



Australian Government
Department of Human Services

2016-17 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 2016. The main purpose of the report is to describe the department’s activities during 2016–17, reporting on the performance and financial information presented in the 2016–17 *Department of Human Services Portfolio Budget Statements*, and the 2016–17 *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 2016–17.

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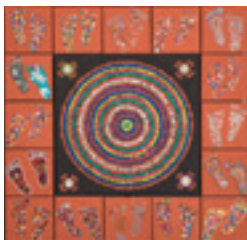
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More information about the Department of Human Services is available at humanservices.gov.au and on social media at:



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ABOUT THE COVER ARTWORK



The artwork on the front cover was developed with the input of departmental staff to recognise National Reconciliation Week 2017, commemorating 50 years since the 1967 referendum, and 25 years since the High Court’s 1992 decision of *Mabo v Queensland (No 2)*. The concentric circles represent the range of payments and services the department delivers to millions of people across Australia. The department is committed to fostering and promoting reconciliation and will ‘take the next steps’ to build opportunities for, and strengthen relationships with, Aboriginal and Torres Strait Islander peoples.

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SECRETARY'S REVIEW

Every day the Department of Human Services (the department) supports millions of Australians from all demographics, backgrounds and ages. We will provide social welfare, health or child support services to almost every Australian at some time in their life.

We also provide critical, tailored support to communities and individuals in times of crisis. In 2016–17 we provided much needed support to Australians affected by Tropical Cyclone Debbie, and separately, to those affected by the dairy industry downturn.

OUR SERVICES

In 2016–17 the department successfully delivered \$174.3 billion in payments to recipients and providers. We processed more than 3.8 million social security and welfare claims, over 60,000 aged care claims and delivered more than 399 million Medicare services. We also worked with separated parents to transfer money to support approximately 1.2 million children, including those children covered under private collection arrangements.

Over the year, we continued to focus on improving the delivery of services, in particular, digital services. In total we delivered over 700 million digital, online and telephone self-service transactions. The department also handled around 52 million calls and 19 million visits to our service centres.

The department's mobile service centres covered over 74,000 kilometres and reached some of the most remote communities in Australia. The mobile service centres also provided accessible support to those living in disaster affected communities.

Throughout 2016–17 the department continued to focus on engaging Australians across our channels, enhancing their experience and delivering faster, more seamless services.

We understand people find it frustrating when their calls are unanswered or they have to wait. Addressing wait times through the introduction of integrated and efficient digital services, and in 2017–18 through additional call centre capacity, will remain a priority for the department.

Our social media capability continues to grow, further reducing the need for people to call the department. In 2016–17 the department's 18 social media accounts reached an audience of 1.5 million monthly with service delivery messages. We receive an average of 10,800 questions and respond to around 4,000 posts each month.

As we expand and improve our services, particularly our digital services, we have continued to invest in the protection of data and systems. Through strengthening our cyber security capabilities and governance, we have ensured continuity of service for millions of Australians. In March 2017 the Australian National Audit Office found the department had effective cyber security governance arrangements and is cyber resilient.

Data-matching, sending letters, and assessing and calculating differences in income and payments has been at the core of the department's welfare compliance activities since the 1990s. In 2016–17 the department introduced an online compliance portal enabling people to confirm their information at a time convenient for them, quickly and simply.

The introduction of the online portal did not change how data-matching was undertaken or the way income was assessed and differences calculated. However, the initial rollout gave rise to public controversy.

The department introduced a range of enhancements to ensure the online compliance system's long-term sustainability. Additionally, we have implemented the constructive and practical enhancements suggested by the Commonwealth Ombudsman, who found the online compliance system was designed appropriately and accurately calculates debts.

OUR TRANSFORMATION

Key to our successful delivery of valuable and effective services has been our ability to transform over time to meet the changing expectations of government and the Australian community.

This year the department made important progress in relation to the Welfare Payment Infrastructure Transformation (WPIT) Programme, the Farm Household Allowance, myGov, the Cashless Debit Card, and the Child Support System Redesign Project.

In 2017 the WPIT Programme commenced Tranche Two and moved from planning into delivery. WPIT is improving the department's business rules and processes, enabling us to meet the evolving preferences and expectations of those who use our services. As part of WPIT we are also replacing complex and ageing information and communications technology (ICT) infrastructure.

During 2016–17 WPIT began to deliver real improvements for students as new payment services and improved business processes were rolled out. The introduction of the Circumstance Change Monitor, which allows students to track the progress of their claim through digital channels, has already reduced the number of contacts via phone.

The implementation of improved business processes has also resulted in significant improvements for students claiming Youth Allowance or Austudy. Under the new processes, which reject incomplete claims or those that do not meet basic eligibility criteria, processing time has significantly reduced.

In June 2017 the department also created a new senior role—the Chief Citizen Experience Officer—as part of our increased focus on user-centred design. The Chief Citizen Experience Officer is responsible for ensuring the systems we use meet community needs and expectations.

The department continued to work with other government agencies to deliver services throughout the year. Working with the Department of Agriculture and Water Resources, we delivered the Farm Household Allowance to those affected by the dairy industry downturn. We also continued to work with the Department of Social Services on the delivery of the Cashless Debit Card Trial.

Working closely with the Digital Transformation Agency, we delivered significant improvements to myGov in response to community feedback. Drawing on a user-centred design approach, we introduced simpler sign-in arrangements, a new layout and design, and improved access on mobile devices. These improvements have made it easier for people to access important government services.

We worked with the Department of Health in planning to modernise and replace outdated systems that support health, aged care and related veterans' payments. We also continued to build upon the range of services we provide to the National Disability Insurance Agency, which includes ICT solutions, access to the department's contact centre staff, and shared corporate services.

The department also progressed the Child Support System Redesign Project and the Integrated Child Care ICT solution in order to provide new and sustainable platforms and program delivery capabilities.

OUR PEOPLE

Delivering and improving our services is made possible by our dedicated and hard-working staff. As we transform our business the department is also creating an agile and resilient workforce that can support and drive change. Continuing to invest in our people is a priority.

As the principal delivery arm of government we are required to maintain a flexible workforce to enable us to respond quickly to future challenges. We continue to balance our workforce profile to ensure we have the right mix of Australian Public Service (APS) and non-APS expertise. This ensures we can implement new initiatives while meeting the performance standards set by government.

The department's ability to deliver services to all Australians continues to be underpinned by our workforce's diversity. Through our *Workplace Accessibility Plan 2016–19*, we continue to increase the representation of people with disability in our workforce. This builds on our successful initiatives with the Dandelion Program, Scanning Operations Centre, and Koomarri JobMatch Team that all support the employment of people with disability.

The department has continued to increase Indigenous representation in our workforce as well as improve support provided to our Indigenous staff and recipients. At 30 June 2017, 4.7 per cent of employees identified as being from an Indigenous background, up from 4.2 per cent at 30 June 2016. The department has also implemented an *Aboriginal and Torres Strait Islander Employees Plan 2016–17* and remains the only department to have achieved 'Elevate' status from Reconciliation Australia.

Our *Multicultural Servicing Strategy 2016–19* focuses on ensuring our programs and services are responsive to the needs of culturally and linguistically diverse (CALD) Australians. At 30 June 2017, 25.2 per cent of employees were from a CALD background, up from 23.9 per cent at 30 June 2016.

In 2016–17 bargaining for a new Enterprise Agreement continued. In September 2017 a new Enterprise Agreement was supported by staff. We will work with the Fair Work Commission to finalise the agreement as soon as possible.

I would like to again thank staff for their continued dedication and commitment to providing service excellence and supporting all those who rely upon us each and every day. Over my six and a half years as Secretary I have been inspired by our staff and their commitment and passion for public service.



A handwritten signature in black ink that reads "K Campbell". The signature is fluid and cursive.

Kathryn Campbell, CSC
Secretary
Department of Human Services

LETTER OF TRANSMITTAL



Australian Government
Department of Human Services

Kathryn Campbell CSC
Secretary

The Hon. Alan Tudge MP
Minister for Human Services
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 2017, 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 2016 to 30 June 2017 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 the Commonwealth Fraud Control Framework, 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. Reasonable measures have also been taken to recover the proceeds of fraud against the department.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Kathryn Campbell'.

Kathryn Campbell

15 September 2017

PART 1

Departmental Overview



1.1 OUR DEPARTMENT

PURPOSE

The Department of Human Services is a Department of State for the purposes of section 64 of the Australian Constitution and the *Public Service Act 1999*. Accordingly, it also comprises a non-corporate Commonwealth entity for purposes of the *Public Governance, Performance and Accountability Act 2013 (PGPA Act)*.

The department's purpose statement, shown below, appears in the *Portfolio Budget Statements 2017–18*, which is available at humanservices.gov.au

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.

OUTCOME AND PROGRAM STRUCTURE

The *Portfolio Budget Statements 2017–18* show that the department has one outcome and three programs.

Outcome and program structure 2016–17

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.

GENERAL ROLE AND FUNCTIONS

The department provides advice to ensure effective, innovative and efficient service delivery. It delivers a range of government payments and services to almost every Australian including:

- **Centrelink** payments and services for retirees, the unemployed, families, carers, parents, students, people with disability, Aboriginal and Torres Strait Islander peoples, people from culturally and linguistically diverse backgrounds, and people living overseas, as well as providing services at times of major change, including disaster recovery payments
- **Aged care** payments to services funded under the *Aged Care Act 1997* including residential care, home care and flexible care services
- **Medicare** services and payments that support Australians such as Medicare, the Pharmaceutical Benefits Scheme (PBS), digital health, the Private Health Insurance Rebate, the Australian Immunisation Register, the National Bowel Cancer Screening Register, the Australian Organ Donor Register, and related services for eligible veterans, their spouses and dependants
- **Child Support** services for separated parents to provide the financial support necessary for their children's wellbeing.

The department also delivers other services including the Tasmanian Freight Equalisation Scheme and Early Release of Superannuation Benefits, as well as whole of government services such as myGov.

1.2 PORTFOLIO STRUCTURE

MINISTER FOR SOCIAL SERVICES

The Hon. Christian Porter MP

MINISTER FOR HUMAN SERVICES

The Hon. Alan Tudge MP

DEPARTMENT OF HUMAN SERVICES

Secretary: Ms Kathryn Campbell CSC

THE MINISTER FOR HUMAN SERVICES

The Hon. Alan Tudge MP was appointed as the Minister for Human Services on 18 February 2016.

As at 30 June 2017, the Minister for Human Services was responsible for administering the following legislation:

- *Australian Hearing Services Act 1991*, except to the extent that it is administered by the Minister for Health
- *Human Services (Centrelink) Act 1997*
- *Human Services (Medicare) Act 1973*, except to the extent that it is administered by the Minister for Health.

1.3 PORTFOLIO ENTITY

AUSTRALIAN HEARING

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

The department works closely with Australian Hearing, providing advice to the Minister in connection with the Minister's responsibilities regarding Australian Hearing.

The department also liaises with relevant stakeholder departments such as the Department of Health, the Department of Finance, and the Department of Social Services (DSS) in relation to Australian Hearing, to support the provision of advice to the Minister and the Secretary.

In terms of its broader governance, Australian Hearing is a corporate Commonwealth entity under the *PGPA Act*.

Financially, Australian Hearing is a non-General Government Sector entity. As such, it is not consolidated into the Commonwealth's General Government Sector fiscal estimates. Accordingly, Australian Hearing is not reported in the *Portfolio Budget Statements* or the *Portfolio Additional Estimates Statements*.

Australian Hearing prepares its own annual report under section 46 of the *PGPA Act*.

1.4 OVERVIEW OF THE ANNUAL PERFORMANCE STATEMENT FOR 2016–17

The department met 30 of its 36 performance measures in 2016–17 through the delivery of its social security and welfare, health and child support programs.

Across the three programs under Outcome 1, the department met:

- 13 out of 15 performance measures relating to social security and welfare
- 12 out of 14 performance measures relating to health
- 5 out of 7 performance measures relating to child support.

Table: 2016–17 performance measure results

Program	Achieved	Not achieved
Social Security and Welfare	13	2
Health	12	2
Child Support	5	2
Total Achieved	30	6

One performance measure not met in 2015–16 was met in 2016–17. This related to claims processed within standard for the Social Security and Welfare program, which improved to 82.1 per cent in 2016–17 to meet the target of 82 per cent.

Four performance measures that the department did not meet in 2015–16 were not met again in 2016–17.

Three of these related to customer satisfaction standards for the department's three programs. Although all three results improved, the target of 85 per cent was not met.

The fourth measure related to the average speed of answer for Pharmaceutical Benefits Scheme Authorities and My Health Record Providers, which remained steady at 40 seconds for 2016–17 against a target of 30 seconds. The department is implementing initiatives to expedite take up of the Online PBS Authorities System which will help in improving the department's ability to respond in shorter times.

Two performance measure targets that had been met in 2015–16 were not met in 2016–17.

First, the delivery of the Strengthening the integrity of welfare payments Budget measure initiatives, as agreed within timeframes and on budget was not achieved in 2016–17. This was due to the Employment Income Matching element. As part of continuous improvement, enhancements were made to the online system in February 2017. While these enhancements were implemented, the activity level was reduced to test them which contributed to a delay in complete implementation of this initiative.

The average speed of answer in the department’s Child Support program telephony channel was 4 minutes and 12 seconds in 2016–17. Growing customer demand and the transition to a new Child Support IT system which required extensive staff training affected performance. Performance is expected to improve in the coming months with increased staff proficiency with the new Child Support IT system.

The full *Annual Performance Statement for 2016–17* is set out at *Appendix A* at page 240 of this Annual Report, including an analysis of performance against the department’s purpose.

1.5 EXTERNAL AWARDS

In 2016–17 the department participated in a number of public sector endorsed programs as well as private sector industry association award programs.

The following external awards were achieved:

- 2016 Prime Minister’s Awards for Excellence in Public Sector Management—commendation for the Family and Domestic Violence Strategy
- 2016 Government Contact Centre Excellence Awards—winner of the ‘Best Project in a Government Contact Centre’ for the Compliance Risk Branch
- 2016 Comcare Work Health and Safety Awards—winner of the Recovery At and Return to Work Award for IMPact, an injury management performance and quality improvement framework
- 2016 Pacific Services Group Holdings Indigenous Female Employee of the Year Award—winner (Lisa Boehm) and finalist (Sharna Bartley)
- 2016 Australian Association of Graduate Employers, Graduate Recruitment Industry Awards—finalist for the Will Spensley Memorial Award for Innovation in the Graduate Market (public sector)
- 2016 Service Science Society of Australia’s Service Innovation Awards—winner (Digital Media Team)
- 2016 National Disability Awards—finalist for the Excellence in Education and Training Award category for the Dandelion Program ACT
- 2016 Hack4Good competition, conducted by Microsoft, the Australian Network on Disability, and Social Ventures—winner for the development of an accessibility app, ‘Utopia’
- 2016 Australasian Reporting Awards—a silver award for the department’s *Annual Report 2015–16*
- On 12 June 2017 Lisa Hoskin, an Assistant Director in the Business Transformation Division, was named in the Queen’s Birthday 2017 Honours List. Lisa was awarded the Public Service Medal in recognition of her role as Service Centre Manager, Woodridge Service Centre, Zone South Queensland for the exceptional service, information and support she provided to some of the most vulnerable people in the Logan community.

1.6 BUDGET 2017–18

The Budget 2017–18 was announced on 9 May 2017 and included 42 measures which affect the department. Many of these are subject to the passage of legislation.

Key highlights for the department included:

1. Funding the Jobs for Families Package—Family Payment Reform

This measure pauses indexation of Family Tax Benefit (FTB) Part A base rate, and maximum standard rates of FTB Part A and Part B for two years from 1 July 2017.

2. My Health Record—continuation and expansion

This measure supports the department in transitioning support services for the My Health Record to the Australian Digital Health Agency.

3. Health and Aged Care Payments Systems

This measure provides funding for essential maintenance of IT systems that support health, aged care and related veterans' payments.

4. Stronger requirements for income support recipients with substance misuse issues

These measures will be used to identify income support recipients with drug and alcohol misuse issues and assist them in addressing these barriers to finding employment.

5. Veteran Centric Reform

This measure will support the Department of Veterans' Affairs (DVA) Veteran Centric Reform transformation program. DVA will deliver this measure in partnership with the department.

6. Income Management—two year extension

This measure will continue the operation of Income Management in existing locations until 30 June 2019. BasicsCard services will continue to be available. This measure will also make minor changes to Income Management to improve the program's delivery.

1.7 EXECUTIVE RESPONSIBILITIES AT 30 JUNE 2017

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 the collaborative implementation and delivery of government policy and programs and fostering a whole of government approach to service delivery. The Secretary is also responsible for managing key stakeholder relationships and contributing to the stewardship of the Australian Public Service.

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 the development of new information and ICT systems.

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 appointed as the Chief Executive Centrelink, under paragraph 7(2)(b) of the *Human Services (Centrelink) Act 1997*.

DEPUTY SECRETARY, INTEGRITY AND INFORMATION

Responsible for the administration of the department's fraud and compliance risk programs which are aimed at maintaining the integrity of outlays in relation to social welfare and Medicare public claims. The Deputy Secretary is also responsible for the efficient and effective administration of the department's strategic information data holdings and associated analysis.

DEPUTY SECRETARY, PROGRAMME DESIGN

Responsible for providing leadership and management of a range of welfare-related programs delivered by the department on behalf of DSS, the Department of Employment, and the Department of Education and Training (DET), among other policy departments. The group has expertise in policy interpretation, program design and project management that achieves alignment between policy intent and program outcomes.

DEPUTY SECRETARY, ENABLING SERVICES

Responsible for leading audit activities, community engagement, legal, and whole of government coordination of the department.

DEPUTY SECRETARY, HEALTH AND AGED CARE

Responsible for the administration and delivery of new and existing programs for the Department of Health, and other agencies. The Deputy Secretary is appointed as the Chief Executive Medicare under paragraph 4(2)(b) of the *Human Services (Medicare) Act 1973*.

DEPUTY SECRETARY, SHARED SERVICES

Responsible for leading the human resources strategies and services, procurement, property and security, portfolio program and project management, and contract and advisory services to the department. The Deputy Secretary is also responsible for the development of shared services capability within the department and for a range of Australian Government departments.

CHIEF INFORMATION OFFICER

Responsible for the development and delivery of the department's ICT capability.

1.8 ORGANISATIONAL STRUCTURE AT 30 JUNE 2017

Kathryn Campbell, Secretary

	Payments Reform John Murphy Deputy Secretary	Service Delivery Operations Barry Jackson Deputy Secretary	Integrity and Information Malisa Golightly Deputy Secretary	Programme Design Jill Charker Deputy Secretary	
Chief Financial Officer Mark Jenkin, CFO Financial Management Kari Ahmer, NM Financial Accounting Andrew Harvey, NM Financial Systems Drago Stanojic, NM Group Financial Management Rohan Wong, NM CIO Group Financial Management Alison Frewin, NM	<p>◆ Payments Reform Assurance Robert McKellar, NM</p> <p>■ Business Transformation Michelle Lees, GM Strategic Information Management and Data Aaron Wilkins, NM Business Architecture John Kilner, NM Business Transformation Susan Morrison, NM</p> <p>■ Future Business Model Leanne Smith, NM Digital and DVA Transformation Larissa Hinds, NM</p> <p>■ Programme Delivery Stephen Planincic, GM Programme Office Vacant Commercial Partner Management Jacinda Still, A/g NM Project Delivery Kylie Finnigan, A/g NM</p> <p>■ Organisational Change Michelle Lees, GM Workforce Strategy Shannon Schuster, NM Transformation Change Management Julie Hockey, A/g NM</p>	<p>◆ Channel Optimisation Mark Cousins, NM</p> <p>■ Smart Centres Bill Volkers, GM Smart Centres South Paul McNae, NM Smart Centres East John Hughes, A/g NM Smart Centres Central and West Helen Oberg, A/g NM Smart Centres North Narelle Cameron, NM Assessment Services and Smart Centres Coordination Robert Williams, NM</p> <p>■ Channel Operations, Indigenous and Intensive Servicing Bridget Brill, GM Channel Operations Matt Clarke, NM Workload Management Gavin Wolfe, A/g NM Digital Operations and Service Integration Jo Hammersley, NM Indigenous and Remote Servicing John Gibbs, NM Social Work Services Monica Bacusi, NM Multicultural Services Tricia Flanagan, NM</p> <p>■ Service Strategy and Transformation Chris Horsley, GM Channel Strategy and Transformation Michelle Kinmonth, A/g NM Telephony Services Projects John Manthey, NM Capacity and Workforce Management Julia Stinson, A/g NM Change Management and Coordination Julia Bell, A/g NM Business Processing Louise Hamilton, NM Capacity Improvement Hamid Heydarian, NM</p>	<p>■ Face to Face Service Mark le Dieu, GM Central NSW Simon Noble, A/g SL Central Queensland Anita Summers, A/g SL Eastern Victoria Jane Steinkamp, SL North NSW Chantal Oxenham, SL Northern Australia Brian Wilkinson, SL Northern Queensland Peter Searston, SL Northern Victoria Brenton Halliday, SL South Australia Kathy Volkert, A/g SL South Queensland Jody Taylor-Robinson, SL Southern NSW Barbara Causon, SL Sydney Scott Chant, SL Tasmania David Mole, SL Western Victoria Stan Neely, SL Western Australia Sandy Mamo, SL</p> <p>■ Child Support Smart Centres Kate Hay, A/g GM Child Support Smart Centres, VIC and TAS Stuart Brazendale, A/g NM Child Support Smart Centres, WA, SA and QLD Bruce Young, NM Child Support Smart Centres, NSW and ACT Tracey Sheather, NM Customer Service Lorna Andrews, NM</p>	<p>■ Business Integrity Mark Withnell, GM Serious Non-Compliance Rhonda Morris, NM Internal Fraud Control and Investigations Kate Buggy, NM Payment Integrity Jan Bailey, NM</p> <p>■ Customer Compliance Craig Storen, GM Compliance Risk Alison McCann, NM Compliance Workforce Alison Fitzgerald, NM</p> <p>■ Information, Debt and Appeals Karen Harfield, GM Information Services Craig Kelly, A/g NM Information Management Matt Corkhill, NM Debt Management Mark Morrison, A/g NM Appeals Jim McMahon, NM</p> <p>■ Taskforce Integrity Andrea Quinn, AC</p> <p>■ Integrity Modernisation Jason McNamara, GM Integrity Implementation Liz Bundy, NM</p>	<p>■ Families George Thiveos, GM Family Tax Benefit Tulip Chaudhury, NM New Child Care Subsidy James Peterswald, NM New Parents, Child Care and Programme Improvement Nicole Pietrucha, NM</p> <p>■ Child Support and Redress Maree Bridger, GM Child Support Program Dennis Mahony, NM Child Support System Redesign Sue Kitchin, NM Institutional Redress Susan Cartwright, NM</p> <p>■ Older Australians Melissa Ryan, GM Seniors, Carers and International Pam Saunders, NM Multicultural and Rural Programmes Brendan Moon, NM Deduction and Confirmation Deb Harrison, NM Financial Support Initiatives Bruce Taloni, NM</p> <p>■ Participation and Disability Janine Pitt, GM Working Age Programmes and Compliance Joanna Stanion, NM Education and Job Seeker Contact Deborah Masani, NM Disability Laura Gannon, NM</p>

Key:
AC Assistant Commissioner
A/g Acting arrangements are only shown when the tenure is for four weeks or more.
CC Chief Counsel
CFO Chief Financial Officer
CIO Chief Information Officer
CTO Chief Technology Officer
FOI Freedom of Information
GC General Counsel
GM General Manager
HR Human Resources
ICT Information and Communications Technology
NM National Manager
PMO Portfolio Management Office
SDO Service Delivery Operations
SL Service Leader

◆ SES Band 1 reports directly to the Deputy Secretary
■ Temporary role

Enabling Services Jonathan Hutson Deputy Secretary	Health and Aged Care Caroline Edwards Deputy Secretary	Shared Services Kim Terrell, A/g Deputy Secretary	CIO Group Gary Sterrenberg Chief Information Officer
Whole of Government Coordination Jenny Teece, GM Governance Marc Mowbray-d'Arbela, NM Ministerial Coordination and Parliamentary Patrick Cremen, NM Portfolio Strategic Manager Jason Stott, NM Legal Services Annette Musolino, CC Commercial Law Lisa Carmody, GC Business Transformation Legal Jeff Derix, GC Programme Advice and Privacy Maris Stipnieks, GC Ombudsman and Information Release Michael Robinson, NM FOI and Litigation Matthew Roser, GC Employment Law and Customer Compensation Tim Ffrench, GC Community Engagement Cathy Sear, GM Departmental Spokesperson Hank Jongen Internal Engagement Richard Briedis, NM External Engagement Scott Anderson, NM Media Engagement Bevan Hannan, A/g NM Audit Michelle Kelly, GM Audit David Gray, NM	Health Service Delivery Paul Creech, GM Health Support and Performance Jane Crowe, A/g NM Payment and Claiming Stephen Kelly, NM Medicare Providers Steve Farrell, NM Medicare Public Jill Simpson, NM Health Programmes Kirsty Faichney, GM Assistance Programmes Jenny Benjamin, NM Pharmaceutical Benefits Natalie Frommel, A/g NM Medicare and Veterans Jason Armstrong, NM Health and Aged Care Payments Transformation Simone Pensko, NM Aged Care and Industry Programmes Gavin Matthews, A/g GM Aged Care Programmes Christine Mulhearn, A/g NM Digital Health Karen Lock, NM Industry Programmes Shareez Farouk, NM	Corporate Operations Robert Higgins, GM Property Robert Towner, NM Security Steve O'Loughlin, NM Procurement and Records Management Mark Young, NM Shared Services and Contract Management Angela Geerdink, NM People Policy and Operations Ian Fitzgerald, GM HR Policy Susan Moriarty, A/g NM Payroll and HR Operations Jacqui Hughes, NM People Services Adrian Hudson, GM HR Support – SDO Sally Martin, A/g NM HR Support – Enabling, Shared Services and ICT Carl Princehorn, NM HR Support – Programme, Health, Integrity and Payments Reform Andrea Paschalis, NM Workplace Relations Stephen Cooney, NM Portfolio Project Office Kylie Crane, A/g GM Project Delivery and Assurance Bianca Ruut, NM Government Partnerships and New Work Alex Dolan, NM Project Support Soraya Weber, NM	Chief Technology Office Narelle Devine, NM Charles McHardie, CTO Enterprise Architecture Garrett McDonald, NM ICT Product Architecture Rob Doughty, NM PMO and Business Relationship Management Helen Peel, NM Vendor Management Anthony Barac, A/g NM Innovation, User Experience and Design Pam Spurr, NM Digital Projects Lisiane Barao Macleod, A/g NM ICT Welfare Payment Transformation Grazyna Zejdlar, NM Brisbane Delivery Centre Bob Lyons, GM Service Network Systems Vacant Brisbane Applications Support Josh Bosschieter, NM Aged Care Redevelopment Rubyn Wipiiti, A/g NM Adelaide Delivery Centre Andrew Larkin, GM Professional Services Denise Lanyon, NM Applications Delivery Compliance Maurice Savelli, NM Applications Delivery Social Services Matt Smith, NM Canberra Delivery Centre Susan Monkley, GM Insurance and Disability Services Siva Venkat Venkatraman, A/g NM Online Services Megan Bunfield, NM Child Care, Customer Communication and Corporate Systems Dale Naughton, NM Digital Services Lorraine Hollis, NM Business Information and Data Services Andrea Jones, NM
	Production Systems Delivery Centre Tracy Muddle, GM Families and Pensions Systems Graham Archer, NM Employment, Payment and Child Support Systems Derek Lawrence, NM Health Systems Elaine Ninham, NM ICT Infrastructure Mike Brett, GM Service Operations Brynton Taylor, NM Infrastructure and Applications Engineering Abhi Kashyap, A/g NM Production Support Derek Byrnes, NM Infrastructure Design and Assurance Kirk Batty, NM		

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PART 2

Service Delivery



2.1 HOW THE DEPARTMENT DELIVERS SERVICES

The department offers a variety of delivery options to meet the needs of Australians.

FACE-TO-FACE

Services provided in service centres

The department continues to capitalise on the success of service centres which combine Centrelink and Medicare program service delivery. This enables the department to adapt its structure and processes to respond to service delivery trends and challenges. The focus remains on developing a more flexible and responsive service delivery network that better meets people's needs and accommodates the shift to digital services.

In 2016–17 the department averaged over 77,000 service centre contacts each day across a national network of 349 service centres, as at 30 June 2017. Five dedicated myGov service centres that offer an integrated, digitally enhanced service delivery approach to accessing Australian Government services in a single location. The Social Security and Welfare average wait time in service centres for 2016–17 was 12 minutes and 4 seconds, against a target of 15 minutes.

With the extended rollout of the Workload Management System from October 2016, staff in service centres can now undertake processing work based on priorities, increasing the variety and types of work undertaken within service centres. This allows the department to provide face-to-face services to recipients and use available capacity to undertake claim processing.

Free WiFi has been implemented as a pilot in a number of service centres with the broader rollout to all sites to be completed by December 2017. Staff in service centres help people with simple online transactions and guide people through their digital journey.

Queensland cyclone

The department offered support to people affected by Tropical Cyclone Debbie, which affected Queensland and northern New South Wales in March 2017. Assistance was provided to people who were adversely affected through the Australian Government Disaster Recovery Payment, the Disaster Recovery Allowance (DRA) and their ex-gratia equivalents.

The department deployed 1,100 staff to smart centres, service centres and recovery centres to assist those affected. Social workers provided counselling, support and information about available services. The mobile service centres were also diverted to affected areas.

Access Points and Agents

At 30 June 2017 the department had 239 Access Points and 347 Agents throughout regional, rural and remote Australia.

Access Points are free self-help facilities where people can conduct their business with the department. This includes being able to access information products, call the department using a dedicated telephone line, or use fax and photocopy facilities to forward material to the department. Staff at Access Points can sight and photocopy Proof of Identity documents but cannot provide additional face-to-face assistance.

Agents provide the same facilities and services as Access Points and also offer face-to-face support for people's interactions with the department through digital services.

Mobile service centres

The department has two mobile service centres which travelled continually throughout regional and rural Australia in 2016–17. Priority was given to visiting communities that are greater than 50 kilometres from a service centre. During the year mobile service centre crews visited 381 towns and helped over 11,000 people. The mobile service centres also supported the Cyclone Debbie recovery and helped to maintain service delivery at disrupted sites.

Dairy Industry Liaison Officer

As part of a package of support for Australian dairy farmers, announced by the Government on 25 May 2016, the department appointed a Dairy Industry Liaison Officer (DILO).

The DILO worked as an information broker connecting dairy farmers with assistance from the Australian Government, and state and local governments, as well as other services in the farmer's local area. Services included those offered by the Rural Financial Counselling Service, Primary Health Networks and other community or industry-based organisations. Covering a large geographic area from Gippsland, through the alpine regions, northern Victoria, south west Victoria to southern South Australia, the DILO travelled over 29,000 kilometres, ensuring coverage of the dairy region footprint.

The achievements of the role include:

- developing a designated Farm Household Allowance checklist to support farmers to lodge claims
- coordinating a mental health counsellor network servicing dairy farmers including a virtual network across Victoria and south eastern South Australia.

The DILO role was initially intended to operate for six months. However, after participating in the December 2016 Dairy Roundtable meetings, the department extended the role until 30 June 2017.

10 Years of providing support where it's needed—mobile servicing

Just over 10 years ago a small crowd waved goodbye to a converted red Winnebago at Parliament House in Canberra. Headed to the Southern Tablelands this was the government's first approach in providing on-the-ground services to drought-stricken farmers in their own communities.

The Winnebago was the forerunner of today's two, state-of-the-art mobile service centres named Golden Wattle and Desert Rose. They travel extensively to regional and remote communities to deliver the same Centrelink, Medicare and Child Support services available at any other service centre in Australia.

Since they began a decade ago the mobile service centres have covered almost 700,000 kilometres, helped over 120,000 people, visited more

than 3,800 towns, and provided vital support during 20 emergency recovery efforts.

Regional Manager for the centres, Colin, says: 'It is fantastic that these high-tech vehicles allow us to go places and visit people who otherwise would have no access to face-to-face services.

'Normally there's a five-person crew. We have a manager, a driver, two service officers and a social worker.

'Sometimes we include staff from other agencies like the Australian Taxation Office and the Department of Agriculture and Water Resources and, depending on the need, we ask people from state government community services departments to help our recipients as well.'



Access to DVA information services

Under a revised *Statement of Intent with DVA*, the department 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.

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

A department-wide approach is taken to manage the number of calls handled for Centrelink, Child Support and Medicare Program services. This approach considers expected call volumes and other events to ensure staffing levels are maintained against the department's different priorities.

In 2016–17 the department handled around 52 million calls for Centrelink, Child Support and Medicare Program services.

In 2016–17 the department again contributed across government, handling calls for the Australian Electoral Commission and the National Disability Insurance Agency (NDIA).

The 2016–17 *Portfolio Budget Statements* outlined the average speed of answer targets for each of the programs. The average length of time a person waited for their call to be answered in 2016–17 was:

- 15 minutes and 44 seconds for social security and welfare services against a target of ≤ 16 minutes
- 40 seconds for Pharmaceutical Benefits Scheme authorities and eHealth providers against a target of ≤ 30 seconds
- 1 minute and 56 seconds for health services (provider) against a target of ≤ 2 minutes
- 6 minutes and 34 seconds for health services (recipient) against a target of ≤ 7 minutes
- 4 minutes and 12 seconds for child support services against a target of ≤ 3 minutes.

The department continues to simplify and automate many of its telecommunication systems. This includes improvements to:

- interactive voice response systems, based on the latest technology and feedback
- voice recognition and authentication applications, to simplify self-service registration and identification processes, removing the need for people to repeat complex personal registration details during each contact.

Additionally, the department transitioned the Child Support Program to a new service platform in 2016–17.

In 2016–17 a number of calls received a busy signal when attempting to contact the department. The use of smartphone automatic dialling applications has impacted heavily on the use of the busy signal in 2016–17. The automatic dialling application enables callers to generate many calls in a short period. Over 140 callers rang more than 500 times in one day, with one caller ringing more than 1,600 times in one day. Callers who received a busy signal were answered 60 per cent of the time later on the same day they made the call.

The department continues to work with its telephony partners to minimise the impact of automatic dialling apps on the telephony system and improve telephony access for recipients and claimants.

In the 2017–18 Budget, the Australian Government announced that it will provide funding for the department to pilot opportunities to increase call centre capacity by an additional 250 full-time equivalent roles. The department has also developed a *Channel Strategy 2016–19* which provides a roadmap for delivering more connected, efficient and personalised services for people engaging with the department across all channels. These initiatives are aimed at making it easier for people to access departmental services.

Smart centres

Smart centres are responsible for delivering Centrelink, and Child Support telephony and processing services. The smart centre approach is to 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 increased workload is generated by:

- families income estimates
- families reconciliation
- updates to child care information
- assessing student eligibility 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.

Smart centre capacity was also affected this year by the deployment of staff to the department's emergency response to Tropical Cyclone Debbie.

Multilingual smart centre services

Smart centres provide multilingual phone services to people in 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 2016–17 service officers on the multilingual lines answered more than 823,100 calls.

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. Drawing on their knowledge of local rural issues, service officers handle calls and process Farm Household Allowance claims. Service officers also assist with the effect of geographic isolation and changing circumstances such as drought or flood for farmers and their families.

In 2016–17 more than 147,000 calls were answered in rural smart centres, and more than 31,000 Drought Assistance calls were also answered in rural smart centres.

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 2016–17 more than 3.1 million calls were answered about Indigenous issues and Income Management. In 2016–17 there has been a reduction in calls received through the remote smart centre as self-service usage among Indigenous Australians increased to represent over 20 per cent of all transactions.

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 2016–17:

- 2.1 million calls about child support from separating or separated parents were received
- 18,024 requests for a change of assessment were processed.

Medicare and health professional phone services

The department delivers phone services to members of the public that cover a range of services including Medicare eligibility, Medicare claiming and benefits and Medicare safety net. In 2016–17 these phone services handled 2.8 million calls. In addition, the department has specific phone services for health and other programs for health professionals, aged care organisations, and small businesses. During the year these services included Medicare, the Pharmaceutical Benefits Scheme, specialised health and medical services and aged care. In 2016–17 these phone services handled 14.8 million calls.

ONLINE

Online claims

In 2016–17, over 76 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, and Mobility Allowance were submitted online.

To provide a greater transparency in the claiming process, the department introduced an online claim tracker for Youth Allowance and Austudy recipients in September 2016, and for Australian apprentice/trainee payment recipients in December 2016. The claim tracker provides progress updates to the recipient, ensuring they have access to an online end-to-end service, reducing manual processes and helping them to self-serve.

Document Lodgement Service

The Document Lodgement Service is a quick and easy method for people to submit documents online. The service can be used through online accounts and Express Plus mobile apps.

This service is popular with people who want to submit their documents electronically, with over 4.3 million documents submitted in 2016–17 at an average of 11,900 lodged each day.

The steady increase in electronic lodgement of documents can be attributed to staff promotion of the service and the introduction of the claim tracker to a broader range of online claims. This enables people to upload and submit documents (additional information) when they submit their online claims electronically.

Personal details and circumstance updates

In 2016–17 recipients undertook over 53 million interactions online and via Express Plus mobile apps. Through enhancements to online services, recipients are now able to view more of their details on the landing page upon entering their online account. This includes seeing the status of their online claims, reminders, and when and what their next payment will be, thus reducing the number of steps required to undertake these dealings. The enhancements also make it easier for recipients to access their information when using apps and has decreased the number of clicks required.

To ensure they receive the correct payments, Centrelink recipients can view and update a range of personal details, as well as notify changes to circumstances online or via mobile apps. This includes details about address and accommodation, income and assets (including savings, shares, income streams, compensation income, real estate, managed investments, gifts and deprived assets, foreign income and assets, and other income), study, overseas travel and bank account details to receive payments. Recipients can also report employment income, request a document, and claim Advance Payments online.

Online income stream reviews

The department offers an online service for those required to undergo income stream reviews. People can either access their online account or use a one time access code to complete the review.

People 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 in August 2016 and February 2017, more older Australians chose to complete their reviews online. Approximately 80 per cent of people completed their reviews online as opposed to 60 per cent in the February 2016 review.

Centrelink Confirmation eServices

Centrelink Confirmation eServices allows participating businesses and organisations to confirm a person's entitlement to a concession or rebate, obtain income and asset information or assist with determining eligibility for the early release of superannuation due to financial hardship. Businesses and organisations such as utility providers, local councils, housing and financial planners can electronically confirm a person's details to:

- receive a concession, rebate or service—Customer Confirmation
- request income, assets and payment details for people receiving income support—Income Confirmation
- assist administrators and trustees of superannuation funds to decide whether superannuation can be released early due to financial hardship—Superannuation Confirmation.

In 2016–17 there were 81.7 million Confirmation eServices transactions.

Digital and self service

Table: Transactions for digital and self service

	2015–16	2016–17
Centrelink		
Self-service transactions ^{(a)(b)}	51.1 million	53.7 million
Electronic Data Interchange (EDI) ^(c)	43.0 million	44.7 million
Medicare		
Self-service transactions ^(d)	9.4 million	13.3 million
Provider 'point of service' digital transactions ^(e)	588.0 million	594.1 million
Child Support		
Self-service transactions ^(f)	890,000	835,000

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

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

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

Online services for health professionals

Health Professional Online Services (HPOS) was established in 2009 and offers health professionals a single entry point to access a range of health-related programs and online services.

In 2016–17 functions added to the HPOS system included:

- extending provider online services enabling overseas trained doctors to create new provider locations
- introducing a secure service for health professionals to scan and electronically submit a selection of forms directly to the department
- extending existing DVA and Bulk Bill Webclaim services which allows health professionals to securely submit patient claims on behalf of their patients online
- establishing Concessional Entitlement Verification for health professionals to confirm a patient's current concessional eligibility for Medicare services.

Over the past 12 months there has been a significant increase in the use of HPOS for online servicing following the increase in functionality.

The department has robust measures in place to protect people's personal information. In response to concerns raised in the media about potential inappropriate access to Medicare numbers, the Minister for Human Services and Minister for Health announced an independent review of the accessibility by health providers to Medicare card numbers on 10 July 2017. This includes HPOS and authentication avenues through which it is accessed by health professionals.

Table: Access to HPOS services

	2014–15	2015–16	2016–17
Users ^(a)	163,872	209,307	n/a
Logons ^(b)	n/a	n/a	163,082
Accesses to HPOS	2,897,581	3,929,685	4,822,338

(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.

Express Plus mobile apps

The department's Express Plus mobile apps continue to be a popular and convenient way for people to engage with government services, allowing them to have access to services anywhere, at any time. Mobile apps offer digital services allowing users to, for example, upload documents, report income, claim Medicare benefits, view Child Support account balances, and keep a personal diary.

Since their introduction, users have downloaded the department's Express Plus mobile apps more than 10.5 million times. In 2016–17 over 2.7 million apps were downloaded (an average of just over 7,400 downloads per day).

myGov

The myGov digital service is a convenient and secure way to access Australian Government services online with one login and one password. myGov services were available 99.8 per cent of the year in 2016–17, exceeding the target of 99.5 per cent availability. myGov allows people to undertake their business, such as looking for lost superannuation, submitting their income tax returns, and claiming payments at a time and place that suits them.

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
- Australian Taxation Office (ATO)
- Centrelink
- Child Support
- DVA
- Medicare
- My Aged Care
- My Health Record
- National Disability Insurance Scheme (NDIS)
- Victorian Housing Register Application.

As at 30 June 2017, there were 11.7 million active myGov accounts. In the 2016–17 financial year there were 96.9 million logins to myGov and 121.7 million navigations to the ten government online services listed above through myGov accounts.

There are 5.6 million active accounts linked to Centrelink, 5.8 million active accounts linked to Medicare, and 6.4 million active accounts linked to the ATO.

Australians are using their myGov accounts in large numbers to complete their tax returns and access other member services, with an average of 265,000 people using the platform each day during the year. The busiest day in 2016–17 was in July where 660,000 people logged into myGov.

In 2016–17, 81.8 million items were sent to myGov inboxes. These items would have otherwise been sent via other channels, incurring costs such as labour or postage. The myGov inbox has had an estimated benefit to the taxpayer of over \$100 million since it was launched. Customers receive notifications (via email or SMS) when messages are delivered to their myGov inbox from myGov members.

The myGov digital service continued to improve and expand its functions with the following new features introduced:

- myGov 2.0—compliance with Government and Web Content Accessibility Guidelines (WCAG) 2.0 standards, modernising the myGov theme and user experience
- web authentication pattern to fast track signing on to member services authenticated online sites without first navigating to the myGov website for NDIS and Centrelink
- mobile authentication pattern to provide unified myGov sign on to allow users to authenticate to their member service mobile applications services of preference
- inbox search facility to find inbox messages on keywords within the body of a message.

On 27 June 2017, the Australian National Audit Office's (ANAO) report on an independent performance audit in the department, the Digital Transformation Agency (DTA) and the ATO was tabled in Parliament.

Titled myGov Digital Service, the audit assessed the effectiveness of the department's implementation of myGov at November 2016.

The ANAO found that the department's implementation of myGov as a platform for whole of government online services was largely effective in delivering improved service delivery, a whole of government service delivery capability and value for money.

Social Media

Our social media capability continued to grow in line with community expectation that we use modern channels to make it easier to engage with Australian Government departments. In 2016–17, we used 18 social media accounts to interact with the public and help further reduce the need for people to call the department.

This included reaching an average audience of 1.5 million every month with service delivery messages. We received an average of 10,800 questions every month via the social media accounts and responded to around 4,000 posts per month. In peak periods, this increased to 15,000 incoming social media posts and 6,000 responses per month.

Letters and forms

The department continues to encourage people to register to receive their correspondence online through their myGov inbox, or by SMS and email, rather than receiving them as paper letters to their mailing address. As a result the number of letters sent through the mail house decreased to 64,540,125 in 2016–17 and the number of online letters increased to 58,849,861. The department continues to review and revise the content of letters and forms to ensure they are easier to understand. Letters are tested by recipients to ensure readability and good comprehension of the letter content.

The department has also reduced the number of forms, and while the department still offers printed forms, there is a large range of claim forms that people can download and print themselves. Online claims are also available for many payments. The volume of forms printed and distributed by the department fell from 17,287,546 in 2015–16 to 12,175,450 in 2016–17.

Electronic document scanning

The department electronically scans and stores large amounts of correspondence. Once a document is scanned, staff can access the digital image electronically from anywhere in Australia. The department uses technology to extract information from some digital documents which reduces the level of staff intervention.

Electronic messaging

The department continues to send SMS and email to communicate with recipients. In 2016–17, there was a significant movement of Centrelink online letter users to the myGov inbox. This movement resulted in a significant drop of online letter notification SMS and emails being sent by the department.

The volume of SMS and emails sent instead of letters is helping to reduce the number of letters sent through the mail house.

Table: Registrations for social welfare service online letters

	2014-15	2015-16	2016-17
Registrations	1,394,108	1,405,301	1,137,392
Registered at 30 June	3,294,425	4,178,562	4,891,550
Percentage registered at 30 June	27.1	35.9	42.7

Table: Total mail house letters

	2014-15	2015-16	2016-17
Centrelink			
Letters	46,733,631	37,005,125	36,065,154
Correspondence or letters about special initiatives	1,658,190	0	3,079,690 ^(a)
Publications	6,671,577 ^(b)	2,474,034	264,205
Medicare	16,074,595	17,387,922	14,498,935
Medicare cards	3,957,332	4,130,913	4,111,368
Child Support ^(b)	7,019,792	6,689,063	6,520,773
Total mail house letters	82,115,117	67,687,057	64,540,125

(a) Government initiatives include the Energy Assistance mail and the Employment Income Confirmation mail.

(b) The figures represent total mail packs which include multiple individual items distributed through the department's mail houses.

Table: Online letters

	2014-15	2015-16	2016-17
Centrelink	49,104,303	47,073,502	50,246,219
Medicare	3,064,831	3,670,957	4,794,806
Child Support	2,911,905	3,532,567	3,808,836
Total letters online	55,081,039	54,277,026	58,849,861

Table: SMS messages sent by the department

SMS	2014-15	2015-16	2016-17
Total SMS	29,709,079	29,029,960	20,688,141

Table: System generated email messages sent by the department

Email	2014-15	2015-16	2016-17
Total email	19,044,282	19,837,060	5,854,043

2.2 SERVICES TO THE COMMUNITY— SOCIAL SECURITY

The department provided social security assistance through various payments and programs to assist families, people with disability, carers, older Australians, job seekers and students. In 2016–17 the department delivered \$114.4 billion in payments to recipients.

Improvements in website readability, ICT systems, targeted communications, and enhancements to staff training have led to fewer ineligible claims for payments such as ABSTUDY, Newstart Allowance, Youth Allowance (Students) and Disability Support Pension received in 2016–17.

CLAIMS PROCESSED

A higher number of claims were finalised in 2016–17, with a smaller number of ineligible claims received for payments such as ABSTUDY, Newstart Allowance, Youth Allowance (Students) and Disability Support Pension. The reduction in ineligible claims can be attributed to improvements in website readability, ICT systems, targeted communications, and enhancements to staff training. This has resulted in a better recipient experience.

Table: Total number of social security claims, both granted and rejected, finalised by payment type (rounded to nearest 1,000)

Payment type	Claims finalised 2015–16	Claims finalised 2016–17
ABSTUDY	36,000	33,000
Age Pension	156,000	174,000
Assistance for Isolated Children (AIC) Student	5,000	5,000
Bereavement Allowance	1,000	1,000
Carer Payment and Carer Allowance	235,000	219,000
Child Care Benefit	365,000	355,000
Crisis Payment	77,000	87,000
Dad and Partner Pay	100,000	102,000
Disability Support Pension	106,000	97,000
Double Orphan Pension	300	400
Family Tax Benefit	603,000	575,000
Low Income Card	279,000	361,000
Mobility Allowance	12,000	10,000
Newstart Allowance	696,000	662,000
Paid Parental Leave	310,000	308,000

Payment type	Claims finalised 2015–16	Claims finalised 2016–17
Parenting Payment	199,000	189,000
Pensioner Education Supplement (inc ABSTUDY PES)	53,000	43,000
Seniors Health Card	40,000	133,000
Sickness Allowance	36,000	32,000
Special Benefit	9,000	11,000
Stillborn Baby Payment	2,000	1,000
Widow Allowance	4,000	3,000
Youth Allowance (inc Austudy)	493,000	430,000

FAMILIES

Family Tax Benefit (FTB)—assists families with the day-to-day cost of raising children. FTB has two parts—FTB Part A which is a child payment and FTB Part B which is a family payment. Both payments are income tested and the amount paid is based on a family’s individual circumstances.

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

The department is working closely with the Department of Education and Training to implement the new Child Care Subsidy and Additional Child Care Subsidy and develop a new integrated Child Care ICT system as announced in the 2015–16 Budget. The subsidies will deliver on the Government’s commitment to support families by making child care simpler, more affordable, accessible and flexible and support workforce participation. The new subsidies will replace the existing suite of child care payments from 2 July 2018.

Paid Parental Leave Scheme—comprises two income tested and work tested payments for eligible parents to take time off work to care for a new baby or recently adopted child. The two payments are Parental Leave Pay (PLP) and Dad and Partner Pay (DAP).

Consistent Treatment of Parental Leave Payments—consistent treatment of parental leave payments was implemented on 1 October 2016. Under this measure PLP and DAP payments for a child born or adopted on or after 1 October 2016 are counted as income to assess whether recipients are eligible to receive an income support payment. Hence, government-provided parental leave payments are treated the same as employer-provided parental leave payments to assess eligibility for income support. This change does not apply to recipients if their child was born or adopted before 1 October 2016 even if they claim PLP or DAP after 1 October 2016.

Parenting Payment—is an income support payment for parents or guardians to help with the cost of raising children. Parenting Payment recipients must be single and care for at least one child aged under eight years, or be partnered and care for at least one child aged under six years. Parenting Payment recipients need to meet income and assets tests (for both them and their partner), residency requirements, and participation requirements as required.

Newborn Upfront Payment and Newborn Supplement—these payments provide an increase to a person's rate of FTB Part A for up to 13 weeks to assist 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 PLP as well as Newborn Upfront Payment and Newborn Supplement for the same child.

Stillborn Baby Payment—assists families with the extra costs associated with a stillborn child. Families cannot receive PLP and Stillborn Baby Payment for the same child.

Schoolkids Bonus—was previously paid in January and July each year. Eligible families received up to \$430 per year for each primary school child and up to \$856 per year for each secondary school child. Schoolkids Bonus has ceased, with the last instalment paid in July 2016.

Parentsnext Project—providers work with parents to help them 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 ten 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 project provider.

Grandparent Adviser Program—recognises the unique challenges faced by grandparent and non-parent carers who have ongoing caring responsibility for children. The department's Grandparent Advisers understand these challenges and provide tailored information about payments and services available through the Australian Government, state and territory governments and community service providers, attending community forums and working with care organisations in each state and territory.

In 2016–17, 18,238 calls were successfully answered through the Grandparent Adviser Freecall phone service.

School Enrolment and Attendance Measure—operates in the Northern Territory and is designed to improve educational outcomes for children by linking school enrolment and attendance to income support payments.

The department works closely with the Northern Territory Department of Education and provides intensive social work support to parents to identify and overcome barriers preventing their children regularly attending school.

PEOPLE WITH DISABILITY AND CARERS

Disability Support Pension (DSP)—provides financial support for people with a physical, intellectual or psychiatric condition that stops them from working.

Processing DSP claims— from May 2017, new claimants for DSP benefited from the pilot of an improved assessment process. The changes were designed to make claiming clearer, simpler and faster for claimants, and to provide clearer advice on the nature of medical evidence requirements for treating doctors. The pilot found that the changes improved the assessment process by:

- providing clearer information to claimants and their treating doctors about the evidence required to be eligible for DSP
- conducting earlier expert assessments of medical evidence to fast-track claims for people who are clearly unable to work
- using those earlier assessments to identify those clearly not eligible for DSP so they don't need to attend multiple assessments only to find that they are not eligible
- adjusting the process for referring claimants to Job Capacity Assessments so only those who require a comprehensive medical assessment need to attend. This serves to improve the timeframes for these assessments and reduce requests to claimants for additional medical evidence to support their claim assessment.

The department will implement the improved assessment process in 2017–18.

Sickness Allowance—provides a short-term payment for people who are employed or self-employed, or in some cases are full-time students, who are temporarily unable to do their usual work or study due to a medical condition.

Mobility Allowance—helps people with a disability, illness or injury who are unable to use public transport without substantial assistance to participate in approved activities by helping with transport costs.

Rent Assistance—is an additional payment to help people receiving an income support payment 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 village fees and fees paid to occupy a non-Australian Government funded bed in an aged care facility such as a hostel or nursing home.

Carer Payment—is an income support payment paid to carers who, because of the demands of their caring role, are unable to support themselves through substantial paid employment. To be eligible for Carer Payment, a carer must be providing constant care for an adult or child with a disability or a medical condition, or an adult who is frail aged.

Carer Allowance—is an income supplement for people who provide additional daily care and attention for an adult or child with a disability or a medical condition, or an adult who is frail aged.

National Disability Strategy—the Australian Government’s *National Disability Strategy 2010–2020* is a ten year national plan for improving the lives of people with disability, their families and carers. The strategy sets out a commitment by all levels of government, industry and the community for a national approach to policy and program development. It also represents a shared vision for an inclusive society that enables people with a disability to fulfil their potential as equal citizens.

Education and employment opportunities are the main pathways to long-term economic security and wellbeing. To support these pathways priority areas include, learning, skills and economic security.

The department engages with people with disability to develop and evaluate new online services. The department also engages with staff with disability, including through the *Workplace Accessibility Plan 2016–19*.

The department ensures managers and staff have access to information, training and support to promote awareness and acceptance of the rights of people with disability.

During the year social workers continued to provide confidential counselling and support to people with disability experiencing family or domestic violence through interventions, crisis support, short-term counselling, and referrals to local specialist support services in their community.

The department delivers a range of payments and services to people with disability. For more information see ‘People with disability’ on the department’s website at humanservices.gov.au

OLDER AUSTRALIANS

Age Pension—is a regular payment and also offers access to a range of concessions for eligible older Australians. The department made Age Pension payments to approximately 2.5 million pensioners in 2016–17. The minimum age to qualify for Age Pension was 65 years. From 1 July 2017, the minimum age increased to 65.5 for people born on or after 1 July 1952. In 2016–17:

- 62 per cent of age pensioners received the full-rate pension and 38 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 \$44.4 billion in Age Pension payments.

Transfer to Age Pension—to make it easier for eligible people to transfer from some income support payments to Age Pension, the online transfer reuses existing information to pre-populate fields. This means people only need to provide the information not already known to the department.

Rebalance Assets Test—on 1 January 2017 the government made changes to the pension assets test. The assets test free area—the amount of assets above which allowances are not paid or pension is reduced—was increased and changes were also made to the taper rate.

The department contacted pensioners who may be affected by this change in October 2016, informing them of the 1 January 2017 changes. It also set up a dedicated webpage for people to obtain more information. The webpage included an online assets test estimator for recipients to determine the effect on their payments. This page was viewed more than 600,000 times.

In December 2016 the department notified pensioners whose payment would be reduced or cancelled from 1 January 2017. Recipients who had their payment cancelled were also informed of their new concession card entitlements.

Information was provided to the Pharmacy Guild confirming access to Commonwealth concession entitlements for recipients affected by the measure. This ensured continued access to Commonwealth concessions for recipients whose concession entitlements changed on 1 January 2017 but were awaiting the arrival of their new Low Income Health Care Card (or Commonwealth Seniors Health Card for those over age pension age).

Real Estate Valuations—to qualify for a pension, benefit or allowance the department takes into account the value of a person's assets. The individual circumstances of a recipient and their real estate (excluding the family home and up to two hectares on one title) are analysed to determine the appropriate valuation action.

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.

Helping the community in Cootamundra

Cootamundra is a small town in New South Wales within the Riverina and is famous for being the birthplace of Sir Donald Bradman. Back in February 2017, a decision was made to close the Cootamundra abattoir, giving one week's notice to 150 fulltime and 70 casual employees.

David is from the region and is a Financial Information Service Officer with the department. He knew this result would be a big blow, as a significant proportion of the population had direct links to the abattoir.

'Many families had multiple people working at the abattoir and several families had two generations as

staff. This significantly impacted the community'. Delivering timely information and support was important and he was one of the first on site to provide assistance.

'Within two working days, Community Engagement Officer Ana, Social Worker Deborah, Service Officer Chris, and I were on site to deliver information on government payments and support. The affected workers were advised how to claim using self-service and were given the opportunity to connect with various groups and organisations. It felt good knowing we were helping people by making an extremely challenging experience a little bit easier,' David said.



JOB SEEKERS AND STUDENTS

Newstart Allowance—financial help for people looking for work. Recipients must be aged 22 years or over but under age pension age and looking for suitable paid work. Newstart Allowance recipients need to meet income and assets tests and residency requirements, and be able to meet mutual obligation requirements.

Youth Allowance—is an income support payment for students and Australian Apprentices generally aged 16 to 24 years, or job seekers generally aged 16 to 21 years. Youth Allowance recipients need to meet income and assets tests and residency requirements.

There have been enhancements made to the claim questions and improved messaging has been incorporated to provide claimants with a greater awareness of their eligibility. In addition, the introduction of pre submission requirements, whereby claimants must provide supporting documentation prior to submitting a claim (exception rules apply to vulnerable customers), has seen a reduction in the number of claims being received. In the past these claims would have been processed and rejected for failing to supply documents or information.

Austudy—financial help for full-time students and Australian Apprentices aged 25 years or over. In 2016–17 the department finalised approximately 64,000 new Austudy claims.

ABSTUDY—provides a means-tested allowance and other supplementary benefits to eligible Indigenous students. In 2016–17 the department administered \$30.5 million in ABSTUDY travel and finalised approximately 33,000 ABSTUDY claims.

In 2016–17 the department implemented a trial that replaced the requirement for an ABSTUDY paper-based signed declaration form with an over the phone verbal declaration. This enabled students/parents to complete their claim over the phone in full. Around 80 per cent of ABSTUDY claims occur over the phone through the staff assisted service. The verbal declaration claims trial showed that, in December 2016 and January 2017, claims finalised with a verbal declaration were processed nearly 50 per cent faster than the corresponding period in 2015–16. For the duration of the trial, verbal declaration claims were also finalised more than 40 per cent faster than non-verbal declaration claims.

The trial was supported by a targeted communication campaign for families to submit their ABSTUDY claims early to ensure their support is in place for the beginning of the year. Following the campaign, a larger percentage of claims were lodged in December, allowing more time for travel arrangements and increasing chances of students arriving at school on time. Due to the success of the trial the department will continue to implement a verbal declaration process together with a targeted communication campaign to encourage early claiming of ABSTUDY.

Pensioner Education Supplement—is available as extra assistance towards 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 2016–17 the department finalised approximately 43,000 Pensioner Education Supplement claims.

Job Commitment Bonus—ceased on 1 January 2017. The bonus was a payment to encourage long-term unemployed young Australians to find and keep work. The payment was targeted at job seekers aged 18 to 30 years who were unemployed for 12 months or more and were receiving Newstart Allowance or Youth Allowance. There were two Job Commitment Bonus payments—the first was \$2,500 for 12 months of continuous gainful work; the second was \$4,000 for a further 12 months of continuous gainful work. In 2016–17 the department provided 3,462 payments of the first \$2,500 Job Commitment Bonus and 1,219 payments of the second \$4,000 Job Commitment Bonus.

Internship Program—The Jobs PaTH Internship Program was implemented on 1 April 2017. Under the measure young job seekers receiving income support and accessing employment services from a provider for six months or more can gain real work experience within businesses. Job seekers receive a \$200 per fortnight Incentive Payment on top of their regular income support payment while participating in the internship. In 2016–17, 644 job seekers participated in the program and the department paid 783 Incentive Payments. A person can be paid up to seven payments.

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.

Meeting mutual obligation requirements for job seekers

In return for receiving income support, job seekers generally have mutual obligation requirements such as looking for work and participating in activities that will improve their employment prospects.

The intention of mutual obligation requirements is to assist the job seeker to enter into paid work and reduce their reliance on income support, and encourage job seekers to contribute to the community that supports them while they are unemployed.

Job seekers receiving Newstart Allowance, Youth Allowance, Parenting Payment Single or Special Benefit (paid under Newstart Allowance conditions) must satisfy mutual obligation requirements to remain eligible for payment.

The job seeker compliance model applies to job seekers receiving participation payments who have compulsory mutual obligation requirements.

The model aims to ensure job seekers attend appointments and participate in activities designed to help them get back into work. An employment services provider may use a non-attendance report to trigger a payment suspension when a job seeker, for example, fails to attend a compulsory appointment. Payment generally remains suspended until the job seeker contacts the provider and attends a rescheduled appointment. This is to prompt the job seeker to quickly re-engage with their employment services provider. A provider may also report an incident of non-compliance to the department for investigation of a compliance failure.

When a job seeker does not have a reasonable excuse for not meeting their mutual obligation requirements, a financial penalty may apply. No financial penalties are applied unless the department has first spoken with the job seeker.

Table: Recipients with mutual obligation requirements by payment type

	2014–15 ^(a)	2015–16 ^(b)	2016–17 ^(c)
Newstart Allowance	748,719	732,100	733,088
Youth Allowance	112,620	98,100	101,045
Special Benefit ^(d)	758	1,030	2,687
Parenting Payment Single	51,647	50,406	49,535
Total	913,744	881,636	886,355

(a) Source: Department of Social Services on 6 July 2015.

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

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

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

Employment Services Assessments

Employment Services Assessments (ESATs) identify the most appropriate type of employment services for people with medical conditions and other barriers to employment. ESATs are also used to identify assistance that may help a job seeker prepare for, find and maintain work, taking into account any reduction in work capacity that may exist.

Job Capacity Assessments

Job Capacity Assessments (JCAs) help the department determine the effect of medical conditions and disabilities on a person's ability to work and identify whether they 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 indefinite portability of their DSP.

Assessors

The department employs 664 qualified health and allied health professionals in multi-disciplinary teams in locations across Australia to undertake ESAts and JCAs. The health and allied health professionals employed by the department include:

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

The following table shows the number of medical and non-medical ESAts and JCAs that the department completed each year.

Table: Type of assessments completed

	2014–15	2015–16	2016–17
ESAt non-medical	24,375	13,596	17,367
ESAt medical	182,923	159,250	152,340
Job Capacity Assessment	95,028	97,698	88,717
Total	302,326	270,544	258,424

Health Professional Advisory Unit

The Health Professional Advisory Unit is a multi-disciplinary unit comprised of eight medical advisers and 12 health and allied health professionals across a virtual network. The unit strengthens DSP decision making by providing expert advice to departmental assessors and decision makers, and builds relationships between the department and treating health practitioners. The unit is closely involved in providing expert advice on matters before the Administrative Appeals Tribunal and to external government-contracted doctors. In 2016–17 the unit received 1,620 referrals.

2.3 SERVICES TO THE COMMUNITY—HEALTH AND AGED CARE

In 2016–17 the Medicare program continued to support quality healthcare services. Technology enhancements within the department promoted digital transactions including simplified claims processes and the Medicare Safety Net assisted people with higher medical expenses.

The Australian Childhood Immunisation Register transitioned to the Australian Immunisation Register which is a whole-of-life national register that records vaccines given to people of all ages.

The department continued to encourage people to undertake screening for the National Bowel Cancer Screening Program which aims to reduce the rate of bowel cancer.

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.

The department administered the Pharmaceutical Benefits Scheme and the Repatriation Pharmaceutical Benefits Scheme which subsidises certain medicines.

MEDICARE

Medicare is Australia's health care system which provides eligible people access to medical, optometry, hospital care and other allied health services, as applicable.

In 2016–17, 24.9 million people were enrolled in Medicare and \$22.4 billion was paid in benefits. The percentage of claims made digitally continues to grow, achieving a high result of 97.1 per cent. Approximately 46 per cent of all health practices digitally lodge 100 per cent of their Medicare claims at their practice.

Eligibility overview

To be eligible for services under Medicare a person must be one of the following:

- 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)
- covered by a ministerial order.

Table: Medicare enrolments

	2014–15	2015–16	2016–17
People enrolled at 30 June	24.2 million	24.6 million	24.9 million
Active cards at 30 June	13.7 million	13.9 million	14.1 million
New enrolments	581,922	588,574	593,976

Medicare Entitlement Statements

People who do not meet the eligibility criteria for Medicare may apply to be exempt 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 they apply for a Medicare levy exemption, the ATO requires the applicant to acknowledge that they have been issued with a Medicare Entitlement Statement.

Table: Medicare Entitlement Statements

	2014–15	2015–16	2016–17
Accepted applications	141,625	122,529	116,918
Rejected applications	3,699	2,452	2,503
Total applications	145,324	124,981	119,421

Medicare Safety Net

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

There are two Medicare Safety Net thresholds—the Original Medicare Safety Net and the Extended Medicare Safety Net.

The Original Medicare Safety Net threshold for the 2017 calendar year is \$453.20 and applies to all Medicare cardholders. The amount that counts towards this threshold is known as the gap amount, the difference between the Medicare Benefits Schedule (MBS) fee that the government has set for the service and the Medicare benefit.

The Extended Medicare Safety Net has two threshold levels for the 2017 calendar year—\$656.30 for Commonwealth concession card holders and FTB Part A recipients, and a general threshold of \$2,056.30 for all other Medicare cardholders (singles and registered families). The amount that counts towards this threshold is the out-of-pocket cost which is the difference between the doctor's charge and the Medicare benefit.

Medicare claiming

A health professional can bulk bill a patient—this means that the claimant has assigned their right for the Medicare benefit to be paid to the health professional.

The health professional can claim the Medicare benefit directly from the department as full payment for the service and not charge the patient a fee.

If a health professional charges the patient a fee, the Medicare benefit can be claimed by:

- paying the account, and then, if the health professional or practice offers digital claiming, practice staff can lodge the claim digitally with the department
- paying the account and then claiming the Medicare benefit from the department either by using the Express Plus Medicare mobile app, through their Medicare online account via myGov, by mail, phone or in person at a service centre
- lodging the unpaid account with the department and receiving a cheque made payable in the health professional's name which the patient gives to the health professional, along with any outstanding balance.

From 1 July 2016, all Medicare payments for fully paid accounts are paid into the claimant's bank account, usually the next working day. Cheques to claimants ceased from 1 July 2016.

Claims for in hospital services provided to patients can be made through simplified billing arrangements, which 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—either through the Electronic Claim Lodgement Information Processing Service Environment (ECLIPSE), Electronic Data Interchange transmitted by Simple Mail Transfer Protocol (SMTP) systems, or manually.

Table: Medicare services and benefits by claim type

	2014–15	2015–16	2016–17
Bulk billing	290.6 million	305.2 million	313.6 million
Patient claiming	53.3 million	53.3 million	52.9 million
Simplified billing	29.6 million	30.5 million	32.9 million
Total services processed	373.5 million	389.0 million	399.4 million
Bulk billing	\$14.0 billion	\$14.8 billion	\$15.6 billion
Patient claiming	\$4.2 billion	\$4.2 billion	\$4.3 billion
Simplified billing	\$2.3 billion	\$2.4 billion	\$2.5 billion
Total benefits paid	\$20.5 billion	\$21.4 billion	\$22.4 billion
Average benefit per service	\$54.90	\$55.05	\$56.08
Average period (date of lodgement to processing)	1.7 days	1.6 days	2.5 days

Table: Medicare services by payment type

	2014–15 million	%	2015–16 million	%	2016–17 million	%
Cheque to claimant	3.0	0.8	2.7	0.7	n/a ^(b)	n/a ^(b)
Electronic Funds Transfer (EFT) to claimant	35.6	9.5	35.3	9.1	38.0	9.5
EFTPOS payment to claimant	9.8	2.6	11.0	2.8	11.6	2.9
EFT to health professional	290.6	77.8	305.2	78.4	313.5	78.4
Pay doctor via claimant cheque	4.8	1.3	4.3	1.1	3.7	0.9
Payment to private health fund or billing agent	29.6	7.9	30.5	7.8	32.9	8.2
Total services^(a)	373.4	100	389.0	100	399.7	100

(a) Totals take account of rounding.

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

Health professionals under Medicare

The department issues health professionals with a Medicare provider number so they can refer or request health services and claim benefits under the MBS and on behalf of DVA. A Medicare provider number uniquely identifies the health professional and the location from which a service is delivered. In 2016–17 the department issued 178,411 Medicare provider numbers. It is important to note that health professionals can be issued more than one provider number, if providing services at multiple locations.

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 registered each year also continues to increase. In 2016–17 there were 5,026 diagnostic imaging practices registered with the department.

Health professionals who provide pathology services must have departmental approval to claim Medicare benefits. In 2016–17 there were 117 Approved Pathology Authorities, 507 Approved Pathology Practitioners, 750 Accredited Pathology Laboratories and 3,457 Approved Collection Centres registered with the department.

Table: Health Professionals under Medicare

	2014–15	2015–16	2016–17
Medicare provider numbers issued ^(a)	165,467	175,703	178,411
Diagnostic imaging practices registered	4,844	4,957	5,026
Approved Pathology Authorities	121	127	117
Approved Pathology Practitioners	593	541	507
Accredited Pathology Laboratories	743	743	750
Approved Collection Centres	3,563	3,513	3,457

(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.

Medicare electronic claiming

Table: Volumes of services transmitted electronically

	2014–15	2015–16	2016–17
Medicare Online			
Bulk billing	265.4 million	279.9 million	288.6 million
Patient claiming	30.0 million	32.2 million	33.8 million
Medicare Easyclaim			
Bulk billing	19.1 million	19.9 million	20.1 million
Patient claiming	10.0 million	11.2 million	11.8 million
ECLIPSE			
Simplified billing	21.9 million	24.4 million	28.0 million
SMTP			
Bulk billing	74 500	0	0
Simplified billing	7.5 million	5.9 million	4.8 million
Claiming Medicare Benefits Online			
Patient claiming	352,400	208,200	130,500
HPOS^(a)			
Bulk Billing	n/a	274,100	820,900 ^(b)
Patient claiming	n/a	n/a	43,700
Total services	354.3 million	374.0 million	388.1 million
Percentage of overall claims lodged electronically	94.9	96.1	97.1

(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.

Medicare compensation recovery

Medicare compensation recovery aims to recover any Medicare benefits, nursing home benefits, residential care, or home care government subsidies paid to a claimant as a result of their compensable injury or illness. When a person receives a lump sum compensation payment of more than \$5,000, they may have to pay the costs of these back to the Australian Government before they receive their compensation payment.

Table: Compensation recovery

	2014-15	2015-16	2016-17
Cases finalised	50,268	87,504	62,867
Amount of benefits recovered	\$48.5 million	\$42.6 million	\$41.8 million

HEALTH PAYMENTS AND SERVICES

Veterans' Affairs processing

The department is responsible for making payments to health professionals for health services on behalf of 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.

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 are produced by the department on behalf of DVA.

The department and DVA continued to highlight the benefits of electronic claiming to providers by promotion of 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 increased to 89.3 per cent in 2016-17, electronic claiming for allied health services increased to 74.7 per cent in 2016-17 and electronic claiming for medical services increased to 95 per cent in 2016-17.

Additionally, electronic claiming for hospitals increased to 82 per cent in 2016-17 and manual claiming for DVA decreased to 10.2 per cent in 2016-17.

Table: Department of Veterans' Affairs processing

	2014-15	2015-16	2016-17
Cards produced	20,146	17,866	19,148
Services processed	19.0 million	18.4 million	17.8 million
Total benefits paid	\$2.1 billion	\$2.0 billion	\$2.0 billion

Australian Immunisation Register

On 30 September 2016 the Australian Childhood Immunisation Register became the Australian Immunisation Register (AIR), as announced in the government's 2015–16 *Budget*. It expanded to a whole-of-life, national register that records all National Immunisation Program (NIP) vaccines, as well as most privately purchased vaccines, given to people of all ages in Australia. The AIR has over 25 million registrations, with increased functionality and enhanced reporting for state and territory health authorities and vaccination providers. Additional vaccines for vaccine-preventable diseases were added to the AIR and vaccination providers were targeted with increased education and support.

Adult vaccines, pneumococcal (pneumonia) for people over 65 years of age and zostavax (shingles) for people aged 70–79 years were added to the NIP in September 2017 and can now be recorded on the AIR.

Immunisation records, including Immunisation History Statements, can be accessed through the AIR by recognised vaccination providers, individuals aged 14 years or over, or a parent or guardian of a younger child. Individuals can easily download their own Immunisation History Statement through Medicare Online accounts in myGov or the Express Plus Medicare mobile app. These records are used as proof of immunisation for enrolment in school or child care and assist with determining eligibility for various family assistance payments. These records may be required for employment purposes where an individual is working with vulnerable people (such as employment in aged, health and child care industries).

Table: Australian Immunisation Register

	2014–15	2015–16	2016–17
Valid immunisation episodes ^(a)	4.8 million	4.1 million	10.2 million ^(b)
Total amount paid to immunisation providers ^(c)	\$9.7 million	\$9.7 million	\$10.0 million

- (a) The AIR reports on the number of vaccination episodes. A single episode can administer one or more vaccination antigens. For example, the Measles Mumps Rubella vaccination given at 18 months under the National Immunisation Program schedule is only one injection but includes three vaccination antigens—measles, mumps and rubella. This would be recorded as a single episode on the register.
- (b) The number of valid immunisation episodes for previous years related to those given to children aged less than seven. The 2016–17 figures include all valid immunisation episodes given to individuals of all ages and 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) National Immunisation Program 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 the national register for people to record their decision about becoming an organ and/or tissue donor 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 which also has general information about organ and tissue donation for transplantation.

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

Table: Australian Organ Donor Register

	2014–15	2015–16	2016–17
Consent registrations ^(a)	1,833,085	1,958,925	2,150,789
Intent registrations ^(b) at 30 June	4,276,626	4,275,431	4,245,259
Total registrations ^(c)	6,109,711	6,234,356	6,396,048
Enquiry line calls received	17,998	19,301	13,495

- (a) A legally valid consent registration occurs when a person aged 18 years or older registers on the Australian Organ Donor Register by providing a signed registration form or submits their registration using Medicare Online accounts in myGov or the Express Plus Medicare mobile app.
- (b) Intent registrations occur when people register their decision to donate through channels that do not require a signature or electronic authentication, for example phone or email registrations. Whether registration is a consent or intent, approval will always be sought from the person's family before proceeding with the donation process.
- (c) This figure represents a cumulative total of the number of consent and intent registrations since the inception of the register.

External Breast Prostheses Reimbursement Program

The External Breast Prostheses Reimbursement Program provides reimbursement of 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, have had breast surgery as a result of breast cancer and not have made a claim under the program in the past two years unless there is a medical reason.

The department has received favourable feedback about the program in particular about the process for claim submission and timely reimbursement.

Table: External Breast Prostheses Reimbursement Program

	2014–15	2015–16	2016–17
Number of claims processed	15,200	14,986	14,880
Amount paid	\$6.1 million	\$6.2 million	\$6.1 million

National Bowel Cancer Screening Register

The National Bowel Cancer Screening Program aims to reduce the rate of bowel cancer and associated mortality.

The department's role is to administer the National Bowel Cancer Screening Register which:

- 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.

In 2016–17 the department invited eligible people who turned 50, 54, 55, 58, 60, 64, 65, 68, 70, 72 and 74 years in 2017 to undertake screening.

As part of the *2015–16 Budget* the government announced the establishment of a National Cancer Screening Register. The register will combine the National Bowel Cancer Screening Register and the eight state and territory-based cervical screening registers, leading to a 'single view' for Australians participating in cervical and bowel cancer screening.

Table: National Bowel Cancer Screening Program

	2014–15	2015–16	2016–17
Invitations distributed ^(a)	1,331,711	1,585,211	2,082,916
Information line calls received	159,967	183,209	171,640

(a) Since the phased introduction of biennial screening, (screening every two years—instead of every five years from January 2015) there has been incremental increases in participation.

Contenance Aids Payment Scheme

The Contenance Aids Payment Scheme gives eligible people with severe and permanent incontinence yearly or twice-yearly payments to help buy continence aids products.

Table: Contenance Aids Payment Scheme

	2014–15	2015–16	2016–17
Number of applications processed	30,212	29,221	28,325
Total amount paid	\$74.1 million	\$80.2 million	\$84.5 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 \$1,000 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 receives, certain Australian Government benefits such as FTB Part A for at least one day of the calendar year, and
- be eligible for Medicare.

In 2016–17 the department processed 5.2 million services and paid \$319.3 million in benefits.

Private Health Insurance Rebate

The rebate on private health insurance 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: Private Health Insurance Rebate

	2014–15	2015–16	2016–17
Memberships registered	6.9 million	7.0 million	7.3 million
Total paid to private health funds	\$5.8 billion	\$5.9 billion	\$6.0 billion

Stoma Appliance Scheme

The Stoma Appliance Scheme is administered under the *National Health Act 1953*. The department administers the scheme on behalf of the Department of Health and provides subsidised access to stoma aids and appliances to patients following surgery. The products are distributed through 22 regional stoma associations across Australia with approximately 44,000 members accessing the products.

Hearing Services Program

The department administers the Hearing Services Program on behalf of the Department of Health, providing services to people who are assessed as eligible by the Department of Health. The department processes and pays claims via the Health Professional Online Services eClaims facility to accredited hearing service contractors for the Hearing Services Program.

Table: Hearing Services Program services and payments

	2014–15	2015–16	2016–17
Services processed ^(a)	1,320,763	1,394,933	1,434,052
Total amount paid ^(b)	\$378.0 million	\$404.6 million	\$419.0 million

(a) Services provided to individuals.

(b) Payments made to hearing service contractors.

Practice Incentives Program

The Practice Incentives Program (PIP) consists of 11 incentives. The incentives are paid to medical practices and individual providers to encourage improvements to general practice. The table below contains data on practice participation in the PIP.

In 2016–17 the department undertook a range of activities including publication of articles in quarterly Incentive News updates to raise awareness of the PIP Indigenous Health Incentive (IHI) that helps improve the health of Aboriginal and Torres Strait Islander people at risk of a chronic condition.

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

Table: 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	Sign on and outcomes payments to practices encourage GPs to screen women aged between 20 and 69 years 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 the practitioners of tomorrow are trained and have actual experience of general practice.

Table: Practice participation in the Practice Incentives Program

	2014-15	2015-16	2016-17
Total number of practices participating	5,392	5,550	5,811
Practices registered per incentive^(a)			
After hours	n/a ^(b)	4,787	5,169
Asthma	3,575	3,799	4,134
Cervical screening	3,637	3,851	4,175
Diabetes	3,632	3,846	4,177
eHealth	4,876	5,037	4,557
Indigenous health	4,041	4,351	4,743
Practices receiving outcomes payments^(c)			
Cervical screening ^(d)	484	467	473
Diabetes ^(d)	1,091	1,168	1,219
Procedural GP ^(e)	373	367	349
Indigenous health ^(f)	5,691	6,186	6,958
Other information			
Indigenous health incentive patient registration payments	64,780	76,360	87,053
Teaching session payments	211,196	223,894	220,125
SIP ^(g) (asthma, cervical, diabetes, aged care access incentive)	67,555	69,705	70,570
Total amount paid at 30 June	\$228.1 million	\$340.1 million	\$341.7 million

- (a) Practices are automatically registered for the teaching, rural loading and quality prescribing incentives when approved for the program.
- (b) After-hours incentives commenced 1 July 2015.
- (c) 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.
- (d) 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.
- (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 the 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.

Table: Practice Nurse Incentive Program

	2014–15	2015–16	2016–17
Number of practices participating	4,338	4,594	4,910
Amount paid to practices	\$314.3 million	\$335.7 million	\$347.0 million

Rural health programs

There are two rural health programs administered by the department which offer incentives and support for medical practitioners providing services in rural areas.

GENERAL PRACTICE RURAL INCENTIVES PROGRAM (INCLUDING THE RURAL RELOCATION INCENTIVE GRANTS PROGRAM)

The General Practice Rural Incentives Program (GPRIP) aims to encourage medical practitioners to practice in rural and remote communities and to promote careers in rural medicine.

Table: General Practice Rural Incentives Program

	2014–15	2015–16	2016–17
Medical practitioners paid (GPs and specialists)	12,630	17,243 ^(a)	7,589
Payments made	14,600	21,051	7,589
Amount paid	\$157.8 million	\$110.8 million	\$111.9 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.

2016–17 saw the first full year of payments after re-design of the GPRIP. The most significant change was the move to a new location classification system (the Modified Monash Model) which more effectively targeted financial incentives to doctors working in rural and remote areas.

RURAL PROCEDURAL GRANTS PROGRAM

The Rural Procedural Grants Program (RPGP) assists GPs who deliver procedural or emergency medicine services in rural and remote areas to attend training courses in maintaining and improving skills, with up to \$20,000 paid per GP a year.

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 to eligible providers.

In 2016–17, 1,728 GPs were paid a total of \$16.4 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. To achieve this 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* and associated legislation. In 2016–17 the ANAO conducted an audit of *The Management, Administration and Monitoring of the Indemnity Insurance Fund* which was tabled on 19 October 2016.

The audit assessed the Departments of Health and Human Services' administration, including oversight and monitoring arrangements, for the Indemnity Insurance Fund. The audit made four recommendations, one of which was directed to the department. It recommended a review of administrative arrangements with respect to key performance indicators, guidance material and controls to improve data integrity. The department agreed with this recommendation and action has been undertaken to address it.

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 2016–17 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.

Table: High Cost Claims Indemnity Scheme

	2014–15	2015–16	2016–17
Claims received	445	310	378
Total benefits paid	\$47.2 million	\$49.9 million	\$47.7 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: Premium Support Scheme

	2014–15	2015–16	2016–17
Eligible practitioners	1,400	1,237	1,268
Amount paid	\$7.8 million	\$8.0 million	\$7.6 million ^(a)
Administration fees	\$1.3 million	\$1.4 million	\$1.4 million

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

RUN-OFF COVER SCHEME FOR DOCTORS

Under the Run-off Cover 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.

Table: Run-off Cover Scheme

	2014–15	2015–16	2016–17
Claims received	81	56	47
Total benefits paid	\$5.6 million	\$2.6 million	\$2.9 million

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 implementation and compliance costs. In 2016–17, \$1.4 million in administration fees was paid. No implementation fees were paid.

INCURRED-BUT-NOT-REPORTED INDEMNITY CLAIMS SCHEME

Under the Incurred-But-Not-Reported (IBNR) Indemnity Claims Scheme 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, hence the amount paid under the scheme could vary each year. The number of claims submitted for IBNR over time will decrease because the eligibility criteria under the Act requires the incident must have occurred on or before 30 June 2002.

Table: Incurred-but-not-reported Indemnity Claim Scheme

	2014–15	2015–16	2016–17
Claims received	65	54	23
Total benefits paid	\$2.3 million	\$5.9 million	\$1.1 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 assist with claims made against midwives. It benefits private independent midwives by providing indemnity insurance policies. In 2016–17, no claims were made under this scheme.

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

In 2016–17, \$150,000 in administration fees was paid.

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: Visiting medical practitioners

	2014–15	2015–16	2016–17
Number of services	264,834	257,136	239,812
Total value	\$78.4 million	\$77.9 million	\$74.3 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 2016–17 payments of \$41.4 billion were made.

Health Professional Education Services

The department provides high quality, accessible information and education resources and services to help health professionals to access programs.

In 2016–17 the department:

- engaged internal and external stakeholders to develop information and education resources for health professionals
- developed and transferred face-to-face workshop material into an online eLearning program to support the National Intern Training Program for pharmacy interns.

The department also developed targeted resources to assist health professionals in understanding Medicare and the Pharmaceutical Benefits Scheme. These new resources include:

- an Online Australian Immunisation Register eLearning module
- a secure upload of forms in the Health Professional Online Services eLearning module
- a Family and Domestic Violence eLearning module
- a Medicare Patient Webclaim video to help business development officers engage directly with health professionals.

In 2016–17 there were 145,746 website visits to eLearning resources for health professionals.

Delivering aged care payments

The department delivers subsidies and supplements to approved aged care providers on behalf of The Department of Health and DVA. This helps aged care providers deliver cost-effective, quality care for frail older people as well as support for their carers. The department's role is to efficiently and effectively make timely and accurate payments.

Table: Aged care overview

	2014–15	2015–16	2016–17
Residential claims processed	32,146	32,128	32,227
Home Care Package claims processed	23,393	21,875	27,488
Flexible care (transition care) claims processed	1,095	941	997
Short-term restorative care claims processed	n/a ^(b)	n/a ^(b)	53
Total claims processed	59,183	54,944	60,765
Total amount paid ^(a)	\$12.1 billion	\$13.2 billion	\$13.7 billion
Residential aged care services (aged care homes)	2,683	2,672	2,703
Home Care Package services (facilities providing community-based packages)	2,132	2,107	2,202
Flexible care services (transition care)	83	83	83
Short-term restorative care services	n/a ^(b)	n/a ^(b)	17
Active services transmitting (online claiming)	2,947	3,805	4,557

(a) Includes \$1.3 billion in 2014–15, \$1.2 billion in 2015–16 and \$1.1 billion in 2016–17 paid on behalf of DVA.

(b) Historical data unavailable.

SUPPORTING AGED CARE REFORMS

In 2016–17 the department implemented the following Aged Care Reform measures:

- improved targeting of the Viability Supplement which assists small, rural and remote aged care services to provide quality care to residents
- removed the six-month limitation on Aged Care Funding Instrument (ACFI) reviews to strengthen compliance actions
- adjusted the ACFI questionnaire to better align with contemporary care practices
- introduced the Short Term Restorative Care program, which increases flexible care options available to older Australians and improves their capacity to stay independent and live in their homes longer.

In 2016–17 the department supported the Department of Health in implementing Increasing Choice in Home Care reforms. The first stage was implemented on 27 February 2017. It reforms the way consumers access Home Care Packages by:

- giving eligible people the right to choose from any approved service provider
- changing payment arrangements so that funding for the package (subsidy and supplements) is paid to the provider chosen by the consumer
- ceasing to allocate a specific number of Home Care Packages to individual providers, accounting for the 4.5 per cent increase in Home Care Package Services in 2016–17 reflected in the *Aged care overview* Table above.
- continuing to cap the total number of packages available nationally.

The Increasing Choice in Home Care reforms impacted positively on home care package uptake rates and partially accounts for the 25.7 per cent increase in Home Care Package claims processed in 2016–17 reported in the *Aged care overview* Table above.

Aged Care Education and Training Incentive Program

The Aged Care Education and Training Incentive Program closed to new applicants on 31 March 2016 and will cease completely on 30 June 2020. The program provides incentive payments to eligible aged care workers employed by approved facilities undertaking specified education and training programs. 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 currently participating in the program who successfully complete a course can apply for an incentive payment on completion of their study. The incentive payment amount depends on the level of study.

Table: Aged Care Education and Training Incentive Program

	2014–15	2015–16	2016–17
Participants in vocational education and training	9,253	5,857	1,810
Participants in enrolled nurse training	1,899	1,267	592
Participants in registered nurse training	1,366	905	911
Total amount paid	\$10.4 million	\$6.5 million	\$3.1 million

Income and assets assessments for people entering aged care

During the year the department continued to perform means testing assessments for people entering aged care. The means test for those entering residential aged care is based on a combined assets and income-based assessment and calculation. The means test for those accessing a Home Care Package is based on an income-based assessment only.

PHARMACEUTICAL BENEFITS SCHEME

The Pharmaceutical Benefits Scheme (PBS) provides subsidised access to a wide range of medicines for Australian residents and eligible overseas visitors.

Under the Repatriation Pharmaceutical Benefits Scheme (RPBS) eligible veterans, war widows and widowers can access some additional medicines and dressings at concession rates and, if clinically justified, items not listed in either the PBS or RPBS schedules.

In administering the schemes the department processes requests for approval from prescribers for medicines that require prior authority to access the PBS subsidy, and processes pharmacy claims for the supply of PBS and RPBS medicines to eligible patients.

Table: PBS and RPBS expenditure

	2014–15	2015–16	2016–17
PBS benefits paid ^(b)	\$9.2 billion	\$10.9 billion	\$12.1 billion
RPBS benefits paid ^{(a)(b)}	\$0.4 billion	\$0.3 billion	\$0.3 billion
Total benefits paid	\$9.5 billion	\$11.2 billion	\$12.4 billion
PBS services processed ^(b)	213.9 million	210.1 million	198.5 million
RPBS services processed ^{(a)(b)}	11.6 million	10.5 million	9.4 million
Total services processed	225.6 million	220.6 million	207.9 million

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

(b) Excludes: services for under co-payment prescriptions, services and benefits for prescriptions with a zero claim benefit amount (i.e. only an incentive was paid), 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 that took effect from 1 January 2016. 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 2017 is \$38.80. 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 the department or DVA are eligible for the concession rate of \$6.30.

These amounts are adjusted 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 were adjusted from 1 January 2017 in line with the consumer price index. The 2017 general threshold is \$1,494.90 and for concession card holders the threshold is \$378.00. After patients reach the relevant threshold, a pharmacist can issue them 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:

- \$6.30 for general patients
- nil for concession card holders.

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.

In 2016–17, the Department of Health approved two additional Aboriginal Health Services to participate in these special PBS arrangements. At 30 June 2017 there were 166 approved Aboriginal Health Services around the country.

Aboriginal and Torres Strait Islander peoples living with chronic disease, or at risk of it, can also receive assistance with the cost of PBS medicines through the Closing the Gap PBS Co-Payment. Since 1 July 2010 eligible patients have received 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 for reasons other than for the personal use of the exporter or another person, such as a child or elderly relative accompanying the exporter.

The Travelling with PBS Medicines Enquiry Line provides information and advice to people about their responsibilities and rights when travelling overseas with PBS medicines.

In 2016–17 the enquiry line received almost 2,000 calls and 39,624 website 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 2017, 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 which may need approval from the department before they can be prescribed to patients. These medicines are for the treatment of specific conditions. An authority prescription also offers the option of asking for an increased quantity or increased repeat prescriptions of PBS medicines. In 2016–17 6.5 million authority approval requests were received. (Note: Figures include RPBS authority approval requests administered by DVA of 0.4 million in 2016–17).

From 1 July 2016 the department expanded its 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 private hospitals, participating public hospitals and medical practitioners to supply PBS medicines.

Table: Approved PBS suppliers at 30 June

	2014–15	2015–16	2016–17
Approved pharmacies	5,511	5,588	5,665
Approved medical practitioners	21	19	13
Approved hospital authorities—private hospitals	116	122	129
Approved hospital authorities—public hospitals participating in pharmaceutical reforms	161	161	164
Approved hospital authorities—highly specialised drugs only	77	79	79

Prescription Shopping Program

The Prescription Shopping Program is administered on behalf of the Department of Health in accordance with the *Human Services (Medicare) Regulations 1975*. The program helps prescribers identify patients who get more PBS subsidised medicines than they medically need and provides information to assist prescribers to make informed prescribing decisions and better manage the health outcomes of their patient.

The program has a Prescription Shopping Alert Service and a 24 hour Prescription Shopping Information Service enquiry line available to prescribers and approved suppliers.

DIGITAL HEALTH

From 1 July 2016, the governance arrangements for digital health services changed and the department now delivers these services on behalf of the newly established Australian Digital Health Agency (ADHA). Before 2016–17, the department delivered digital health services on behalf of the Department of Health and the former National eHealth Transition Authority.

The department is continuing to work closely with ADHA to improve processes for healthcare providers registering and participating in digital health. The digital health services the department provides are:

- the Healthcare Identifiers Service (HI Service)
- components of the My Health Record program
- the National Authentication Service for Health.

Healthcare Identifiers Service

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

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

Table: Healthcare identifiers

	2014–15	2015–16	2016–17
Assigned to individuals	585,330	591,597	597,008
Collected or assigned to healthcare providers	33,387	35,806	37,527
Assigned to healthcare organisations	531	796	943

Tabled in Parliament each year, the HI Service annual report contains full details of HI Service operations.

My Health Record

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

Table: Registrations processed for My Health Record

	2014–15	2015–16	2016–17
Consumer	356,028	337,318	278,573
Provider organisations	367	839	1,114

In line with the 2016–17 Budget measure: *My Health Record—continuation and expansion*, the department will transfer support services for My Health Record to ADHA during 2017–18.

National Authentication Service for Health

The National Authentication Service for Health (NASH) delivers authentication services to healthcare providers and supporting organisations by providing Public Key Infrastructure (PKI) certificates and associated services.

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

Table: NASH PKI Certificates issued

	2014–15	2015–16	2016–17
Healthcare provider organisations	5,559	3,079	6,469
Healthcare provider individuals	687	3,953	1,198
Supporting organisations	12	6	21

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

As mentioned in Part 1.2, 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 the *Human Services (Medicare) Act 1973* gives the Chief Executive Medicare certain powers for the purpose of investigating whether civil or criminal offences have been committed in relation to health programs which the department delivers. Section 42 of the Act requires the department to report on the use of particular investigative powers. During 2016–17 the department did not exercise powers under Part IID of the *Human Services (Medicare) Act 1973*.

2.4 CHILD SUPPORT

The department assisted separating and separated families to ensure their children were supported through the Child Support Program. This included working with other government departments and other agencies to give separated parents access to the full range of government and community support services.

Child support assessment, registration, collection and disbursement services were provided to parents and non-parent carers such as grandparents, legal guardians, or other family members. The department also provided separated parents with a range of referral services and information to help them with their child support needs.

The person entitled to receive child support payments can choose to collect their payment privately or ask the department to collect them on their behalf.

Child support transfers

In 2016–17 the department worked with separated parents to facilitate the transfer of \$3.5 billion to support approximately 1.2 million children.

Table: Amount of child support transferred between parents

Total child support transferred	2014–15	2015–16	2016–17
Child Support Collect	\$1.5 billion	\$1.5 billion	\$1.5 billion
Private Collect ^(a)	\$2.0 billion	\$2.0 billion	\$2.0 billion
Total	\$3.5 billion	\$3.5 billion	\$3.5 billion

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

Private collect

The department encourages separated parents to manage their child support responsibilities independently through Private Collect arrangements. In 2016–17, 52.3 per cent of cases used Private Collect arrangements.

Child support collect

Parents can ask the department to collect and transfer their child support. In 2016–17 the department collected and transferred \$1.5 billion.

Child support debt under a payment arrangement

The table below outlines the percentage of child support debt the department has under a payment arrangement.

Table: Percentage of child support debt under a payment arrangement

	2014–15	2015–16	2016–17
Child support debt under an arrangement	39.1	37.4	37.7

Active paying parents with debt under arrangement and without 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 cases that ended with arrears where there is no current liability but child support is still owed.

Of all active paying parents 76.3 per cent did not have a debt at the end of June 2017. Of the active paying parents with a debt, 50.6 per cent had a payment arrangement in place in 2016–17.

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

Table: Percentage of active paying parents with debt under arrangement and without debt

	2014–15	2015–16	2016–17
Active paying parents without debt	75.8	76.3	76.3
Active paying parents with a child support debt which is under a payment arrangement	51.9	51.8	50.6

Change of assessment decisions

In 2016–17 the number of change of assessment in special circumstances applications received was 18,726. More than 50 per cent of these applications resulted in a change to the rate of child support, better reflecting the special circumstances of parents and their children. More than 60 per cent of applications were about parent's income, property, financial resources, or earning capacity.

The number of objections to change of assessment decisions were 2,891 in 2016–17. The original change of assessment decision was affirmed in 60 per cent of these objections. Of those not affirmed, it was often due to a parent providing new or more current information. Parents who object to child support decisions, including change of assessment, can expect to have a final decision within 60 days for domestic recipients (120 days for international recipients).

Child Support System Redesign Project

On 30 June 2017 the Child Support System Redesign (CSSR) Project delivered a staff facing user interface. This interface provides an enhanced staff experience and in particular incorporates new display features and additional controls for data entry.

The project has aligned itself to the broader departmental technology direction which is to utilise a single delivery platform across the department. A key highlight of CSSR Project has been to contribute to the department's reusable technology patterns which will ensure a consistent approach to future development of payment systems.

The CSSR Project has focused on customer research and testing for the online channel. The CSSR Project continues to incorporate user feedback into online design. Final release of the online functionality is scheduled for financial year 2017–18.

2.5 SERVICES FOR PEOPLE NEEDING OTHER SUPPORT

Through a range of programs and services the department responded to people experiencing extreme circumstances such as family and domestic violence, trauma and homelessness.

Priority areas included help for those at risk of suicide and young people experiencing difficult times. In particular the department's social workers and Community Engagement Officers supported vulnerable people, many of them with complex needs.

The department also targeted assistance to farmers, migrants and refugees, Indigenous Australians, and people affected by emergencies and disasters.

Measures that encourage people to better manage their money included Income Management, the Cashless Debit Card, Centrepay and the Financial Information Service.

SUPERANNUATION PROGRAMS

Small Business Superannuation Clearing House

The ATO Small Business Superannuation Clearing House is a free government service to assist small businesses with 19 or fewer employees or an annual aggregated turnover of below \$10 million to meet their superannuation guarantee obligations and to 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.

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. Releases are limited to assistance in meeting costs for an applicant or their dependant for various reasons such as medical expenses, home and vehicle modifications for people with severe disability, funeral expenses, palliative care and mortgage arrears. Early release can also be approved by superannuation funds on severe financial hardship grounds.

The department's role is to assess applications for early release on compassionate grounds and provide approval letters when release conditions are satisfied. The department's role for severe financial hardship is to confirm that a person has received a qualifying income support payment for the required period.

Table: Early Release of Superannuation Benefits on compassionate grounds

	2014–15	2015–16	2016–17
Applications received	19,367	29,379	37,105
Applications approved in full or in part	14,261	15,161	21,258
Amount approved for release	\$183,772,297	\$204,954,883	\$290,037,520
Average amount released per approval	\$12,886	\$13,519	\$13,644

VULNERABLE PEOPLE

Family and domestic violence

The department supports staff and recipients affected by family and domestic violence by providing information, referrals and support services. For recipients, the department uses a risk identification and referral model to ensure a consistent approach to identifying and supporting recipients, based on their individual circumstances.

For staff affected by family and domestic violence, the department has a phone support service and a range of training available to raise awareness and assist staff and managers in supporting affected colleagues.

Commonwealth Redress Scheme

The department will commence delivery of the Commonwealth Redress Scheme for survivors of sexual abuse in two stages:

- Stage 1: March 2018—establishing an information line to help survivors apply for redress and make referrals where required
- Stage 2: July 2018—applications will be accepted and processed, including gathering information, making payments and referrals.

The scheme will provide survivors with redress in the form of:

- a monetary payment
- the opportunity to receive support through trauma-informed and culturally appropriate counselling to assist them in the redress process, and to address the effects of their experience
- the chance to tell their personal story about their experience in a forum with a senior representative of the responsible institution, and to receive direct personal acknowledgement and response.

The establishment of the scheme is an acknowledgement by the government that child sexual abuse suffered by children in Commonwealth institutional settings was wrong and should not have happened. Placing the survivor's needs at the core of the scheme and seeking to avoid further harming or re-traumatising the survivor through the delivery of the redress are key principles that the department is following to design the service delivery and ICT system for the scheme. Users of the scheme, including survivors, staff and third parties, will be involved in the design and testing of the ICT system and processes prior to the commencement of the scheme.

Community Engagement Officers

Community Engagement Officers (CEOs) provide targeted assistance to vulnerable people, including those experiencing homelessness. These officers work to ensure that vulnerable people maintain access to payments and associated services, as well as increasing their ability to self-manage their business with the department and other organisations.

CEOs offer information, assistance and outreach to third party organisations that support people with complex needs. This is to help them better understand the department's services and recipient entitlements and obligations. Organisations can include rehabilitation centres, psychiatric hospitals, post-prison release accommodation, hostels, boarding houses, refuges, drop in centres and organised meeting places.

In 2016–17 a network of 98 CEOs continued to operate throughout Australia.

Life-changing results for homeless people

Barbara, Northern Territory Community Engagement Officer, plays a vital role every day in supporting homeless people with the issues they face.

‘I work with very vulnerable people to make positive differences, which to us may be relatively small, but can be life-changing for the people we help,’ Barbara said.

Barbara first met Ellen (not her real name) while she was living in a tent by the mangroves with her dog. Ellen was disconnected from society, homeless, depressed and in debt.

Two years later, Ellen’s life has changed dramatically. With Barbara’s

ongoing support and encouragement Ellen and her dog now live in a Northern Territory housing unit. She has applied for a Disability Support Pension, is making plans to pay off her debts, and has seen a psychologist.

‘She regularly comes along to our outreach session to touch base and let us know she’s okay,’ Barbara said.

Barbara has strong connections with other government agencies and community organisations. In Ellen’s case Barbara worked with NT Housing, St Vincent de Paul, utility suppliers and others to achieve such a great outcome for Ellen.



Youth Protocol

The Youth Protocol aims to protect young people from homelessness, abuse and violence. It clarifies the roles and responsibilities of the Australian Government and state and territory child protection agencies who support at risk young people aged between 12 and 17 years who are seeking income support.

Services for prisoners

Prison services are provided nationally to prisons and youth justice centres. Program protocol agreements with state and territory correctional authorities support strategies that help reintegrate prisoners into the community, including:

- preventing social welfare payment debts
- ensuring Child Support assessments for adults in prison are accurate
- completing Employment Services Assessments and Job Capacity Assessments
- providing Medicare services
- providing income support on release
- assisting Indigenous people with study expenses.

The department has a strong and cooperative relationship with state and territory corrective services. During 2016–17 the department's Prison Liaison Officers participated in Prison Open Days to inform people about payments and services which support reintegration.

SOCIAL WORK SERVICES

Social work services may be offered through our service centres and smart centres when a person has more complex needs and requires more support. Social workers provide a high quality professional service and can help people to navigate a life crisis and to stabilise and reconnect with the support they need. Priority is given to people who are at risk of suicide or self-harm, young people without adequate support, and people affected by family and domestic violence. Social workers also work with staff and the community to support individuals and families with multiple and complex issues.

At 30 June 2017 the department had 750 social workers located in service centres, smart centres, rural and remote servicing teams and compliance teams. Social workers responded to 322,273 referrals for support in 2016–17.

SUICIDE AND SELF-HARM

Social workers provide support and intervention to people at risk of suicide or self-harm. This includes ensuring the person is safe, making referrals for further assistance, and supporting service officers engaging with people who are at risk. In 2016–17 social workers responded to 6,341 referrals for people at risk of suicide, and 49,872 referrals for people experiencing mental health issues.

In 2016–17 all departmental social workers undertook suicide risk assessment and intervention training, which supported increased identification and assistance for individuals at risk.

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 assisted unsupported young people to obtain employment, re-engage in schooling or tertiary studies, re-build family relationships and engage with community mental health supports and accommodation services. It is facilitated by ensuring young people are connected with services in their community that will assist in addressing their basic needs, such as accommodation.

In 2016–17 social workers worked with 5,045 young people.

SUPPORT FOR PEOPLE AFFECTED BY FAMILY AND DOMESTIC VIOLENCE

Social workers provide private and confidential interviews for counselling and support for people affected by family and domestic violence. They help people consider their options and determine their eligibility for any payments and services where family and domestic violence is a factor. During 2016–17 social workers continued to train and support departmental staff assisting individuals experiencing family and domestic violence. This ensures staff effectively identify at risk individuals and refer on as required.

In 2016–17 social workers received 65,976 referrals for people experiencing family and domestic violence.

Specialist social work programs

CARER SPECIALIST ASSESSMENTS

During the claiming process the service officer may identify the need to refer a case to a social worker specialising in the assessment of carers. The social worker then investigates any additional evidence relating to the assessment and provides support, information and referrals as required.

When the carer is under 18 years old or older than 80 years, a social worker is included in the process to assess whether the carer provides the care receiver with the constant care required. In addition, social workers assess the carer's capacity to provide the practical and emotional support to meet the care receiver's needs. Social workers also make recommendations for consideration in granting the payment or allowance.

SOCIAL WORK SERVICE AND JOB SEEKER COMPLIANCE MODEL

Social workers undertake Comprehensive Compliance Assessments for the most vulnerable recipients within the job seeker compliance model. The assessment and information from social workers guides decision making about serious failures and the opportunities recipients may have to fully participate in their job seeking obligations.

SOCIAL WORK SERVICES DURING EMERGENCY RECOVERY

In 2016–17 social workers assisted people affected by Tropical Cyclone Debbie. They provided support in recovery centres, service centres, in the community and via phone services. Social workers also supported people claiming the Australian Victim of Terrorism Overseas Payment.

RURAL SERVICES

Farm Household Allowance

The department delivers the Farm Household Allowance (FHA) payment. Since the program started in 2014, over 7,000 claims have been finalised. FHA is a time limited payment of up to three years. The first cohort of FHA recipients commenced exiting the program on 29 June 2017.

FHA recipients are required to complete a Farm Financial Assessment and enter into a Financial Improvement Agreement to improve their capacity for financial self-reliance.

In 2016–17 the department provided support to the Australian Government response to the dairy industry downturn. The response included:

- extending the role of the Dairy Industry Liaison Officer until 30 June 2017
- attending dairy roundtable meetings which were held across regional Victoria in December 2016 to hear the views of dairy farmers regarding the delivery of assistance measures.

Based on feedback the government received, the department piloted several changes to the FHA application process to streamline the time to process applications.

On 18 May 2017, following the success of the department's pilot program in reducing application processing times, the Minister announced changes to the FHA claim process that were being rolled out nationally.

These changes included:

- significantly increasing outbound contact with farmers at the beginning of the claim process
- delaying the Farm Financial Assessment until after a claim is granted
- ensuring that, where possible, farmers also speak to the same specialist staff member throughout the claim process to ensure continuity of support until their application is finalised.

Reaping the benefits of turmeric farming

Three years ago Heyden and Eleanor were vegetable farmers in Nymboida, a small country town near Grafton in New South Wales. They were struggling to make a living in the worst drought in recorded history.

Heyden said: 'We had only 24mm of rain over 17 months, lost our entire mature ready-to-harvest crops, and completely ran out of irrigation water. With very little money we were faced with some hard decisions.'

Both Heyden and Eleanor applied for the FHA, which is paid for up to three years to assist farmers in financial hardship to stay on the farm and plan for the future.

With advice from consultants and ongoing support from Farm Household Case Officer Cathy,

Heyden made the transition from growing mixed vegetables to become the largest organic turmeric producer in Australia. He now sells the turmeric online, and is planning to expand his market in Australia and eventually export to Asia.

Heyden has no doubt his turnaround is due in large part to the FHA program.

'It's been brilliant,' said Heyden. 'The allowance gave us the opportunity to pour everything back into the farm, and helped put food on our table.'

Cathy's support was also unbelievable. It was so good to have someone to talk to about the support we could get, and Cathy was a big help.'



INDIGENOUS PEOPLE

Indigenous Servicing Strategy

The *Indigenous Servicing Strategy 2016–17* provides strategic direction to all departmental staff delivering services to Aboriginal and Torres Strait Islander peoples. It identifies priority areas and ways to measure progress, and it supports Aboriginal and Torres Strait Islander peoples in receiving the right service for their circumstances.

The strategy identifies a series of goals covering priority areas of service delivery, health, child support, ABSTUDY, voluntary Indigenous identification, and Centrelink debt and compliance. Each goal has measures and suggested strategies to support the department in achieving improvements in these areas.

Indigenous Servicing Specialists

Indigenous Service Officers (ISOs) help address strategic and operational issues relating to service delivery to Aboriginal and Torres Strait Islander peoples and communities. By delivering messages about the department's services, ISOs aim to increase the level of understanding, awareness and access to payments and services. ISOs also offer intensive support to assist vulnerable Aboriginal and Torres Strait Islander peoples and communities to engage with the department. At 30 June 2017 there were 70 ISOs.

Remote servicing model

The department's remote servicing model responds to the unique challenges facing people residing in remote regions.

The model includes:

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

The department engages directly with people living in remote Indigenous communities to shape services that are culturally appropriate, effective and empowering.

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

Remote servicing teams

Remote servicing teams provide departmental services to remote Indigenous communities through regular visits. Through community engagement activities, remote servicing staff are also able to proactively engage recipients who might not otherwise come forward and assist them to access and manage income support and their obligations.

The department recruits local Indigenous staff to work in remote servicing teams wherever possible. As well as improving community employment levels, 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 in remote communities in relation to workforce participation.

Interpreting services

There are over 120 Indigenous languages still 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.

The department supports the continuation of the Indigenous languages by offering Indigenous people with limited or no English free access to Indigenous interpreters through the Aboriginal Interpreter Service (AIS) in the Northern Territory and the Kimberley Interpreter Service (KIS) in Western Australia. The department is the largest government user of both services with 10,542 hours of interpreting services used in 2016–17.

Indigenous interpreters are located in high-demand service centres and frequently assist departmental staff working in remote and extremely remote Indigenous communities. The department also provides a Community Language Allowance to 30 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 is Australia's biggest Indigenous town on the western edge of the Daly River Reserve. It is 400 kilometres from Darwin, and for six months of the year 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 National Indigenous Coalition (NIC) is the department's peak advisory forum providing an Aboriginal and Torres Strait Islander voice on effective delivery of payments and services for Aboriginal and Torres Strait Islander peoples.

The NIC is consulted to ensure the department's strategies support and secure outcomes for Aboriginal and Torres Strait Islander people, communities and staff.

During the year the department held two NIC face-to-face conferences, in November 2016, and in May 2017, and participated in nine teleconferences.

Providing spatial services for government and the community

The Australian Government Indigenous Locations (AGIL) dataset is the government's authoritative source of data on Indigenous locations. The department manages AGIL which contains locational data for over 3,800 community names in approximately 1,600 Indigenous locations. Government departments/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 2016–17 the AGIL dataset was viewed 653 times, and downloaded 103 times.

MONEY MANAGEMENT

Financial Information Service

The 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:

- increase confidence with financial matters like investment, salary sacrifice and superannuation
- 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 family move into aged care.

FIS is available by phone, appointment and through seminars.

In 2016–17 FIS officers:

- answered more than 61,900 phone calls
- conducted more than 58,000 interviews
- delivered 5,470 hours of outreach services
- held 3,074 seminars for more than 92,500 participants
- created informative videos and podcasts, available on our website and on YouTube.

Centrepay

Centrepay is a voluntary bill paying service which assists recipients of Centrelink payments to manage their expenses, so they can have regular deductions made directly from their welfare payments to relevant businesses.

Centrepay is free for recipients, while businesses are charged a fee to recover Centrepay operating costs. At 30 June 2017:

- 659,882 recipients were using Centrepay
- 12,829 businesses received a Centrepay deduction.

In 2016–17, 26 million deductions were made to the value of \$2.5 billion.

During the year improvements to Centrepay included:

- giving recipients access to Centrepay through the Express Plus mobile app
- expanding the range of online access to businesses using Centrepay to provide more efficient ways for them to transact with the department
- continuing to implement and refine the assurance framework
- finalising the transition period and cancellation of Centrepay deductions for funeral insurance and unregulated consumer leases for household goods (those not regulated under the *National Consumer Credit Protection Act 2009*).

As part of the transition to the new Centrepay policy a 12-month grandfathering period was set up for businesses and recipients using Centrepay for funeral insurance or unregulated consumer leases for household goods. The grandfathering period was planned to end on 30 June 2016, but on 24 May 2016 the Aboriginal Community Benefit Fund Pty Ltd and related companies (ACBF) applied to the Federal Court of Australia to challenge the department's decision to exclude funeral insurance from Centrepay.

On 30 June 2016, a single judge of the Federal Court of Australia ordered that the department's decision to exclude funeral insurance and terminate the Centrepay approval of the ACBF be quashed. The department subsequently appealed the decision in the Full Court of the Federal Court of Australia which upheld the department's appeal on 11 November 2016. Therefore, following a three-month transition period in which the department worked with affected businesses and recipients, all deductions for unregulated consumer leases for household goods and funeral insurance ceased on 17 February 2017.

Rent Deduction Scheme

Through the Rent Deduction Scheme recipients can have 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 recipients to pay for their government housing.

At 30 June 2017, 343,552 recipients were using the scheme.

In 2016–17, 9.41 million rent deductions were made.

Income Management

Income Management helps people in specified locations receiving income support to manage their money to meet essential household needs and expenses for themselves and their families.

Under Income Management a percentage of a person's income support, and 100 per cent of lump sum payments, are allocated to pay for priority items such as food, housing, clothing, utilities, education and medical care. The remaining percentage of a recipient's payment is paid to them in the usual way to be used at their discretion. While Income Management does not change the amount of payment a person receives, it affects the way that a person receives the payment.

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

There was a dip in the number of overall Income Management participants at the start of 2016–17. This was predominantly due to changes in the *Vulnerable Welfare Payment Recipient Youth Measure* becoming a one off measure for a maximum of 12 months. The reduction in overall numbers reduced the spend by BasicsCard for the financial year.

Table: Income management measures by location

Income Management locations	Voluntary	Child Protection	Vulnerable Welfare Payment Recipient	Supporting People at Risk	Disengaged Youth	Long-term Welfare Payment Recipient	Income measure
Western Australia							
Perth	✓	✓					
Peel region	✓	✓					
Kimberley ^(a)	✓	✓					
Ngaanyatjarra Lands	✓	✓	✓				
Laverton	✓	✓	✓				
Northern Territory	✓	✓	✓	✓	✓	✓	
New South Wales							
Bankstown	✓	✓	✓				
Queensland							
Rockhampton	✓	✓	✓				
Logan	✓	✓	✓				
Livingstone	✓	✓	✓				
Cape York ^(b)							✓
Victoria							
Greater Shepparton	✓	✓	✓				
South Australia							
Greater Adelaide	✓	✓					
Playford	✓	✓	✓				
Anangu Pitjantjatjara Yankunytjatjara lands	✓	✓	✓				

(a) The Cashless Debit Card was implemented in Kununurra and Wyndham and surrounding regions from 26 April 2016, therefore Income Management is no longer available in these locations.

(b) Cape York specific Income Management applies in the communities of Aurukun, Coen, Doomadgee, Hope Vale and Mossman Gorge as part of a broader program of welfare reform for the area.

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 family need.

Organisations can be paid in a variety of ways:

- using the BasicsCard—a reusable, personal identification number 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 recipients 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 2017, 15,492 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 2016–17:

- 96 per cent of income managed recipients used a BasicsCard
- \$208.4 million was spent using the BasicsCard.

DATA ON INCOME MANAGEMENT

The total amount of income support payments income managed in 2016–17 was \$273.2 million.

Table: Income Management recipients

Measure	Recipients at 30 June 2015 ^(a)	Recipients at 30 June 2016 ^(a)	Recipients at 30 June 2017 ^(a)
Cape York Income Management	128	160	166
Child Protection Income Management	337	339	205
Disengaged Youth	4,450	4,096	4,280
Long-term Welfare Payment Recipient	12,387	12,856	14,487
Supporting People at Risk	213	223	275
Voluntary Income Management	5,828	5,146	4,400
Vulnerable Welfare Payment Recipient	3,053	2,100	1,689

(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 break the cycle of welfare dependency by providing greater financial stability while reducing the social harm resulting from alcohol, drugs and gambling. People who live in the current Cashless Debit Card locations have up to 80 per cent of their income support payments paid to a cashless debit card. The card operates like a normal debit card except it cannot be used to buy alcohol, to gamble or withdraw cash.

The Cashless Debit Card commenced as a 12 month trial in Ceduna, South Australia, on 15 March 2016, and in the Kununurra and Wyndham region in Western Australia on 26 April 2016.

Following on from the positive independent evaluation of the trials, and in consultation with community leaders, the Australian Government agreed to extend the Cashless Debit Card in the current locations for a further year.

As part of the 2017–18 Budget, the Australian Government announced the Cashless Debit Card will be also expanded to two new locations.

On 1 September 2017, the Australian Government announced the Cashless Debit Card would be rolled out to the Goldfields Region in Western Australia from early 2018. The card will be rolled out in the local government areas of Kalgoorlie-Boulder, Laverton, Leonara, Coolgardie and Menzies.

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.

At 30 June 2017, 2,135 people were participating in the measure.

ANCILLARY SERVICES AND SUPPORT

Tasmanian transport schemes

The department administers the following Tasmanian transport support schemes:

- Tasmanian Freight Equalisation Scheme—assists in alleviating the sea freight cost disadvantage incurred by shippers of eligible non-bulk goods moved by sea between mainland Australia and Tasmania as there is no option of transporting goods by road or rail.
- Bass Strait Passenger Vehicle Equalisation Scheme—assists in alleviating the cost of sea travel across Bass Strait between Tasmania and mainland Australia with a rebate for passengers accompanying an eligible vehicle.

In 2016–17, 13,556 claims for assistance were received by the department with \$191.3 million in payments processed through the two schemes.

Services on Norfolk Island

The Norfolk Island Reform project delivered a comprehensive package of change including major governance reforms which introduced Australian health and social security systems to Norfolk Island from 1 July 2016.

The success of the department's service offer for early claims and ongoing services was critical to ensuring Norfolk Island residents transitioned to the new arrangements and understood their rights and obligations.

The department was an integral member of the multi-agency taskforce convened to coordinate work across relevant Australian Government and state departments.

The Taskforce delivered relevant legislative amendments, established the Australian Government Information Centre, designed health and state-based services, addressed infrastructure limitations and consulted with Norfolk Island Administration and the broader community to ensure transitional arrangements for existing Norfolk Island payments and services. Collaboration during this transition was a critical factor in the success of the reforms which saw Norfolk Island residents access payments and services.

Portability of payments

Portability is the continuation of Australian social security payments during a person's absence from Australia. The department assists people to understand how their entitlements may be affected and assesses eligibility for payments while they are outside Australia.

A datalink between the department and the Department of Immigration and Border Protection (DIBP) identifies social security recipients who depart

from or return to Australia. Information generated by the datalink is used to automatically review payments for people who have left Australia.

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.

Having a concession or health care card gives cardholders access to Australian Government health concessions and helps with the cost of living by reducing the cost of certain goods and services.

Most people receiving an income support payment will automatically receive a concession or health care card. People receiving the maximum rate of Part A will automatically receive a Health Care Card covering their family. Partners and children may also be covered by a person's card if it relates 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.

For people who have a Commonwealth Seniors Health Card, only the cardholder has access to the concessions available for the card.

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

Advance payments

An advance payment is a lump sum payment of the recipient's future entitlement. The advance payment amount can vary depending on the payment type received. Non-pension recipients—including Parenting Payment Single recipients—can receive a minimum of \$250 and a maximum of \$500, once per a 12-month period. Pension recipients can receive multiple advance payments depending on the amount available at each application. FTB recipients can receive a regular advance that is paid each 26 weeks as long as the recipient is still eligible.

Urgent payments

An urgent payment is an early part payment of a recipient's regular fortnightly income support payment. It can be paid when a recipient requests assistance due to severe financial hardship due to exceptional and unforeseen circumstances or due to the costs associated with the funeral of an immediate family member.

From 1 June 2017, recipients, who request a payment due to exceptional and unforeseen circumstances are generally limited to two urgent payments per 12 month period.

The urgent payment process aims to identify people experiencing ongoing financial difficulties so early intervention and help can be offered. Social workers will also provide additional support and make referrals to financial counselling, other community organisations or accommodation assistance, where necessary.

Bereavement payments

Bereavement payments help recipients adjust to changed financial circumstances following the death of their partner, child or care receiver. The type and amount of bereavement payments 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

People who receive taxable and certain non-taxable payments receive a Centrelink Payment Summary. 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 recipient'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'.

MULTICULTURAL SERVICES

Multicultural Servicing Strategy

The department has developed a three year *Multicultural Servicing Strategy 2016–19*, which was launched by the Minister for Human Services on 31 August 2016, 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 appropriate services. It outlines a number of actions, including:

- ensuring multicultural people are taken into account in the design of future digital business models, especially when language assistance is required
- providing staff with multicultural awareness training
- allocating a Multicultural Service Officer position to relevant business areas, to increase accessibility of services for culturally and linguistically diverse (CALD) recipients
- planning and delivering an annual ‘deep dive’, targeted satisfaction survey to multicultural recipients.

Multicultural Service Officers

In 2016–17, a network of 70 Multicultural Service Officers (MSOs) continued to operate 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 recipients from culturally and linguistically diverse backgrounds.

Examples of MSO activities include:

- promoting and demonstrating the department’s digital services to recipients 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
- promoting multicultural resources to staff.

Building trust and understanding

For Multicultural Service Officer (MSO) Victoria, a focus on offering support that people can understand makes a real difference to the lives of many migrants and refugees.

Victoria says: 'It's important we treat people as they are—not for what they look like or how they speak.

'Many stories have touched my heart over the years. One I can remember very clearly was about a woman from Africa.

'Because of all she'd suffered during a civil war in her country, she was very afraid. She didn't trust the government or even her own community. She kept her money in a pillow cover under her bed.'

As a migrant herself, Victoria understood the challenges the woman faced. She worked hard to gain her trust and connected her with a settlement service provider and community organisations to get the assistance she needed.

'Her story inspires me because, despite all the trauma she'd been through, she was able to find the strength to empower herself, learn English and build a better future,' Victoria said.

About 70 MSOs work for the department across the country to help migrant and refugee communities connect with Australian Government services.



Support for refugees and humanitarian entrants

The department offers a range of services to assist refugees entering the community. The department works closely with the DIBP, DSS, humanitarian settlement service providers contracted to DIBP, and community groups to ensure 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.

During the year the department continued to monitor its services to ensure they met the needs of refugees arriving through the Australian Government's annual Humanitarian Program, and as part of the additional 12,000 places for Syrians and Iraqis.

Citizenship testing

Delivered on behalf of DIBP, weekly citizenship tests are available at 33 service centres in regional areas. Around 107,808 citizenship tests were taken across Australia during the year, with 13,144 tests taken in regional service centres.

Language services

The department provides free translation and interpreting services in over 200 languages to help people conduct their business.

More than 2,600 contracted interpreters deliver these services. The department also supplies regular, rostered onsite interpreters who work out of 56 service centres where demand for assistance in certain languages is high.

Bilingual staff may be paid a Community Language Allowance if they use their language skills in the course of their work. In 2016–17, 698 staff received the Community Language Allowance.

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 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.

Status Resolution Support Services

The department administers the Status Resolution Support Services payment. DIBP determines eligibility for the payment which provides financial assistance to people living in the community while their immigration status is being resolved. At 30 June 2017 approximately 12,000 recipients received the payment.

Innovative Multicultural Services

The department offers Express Plus Lite mobile app services in four languages for iOS and android devices. People can use the app to report their earnings anywhere at any time, increasing convenience and reducing the need for interpreter services. The languages are Arabic, Chinese, Vietnamese and Persian (Farsi).

EMERGENCY RESPONSES

Payments and services

The department's core responsibility in response to emergencies is to ensure continuity of payments and services. Service delivery 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 recipients
- providing social work services
- delivering the Australian Government Disaster Recovery Payment (AGDRP), Disaster Recovery Allowance (DRA), and equivalent ex-gratia payments
- delivering the Australian Victim of Terrorism Overseas Payment (AVTOP).

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 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 assist Australians in emergency affected areas or to assist 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. This helps the department to respond quickly following emergencies. There are 5,877 staff (17.3 per cent of the department's staff) registered for the Emergency Reserve.

Emergency Reserve staff are a resource that can be called on at short notice. These staff have a range of skills which are used in various roles including:

- assisting people affected by emergencies at field locations
- support to affected service centres
- working behind the scenes in processing centres
- answering calls to the Australian Government Emergency Information Line
- backfilling staff deployed to provide emergency support.

In 2016–17 Emergency Reserve staff supported recovery efforts in response to Tropical Cyclone Debbie in April 2017.

CURRENT EVENTS

AUSTRALIAN GOVERNMENT DISASTER RECOVERY PAYMENTS (AGDRP)

The department's response to emergencies included payment of AGDRP claims. This payment was provided to people adversely affected by Tropical Cyclone Debbie in Logan, the Gold Coast, Mackay, Rockhampton, Scenic Rim, Whitsunday, Lismore, Tweed, and Rockhampton local government areas.

Table: AGDRP payments at 30 June 2017

	Tropical Cyclone Debbie
Claims finalised	23,786
Claims paid to affected people	20,311
Amount paid	\$23,924,400

DISASTER RECOVERY ALLOWANCE (DRA)

The DRA was activated to assist 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: DRA payments at 30 June 2017

	Tropical Cyclone Debbie
Claims finalised	1,926
Claims paid to affected people	700
Amount paid	\$1,450,178

Strong sense of duty

Some staff, particularly in regional and rural areas, are involved in the community through volunteer emergency services. They are trained professionals who put their own safety on the line to protect the lives, livelihoods and assets of others.

Hugh from the Stanthorpe office is one such volunteer rural firefighter for the Queensland Fire and Emergency services.

In February this year, he was called to be part of the Queensland relief crews to help fight the Liston fires that were burning in New South Wales.

'I was in heavily wooded hill country. We spent our time back burning and blacking out and watching over our

shoulders for spot fires that could have caught us in a 'flash over' (where the fire engulfs the truck),' Hugh explains. But it is all in a day's work for Hugh, who has attended quite a few fires in his two years of volunteer firefighting.

Hugh loves his work as a rural firefighter. 'Being a professional rural firefighter is challenging, but it is also very rewarding and I encourage anyone interested to contact their local brigade and find out if volunteering is for them,' Hugh said.

'Unpaid professionals put themselves on the line; they don't do it for glory, but merely to give back to their local community and help in a very real and practical way.'



EX GRATIA PAYMENTS TO NEW ZEALAND NON-PROTECTED SPECIAL CATEGORY VISA HOLDERS

Ex-gratia payments to New Zealand non-protected special category visa holders were also activated for individuals affected by Tropical Cyclone Debbie. These payments are equivalent to the AGDRP.

At 30 June 2017 more than:

- 229 claims had been received
- 188 claims had been paid to affected people
- \$219,400 had been paid.

Ex-gratia Disaster Recovery Allowance for New Zealand non-protected special category visa holders was activated to assist 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 2017 more than:

- 67 claims had been received
- 32 claims had been paid to affected people
- \$66,531 had been paid.

EMERGENCY CLAIM LODGEMENT CHANNEL

There are various options to claim disaster recovery payments, including over the phone, online, by completing a paper claim form, and in person.

Table: Percentage of disaster recovery claims granted by claiming channel^(a)

Claiming channel	2014–15 %	2015–16 %	2016–17 %
Phone	61	59	91
Online	33	18	0
Paper and in person	6	23	9

(a) These figures do not include AVTOP, or rapid response payment claims.

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.

Table: Calls to the Australian Government Emergency Information Line

Australian Government Emergency Information Line	2015–16	2016–17
Calls answered	8,128 ^(a)	59,570

(a) SA Pinery bushfires, WA Waroona bushfires, NSW East Coast storms and floods, TAS East Coast storms and floods.

WORKING IN EMERGENCY RECOVERY

In 2016–17, following Tropical Cyclone Debbie and the subsequent flooding which affected communities across Queensland and New South Wales, 53 staff were sent to the affected areas to assist in delivering emergency payments.

During these events the department had up to four ‘points of presence’ at any one time. Points of presence are mobile computing equipment sites that have laptop computers, printers and internet connectivity. These sites provide staff with instant access to departmental systems, allow on-the-spot assessment of claims, and offer other departmental assistance.

The department tailored business as usual activities to streamline access to payments and services for those in cyclone and flood affected areas. Additionally, the mobile service centre crews assisted in recovery; they spent ten days in 13 disaster-affected communities, helping nearly 1,200 people.

AUSTRALIAN VICTIM OF TERRORISM OVERSEAS PAYMENT (AVTOP)

AVTOP provides one-off assistance 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.

AVTOP was activated for the July 2016 Nice, France attack, the December 2016 Berlin, Germany attack, the March 2017 London, United Kingdom attack and the following 20 past overseas incidents:

- September 2001 Istanbul, Turkey bombing
- March 2002 Islamabad, Pakistan attack
- March 2003 Khormal, Iraq bombing
- May 2003 Riyadh, Saudi Arabia bombings
- July 2003 Baghdad, Iraq arms assault
- August 2003 Jakarta, Indonesia bombing
- August 2003 Baghdad, Iraq bombing
- November 2003 Istanbul, Turkey bombing
- February 2004 Thaloqan near Kandahar, Afghanistan arms assault
- May 2004 Yanbu' al Bahr, Saudi Arabia arms assault
- May 2004 Al-Khubar, Saudi Arabia armed assault
- October 2005 Delhi, India bombings
- September 2006 Gardez, Paktia Province, Afghanistan bombing
- April 2008 Nangarhar Province, Afghanistan arms assault
- December 2010 Varanasi, India bombing
- August 2011 Quetta, Pakistan bombing
- December 2011—March 2013 Mindanao, Philippines kidnapping
- August 2013 Tripoli, Lebanon bombings
- September 2014 Kabul, Afghanistan kidnapping
- March 2015 Tunis, Tunisia arms assault.

In 2016–17, 333 calls were answered by the Australian Victim of Terrorism Overseas Hotline.

Table: AVTOP payments in 2016–17

	Primary victims	Secondary victims
Claims finalised	15	2
Claims paid	11	0
Amount paid	\$748,600.00	\$0

NATIONAL EMERGENCY CALL CENTRE SURGE CAPABILITY (NECCSC)

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 2016–17 the NECCSC was activated for:

- Smart Service Queensland in response to Tropical Cyclone Debbie
- Safecom (South Australian government) in response to the South Australian extreme weather event.

Table: NECCSC Calls taken in 2016–17

NECCSC Activation	Smart Service Queensland	Safecom
Calls answered	1,170	518

NATIONAL SECURITY HOTLINE

The department also provides surge assistance for the National Security Hotline on request from the Attorney-General's Department. The hotline is the single point of contact for people to report possible signs of terrorism or to request information.

In 2016–17 the department assisted in taking 536 calls to the National Security Hotline.

Events that closed in 2016–17

Claims for the AGDRP and DRA can be lodged up to six months from the date the payment is activated. Claims were paid in 2016–17 for events that occurred during 2015–16. These events included:

- Western Australia Waroona bushfires, January 2016
- Tasmania East Coast Storms and Floods, June 2016
- New South Wales East Coast Storms and Floods, June 2016.

For these events, in 2016–17 the department paid \$121,074.

Disaster health care assistance schemes

The Australian Government helps people to meet health and community care costs arising from specified natural disasters and terrorist attacks. The department administers the following special assistance schemes:

- Balimed (2002)
- Tsunami Healthcare Assistance (2004)
- London Assist (2005)
- Bali (2005)
- Dahab Egypt Bombing Health Care Costs Assistance (2006).

CLOSURE OF HUNTER RIVER AND PORT STEPHENS FISHERIES

In 2016–17 the department delivered payments on behalf of the Department of Defence (Defence) to assist individuals and small businesses affected by the closure of the Hunter River and Port Stephens fisheries. The payments consisted of:

- a fortnightly Income Recovery Subsidy for individuals
- the Business Assistance Payment, Business Hardship and Business Transition Payments for small businesses.

Table: Payments relating to the closure of Hunter River and Port Stephens fisheries in 2016–17^(a)

	Business Assistance Payment	Business Hardship Payment
Claims finalised	7	101
Claims paid to affected people or business	5	89
Amounts paid to people or businesses	\$25,000	\$810,653

(a) No figures are reported for 2016–17 for the Income Recovery Subsidy as small numbers of distinctive claims may lead to identifying individual claimants.

In 2016–17, 266 calls were answered by the Australian Government Emergency Information Line from people affected by the closure of the Hunter River and Port Stephens fisheries.

2.6 COMPLIANCE AND BUSINESS INTEGRITY

The department is committed to ensuring that only people eligible receive welfare and other payments, and that they get the correct amount.

The department continued to protect the integrity of the welfare system, taking a proactive approach to identifying payment accuracy risks, applying compliance measures, and educating people about their obligations.

The department worked hard to clearly explain the obligations of people receiving payments. It also actively investigated alleged serious non-compliance and fraudulent activity across all social welfare, health and child support programs.

If a person is not eligible for a payment they have received, they need to repay the money to the Australian Government. This can happen if someone did not give the department their correct or up-to-date information, for example, that they worked and how much they earned. People are also obliged to tell the department when their circumstances change, for example, changes to their relationship status, living arrangements, care arrangements, assets or income, as their payment may be affected.

Most people want to provide correct and up-to-date information, but sometimes people make mistakes. A small number of people will do the wrong thing. When there is serious and deliberate fraud, offenders may face prosecution.

The department's compliance actions focus on ensuring people receive the correct payments, confirming their identity, helping them meet their obligations to prevent overpayments, defining potential overpayments, asking them to confirm and clarify discrepancies in information and ensuring fair and appropriate debt recovery processes.

PAYMENT ACCURACY AND CORRECTNESS

The department conducts activities to ensure it pays the right person, the right amount, through the right program, at the right time.

Through random sample surveys the department estimates the percentage of people receiving payments that were free of administrative and processing errors. This measure is known as payment correctness. With a target of 95 per cent in 2016–17 the department achieved payment correctness of 98.3 per cent.

Through their annual report, DSS provides a measure known as payment accuracy that factors in error by both the person receiving payments as well as by the department (see dss.gov.au)

The department works to ensure appropriate checks exist to minimise the likelihood of errors.

IDENTITY MANAGEMENT AND SUPPORT

Confirming and maintaining the correct identity of people who receive payments is fundamental to the integrity of the welfare system. The department does this by continuing to strengthen processes for the management of identity and making it easier for people to enrol in services in a way that suits them. The department is working in close cooperation with the DTA.

In 2016–17 the department confirmed the identity of over 775,000 recipients in line with the Attorney-General's Department's best practice *National Identity Proofing Guidelines*. In 2016–17 the department successfully matched over 1.8 million identity documents from recipients using the Attorney-General's Department's Document Verification Service.

In 2016–17 the department continued working with IDCARE, a national identity and cyber support service that provides assistance to people whose identity information has been stolen, lost or put at risk in any way.

HELPING PEOPLE MEET THEIR OBLIGATIONS

The department undertakes a range of preventative activities and increasingly uses new strategies to educate and assist people to receive their correct entitlements and meet their obligations and responsibilities. The department also works with people to resolve issues when they have not complied with requirements because of genuine mistakes.

The department continues to work with people to identify life events such as commencing new employment, to ensure continued payment accuracy. This may include calling, writing or sending an SMS.

In 2016–17 more than 254,000 people who received payments were contacted using these approaches which prevented \$59 million in overpayments. This contact from the department means people most at risk receive more support to ensure their payments are correct.

As an example, during 2016–17 the department focussed on addressing the highest risk for student payments which is student failure to update their study load details. The department prompts students to update their study details online at key points in time, such as the Higher Education Contribution Scheme (HECS) cut-off date.

Compensation payments

The *Social Security Act 1991* encourages people to use private financial resources, such as compensation payments, before accessing the taxpayer-funded social security system. It also ensures that any compensation payments for an injury or illness are considered in the calculation of any social security benefits. Under the Act:

- people can be compelled to claim for 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 otherwise payable dollar for dollar—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 income support payments, the department contacts them to ensure they are aware of preclusion periods. This helps them make informed decisions about their financial position.

Individuals and their legal representatives can also access a tool on the department's website to estimate the effect of a pending compensation claim. Information is also available for compensation recipients, compensation authorities, and legal, insurance, union and community representatives.

POTENTIAL OVERPAYMENTS

Data matching is used to detect potential overpayments by identifying where information held by the department may be different to information held by external sources. For over ten years, the department's data-matching processes have been governed by the *Privacy Act 1988* and carried out in accordance with the *Guidelines on Data-Matching in Australian Government Administration* issued by the Office of the Australian Information Commissioner.

Data from internal and external sources is used in data-matching to identify people at risk of potential overpayments. In 2016–17 external sources included:

- Australian Securities and Investments Commission
- ATO
- Commonwealth Superannuation Corporation
- DET
- Department of Employment
- Department of Health
- DIBP
- DVA
- 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.

Online compliance

Data-matching, sending letters and assessing and calculating differences in income and payments has been at the core of the department's welfare compliance activities since the 1990s. In 2016–17 the department introduced an online compliance portal consistent with community expectations that people should be able to review, update and confirm their information at a time convenient for them, quickly and simply.

The introduction of this online portal did not change how data-matching was undertaken or the way income was assessed and differences calculated. However, the initial rollout gave rise to public controversy.

The department welcomed the constructive and practical enhancements suggested by the Ombudsman in their investigation which have been implemented. The department also welcomed the findings of the Ombudsman that the online compliance system was designed appropriately, accurately calculates debts and has undergone a range of enhancements that ensure its long-term sustainability. This provided the reassurance that debts raised were consistent with the previous manual debt investigation process.

As part of ongoing continuous improvement and by listening to feedback, a number of enhancements were made to the digital solution in February 2017, which included:

- creating a simpler way to login
- making it easier to upload information
- giving people more chances to review their information
- improved screen design.

DEBT MANAGEMENT

The department assists people with repaying debts by providing flexible ways to make payments. People with debts have several options available to make repayments, including cheque, money order, direct debit, BPAY, phone or internet banking, or Australia Post's Post Billpay service. The most common method of repayment for those receiving payments is through withholdings from their payment.

Introduced in July 2016, the Money You Owe online service is a new, convenient and efficient way for people no longer receiving a payment to repay their debt or set up a payment arrangement. Where a person has difficulties repaying a debt, the department organises a repayment arrangement that ensures they are not put in serious financial hardship.

A person can request a review of their debt. Should they disagree with the review outcome they have further appeal rights. The department has continued to make improvements to the debt recovery process, such as pausing the debt recovery action while the department reviews the debt.

Debt recovery

When a person is no longer receiving payments and has failed to make or maintain a repayment arrangement, the department may use a contracted External Collection Agent to recover a debt with commission only paid on the recovered amount.

The department also has a dedicated area with investigative and intelligence capability to locate people who have large debts and the capacity to pay them. If necessary, legal action may be taken to recover the amounts owed.

In 2016–17 the department raised 2.38 million social welfare debts to the value of \$2.84 billion.

Table: Debts raised from people who receive payments

	2014–15	2015–16	2016–17
Number of debts raised	2,350,131	2,439,431	2,384,911
Amount raised	\$2.5 billion	\$2.8 billion	\$2.8 billion

Table: Social welfare debt recovered

	2014–15	2015–16	2016–17
Total debts recovered	\$1.43 billion	\$1.54 billion	\$1.64 billion
Amount recovered by contracted agents	\$131.3 million	\$144.7 million	\$126.1 million
Percentage of total recovered by contracted agents (%)	9.2	9.4	7.7

TASKFORCE INTEGRITY

Taskforce Integrity was introduced in November 2015. Taskforce Integrity aims to change any localised cultures of non-compliance and welfare fraud and positively influence people's behaviour by encouraging self-correction.

Run by the department and supported by the Australian Federal Police (AFP), the taskforce is led by an AFP Assistant Commissioner and draws on capability from across the department and the AFP. The taskforce identifies and targets geographic areas where data analysis and intelligence points to a higher risk of non-compliance and suspected welfare fraud. Since 1 July 2016, the taskforce has completed 13,595 compliance activities and referred 41 cases to the Commonwealth Director of Public Prosecutions (CDPP).

PUBLIC TIP-OFFS

Effective handling of public tip-offs about potential fraud is a key element in maintaining community confidence in the integrity of payments. Specialist staff assess all tip-offs from the public suggesting a person may be receiving a payment or benefit to which they are not entitled. The department invests substantial effort to ensure tip-offs are dealt with appropriately. 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 Fraud Tip-off Line on **131 524**
- writing to us at PO Box 7803, Canberra BC ACT 2610.

In 2016–17 the department received more than 38,000 tip-offs through the Australian Government Services Fraud Tip-off Line and more than 75,000 tip-offs from other sources.

Table: Tip-offs

	2014–15	2015–16	2016–17
Tip-offs through Fraud Tip-off Line	49,140	42,825	38,838
Tip-offs from other sources	59,701	67,973	75,227

SERIOUS NON-COMPLIANCE AND FRAUD

The department is serious about protecting the integrity of the programs it administers. The overwhelming majority of people who receive payments behave in an honest manner, however, there are a small number of people who try to deliberately defraud Australia’s welfare, child support and health systems. The department actively investigates alleged fraudulent activity to protect the integrity of government programs and to ensure that only those entitled to payments and benefits receive them.

Our intelligence capability

In 2016–17 the department conducted a variety of intelligence activities to detect and target potential fraud and serious non-compliance associated with welfare, child support and health programs. This included supporting a number of joint taskforce activities, testing and implementing new detection programs, assessing tip-offs provided by the public, and enhancements to the department’s well established detection capability. The department also used data analytics and data mining to improve and refine the detection of fraud and serious non compliance.

The department continued to work closely with a number of other government departments and 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 2016–17 the department assessed matters to determine if further action was appropriate. The department completed 3,813 evaluations and 1,189 investigations into fraud.

These matters covered 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.

Of the investigations completed in 2016–17:

- 1,104 related to the department's Social Security and Welfare program
- 81 related to the department's Health program.
- 4 related to the department's Child Support program.

To support the investigation capability in a digital environment, the department enhanced its digital forensic capability through new detection technologies and deploying extra staff. It also further developed real time, risk profiling capabilities to enhance its ability to address online and identity fraud and prevent incorrect payments.

Optical surveillance

Optical surveillance involves observations of 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 cases of child support avoidance or income minimisation.

In 2016–17 the department completed 20 matters where optical surveillance was used.

Whole of government engagement to combat crime

To ensure a strong response to fraud and serious non-compliance, the department continues to work cooperatively with a number of government departments and agencies. These partnerships include new information sharing arrangements, focused intelligence activities and investigations, engagement with overseas agencies, proactive data matching on persons of interest, active involvement in taskforces, and regular data matching.

Australian Transaction Reports and Analysis Centre

AUSTRAC provides the department with 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 provides the department with greater access to AUSTRAC intelligence that is used to detect undisclosed income or target unexplained wealth.

Greater access to AUSTRAC intelligence has assisted in strengthening the department's ability to address serious and systemic attacks on the welfare system.

Australian Criminal Intelligence Commission

The department provided ongoing support to the ACIC to address the threat of organised crime. The department continues to have two officers seconded to the Commission—one to focus on financial crime, and the other to work in the Australian Gangs Intelligence Coordination Centre. As part of the ongoing arrangement the department also receives information and intelligence from the Commission on issues associated with social 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 with the department, assisting with investigations including 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 works collaboratively with the AFP on specific joint operations to investigate and disrupt larger scale organised crime committed against health and welfare programs.

The department is also a member of the Fraud and Anti-Corruption Centre led by the AFP. 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. The department currently has one officer seconded to the centre.

Commonwealth Director of Public Prosecutions

The department and the CDPP continued to work together to respond to fraud against government programs. Successful prosecution outcomes 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 detected and investigated by the department. During the year both agencies increased their focus on collaboration and innovation, including through mutual training, efficiency and capability development initiatives.

In 2016–17 the department referred 709 cases to the CDPP. These referrals included:

- 703 cases related to persons receiving social security or family assistance payments
- four cases related to fraudulently claiming health program benefits
- two cases related to persons receiving child support services.

The department has continued to experience a shift in the types of fraud and serious non-compliance threats it addresses, particularly those driven by technological changes or involving unexplained wealth. Work continues with the AFP and State police forces on a number of complex, organised frauds and frauds perpetrated in the online environment.

Prosecution is not the department's only response to fraud and serious non-compliance. Not all cases of suspected fraud are appropriate for prosecution, particularly where there are evidentiary issues. The department has a range of administrative actions it can take that complement prosecution activity and can be used to tackle cases that cannot be prosecuted.

The department does not set targets for prosecution activity. Instead, focus is given to tackling fraud and serious non-compliance threats holistically, quickly and cost effectively.

Child support compliance

In 2016–17 the department continued to refine its child support compliance programs. The department uses various activities to ensure assessments for child support are accurate including requesting the ATO take lodgement enforcement action for mutual customers. Any available tax refund can also be used to reduce outstanding child support.

Collecting child support via employer withholding and income support payments ensures sustainable collection of timely payments.

Where voluntary compliance is not possible the department will pursue collection. This could include the placing of a Departure Prohibition Order or pursuing collection via the Courts.

Table: Child support compliance and enforcement actions

	Number of actions			Child support collected/corrected \$ million		
	2014–15	2015–16	2016–17	2014–15	2015–16	2016–17
ATO taxable incomes enforced ^(a)	109,935	58,588	65,407	n/a	n/a	n/a
Tax refund intercept payment ^(b)	105,202	97,679	99,022	121.5	114.6	116.0
Departure prohibition orders ^(c)	218	911	1,892	6.7	7.9	9.9
Litigation ^(d)	169	184	208	3.7	6.4	8.1

- (a) To ensure assessments for child support are accurate the ATO takes lodgement enforcement action for mutual customers.
- (b) Tax refunds intercepts resulting from actions taken to enforce ATO taxable incomes (lodgement enforcement) are included in this figure.
- (c) Departure Prohibition Orders preventing overseas travel are issued to persons who have not made satisfactory arrangements to clear substantial debts. Departure Prohibition Orders are an intensive 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) The department commences litigation action, targeting parents who repeatedly avoid paying their child support when other enforcement options have been unsuccessful and an assets or income stream is identified.

Table: Employer withholding from wages and salaries

	2014–15	2015–16	2016–17
Active paying parents with employer withholding payments set up ^(a)	64,390	62,702	67,676

- (a) The department may initiate this measure for both current liability and child support debt.

Table: Deductions from Centrelink and DVA payments

	2014–15	2015–16 ^(a)	2016–17
Amounts collected from Centrelink and DVA payments ^(b)	\$30.5 million	\$69.4 million	\$67.8 million

- (a) Represents the total amount of deductions from both Centrelink and DVA payments. 2014–15 shows only the amount of additional deductions received as a result of a legislative change to increase the maximum allowable deduction amount from Centrelink payments. The total figures also included DVA deductions.
- (b) These deductions may be made for both current liability and child support debt

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PART 3

Transformation and Technology



3.1 REFORM OF SERVICE DELIVERY

During the year the department continued to contribute to the development and implementation of the Australian Government’s digital transformation agenda. The department worked closely with the DTA to drive this agenda including contributing to the development of the whole of government Digital Transformation Roadmap.

The department developed its *Digital Transformation Strategy* which, together with the *Technology Plan 2016–20*, is a framework for ongoing digital transformation and supports the government’s digital agenda for simpler, clearer and faster services for all users. It is the over-arching strategy and central point for the department’s business transformation, and brings together WPIT, the *Channel Strategy 2016–19*, and other internal strategies and plans.

The department continued to develop its design capability to support a whole of government approach to improving user-centric digital services. Examples include:

- forming a multi-disciplinary team to explore ways that digital users experiencing family and domestic violence can safely and easily find the information and support available. Following work to explore ideas with a range of government stakeholders, advocacy groups, victim support groups and people experiencing family and domestic violence, the department is looking at a number of options to deliver better user experiences
- working with Department of Agriculture and Water Resources and several state Rural Financial Counselling Services to identify ways to improve the administration of the FHA.

The department continued to invest in digital services to make it simpler and easier for recipients to do business with government. This led to increased self management and use of digital channels.

In 2016–17 the use of the myGov digital service increased, with 11.7 million active accounts at 30 June 2017. In addition, the number of member services increased to ten.

myGov gives users secure and easy access to a range of government online services, a secure digital inbox to receive mail from participating member services, and the ability to update address details in one place and have that information automatically notified to participating member services, such as the ATO.

As part of the government’s agenda to improve and deliver whole-of-government digital services, on 1 July 2016 the DTA assumed responsibility for myGov strategy, policy, user experience and onboarding of new member services.

The department is responsible for operational design, development, building and deployment of the myGov digital service and myGov shopfronts. It also continues to own and operate the technical platform for the myGov digital service.

During the year the department also strengthened partnerships with other government agencies to help them with service transformation. In August 2016 the Victorian Department of Health and Human Services' Housing Register Application became the first state-based service available through the myGov digital service. In 2017 the department also supported DVA which started important work on transforming services for the veteran community.

WELFARE PAYMENT INFRASTRUCTURE TRANSFORMATION

WPIT is a business led, user centered, technology-enabled transformation that will replace the existing welfare payment system. It is an important long-term investment, allowing the government to properly address the challenges facing Australia's welfare system and maximise the benefits of eGovernment, while reducing the cost of administering the system for taxpayers.

WPIT is two years into a seven-year program of work. WPIT's outcomes will save welfare recipients time and effort by offering easier access to improved digital services.

Tranche One

In the 2015–16 Budget, the government invested \$60.5 million net expenditure over four years to progress Tranche One of WPIT. Tranche One involved business planning, scoping and design work for future tranches, as well as implementing new digital improvements and new services, and selecting the major commercial partners for the programme.

During Tranche One the programme has delivered early enhancements to improve a number of digital services. These included introducing a claim tracker to help those claiming welfare payments track the progress of their claim through the assessment process and support claimants to submit all required documents to enable quicker claims processing. The department also released a redeveloped online 'payment and service finder' to help potential claimants understand what payments and services might best suit their circumstances before lodging a claim. A Virtual Assistant, 'Sam', was also introduced on the families and students pages on the **humanservices.gov.au** website, to assist users to navigate the website and source information regarding family and student payments. A new training tool was also introduced to allow staff to better assist claimants with any queries and how to transact online.

Tranche Two

In December 2016 the government committed \$313.5 million net expenditure over four years for Tranche Two of the programme, spanning January 2017 through to June 2018. In commencing Tranche Two the programme moved from the foundation planning and set up phase into the first of its core delivery phases.

Starting with the student payment cohort, the programme is on track to deliver an improved service experience to Youth Allowance and Austudy students. During Tranche Two students will be offered a more dynamic digital claiming experience, with digital servicing support for those who need it. Student claim processing will also be automated where appropriate. This means that students will have faster decisions on their student payment applications.

Together with its commercial partners, the programme has commenced co-designing the core system features required to support all welfare payments into the future. This includes payments for job seekers, families, older Australians and people with a disability.

Supporting customers with Sam the Virtual Assistant

Next time you visit the Students and Trainees or Families web pages, you'll find a new, helpful presence in the form of Sam the Virtual Assistant.

Sam is the department's very first public-facing Virtual Assistant, and as an exciting new digital channel, offers another way for the public to communicate with the department. Sam's intelligence will grow as people continue to ask questions and it will learn to get better at responding to enquiries.

'Initially, we loaded Sam with around 15,000 questions which had been asked on social media, email, through interactive voice responses and in user testing sessions,' explained Jordan from the Virtual Assistant project team.

'Importantly, Sam has been trained to answer questions asked by people who visit our website, using their way of speaking—not ours.'

Conversation logs will be used to continue to train Sam to better answer questions, increase its overall intelligence and identify trends for new questions and answers.

While it's still early days, the introduction of Sam makes for an exciting beginning.



3.2 INFORMATION AND COMMUNICATIONS TECHNOLOGY

The department's *Technology Plan 2016–20* sets out the vision for departmental information and communications technology to provide government services through a trusted digital services platform. It supports the department's *Corporate Plan 2017–18* and *Digital Transformation Strategy*, and the DTA goal of transforming services to be simple, clear and fast. The plan builds on the department's transformation so far, and represents a structure and improved planning to establish the department as a leading provider of government services.

To support community demand for 24/7 online access, the department maintains its ICT infrastructure to be available and to have sufficient capacity to meet recipient needs. This is important during the peak demand periods, such as the end of the financial year, calendar year and holiday processing periods. Complex data modelling indicates service demand profiles so that infrastructure capacity is increased in anticipation of demand peaks.

SERVICE STABILITY

In 2016–17 the department continued to maintain the stability of its core systems with the average number of Priority 1 incidents being 0.25 per month.

Priority 1 is applicable if a system, network, application or customer self-service capability is unavailable or severely degraded, there is no alternative available, and this impacts on the department and/or an organisation to whom the department provides key services to meet service level commitments to its customers or otherwise has a significant impact on a critical function.

TELSTRA CONTRACT

The department has consolidated telecommunications services through a managed telecommunications services contract with Telstra. This contract consolidated over 20 individual telecommunication contractual arrangements into a single managed services arrangement covering end-to-end voice and data services, voice carriage, contact centre services, video-conferencing services and mobile phone services.

Since the contract started in 2012, the department has seen greater efficiencies and productivity improvements for staff and significantly enhanced service delivery through:

- a common communication platform using an internet protocol telephony solution
- modernised solutions to meet the department's evolving requirements including a workload distribution capability
- integrated systems for workforce management
- call recording and quality monitoring
- a simplified 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 for DSS and the Department of Health. The services include collecting data from transaction processing systems and formatting, relating and storing that data in a data warehouse, and developing analytical and reporting products that use it
- a range of information data exchange programs
- online capability for:
 - users of the Small Business Superannuation Clearing House until December 2016
 - the Higher Education Contribution Scheme Reimbursement Scheme Program
 - business services supporting the Paid Parental Leave 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 which supports all state and territory government health departments to provide payments to all public hospitals
 - ICT shared services provided to DVA, including end user computing, telephony and infrastructure.

The department supported the rollout of the NDIS by providing:

- a full suite of ICT shared services to the NDIA, including end user computing, information management and corporate systems telephony, online channels and business systems
- access to the department's contact centre staff to support general enquiries and participant and provider access to the NDIS, with over 250 departmental staff trained to undertake this work
- other shared corporate services and property support, including fleet management and records management.

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 login. It is a portable solution that requires no additional hardware or software and is available to health professionals and their administrators. It provides flexibility for users to connect with specific government services, including those in regional and remote communities.

HIGH DEFINITION VIDEO CONFERENCING PILOT

During the year the department continued an innovative pilot that explores and evaluates opportunities for video conferencing technologies. The trial offers face-to-face services through high definition video conferencing targeted to people who find it difficult to visit a service centre. The department has received positive feedback from those who have used the technology.

The department also commenced Auslan on-demand services using video conferencing technology to 'virtually' deliver an Auslan interpreter to service centres when the service is needed. The trial is also exploring technologies that can connect with people via their mobile devices and tablets.

3.3 CYBER SECURITY

Government operates in an environment of cyber security threats that are growing in number and sophistication. The department addresses the threat landscape by consistently improving its ability to protect the extensive recipient data holdings and payment systems the department administers.

In December 2016, the department established a 24/7 Cyber Security Operations Centre to strengthen its cyber security capabilities. The department's Cyber Security Operations Centre works collaboratively with national and international agencies as well as multiple vendors to ensure its operations are in line with global best practice. The department's cyber security governance, management and operational practices are designed to protect its business and provide assurance in response to the changing threat landscape.

In March 2017, the ANAO released its *Cybersecurity Follow-up Audit*, which rated the department as 'cyber resilient' and fully compliant with the Australian Signals Directorate's top four cyber risk mitigation strategies. The establishment of the Cyber Security Branch and the Cyber Security Operations Centre has contributed significantly to that achievement.

In addition to its cyber security operations, the department is focussed on increasing cyber security awareness with its workforce as an additional line of defence.

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PART 4

People



4.1 EMPLOYEE ENGAGEMENT

The department continues to align its business and workforce planning strategies to meet current requirements and to plan for the future workforce. The department uses workforce analytics and data to understand its workforce profile, trends and future requirements.

At 30 June 2017 the department employed 34,037 people, of whom 30,244 (88.9 per cent) were ongoing, 729 (2.1 per cent) were non-ongoing and 3,064 (nine per cent) were intermittent/irregular. The department's workforce varies in size from year to year. This reflects changes in government priorities, the commencement and cessation of Budget measures, service delivery demands (including responses to natural disasters), ongoing efficiencies and natural attrition. Staff are therefore employed on a full-time or part-time basis and through a combination of permanent and temporary employment arrangements to accommodate fluctuating requirements. This is not unusual for a large, diverse, service delivery organisation.

The department supports staff to balance work and personal commitments through access to flexible working hours. At 30 June 2017, 8,776 (25.8 per cent) of staff worked part-time (excluding intermittent/irregular work arrangements).

Appendix C presents statistics on staff by classification, location, employment status, employment type, gender, disability, diverse background and whether identified as being of Aboriginal and Torres Strait Islander descent. It also sets out staff salary ranges and employment arrangements.

In 2017, 85 per cent of the department's employees completed the APS Employee Census. Census results showed that the levels of staff engagement dropped slightly on three of the four measures shown in the table below. Results indicated positive perceptions of managers and high levels of digital literacy in the department. The table also shows levels of employee engagement since 2014.

Table: Levels of employee engagement

Engagement element index scores ^(a)	2014	2015	2016	2017
Job engagement index scores	6.4	6.5	6.6	6.3
Team engagement index scores	6.3	6.4	6.4	6.3
Supervisor engagement index scores	7.0	7.2	7.2	7.2
Agency engagement index scores	5.5	5.7	5.7	5.4

(a) The engagement index uses a 0 to 10 point scale, with 10 being the highest level of engagement.

STRATEGIC WORKFORCE PLANNING

The department undertakes strategic workforce planning, job design, people change, and learning and development initiatives to meet the challenges of evolving government priorities and changes to services and channels.

Strategic workforce planning also ensures that the department's workforce has the capabilities, understanding and support needed to achieve government and recipient outcomes.

The *2017–19 Department of Human Services Strategic Workforce Plan* provides a high level overview of the department's operating environment and identifies key workforce planning priorities to support the department to meet current and emerging operational priorities.

The department uses the *APS Job Family Model* to underpin strategic workforce planning and job design activities. This level of workforce segmentation helps the department understand its workforce, identify demand for critical roles and address labour market shortages. Areas the department has identified as workforce priorities include service delivery, compliance and regulation, technology, strategic policy, research, and program and project management.

The department's workforce planning processes are used as an evidence base for executive decisions on people strategies. The strategies include:

- developing tailored workforce strategies for different workforce segments or business areas
- understanding the mix of employment types necessary to deliver services to the Australian people
- building a capable and engaged workforce with the skills necessary to meet evolving commitments to the community and government
- building a diverse and inclusive workforce that is representative of the Australian community.

Workforce planning also occurs at the group level and within a number of specialist divisions to ensure workforce strategies are aligned to the specific workforce needs of each business area.

PEOPLE CHANGE MANAGEMENT

The department supports staff through organisational change by providing people change management advice and guidance. A range of practical tools, processes and techniques help to build change management capability across the department, particularly amongst managers and team leaders.

JOB PLACEMENT SCHEME

The *Department of Human Services Agreement 2011–14* formalises the department's commitment through the Job Placement Scheme to retain and redeploy staff whose roles may be affected by organisational change. The scheme aims to ensure that valuable skills and capabilities are retained. During 2016–17, additional proactive redeployment practices were introduced to support the timely placement of redeployment candidates. These changes saw a positive increase in the number of redeployment candidates being successfully placed within the department in a shorter timeframe.

In 2016–17, 226 people on the Job Placement Scheme were found permanent placements or left the department.

4.2 LEARNING AND DEVELOPMENT

The department invests substantially in capability building, guided by the *Learning Strategy 2015–19*. The strategy includes a range of learning methodologies and tools to support workforce change and use new technologies. It represents a cultural shift across the department from ‘training’ to ‘learning’. Primary aims are to build a workforce with the capability to meet future service delivery challenges, including digital capabilities.

In 2016–17 the department rolled out an electronic career development tool (TalentHub) to all staff. This tool aligns to the *Human Services Capability Framework* which focuses on capabilities required now and into the future. The tool enables staff to assess their level of competency against the framework’s capabilities.

Priority initiatives for learning during the year were the internal review process, training in policy initiatives, family and domestic violence awareness, gender guidelines, dealing with recipient aggression, multiculturalism and Indigenous cultural awareness.

Formal learning consisted of technical and service delivery courses as well as courses in corporate leadership, and management. There were 717,214 attendances at a range of face-to-face and electronic learning sessions recorded on the department’s learning management system in 2016–17. This equates to an overall investment of 678,866 hours of formal learning.

ENHANCED SERVICE DELIVERY CAPABILITY

The department continues to run programs which support the service delivery capability of the workforce.

The Service Delivery Accreditation Program recognises experienced and competent service officers, specialist officers, team leaders and managers by awarding them a nationally recognised qualification relevant to the requirements of their role.

During 2016–17 the accreditation program supported 735 experienced service delivery staff to achieve the following qualifications:

- 371 APS 3 – 4 service officers working in service delivery attained Certificate IV in Government (Service Delivery) qualifications
- 261 APS 5 – 6 team leaders and managers working in service delivery attained Diploma of Government qualifications
- 103 APS 5 service delivery specialists, including Community Engagement Officers, Indigenous Service Officers, and Multicultural Service Officers, attained Diploma of Community Services qualifications.

INDUCTION PROGRAM

The department's Induction Program is a mandatory requirement for all new staff.

In 2016–17 the program was reviewed, leading to the introduction of a three tiered approach (orientation, general induction and job role specific induction) so that staff are more job ready earlier in the induction process.

During the year the department increased the use of digital technologies with the introduction of SharePoint as the platform for managing the induction program combined with classroom and web-based learning.

In 2016–17, 79 per cent of new staff had participated in the program.

DIGITAL TECHNOLOGIES

Advancing the department's digital agenda and uptake of digital learning by the workforce is a major departmental priority. A growing proportion of staff are engaging with technology to support our digital transformation. The department is increasingly using different digital technologies for learning across the organisation.

In 2016–17 the department provided staff with new online tools to access, manage and support their development. This included:

- rolling out the TalentHub (see the start of this Part 4.2, Learning and development)
- implementing Workforce Performance Builder software that produces simulations, documentation and instructional videos to provide visual learning for any system within the department
- expanding learning delivery via virtual classrooms.

LEADERSHIP AND MANAGEMENT DEVELOPMENT

The Public Sector Management Program targets high achieving mid-level managers throughout the Australian Public Service. The main objective is to build capability of future managers. Since January 2016, 56 departmental participants have successfully completed the program. Graduates receive a Graduate Certificate in Business (Public Sector Management) with the option to gain credit towards a Masters-level qualification.

4.3 STAFF DIVERSITY

WORKPLACE DIVERSITY AND INCLUSION

The department is committed to creating workplaces that are accessible and inclusive for all staff. During 2016–17 the department launched its *Workplace Diversity and Inclusion Strategy 2016–19* which recognises the value a diverse and inclusive workforce brings to our services. The strategy includes five employee 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.*

CULTURAL AND LINGUISTIC DIVERSITY

The department has significant diversity across its workforce with 25.2 per cent of staff at 30 June 2017 identifying as having a CALD background. The diversity of the department's people assists in better understanding the needs of multicultural recipients and ensures that the department provides culturally appropriate services to the Australian community.

The department's *Culturally and Linguistically Diverse (Multicultural) Employee Plan 2016–19* demonstrates the department's commitment to increase and support a diverse workforce.

During 2016–17 the department became a member of the National Anti-Racism Partnership which is helping to implement the government's National Anti-Racism Strategy. The department provides multicultural awareness training to staff, celebrates days of significance such as Harmony Day and Refugee Week, and pays a Community Language Allowance (see Language services in Part 2.5) to recognise staff who use their language skills to assist multicultural recipients.

ICT SUPPORT FOR GREATER ACCESSIBILITY

During the year the department provided support, training and advice to around 550 staff with disability who use assistive technology software and 150 staff with disability who use accessible telecommunication products. The department continued to explore and implement innovative assistive technology solutions to assist staff who are deaf or have hearing loss to actively participate in the workplace.

In 2016–17 the department also continued to deliver accessibility support shared services to the NDIA. This includes support and training for assistive technology software and accessible telecommunication products for staff with disability and their managers. The department also entered into a new shared services arrangement with the ATO to provide accessibility support services to their staff with disability and their managers.

EMPLOYMENT OF 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 2017, 5.3 per cent of staff in the department identified as having disability.

In 2016–17 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 their 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 a 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.

The department's Scanning Operations Centre offers substantial employment opportunities for people with disability. Work includes mail sorting, digitising recipient correspondence, and data entry. The centre has 31 ongoing staff of which 32.3 per cent identify as having a disability. Through a contract arrangement with Koomarri the department also supports employment of people with intellectual disability who provide administrative and office support services.

Celebrating the lives of people with disability

Each year on 3 December countries around the world celebrate the International Day of People with Disability. The 2016 theme was 'Achieving 17 goals for the future we want' that together aim to create a more inclusive and equitable world for people with disability.

Events were held across the department's network in support of these aims. Festivities in Canberra kicked off with a BBQ breakfast, raising over \$900 for the Black Dog Institute, which is dedicated to understanding, preventing and treating mental illness. The Secretary presented certificates to acknowledge the amazing work of a number of staff who actively promote diversity and inclusive workplaces.

Landscape gardener and a volunteer with the institute, James, spoke about his recovery from debilitating depression. He said: 'Disabilities aren't always visible. But with support from the institute and from family and friends, exercise, and just 'putting one foot in front of the other' you realise help is at hand.'

Another speaker, Jo, who is vision impaired and works at Guide Dogs, showcased her guide dog Wiley, who helps her get around safely and independently.

Jo said: 'I want to let people know that you can overcome challenges and lead an interesting and fulfilling life.'

'Wiley can sense when I am anxious. He will put his head in my lap or touch my fingers with his nose. Taking the time to talk to him and pat his beautiful soft ears gives me the opportunity to make considered and safer decisions.'

Amie-Louise from the department's Ethics, Values and Diversity Team said: 'The department has a long held commitment to fostering a workplace that supports staff with a disability and to eliminating barriers that prevent people reaching their full potential.'

'So it was fantastic to see so many of our people and organisations from across the disability sector participate on the day.'



TRAINING FOR PEOPLE ON THE AUTISM SPECTRUM

The Dandelion Program is a unique partnership between the department, DXC Technology and Specialisterne People Foundation to establish ICT traineeships with the department for people on the autism spectrum. It creates training opportunities for people to systematically process information and excel in roles that use their skills.

The program uses a five-week selection, assessment and on-boarding program (conducted by DXC Technology and the foundation) for hiring people with autism. After completing this program, candidates who fit the job profile are employed by DXC Technology and then contracted to the department on a three-year traineeship.

The department now has 31 trainees who are working in areas such as software testing, programming, systems analytics, data analytics and information analytics.

OTHER DIVERSITY INITIATIVES

During the year other diversity initiatives which foster and promote workplace diversity and inclusion included:

- developing a *Gender Equality Plan 2016–19* to guide actions which support implementation of the APS Gender Equality Strategy
- setting a department target of achieving 50 per cent representation of women in the Senior Executive Service by the end of 2019
- implementing the *Australian Government Guidelines on the Recognition of Sex and Gender* by providing the options of M (Male), F (Female) and X (Indeterminate) when gender information is collected from staff
- introducing a departmental Multicultural Champion, Gender Equality Champion and Senior Executive LGBTI (Lesbian, Gay, Bisexual, Transgender and Intersex) Ally to complement the existing Indigenous Champions and Disability Champions
- hosting five staff diversity networks to share information and to support Indigenous staff, staff with disability, mature age staff, staff from CALD backgrounds, and LGBTI staff.

4.4 RECONCILIATION

In May 2015, the department's *Reconciliation Action Plan 2015–2017* (RAP) was granted 'Elevate' status by Reconciliation Australia. This positioned the department as a national leader in taking action towards reconciliation, in particular across the public sector. The Department of Human Services is the only department in the Australian Government to have achieved this status level.

The department is currently developing a *Reconciliation Action Plan 2018–2021* and is focused on maintaining its 'Elevate' status. This process involves reviewing targets under the themes of relationships, respect and opportunities.

Throughout the year the department continued to take action towards meeting the plan's targets which include:

- increasing Aboriginal and Torres Strait Islander staff to five per cent by the end of 2017 (see *Employment of Aboriginal and Torres Strait Islander peoples* in Part 4.4)
- through procurements, directly spending \$11.5 million with Aboriginal and Torres Strait Islander businesses by 30 June 2018 (see also *Procurement initiatives to support small business* in Part 5.7).

The department also continued to share experiences and knowledge with other government departments—for example, by holding information sessions on Aboriginal and Torres Strait Islander peoples recruitment and retention, making Indigenous Cultural Awareness training available, and supporting the trial of the Indigenous Mentoring Program. See also *Support for Aboriginal and Torres Strait Islander employees* in Part 4.4 and *Indigenous mentoring—helping our new staff settle in* at Part 4.6, *Management of human resources*.

EMPLOYMENT OF ABORIGINAL AND TORRES STRAIT ISLANDER PEOPLES

The department's aim is to increase the number of Aboriginal and Torres Strait Islander staff to 5 per cent by the end of 2017 which is above the APS target of 3 per cent. As of the end of June 2017, the department had achieved 4.7 per cent representation of Aboriginal and Torres Strait Islander staff and is on track to achieve its' target by December 2017. The result is largely driven by an increase in Indigenous Apprenticeships Program placements.

The department also supported its Aboriginal and Torres Strait Islander staff by continuing to implement actions under the *Aboriginal and Torres Strait Islander Employees Plan 2016–17*. The plan includes implementing support strategies and career development opportunities. The department consulted with Aboriginal and Torres Strait Islander staff across the network who contributed in forums and online about updates to the employee plan.

Let's take the next step—reflecting the people we serve

Every year the department celebrates National Reconciliation week across its Australia-wide network. In 2017 the celebrations acknowledged two milestones in Australian history—the 1967 referendum to remove discrimination against Indigenous Australians in the Constitution and the 1992 Mabo decision in which the High Court recognised traditional land ownership for the first time.

The national event in Canberra showcased work the department is doing to move towards reconciliation, and where it needs to go from there.

Simulcast to offices around the country, the event featured guest speakers and Aboriginal and Torres Strait Islander music and dance performances, a collaborative staff artwork (reproduced as the cover of this 2016–17 Annual Report) and a sealed time capsule.

Secretary, Kathryn Campbell said: 'With a theme of Let's Take the Next Steps—the department's award-winning RAP celebrates what we've achieved so far and sets out how we'll take the next steps.

'It's our collective responsibility to ensure that one day in the near future, we can say we are truly reconciled.

'I want to challenge you to welcome the spirit of reconciliation into your own life and to take your own next steps to help ensure reconciliation becomes a reality for everyone.

'I often say our department is a reflection of the people and communities we serve. This means we're uniquely placed to be a reconciliation advocate, leading by example.'



SUPPORT FOR ABORIGINAL AND TORRES STRAIT ISLANDER EMPLOYEES

The department has a number of support and other programs to engage and retain its Aboriginal and Torres Strait Islander workforce. These programs include:

- the Indigenous Mentoring Program which assigns trained Aboriginal and Torres Strait Islander staff members (251 trained mentors in 2016–17) to help newly recruited Aboriginal and Torres Strait Islander staff to ‘navigate’ their way around the department and the APS, and to deal with balancing their responsibilities and obligations to their community and their new workplace (see *Indigenous mentoring—helping our new staff settle in* at Part 4.6, *Management of human resources*)
- an Indigenous Buddy Program which also supports Aboriginal and Torres Strait Islander staff to adjust to the new workplace
- the *Indigenous Cultural Capability Framework* which takes a three-tiered approach to increase and build staff knowledge and awareness of Aboriginal and Torres Strait Islander cultures
- online Indigenous cultural awareness eLearning training which was accessed by 7,292 staff in 2016–17, and cultural awareness face-to-face training, with 2,147 staff participating in 2016–17
- secondment programs, with six staff completing secondments to Indigenous communities as part of the Jawun Indigenous Community Secondment Program in 2016–17. Additionally, one staff member completed a secondment with the Australian Institute of Aboriginal and Torres Strait Islander Studies
- continued support for Aboriginal and Torres Strait Islander staff through local Indigenous Employment Network meetings which provide learning and development opportunities that reflect community-based support mechanisms.

The department assisted in designing a new Emerging Indigenous Executive Leaders Pilot Program. The program is to develop future executive Indigenous leaders in both the public and private sectors.

The Australian Graduate School of Management (AGSM) is delivering the pilot program. Each participant who successfully completes the program is guaranteed an accredited Certificate in Executive Management Development with credit points that equate to two subjects in the Executive MBA or MBAX Online at the AGSM.

4.5 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 post tax arrangements directly from their pay.

This year more than \$85,192 in donations was distributed to 54 charities. The main beneficiaries were the Salvation Army (\$10,748), Hartley Lifecare (\$7,250) and Medecins Sans Frontieres (\$6,076).

CHARITY FUNDRAISING

The department is committed to working closely with and supporting charitable organisations and community groups.

In 2016–17, the department supported a number of charities by raising awareness of the work they do through a range of internal communication activities, and sometimes through fundraising.

Charities the department supported during the year included: Lifeline Australia, DonateLife, Legacy, Cure Brain Cancer Foundation, Movember, the Black Dog Institute, and the Australian Cancer Research Foundation.

The department also supported a number of charities at the local level, including: Orange Sky Laundry, the Goulburn St Vincent de Paul Society store when it was destroyed by fire, a toy drive for refugee children in Victoria, a fund set up for the families of staff members who lost their lives in the Dreamworld accident, and the Annual Hartley Ability Cycle Challenge.

With input from staff, the department has developed a charity calendar that outlines the charities the department is committed to supporting over the next two years.

4.6 MANAGEMENT OF HUMAN RESOURCES

DEPARTMENTAL CULTURE

Organisational culture continues as an important priority and a cornerstone to support organisational and people change during a period of transformation across the department.

In 2016–17 the department continued to support staff and business areas to understand and apply the values and behaviours of the 'We' culture. New content was developed for the intranet 'Culture Hub' providing staff with access to a broader range of information, tools and resources to help staff and managers embed the culture.

ETHICS AND VALUES

The department remains committed to ensuring all staff understand and comply with the APS Values and Code of Conduct.

During the year the department continued to promote 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 workplace behaviour. For example, staff have access to interactive ethics and respect guides which provide guidance on putting ethics and values into practice and maintaining the integrity of relationships at work.

In addition, 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 highlight steps staff can take that can address concerns. Staff are also supported by a network of over 400 Harassment Contact Officers who are trained to provide information and support to staff with concerns about workplace behaviours including bullying, harassment, or discrimination. The contact officers receive a fortnightly allowance for undertaking this role.

STANDARDS OF BEHAVIOUR

The department applies high behaviour standards to its own staff and consistently reminds them of their responsibilities. Possible breaches of the APS Code of Conduct are taken seriously and action is taken when breaches occur. Investigations are conducted in line with departmental procedures which ensure that staff are treated fairly. If a breach of the APS Code of Conduct is found sanctions may be imposed. In 2016–17 there were 304 findings of a breach of the code.

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. The agreements:

- give staff a clear understanding of their role and the performance and behavioural standards expected of them
- align individual and team work effort to departmental priorities
- help staff identify their learning and career development needs.

In 2016–17, 96.4 per cent of staff had individual performance agreements negotiated. There were 3.1 per cent of staff without agreements due to long-term leave or because they had not completed more than eight weeks of duties within the performance cycle.

RECRUITMENT

During 2016–17 the department advertised approximately 190 vacancy notices in the Australian Public Service employment gazette, generating approximately 7,760 candidate applications.

The department is committed to increasing the representation of Aboriginal and Torres Strait Islander staff through Affirmative Measures—Indigenous recruitment. In 2016–17 the department placed approximately 30 Affirmative Measures—Indigenous vacancy notice advertisements in the Australian Public Service employment gazette.

Recruitment processes were undertaken for a variety of roles including customer service, social work, compliance and debt management, corporate and entry level programs ranging from APS2 to EL2 classification levels.

The department needs a flexible workforce to ensure the efficient delivery of services, especially in periods of high demand. To meet these needs the department recruits non-ongoing and/or intermittent and irregular employees to supplement its ongoing workforce.

APPRENTICES, CADETS AND GRADUATES

An important part of the department's strategic workforce planning involves recruiting and retaining people at all levels, with the potential to meet the challenges of delivering future business outcomes. This includes apprentices, cadets and graduate programs.

All programs and pathways have a strong focus on diversity, with a particular focus on attracting and retaining Indigenous people and people with disability.

Under the *Entry Level Framework* the department has continued the allied health university student placement program, summer/winter vacation placement, and work experience placements for high school students.

INDIGENOUS APPRENTICESHIP PROGRAM

The Indigenous Apprenticeship Program (IAP) includes the attainment of a Certificate or Diploma level study and formal workplace components to provide on-the-job training to supplement formal study. Participants graduate when they successfully complete both components of the program.

Since the pilot of the IAP in 2015, the number of partner agencies involved has increased each year. Initially seven agencies partnered in the IAP for the 2015 intake. This grew to 10 agencies for the 2016 intake. It is expected that the IAP 2017 intake will place participants across 15 partner agencies. The IAP has proven successful in attracting Aboriginal and Torres Strait Islander peoples to a career with the department and across the broader Australian Public Service.

In 2016–17, 235 apprentices commenced through the department's whole-of-government Indigenous Apprenticeships Program. The department employed 151 apprentices and 84 apprentices were employed by other government agencies.

ICT APPRENTICESHIP PROGRAM

In 2016–17, 11 apprentices started in the ICT Apprenticeship Program and 10 cadets began working in the department under the ICT Cadetship program. The DTA manages both programs.

PM&C'S INDIGENOUS CADETSHIP PROGRAM

Also working in the department is one cadet from the Department of the Prime Minister and Cabinet (PM&C) Indigenous Cadetship Program. This program has university study and workplace components.

Indigenous mentoring—helping new staff to settle in

The number of Indigenous staff in the department continues to grow. Indigenous mentoring is a great way of helping new employees understand what it's like to work in the public service and how to settle in to their roles.

Michael from the Indigenous Mentoring Program, is one of 205 Indigenous staff trained as a mentor.

'Having worked for the department for 28 years, and with 10 years' experience as an Indigenous mentor, I understand how to make it easier for Indigenous staff to adjust to their new workplace,' he said.

'It's about being mindful and listening. We guide people through issues like managing community or cultural

conflict of interest, responding to change, and dealing with feelings of isolation.

'Mentors can also help new staff to manage community or cultural conflict of interest issues.

'There's plenty of support available and we show new starters and their managers how to find it.'

Earlier this year, 30 Aboriginal and Torres Strait Islander staff met to complete a statement of attainment in mentoring.

Sandra from Alice Springs said: 'It was a privilege to get to know staff from across the country. I really enjoyed the training and learnt a lot from everyone involved. It has given me a better understanding of how to be a good mentor.'



NATIONAL GRADUATE PROGRAM

The National Graduate Program offers university graduates professional development opportunities, accredited learning, and specialised events and activities. The program offers two pathways—generalist and professional. The professional pathway attracts people with allied health, communications, finance, human resources, ICT and legal qualifications. The department's 2017 intake for the National Graduate Program included 57 generalist pathway and 32 professional pathway participants.

RECOGNISING EXCELLENCE

The department's Awards and Honours Program recognises and rewards performance excellence. The main national award program is for exceptional service delivery, successful innovation, inspirational leadership, and business excellence of individuals and teams. The department also participates in external awards programs.

Internal awards

The department's **Australia Day Achievement Awards**, as part of the National Australia Day Council program, recognise staff who have made a significant contribution to helping people in the local community.

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 category winners and highly commended recipients of the NAIDOC Awards at a ceremony held in Canberra on 5 July 2016. Five individuals and two teams received awards for their exceptional achievements.

The **Pinnacle Achievement Awards** is the department's primary annual award program. It includes categories and criteria aligned to the department's strategic direction, culture and leadership priorities. The Secretary announced category winners and highly commended recipients at an awards ceremony held in Canberra on 13 September 2016. One individual and eight teams received awards for their exceptional contribution and performance.

Significant Achievement Awards are sponsored by the Senior Executive Service and recognise achievements by individuals and teams within their business lines.

The **'In the Moment'** program encourages immediate and informal recognition at a local level.

Service Recognition Program

In 2016–17 the Service Recognition Program acknowledged 6,940 staff for their increased level of experience, capability and insight developed through continuous employment in the APS. The program is an important part of the staff engagement strategy to build a culture that values staff service contributions. Service recognition certificates and service pins are given to staff who reach 10, 20, 25, 30, 40 and 50 years of continuous service in the APS.

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 occupational injury and illness, and improve business outcomes.

The approach is founded on the department's *Work Health and Safety Strategy 2013–22: supporting healthy, safe and productive workplaces*. The strategy is closely aligned with the *Australian Work Health and Safety Strategy 2012–22* and includes targets for reducing serious injury incidence by 30 per cent. The strategy is supported by the department's health and safety consultation arrangements and integration of workplace health and safety priorities into business and risk management planning.

The department's work health and safety priority areas continue to address:

- body stressing injury prevention, including sedentary work
- recipient aggression
- psychological health, including bullying and harassment
- offsite safety, including remote travel.

The targets for the strategy are to achieve:

- no workplace fatalities
- effective compliance with the *Work Health and Safety Act 2011*
- a consistent 'effective' rating on Safety Assurance Program assessments which involves reviewing safety management at a sample of workplaces annually
- a reduction in the incidence rate of workers' compensation claims resulting in one or more weeks off work and claims for musculoskeletal disorders of at least 15 per cent by 2016. This reduction has been exceeded with serious claim incidence rates reduced by 33 per cent (against 2012 levels).

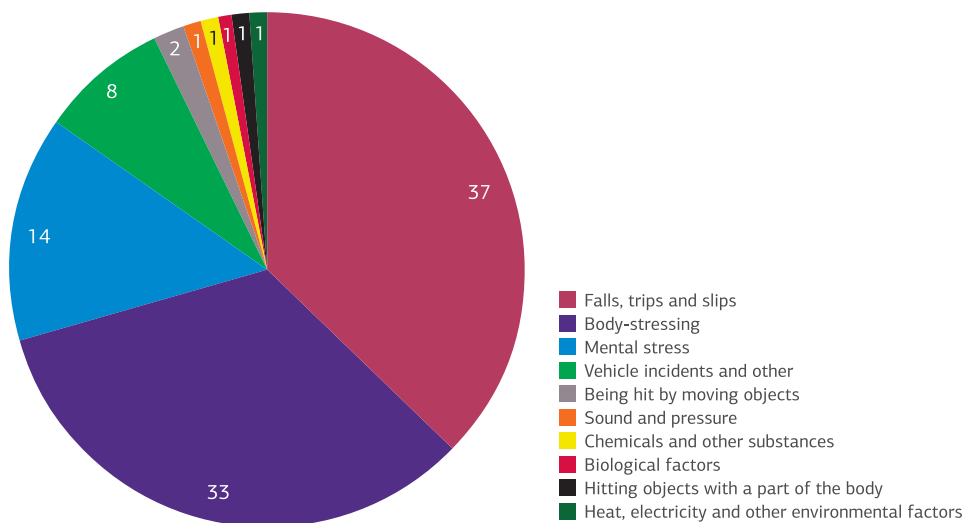
The department's work health and safety outcomes in 2016–17 continue to show good progress against targets. The department's achievements included:

- reducing by 59.5 per cent the number of workers' compensation submitted claims in 2016–17 (compared to 2011–12 levels), including a 69 per cent reduction in the number of body stress injury claims
- continuing to promote body stress injury prevention and minimising prolonged sitting with the 'Take a stand for better health, get up, get moving' campaign, and more sit-to-stand workstation equipment
- improving the proportion of business areas assessed to achieve 'effective' ratings in the Safety Assurance Program
- assessing new furniture and equipment used in the department through the building design process
- requiring all face-to-face staff and managers to attend training every four years to prevent and respond to recipient aggression
- implementing new Recipient Aggression Emergency Response Procedures to ensure an effective and coordinated response to aggressive recipient behaviour and provide clearer instructions to staff
- implementing tailored management approaches to govern contact with people who have demonstrated aggression against staff or other recipients
- launching the department's first *Psychological Health Strategy* to create mentally healthy workplaces, supported by an action plan
- reviewing the risk management for offsite work and outservicing and developing safe operating procedures.

During the year the department introduced a number of initiatives to enable early return to work and reduce the likelihood of matters progressing to a claim for workers' compensation. These included:

- implementing a new injury management performance and quality framework (IMPact) for departmental rehabilitation case managers to further improve rehabilitation practice and outcomes. The department's IMPact initiative was recognised at the 2016 Comcare Work Health and Safety Awards, winning the Recovery at and Return to Work award category
- working with the ATO and other government departments/agencies to implement a new rehabilitation and medical providers panel to improve rehabilitation and return to work performance
- participating in the Comcare Claims Management Pilot with departmental delegates and Allianz (contracted by Comcare) to manage all claims lodged after 4 February 2014.

Accepted claims for 2016–17 by mechanism of injury (per cent of total claim numbers)



WORK HEALTH AND SAFETY ACT 2011 —REPORTING

Comcare inspections

In 2016–17 Comcare undertook five workplace inspections. There were no contraventions of the *Work Health and Safety Act 2011* reported. No notices were issued under the Act.

Incidents notified to comcare

A total of 32 incidents were notified to Comcare in 2016–17 for dangerous incidents and serious injury or illness, reflecting the impact of an ongoing focus on injury prevention and work, health and safety. Promotion of an accurate reporting culture is important across the department.

Table: Incidents notified to Comcare

Type of incident	Number
Death	0
Serious injury or illness	11
Dangerous incidents	21
Total	32

ENTERPRISE AGREEMENTS

The *Department of Human Services Agreement 2011–2014* covers all non Senior Executive Service (SES) staff except Medical Officers. Medical Officers are covered by the *Department of Human Services Medical Officers Agreement 2013–2014*. These Agreements continue to apply.

In 2016–17 bargaining for a new Enterprise Agreement continued.

The department is committed to meeting the requirements of the Australian Government *Workplace Bargaining Policy 2015*.

Throughout bargaining the department has kept all staff fully informed and the department has continued to bargain in good faith.

The department held 17 enterprise bargaining meetings with union and employee bargaining representatives between July 2016 and June 2017. One unsuccessful ballot was held in November 2016. During this period the department also managed 16 rounds of protected industrial action. This action had minimal effect on service delivery.

In September 2017 a new Enterprise Agreement was supported by staff. The department will work with the Fair Work Commission to have the new Agreement certified as soon as possible.

INDIVIDUAL FLEXIBILITY ARRANGEMENTS

Individual flexibility arrangements are used to provide additional conditions of service in exceptional circumstances that are not in the enterprise agreements. As an example, the department has used individual flexibility arrangements to attract and retain staff in remote and isolated localities.

In 2016–17 the department had 63 individual flexibility arrangements.

WORKFORCE AVAILABILITY

The unscheduled absence result for 2016–17 was 17.5 days per full-time equivalent (FTE).

The department has implemented a comprehensive range of measures to improve workforce availability, including effective staff engagement, people management and health and safety measures. The department has identified a strong correlation between engagement and the proportion of staff with less than 10 days absence in a 12-month period. The proportion of employees with less than 10 days absence is 46.7 per cent at 30 June 2017.

Under the *Attendance Strategy 2013–17: supporting a healthy and engaged workforce*, the department continues to:

- build leadership capability including through the Positive Attendance for Managers course which was completed by 803 employees in 2016–17. Between 1 January 2013, when it commenced and 30 June 2017, 4,635 employees have completed the course
- improve attendance reporting to enable managers to analyse, monitor and target responses to emerging issues
- implement regular reporting by major business areas on action being taken to implement the attendance strategy
- provide practical guidance for business areas and managers, including the release of the *Better Practice Guide for Managing Attendance* which focuses on what action managers can take to better engage staff about attendance issues.

4.7 CARER RECOGNITION ACT 2010 AND DISABILITY REPORTING

OBLIGATIONS OF 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 2010*, enshrines the rights, opportunities and choices of carers. Intranet resources also include links to the 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 Act through the *Department of Human Services Agreement 2011–14* 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. The department supports staff with caring responsibilities through:

- flexible working arrangements
- part-time work
- home-based work
- an elder care advisory service
- the 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. Its payments, services and information to carers reflect this as does the development and implementation of carer programs and supports. The department works collaboratively with partner agencies to ensure carer policy and service delivery is aligned with the statement and priorities identified in the 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. The department participates in National Carers Week through outreach and community activities, and promotes 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. Carers and carer peak bodies are consulted 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 and engagement with carers see *People with disability and carers* in Part 2.2.

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 10-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 at dss.gov.au

MORE INFORMATION

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* (in Part 2.2 of this report)
- *National Disability Strategy* (in Part 2.2)
- *Delivering aged care payments* (in Part 2.3)
- *Carer specialist assessments* (in Part 2.5)
- *Celebrating the lives of people with disability* (in Part 4.3)
- *ICT support for greater accessibility* (in Part 4.3)
- *Employment of people with disability* (in Part 4.3)
- *Training for people on the autism spectrum* (in Part 4.3)
- 'Carers' and 'People with disability' on the home page of our website at humanservices.gov.au

PART 5

Governance and Accountability



5.1 GOVERNANCE

Strong governance is essential to the department delivering outcomes in controlled, transparent and accountable ways.

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 which reflects the department's *Corporate Plan*
- performance monitoring, through regular review of strategic and organisational performance measures—see the *Annual Performance Statement 2016–17* at *Appendix A*
- strong management of the department's major programs and projects—see *Program and project management* below
- a departmental risk management framework—see *Risk management* below.

GOVERNANCE COMMITTEE FRAMEWORK

The department's governance committee structure at 30 June 2017 includes the Executive Committee and eight supporting governance committees that provide advice and assurance to the Executive Committee. A number of the committees have an independent chair and/or members who are senior experienced professionals outside of the organisation who offer an additional level of independent oversight and advice.

Strategic governance committees

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 weekly.

Finance and Investment Committee—provides advice to the Secretary on financial issues and internal investment. The committee also considers approval for internal investments and their funding source. The Secretary chairs this committee which meets at least quarterly.

ICT Committee—provides advice relating to strategic ICT operations of the department including ICT investment and architecture decisions to achieve high quality government outcomes. The committee also provides strategic guidance on critical ICT risks and issues for resolution to ensure that there is sufficient planning and controls in place to mitigate strategic risks. The Secretary chairs this committee which meets at least quarterly.

Service Delivery Roundtable—provides assurance to the Secretary and the Executive Committee that service delivery managers have a shared understanding of current issues, risks and the way forward. The Secretary chairs this committee which meets fortnightly.

Advisory strategic governance committees

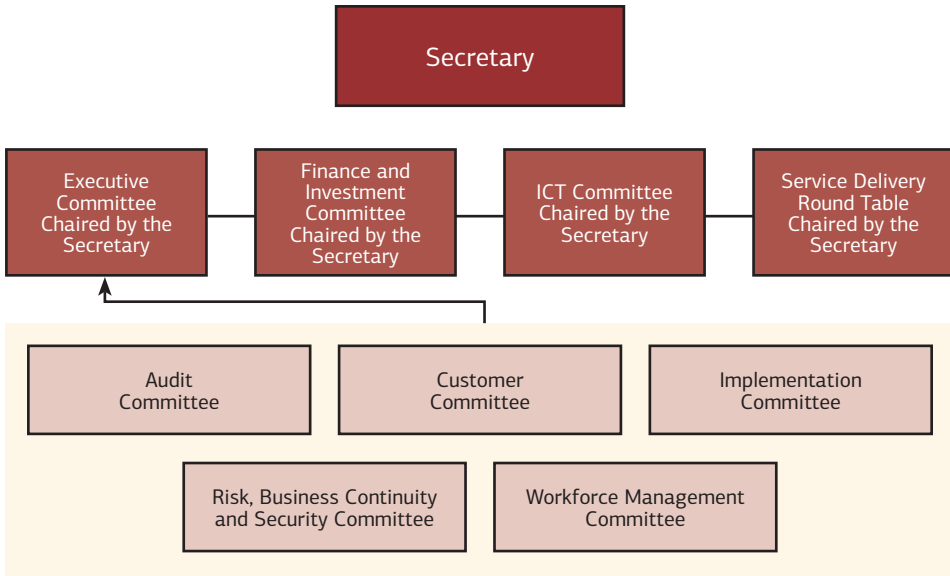
Audit Committee—reviews and gives independent advice and assurance on the appropriateness of the department’s financial and performance reporting, and systems of risk oversight, risk management, and internal control. This committee has an independent chair, Mr Dominic Staun, and three other independent members—Ms Jenny Morison, Mr Nick Baker and Mr Andrew Dix. This committee meets at least five times a year.

Customer Committee—provides advice and assurance to the Secretary and Executive Committee that service delivery achieves high quality government outcomes that are consistent with best practice. The Deputy Secretary, Service Delivery Operations, chairs this committee. It has one independent member, Ms Sandra Lambert AM, and meets monthly.

Implementation Committee—provides advice to the Secretary and Executive Committee to ensure the effective implementation of significant departmental change initiatives and programs and projects. This committee is chaired by the Deputy Secretary, Programme Design, and has one independent member, Ms Sandra Lambert AM. This committee meets monthly.

Risk, Business Continuity and Security Committee—provides advice and assurance to the Secretary and Executive Committee that there is appropriate oversight of the department’s risk, business continuity and security arrangements. This committee has an independent Chair, Ms Philippa Godwin PSM, and an independent member, Mr Andrew Dix, and 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, Shared Services, chairs this committee which meets at least monthly.

Governance committee structure at 30 June 2017**PROGRAM AND PROJECT MANAGEMENT**

In 2016–17 the department continued to make progress in improving the way a large number of programs and projects across the department are managed and coordinated. This includes finding ways to better deliver Budget measures, legislative reforms and service transformation initiatives.

An important part of this was to identify how to further strengthen program and project management in the department. Work during the year included:

- implementing measures to improve the quality of project planning
- improving the quality and accuracy of reporting
- improving governance over programs and projects
- increasing transparency in terms of change control and decision making
- adding new assurance controls
- building capability through training of senior officials and program/project managers.

PUBLIC INTEREST DISCLOSURE ACT 2013

The *Public Interest Disclosure Act 2013* allows for investigation of allegations of serious wrongdoing in the Australian Public Service.

Responsibilities and functions under the Act are delegated to a core group of staff to ensure control and oversight in managing disclosures.

In 2016–17 the department received six public interest disclosures. Of the six disclosures received, two were assessed as not being a Public Interest Disclosure (PID) under the Act. After investigations were completed, including those continued from the previous year, only one PID resulted in sanction.

PID education is included in two topics of the Mandatory Refresher Training that all department staff are required to undertake.

MANAGING INTERNAL FRAUD

The department has a zero tolerance approach to fraud and takes internal fraud control seriously. The department's fraud detection program takes a multifaceted approach that includes internal data-matching, risk profiling and environmental scanning. To support fraud prevention the department's fraud awareness strategies promote messages about how the department identifies and reports suspected fraud, staff responsibilities, and awareness of current and emerging risks.

The department's *Fraud Control Plan* provides assurance that the department's identified fraud risks are managed appropriately. The plan meets the department's responsibility for compliance under section 10 of the *Public Governance, Performance and Accountability Rule 2014* and the *Commonwealth Fraud Control Framework 2014*. The *Fraud Control Plan* ensures that the department takes a comprehensive strategic approach to fraud risk, and 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 where appropriate to strengthen controls to prevent and detect fraudulent activity
- conducting investigations in accordance with *Australian Government Investigation Standards*.

Substantiated incidents of internal fraud are referred to the CDPP for consideration of criminal prosecutions. The department also considers the need for administrative action against breaches of the Australian Public Service Code of Conduct (see *Standards of behaviour* at part 4.6 of this report).

The department promotes fraud prevention and awareness to staff across the department through:

- Fraud Awareness Week including articles and executive messaging on fraud
- mandatory fraud awareness training including tailored fraud awareness communication activities and presentations
- an intranet page linking all relevant awareness information and tip-off forms.

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 2016 *Business Continuity Policy* has refined the scope of the Business Continuity Program. This is a direct outcome of the program's increased level of maturity and is intended to align more closely to departmental requirements.

Business continuity analysis support the development of business continuity plans under this revised scope. The endorsed validation program formally tests business continuity plans to confirm response and recovery arrangements.

The progress of business continuity activities is reported to the department's Risk, Business Continuity and Security Committee.

REGULATORY REFORM AGENDA

The government is committed to reducing the cost of red tape for individuals, businesses and community organisations by \$3 billion over three years. The department contributed savings of \$70 million to the government's target in the 2016 calendar year, as reported in the *Annual Red Tape Reduction Report 2016*. A copy of the report is available on the Cutting Red Tape website at cuttingredtape.gov.au

INFORMATION MANAGEMENT

Data collected by the department assists in determining eligibility for social security and welfare services, and health-related services and payments. Information assists the department and other agencies to understand service delivery and program requirements. In addition, data can only be provided to both internal and external stakeholders that is consistent with legislation and protects the privacy of the consumer. The department's website at **humanservices.gov.au** contains statistical information and data and there is an option for stakeholders to request statistical information.

Beyond this direct activity, data sets are also used to support a broader government agenda, framed by the recommendations of the Public Sector Data Management Project, managed by PM&C and the release of the *Australian Government Public Data Policy Statement*. The use of the data sets for other purposes occurs 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 better understands the value of data in strengthening its evidence base helps in the design of more effective policy and services that improve people's lives. As part of this, in 2017 the department offered for the first time a professional pathway in data analytics.

SAFEGUARDING PRIVACY

Recipient records and personal information

To protect the privacy of recipients and staff, the department has comprehensive processes to protect personal information. The department's privacy framework is guided by the *Operational Privacy Policy* which includes a number of requirements with which staff must comply. The policy reinforces that:

- all staff acknowledge their privacy and confidentiality responsibilities every year
- privacy incidents must be reported 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 services are delivered, for example, the *Social Security (Administration) Act 1999*. Requests for personal information are considered under the *Australian Privacy Principles* and relevant secrecy provisions.

Privacy impact assessments

As new projects and program improvements are developed, the department considers their potential impact on privacy. Under the *Operational Privacy Policy* privacy impact assessments are used to:

- minimise privacy risks and impacts
- ensure compliance with legal obligations
- ensure the department's commitment to safeguarding recipient privacy is met.

Privacy incidents

The department investigates all privacy complaints. Escalation and reporting processes minimise the effects of any substantiated privacy incident. In 2016–17 the total number of substantiated privacy incidents was 957.

COMPENSATION FOR DETRIMENT CAUSED BY DEFECTIVE ADMINISTRATION

In 2016–17 the department received 1,694 recipient compensation claims. Claims are paid when the department is legally liable to pay compensation, or under the Scheme for Compensation for Detriment Caused by Defective Administration.

The department approved a total of 649 compensation claims in 2016–17. This represents 43 per cent of all determined claims.

The department aims to process compensation claims within 90 days. In 2016–17, 83 per cent of claims were completed within 90 days.

CORPORATE RECORDS MANAGEMENT

The government's *Digital Continuity 2020 Policy* promotes a consistent approach to information governance. The department has increased its digital record keeping capability and continued the transition to entirely digital work processes. In 2016–17 the department's online and self service capabilities led to further reductions in the volume of paper received and stored. Paper records that the department continues to receive are converted to digital records wherever possible.

Internally the department is focused on creating and maintaining administrative records digitally and thus reducing reliance on paper records. During the year the department also continued to consolidate existing warehouse storage facilities, resulting in improved efficiency of records management services.

RISK MANAGEMENT

Risk management is integral to the department's environment. The department's governance framework and planning processes reflect this.

The department's risk management policy and framework are consistent with the international risk management standard *AS/NZS ISO 31000:2009 Risk Management: Principles and Guidelines*, and the *Commonwealth Risk Management Policy*. The policy and framework are reviewed regularly to ensure better practice. Also, risks are identified and developed during the strategic planning process through consideration of the department's risk environment and wider factors affecting the government and the Australian Public Service.

Risks are also identified as part of the department's business planning cycle. Senior executive staff manage risks and report on them regularly. Risks are reported to the department's Risk, Business Continuity and Security Committee and the Audit Committee reviews the appropriateness of the department's risk management system.

To assist in managing risks arising from urgent or high-profile incidents and issues, the department has an escalation process to ensure relevant stakeholders are quickly informed.

Comcover Risk Management

In 2016–17 the department participated again in the annual Comcover Risk Management Benchmarking Program which measured the department's capability using a flexible risk maturity model. Comcover again rated the department as having an advanced risk maturity level. This maturity level reflects the department's commitment to sound risk management and its integration with its operational capabilities.

INTERNAL AUDIT

Consistent with the definition set by the Institute of Internal Auditors, internal auditing is a risk-based objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluation and to improving the effectiveness of risk management, control and governance processes.

Each year the department develops a rolling audit work program that establishes internal audit priorities for the coming 12 months. The program for 2016–17 was developed in consultation with the Audit Committee and the Executive and was approved by the Secretary. In 2016–17, the department presented 51 internal audits to the Audit Committee.

Internal audit priorities are based on the 'three lines of defence' model that positions the Audit Division as the department's independent assurer (the 'third line').

Consistent with the Audit Committee's functions under the *Public Governance, Performance and Accountability Act 2013*, audits focus on enhancing the effectiveness of the system of risk oversight (the 'second line') so that improvements flow to wider areas of the system of internal control (the 'first line').

5.2 ANAO ACCESS CLAUSE

All departmental contract templates include a standard clause providing the Auditor-General with appropriate access to a contractor's premises and records.

5.3 EXTERNAL SCRUTINY

EXTERNAL AUDITS: AUSTRALIAN NATIONAL AUDIT OFFICE

In 2016–17 the ANAO tabled six performance audit reports involving the department, making a total of 15 recommendations relevant to the department. The department did not disagree with any of these recommendations, but for a small number it either agreed with qualifications or noted that actions to address the recommendation were already in train.

When the ANAO made recommendations involving the responsibilities of policy departments, the department worked with them to help effectively respond to the 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 that are tabled in Parliament. The department was required to attend public hearings of the committee during 2016–17, relating to the ANAO performance audit of *Qualifying for the Disability Support Pension*, Report No. 18 2015–16.

Representatives from the ANAO were invited to attend all departmental Audit Committee meetings as observers.

The department maintains a collaborative and productive relationship with the ANAO and welcomes the audit and assurance activities it undertakes.

The department uses the ANAO's performance audit activities to help ensure the adequacy of its internal audit across the department and to minimise duplication of assurance effort.

The department works closely with the ANAO throughout the annual financial statements audit cycle. The department also closely monitors implementation of ANAO performance audit and financial statements audit recommendations.

Relevant ANAO audits tabled in the Parliament in 2016–17

- *Report No. 20, The Management, Administration and Monitoring of the Indemnity Insurance Fund*, tabled 19 October 2016.
- *Report No. 41, Management of Selected Fraud Prevention and Compliance Budget Measures*, tabled 28 February 2017.
- *Report No. 42, Cybersecurity Follow-up Audit*, tabled 15 March 2017.
- *Report No. 50, Child Support Collection Arrangements between the Australian Taxation Office and the Department of Human Services*, tabled 15 May 2017.
- *Report No. 51, Administration of Youth Allowance (Student) and ABSTUDY*, tabled 22 May 2017.
- *Report No. 59, myGov Digital Services*, tabled 27 June 2017.

COMMONWEALTH OMBUDSMAN

The number of investigations the department received from the Commonwealth Ombudsman has steadily declined over the last four years.

In 2016–17 the Commonwealth Ombudsman initiated 635 section 8 investigations.

The department maintains a collaborative and productive working relationship with the Office of the Commonwealth Ombudsman and welcomes the own motion investigations that the Commonwealth Ombudsman undertakes.

Liaison with the Office of the Commonwealth Ombudsman

The department works closely with the office of the Commonwealth Ombudsman to ensure timely and quality responses to investigations, including own motion investigations. In 2016–17, the department responded to 90.6 per cent of the Commonwealth Ombudsman requests within their timeframe. The department also monitors implementation of own motion recommendations.

The Ombudsman published three section 15 reports involving the department, under the *Ombudsman Act 1976*, making a total of 21 recommendations. The department agreed with all recommendations relevant to the department.

Section 15 reports published by the Commonwealth Ombudsman

Report No. 05/2016, published in December 2016—Department of Human Services: Accessibility of Disability Support Pension for remote Indigenous Australians

The investigation's objective was to determine the accessibility of the Disability Support Pension job capacity and medical assessment processes for Indigenous people living in remote communities.

The report found that Indigenous people living in rural and remote Australia experience particular difficulty in preparing applications for the Disability Support Pension and meeting the high standard of evidence required by social security law. The report also found that there remains a gap between the department's service delivery commitments and the reality experienced by Indigenous people in remote areas. The Ombudsman made eight recommendations to improve the accessibility of the Disability Support Pension for Indigenous recipients. The department agreed with the recommendations.

Report No. 06/2016, published in December 2016—Accessibility of Indigenous Language Interpreters: Talking in Language Follow Up Investigation

The investigation's objective was to consider the progress of selected departments and agencies in implementing the recommendations of the Commonwealth Ombudsman's own motion report, *Talking in Language: Indigenous Language Interpreters 05/2011*. The report found that a coordinated whole of government response is still required and that ongoing barriers to accessing interpreters continue to undermine communication between government and Indigenous language speakers.

The report made five recommendations—three to PM&C and two to all agencies. The recommendations to all agencies related to giving consideration to how agency policy and administrative arrangements could address the issues raised in the report, including developing best practice principles. The department agreed with the recommendations.

Report No. 02/2017, published in April 2017—Centrelink’s automated debt raising and recovery system

The investigation focused on debts raised through the department’s online compliance system. Importantly, after examination of the business rules underpinning the system, the Ombudsman was satisfied that debts raised by the online system were accurate, based on the information which is available to the department at the time the decision is made. Also, it was the Ombudsman’s view that it is entirely reasonable and appropriate for the department to ask recipients to explain discrepancies following a data match.

The report made several constructive and practical recommendations. The report acknowledged the department has already improved the usability, accessibility and clarity of information provided as part of continual ongoing improvement. The department and DSS, which is responsible for the relevant legislation and policy, responded positively to the Ombudsman’s investigation, agreeing to all eight recommendations, which in many cases were already being implemented.

PARLIAMENTARY INQUIRIES

On 8 February 2017, the Senate referred an inquiry into the design, scope, cost-benefit analysis, contracts awarded and implementation associated with the Better Management of the Social Welfare System initiative to the Community Affairs References Committee (the Committee).

The Committee held hearings in Adelaide, Melbourne, Sydney, Perth, Hobart, Launceston, and Brisbane. Two hearings were held in Canberra. Departmental officials attended each of these hearings and, after the first Canberra hearing, a compliance officer and social worker were made available to provide assistance to individuals who had questions or needed support after they had provided evidence to the Committee. Department officials, including local service leaders, appeared as witnesses at each hearing (except for Launceston, where officials still attended to note any relevant feedback). The department provided a submission and a supplementary submission to the Committee. These were published on the Committee’s website.

The report was tabled in the Parliament on 21 June 2017. The government’s response is due on 21 September 2017.

REVIEWS OF SOCIAL WELFARE PAYMENT DECISIONS

Review of decisions

The department's review and appeals systems consists of internal and external review mechanisms.

An internal review is a review decision requested by the person or their nominee. Under the internal review process only one internal review of decision takes place by the department.

The steps in the internal review process are:

- the person or their nominee request a review of a decision
- a quality check and explanation of the decision is undertaken by a Subject Matter Expert (SME), and where appropriate, the original decision can be altered
- if the person remains dissatisfied with the decision, a formal internal review of the decision is completed by an Authorised Review Officer (ARO).

A formal review of a decision by an ARO is an independent process undertaken by an officer not involved with the original decision. The ARO can affirm, vary or set aside the original decision.

In 2016–17 the department continued to focus on managing outstanding reviews of decisions. An improved business model saw a significant reduction in the number and the age of reviews on hand. The model gives people the earliest opportunity to correct any misunderstandings and present new information before progressing to a formal review of a decision.

Once the internal review process is completed, if still dissatisfied, a person can apply for a review by the Administrative Appeals Tribunal (AAT) Social Services and Child Support Division (referred to as the 'AAT First Review').

If the person still remains dissatisfied after the AAT First Review, they have a right to request a further review by the AAT General Division (referred to as the 'AAT Second Review').

Decisions most commonly challenged were:

- rejection of a claim for payment, such as Disability Support Pension
- raising or recovery of debts, including Family Tax Benefit reconciliation debts
- participation failure
- start date of payment
- rate of payment.

Table: Social welfare payments merit review applications

Applications	2014–15	2015–16	2016–17
Internal reviews ^(a)	111,982	105,786	83,143
AAT First Review	12,289	11,198	12,767
AAT Second Review customer applications	1,999	2,178	2,179
AAT Second Review Secretary applications ^(b)	75	81	88

(a) The counting methodology for internal reviews in 2016–17 differs to previous years due to the introduction of an improved business model on 12 November 2016, under which reviews finalised by a SME are no longer considered to be a formal review.

(b) This refers to the Secretary of any department where the Minister is responsible, under the Administrative Arrangements Order, for part of the social security laws that allow decisions to be appealed to the AAT.

Table: Social welfare payments merit review outcomes

Applications	Unchanged decisions ^(a)			Changed decisions		
	2014–15	2015–16	2016–17	2014–15	2015–16	2016–17
Internal review officer	66.1% 83,286	62.5% 60,963	63.2% 60,345	33.9% 42,732	37.5% 36,617	36.8% 35,207
AAT First Review	75.3% 7,974	74.6% 8,195	75.5% 8,716	24.7% 2,619	25.4% 2,788	24.5% 2,830
AAT Second Review—customer applications	79.7% 1,390	79.2% 1,542	79.2% 1,621	20.3% 354	20.8% 404	20.8% 427
AAT Second Review—Secretary applications ^(b)	50.0% 18	50.0% 43	46.1% 41	50.0% 18	50.0% 43	53.9% 48

(a) Unchanged decisions include reviews that were withdrawn.

(b) Refers to the Secretary of any department where the Minister is responsible, under the Administrative Arrangements Order, for part of the social security laws that allow decisions to be appealed to the AAT. Secretary applications are managed in accordance with the policy department's instructions.

REVIEWS OF CHILD SUPPORT DECISIONS

In accordance with the *Child Support (Registration and Collection) Act 1988*, the department is required to finalise all objections to child support decisions within 60 days for domestic customers and 120 days for international customers.

Parents are contacted through the objection review process before any decisions are made. To ensure procedural fairness, both parents are given the opportunity to provide information to ensure decisions are accurate and based on individual circumstances.

The department provides feedback to original decision makers on the outcomes of objections to help improve future decision making.

The department continued to review and enhance the objections process to make it more efficient while continuing to uphold the integrity of the Child Support program.

Table: Objections received and finalised

	2014-15	2015-16	2016-17
Number of objections received:	16,317	16,698	16,590
• percentage relating to care	34.7%	35.8%	37.9%
• percentage relating to change of assessment	18.7%	16.8%	17.4%
• percentage relating to estimates	14.2%	13.3%	14.4%
Percentage finalised in 60 days—domestic	83.8%	94.8%	86.4%
Percentage finalised in 120 days—international	86.6%	96.5%	89.6%

Objections to change of assessment

The objection rate to change of assessment decisions is 16 per cent in 2016-17. 40 per cent of objections changed the original change of assessment decision, with provision of new information by parents being the most common reason.

Table: Change of assessment applications finalised and objections received

	2014-15	2015-16	2016-17
Change of assessment applications finalised	18,092	17,232	18,024
Change of assessment objections received	3,056	2,888	2,891

Administrative Appeals Tribunal reviews

The AAT's role includes responsibility for independently reviewing objections to child support decisions. The AAT First Review received 2,371 applications for review of child support decisions in 2016–17. Disputed care arrangements of children was the most common reason a review by the AAT was sought.

Table: Child Support AAT review outcomes^(a)

Applications	Unchanged decisions ^(b)			Changed decisions		
	2014–15	2015–16	2016–17	2014–15	2015–16	2016–17
AAT First review	582	555	541	753	806	703

(a) The number of reviews finalised will 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 made by the Child Support Registrar. Unchanged decisions do not include withdrawn or dismissed applications.

To improve service delivery and policy outcomes the department continued to analyse child support review decisions to identify any systemic procedural or operational issues.

JUDICIAL DECISIONS AND TRIBUNAL APPEALS

In 2016–17 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, as noted above.

FREEDOM OF INFORMATION AND REVIEWS

In 2016–17 the department had an Information Publication Scheme page on its website.

During the year the department received 7,435 freedom of information (FOI) requests for documents.

The department received 20 requests for amendment or annotation of personal records.

Taking into account cases pending from previous years, 7,401 FOI requests were finalised. Of these requests:

- 858 were withdrawn before decisions on access were made (with the majority of these withdrawn as a result of the department being able to provide access by way of administrative release)
- full access was granted in 2,728 cases
- part access was granted in 3,142 cases

- access was refused in 632 cases
- 41 cases were transferred to other departments/agencies.

In 2016–17 the department received 151 FOI requests for internal review of access or amendment decisions. Taking into account requests pending from previous years, 126 decisions were completed in 2016–17. Of those 126 completed decisions, 60 affirmed the original decision and 47 set-aside the original decision and granted further access in full or part. The remaining 19 requests for internal review were withdrawn or otherwise finalised.

Required FOI Reporting–Information Publication Scheme Plan

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 the department's website at humanservices.gov.au

Most mandatory information that must be published under the Act is available in various documents on the department's website and can be easily identified by the IPS logo visible on the Freedom of information page.

In 2016–17 the website information 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 that are made under legislation (other than Australian Public Service staff), such as the appointment of statutory office-holders
- the department's annual reports
- 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

During the year the Office of the Australian Information Commissioner published seven decisions in relation to applications for review of the department's FOI access decisions. These reviews affirmed 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 for personal information in the public interest and under specific legislative provisions.

In 2016–17 the department processed 90,900 personal information requests.

5.4 SERVICE COMMITMENTS AND FEEDBACK

Our Service Commitments

Our service commitments are a public expression of the department's vision of delivering excellent services to the Australian people while delivering on the outcomes and expectations of government. They include:

- what people can expect from the department under the four themes of Respect, Quality Information, Honesty and Integrity, and Efficiency
- our 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.

Our service commitments underpin the department's business priorities and are on the website at humanservices.gov.au

Performance summary against service commitments

Following is an overview of the department's performance against each of the four service commitment themes. The results are derived from a survey conducted throughout 2016–17 that drew on each respondent's most recent interaction with Centrelink and Medicare services. Results were calculated on the basis of respondent's ratings. Respondents who did not answer or indicated 'don't know' or 'not applicable' were removed from the calculation of results.

The department has an ongoing focus on improving the way it delivers its services 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 2016–17.

Respect: We will listen and work with you to understand your individual and cultural needs—measured by people's assessment of staff behaviour.

- 91.0 per cent of people surveyed about Centrelink services agreed that staff treated them with respect and 77.7 per cent agreed that staff took into account their individual circumstances
- 93.3 per cent of people surveyed about Medicare services agreed that staff treated them with respect and 85.6 per cent agreed that staff took into account their individual circumstances.

Quality information: We are committed to providing consistent and accurate information—measured by people’s assessment of the consistency and accuracy of information.

- 79.7 per cent of people surveyed about Centrelink services agreed that staff had told them everything they had to do to get the service and 80.5 per cent agreed that they were given accurate information
- 74.9 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
- 89.2 per cent of people surveyed about Medicare services agreed that staff had told them everything they had to do to get the service and 91.7 per cent agreed that they were given accurate information
- 86.5 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.

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 and of overall satisfaction.

- 81.8 per cent of people surveyed about Centrelink services agreed that staff gave them information that was clear and easy to understand
- 69.2 per cent of people surveyed about Centrelink services were satisfied
- 89.7 per cent of people surveyed about Medicare services agreed that staff gave them information that was clear and easy to understand
- 78.5 per cent of people surveyed about Medicare services were satisfied.

Efficiency: We will simplify the way we deliver services to you—measured by people’s assessment of staff promptness and efficiency.

- 77.3 per cent of people surveyed about Centrelink services said that staff were prompt and efficient
- 84.9 per cent of people surveyed about Medicare services said that staff were prompt and efficient.

SATISFACTION SURVEY PROGRAM

The **Transactional Survey** targets a random selection of people who have recently contacted the department and measures their satisfaction with the most recent transaction.

In 2016–17 the **Relationship Survey** measured people's general perceptions of the department.

The **Health Provider Survey** gauges satisfaction with departmental services from health professionals, including pharmacists, general practitioners and practice managers.

Every two years, an **International Services Survey** is conducted to measure the satisfaction of services provided to people residing overseas.

Table: Summary of the department's satisfaction survey activities

Survey title	Target audience(s) and sample size	Summary of findings 2015–16	Summary of findings 2016–17
Transactional Survey ^(a)	<p>Targets a random selection of current service users who have recently interacted with the department.</p> <p>Measures people's perceptions of the quality of service they received.</p> <p>In 2016–17 about 33,017 surveys were completed through phone interviews and 1,567 surveys were completed through integrated voice response</p>	<p>Satisfaction with:</p> <ul style="list-style-type: none"> • Centrelink services at 68.1%^(b) • Medicare services at 80.9%^(b) • Child Support services at 75.6%^(c) 	<p>Satisfaction with:</p> <ul style="list-style-type: none"> • Centrelink services at 69.5%^(b) • Medicare services at 81.7%^(b) • Child Support services at 84.9%
Relationship Survey	<p>Targets service users who have had specified interactions with the department in the previous 12 months.</p> <p>Measures people's general perceptions of the department.</p> <p>The survey was conducted across May and June 2017 with 1,025 surveys completed</p>	<p>Satisfaction with:</p> <ul style="list-style-type: none"> • Centrelink at 51% • Medicare at 73% • Child Support at 49% 	<p>Satisfaction with:</p> <ul style="list-style-type: none"> • Centrelink at 50% • Medicare at 71% • Child Support at 46%

Survey title	Target audience(s) and sample size	Summary of findings 2015–16	Summary of findings 2016–17
Health Provider Survey	Targets a random selection of healthcare providers who have interacted with the department in the previous 12 months. Runs once a year and approximately 1,595 surveys were completed in 2016–17	• Not comparable ^(d)	The percentage of health providers indicating they were satisfied or neutral with the services provided by the department: <ul style="list-style-type: none"> • 94% for pharmacists • 89% for practitioners • 82% for practice managers
International Services Survey	Targets 200 customers residing overseas who had an interaction with the department in the past 12 months. Measures customer satisfaction with the services provided by the department's International Services conducted once every two years	Overall satisfaction with the services provided by the department's International Services in 2014–15 was 80%	Overall satisfaction with the services provided by the department's International Services in 2016–17 was 77%

- (a) In 2016–17 there was a change to the approach used for calculating results from the transactional survey. The calculation is an average of all responses (grouped into drivers) rather than from the response to a single 'overall' question.
- (b) Results updated to reflect the calculation changes.
- (c) Results could not be updated to reflect calculation changes, so 2016–17 results cannot be compared with previous years.
- (d) In 2016–17 there was a change to the survey response scale (from a 0–10 to a 1–5 scale) to provide alignment with the wider Satisfaction Research Program survey calculation methodology. This change in survey response scale (1–5), means this year results are not directly comparable with those calculated using the response scale (0–10) in previous years.

Feedback on department's services

The department is committed to delivering high quality services to the Australian people and values the feedback received as it helps improve our business processes and deliver better services.

The department is committed to ensuring that people are aware of their right to complain or provide feedback. Individuals can provide feedback in a variety of ways, including:

- calling the feedback and complaints line
- online via their myGov account or at **humanservices.gov.au**
- calling one of the international phone numbers if overseas—listed on **humanservices.gov.au/international**
- by mail (no postage stamp required)
- via the National Relay Service
- speaking to a service officer at any service centre or on the phone.

The number of complaints about the department's services received in 2016–17 was 204,583, or 0.14 per cent of the more than 144.6 million transactions for the same period. The department handled 165,250 complaints at the first point of contact.

People are taking advantage of the department's online feedback form which was implemented to make it easier for them to provide feedback at a time that suits them. This has contributed to the rise in complaints recorded. The expanding use of social media has increased the awareness of the department's services. Some of this has also translated into higher levels of complaints.

In 2016–17 the number of compliments received by the department was 9,744. Of these 84 per cent were about the service provided by staff, 9 per cent about the department's programs, and 5.8 per cent about our products.

In 2016–17, 50.2 per cent of all feedback received was lodged online. This includes 30,909 or 33.9 per cent of Centrelink and Medicare complaints lodged outside business hours.

While an online feedback form is available, the department promotes the telephony channel where people can receive immediate assistance with a complaint during business hours.

The department actively encourages feedback and suggestions about programs, services and new initiatives. In 2016–17 the number of suggestions received by the department was 8,596.

Centrelink feedback

In 2016–17 the department recorded 184,553 feedback contacts about Centrelink services, of these 168,709 were complaints. The top three complaints by volume were:

- dissatisfaction with a claim, application or assessment process, including waiting too long, not updated on progress and multiple contacts to progress (28.2 per cent). Even though most Centrelink claims are processed in under 35 days, in some cases it may take longer, as the department must consider all relevant information when processing claims and on occasion this results in people complaining about the process or delay. Age Pension claims generally take longer to process as the department has to assess often complex income and asset information.
- dissatisfaction with a decision, outcome or payment, including a payment not being received, a cancellation or suspension and waiting too long (25.2 per cent)
- difficulties with phone services, including complaints about hold wait times, engaged signals and call disconnections (16.2 per cent). At certain times on certain days the department's telephone lines experience peak periods and some people experience a longer wait and provide the department with feedback on their experiences.

The department resolved 71 per cent of Centrelink complaints within ten working days.

Medicare feedback

In 2016–17 the department recorded 18,194 feedback contacts about Medicare services. The top three complaints by volume were:

- dissatisfaction with a claim, application or assessment process, including information that was incorrect, waiting too long and requests for information (32.8 per cent)
- difficulties with digital services, including inability to access, not being user friendly and the item number being unavailable for online claiming (19.5 per cent)
- dissatisfaction with a decision, outcome or payment, including a payment not being received, personal information that was incorrect and the rejection of an application or claim (16.8 per cent).

The department resolved 74 per cent of Medicare complaints within 10 working days.

Child Support feedback

In 2016–17 the department recorded 20,176 feedback contacts about Child Support services. The top three complaints by volume were:

- collection, including lack of collection, account balance and employer withholding (31.6 per cent)
- quality of service, including advice, lack of courtesy and inaction (30.4 per cent)
- assessment, including income used, care and change of assessment (23.1 per cent)

The department resolved 79.3 per cent of Child Support complaints within ten working days.

Responses to complaints and feedback

The department welcomes the opportunity to work with the service users and respond to their feedback, compliments and suggestions.

The department regularly examines information from complaints and feedback as part of a continuous improvement process to identify potential systemic issues and ensure improvements are implemented and monitored.

Complaints and feedback are used to develop and improve training products, staff procedural information and communication products. For example, during the year a series of toolkits were presented by leaders in monthly team meetings. These toolkits helped to develop a sounder understanding of a user's experience with a service and improved staff skills when assisting vulnerable people.

Comprehensive training and guidance materials covering all aspects of complaints management are available to staff. In July 2016 the department used feedback from staff to improve the usability and performance of its complaints handling database and increase recording of complaints in frontline service channels.

COMMUNITY ENGAGEMENT—GROUPS AND ADVISORY FORUMS

National Social Security Rights Network (NSSRN)

The National Social Security Rights Network (NSSRN), previously known as the National Welfare Rights Network, includes 16 community legal services specialising in social security and family assistance law and its administration by the department.

Member organisations assist individual clients, conduct training for community workers, and produce publications to assist social security recipients and community organisations to understand the system. At twice-yearly meetings with the department, information and ideas are exchanged on a range of issues.

Multicultural advisory forums and committees

The department has partnerships with an extensive range of stakeholders from community and government organisations across all levels of government that work on issues relating to service delivery for people from CALD backgrounds.

The National Multicultural Advisory Group includes members from non-government organisations and peak bodies representing CALD communities. The group provides advice and feedback about the quality and effectiveness of the department's service delivery to multicultural people. The annual face-to-face meeting was held in August 2016, with follow up meetings held in November 2016 and March 2017. Issues discussed in the follow up meetings included digital transformation, Medicare issues for refugees and challenges and opportunities for multicultural servicing.

The department also convenes multicultural advisory committees and forums to consult regularly with multicultural communities at local, state and territory levels. These committees and forums operate in areas with high multicultural populations such as Brisbane, Sydney, Melbourne, Adelaide, Darwin, Launceston and Perth. The forums and committees ensure communities know about the department's programs, services and new initiatives. In 2016–17 issues raised included employment pathways for migrant and refugees, general settlement services for refugees—in particular, the increased number of refugees from Syria and Iraq, and digital engagement for CALD users.

Older Australians working group

The department met with the Older Australians Working Group in November 2016. The group has representatives from peak organisations and other groups, and allows the department to showcase service delivery developments. The group offers feedback on current and potential effects of service delivery on older people. The group discussed topics including changes to means testing, grandparent carers and WPIT.

Stakeholder Consultative Group

The Stakeholder Consultative Group is the department's peak stakeholder consultation forum on health issues.

It includes representatives and professionals from consumer, medical, allied health and pharmaceutical fields. The group provides advice on emerging strategic and operational matters as well as input into implementation of government measures such as red tape reduction. This helps improve the effectiveness of service delivery aspects of the health programs the department administers. The group met twice in 2016–17.

5.5 CORPORATE SERVICES

PROPERTY

At 30 June 2017 the department leased 430 commercial properties covering 727,161 square metres.

The department also owned 36 residential properties and leased another five in remote locations. These properties provide accommodation for staff in places where it would otherwise be difficult for staff to find suitable housing.

The department continually reviews its property portfolio to ensure it meets business objectives and is as cost efficient as possible.

In 2016–17 expenditure on property operating expenses was \$405.2 million and a further \$72.6 million was spent on capital improvements. This included projects undertaken as part of the rigorous program of works to ensure the quality of recipient engagement areas in departmental service centres and sites are maintained at acceptable standards.

ASSETS

The department's assets management policies and procedures encompass whole-of-life assets management. The department publishes guidance and procedures for staff and undertakes assurance on the existence, validity and valuation of the assets held. 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 the *Australian Accounting Standard AASB 136—Impairment of assets*.

The composition of the department's assets base is mainly software, leasehold improvements and data centre equipment.

SECURITY

Effective governance of the department's protective security program is vital to ensure the department has a security environment that protects its people, information and assets.

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 framework and emphasises the need for security as part of the department's culture. In 2016–17 the department continued to strengthen security governance arrangements through the operation of the Security Steering Group—a subcommittee of the department's Risk, Business Continuity and Security Committee. This group ensures alignment of the department's security program with broader corporate controls in areas such as people management, fraud, property, procurement, privacy, and information management.

Modular Remote Service Centre

To help provide equitable access to health and welfare services across the country, the department is replacing some of its old remote service centres with new, energy efficient, modular buildings.

The first modular project was delivered in Wadeye in December 2016, followed by the Halls Creek Remote Service Centre in June 2017.

Once in Halls Creek, the modules were joined together in just two days. The entire construction process took only 13 weeks, about half the time it would have taken using traditional building methods.

Just like in Wadeye, the Halls Creek Remote Service Centre is a part of our solar trial. While the sun is shining, the solar systems produce

power to run the service centres. Power also goes into Wadeye and Halls Creek electricity grids to benefit the local community.

Deanne is the Service Support Manager for the Kimberly Katherine Region. 'By having a new office here we're going to be able to provide the best service to our Indigenous customers who are living remotely and who'll get the same services as if they were in a metropolitan area.'

Following the completion of the project, the old Wadeye Remote Service Centre building was gifted to the Traditional Owners of the Wadeye community, who moved the building to a new location to support economic development in the community.



SHARED SERVICES

The department's size, scale and ICT capability positions it well as a provider of shared services within the Australian Public Service.

The department continues to provide a range of shared services to other agencies, including the NDIA and PM&C.

In 2016–17 the department transitioned the NDIA to a broad suite of ICT and corporate services. The ICT suite includes end user computing, telephony, online channels and business systems. The department also provides corporate services to the NDIA, including payroll management, credit management, accounts receivable, accounts payable, travel, fleet management, records management and security services.

During the year the department provided travel, credit card, fleet management, code of conduct and learning and development services to PM&C.

The department continued to support the DVA with end user computing, including assistive technology support, telephony and ICT infrastructure services. The department also managed internet gateway services to eight agencies.

In 2016–17 the department managed and administered the Indigenous Apprentices Program for a number of agencies including the DSS, the Department of Health, Defence, the Department of the Environment and Energy, DIBP, DVA and PM&C. See also *Apprentices, cadets and graduates* in Part 4.6 of this report.

The department also facilitated training for a number of agencies, in particular providing a range of courses to DSS. These courses included managing workplace bullying, service delivery training, positive attendance training for managers, strategic thinking and disability awareness.

In support of the Department of Finance's Shared and Common Services Program, the department worked with DVA, DSS, and the Department of Health to explore opportunities for more shared services.

5.6 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 to international standard ISO 14001:2015 and assists with the management and reporting 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, and 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 F* for more information about the department's contribution to ecologically sustainable development and environmental performance.

5.7 PURCHASING

The department conducts its procurement activities in accordance with the *Commonwealth Procurement Rules* (CPRs). The Accountable Authority Instructions are reviewed periodically to ensure procurement activities and related policy and procedural publications remain aligned with the CPRs and the Commonwealth Procurement Framework.

In 2016–17 the department continued to provide specialist procurement advice, training and assistance to staff undertaking procurements to ensure compliance with the CPRs—in particular, that they deliver value for money.

The department contributed to the review and ongoing maintenance of a number of whole-of-government coordinated procurement initiatives led by the Department of Finance. The department also refreshed and maintained the arrangements that support sourcing of communications-related services by 58 Australian Government agencies.

PROCUREMENT INITIATIVES TO SUPPORT SMALL BUSINESS

The department supports small business participation in the Australian Government procurement market. Small and medium enterprises and small enterprise participation statistics on Commonwealth purchasing contracts are available on the Department of Finance’s website at **finance.gov.au/procurement/statistics**

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 available on the Department of the Treasury’s website at **treasury.gov.au**

In undertaking its procurement activities, the department supports small and medium enterprises through a range of measures including:

- use of the Commonwealth Contracting Suite for low-risk procurements valued under \$1 million
- implementation of a *Supplier Diversity Strategy* to increase the level of activity between the department and supplier groups such as Australian Disability Enterprises and Indigenous small and medium enterprises
- membership of Supply Nation, a non-profit organisation established to grow the Aboriginal and Torres Strait Islander business sector by promoting supplier diversity in Australia
- mandatory reporting against both the *Indigenous Procurement Policy* and the department's *Reconciliation Action Plan 2015–17* on the number of contracts, contract values and expenditure for all Indigenous small and medium enterprises. In 2016–17 the department spent \$12.8 million (GST inclusive) with Aboriginal and Torres Strait Islander businesses, exceeding the department's RAP target of \$3.7 million
- use of Australian Industry Participation Plans in whole of government procurement where applicable
- encouraging credit card use to expedite payments.

5.8 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 referred to a procurement specialist before being approved by the relevant Deputy Secretary or the Chief Financial Officer.

The department engages consultants to provide specialist professional services, independent research or assessment, and other 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 ensure that the department is accessing the right skills and experience to support this changing environment, the department has seen an increase in the use of consultancies in recent years.

During 2016–17, six new consultancy contracts were entered into involving total actual expenditure of \$989,366. In addition, one ongoing consultancy contract was active during the period, involving total actual expenditure of \$62,140.

The table below shows total expenditure (including GST) on consultancy contracts for the current and previous two financial years. 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 (tenders.gov.au) and noted above at Part 5.7, Purchasing. For information about the department's advertising and market research costs see Appendix D.

Table: Expenditure on consultancy services

	2014–15 \$	2015–16 \$	2016–17 \$
Total consultancy services expenditure	543,534	1,613,393	1,051,506

5.9 EXEMPT CONTRACTS

In 2016–17 the department had no contracts or standing offers that were exempted by the Secretary from publication on AusTender.

5.10 GRANTS

There were no grants awarded by the Department of Human Services during 2016–17.

5.11 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 partnerships with these agencies are characterised by early engagement, regular consultation, recognition of expertise and information sharing. For example, the department delivered a variety of contact centre, face-to-face and remote services on behalf of the Australian Electoral Commission for the 2016 federal election which was held on 2 July 2016.

The department also supports the delivery of Australian Government outcomes by working with other government agencies on a range of activities that include data exchange, the National Emergency Call Centre Surge Capability, shared corporate services, co-location, myGov and ICT infrastructure support.

For more information on the payments and services delivered on behalf of the Australian Government visit humanservices.gov.au

PARTNERSHIPS WITH STATE AND TERRITORY GOVERNMENTS AND OTHER ORGANISATIONS

The department continues to work collaboratively 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 DTA. These include reviewing and modernising the myGov user experience and developing a whole of government digital identity solution.

The Department of Health is leading a program to replace the information technology payments systems to deliver reliable and accurate health, aged care and related veterans' payments with support from the department, DVA and the DTA. The new system will support the Australian Government in continuing to own, operate and deliver Medicare, PBS, aged care and related veterans' payments into the future.

INTERNATIONAL PARTNERSHIPS

The department administers formal social security agreements with 30 countries. These agreements outline the shared responsibility for social security coverage and entitlements when people move between the agreement countries. At 30 June 2017, 77,311 recipients were paid an Australian pension under international agreements.

PART 6

Financial Overview and Financial Statements



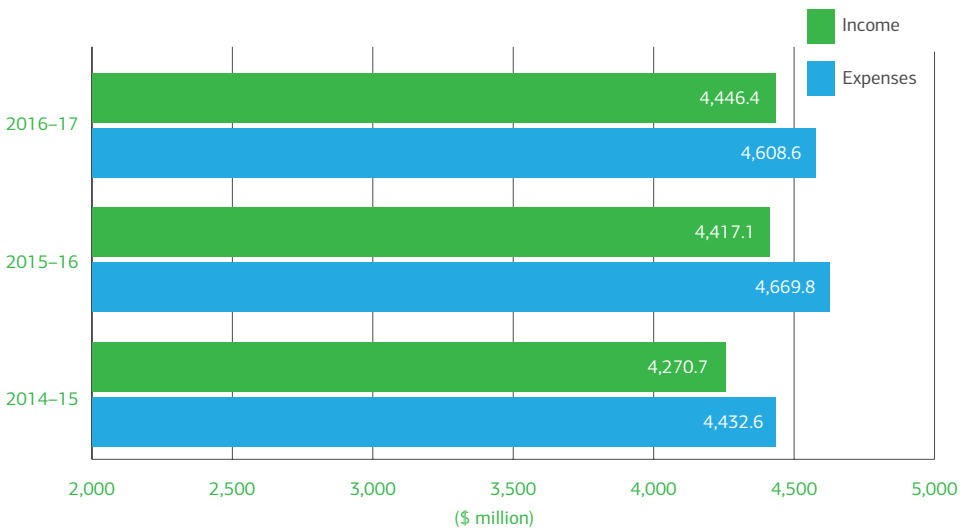
6.1 FINANCIAL OVERVIEW

STATEMENT OF FINANCIAL PERFORMANCE

In 2016–17 the department administered approximately \$174.3 billion in payments or around 40 per cent of government outlays. The department reported a small operating surplus of \$80.7 million after adjustment for unfunded depreciation and amortisation expenses and the revaluation of assets. This represents a 1.8 per cent variance to the budgeted net cost of services of \$4.4 billion.

Table: Departmental income and expenses

	2014–15 \$ million	2015–16 \$ million	2016–17 \$ million
Income	4,270.7	4,417.1	4,446.4
Expenses	4,432.6	4,669.8	4,608.6



Income

In 2016–17 the department received total income of \$4,446.4 million, comprising \$4,201.6 million in government appropriation and \$244.8 million in own source revenue and gains.

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 the table below).

Table: Departmental own source revenue ^(a)

Government agencies and other entities	\$ million
Australian Digital Health Agency	16.3
Australian Electoral Commission	2.1
Department of Employment	1.2
Australian Taxation Office	11.0
Department of Foreign Affairs and Trade	7.5
Department of Health	38.6
Department of Immigration and Border Protection	1.5
Department of the Prime Minister and Cabinet	2.4
Department of Social Services	2.2
Department of Veterans' Affairs	30.5
National Disability Insurance Agency	84.2
Other agencies (amounts of less than \$1 million from other government agencies)	4.0
Other entities	38.3
Total	239.8

(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 2016–17 totalled \$4,608.6 million, primarily for employee and supplier expenses.

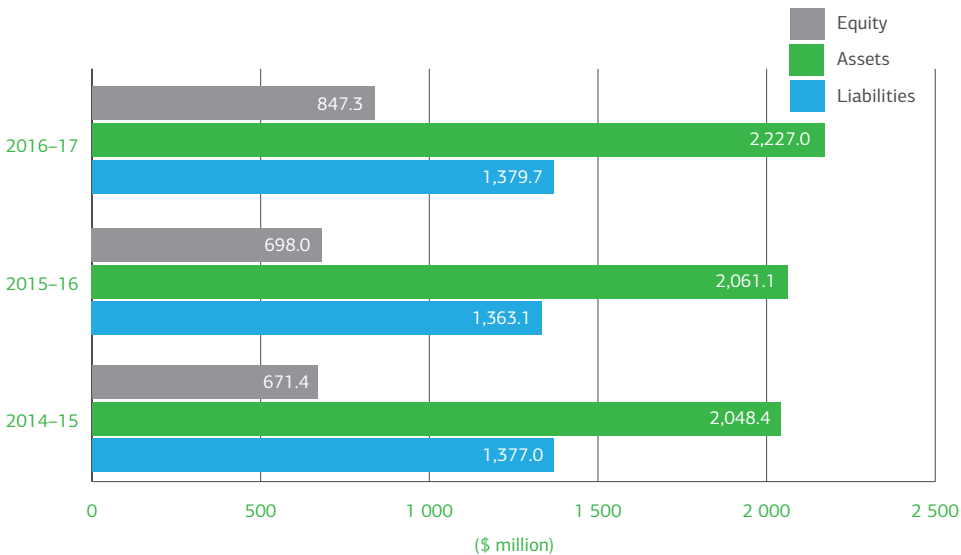
Reporting of significant non-compliance issues

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.

STATEMENT OF FINANCIAL POSITION

Table: Departmental equity, assets and liabilities

	2014–15 \$ million	2015–16 \$ million	2016–17 \$ million
Equity	671.4	698.0	847.3
Assets	2,048.4	2,061.1	2,227.0
Liabilities	1,377.0	1,363.1	1,379.7



Equity

The total equity of the department at 30 June 2017 was \$847.3 million.

Assets

The department's total assets increased by 8.1 per cent to \$2,227.0 million at 30 June 2017. Assets primarily comprise retained appropriations and non-financial assets.

Liabilities

The department's total liabilities increased by 1.2 per cent to \$1,379.7 million at 30 June 2017. Liabilities primarily relate to accrued payments and employee provisions.

Administered items

In 2016–17 the department collected and transferred \$1.5 billion in child support payments between separated parents for the support of their children. The department also recognised \$30.6 million dividends and competitive neutrality payments on behalf of the Australian Government from Australian Hearing.

6.2 FINANCIAL STATEMENTS



INDEPENDENT AUDITOR'S REPORT

To the Minister for Human Services

Opinion

In my opinion, the financial statements of the Department of Human Services for the year ended 30 June 2017:

- (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 2017 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 2017 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* to the extent that they are not in conflict with the *Auditor-General Act 1997* (the Code). 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

Capitalisation and valuation of Intangible Assets

Refer to Note B2 'Non-Financial Assets'

I considered this area a key audit matter due to:

- significant judgements involved in considering the indicators of impairment to estimate the value of intangible assets; and

How the audit addressed the matter

To address this key audit matter, I have:

- critically evaluated the Department of Human Services' key assumptions including the impact of government decisions on the future use of the systems;
- assessed the design and effectiveness of controls

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- judgments involved in estimating the staff and other costs attributable to developing the software applications.

The Department of Human Services has various information technology systems to manage its operations and the payments made on behalf of other entities. As at 30 June 2017, the carrying value of these intangible assets was \$360,721,000. This carrying value was net of an allowance for write down and impairment of \$89,592,000.

related to capturing the costs including the Department of Human Services' time recording system;

- tested on a sample basis the accounting treatment of works in progress against the requirements for capitalisation in AASB 138 *Intangible Assets*; and
- assessed the work performed by the Department of Human Services that related to the capitalisation processes and impairment analysis.

Key audit matter

Valuation of receivables related to the Child Support Scheme

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, as explained in Note B6.2. The valuation is based on historical collection rates and these may change in the future due to changes in government policy or in economic conditions.

As at 30 June 2017, the receivables related to the child support scheme were carried at \$806,298,000. This carrying value was net of an allowance for unrecoverable receivables of \$669,413,000.

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 appropriate discount rate. These judgements rely on the quality of the underlying data used in the estimation process.

How the audit addressed the matter

To address this key audit matter, I have:

- 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 competence, capability and objectivity of the actuary engaged by the Department of Human Services to assist in making the estimation;
- engaged an actuarial expert to assist me in assessing the appropriateness of significant assumptions and judgements made during the estimation process including the timing of future cash flows and appropriateness of the discount rate used;
- assessed the sources of data used in the estimation process for accuracy, completeness and relevance; and
- tested the mathematical accuracy of the model used to calculate the estimate.

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



Muhammad Qureshi
Acting Executive Director

Delegate of the Auditor-General

Canberra
29 August 2017

Department of Human Services

Financial Statements

for the period ended 30 June 2017

**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 2017 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.....

Kathryn Campbell CSC
Secretary

29 August 2017



Signed.....
Mark Jenkin
Chief Financial Officer

29 August 2017

DEPARTMENT OF HUMAN SERVICES
STATEMENT OF COMPREHENSIVE INCOME
for the period ended 30 June 2017

	Notes	2017 \$'000	2016 \$'000	Original Budget ¹ 2017 \$'000
NET COST OF SERVICES				
Expenses				
Employee benefits	A1.1	2,811,058	2,921,487	2,742,521
Supplier expenses	A1.2	1,458,072	1,470,901	1,493,455
Depreciation and amortisation	B2.1	242,875	249,509	263,246
Write-down and impairment of assets	B1.1, B2.1	92,922	21,125	123
Other expenses	A1.3	3,666	6,822	6,677
Total expenses		4,608,593	4,669,844	4,506,022
Income				
A2				
Own-source revenue				
Rendering of goods and services		221,962	161,326	118,012
Rental income		11,762	8,436	933
Other revenue		6,051	16,330	-
Total own-source revenue		239,775	186,092	118,945
Gains				
Resources received free of charge	A2.1	3,472	3,466	3,588
Reversal of previous asset write-down and impairment	B1.1, B2.1	1,187	1,900	-
Other gains		365	2,174	-
Total gains		5,024	7,540	3,588
Total income		244,799	193,632	122,533
Net cost of services		(4,363,794)	(4,476,212)	(4,383,489)
Revenue from government	A2.2	4,201,599	4,223,484	4,120,243
Deficit attributable to the Australian Government		(162,195)	(252,728)	(263,246)
OTHER COMPREHENSIVE INCOME				
Items not subject to subsequent reclassification to net cost of services				
Changes in asset revaluation reserve	B2.1, B5.2	37,587	33,271	-
Total other comprehensive income		37,587	33,271	-
Total comprehensive deficit attributable to the Australian Government²		(124,608)	(219,457)	(263,246)

¹Budget reported in the 2016-17 *Portfolio Budget Statements* published in May 2016.

²Depreciation 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.

DEPARTMENT OF HUMAN SERVICES
STATEMENT OF FINANCIAL POSITION
as at 30 June 2017

	Notes	2017 \$'000	2016 \$'000	Original Budget ¹ 2017 \$'000
ASSETS				
Financial assets				
Cash	B1	11,133	22,406	27,642
Trade and other receivables	B1.1	1,143,866	992,579	981,810
Total financial assets		1,154,999	1,014,985	1,009,452
Non-financial assets				
Land and buildings	B2.1, B3	354,554	325,035	300,624
Plant and equipment	B2.1, B3	194,743	152,111	197,381
Software	B2.1	360,721	480,321	413,117
Prepayments	B2.2	162,001	88,609	78,574
Total non-financial assets		1,072,019	1,046,076	989,696
Total assets		2,227,018	2,061,061	1,999,148
LIABILITIES				
Payables				
Suppliers	B4.1	412,902	349,129	354,020
Lease incentives	B4.3	52,009	42,143	23,735
Employee benefits		30,879	42,057	42,373
Other payables	B4.4	5,521	4,337	4,242
Total payables		501,311	437,666	424,370
Provisions				
Employee provisions	B5.1	849,230	898,494	880,258
Other provisions	B5.2	29,182	26,925	26,755
Total provisions		878,412	925,419	907,013
Total liabilities		1,379,723	1,363,085	1,331,383
Net assets		847,295	697,976	667,765
EQUITY				
Parent entity interest				
Contributed equity		1,950,501	1,676,574	1,925,577
Reserves		166,240	128,653	95,382
Accumulated deficit		(1,269,446)	(1,107,251)	(1,353,194)
Total parent entity interest		847,295	697,976	667,765
Total equity		847,295	697,976	667,765

¹Budget reported in the 2016-17 Portfolio Budget Statements published in May 2016.

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 2017

	Notes	2017 \$'000	2016 \$'000	Original Budget ¹ 2017 \$'000
CONTRIBUTED EQUITY				
Balance carried forward from previous period		1,676,574	1,430,577	1,671,325
Adjustment		-	(3)	-
Adjusted opening balance		<u>1,676,574</u>	<u>1,430,574</u>	<u>1,671,325</u>
Distributions to owners				
Returns of capital				
Restructuring ²		10	1,942	-
Contributions by owners				
Departmental capital budget		164,675	196,420	189,675
Equity injection - appropriations		109,242	47,638	64,577
Total transactions with owners		<u>273,927</u>	<u>246,000</u>	<u>254,252</u>
Total as at 30 June		<u>1,950,501</u>	<u>1,676,574</u>	<u>1,925,577</u>
RESERVES				
Balance carried forward from previous period		128,653	95,382	95,382
Changes in asset revaluation reserve		37,587	33,271	-
Total as at 30 June		<u>166,240</u>	<u>128,653</u>	<u>95,382</u>
ACCUMULATED DEFICIT				
Balance carried forward from previous period		(1,107,251)	(854,523)	(1,089,948)
Deficit for the period		(162,195)	(252,728)	(263,246)
Total as at 30 June		<u>(1,269,446)</u>	<u>(1,107,251)</u>	<u>(1,353,194)</u>
Total equity as at 30 June		<u>847,295</u>	<u>697,976</u>	<u>667,765</u>

¹Budget reported in the 2016-17 Portfolio Budget Statements published in May 2016.

²Total assets of \$32,000 less total liabilities of \$42,000 relinquished to the Digital Transformation Agency in 2016-17 under a restructuring of administrative arrangements (2016: responsibility for some health related programmes was transferred to the Department of Health).

The above statement should be read in conjunction with the accompanying notes.

DEPARTMENT OF HUMAN SERVICES
CASH FLOW STATEMENT
for the period ended 30 June 2017

	Notes	2017 \$'000	2016 \$'000	Original Budget ¹ 2017 \$'000
OPERATING ACTIVITIES				
Cash received				
Appropriations		4,571,262	4,601,936	4,441,895
Rendering of goods and services		274,302	157,427	121,902
Net GST received		160,018	157,251	154,397
Other		31,376	51,854	50,099
Total cash received		5,036,958	4,968,468	4,768,293
Cash used				
Payments for wages and salaries		2,880,938	2,957,461	2,768,005
Suppliers		1,681,486	1,605,112	1,667,690
Other		-	-	5,738
Competitive neutrality		371	487	462
Returns to the official public account (including GST)		466,036	366,479	326,398
Total cash used		5,028,831	4,929,539	4,768,293
Net cash from operating activities		8,127	38,929	-
INVESTING ACTIVITIES				
Cash received				
Proceeds from sales of plant and equipment		340	44	-
Total cash received		340	44	-
Cash used				
Purchase of buildings, plant and equipment		160,373	114,804	134,122
Purchase of software		95,280	172,564	120,130
Total cash used		255,653	287,368	254,252
Net cash used by investing activities		(255,313)	(287,324)	(254,252)
FINANCING ACTIVITIES				
Cash received				
Contributed equity - departmental capital budget		164,675	196,094	189,675
Contributed equity - capital injection		71,238	47,959	64,657
Total cash received		235,913	244,053	254,332
Net cash from financing activities		235,913	244,053	254,332
Net decrease in cash held		(11,273)	(4,342)	80
Cash at the beginning of the reporting period		22,406	26,748	27,562
Cash at the end of the reporting period	B1	11,133	22,406	27,642

¹Budget reported in the 2016-17 *Portfolio Budget Statements* published in May 2016.

The above statement should be read in conjunction with the accompanying notes.

6

DEPARTMENT OF HUMAN SERVICES
ADMINISTERED SCHEDULE OF COMPREHENSIVE INCOME
for the period ended 30 June 2017

	Notes	2017 \$'000	2016 \$'000	Original Budget ¹ 2017 \$'000
NET COST OF SERVICES				
Expenses				
	A3			
Child support maintenance expenses		1,450,026	1,392,132	1,465,978
Write-down and impairment of assets	A3.1	115,931	148,049	86,983
Other expenses		-	17	-
Total expenses		1,565,957	1,540,198	1,552,961
Income				
Non-taxation revenue				
	A4			
Child support maintenance revenue		1,543,529	1,517,229	1,552,888
Dividends		15,526	12,387	14,811
Competitive neutrality revenue		15,121	14,168	12,987
Fees and fines		8,439	8,777	8,902
Other revenue		419	152	-
Total non-taxation revenue		1,583,034	1,552,713	1,589,588
Gains				
Reversal of previous asset impairment	A4.1	21,897	23,700	-
Total gains		21,897	23,700	-
Total income		1,604,931	1,576,413	1,589,588
Net contribution by services		38,974	36,215	36,627
Surplus		38,974	36,215	36,627
OTHER COMPREHENSIVE INCOME				
Items subject to subsequent reclassification to net cost of services				
Gain on investment		6,854	8,430	-
Total comprehensive income		45,828	44,645	36,627

¹Budget reported in the 2016-17 *Portfolio Budget Statements* published in May 2016.

The above statement should be read in conjunction with the accompanying notes.

7

DEPARTMENT OF HUMAN SERVICES
ADMINISTERED SCHEDULE OF ASSETS AND LIABILITIES
as at 30 June 2017

	Notes	2017 \$'000	2016 \$'000	Original Budget ¹ 2017 \$'000
ASSETS				
Financial assets				
Cash and cash equivalent ²	B6.1	133,145	118,957	475
Child support receivables	B6.2	806,298	773,531	849,088
Investment – Australian Hearing		64,706	57,852	49,422
Other receivables	B6.3	9,120	11,165	11,607
Total assets administered on behalf of the Australian Government		1,013,269	961,505	910,592
LIABILITIES				
Payables				
Recovery of compensation payable	B8.2	82,805	73,860	-
Child support and other payables	B8.1	28,928	27,116	26,966
Child support payments received in advance		21,411	17,981	16,678
Total payables		133,144	118,957	43,644
Provisions				
Child support maintenance provisions	B9.1	803,758	770,507	846,787
Total provisions		803,758	770,507	846,787
Total liabilities administered on behalf of the Australian Government		936,902	889,464	890,431
Net assets		76,367	72,041	20,161

¹Budget reported in the 2016-17 *Portfolio Budget Statements* published in May 2016.

²In response to the amended PGPA Act Financial Reporting Rule 2015, the cash balance of Special Accounts is recognised in the Schedule of Assets and Liabilities as cash or cash equivalents. This change in disclosure impacts the Schedule of Assets and Liabilities, Administered Reconciliation Schedule and the Administered Cash Flow Statement. The comparative figures for 2015-16 have been re-stated accordingly.

The above statement should be read in conjunction with the accompanying notes.

DEPARTMENT OF HUMAN SERVICES
ADMINISTERED RECONCILIATION SCHEDULE
for the period ended 30 June 2017

	2017	2016
	\$'000	\$'000
Opening assets less liabilities as at 1 July	72,041	15,921
Adjusted opening assets less liabilities ¹	-	43,169
Net contribution by services		
Income	1,604,931	1,576,413
Expenses to other than corporate Commonwealth entities	(1,565,957)	(1,540,198)
Other comprehensive income		
Gain on investment	6,854	8,430
Transfers to/from Australian Government		
Appropriation transfers from the official public account		
Special appropriations (unlimited)		
Payments to other than corporate Commonwealth entities	38,839	47,458
Annual appropriation		
Payments to other than corporate Commonwealth entities	1,050	1,961
Other		
Payments to other than corporate Commonwealth entities	-	71
Appropriation transfers to the official public account	(81,391)	(81,184)
Closing assets less liabilities as at 30 June	76,367	72,041

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 the administered reconciliation schedule and through the special accounts.

¹In response to the amended PGPA Act Financial Reporting Rule 2015, the cash balance of Special Accounts is recognised in the Schedule of Assets and Liabilities as cash or cash equivalents. This change in disclosure impacts the Schedule of Assets and Liabilities, Administered Reconciliation Schedule and the Administered Cash Flow Statement. The comparative figures for 2015-16 have been re-stated accordingly.

The above schedule should be read in conjunction with the accompanying notes.

DEPARTMENT OF HUMAN SERVICES
ADMINISTERED CASH FLOW STATEMENT
for the period ended 30 June 2017

	Notes	2017 \$'000	2016 \$'000
OPERATING ACTIVITIES			
Cash received			
Child support		1,417,319	1,385,711
Health compensation receipts		297,786	335,484
Competitive neutrality		16,611	13,695
Dividends		15,962	9,609
Fees and fines		7,967	8,642
Other		1,106	820
Total cash received		<u>1,756,751</u>	<u>1,753,961</u>
Cash used			
Child support		1,411,404	1,383,727
Health compensation payments		288,841	305,350
Other		816	1,193
Total cash used		<u>1,701,061</u>	<u>1,690,270</u>
Net cash from operating activities		<u>55,690</u>	<u>63,691</u>
Cash at the beginning of the reporting period		118,957	86,960
Cash from the official public account			
Appropriations		39,889	49,419
Other		-	71
Total cash from the official public account		<u>39,889</u>	<u>49,490</u>
Cash to the official public account			
Appropriations		(40,005)	(48,604)
Other		(41,386)	(32,580)
Total cash to the official public account		<u>(81,391)</u>	<u>(81,184)</u>
Cash at the end of the reporting period¹	B6.1	<u>133,145</u>	<u>118,957</u>

¹In response to the amended PGPA Act Financial Reporting Rule 2015, the cash balance of Special Accounts is recognised in the Schedule of Assets and Liabilities as cash or cash equivalents. This change in disclosure impacts the Schedule of Assets and Liabilities, Administered Reconciliation Schedule and the Administered Cash Flow Statement. The comparative figures for 2015-16 have been re-stated accordingly.

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 2017

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DEPARTMENT OF HUMAN SERVICES NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the period ended 30 June 2017

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 (FRR), for reporting periods ending on or after 1 July 2015; 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.

- AASB 2015-2 *Amendments to Australian Accounting Standards - Disclosure Initiative* provides guidance on disclosure requirements contained in AASB 101 *Presentation of Financial Statements* and further guidance on the ordering of notes to the financial statements.
- AASB 2015-6 *Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities* extends the scope of AASB 124 *Related Party Disclosures* to not-for-profit public sector entities. The department is reporting related party transactions in the notes to these financial statements, including key management personnel and related entity transactions.

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, however, the department is yet to undertake a detailed review.

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. A detailed assessment is yet to be undertaken, however, based on a preliminary assessment, these standards are not expected to have a material impact on the transactions and balances recognised in the financial statements.

DEPARTMENT OF HUMAN SERVICES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2017

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 2017 the department has assessed that it has no spending activities having a high or medium constitutional risk.

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 contravene 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. 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 2016-17 the department identified 197 payments totalling \$69,452.63 from the Child Support Special Account made in contravention of section 83 of the Constitution which required either recovery action to be undertaken by the department or the offset of an amount against future payments to the customer. As at 30 June 2017 \$46,835.37 had been recovered or offset.

In 2016-17 the department identified 3 payments totalling \$5,717.63 from the Recovery of Compensation for Health Care and Other Services Special Account made in contravention of section 83 of the Constitution which required recovery action to be undertaken by the department. As at 30 June 2017 \$1,173.20 had been recovered.

In 2016-17 there was 1 payment totalling \$373.14 in respect of long service leave made in contravention of section 83 of the Constitution. As at 30 June 2017 no amounts had been recovered.

DEPARTMENT OF HUMAN SERVICES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2017

A: Financial Performance

A1: Expenses

	2017	2016
	\$'000	\$'000
A1.1: Employee benefits		
Wages and salaries	2,003,665	2,011,270
Superannuation		
Defined benefit plans ¹	265,513	286,112
Defined contribution plans	153,373	151,080
Leave and other entitlements	361,873	459,169
Separation and redundancies	24,351	12,025
Other employee expenses	2,283	1,831
Total employee benefits	2,811,058	2,921,487

¹The 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.

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.

A1.2: Supplier expenses

Goods and services supplied or rendered

Consultants and contractors	304,800	341,664
IT maintenance	238,294	195,801
Communications	212,207	203,108
Property operating	126,833	122,587
Customer related	57,624	44,884
Travel and motor vehicles	37,225	40,020
Staff related	33,841	34,274
Fees and charges	25,720	26,262
Legal services and compensation	19,410	13,917
Other	11,921	15,092
Total goods and services supplied or rendered¹	1,067,875	1,037,609

Goods supplied	46,472	45,593
Services rendered	1,021,403	992,016
Total goods and services supplied or rendered	1,067,875	1,037,609

Other supplier expenses

Operating lease rentals - external parties	324,403	367,324
Workers compensation premium	65,794	65,968
Total other suppliers	390,197	433,292
Total supplier expenses	1,458,072	1,470,901

¹Includes \$153.2 million in related entity transactions.

DEPARTMENT OF HUMAN SERVICES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2017

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. One 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 B4.3 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
	2017	2017	2017	2017	2016	2016	2016	2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Operating leases ¹	373,255	987,819	481,891	1,842,965	387,115	1,061,107	644,318	2,092,540

¹Contractual obligations comprise property operating, ICT equipment and motor vehicle fleet leases.

	2017	2016
	\$'000	\$'000
A1.3: Other expenses		
Resolution of claims	2,755	5,654
Finance costs	540	681
Competitive neutrality - state tax equivalent ¹	371	487
Total other expenses	3,666	6,822

¹The 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.

DEPARTMENT OF HUMAN SERVICES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2017

A2: Income

Own source revenue mainly relates to the provision of shared services to other government entities, including the introduction of services to the National Disability Insurance Agency during 2016-17.

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.

	2017	2016
	\$'000	\$'000
<u>A2.1: Resources received free of charge</u>		
Australian Taxation Office	2,472	1,766
Australian National Audit Office - financial statement audit fee ¹	1,000	1,700
Total resources received free of charge	3,472	3,466

¹2015-16 Included audit work undertaken by the ANAO in relation to third party payments. This is now being allocated directly to the audit fees of those third party agencies.

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).

<u>A3.1: Write-down and impairment of assets</u>		
Child support maintenance discharge	70,764	64,287
Child support write-down and impairment of assets	44,533	83,418
Child support waivers	43	66
Child support cost recovery discharge	-	7
Other - fees and fines	591	271
Total write-down and impairment of assets	115,931	148,049

DEPARTMENT OF HUMAN SERVICES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2017

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.

Child support penalty revenue

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. In 2016-17, \$7.8 million (2016: \$8.4 million) of penalty revenue receipts were included in administered fees and fines.

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.

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.

Gains include incidental transactions and events outside of ordinary operations such as reversals of previous asset impairments.

	2017	2016
	\$'000	\$'000
A4.1: Reversal of previous asset impairments		
Reversal of impairment - child support	21,897	23,700
Total reversal of previous asset impairments	21,897	23,700

DEPARTMENT OF HUMAN SERVICES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2017

B: Financial Position

B1: Financial Assets

Cash is recognised at its nominal amount and includes cash on hand.

	2017 \$'000	2016 \$'000
B1.1: Trade and other receivables		
Trade receivables in connection with		
Goods and services	62,857	50,074
Total trade receivables	62,857	50,074
Appropriation receivables		
Existing programmes - operating	1,029,559	944,675
Equity	38,004	-
Funding agreement adjustment - operating	(26,477)	(37,966)
Total appropriations receivables	1,041,086	906,709
Other receivables		
Goods and service tax	40,618	36,466
Total other receivables	40,618	36,466
Total trade and other receivables (gross)	1,144,561	993,249
Less impairment allowance		
Trade receivables	(695)	(670)
Total impairment allowance	(695)	(670)
Total trade and other receivables (net)	1,143,866	992,579
Movements in impairment allowance		
	Goods and services	Goods and services
As at 1 July	(670)	(376)
Additional provisions raised	(574)	(487)
Amounts written off	63	56
Amounts recovered and reversed	486	137
Total as at 30 June	(695)	(670)

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 (2016: 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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B1.2: Credit risk

The department was exposed to minimal credit risk as loans and receivables comprise of cash and trade receivables. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of cash and trade receivables mentioned below.

Credit quality of financial instruments not past due or individually determined as impaired

	Not past due nor impaired		Past due or impaired	Past due or impaired
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Loans and receivables				
Cash	11,133	22,406	-	-
Trade receivables	48,583	46,384	14,274	3,690
Total	59,716	68,790	14,274	3,690

B2: Non-Financial Assets

B2.1: Reconciliation of the opening and closing balances of property, plant and equipment and software

	Land and buildings	Plant and equipment	Software	Total
	\$'000	\$'000	\$'000	\$'000
Total as at 30 June 2016	325,035	152,111	480,321	957,467
Gross book value	361,680	176,868	1,020,372	1,558,920
Accumulated depreciation and amortisation	(36,645)	(24,757)	(540,051)	(601,453)
Total as at 1 July 2016	325,035	152,111	480,321	957,467
Additions				
Purchases	72,918	88,748	11,745	173,411
Internally developed	-	-	72,517	72,517
Revaluations recognised in other comprehensive income ¹	40,530	-	-	40,530
Write-down and impairment recognised in net cost of services ²	(813)	(1,902)	(89,592)	(92,307)
Impairment reversal recognised in net cost of services ³	-	1,121	-	1,121
Depreciation and amortisation expenses	(83,549)	(45,056)	(114,270)	(242,875)
Other movements ⁴	433	1,060	-	1,493
Disposals	-	(1,339)	-	(1,339)
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 30 June 2017	354,554	194,743	360,721	910,018

¹Recognised in changes to asset revaluation reserve and other provisions (property make-good provision).

²Recognised in write down and impairment of assets.

³Recognised in reversal of previous asset write-down and impairment.

⁴Includes assets recognised for the first time and transferred between classes.

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The asset thresholds and useful lives for each asset class remain unchanged from 2016.

Departmental assets	2017 Useful life	2017 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.

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 Australian Valuation Solutions conducted the revaluation of leasehold improvement and make-good relating to leasehold improvements (2016: revaluation of all property, plant and equipment asset classes).

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 2016-17, 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 \$92.9 million (2016: \$21.1 million).

Capital commitments payable

	<1 year	Between 1-5 years	Total	<1 year	Between 1-5 years	Total
	2017	2017	2017	2016	2016	2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Land and buildings	1,244	-	1,244	417	-	417
Plant and equipment ¹	1,917	4,571	6,488	5,013	25	5,038
Software	-	-	-	71	-	71
Total	3,161	4,571	7,732	5,501	25	5,526

¹Contractual obligation primarily for the purchase of Information and Communication Technology hardware.

	2017	2016
	\$'000	\$'000
B2.2: Prepayments		
Prepayments	162,001	88,609
Total prepayments	162,001	88,609

The increase relates to the payment of recurring Information and Communication Technology services paid earlier than in the prior year.

No indicators of impairment were found for prepayments.

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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 2017, valuations were undertaken on leasehold improvement assets with level 3 inputs and there was no movement between level inputs of the fair value hierarchy. In 2017 and 2016 level 3 valuations were based on depreciated replacement cost and adjusted market comparable information.

A revaluation of non-financial assets was completed in 2017 for leasehold improvements (2016: leasehold improvements, information and communications technology, data centre assets and general plant and equipment). 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	
	2017	2016		Valuation	Inputs used
	\$'000	\$'000	Level	techniques ¹	
Non-financial assets²					
Freehold land and buildings	7,422	7,174	2	Market comparables	Adjusted market transactions.
Freehold land and buildings	4,545	4,600	3	Market comparables	Adjusted market transactions.
Leasehold buildings and leasehold improvements	342,587	313,261	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	122,014	52,346	2	Market comparables	Adjusted market transactions.
Plant and equipment	72,605	99,361	3	Depreciated replacement cost	Replacement cost new.
Plant and equipment	124	404	3	Market comparables	Adjusted market transactions.
Total non-financial assets	549,297	477,146			

¹In 2017, nil (2016: \$17.1 million) transferred from level 3 to level 2 due to a change in valuation techniques from depreciated replacement cost to market comparables. In 2017, nil (2016: \$6.2 million) transferred from level 2 to level 3 due to a change in observable inputs.

²A reconciliation of movements in property, plant and equipment is included in note B2.1.

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B4: Payables

	2017	2016
	\$'000	\$'000
<u>B4.1: Suppliers</u>		
Trade creditors and accruals	327,588	270,675
Operating lease rentals	<u>85,314</u>	<u>78,454</u>
Total suppliers	<u>412,902</u>	<u>349,129</u>

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 (2016: 30 days).

B4.2: Liquidity risk

The department's financial liabilities consist of supplier payables. The exposure to liquidity risk is based on the notion that the department would encounter difficulty in meeting its obligations associated with financial liabilities. This is highly unlikely as the department is appropriated funding from the Australian Government and manages its budgeted funds to ensure it has adequate funds to meet payments as they fall due.

The only non-derivative financial liabilities were supplier payables that mature within one year of the reporting date (note B4.1 refers). The department had no derivative liabilities in 2017 or 2016.

B4.3: Lease incentives

Lease incentives expected to be settled

No more than 12 months	6,649	6,058
More than 12 months	<u>45,360</u>	<u>36,085</u>
Total lease incentives	<u>52,009</u>	<u>42,143</u>

B4.4: Other payables

Unearned income	4,976	3,880
Fringe benefits tax	<u>545</u>	<u>457</u>
Total other payables	<u>5,521</u>	<u>4,337</u>

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B5: Provisions

	2017 \$'000	2016 \$'000
<u>B5.1: Employee provisions</u>		
Leave	847,959	898,438
Separations and redundancies	1,271	56
Total employee provisions	849,230	898,494

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 \$'000	Surplus lease space provision \$'000	Other \$'000	Total \$'000
As at 1 July 2016	24,731	58	2,136	26,925
Additional provisions made ²	2,289	-	965	3,254
Amounts used	(351)	(58)	(578)	(987)
Amounts reversed	(340)	-	(165)	(505)
Unwinding of discount or change in discount rate	495	-	-	495
Total as at 30 June 2017	26,824	-	2,358	29,182

¹There are 449 (2016: 452) 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.

²The total additional provisions includes property make-good revaluation of existing arrangements. The revaluation conducted by the Australian Valuation Solutions Pty Ltd resulted in a \$3.0 million increment to the asset revaluation reserve less a \$0.7 million decrement recognised in goods and services expense (property operating).

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B6: Administered - Financial Assets		
	2017	2016
	\$'000	\$'000
B6.1: Cash and cash equivalent		
Cash on hand or on deposit	91	221
Cash in special accounts	133,054	118,736
Total cash	133,145	118,957
B6.2: Child support receivables		
Maintenance receivables	1,466,574	1,389,336
Less: impairment allowance	(662,816)	(618,829)
Net maintenance receivables	803,758	770,507
Customer miscellaneous receivables	5,801	5,739
Less: impairment allowance	(4,542)	(4,197)
Net customer miscellaneous receivables	1,259	1,542
Client top up receivables	1,458	1,704
Less: impairment allowance	(727)	(624)
Net client top up receivables	731	1,080
Cost recovery receivables	1,878	1,607
Less: impairment allowance	(1,328)	(1,205)
Net cost recovery receivables	550	402
Total child support receivables (net)	806,298	773,531
Child support receivables (gross) in connection with		
External parties	1,475,711	1,398,386
Total child support receivables (gross)	1,475,711	1,398,386

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 2016, changes in collection rates and the discounted mean term have resulted in the impairment allowance for child support maintenance debt changing from 43.73 per cent to 44.39 per cent as at 30 June 2017. This resulted in an increase to the impairment allowance of \$9.85 million in 2016-17.

AASB 136 *Impairment of Assets* requires that payments are discounted at a rate reflecting the estimated timing of the payments. As at 30 June 2017 the AGA's assessment was that the mean term for child support receivables was approximately seven years and the seven year bond rate was applied (2016: six and a half year collection and bond rate).

As at 30 June 2017 the seven year bond rate was 2.46 per cent and the 10 year bond rate was 2.62 per cent. If the 10 year bond rate was applied the result would be a further increase in the impairment allowance of approximately \$4.33 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 2017, off balance sheet items included: Total outstanding penalty debt \$853.4 million (2016: \$851.2 million); penalty debts raised during 2016-17, \$130.2 million (2016: \$129.5 million); and total penalty debts remitted, written off, waived or discharged, \$120.2 million (2016: \$76.1 million).

	2017	2016
	\$'000	\$'000
<u>B6.3: Other receivables</u>		
Dividends	6,306	6,742
Competitive neutrality	2,548	4,038
Other - fees and fines	2,876	2,403
Total other receivables (gross)	11,730	13,183
Less: impairment allowance - fees and fines	(2,610)	(2,018)
Total impairment allowance	(2,610)	(2,018)
Total other receivables (net)	9,120	11,165

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	2017			2016			For level 3 fair value measurements	
	\$'000	\$'000	Level ²	\$'000	\$'000	Level ²	Valuation techniques ¹	Inputs used
Financial assets								
Investment - Australian Hearing	64,706	57,852	3				Net assets	Net assets of the entity.

¹No change in valuation technique occurred during the period.

²Note B3 refers.

In 2017 and 2016, there were no acquisitions or disposals of assets.

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B8: Administered - Payables		
	2017	2016
	\$'000	\$'000
B8.1: Child support and other payables		
Child support maintenance	28,837	26,895
Other	91	221
Total child support and other payables	28,928	27,116

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	82,805	73,860
Total compensation payables	82,805	73,860

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	770,507	763,809
Additional provisions made ¹	1,543,529	1,517,229
Amounts used	(1,416,775)	(1,385,434)
Amounts reversed	(93,503)	(125,097)
Total as at 30 June	803,758	770,507

¹Additional 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)	2017	2016
	\$'000	\$'000
Departmental ordinary annual services		
Annual appropriation		
Operating ¹	4,258,713	4,286,898
Departmental capital budget	164,675	196,420
PGPA Act section 74 receipts	300,942	202,787
PGPA Act section 75 transfers ²	(700)	(34,104)
Total appropriation³	4,723,630	4,652,001
Appropriation applied (current and prior years)	4,580,408	4,641,353
Variance	143,222	10,648
Departmental other services		
Annual appropriation		
Equity injection	138,421	47,638
Total appropriation³	138,421	47,638
Appropriation applied (current and prior years)	71,238	47,959
Variance	67,183	(321)
Administered ordinary annual services		
Annual appropriation		
Operating	1,565	2,252
PGPA Act section 74 receipts	1,000	1,241
Total appropriation	2,565	3,493
Appropriation applied (current and prior years) ⁴	1,050	1,961
Variance	1,515	1,532

¹In 2016-17 revenue from the government reported in the statement of comprehensive income is \$4,201.6 million, \$57.1 million less than the operating annual appropriation of \$4,258.7 million. The \$57.1 million difference reflects:

- \$95.1 million appropriated in 2016-17 but not recognised as revenue due to:
 - \$0.7 million of operating funding transferred from the Department of Human Services to the Digital Transformation Agency under a restructuring of administrative arrangements. This amount was included in the *Supply Act (No. 1) 2016-17* and the reduction adjusted through section 75 of the PGPA Act (footnote 2 refers).
 - \$56.5 million of operating funding withheld through section 51 of the PGPA Act (footnote 3 refers).
 - \$37.9 million downward adjustment to the amount recognised as revenue from government in 2016-17 being a combination of the 2016-17 funding model reduction of \$26.5 million and \$11.4 million reduction in funding in *Appropriation Act (No. 1) 2017-18*.
- A \$38.0 million reduction through the *Appropriation Act (No. 1) 2016-17* to reflect an adjustment in 2015-16 revenue from government. The reduction relates to the 2015-16 funding model adjustment, which, due to timing could not be reflected in that year's appropriation acts.

²The transfer of \$0.7 million of operating appropriation to the Digital Transformation Agency under a restructuring of administrative arrangements.

³Includes the amount of \$56.5 million of operating and \$29.0 million of equity appropriations withheld under section 51 of the PGPA Act, with a determination date of 30 June 2017, and a \$0.2 million downward adjustment to equity funding in *Appropriation Act (No. 1) 2017-18*.

⁴Applied administered appropriation is represented by \$1.0 million drawn from the *Appropriation Act (No. 1) 2016-17*.

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)		
	2017	2016
	\$'000	\$'000
Authority		
Departmental		
<i>Appropriation Act (No.1) 2013-14</i> ¹	5,969	5,969
<i>Appropriation Act (No.1) 2015-16</i> ²	9,563	900,410
<i>Appropriation Act (No.3) 2015-16</i>	-	66,671
<i>Appropriation Act (No.1) 2016-17</i> ³	943,210	-
<i>Appropriation Act (No.3) 2016-17</i>	155,822	-
<i>Appropriation Act (No.4) 2016-17</i> ⁴	67,183	-
Total appropriation ⁵	1,181,747	973,050
Administered		
<i>Appropriation Act (No.1) 2015-16</i> ⁶	-	2,240
<i>Appropriation Act (No.1) 2016-17</i>	1,515	-
Total appropriation	1,515	2,240

¹Represents \$6.0 million quarantined for the 2013-14 downwards funding agreement adjustment. *Appropriation Act (No.1) 2013-14* is expected to be reduced through an Omnibus Repeal Bill.

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 cash at bank of \$11.1 million and \$56.5 million of operating appropriations withheld under section 51 of the PGPA Act, with a determination date of 30 June 2017.

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.

⁵The total unspent departmental annual appropriation as at 30 June 2017 is \$1,181.7 million (2016: \$973.1 million) as compared to the total cash and appropriation receivable balance of \$1,052.2 million (2016: \$929.1 million). The \$129.5 million difference reflects:

- the \$6.0 million reduction to appropriation receivable to reflect the quarantining of *Appropriation Act (No.1) 2013-14* (footnote 1 refers);
- \$56.5 million of operating appropriation withheld through section 51 of the PGPA Act (footnote 3 refers);
- \$29.0 million of equity appropriation withheld under section 51 of the PGPA Act (footnote 4 refers); and
- \$38.1 million reduction to appropriation receivable in 2016-17 for the funding model adjustment amounting to \$26.5 million and net reduction in funding of \$11.6 million, including \$0.2 million equity.

⁶In 2016-17 \$2.2 million was formally reduced under section 51 of the PGPA Act. This amount has been quarantined and reflects unspent appropriation as at 30 June 2016 relating to the child support programme.

C1.3: Special appropriations applied (recoverable GST exclusive)		
Authority		
<i>Child Support (Registration and Collection) Act 1988</i> ¹	38,839	47,458
<i>Public Governance, Performance and Accountability Act 2013</i> ²	2,617	1,907
Total special appropriations applied	41,456	49,365

¹Unlimited appropriation to enable payments for unremitted employer deductions for child support liabilities.

²Refund appropriation of \$0.8 million to enable payments of security bonds following issuance of Departure Prohibition Orders and \$1.8 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)

	2017	2017	2016	2016
	\$'000	\$'000	\$'000	\$'000
	Total	Total	Total	Total
	receipts	payments	receipts	payments
Attorney-General's Department ¹	26,278	26,278	23,101	23,101
Department of Agriculture and Water Resources ²	61,350	61,350	57,236	57,236
Department of Defence ³	1,452	1,452	720	720
Department of Education and Training ⁴	1,460,692	1,460,692	1,009,550	1,009,550
Department of Employment ⁵	13,592	13,592	7,940	7,940
Department of Health ⁶	56,259,983	55,138,535	49,169,477	48,417,271
Department of Immigration and Border Protection ⁷	213,275	213,275	290,898	290,898
Department of Infrastructure and Regional Development ⁸	191,264	191,264	168,069	168,069
Department of Social Services ⁹	112,310,331	112,310,331	117,172,900	117,172,900
Department of Veterans' Affairs ¹⁰	2,337,839	3,455,341	2,827,486	3,584,513
Total	172,876,056	172,872,110	170,727,377	170,732,198

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.

¹Attorney-General's Department - The department made payments on behalf of the entity for disaster recovery relief and victims of terrorism.

²Department of Agriculture and Water Resources - The department made third party payments on behalf of the entity for farm household allowance.

³Department 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.

⁴Department of Education and Training - The department made third party payments on behalf of the entity for child care rebate and child care benefit.

⁵Department of Employment - The department made third party payments on behalf of the entity for the job commitment bonus and commenced PaTH Internship Incentive payments in April 2017.

⁶Department of Health - The department made third party payments on behalf of the entity for aged care, medical and pharmaceutical benefits.

⁷Department of Immigration and Border Protection - The department made third party payments on behalf of the entity for asylum seeker support.

⁸Department of Infrastructure and Regional Development - The department made third party payments on behalf of the entity for the Bass Strait passenger vehicle equalisation scheme and Tasmanian freight equalisation scheme.

⁹Department 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.

¹⁰Department of Veterans' Affairs - The department made third party payments on behalf of the entity for aged care, medical and pharmaceutical benefits.

DEPARTMENT OF HUMAN SERVICES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2017

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	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
As at 1 July	61,078	54,275	73,860	43,726
Increases				
<i>Child Support (Registration & Collection) Act</i>				
1988 section 77	38,839	47,458	-	-
Ordinary annual services	1,050	1,254	-	-
Repayments of ordinary annual services	1,000	1,241	-	-
Child support receipts	1,395,972	1,355,037	-	-
Health compensation receipts	-	-	297,786	335,484
Total increases	1,436,861	1,404,990	297,786	335,484
Available for payments	1,497,939	1,459,265	371,646	379,210
Decreases				
Payments to custodial parents	(1,425,317)	(1,396,946)	-	-
Repayments debited from the special account	(1,000)	(1,241)	-	-
Payments made to the Department of Health	-	-	(37,567)	(34,325)
Payments made to the Department of Social Services	-	-	-	(488)
Refunds to customers	-	-	(251,274)	(270,537)
Total decreases	(1,426,317)	(1,398,187)	(288,841)	(305,350)
Total as at 30 June	71,622	61,078	82,805	73,860
Represented by:				
Cash held	71,622	61,078	82,805	73,860
Total appropriation available	71,622	61,078	82,805	73,860
Less timing differences	(21,373)	(16,202)	-	-
Total cash in special accounts	50,249	44,876	82,805	73,860

¹Appropriation: 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.

²Appropriation: 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.

In 2017 and 2016 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.

DEPARTMENT OF HUMAN SERVICES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
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C3: Regulatory Charging		
	2017	2016
	\$'000	\$'000
Amounts applied		
Departmental		
Annual appropriation ¹	<u>4,891</u>	<u>4,710</u>
Total amounts applied	<u>4,891</u>	<u>4,710</u>
Expenses		
Departmental ²	<u>4,482</u>	<u>4,895</u>
Total expenses	<u>4,482</u>	<u>4,895</u>

¹The annual appropriation is taken to be representative of the amount applied and is equivalent to revenue received.

²Departmental 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 annual consultation paper *Financial Industry Levies for 2016-17* is available at:
<http://www.apra.gov.au/AboutAPRA/Documents/Financial-Industry-Levies-2016-17.pdf>

DEPARTMENT OF HUMAN SERVICES
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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.

	2017	2016
	\$'000	\$'000
Claims for damages or costs		
Contingent assets		
As at 1 July	2,275	287
New contingent assets recognised	2,119	2,129
Re-measurement	(1,925)	(84)
Assets realised	-	(57)
Total contingent assets as at 30 June¹	2,469	2,275
Contingent liabilities		
As at 1 July	2,473	1,007
New contingent liabilities recognised	1,620	2,354
Re-measurement	153	139
Liabilities realised	(632)	(734)
Obligations expired	(1,922)	(293)
Total contingent liabilities as at 30 June²	1,692	2,473
Net contingent liabilities as at 30 June	(777)	198

¹Contingent assets includes legal claims.

²Contingent 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 2017 and 2016.

DEPARTMENT OF HUMAN SERVICES NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the period ended 30 June 2017

D2: Budgetary Reporting

Statement of comprehensive income

In 2016-17 the department reported an operating deficit of \$162.2 million against a budgeted deficit of \$263.2 million¹. This \$101.0 million variance represents 2.3 per cent of the budgeted \$4.4 billion net cost of services reported in the 2016-17 Portfolio Budget Statements published in May 2016.

The department's total expenses of \$4.6 billion varies by 2.3 per cent to the original budget. The major expense items such as employee benefits and supplier expenses were all managed within 2 to 3 per cent of the budget. The main variation is because non-cash items such as the write-down and impairment of assets, reversal of previous asset write-downs and impairment and other gains are not forecast in the budget estimates for non-financial assets.

The department's total revenue of \$4.4 billion varies by 4.8 per cent to the original budget. Total revenue was greater than budget reflecting additional funding provided by the Government after the 2016-17 budget and an increase in revenue for the provision of shared services to other Commonwealth agencies.

Statement of financial position

As at 30 June 2017 the department's total equity was \$847.3 million compared to the original budget of \$667.8 million. The original budget was prepared before the 2016 actual figures could be known. As a consequence the budgeted opening balance as at 1 July 2016 needed to be estimated and variances between the 2017 final outcome and budget estimates can be, at least in part, attributed to unanticipated movements in the prior period figures.

Total assets are higher than budget by 11.4 per cent primarily as a result of the positive variance in the budgeted deficit which is largely reflected in the appropriation receivable and prepayment balances. The positive variance also relates to the unbudgeted revaluation of non-financial assets.

Total liabilities are higher than budget by 3.6 per cent. The major movements were due to higher supplier payables and lease incentive liabilities. These were offset by lower employee provisions mainly reflecting the effect of a change in the bond rate used to estimate the present value of future leave payments, partially offset by higher amounts of leave taken than expected.

During 2016-17, the department received \$273.9 million in contributed equity, 7.7 per cent more than originally budgeted. This increase mainly reflects additional funding provided during 2016-17 to support the Welfare Payment Infrastructure Transformation (WPIT) Programme as well as fraud prevention and debt recovery capability.

Cash flow statement

The variances between budget and actuals in the cash flow statement are primarily the flow on effect from the events already described. Overall, the department operated within \$11.3 million of the budgeted closing cash flow position and within 5.0 per cent of the budgeted cash inflows and outflows.

¹The 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 2016-17 the department administered \$1.6 billion of expenses on behalf of the government, 0.8 per cent within budget, and total income of \$1.6 billion, 0.4 per cent within budget.

Approximately 99 per cent of the administered expense and administered income relates to child support. Child support maintenance revenue and expenses are higher than budget due to a slight increase in child support case numbers and the average revenue per case.

The \$115.9 million write-down and impairment of assets are higher than budget by \$28.9 million. This primarily relates to the increase in the impairment rate for child support maintenance debt of 0.66 per cent, from 43.73 per cent in 2016 to 44.39 per cent in 2016-17 as assessed by the Australian Government Actuary (note B6.2 refers). Changes in the impairment rates, write-downs and reversals of previous asset impairment cannot be predicted and are not included in the budget estimates.

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. These balances are lower than budget by around \$43 million as a result of the increase in the impairment rate for receivables.

DEPARTMENT OF HUMAN SERVICES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2017

D4: Key Management Personnel Remuneration

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly of the department. The department has determined the key management personnel to be the Secretary and Deputy Secretaries, Chief Financial Officer and General Manager Service Strategy. Key management personnel remuneration is reported in the table below.

	2017
	\$'000
Key management personnel remuneration expense	
Short-term employee benefits	
Salary	3,878
Non-salary benefits	345
Total short-term employee benefits	<u>4,223</u>
Post-employment benefits	
Superannuation	683
Total post-employment benefits	<u>683</u>
Other long-term employee benefits	
Annual leave	449
Long-service leave	83
Total other long-term employee benefits	<u>532</u>
Termination benefits	-
Total key management personnel remuneration expenses¹	<u>5,438</u>

The total number of key management personnel included in the above table are 17.

¹The 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.

PART 7

Appendices



APPENDIX A ANNUAL PERFORMANCE STATEMENT

STATEMENT OF PREPARATION

I, Kathryn Campbell, as the accountable authority of the Department of Human Services, present the 2016–17 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 2016–17 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 *2016–17 Corporate Plan* was:

The department is responsible for the design, development, delivery, co-ordination and monitoring of government services, social security, child support, students, families, aged care, health programs and superannuation release to the community on behalf of the Australian Government.

The department's purpose was updated in the *2017–18 Portfolio Budget Statements* and also the *2017–18 Corporate Plan* as follows:

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 text of Outcome 1 has remained consistent across each year in the Appropriation Acts and in the *Portfolio Budget Statements 2016–17 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 Payment 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.	✓

Program 1.1 – Services to the Community – Social Security and Welfare

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	2016–17 Corporate Plan, p.18 (PDF) p.21 (DOC) 2016–17 Portfolio Budget Statements, p.31
Result	Not achieved. 69.5% of customers were satisfied. The department’s highest performing attributes were ‘Fair treatment’ (89.8%) and ‘Personalised service’ (75.8%). The lowest performing attributes were ‘Time to receive service’ (46.3%) and ‘Ease of access’ (56.7%). The department continues to prioritise workloads to meet demand, streamline processes and explore self-service opportunities for recipients through our digital channels.
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 to 2015–16.
Method	Data mining. Due to online services enhancements, Social Security and Welfare recipients now view more of their details on the landing page once entering their online account. This includes seeing the status of their online claims, reminders, and when and what their next payment will be, thus reducing the number of steps required to undertake these dealings and improving the user experience. The enhancements also make it easier for recipients to access their information when using apps and have resulted in a reduction to the total number of self-service interactions. In order to ensure an accurate comparison, those interactions that now appear on the landing page have been removed from the calculation of the performance measure. The result based on the updated calculation method was a 5.3% increase in the total number of interactions completed through digital channels, compared to a 2.8% increase based on the previous method.
Rationale	Encouraging customers into digital channels is a key objective of the department.
Source	2016–17 Corporate Plan, p.18 (PDF) p.21 (DOC) 2016–17 Portfolio Budget Statements, p.31
Result	Achieved. There was a 5.3% increase in the total number of interactions completed via digital channels. This performance measure has reached maturity and will be reviewed in 2017–18.
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	2016–17 Corporate Plan, p.18 (PDF) p.21 (DOC) 2016–17 Portfolio Budget Statements, p.31
Result	Achieved. ICT systems that support 24/7 customer access were available 99.3% of the time. This can be attributed to the move to converged infrastructure and replacement of old hardware, resulting in an increase in the stability and availability of the department’s digital services.

Criterion	4. Achievement of payment quality standards: Centrelink: Delivery of correct customer payments.
Target	≥95% of Centrelink customer payments delivered correctly.
Method	Data mining.
Rationale	The delivery of high quality payments is a key objective of the department.
Source	2016–17 Corporate Plan, p.21 (PDF) p.24 (DOC) 2016–17 Portfolio Budget Statements, p.31
Result	Achieved. 98.3% of customer payments were delivered correctly.

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	2016–17 Corporate Plan, p.19 (PDF) p.22 (DOC) 2016–17 Portfolio Budget Statements, p.32
Result	<p>Achieved. The WPIT Budget measure initiatives were delivered as agreed within timeframes and on budget.</p> <p>The dedicated focus on delivering the Tranche One outcomes is a significant achievement. Tranche One focussed on business planning, scoping, and design work, and delivered a range of services that bolstered performance including early digital enhancements for staff and recipients, a new Scaled Agile Framework (SAFe) delivery model, the selection of major commercial partners, the formation of strong governance structures and processes, and investment in the skills and capabilities to deliver the Budget measure objectives. These technological and methodological enhancements positively contributed to performance and established a strong foundation which Tranche Two deliverables are steadily building upon.</p> <p>A new Chief Citizen Experience Officer has been appointed to transform user experience, and several other organisational and structural changes have strengthened our approach towards change management and workforce planning.</p> <p>Performance is expected to continue to improve in Tranche Two. The department has increased its skilled workforce from Tranche One, major commercial partners have been secured and implementation of the SAFe is already delivering benefits in the ways of working to implement incremental changes for both staff and students.</p> <p>One of the first SAFe projects in Tranche Two focuses on transforming student payments by processing simple claims automatically. This new payment platform will be repurposed as a template that can be applied across other welfare payments in later tranches, improving and expediting future progress and making it simpler to implement policy and legislative reforms. This will be supplemented by efforts to finalise end state design and design the Concepts of Operations for Tranches Three through to Five.</p>

Program 1.1 – Services to the Community – Social Security and Welfare

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	2016–17 Corporate Plan, p.20 (PDF) p.22 (DOC) 2016–17 Portfolio Budget Statements, p.32
Result	<p>Not 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.</p> <p>The Employment Income Matching (EIM) element transitioned to a digital solution from 1 July 2016. Individuals have been identified through existing data matching arrangements with the ATO. As part of continuous improvement, enhancements were made to the online system in February 2017. During this time it was necessary to reduce activity levels to properly test and implement the enhancements, most notably the use of registered mail.</p> <p>As a result of EIM not achieving its target, the overall program status is reported as 'not achieved'. It is expected that the achievement of savings targets will still be achieved over the full life of the measure.</p> <p>Commencing 1 January 2016, the Australian Transaction Reports and Analysis Centre (AUSTRAC) element introduced an automated data match with AUSTRAC to supplement existing data acquisition and sharing arrangements. This will improve the department's ability to identify and respond to threats to the integrity of the welfare system. An intelligence-led approach to case selection and prioritisation has targeted investigative resources towards cases that were more likely to yield greater results for the department. This element achieved its objective.</p> <p>The Real Time Risk Profiling element was successfully deployed, which provides the capability to identify and intervene in potentially fraudulent or erroneous claims.</p> <p>The Strengthening Obligations for Students element requires students to confirm their study loads at critical points in time such as semester changes or enrolment periods. It introduces an end-to-end process which will allow students to confirm and update their study load online. This element achieved its objective.</p> <p>The Taskforce Integrity element involves the establishment and development of specialised teams dedicated to fraud and non-compliance activity. The taskforce focuses on specific geographical locations and is led by a senior AFP officer. This element achieved its objective.</p>

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	2016–17 Corporate Plan, p.20 (PDF) p.23 (DOC) 2016–17 Portfolio Budget Statements, p.32
Result	Achieved. The department's components of the Jobs Budget measures were delivered as agreed within timeframes and on budget. The department continues to work with policy departments on updated implementation dates and budgets to ensure it is well placed to implement the measures. The 'Further strengthening 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 are not proceeding due to legislation not being passed.

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	2016–17 Corporate Plan, p.20 (PDF) p.23 (DOC) 2016–17 Portfolio Budget Statements, p.32
Result	Achieved. The Families Budget measures were delivered as agreed within timeframes and on budget. Implementation of the 'Better Targeting of Parental Leave Pay' element of the measure is not proceeding. The 'Cessation of the Large Family Supplement (LFS)' measure was implemented in July 2016.

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 measures will help customers manage their money to meet essential household needs and expenses.
Source	2016–17 Corporate Plan, p.21 (PDF) p.23 (DOC) 2016–17 Portfolio Budget Statements, p.32
Result	Achieved. The Income Management Budget measure was delivered as agreed within timeframes and on budget. This measure has resulted in more streamlined and automated Income Management processes.

Program 1.1 – Services to the Community – Social Security and Welfare

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	Data mining.
Rationale	The delivery of high quality payments is a key objective of the department.
Source	2016–17 Corporate Plan, p.22 (PDF) p.24 (DOC) 2016–17 Portfolio Budget Statements, p.32
Result	Achieved. 99.1% of payments were delivered correctly. Well-designed workflows and procedures for the processing of these claims has had a large impact on assessment outcomes. These resources are supporting staff make correct decisions and assessments. Having highly skilled staff in Remote Service Centres, Remote Servicing Teams and Remote and ABSTUDY Smart Centres has a positive bearing on assessment outcomes for Indigenous Australians in remote communities where issues with literacy and numeracy can present barriers to dealing with Centrelink forms and processes.
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	2016–17 Corporate Plan, p.19 (PDF) p.21 (DOC) 2016–17 Portfolio Budget Statements, p.32
Result	Achieved. The average wait time was 12 minutes and 4 seconds . The continued improvement in the department's digital channels has resulted in a reduction to the volume of paper claims lodged in service centres.
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	2016–17 Corporate Plan, p.19 (PDF) p.22 (DOC) 2016–17 Portfolio Budget Statements, p.33
Result	Achieved. The average speed of answer was 15 minutes and 44 seconds . The department actively managed its resources to meet the performance measure target. During 2016–17, the department committed substantial resources to other pieces of work, such as supporting the NDIA and the department's response to Tropical Cyclone Debbie.

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	2016–17 Corporate Plan, p.22 (PDF) p.24 (DOC) 2016–17 Portfolio Budget Statements, p.33
Result	Achieved. 82.1% of claims were processed within standard. The department actively managed its resources to meet the performance measure target. The movement of 160 full time equivalent staff from Smart Centres to the National Disability Insurance Agency Taskforce from September 2016 and the department's support for people affected by Tropical Cyclone Debbie impacted claims processing performance.

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	2016–17 Corporate Plan, p.22 (PDF) p.24 (DOC) 2016–17 Portfolio Budget Statements, p.33
Result	Achieved. 74.5% of internal reviews were finalised within standard. The department focused on effectively managing work on hand and decreasing the number of cases over 49 days old.

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	2016–17 Corporate Plan, p.21 (PDF) p.23 (DOC) 2016–17 Portfolio Budget Statements, p.33
Result	Achieved. Debt recovery arrangements were in place for 61.8% of Centrelink debt. Customers who have a debt and are receiving a Centrelink payment repay their debt via deductions from their ongoing entitlements. This is an automated process and constitutes the majority of outstanding debt. The department has initiated the following strategies to assist in increasing the recovery of outstanding debt to the Commonwealth: <ul style="list-style-type: none"> • the recruitment of an additional 140 non ongoing recovery staff • enhancement of the online 'money you owe' functionality, enabling non-current customers to make debt repayment arrangements via online channels, and • the introduction of outbound dialler technology which enables staff to use their time more effectively.

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.	✓

Program 1.2 – Services to the Community – Health

Criterion	1. Satisfaction with Medicare provider service delivery: Practitioners.
Target	≥70% of General Practitioners are satisfied or neutral with the services provided.
Method	Survey.
Rationale	The provision of provider services is a key objective of the department.
Source	2016–17 Corporate Plan, p.24 (PDF) p.26 (DOC) 2016–17 Portfolio Budget Statements, p.34
Result	Achieved. 89.0% of General Practitioners indicated that 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'.

Criterion	2. Satisfaction with Medicare provider service delivery: Pharmacists.
Target	≥70% of pharmacists are satisfied or neutral with the services provided.
Method	Survey.
Rationale	The provision of provider services is a key objective of the department.
Source	2016–17 Corporate Plan, p.24 (PDF) p.26 (DOC) 2016–17 Portfolio Budget Statements, p.34
Result	Achieved. 94.0% of pharmacists indicated they were satisfied or neutral. Pharmacists indicated the highest satisfaction ratings for 'Respect for the rights of people', 'Accuracy of claims and payments', 'Accuracy of information advice' and 'Ease of understanding information provided'.

Criterion	3. Satisfaction with Medicare provider service delivery: Practice managers.
Target	≥70% of practice managers are satisfied or neutral with the services provided.
Method	Survey.
Rationale	The provision of provider services is a key objective of the department.
Source	2016–17 Corporate Plan, p.24 (PDF) p.26 (DOC) 2016–17 Portfolio Budget Statements, p.34
Result	Achieved. 82.0% of practice managers indicated they were satisfied or neutral. Practice managers indicated a high level of satisfaction with 'Respect for the rights of people' and 'Accuracy of claims and payments'.

Program 1.2 – Services to the Community – Health

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	2016–17 Corporate Plan, p.25 (PDF) p.26 (DOC) 2016–17 Portfolio Budget Statements, p.34
Result	Not achieved. 81.7% of customers were satisfied. The highest performing attributes were 'Fair treatment' (93.3%) and 'Communication' (89.6%). The lowest performing attributes were 'Time to receive service' (69.2%) and 'Ease of access' (75.8%). For 2017–18, the customer satisfaction program for Health will be reviewed with the aim to better reflect the current service model.

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	2016–17 Corporate Plan, p.25 (PDF) p.27 (DOC) 2016–17 Portfolio Budget Statements, p.34
Result	Achieved. 97.1% of Medicare claimed services were lodged electronically across all digital Medicare service channels. The department continues to engage extensively with practices, health professionals and the medical software industry to increase the rate of digital Medicare claiming.

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 to 2015–16.
Method	Data mining.
Rationale	Encouraging digital claiming is a key objective of the department.
Source	2016–17 Corporate Plan, p.25 (PDF) p.27 (DOC) 2016–17 Portfolio Budget Statements, p.34
Result	Achieved. There was a 6.2% increase in the total number of interactions completed via digital channels compared to 2015–16. The department continues to engage extensively with medical practices and health providers to increase the take up and usage of our digital services. This performance measure has reached maturity and will be reviewed in 2017–18.

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	2016–17 <i>Corporate Plan</i> , p.26 (PDF) p.27 (DOC) 2016–17 <i>Portfolio Budget Statements</i> , p.35
Result	Achieved. ICT systems that support 24/7 customer access were available 99.4% of the time. The move to converged infrastructure and replacement of old hardware has shown an increase in the stability and availability of the department's digital services which underpin this performance measure.

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. The calculation methodology was expanded in 2016–17 to include all transactions so as to reflect the full range of activity. The previous methodology was limited to manual transactions notwithstanding that the large majority of transactions have now moved to online channels. A review in 2016 noted that the percentage of total transactions involving some form of manual intervention was less than 10% (ranging from 5–7%). This had the effect of overestimating the error rates across the full population and measuring only a small subset of transactions. The result based on the updated calculation method was 99.1% of medical benefits and services delivered accurately, compared to 97.9% based on the previous method.
Rationale	The delivery of accurate medical benefits and services is a key objective of the department.
Source	2016–17 <i>Corporate Plan</i> , p.27 (PDF) p.28 (DOC) 2016–17 <i>Portfolio Budget Statements</i> , p.35
Result	Achieved. 99.1% of medical benefits and services were delivered accurately. The department continues to invest in its people, ensuring that they have the necessary skills to meet this performance measure. This includes the implementation of a Medicare Quality Control Strategy that is consistent with the department's National Quality Framework.

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	2016–17 <i>Corporate Plan</i> , p.26 (PDF) p.27 (DOC) 2016–17 <i>Portfolio Budget Statements</i> , p.35
Result	Achieved. The average wait time was 10 minutes and 31 seconds. The continued service offer by front-of-house staff to assist claimants to lodge online and the electronic lodgement of claims at doctor's surgeries continue to have a positive impact on wait times. The lodgement of paper claims in service centres continues to prevent further reductions in wait times.

Program 1.2 – Services to the Community – Health

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 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	2016–17 Corporate Plan, p.26 (PDF) p.28 (DOC) 2016–17 Portfolio Budget Statements, p.35 References to 'eHealth Providers' in the 2016–17 Portfolio Budget Statements were updated to 'My Health Record Providers' in the 2016–17 Corporate Plan.
Result	<p>Not achieved. The average speed of answer was 40 seconds. There was pressure placed on the Pharmaceutical Benefits Scheme (PBS) Authorities line across the year due to low take up of the Online PBS Authorities system. Additional staff have been trained in PBS Authorities and Irregular and Intermittent Employees have been deployed to provide greater coverage across other provider phone lines to free up skilled PBS Authorities staff.</p> <p>The department is working to increase the uptake of the Online PBS Authorities channel by:</p> <ul style="list-style-type: none"> • identifying and prioritising key prescribing products that need to be integrated, and support software developers to build, test and release the functionality in these products • identifying and targeting high frequency PBS Authority prescribers to use the current functionality available through Health Professional Online Services (HPOS), while they await integration into their prescribing product • working with the Pharmaceutical Benefits Advisory Committee to ensure it fully considers the online approach when recommending and setting listing rules for new drugs, and • working with the Department of Health to ensure continued support of the online assessment approach and to re-evaluate the authority levels of medicines <p>The department is also working to reduce calls to the PBS Authorities telephone line by providing effective and consistent education and training to providers to eliminate authority requests when they are not required.</p>
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	2016–17 Corporate Plan, p.27 (PDF) p.28 (DOC) 2016–17 Portfolio Budget Statements, p.35
Result	<p>Achieved. The average speed of answer was 1 minute and 56 seconds. Recruitment and increased training across all telephony staff has resulted in increased flexibility and responsiveness to peaks and troughs in call volumes.</p>

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	2016–17 Corporate Plan, p.27 (PDF) p.28 (DOC) 2016–17 Portfolio Budget Statements, p.35
Result	Achieved. The average speed of answer was 6 minutes and 34 seconds . The introduction of Managed Telephony Services (MTS) and increased training across all telephony staff has resulted in increased flexibility and responsiveness to peaks and troughs in call volumes.

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	2016–17 Corporate Plan, p.28 (PDF) p.29 (DOC) 2016–17 Portfolio Budget Statements, p.35
Result	Achieved. 95.4% of claims were processed within standard. The implementation of the Genesys Workforce Management (GWF) solution and MTS, together with staff recruitment and improved training programs, has resulted in increased flexibility and responsiveness to workload peaks and troughs. A coordinated approach to managing workloads and priorities across the business has contributed to strong performance and achievement of the target.

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	2016–17 Corporate Plan, p.28 (PDF) p.29 (DOC) 2016–17 Portfolio Budget Statements, p.36
Result	Achieved. 499 Medicare customer compliance interventions were completed. The department retained responsibility for Medicare customer compliance activities after Machinery of Government changes. Strong results were achieved by introducing alternative interventions to manage cases that are deemed to not meet the case selection and prioritisation guidelines for prosecution, however, a form of intervention is required. These alternative interventions included lower risk reviews that resulted in raising debts, issuing warning letters and remediating customer records. As a result, a large volume of Claiming Medicare Benefit Online compliance cases were completed.

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.	✓

Program 1.3 – Child Support

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	2016–17 Corporate Plan, p.29 (PDF) p.31 (DOC) 2016–17 Portfolio Budget Statements, p.37
Result	Not achieved. 84.9% of customers were satisfied. The highest performing attributes were 'Fair treatment' (92.8%) and 'Communication' (90.4%). The lowest performing attributes were 'Time to receive service' (75.0%) and 'Ease of access' (77.1%).

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 to 2015–16.
Method	Data mining.
Rationale	Encouraging digital claiming is a key objective of the department.
Source	2016–17 Corporate Plan, p.29 (PDF) p.31 (DOC) 2016–17 Portfolio Budget Statements, p.37
Result	Achieved. There was a 5.0% increase in the total number of interactions completed via digital channels compared to 2015–16. A review of Child Support Online Account reporting has identified opportunities for further improvement. This performance measure has reached maturity and will be reviewed in 2017–18.

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	2016–17 <i>Corporate Plan</i> , p.30 (PDF) p.31 (DOC) 2016–17 <i>Portfolio Budget Statements</i> , p.37
Result	Achieved. ICT systems that support 24/7 customer access were available 99.5% of the time. The move to converged infrastructure and replacement of old hardware has shown an increase to the stability and availability of the department's digital services which underpin this performance measure.

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	2016–17 <i>Corporate Plan</i> , p.31 (PDF) p.32 (DOC) 2016–17 <i>Portfolio Budget Statements</i> , p.37
Result	Achieved. 93.7% of all child support liabilities raised since the inception of the child support scheme have been credited. Performance remained stable during the year, reflecting the department's ongoing focus on collecting child support in a timely way for the benefit of children.

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 of 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	2016–17 <i>Corporate Plan</i> , p.31 (PDF) p.32 (DOC) 2016–17 <i>Portfolio Budget Statements</i> , p.37
Result	Achieved. 66.0% of domestic active paying parents in child support collect cases have less than one month liability outstanding. Performance remained stable during the year. The department employs a range of measures to help ensure timely child support payments, such as automatic deductions from a parent's salary and wages.

Program 1.3 – Child Support

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	2016–17 <i>Corporate Plan</i> , p.30 (PDF) p.31 (DOC) 2016–17 <i>Portfolio Budget Statements</i> , p.38
Result	Not achieved. The average speed of answer was 4 minutes and 12 seconds . Higher than forecast customer demand and the transition to the new Child Support IT system have impacted performance and required extensive training for staff. Performance is expected to improve in 2017–18 with increased productivity and proficiency with the new Child Support IT system.

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	2016–17 <i>Corporate Plan</i> , p.31 (PDF) p.32 (DOC) 2016–17 <i>Portfolio Budget Statements</i> , p.38
Result	Achieved. 83.0% of claims were processed within standard. The department was able to meet this performance measure target during a period of training investment in the new Child Support IT system. Handle times for both telephony and processing were impacted while staff become familiar with the new IT system and processes.

ANALYSIS OF PERFORMANCE AGAINST PURPOSE

The department met 30 of its 36 performance measures in 2016–17 through the delivery of its social security and welfare, health and child support programs.

Strong demand for our services

The department achieved consistent results against its service level standards for its face-to-face, telephony and digital servicing channels in 2016–17. During the year the department handled around 52 million phone calls, 19 million visits to our service centres and over 700 million digital and online transactions through our mobile apps, online and phone self-service.

To meet the demand, the department used the flexible structure of its Smart Centres to move staff between telephony and processing-based work. The integration of new and improved systems to support a range of payments required increased training and development for staff that process claims. These systems are designed to simplify and improve claims processing performance.

Digital services

Community expectations regarding digital service delivery continue to evolve and the department is designing its systems and processes to support the achievement of greater self-sufficiency. The department's ICT platforms that support uninterrupted access were available over 99 per cent of the time, supporting greater uptake of digital services. This, together with an increase in the range of services provided in service centres, allowed the department to better manage peak service delivery loads and improve face-to-face performance.

Delivery

The majority of the department's key initiatives were delivered as agreed within timeframes and on budget. Some measures did not proceed as they were subject to the passage of legislation.

The department is committed to ensuring that only people eligible receive welfare and other payments, and that they get the correct amount. As part of the Strengthening the integrity of welfare payments Budget measure, the implementation of the online compliance initiative received significant public reaction. In response to feedback, important enhancements were made. During this time it was necessary to reduce the volume of reviews to thoroughly test and implement enhancements. This meant that some of the budgeted savings will be realised in the forward years.

Consistent with government and community expectations of high standards of payment integrity, the department introduced a self-service digital solution for compliance interventions. The digital solution enables people to confirm their employment income information online in the event of a discrepancy. The development of this solution reinforced the importance of how the department engages with recipients during the design of services, and how services need to be designed to support greater self-sufficiency.

The department continued its work on business transformation, which includes replacing its ageing welfare payment ICT system through the implementation of Tranche One of the WPIT Budget measures. This major reform aims to position the department to meet the future policy needs of the Australian Government and provide faster, more connected and automated digital services. As a result of this work, for example, students can now track claim progress through myGov or the Centrelink Express Plus mobile app. The implementation of improved business processes has also resulted in significant improvements for students claiming Youth Allowance or Austudy. Under the new processes, which reject incomplete claims or those that do not meet basic eligibility criteria, processing time has been cut by almost half, whilst also reducing the need for people to contact the department.

APPENDIX B DATA MATCHING

REPORT UNDER THE *DATA-MATCHING PROGRAM (ASSISTANCE AND TAX) ACT 1990*

The legal authority for 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.

The department ceased using the Data-matching Program under the *DMP Act* to detect recipients at risk of overpayment during 2015–16. The department has completed all residual Data matching Program reviews during 2016–17 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 2016–17 was to undertake Data-matching Program activities on behalf of 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 *Data matching Program (Assistance and Tax) Act 1990*. 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).

PAY AS YOU GO DATA MATCHING

The original program protocol for Pay As You Go (PAYG) data matching was implemented in 2004 following consultation with OAIC. The process for this data matching activity has not changed since 2004.

The program protocol was revised in 2017 to reflect: changes to the names of applicable privacy principles and data-matching guidelines; changes to the name of relevant entities, such as Centrelink becoming part of the department; changes to the department's business processes; technological changes; and other minor changes. The *Data Matching Guidelines* contemplate that protocols will be reviewed and updated as necessary. The updated protocol took effect in April 2017.

NON-EMPLOYMENT INCOME DATA-MATCHING

The Non-Employment Income Data-Matching (NEIDM) measure was developed in 2016 to better address a compliance risk which is only partly dealt with by the department's PAYG data matching activity. In particular, the NEIDM measure allows the department to data match on non-employment related income reported to the ATO (which may include income received by independent contractors or income obtained through investments).

As with PAYG data matching, the department conducts NEIDM in accordance with the Data Matching Guidelines. The department developed a program protocol for the NEIDM measure in August 2016, in consultation with OAIC.

DATA-MATCHING AGENCY

The department continues to monitor the current operation of the 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 *Data matching Program (Assistance and Tax) Act 1990* are published in the *Department of Veterans' Affairs Annual Report 2016–17*.

The table below shows the number of residual matches completed for discrepancies identified in previous financial years.

Table: Results of discrepancies released for action in 2016–17

Discrepancies/cases	Number and percentage (where applicable)
Discrepancies which resulted in a notice under section 11 of the <i>Data-matching Program (Assistance and Tax) Act 1990</i> being sent ^(a)	0
Discrepancies which resulted in action being taken ^(b)	47
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)	40
Cases where an overpayment was identified ^(e)	78
Cases where recovery action was initiated ^(f)	4,378
Cases where the debt was fully recovered ^(g)	11,251

- (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 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 will always 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 recovers debts in two ways—either through withholding part of a recipient's entitlement or through 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.

COST 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 the table below for cost–benefit information.

Direct savings methodology

There are three direct savings components from 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 2016–17 the Data matching Program achieved \$29.3 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 2016–17 the net benefit of the program was \$27.6 million.

Table: Direct cost–benefit summary

	2014–15 actual	2015–16 actual	2016–17 actual
Benefits ^(a)	\$160,013,100	\$73,582,300	\$29,261,500
Costs	\$25,451,400	\$8,327,500	\$1,676,500
Net benefits ^(b)	\$134,561,700	\$65,254,800	\$27,585,000
Cost–benefit ratio ^(c)	1:6.3	1:8.8	1:17.5

(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 *Data matching Program (Assistance and Tax) Act 1990* and consultation with the OAIC over the period 2016–17.

- 25 July 2016 Cycle 3/2016 commenced
- 19 August 2016 Cycle 3/2016 completed
- 17 October 2016 Cycle 4/2016 commenced
- 10 November 2016 Cycle 4/2016 completed
- 6 February 2017 Cycle 1/2017 commenced
- 6 March 2017 Cycle 1/2017 completed
- 1 May 2017 Cycle 2/2017 commenced
- 26 May 2017 Cycle 2/2017 completed.

APPENDIX C STAFFING STATISTICS AND REMUNERATION

STAFF PROFILE

Table: Staff by substantive classification and location

Classification	ACT	NSW	QLD	SA	NT	TAS	VIC	WA	Total
SES Band 3	8	0	0	0	0	0	0	0	8
SES Band 2	28	1	3	2	0	0	2	0	36
SES Band 1	92	7	11	5	1	1	6	1	124
Executive Level 2	499	87	91	28	5	19	70	14	813
Executive Level 1	1,201	300	334	155	20	66	283	80	2,439
APS 6	1,217	1,215	1,011	479	50	266	924	257	5,419
APS 5	563	794	769	342	100	180	489	178	3,415
APS 4	417	4,345	2,969	1,154	194	980	3,216	956	14,231
APS 3	193	1,954	1,412	539	153	315	1,613	716	6,895
APS 2	4	56	29	16	2	67	29	13	216
APS 1	79	24	20	9	0	5	17	13	167
Other—trainees, graduates, cadets	104	35	61	17	18	5	16	18	274
Total	4,405	8,818	6,710	2,746	543	1,904	6,665	2,246	34,037

Table: Staff by substantive classification and employment status

Classification	Ongoing	Non-ongoing ^(a)	Total
SES Band 3	7	1	8
SES Band 2	33	3	36
SES Band 1	122	2	124
Executive Level 2	808	5	813
Executive Level 1	2,433	6	2,439
APS6	5,406	13	5,419
APS5	3,400	15	3,415
APS4	13,880	351	14,231
APS3	3,590	3,305	6,895
APS2	173	43	216
APS1	118	49	167
Other—trainees, graduates, cadets	274	0	274
Total	30,244	3,793	34,037

(a) Includes Intermittent/Irregular employees.

Table: Staff by substantive classification and employment type

Classification	Full-time	Part-time ^(a)	Total
SES Band 3	8	0	8
SES Band 2	35	1	36
SES Band 1	123	1	124
Executive Level 2	756	57	813
Executive Level 1	2,110	329	2,439
APS6	4,001	1,418	5,419
APS5	2,759	656	3,415
APS4	9,002	5,229	14,231
APS3	2,921	3,974	6,895
APS2	134	82	216
APS1	91	76	167
Other—trainees, graduates, cadets	257	17	274
Total	22,197	11,840	34,037

(a) Includes Intermittent/Irregular employees.

Table: Staff by substantive classification and gender

Classification	Female	Male	Non-binary	Total
SES Band 3	3	5	0	8
SES Band 2	15	21	0	36
SES Band 1	59	65	0	124
Executive Level 2	417	396	0	813
Executive Level 1	1,390	1,048	1	2,439
APS6	3,618	1,798	3	5,419
APS5	2,294	1,121	0	3,415
APS4	10,925	3,302	4	14,231
APS3	5,256	1,638	1	6,895
APS2	149	67	0	216
APS1	96	71	0	167
Other—trainees, graduates, cadets	177	97	0	274
Total	24,399	9,629	9	34,037

Table: Staff by substantive classification, gender and self-identified as having disability

Classification	Female	Male	Non-binary	Total
SES Band 3	0	0	0	0
SES Band 2	0	0	0	0
SES Band 1	3	4	0	7
Executive Level 2	19	12	0	31
Executive Level 1	59	47	1	107
APS6	177	111	1	289
APS5	140	72	0	212
APS4	654	225	0	879
APS3	130	68	1	199
APS2	17	20	0	37
APS1	14	10	0	24
Other—trainees, graduates, cadets	8	7	0	15
Total	1,221	576	3	1,800

Table: Staff by substantive classification, gender and self-identified being from a culturally and linguistically diverse background^(a)

Classification	Female	Male	Non-binary	Total
SES Band 3	1	1	0	2
SES Band 2	3	4	0	7
SES Band 1	20	10	0	30
Executive Level 2	103	116	0	219
Executive Level 1	380	375	0	755
APS6	952	555	1	1,508
APS5	586	346	0	932
APS4	2,687	908	0	3,595
APS3	1,103	330	0	1,433
APS2	25	16	0	41
APS1	22	16	0	38
Other—trainees, graduates, cadets	23	11	0	34
Total	5,905	2,688	1	8,594

(a) Culturally and linguistically diverse (CALD) background are those employees that have self-identified as being from a diverse background.

Table: Staff by substantive classification who self-identified as Indigenous

Classification	2015-16		2016-17	
	Ongoing	Non-ongoing	Ongoing	Non-ongoing ^(a)
SES Band 3	0	0	0	0
SES Band 2	0	0	0	0
SES Band 1	3	0	3	0
Executive Level 2	13	0	15	0
Executive Level 1	44	0	46	1
APS6	114	0	126	0
APS5	177	1	196	0
APS4	687	20	680	10
APS3	300	66	338	65
APS2	2	1	3	2
APS1	2	0	2	0
Other—trainees, graduates, cadets	125	0	119	0
Total	1,467	88	1,528	78

(a) Includes Intermittent/Irregular employees.

NON-SENIOR EXECUTIVE SERVICE REMUNERATION

At 30 June 2017, 33,860 non-SES staff were covered by the *Department of Human Services Agreement 2011–2014*.

Table: Salary ranges for staff covered by the *Department of Human Services Agreement 2011–14*

Classification	Salary range ^(a) \$
Executive Level 2	111,677–132,809
Executive Level 1	96,504–106,935
APS 6	77,154–89,217
APS 5	69,699–75,208
APS 4	62,493–69,239
APS 3	56,069–62,492
APS 2	50,580–54,588
APS 1	45,263–48,533
Deputy General Counsel—Executive Level 2 (Legal Job Stream)	141,039
Senior Rehabilitation Consultant—APS 6 (Professional Job Stream)	94,017
Rehabilitation Consultant 2+—APS 6 (Professional Job Stream)	89,512
APS Trainee (School-based pathway) Year 11	18,105
APS Trainee (School-based pathway) Year 12	22,632
APS Trainee (Apprentice)	50,580
APS Trainee (ICT Apprentice)	45,263–51,970
Cadet APS	25,800–51,970
Graduate APS	56,069–62,493

(a) The salary ranges in this table cover base salary rates only and do not include reportable fringe benefits, allowances and salary sacrifice arrangements.

At 30 June 2017, 9 Medical Officers were covered by the *Department of Human Services Medical Officers Agreement 2013–2014*.

Table: Salary ranges for staff covered by the Department of Human Services Medical Officers Agreement 2013–2014

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 and do not include reportable fringe benefits, allowances and salary sacrifice arrangements.

PERFORMANCE PAY

There were no performance payments made in 2016–17.

NON-SALARY BENEFITS

The *Department of Human Services Agreement 2011–2014* provides for a range of allowances for employees that meet eligibility criteria. For example, social workers can claim reimbursement for professional association membership fees where this is associated with the performance of their duties.

Employees can access a range of salary sacrifice benefits including additional superannuation and leased motor vehicles. Other non-salary benefits can include, for example, a health insurance discount and a public transport loan scheme. Employees also have access to business tools, such as mobile phone and mobile computing devices, when there is a business requirement.

SES employees have car parking at their local office and a vehicle allowance or motor vehicle (for business and private purposes).

SENIOR EXECUTIVE SERVICE REMUNERATION

The Secretary establishes salary ranges for SES employees having regard to:

- the *Australian Government Workplace Bargaining Policy 2015*
- the annual APS SES remuneration survey
- performance of the department
- value for money.

Table: Salary range for SES classifications

Classification	Salary range ^(a) \$
SES Band 3	297,000–352,000
SES Band 2	210,000–259,000
SES Band 1	157,000–203,000

(a) The salary ranges in the table cover base salary rates only. This does not include motor vehicle, reportable fringe benefits or other allowances. These salary ranges are indicative as the Secretary may approve salary rates outside these bands.

Salaries for individual SES employees are reviewed annually by the Secretary following completion of the annual performance cycle.

As well as individual performance, other factors taken into account include organisational performance, relevant remuneration data, and the size and complexity of the role.

The following industrial instruments have been used to establish conditions of service for the department's staff.

Table: Employment arrangements

Arrangement	SES	Non-SES
Section 24(1) of the <i>Public Service Act 1999</i>	168	0
Individual flexibility agreements	0	63
Common law contract	1	0

APPENDIX D ADVERTISING AND MARKET RESEARCH

COMMUNICATION AND ADVERTISING CAMPAIGNS

The department did not undertake any communication or advertising campaigns in 2016–17.

ADVERTISING COSTS—MEDIA ADVERTISING

In 2016–17 the total departmental expenditure on advertising was \$2,258,401. This includes expenditure on print and online advertising in areas such as recruitment, public notices and tenders.

Table: Costs associated with advertising

Payee	Purpose	2016–17 \$ (including GST)
Dentsu Michell Media Australia Pty Ltd	Advertising	450,384
Sensis Pty Ltd	White Pages	1,808,017
Total		2,258,401

MARKET RESEARCH PAYMENTS

The department commissioned the projects listed in the table below. They involved gathering, analysing and reporting information from external audiences or sources to provide insight on a particular topic or issue.

Table: Payments associated with market research organisations^(a)

Vendor	Description	2016–17 \$ (including GST)
Bastion Latitude	Online support tool refinement	44,000
Colmar Brunton Research	Website redesign refinement	121,770
DBM Consultants	Integrated satisfaction program	1,667,885
Instinct and Reason	Testing priority departmental messages	95,150
Instinct and Reason	Review Taskforce Integrity high visibility operations	41,910
Instinct and Reason	Departmental audiences communication	91,850
McNair Ingenuity	Recruitment of participants	46,429
Multicultural Marketing and Management	Accessibility of Human Services website for culturally and linguistically diverse customers	39,246
Queensland University of Technology	Investigate feasibility of service by appointment	60,436
Social Compass	Community Agent Program (in Indigenous communities) survey 2017	119,350
University of New South Wales	Gender equality research	26,400
Zebra Connections	Customer service research feedback video	42,299
Total		2,396,725

(a) Relates to payments in 2016–17 for research funded from and completed in 2015–16

APPENDIX E RESOURCE STATEMENTS AND EXPENSES FOR OUTCOME 1

Table: Resource statements 2016–17

	Actual available appropriation for 2016–17 \$'000	Payments made 2016–17 \$'000	Balance remaining 2016–17 \$'000
Ordinary annual services			
Departmental appropriation	5,689,003	4,580,408	1,108,595
Total	5,689,003	4,580,408	1,108,595
Administered expenses			
Outcome 1	2,565	1,050	1,515
Total	2,565	1,050	1,515
Total ordinary annual services	5,691,568	4,581,458	1,110,110
Other services			
Departmental non-operating			
Equity injections	138,421	71,238	67,183
Total	138,421	71,238	67,183
Total other services	138,421	71,238	67,183
Total available annual appropriations	5,829,989	4,652,696	1,177,293
Special appropriations			
Special appropriations limited by criteria/entitlement			
<i>Child Support (Registration and Collection) Act 1988</i>			
section 77—unremitted deductions		38,839	
section 78—unexplained remittances			
Total special appropriations		38,839	

	Actual available appropriation for 2016–17 \$'000	Payments made 2016–17 \$'000	Balance remaining 2016–17 \$'000
Special accounts			
Opening balance	134,938		
Appropriation receipts	39,889		
Non-appropriation receipts to special accounts	1,694,758		
Payments made		1,715,158	
Total special accounts	D 1,869,585	1,715,158	154,427
Total resourcing and payments			
A+B+C+D	7,699,574	6,406,693	
Less appropriations drawn from annual or special appropriations above and credited to special accounts	39,889	39,889	
Total net resourcing and payments for the Department of Human Services	7,659,685	6,366,804	

Table: Expenses for Outcome 1

	Budget ^(a)	Actual expenses	Variation
	\$'000	\$'000	\$'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 and Supply Act No. 1)			
Expenses not requiring appropriation in the Budget year	273	591	-318
Departmental expenses			
Departmental appropriation ^(b)	3,570,345	3,349,911	220,434
Expenses not requiring appropriation in the Budget year ^(c)	189,304	263,628	-74,324
Total for Programme 1.1	3,759,922	3,614,130	145,792
Programme 1.2: Services to the Community—Health			
Departmental expenses			
Departmental appropriation ^(b)	544,779	508,479	36,300
Expenses not requiring appropriation in the Budget year ^(c)	36,715	52,952	-16,237
Total for Programme 1.2	581,494	561,431	20,063
Programme 1.3: Child Support			
Administered expenses			
Ordinary annual services (Appropriation Act No. 1 and Supply Act No. 1)	1,534	1,050	484
Special appropriations	57,188	38,839	18,349
Special accounts	1,406,409	1,410,137	-3,728
Expenses not requiring appropriation in the budget year	72,414	115,340	-42,926
Departmental expenses			
Departmental appropriation ^(b)	426,003	410,934	15,069
Expenses not requiring appropriation in the Budget year ^(c)	23,865	22,689	1,176
Total for Programme 1.3	1,987,413	1,998,989	-11,576

	Budget ^(a)	Actual expenses	Variation
	\$'000	\$'000	\$'000
Outcome 1 Totals by appropriation type			
Administered expenses			
Ordinary annual services (Appropriation Act No. 1 and Supply Act No. 1)	1,534	1,050	484
Special appropriations	57,188	38,839	18,349
Special accounts	1,406,409	1,410,137	-3,728
Expenses not requiring appropriation in the budget year	72,687	115,931	-43,244
Departmental expenses			
Departmental appropriation ^(b)	4,541,127	4,269,324	271,803
Expenses not requiring appropriation in the Budget year ^(c)	249,884	339,269	-89,385
Total expenses for Outcome 1	6,328,829	6,174,550	154,279
Average staffing level (number)	29,435	29,837	402

(a) 2016–17 Budget, including any subsequent adjustment made at Additional Estimates.

(b) Departmental appropriation combines ordinary annual services (Appropriation Acts No.1 and No.3) and revenue from independent sources (section 74).

(c) Includes unfunded depreciation and amortisation expenses, write-down and impairment of assets and resources received free of charge.

APPENDIX F 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 defined in section 3A of the Act.

HOW ADMINISTERED PROGRAMS ACCORD WITH THE PRINCIPLES OF ESD—SECTION 516A(6)(A)

In 2016–17 the department administered the programs of Centrelink, Medicare and Child Support in accordance with the principles of ESD.

Fundamental to the administration of these programs are considerations of economic, environmental, equity and social consequences in short and long-term decision making.

HOW THE APPROPRIATION OUTCOME CONTRIBUTED TO THE PRINCIPLES OF ESD—SECTION 516A(6)(B)

In 2016–17 the department continued to contribute to the principles of ESD through the delivery of efficient and convenient services to individuals, families and the community. For instance, departmental activities that had a direct contribution to ESD, included:

- increased number of online self services
- improved functionality of Express Plus mobile apps
- mobile service centres that visit regional and rural communities
- established a technology innovation centre to explore new ways of providing digital services using an outcome-based approach.

EFFECT OF ACTIVITIES ON THE ENVIRONMENT—SECTION 516A(6)(C)

Departmental activities with an effect on the environment are risk-assessed using the international standard for *Risk Management ISO 31000:2009* and the *Australian Standard handbook for environmental risk assessment HB203:2012*. The department manages activities identified as posing the most significant risk through the department's Environmental Management System (EMS) which aligns to the international standard EMS ISO 14001:2015.

In general, these activities consume considerable resources and generate significant waste. Activities that have a significant effect on the environment include:

- building operations and refurbishments
- use of Information and Communications Technology (ICT)
- use and disposal of stationery supplies (including paper)
- operating vehicles.

Table: Resources use

	Units	2014–15	2015–16	2016–17
Stationary energy (electricity and gas)	gigajoules	354,652	348,291	n/a ^(a)
Transport energy (fuels)	gigajoules	31,294	27,148	n/a ^(a)
Total energy use	gigajoules	385,946	375,439	n/a^(a)
Internal paper use	tonnes	749	729	682
Recipient letters	A4 sheets	109,541,466	67,591,799	80,617,954
Property use	square metres	729,543	731,977	727,161

(a) Stationary energy reporting for 2016–17 is unavailable at the time of annual report preparation. This is due to delayed meter readings at small offices (and invoice receipt) which will have a material effect on overall energy reporting.

Table: Waste, resource recovery and pollution

	Measure	2014–15	2015–16	2016–17
Net greenhouse gas emissions—energy use	tonnes of carbon dioxide equivalents	91,799	92,365	n/a ^(a)
Office copy paper recycling	% coverage (square metres)	98	98	98
Commingled recycled	% coverage (square metres)	20	20	20
Mobile phone recycling	kilograms	331	262	98
Fluorescent and other lamps recycled	units	6,012	3,747	3,722

(a) Net greenhouse gas emissions—stationary energy reporting for 2016–17 is unavailable at the time of annual report preparation. This is due to delayed meter readings at small offices (and invoice receipt) which will have a material effect on overall energy and greenhouse gas emission reporting.

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 the department's activities on the environment, and to drive better practice, performance and accountability.

Any environmental initiative or measure introduced is assessed using cost-benefit analysis, including the delivery of other business benefits associated with the initiative.

Table: Measures taken to minimise the effect on the environment

Activities	Measures taken to minimise the effect on the environment
Air travel	<ul style="list-style-type: none"> The department encourages the use of Skype and video/phone conferencing instead of staff using air travel to attend meetings.
Building operations	<ul style="list-style-type: none"> The Green Lease Schedule requirements for landlords and tenants have improved overall energy efficiency in large offices. At 30 June 2017 there were 51 large office Green Leases. National Australian Built Environment Rating System (NABERS) energy assessments were undertaken at Green Lease offices over 2000 m². At 30 June 2017, 36 were performing at or above a 4.5 Star NABERS energy rating, with seven pending an assessment. The department improved its energy performance through lighting upgrades, installation of master switches and timers in meeting rooms, reviewing program settings on hot water units, and syncing air conditioning to security timers. Reputable eco-labels and other environmental standards are used to improve environmental performance—such as ENERGY STAR® to rate appliances. The department supports the FluoroCycle Scheme to ensure that hazardous fluorescent lamps are recycled on disposal. The department participated in Earth Hour to promote greenhouse emission awareness and to review lighting system operations.
ICT	<ul style="list-style-type: none"> The department has virtualised 99 per cent of x86 architecture-based Wintel workload and 99 per cent of Unix workload, avoiding the purchase of additional servers. Data centres are located in highly energy efficient premises. Docked tablets are progressively being introduced to enable better workforce mobility. The docked tablets are 77 per cent more energy efficient than desktop PCs and 47 per cent more efficient than docked laptops. Desktop PCs, docked laptops and docked tablets are shut down after three hours of inactivity to enable energy and cost savings. PCs and monitors are compliant with the Silver or Gold standard of the eco label—Electronic Product Environmental Assessment Tool—covering energy use, greenhouse emissions, hazardous materials and end of life waste. Printers and multifunction devices are allocated to achieve maximum resource efficiency. Environmental clauses are inserted into ICT contracts to manage e-waste, with supplier take back and responsible disposal of equipment.

Activities	Measures taken to minimise the effect on the environment
Management and communication	<ul style="list-style-type: none"> • The <i>Environmental Sustainability Policy</i> continues to strengthen the department's environmental management program. • A web-based sustainability reporting system has been introduced to improve reporting capability. • The department continues to promote and communicate environmental initiatives to staff. • Environmental standards are introduced into relevant procurements to improve environmental performance at a product and supplier level. • A web-based system is being trialled to facilitate the redeployment of surplus assets across government. • The department continues to support and participate in the Government Agencies Environmental Network.
Motor vehicle travel	<ul style="list-style-type: none"> • Energy efficient vehicles are procured in accordance with the <i>Australian Government Fleet Vehicle Selection Policy</i>. • An electronic log book system has been introduced to accurately monitor and manage vehicle use, and improve reporting quality.
Stationery (including paper)	<ul style="list-style-type: none"> • The department uses 50 per cent recycled content copy paper for internal printers, photocopiers and multifunction devices. The remaining content of the copy paper consists of virgin fibre sourced from forests that meet Program for the Endorsement of Forestry Certification or Forest Stewardship Council standards. However in June, the department began to transition to 100 per cent recycled content and carbon neutral copy paper for internal use. • For bulk external mail, most of the envelopes are made from 60 per cent recycled content paper and letters are made from reputedly 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. The table below outlines the department's performance against the *Energy Efficiency in Government Operations* policy targets.

Table: Office energy performance

Measures and targets	Target	Actual 2014–15	Actual 2015–16	Actual 2016–17 ^(a)
Office—tenant light and power (megajoules per person)	7,500	5,650	4,711	n/a
Office—central services (megajoules per square metre)	400	329	331	n/a

(a) Stationary and transport energy reporting for 2016–17 is unavailable at the time of annual report preparation.

APPENDIX G CORRECTION OF MATERIAL ERRORS IN THE DEPARTMENT'S 2015–16 ANNUAL REPORT

Reference	Issue	Correction
Page III	The Contents page refers to: 'PART-Report on performance'.	It should have referred to: 'PART 2-Report on performance'.
Page 20	The acronym 'KPI' appears in the row regarding the 'Result' under the criterion 'achievement of payment quality standards'.	The word 'measure' should appear, rather than the acronym 'KPI', as these previous KPIs were described as 'performance measures' in the Corporate Plan for 2015–16.
Page 35	Number of residential care claims processed incorrectly states 34,695 for 2014–15.	This number should read 32,146.
Page 107	The heading 'Personal Information Requests' appears in the wrong font size and colour, making it appear as a subset of previous heading, 'Office of the Australian Information Commissioner'.	The heading should be at the same font size and colour as appears for 'Office of the Australian Information Commissioner'.
Page 108	As with above matter, the heading 'Judicial Decisions and Tribunal Appeals' appears in the wrong font size and colour, making it appear as a subset of previous heading, 'Office of the Australian Information Commissioner'.	The heading should be at the same font size and colour as appears for 'Office of the Australian Information Commissioner'.
Page 124	Table 52: Child support compliance and enforcement actions. The table incorrectly listed the 'Number of actions', 'Litigation' for '2015–16' as '1 841'.	The numeral 1 841 should appear as '184'. The numeral 184 is followed by a note, which was to be indicated with a numeral 1 in 'superscript'.
Page 262	There is a reference to 'Commonwealth Authorities and Companies Act 1997 bodies' (CAC Act bodies).	This should be a reference to corporate Commonwealth entities, under the <i>Public Governance, Performance and Accountability Act 2013</i> which have replaced the former CAC Act bodies.

APPENDIX H 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	XIV
17AD(h)	Aids to access			
17A(a)		Table of contents.	Mandatory	III–IX
17A(b)	Index	Alphabetical index.	Mandatory	299
17A(c)	Glossary	Glossary of abbreviations and acronyms.	Mandatory	293
17A(d)	Compliance Index	List of requirements.	Mandatory	284–292
17A(e)	Preliminary information	Details of contact officer.	Mandatory	II
17A(f)	Preliminary information	Entity's website address.	Mandatory	II
17A(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	X–XIII
17AD(b)	Overview of the entity			
17AE(1)(a)(i)	1.1 Our Department	A description of the role and functions of the entity.	Mandatory	2–3
17AE(1)(a)(ii)	1.8 Organisational Structure	A description of the organisational structure of the entity.	Mandatory	12–13
17AE(1)(a)(iii)	1.1 Our Department	A description of the outcomes and programmes administered by the entity.	Mandatory	2

PGPA Rule Reference	Part of Report	Description	Requirement	Page number(s) in this report
17AE(1)(a)(iv)	1.1 Our Department	A description of the purposes of the entity as included in corporate plan.	Mandatory	2
17AE(1)(b)	1.2 Portfolio Structure	An outline of the structure of the portfolio of the entity.	Portfolio departments—mandatory	4–5
17AE(2)		Where the outcomes and programs 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.	If applicable, Mandatory	Nil to report
17AD(c)	Report on the Performance of the entity			
	Annual performance statements			
17AD(c)(i); 16F	Appendix A Annual Performance Statement	Annual performance statement in accordance with paragraph 39(1)(b) of the Act and section 16F of the Rule.	Mandatory	240–258
17AD(c)(ii)	Report on Financial Performance			
17AF(1)(a)	6.1 Financial Overview	A discussion and analysis of the entity's financial performance.	Mandatory	198–201
17AF(1)(b)	Appendix E Resource Statements	A table summarising the total resources and total payments of the entity.	Mandatory	273–276

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 effect on the entity's future operation or financial results.	If applicable, Mandatory.	Nil to report
17AD(d)	Management and Accountability			
	Corporate Governance			
17AG(2)(a)	Letter of Transmittal (draft)	Information on compliance with section 10 (fraud systems)	Mandatory	XIV
17AG(2)(b)(i)	Letter of Transmittal (draft)	A certification by accountable authority that fraud risk assessments and fraud control plans have been prepared.	Mandatory	XIV
17AG(2)(b)(ii)	Letter of Transmittal (draft)	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	XIV
17AG(2)(b)(iii)	Letter of Transmittal (draft)	A certification by accountable authority that all reasonable measures have been taken to deal appropriately with fraud relating to the entity.	Mandatory	XIV
17AG(2)(c)	5.1 Governance	An outline of structures and processes in place for the entity to implement principles and objectives of corporate governance.	Mandatory	156–164

PGPA Rule Reference	Part of Report	Description	Requirement	Page number(s) in this report
17AG(2)(d) – (e)		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.	If applicable, Mandatory	Nil to report
External Scrutiny				
17AG(3)	5.3 External Scrutiny	Information on the most significant developments in external scrutiny and the entity's response to the scrutiny.	Mandatory	166–169
17AG(3)(a)	5.3 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	173–175
17AG(3)(b)	5.3 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	167–169
17AG(3)(c)		Information on any capability reviews on the entity that were released during the period.	If applicable, Mandatory	Nil to report
Management of Human Resources				
17AG(4)(a)	Part 4: People	An assessment of the entity's effectiveness in managing and developing employees to achieve entity objectives.	Mandatory	127–154
17AG(4)(b)		Statistics on the entity's APS employees on an ongoing and non-ongoing basis; including the following: <ul style="list-style-type: none"> • Statistics on staffing classification level; • Statistics on full-time employees; • Statistics on part-time employees; • Statistics on gender; • Statistics on staff location; • who identify as Indigenous. 	Mandatory	128–154

PGPA Rule Reference	Part of Report	Description	Requirement	Page number(s) in this report
17AG(4)(c)	Appendix C Staffing Statistics	Information on any enterprise agreements, individual flexibility arrangements, Australian workplace agreements, common law contracts and determinations under subsection 24(1) of the <i>Public Service Act 1999</i> .	Mandatory	XIII, 150–151, 270
17AG(4)(c)(i)	4.6 Management of Human Resources; Appendix C Staffing Statistics	Information on the number of SES and non-SES employees covered by agreements etc identified in paragraph 17AG(4)(c).	Mandatory	143, 150, 270
17AG(4)(c)(ii)	Appendix C Staffing Statistics	The salary ranges available for APS employees by classification level.	Mandatory	268
17AG(4)(c)(iii)	Appendix C Staffing Statistics	A description of non-salary benefits provided to employees.	Mandatory	269
17AG(4)(d)(i)	Appendix C Staffing Statistics	Information on the number of employees at each classification level who received performance pay.	If applicable, Mandatory	Nil to report
17AG(4)(d)(ii)	Appendix C Staffing Statistics	Information on aggregate amounts of performance pay at each classification level.	If applicable, Mandatory	Nil to report
17AG(4)(d)(iii)	Appendix C Staffing Statistics	Information on the average amount of performance payment, and range of such payments, at each classification level.	If applicable, Mandatory	Nil to report
17AG(4)(d)(iv)	Appendix C Staffing Statistics	Information on aggregate amount of performance payments.	If applicable, Mandatory	Nil to report
Assets Management				
17AG(5)	5.5 Corporate Services	An assessment of effectiveness of assets management where asset management is a significant part of the entity's activities.	If applicable, mandatory	185

PGPA Rule Reference	Part of Report	Description	Requirement	Page number(s) in this report
Purchasing				
17AG(6)	5.7 Purchasing	An assessment of entity performance against the Commonwealth Procurement Rules.	Mandatory	190
17AG(7)(a)	5.7 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	192
17AG(7)(b)	5.8 Consultancy contracts	A statement that <i>“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].”</i>	Mandatory	192
17AG(7)(c)	5.8 Consultancy contracts	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	192
17AG(7)(d)	5.8 Consultancy contracts	A statement that <i>“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.”</i>	Mandatory	192

PGPA Rule Reference	Part of Report	Description	Requirement	Page number(s) in this report
Australian National Audit Office Access Clauses				
17AG(8)	5.2 ANAO access clause	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.	If applicable, Mandatory	Nil to report
Exempt contracts				
17AG(9)	5.9 Exempt contracts	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.	If applicable, Mandatory	Nil to report
Small business				
17AG(10) (a)	5.7 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	190
17AG(10) (b)	5.7 Purchasing	An outline of the ways in which the procurement practices of the entity support small and medium enterprises.	Mandatory	190-191

PGPA Rule Reference	Part of Report	Description	Requirement	Page number(s) in this report
17AG(10)(c)	5.7 Purchasing	If the entity is considered by the Department administered by the Finance Minister as material in nature—a statement that <i>“[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.”</i>	If applicable, Mandatory	190
Financial Statements				
17AD(e)	6.2 Financial Statements	Inclusion of the annual financial statements in accordance with subsection 43(4) of the Act.	Mandatory	205–238
17AD(f)	Other Mandatory Information			
17AH(1)(a)(i)	Appendix D Advertising and market research	If the entity conducted advertising campaigns, a statement that <i>“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.”</i>	If applicable, Mandatory	Nil to report
17AH(1)(a)(ii)	Appendix D Advertising and market research	If the entity did not conduct advertising campaigns, a statement to that effect.	If applicable, Mandatory	271
17AH(1)(b)	5.10 Grants	A statement that <i>“Information on grants awarded to [name of entity] during [reporting period] is available at [address of entity’s website].”</i>	If applicable, Mandatory	Nil to report

PGPA Rule Reference	Part of Report	Description	Requirement	Page number(s) in this report
17AH(1)(c)	4.7 Carer Recognition Act 2010 and Disability Reporting—People with disability	Outline of mechanisms of disability reporting, including reference to website for further information.	Mandatory	152–154
17AH(1)(d)	5.3 External Scrutiny—Freedom of information and reviews	Website reference to where the entity's Information Publication Scheme statement pursuant to Part II of <i>FOI Act</i> can be found.	Mandatory	173–174
17AH(1)(e)	5.3 External Scrutiny—Freedom of information and reviews	Correction of material errors in previous annual report.	If applicable, mandatory	283
17AH(2)	Appendix G Correction of material errors in the Department's 2015–16 Annual Report	Information required by other legislation.	Mandatory	68— <i>Human Services (Medicare) Act 1973</i> 259— <i>Data-matching Program (Assistance and Tax) Act 1990</i>

GLOSSARY

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.

CLAIMS FINALISED

Claims finalised means claims that are granted or rejected.

COMMONWEALTH PROCUREMENT RULES

The Commonwealth Procurement Rules 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 agencies are directed and controlled. It is generally understood to encompass authority, accountability, stewardship, leadership, direction and control.

CORPORATE PLAN

The aim of the corporate plan is to outline 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 is anywhere, any-time instruction delivered over the internet or a corporate intranet to browser-equipped learners.

MOBILE APPS

A mobile app is 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, tablets such as iPads, and laptops or desktops.

ONLINE SERVICES

These provide users with a wide variety of data transmitted over telecommunications lines, that is, via the internet. 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 and low income card renewals online and offering health professionals secure access to Medicare electronic services.

OUTCOMES

An outcome is the intended result, consequence or effect of government actions on the Australian community.

POLICY DEPARTMENTS

Australian Government policy departments 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 money included in the Appropriation Bills (Budget Bills) are proposed to be spent.

PROGRAMS

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.

PROTECTED INDUSTRIAL ACTION

Employees and employers can only take protected industrial action when they are negotiating on a proposed enterprise agreement. The industrial action can legally be taken when bargaining for the agreement is unsuccessful. The Fair Work Commission must order a protected action ballot to authorise the industrial action.

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

Smart centres are 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

Telephony is the construction or operation of telephones and telephonic systems and as a system of telecommunications in which telephonic equipment is employed in the transmission of speech or other sound between points, with or without the use of wires. The term is also used to refer to computer hardware, software, and computer network systems that carry out functions traditionally performed by telephone equipment.

ABBREVIATIONS AND ACRONYMS

AAT	Administrative Appeals Tribunal
ABN	Australian Business Number
AC	Assistant Commissioner
ACIC	Australian Criminal Intelligence Commission
ACPA	Australian Community Pharmacy Authority
ADHA	Australian Digital Health Agency
AFP	Australian Federal Police
A/g	Acting
AGDRP	Australian Government Disaster Recovery Payment
AGIL	Australian Government Indigenous Locations
AIS	Aboriginal Interpreting Service
AM	Member of the Order of Australia
ANAO	Australian National Audit Office
AO	Officer of the Order of Australia
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
BS	British Standard
CALD	Culturally and linguistically diverse
CC	Chief Counsel
CDO	Chief Digital Officer
CDPP	Commonwealth Director of Public Prosecutions
CEO	Community Engagement Officer
CFO	Chief Financial Officer
CIO	Chief Information Officer
CPRs	Commonwealth Procurement Rules
CSC	Conspicuous Service Cross
CTO	Chief Technology Officer
Defence	Department of Defence
DET	Department of Education and Training
DIBP	Department of Immigration and Border Protection
DMA	Data-Matching Agency
<i>DMP Act</i>	<i>Data-matching Program (Assistance and Tax) Act 1990</i>

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
EFTPOS	Electronic Funds Transfer Point of Sale
EIM	Employment Income Matching
EMS	Environmental Management System
ESat	Employment Services Assessment
ESD	Ecologically sustainable development
FHA	Farm Household Allowance
FIS	Financial Information Service
<i>FOI Act</i>	<i>Freedom of Information Act 1982</i>
FTB	Family Tax Benefit
FTE	Full-time equivalent
GC	General Counsel
GM	General Manager
GP	General Practitioner
GST	Goods and services tax
Hon.	Honourable
HPE	Hewlett Packard Enterprises
HPOS	Health Professional Online Services
ICT	Information and communications technology
IPS	Information Publication Scheme
IPSM	Indigenous Program Support Managers
ISO	International Organization for Standardization
ISOs	Indigenous Service Officers
JCA	Job Capacity Assessment
KIS	Kimberley Interpreter Service
LGBTI	Lesbian, Gay, Bisexual, Transgender and Intersex
MBS	Medicare Benefits Schedule
MP	Member of Parliament
MSO	Multicultural Service Officer
n/a	Not Applicable

NABERS	National Australian Built Environment Rating System
NAIDOC	National Aboriginal and Islander Day Observance Committee
NASH	National Authentication Solution for Health
NDIS	National Disability Insurance Scheme
NDIA	National Disability Insurance Agency
NECCSC	National Emergency Call Centre Surge Capability
NIC	National Indigenous Coalition
NM	National Manager
NSSRN	National Social Security Rights Network
OAIC	Office of the Australian Information Commissioner
PAES	Portfolio Additional Estimates Statements
PBS	Pharmaceutical Benefits Scheme
PCs	Personal computers
<i>PGPA Act</i>	<i>Public Governance, Performance and Accountability Act 2013</i>
<i>PGPA Rule</i>	<i>Public Governance, Performance and Accountability Rule 2014</i>
PIP	Practice Incentives Program
PKI	Public Key Infrastructure
PM&C	Department of the Prime Minister and Cabinet
PRODA	Provider Digital Access
PSM	Public Service Medal
PSTP	Public Sector Training Package
RAP	Reconciliation Action Plan
RPBS	Repatriation Pharmaceutical Benefits Scheme
SES	Senior Executive Service
SIP	Service Incentive Payment
SL	Service Leader
SMEs	Small and medium enterprises
SMS	Short message service
SMTP	Simple Mail Transfer Protocol
SSAT	Social Security Appeals Tribunal
TFN	Tax file number
TTY	Teletypewriter
WPIT	Welfare Payment Infrastructure Transformation

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