**			
17AJ(a)	Contents	Table of contents.	Mandatory	III–VIII
17AJ(b)	Index	Alphabetical index.	Mandatory	333–342
17AJ(c)	Glossary	Glossary of abbreviations and acronyms.	Mandatory	327–329
17AJ(d)	Compliance index	List of requirements.	Mandatory	317–326
17AJ(e)	Preliminary information	Details of contact officer.	Mandatory	II
17AJ(f)	Preliminary information	Entity's website address.	Mandatory	II
17AJ(g)	Preliminary information	Electronic address of report.	Mandatory	II
17AD(a)	**Review by accountable authority**			
17AD(a)	Secretary's review	A review by the accountable authority of the entity.	Mandatory	3–5
17AD(b)	**Overview of the entity**			
17AE(1)(a)(i)	1.1 The department	A description of the role and functions of the entity.	Mandatory	7
17AE(1)(a)(ii)	1.2 Organisational structure	A description of the organisational structure of the entity.	Mandatory	8–9
17AE(1)(a)(iii)	2.1 Outcome and program structure	A description of the outcomes and programmes administered by the entity.	Mandatory	16

PGPA Rule reference	Part of report	Description	Requirement	Page number(s) in this report
17AE(1)(a)(iv)	1.1 The department	A description of the purposes of the entity as included in corporate plan.	Mandatory	7
17AE(1)(b)	1.3 Portfolio structure	An outline of the structure of the portfolio of the entity.	Portfolio departments—mandatory	12
17AE(2)		Where the outcomes and programmes administered by the entity differ from any Portfolio Budget Statement, Portfolio Additional Estimates Statement or other portfolio estimates statement that was prepared for the entity for the period, include details of variation and reasons for change.	Nil to report	NA
17AD(c)	**Report on the performance of the entity**			
	Annual performance statements			
17AD(c)(i); 16F	5.1 Overview of the Annual performance statement for 2017–18	Annual performance statement in accordance with paragraph 39(1)(b) of the Act and section 16F of the Rule.	Mandatory	166–189
17AD(c)(ii)	**Report on financial performance**			
17AF(1)(a)	6.1 Statement of financial performance	A discussion and analysis of the entity's financial performance.	Mandatory	194–196
17AF(1)(b)	Appendix B: Resource statements and expenses for Outcome 1	A table summarising the total resources and total payments of the entity.	Mandatory	303–306

PGPA Rule reference	Part of report	Description	Requirement	Page number(s) in this report
17AF(2)		If there may be significant changes in the financial results during or after the previous or current reporting period, information on those changes, including: the cause of any operating loss of the entity; how the entity has responded to the loss and the actions that have been taken in relation to the loss; and any matter or circumstances that it can reasonably be anticipated will have a significant impact on the entity's future operation or financial results.	Nil to report	NA
17AD(d)	**Management and accountability**			
	Corporate governance			
17AG(2)(a)	Letter of transmittal	Information on compliance with section 10 (fraud systems).	Mandatory	2
17AG(2)(b)(i)	Letter of transmittal	A certification by accountable authority that fraud risk assessments and fraud control plans have been prepared.	Mandatory	2
17AG(2)(b)(ii)	Letter of transmittal	A certification by accountable authority that appropriate mechanisms for preventing, detecting incidents of, investigating or otherwise dealing with, and recording or reporting fraud that meet the specific needs of the entity are in place.	Mandatory	2
17AG(2)(b)(iii)	Letter of transmittal	A certification by accountable authority that all reasonable measures have been taken to deal appropriately with fraud relating to the entity.	Mandatory	2
17AG(2)(c)	7.5 Corporate governance structures and processes	An outline of structures and processes in place for the entity to implement principles and objectives of corporate governance.	Mandatory	243–247

PGPA Rule reference	Part of report	Description	Requirement	Page number(s) in this report
17AG(2)(d)–(e)	6.1 Statement of financial performance	A statement of significant issues reported to Minister under paragraph 19(1)(e) of the Act that relates to non-compliance with Finance law and action taken to remedy non-compliance.	Nil to report	196
External scrutiny				
17AG(3)	7.6 External scrutiny	Information on the most significant developments in external scrutiny and the entity's response to the scrutiny.	Mandatory	248–257
17AG(3)(a)	7.6 External scrutiny	Information on judicial decisions and decisions of administrative tribunals and by the Australian Information Commissioner that may have a significant effect on the operations of the entity.	If applicable, mandatory	252
17AG(3)(b)	7.6 External scrutiny	Information on any reports on operations of the entity by the Auditor-General (other than report under section 43 of the Act), a Parliamentary Committee, or the Commonwealth Ombudsman.	If applicable, mandatory	252–253
17AG(3)(c)		Information on any capability reviews on the entity that were released during the period.	Nil to report	NA
Management of Human Resources				
17AG(4)(a)	7.7 Management of human resources	An assessment of the entity's effectiveness in managing and developing employees to achieve entity objectives.	Mandatory	258–277

PGPA Rule reference	Part of report	Description	Requirement	Page number(s) in this report
17AG(4)(b)	Part 8: Appendix A Staffing statistics and remuneration	Statistics on the entity's APS employees on an ongoing and non-ongoing basis; including the following: • Statistics on staffing classification level; • Statistics on full-time employees; • Statistics on part-time employees; • Statistics on gender; • Statistics on staff location; • Statistics on employees who identify as Indigenous.	Mandatory	296–302
17AG(4)(c)	7.7 Management of human resources Part 8: Appendix A Staffing statistics and remuneration	Information on any enterprise agreements, individual flexibility arrangements, Australian workplace agreements, common law contracts and determinations under subsection 24(1) of the *Public Service Act 1999*.	Mandatory	276–277 300–302
17AG(4)(c)(i)	7.7 Management of human resources Part 8: Appendix A Staffing statistics and remuneration	Information on the number of SES and non-SES employees covered by agreements etc identified in paragraph 17AG(4)(c).	Mandatory	302
17AG(4)(c)(ii)	Part 8: Appendix A Staffing statistics and remuneration	The salary ranges available for APS employees by classification level.	Mandatory	300–301 302
17AG(4)(c)(iii)	Part 8: Appendix A Staffing statistics and remuneration	A description of non-salary benefits provided to employees.	Mandatory	301

PGPA Rule reference	Part of report	Description	Requirement	Page number(s) in this report
17AG(4)(d)(i)	Part 8: Appendix A Staffing statistics and remuneration	Information on the number of employees at each classification level who received performance pay.	Nil to report	301
17AG(4)(d)(ii)	Part 8: Appendix A Staffing statistics and remuneration	Information on aggregate amounts of performance pay at each classification level.	Nil to report	301
17AG(4)(d)(iii)	Part 8: Appendix A Staffing statistics and remuneration	Information on the average amount of performance payment, and range of such payments, at each classification level.	Nil to report	301
17AG(4)(d)(iv)	Part 8: Appendix A Staffing statistics and remuneration	Information on aggregate amount of performance payments.	Nil to report	301
	Assets management			
17AG(5)	7.8 Asset management	An assessment of effectiveness of assets management where asset management is a significant part of the entity's activities.	If applicable, mandatory	278–279
	Purchasing			
17AG(6)	7.9 Purchasing	An assessment of entity performance against the *Commonwealth Procurement Rules*.	Mandatory	280–282

PGPA Rule reference	Part of report	Description	Requirement	Page number(s) in this report
	Consultants			
17AG(7)(a)	7.9 Purchasing	A summary statement detailing the number of new contracts engaging consultants entered into during the period; the total actual expenditure on all new consultancy contracts entered into during the period (inclusive of GST); the number of ongoing consultancy contracts that were entered into during a previous reporting period; and the total actual expenditure in the reporting year on the ongoing consultancy contracts (inclusive of GST).	Mandatory	280–281
17AG(7)(b)	7.9 Purchasing	A statement that "*During [reporting period], [specified number] new consultancy contracts were entered into involving total actual expenditure of $[specified million]. In addition, [specified number] ongoing consultancy contracts were active during the period, involving total actual expenditure of $[specified million].*"	Mandatory	280
17AG(7)(c)	7.9 Purchasing	A summary of the policies and procedures for selecting and engaging consultants and the main categories of purposes for which consultants were selected and engaged.	Mandatory	280–281
17AG(7)(d)	7.9 Purchasing	A statement that "*Annual reports contain information about actual expenditure on contracts for consultancies. Information on the value of contracts and consultancies is available on the AusTender website.*"	Mandatory	281

PGPA Rule reference	Part of report	Description	Requirement	Page number(s) in this report
		Australian National Audit Office access clauses		
17AG(8)	7.9 Purchasing	If an entity entered into a contract with a value of more than $100 000 (inclusive of GST) and the contract did not provide the Auditor-General with access to the contractor's premises, the report must include the name of the contractor, purpose and value of the contract, and the reason why a clause allowing access was not included in the contract.	Nil to report	281
		Exempt contracts		
17AG(9)	7.9 Purchasing	If an entity entered into a contract or there is a standing offer with a value greater than $10 000 (inclusive of GST) which has been exempted from being published in AusTender because it would disclose exempt matters under the FOI Act, the annual report must include a statement that the contract or standing offer has been exempted, and the value of the contract or standing offer, to the extent that doing so does not disclose the exempt matters.	Nil to report	281
		Small business		
17AG(10)(a)	7.9 Purchasing	A statement that "*[Name of entity] supports small business participation in the Commonwealth Government procurement market. Small and Medium Enterprises (SME) and Small Enterprise participation statistics are available on the Department of Finance's website.*"	Mandatory	282

PGPA Rule reference	Part of report	Description	Requirement	Page number(s) in this report
17AG(10)(b)	7.9 Purchasing	An outline of the ways in which the procurement practices of the entity support small and medium enterprises.	Mandatory	282
17AG(10)(c)	7.9 Purchasing	If the entity is considered by the Department administered by the Finance Minister as material in nature—a statement that "*[Name of entity] recognises the importance of ensuring that small businesses are paid on time. The results of the Survey of Australian Government Payments to Small Business are available on the Treasury's website.*"	If applicable, mandatory	282
	Financial statements			
17AD(e)	Part 6: Financial statements	Inclusion of the annual financial statements in accordance with subsection 43(4) of the Act.	Mandatory	199–235
17AD(f)	**Other mandatory information**			
17AH(1)(a)(i)	7.11 Other information	If the entity conducted advertising campaigns, a statement that "*During [reporting period], the [name of entity] conducted the following advertising campaigns: [name of advertising campaigns undertaken]. Further information on those advertising campaigns is available at [address of entity's website] and in the reports on Australian Government advertising prepared by the Department of Finance. Those reports are available on the Department of Finance's website.*"	Nil to report	NA
17AH(1)(a)(ii)	7.11 Other Information	If the entity did not conduct advertising campaigns, a statement to that effect.	If applicable, mandatory	290

PGPA Rule reference	Part of report	Description	Requirement	Page number(s) in this report
17AH(1)(b)	7.11 Other information	A statement that "*Information on grants awarded by [name of entity] during [reporting period] is available at [address of entity's website].*"	Nil to report	285
17AH(1)(c)	7.11 Other information	Outline of mechanisms of disability reporting, including reference to website for further information.	Mandatory	285
17AH(1)(d)	7.11 Other information	Website reference to where the entity's Information Publication Scheme statement pursuant to Part II of FOI Act can be found.	Mandatory	286
17AH(1)(e)	7.11 Other information	Correction of material errors in previous annual report.	If applicable, mandatory	294
17AH(2)	Part 2: Service delivery Part 8: Appendix D Data matching	Information required by other legislation.	Mandatory *Human Services (Medicare) Act 1973* *Data-matching Program (Assistance and Tax) Act 1990*	87 313–316

GLOSSARY

ACCOUNTABLE AUTHORITY

The Secretary of the department.

ADMINISTERED ITEMS

Appropriation that consists of funding managed on behalf of the Commonwealth. This funding is not at the discretion of the entity and any unspent appropriation is returned to the Consolidated Revenue Fund at the end of the financial year. An administered item is a component of an administered program.

APPROPRIATION

An amount of public money parliament authorises for spending for a particular purpose.

AUSTENDER

The Australian Government's web-based procurement system, which provides centralised access to all publicly available approaches to market, multi-use lists, annual procurement plans and reported contracts.

CLAIMS FINALISED

Claims that are granted or rejected.

COMMONWEALTH PROCUREMENT RULES

Whole-of-government rules that establish the core procurement policy framework and articulate the government's expectations for government agencies and their officials when performing duties related to procurement.

CORPORATE GOVERNANCE

The process by which an agency is directed and controlled. It is generally understood to encompass authority, accountability, stewardship, leadership, direction and control.

CORPORATE PLAN

An outline of the strategies the department will follow to achieve its objectives and how the department will measure success. The department reports on the performance measures contained in the corporate plan in annual reports, and updates the plan every year.

eLEARNING

Web-based training: anywhere, any-time instruction delivered over the internet or a corporate intranet to browser-equipped learners.

MOBILE APP

A software application designed to run on smartphones, tablet computers and other mobile devices. Usually, they are downloaded from a platform to a target device such as an iPhone, Android phone or Windows phone; an iPad or other tablet; and a laptop or desktop computer.

ONLINE SERVICES

Web-based services that provide users with a wide variety of data transmitted over telecommunications lines. The department offers a range of online services to recipients and other subscribers, such as doctors. The department's online services include sending electronic messages and online letters, accepting payment and benefit claims, handling Low Income Card renewals and offering health professionals secure access to Medicare electronic services.

OUTCOMES

The intended result, consequence or effect of government actions on the Australian community.

POLICY DEPARTMENTS

Australian Government departments that are responsible for developing and implementing policies and programs for the Australian community. The department delivers payments and services on behalf of a number of Australian Government policy departments and agencies.

PORTFOLIO ADDITIONAL ESTIMATES STATEMENTS

Statements that inform senators, members of parliament, government departments and agencies, and the public, of changes to the proposed allocation of resources to government outcomes since the Budget.

PORTFOLIO BUDGET STATEMENTS

Budget-related statements which explain how the government intends to spend the money included in the Appropriation Bills (Budget Bills).

PROGRAM

An activity that delivers benefits, services or transfer payments to individuals, industry and/or the community as a whole, with the aim of achieving the intended result specified in an outcome statement.

SERVICE TRANSFORMATION

To achieve the goal of 'excellence in the provision of government services' the department is always looking for new ways to transform service delivery. The department's approach is collaborative and wide-ranging and includes fundamental reviews of business processes and the way the department manages work, as well as implementing new approaches and technologies in interactions with recipients.

SMART CENTRES

Virtual centres located within the department which carry out telephony and processing work. In practical terms smart centres mean recipients have better experiences, more personalised phone calls from staff, and access to department-wide assistance tailored to their individual circumstances.

TELEPHONY

The construction or operation of telephones and telephonic systems. The term is also used to refer to computer hardware, software, and computer network systems that carry out functions traditionally performed by telephone equipment.

TWO-FACTOR AUTHENTICATION

A method of confirming identity to provide increased security for customers' myGov accounts. For a customer to authenticate their identity they must provide something they know (username and password) and something they have (a mobile number to which one-time access passwords can be texted).

ABBREVIATIONS AND ACRONYMS

AAT	Administrative Appeals Tribunal
ABS	Australian Bureau of Statistics
ACIC	Australian Criminal Intelligence Commission
ADHA	Australian Digital Health Agency
AEC	Australian Electoral Commission
AFP	Australian Federal Police
AGDRP	Australian Government Disaster Recovery Payment
AGIL	Australian Government Indigenous Locations
AIC	Assistance for Isolated Children Scheme
AIR	Australian Immunisation Register
AIS	Aboriginal Interpreter Service
AIWA	Aboriginal Interpreting Western Australia
ANAO	Australian National Audit Office
APS	Australian Public Service
ARO	Authorised Review Officer
AS/NZS	Australian Standard / New Zealand Standard
ATO	Australian Taxation Office
AUSTRAC	Australian Transaction Reports and Analysis Centre
AVTOP	Australian Victim of Terrorism Overseas Payment
CALD	culturally and linguistically diverse
CCXO	Chief Citizen Experience Officer
CDPP	Commonwealth Director of Public Prosecutions
CEO	Community Engagement Officer
CMBO	Claim Medicare Benefits Online
CPRs	Commonwealth Procurement Rules
DHCAS	Disaster Health Care Assistance Scheme
DMA	Data Matching Agency
DMP Act	*Data-matching Program (Assistance and Tax) Act 1990*
DPO	Departure Prohibition Order
DRA	Disaster Recovery Allowance
DSP	Disability Support Pension
DSS	Department of Social Services
DTA	Digital Transformation Agency
DVA	Department of Veterans' Affairs
ECLIPSE	Electronic Claim Lodgement and Information Processing Service Environment

EDI	Electronic Data Interchange
EFT	Electronic Funds Transfer
ESAt	Employment Services Assessment
ESD	ecologically sustainable development
FIS	Financial Information Service
FOI	freedom of information
FOI Act	*Freedom of Information Act 1982*
GP	general practitioner
GPRIP	General Practice Rural Incentives Program
HI Service	Healthcare Identifiers Service
HPAU	Health Professional Advisory Unit
HPOS	Health Professional Online Services
HR	human resources
HSP	Humanitarian Settlement Program
IAP	Indigenous Apprenticeships Programme
IBNR	Incurred But Not Reported
ICT	information and communications technology
IHI	Indigenous Health Incentive
IPS	Information Publication Scheme
ISO	Indigenous Service Officer
ISTQB	International Software Testing Qualifications Board
ISR	Income Stream Review
ISS	Indigenous Servicing Strategy 2018–22
JCA	Job Capacity Assessment
JCPAA	Joint Committee of Public Accounts and Audit
LGBTI	lesbian, gay, bisexual, transgender and intersex
MBS	Medicare Benefits Schedule
MP	Member of Parliament
MSO	Multicultural Service Officer
MYEFO	Mid-Year Fiscal and Economic Outlook
NABERS	National Australian Built Environment Rating System
NAIDOC	National Aboriginal and Islanders Day Observance Committee
NASH	National Authentication Service for Health
NDIA	National Disability Insurance Agency
NDIS	National Disability Insurance Scheme
NECCSC	National Emergency Call Centre Surge Capability
NIC	National Indigenous Coalition
NIP	National Immunisation Program

NSSRN	National Social Security Rights Network
OAIC	Office of the Australian Information Commissioner
PBS	Pharmaceutical Benefits Scheme
PCC	Pensioner Concession Card
PGPA Act	*Public Governance, Performance and Accountability Act 2013*
PIN	personal identification number
PIP	Practice Incentives Program
PKI	Public Key Infrastructure
PRODA	Provider Digital Access
PROFORMA	Professional Forms Automation
PSM	Public Service Medal
RAP	Reconciliation Action Plan
RICE	Remote ICT Capability Enhancement
RPBS	Repatriation Pharmaceutical Benefits Scheme
RPGP	Rural Procedural Grants Program
SAF	Small APRA Superannuation Fund
SAFe	Scaled Agile Framework
SEAM	School Enrolment and Attendance Measure
SES	Senior Executive Service
SIP	Service Incentive Payment
SMEs	small and medium enterprises
SMS	short message service
SMSF	Self-Managed Super Fund
SMTP	Electronic Data Interchange transmitted by Simple Mail Transfer Protocol
START	Student Transformation Agile Release Train
STEM	science, technology, engineering and mathematics
STRC	Short Term Restorative Care
WPIT	Welfare Payment Infrastructure Transformation

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