



Australian Government
Department of Human Services

2014–15 Annual Report



This annual report was prepared in accordance with the *Requirements for Annual Reports*, issued by the Department of the Prime Minister and Cabinet on 25 June 2015. The main purpose of the report is to describe the department's activities during 2014–15, reporting on the performance and financial information presented in the *2014–15 Department of Human Services Portfolio Budget Statements*, and the *2014–15 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 2014–15.

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SECRETARY'S OVERVIEW

The Department of Human Services touches the lives of almost every Australian through the delivery of health and welfare payments and services.

In 2014–15, we managed 123.9 million self-service transactions, took 56.8 million phone calls, and had 25.4 million visits to our shopfronts.

Our ability to keep providing quality services while continuously improving the way they are delivered is crucial to our future success. This has been a key focus since Service Delivery Reform (SDR) began in 2011 and will continue to be so through the next phase of the department's ongoing transformation.

Government Outcomes, Customer Outcomes

This year the department successfully delivered \$165.8 billion in payments to customers and providers—around 40 per cent of government spending. We managed a strong compliance programme, and met 27 of our 32 key performance indicators.

We are aware of the need to improve performance in areas under pressure. While our call wait time target for social security and welfare phone services was met, we are determined to improve by further simplifying and automating our services.

During the year, the department prepared for and delivered measures from the 2014–15 Budget passed by Parliament. These included changes to the Disability Support Pension, support to drought-affected farmers and stronger compliance arrangements for job seekers. We also implemented family payment reform, increased the age of eligibility for Newstart and Sickness Allowances, and introduced Support Services and Mutual Obligation Arrangements in accordance with the decisions of Parliament.

With a proud record of over 70 years of service, CRS Australia ceased all operations in February 2015. This followed a government decision to reallocate the market share of the department's disability employment services to non-government providers. Around 21 000 participants were transitioned to new providers, and over 1000 staff were redeployed within the department.

The department maintained its record of sound financial stewardship. In 2014–15 the department had an operating surplus of \$65.8 million before unfunded depreciation and revaluations, compared with a surplus of \$132.6 million in 2013–14.

We drew on our emergency management capabilities to help people and communities hit by natural disasters. Our Emergency Reserve members and mobile service centre teams worked alongside others in the aftermath of the South Australian bushfires, Tropical Cyclone Marcia in Queensland, Tropical Cyclone Lam in the Northern Territory, Tropical Cyclone Olwyn in Western Australia, and storms and flooding in New South Wales.

Our mobile service centres visited 607 towns, travelling more than 110 000 kilometres and helping over 13 000 people.

Service transformation

This year saw the conclusion of the multi-year SDR programme. It was a \$1.25 billion transformation programme, motivated by the need to transform the way Medicare, Centrelink and Child Support services were delivered. Through SDR, significant improvements and efficiencies have been achieved for customers, staff, the department and the Australian Government.

Our achievements include more one-stop shops with co-located services, a single website, extra self-service options, and Smart Centre processing—leading to better support for people based on their individual circumstances. Through SDR we have created a solid foundation on which we can build future service delivery.

During 2014–15 we continued to develop the myGov digital service. Eight government services participated in myGov, providing Australians with secure and easy access to a range of online transactions, a secure digital inbox, and the ability to automatically notify member services of updates to their address details. The number of people using myGov grew during the year, with over seven million active accounts at 30 June 2015.

We have also expanded our myGov shopfronts, bringing the number to four—in Adelaide, Perth, Brisbane and Sydney—with others opening in Albury and Melbourne soon.

Our people and our collaborative culture

In times of change, we are equipping our people with the skills and confidence needed to do their jobs. Jobs in the department have changed and will continue to evolve, especially as our transformation progresses.

We are proud of our record on workplace diversity. We operate in all corners of Australia. Aboriginal and Torres Strait Islander peoples now account for four per cent of our staff and we are well on track to reach our five per cent Indigenous employment target by 2017. Our new Reconciliation Action Plan has received Reconciliation Australia's rare 'elevate' classification.

We also employ over 1500 staff who identify as having disability, and more than 8000 staff who come from non-English speaking backgrounds. Around 71 per cent of our workforce is female.

The department is strengthening our culture, based on the theme of 'We'. The 'We' campaign emphasises the department's role as the face of Australian Government services, and sets the standard for staff behaviours which drive the resilience, positive energy and performance needed to deliver our services.

Looking ahead

Building on our strong performance in service delivery and transformation, we will continue to modernise the way we provide services. As in recent years, rapid advances in technology and in government and community expectations will reshape the way we work and how customers interact with us. We must keep our focus on making people's interactions with us simpler.

The Welfare Payment Infrastructure Transformation (WPIT) programme will replace our ageing welfare payment ICT system and is a key enabler for eGovernment. It gives us the opportunity to re-engineer our business and better connect customers to services. While we implement WPIT and transform our services, we must keep on meeting the expectations of government and our customers. Millions of people rely on us to do our jobs every day, and to do them well.

We must also continue to support people in our community who are the most vulnerable. This includes through the department's Family and Domestic Violence Strategy—'it's time to say enough'. The strategy aims to ensure that customers and staff faced with family and domestic violence are identified and receive the support they need, such as payments, support services and referrals to other assistance.

We are the face of Australian Government services and we are working hard to meet future service delivery challenges. We will work with our customers and build our talented and committed workforce as we continue to pursue our vision of 'excellence in the provision of government services to every Australian'.

I would like to take the opportunity to thank the staff of the department for their hard work and commitment during the year. I look forward to working with them again in the coming year.



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. Stuart Robert 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 2015, as required by section 63 of the *Public Service Act 1999* (the Act). Subsection 63(1) of the Act requires me to provide you with this report for presentation to the Parliament on the department's activities during the year.

The report has been prepared in accordance with the *Requirements for annual reports for departments, executive agencies and other non-corporate Commonwealth Entities*, approved by the Joint Committee of Public Accounts and Audit.

The report meets my reporting requirements under the *Child Support (Registration and Collection) Act 1988*, the *Child Support (Assessment) Act 1989*, and the *Human Services (Medicare) Act 1973*.

The report also includes information on the data-matching program for the period 1 July 2014 to 30 June 2015 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 and has in place appropriate fraud prevention, detection, investigation, reporting and data collection procedures and processes. We have also taken all reasonable measures to minimise the incidence of fraud and to investigate and recover the proceeds of fraud against the department.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'K Campbell'.

Kathryn Campbell

24 September 2015

Departmental overview



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1.1 OUR DEPARTMENT

ROLE AND FUNCTIONS

The department provides policy advice on service delivery matters to government to ensure effective, innovative and efficient implementation of government service delivery. It is subject to the *Public Governance, Performance and Accountability Act 2013* (PGPA Act). The department has one outcome and delivers a range of government and other payments and services to almost every Australian including:

- **Centrelink** payments and services for retirees, the unemployed, families, carers, parents, students, people with disabilities, Indigenous Australians, people from culturally and linguistically diverse backgrounds, people living overseas and provision of 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 the health of Australians such as Medicare, the Pharmaceutical Benefits Scheme, eHealth, Private Health Insurance Rebate, the Australian Childhood Immunisation Register, the National Bowel Cancer Screening Register and the Australian Organ Donor Register.
- **Child Support** services for separated parents to provide the financial and emotional support necessary for their children's wellbeing.

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

A new Administrative Arrangements Order was made on 9 July 2015 reflecting changed responsibilities of the department following the creation of the Digital Transformation Office. The order specifies the responsibilities of the department, including the design, development, delivery, co-ordination and monitoring of government services, social security, child support, students, families, aged care and health programmes and superannuation release.

OUTCOME AND PROGRAMME STRUCTURE

Figure 1: Outcome and programme structure 2014–15

<p>Outcome 1:</p> <p>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.</p>
<p>Programme 1.1</p> <p>Services to the Community—Social Security and Welfare</p>
<p>Programme 1.2</p> <p>Services to the Community—Health</p>
<p>Programme 1.3</p> <p>Child Support</p>

ORGANISATIONAL STRUCTURE

Figure 2: Organisational structure at 30 June 2015

Kathryn Campbell, Secretary				
	Welfare Payments Infrastructure Transformation Programme Tam Shepherd, A/g Programme Executive Director	Service Delivery Operations Grant Tidswell Deputy Secretary		Participation, Aged Care, Service Strategy and Integrity Malisa Golithly Deputy Secretary
Audit Allan Gaukroger, GM Audit David Roberts, A/g NM Chief Financial Officer Mark Jenkin, CFO Financial Management Kari Ahmer, NM Financial Accounting Kym Partington, NM Financial Systems Drago Stanojic, NM Service Delivery Operations Group Rohan Wong, GFM CIO Group Andrew Harvey, GFM	Programme and Commercial Management Sue Bird, GM Programme Management Office Shane Bennett, NM Business Model Design Danielle Finnigan, A/g NM Vendor and Commercial Management Elise Poiner, A/g NM eGovernment and Digital Projects Jim McMahon, A/g GM myGov Delivery Jane Andrews, NM eGovernment Strategy and Relationships Chris Jeacle, A/g NM eGovernment Projects Kylie Finnigan, A/g NM DHS Digital Projects Melissa Conway, A/g NM Business Solutions Centre Pam Spurr, NM ♦ Business Transformation Karena Ingham, A/g NM ♦ Project Coordination Bianca Ruut, A/g NM ♦ Portfolio Management Office Bianca Ruut, A/g NM	Child Support Smart Centres Bill Volkers, A/g GM Child Support, New Customers and Mainstream Services Bruce Young, NM Child Support Specialised Assessments and Medicare Public Colin Parker, NM Child Support Intensive Collection Services Brenton Halliday, A/g NM Telephony Service Delivery Projects John Manthey, NM Smart Centres Jenny Teece, GM Youth, Education and Employment Bridget Brill, NM Older Australians, Disability and Carers Louise Hamilton, NM Smart Centres Channel Operations Matthew Clarke, A/g NM Families and Child Care Paul McNae, NM Remote and ABSTUDY Smart Centres Narelle Cameron, NM Indigenous, Regional and Intensive Services Michelle Lees, GM Northern Australia Lizzie Gilliam, A/g SL Northern Queensland Peter Searston, SL South Australia Simon Edwards, SL Western Australia Sandy Mamo, SL Indigenous Services John Gibbs, NM Multicultural Services Sue Kitchin, A/g NM Assessment Services Susan Cartwright, NM Social Work Services Karen Ballintyne, NM	Face to Face Service Delivery Russell Egan, GM North NSW Brian Small, SL South Queensland Robert Williams, A/g SL Southern NSW Barbara Causon, SL Sydney Scott Chant, SL Central NSW William Garton, SL Northern Victoria Stan Neely, SL Tasmania David Mole, SL Eastern Victoria Anthony McArdle, A/g SL West Victoria Kylie White, A/g SL Central Queensland Ian McInnes, SL ■ One Stop Shop Implementation Tracey Sheather, A/g NM Service, Performance and Coordination Graham Maloney, GM Customer Service Lorna Andrews, NM Service Delivery Performance and Analysis Brendan Jacomb, NM Demand, Supply and Scheduling Caitlin McConachy, A/g NM Service Integration and Digital Operations Trish Woolley, NM Change Coordination and Operations Design Susan Morrison, NM Quality and Performance Improvement Mark Cousins, NM Customer First Kylie Crane, NM	Participation Melissa Ryan, GM Working Age Programmes and Compliance Adrian Hudson, NM Education and Job Seeker Contact Melissa Lond, NM Aged Care Craig Storen, GM Aged Care Programmes Jason Armstrong, NM ■ Aged Care Reform Deborah Harrison, NM Service Strategy Nathan Williamson, GM Welfare Reform Vacant Disability and Carers Laura Gannon, NM Government Partnerships and New Work Cathy Hamlyn, A/g NM Business Integrity Mark Withnell, GM Serious Non-Compliance Mark Brown, NM Internal Fraud Control and Investigations Rhonda Morris, NM Customer Compliance Scott Britton, NM Payment Integrity Jan Bailey, NM
Key: A/g Acting—arrangements are only shown when the tenure is for four weeks or more. CC Chief Counsel CFO Chief Financial Officer EC Executive Counsel FOI Freedom of Information GC General Counsel GFM Group Finance Manager GM General Manager ICT Information and Communications Technology NM National Manager SL Service Leader SA Special Adviser	♦ The National Manager, Deregulation and Portfolio Advice reports directly to the Secretary regarding policy matters. ♦ Reports directly to the acting Programme Executive Director, Welfare Payments Infrastructure Transformation Programme ■ Temporary role.			

Families, Older Australians and Service Information
David Learmonth
Deputy Secretary

Families

George Thiveos, GM
New Parents, Child Care and Program Improvement
Nicole Pietrucha, NM
Families and Child Support Policy
Dennis Mahony, NM
Families Programme Assurance and Coordination
Alison McCann, NM

Older Australians

Vicki Beath, GM
Older Australians and International Programmes
Robin Priddin, A/g NM
Multicultural and Rural Programmes
Tulip Chaudhury, NM
Deduction and Confirmation
Patrick Cremen, NM

Service Information

Darren Box, GM
Child Support System Redesign
Mark Garrity, NM
Customer Payment Services
Alex Anderson, NM
Customer Correspondence
Helen Peel, NM
Programme Information
Rick Moloney, NM

Enabling Services
Jonathan Hutson
A/g Deputy Secretary

Whole of Government Coordination

Rosemary Deininger, GM
Governance
John Kalokerinos, NM
Ministerial Coordination and Parliamentary
Neal Mason, NM
Parliamentary Systems Development
Peter Thomson, NM
■ Communication and Correspondence
Robert Garran, SA
❖ Deregulation and Portfolio Advice
Paul Hupalo, NM

Corporate Operations

Barry Jackson, GM
Property
Robert Townner, NM
Security
Hawari Badri, NM
Corporate Records Management
Mark Young, NM
Procurement and Contract Management
Liz Bundy, NM

Communication

Hank Jongen, GM
Media Management and Executive Communication
Scott Anderson, NM

Legal Services

Annette Musolino, CC
Commercial Law
Emily Virtue, A/g GC
Business Transformation Legal
David Smith, A/g GC
Programme Advice and Ombudsman
Maris Stipnieks, GC
Privacy and Information Release
Marc Mowbray-d'Arbela, GC
FOI and Litigation
Alice Linacre, GC
People Legal and Customer Compensation
Melanie Metz, A/g GC

People Capability

Jeff Popple, GM
Workforce Planning
Louise Frezza, A/g NM
Recruitment
Alison Fitzgerald, NM
Learning and Development
Andrea Paschalis, NM

People Services

Michael Nelson, A/g GM
Payroll and HR Systems
Jacqui Hughes, NM
Workplace Health and Safety
Carl Princehorn, NM
People Support
Jenny Cotton, A/g NM
Workplace Relations
Samantha Nichol, NM

Enterprise Agreement Negotiation
Jo Talbot, GM

Health, Compliance and Information
Barry Sandison
Deputy Secretary

Health Support and Business Services

Colin Bridge, GM
Government Business
Shareez Farouk, NM
Assistance Programmes
Lenore Simpson, NM
Health Support Programmes
Mary O'Hanlon, NM
eClaiming
Rory King, NM
Medicare Providers
Steve Farrell, NM

Health Programmes

Alice Jones, GM
Health Strategy and Projects
Angela Morella, NM
eHealth
Katy Balmaks, NM
Pharmaceutical Benefits
Karen Hebditch, A/g NM
Medicare and Veterans
Jenny Benjamin, NM

Debt, Appeals and Health Compliance

Kerryn Vine-Camp, GM
Health Compliance
Gary Moorhead, NM
Debt Management
Ben Dalton, A/g NM
Health Professional Review and Advice
Dr Jo Benson, NM

Appeals

Angela Geerdink, NM
Health Compliance Strategies
Ben Noyen, A/g NM

Strategic Information

Michelle Wilson, GM
Information Services
Craig Kelly, A/g NM
Information Gateway and Governance
Stephen Kelly, NM
Forecasting, Benchmarking and Geospatial
Tony Gargan, NM

Chief Information Officer Group
Sue Kruse, A/g
Chief Information Officer

Shared Services and Architecture

Charles McHardie, GM
Enterprise Architecture
Peter Mills, A/g NM
ICT Product Architecture
Derek Lawrence, A/g NM
Enterprise Testing
Andrea Jones, NM

Customer Services Systems

Jo-Anne Mason, A/g GM
Child Support Applications
Richard Hayward, NM
Service Network Systems
Josh Bosschietter, NM
Customer Processing Systems
Peter Hamilton, NM
Aged Care Redevelopment
Jo Hammersley, NM

Health and Government to Business Systems

Melissa McClusky, GM
Business Information and Data Services
Irfan Majeed, A/g NM
eHealth and Digital Services
Marnix Zwankhuizen, A/g NM
PBS and Medicare
Graham Archer, NM
Business Integrity Systems
Maurice Savelli, NM
Insurance and Disability Services
Grazyna Zejdlar, NM

Social Services and Corporate Systems

Marcus Markovic, GM
Online Services
Devika Weeraratne, NM
Social Service and Customer Communication Systems
Dale Naughton, NM
Families and Pensions Systems
Lorraine Hollis, A/g NM
Corporate and Payment Systems
Edmund Tee, NM
Social Services Project Delivery
June Homan, A/g NM

ICT Services and Cyber Security

Mitch Levy, A/g GM
ICT Portfolio and Business Management
Elaine Ninham, NM
Strategic Vendor Management and Sourcing
Matthew Lee, A/g NM
Cyber Security
Glenn Mitchell, A/g NM
ICT Infrastructure
Mike Brett, GM

Enterprise Services
Matt Smith, NM
Service Operations
Brynten Taylor, NM
Infrastructure Engineering
Denise Lanyon, A/g NM
Applications Services Engineering
Garrett McDonald, NM

Executive responsibilities at 30 June 2015

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 programmes 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.

PROGRAMME EXECUTIVE DIRECTOR, WELFARE PAYMENTS INFRASTRUCTURE TRANSFORMATION PROGRAMME

Responsible for leading the department's welfare payments transformation agenda, including the design and development of a new welfare payments information and communications technology (ICT) system. The Programme Executive Director is also accountable for the department's contribution to the government's eGovernment agenda, including delivery of a range of digital initiatives, as well as supporting the development of projects internally and externally. The Programme Executive Director is also responsible for the department's Portfolio Management Office.

DEPUTY SECRETARY, SERVICE DELIVERY OPERATIONS

Responsible for the effective operation of the department's face-to-face service centres and phone and processing smart centres delivering Centrelink, Medicare and Child Support 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 Secretary has appointed the current Deputy Secretary as the Chief Executive Centrelink, under paragraph 7(2)(b) of the *Human Services (Centrelink) Act 1997*.

DEPUTY SECRETARY, PARTICIPATION, AGED CARE, SERVICE STRATEGY AND INTEGRITY

Responsible for providing leadership and management of a range of income support and aged care programmes delivered by the department on behalf of the Department of Social Services, the Department of Employment and other agencies. The income support programmes include Newstart, Disability and Carer payments and Youth Allowance. The Deputy Secretary is also responsible for the administration of the department's social welfare fraud and compliance programmes.

DEPUTY SECRETARY, FAMILIES, OLDER AUSTRALIANS AND SERVICE INFORMATION

Responsible for ensuring the delivery of effective and efficient welfare-related payment programmes, such as age pension, child care benefits, rural and multicultural, child support, and family payments. The Deputy Secretary is also accountable for development of policy advice and analysis to enhance the department's current and future service delivery activities.

DEPUTY SECRETARY, ENABLING SERVICES

Responsible for leading the human resources, corporate, communication, legal and whole-of-government coordination functions of the department.

DEPUTY SECRETARY, HEALTH, COMPLIANCE AND INFORMATION

Responsible for providing leadership and management of health-related programmes, including health compliance administered on behalf of the Department of Health and other agencies. The Deputy Secretary is also responsible for managing the department's health compliance programmes, welfare appeals and debt programmes, and strategic information management activities. The Secretary has appointed the current Deputy Secretary as the Chief Executive Medicare, under paragraph 4(2)(b) of the *Human Services (Medicare) Act 1973*.

CHIEF INFORMATION OFFICER

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

CHIEF FINANCIAL OFFICER

Responsible for providing leadership and management of the department's financial functions, in accordance with the *Public Governance, Performance and Accountability Act 2013*.

GENERAL MANAGER, AUDIT

Provides independent, objective assurance to the Secretary by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of the department's financial and operational controls, risk management and governance processes.

1.2 PORTFOLIO STRUCTURE

Figure 3: Human Services portfolio structure at 30 June 2015



MINISTER

Senator the Hon. Marise Payne was the Minister for Human Services between 18 September 2013 and 21 September 2015. On 21 September 2015 the Hon. Stuart Robert MP was appointed Minister for Human Services.

At 30 June 2015 the Minister 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*. See Appendix A on page 248 for specific reporting required under the *Human Services (Medicare) Act 1973*.

1.3 OUR PARTNERS

PARTNERSHIPS WITH AUSTRALIAN GOVERNMENT AGENCIES

The department is responsible for delivering payments and services on behalf of Australian Government agencies. The department's partnerships with these agencies are characterised by early engagement, regular consultation, recognition of expertise, and information sharing. Appendix B on page 249 shows that in 2014–15 we delivered payments and services on behalf of 15 Australian Government agencies.

The department also supports the delivery of Australian Government outcomes through working with Australian Government agencies on a range of activities that include data exchange, shared corporate services, co-location, myGov and ICT infrastructure support.

PARTNERSHIPS WITH STATE AND TERRITORY GOVERNMENTS AND OTHER ORGANISATIONS

The department continued to work collaboratively with state, territory and local governments, as well as other organisations, to deliver payments and services. Appendix B on page 255 provides a list of examples of these activities undertaken in 2014–15.

INTERNATIONAL PARTNERSHIPS

In 2014–15 the department administered formal social security agreements with 29 countries. These agreements outline the shared responsibility for social security coverage and entitlements when people move between the agreement countries. At 30 June 2015, 69 751 customers were paid an Australian pension under international agreements compared to 68 830 in 2013–14.

During the year the department continued to work internationally to share experiences and information about service delivery and explore ways to improve our services.

In 2014–15 the department’s collaborative work included:

- presenting at the Windsor Conference from 13–15 April 2015 in Vancouver, Canada. The Windsor Conference brings together agency heads from social welfare and employment departments in Australia, Canada, Ireland, New Zealand, the United Kingdom and the United States to discuss major emerging issues in social and labour/employment policy
- participating in the Australia and New Zealand Chief Executive Officers Bilateral meeting from 12–13 August 2014 with the Department of Social Services, Department of Employment, and the New Zealand Ministry of Social Development
- membership and participation in the International Social Security Association—the principal international institution bringing together social security agencies and organisations. A departmental representative holds the position of the Association’s Vice Chair on its Technical Commission on Organisation, Management and Innovation.

In 2014–15 the department engaged with a number of international delegations, the majority of which were from Asian and European countries, to share experiences and information about service delivery and explore ways to improve our services.

PART | 2

Report on performance



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2.1 PERFORMANCE AGAINST KEY PERFORMANCE INDICATORS

OUTCOME AND PROGRAMME STRUCTURE

The department's outcome and programme structure and key performance indicators are published in the department's annual Portfolio Budget Statements. They are used to monitor and assess our performance—see Figure 1 *Outcome and programme structure* on page 3.

Table 1: Key performance indicator results

Key performance indicator	Target 2014–15	Result 2013–14	Result 2014–15	Met 2014–15	Part / page no.
Programme 1.1 Services to the Community—Social Security and Welfare					
Minister is satisfied with the quality, relevance and timeliness of ministerial briefing correspondence and other departmental advice.	Satisfied	Satisfied	Satisfied	✓	
Achievement of customer satisfaction standards.	≥85%	68%	70.3% ¹	×	Part 3.5 Page 140–143
Achievement of payment quality standards.					
Centrelink: Delivery of correct payments.	≥95%	98%	98.1%	✓	Part 3.3 Page 99
Key initiatives delivered within timeframes and on budget and outcomes are achieved.²					
Service Delivery Reform.	Achieved	Achieved	Achieved	✓	Secretary's overview Page IX Part 4.2 Page 169
Income Management Budget measures.	Achieved	Achieved	Achieved	✓	Part 2.5 Pages 70–72
Fraud Prevention and Compliance Budget measures.	Achieved	Achieved	Achieved	✓	Part 3.3 Page 99–119

Key performance indicator	Target 2014–15	Result 2013–14	Result 2014–15	Met 2014–15	Part / page no.
Effective working arrangements with other government departments are in place which support the department's contribution to policy development through service delivery policy advice.					
Strategies in place to ensure reporting against MOU and Bilateral Management arrangements are effective.	Effective	Effective	Effective	✓	Part 1.3 Page 9
Government stakeholder assessment of the portfolio's agility, flexibility and responsiveness.	4.0	3.6	3.7 ³	×	
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.	≥ 95%	99%	98.9%	✓	Part 2.5 Page 65–67
CRS Australia to maximise workforce participation rates for government at or above the market average for jobs seekers that remain in employment for 13 weeks.	≥ 70%	74%	73% ⁴	✓	Part 2.5 Page 86
Increase in the proportion of self-managed transactions and electronic interactions.	1% increase on 2013–14	Achieved	Achieved	✓	Part 4.1 Page 154
Achievement of face-to-face, telephony and processing service level standards.					
Face-to-face: Average wait time.	≤ 15 minutes	NA	12 minutes 18 seconds	✓	Part 4.1 Page 165
Telephony: Average speed of answer.	≤ 16 minutes	NA	15 minutes 40 seconds	✓	Part 4.1 Page 165
Processing: Percentage of claims processed within standard.	≥ 82%	NA	84.6%	✓	
Internal reviews: Percentage of reviews finalised within standard.	≥ 70%	NA	65.4% ⁵	×	Part 3.3 Pages 101–102

Key performance indicator	Target 2014–15	Result 2013–14	Result 2014–15	Met 2014–15	Part / page no.
Achievement of payment integrity standards.					
Centrelink: Debt under recovery.	≥ 60%	62%	63.5%	✓	Part 3.3 Page 103
Programme 1.2 Services to the Community—Health					
Satisfaction with Medicare provider service delivery.	≥ 70%	> 80%	Pharmacists 99% Practitioners 91% Practice Managers 88%	✓	Part 3.5 Page 143
Achievement of customer satisfaction standards.	≥ 85%	85%	82.5% ⁶	×	Part 3.5 Page 140–142
Achievement of payment quality standards.					
Medicare: Delivery of accurate medical and pharmaceutical benefits and services.	≥ 98%	98%	98%	✓	Part 2.3 Page 29–34
Achievement of face-to-face, telephony and processing service level standards.					
Face-to-face: Average wait time.	≤ 15 minutes	NA	7 minutes 25 seconds	✓	Part 4.1 Page 165
Telephony: Average speed of answer.					
Pharmaceutical Benefits Scheme Authorities and eHealth Providers.	≤ 30 seconds	NA	25 seconds	✓	Part 4.1 Page 165
Providers.	≤ 2 minutes	NA	1 minute 25 seconds	✓	Part 4.1 Page 165
Customers.	≤ 7 minutes	NA	5 minutes 10 seconds	✓	Part 4.1 Page 165
Processing: Percentage of claims processed within standard.	≥ 82%	NA	98.7%	✓	
Achievement of payment integrity standards.					
Medicare: Completed audit and review cases.	2500	3544	3680	✓	Part 3.3 Page 108

Key performance indicator	Target 2014–15	Result 2013–14	Result 2014–15	Met 2014–15	Part / page no.
Programme 1.3 Child Support					
Achievement of customer satisfaction standards.	≥ 85%	84%	74% ⁷	×	Part 3.5 Page 142
Total amount of child support transferred between parents.	\$3.2 billion	\$3.5 billion	\$3.5 billion	✓	Part 2.4 Page 55
Child support collection rate (Child Support collect only).	≥ 91.7%	93%	93.3%	✓	Part 2.4 Page 55–56
Percentage of private collect cases to total active cases (Child Support collect and private collect cases).	≥ 52%	53%	53%	✓	Part 2.4 Page 56
Percentage of domestic active paying parents without debt.	≥ 73.5%	77%	77.4%	✓	Part 2.4 Page 56–57
Achievement of telephony and processing service level standards.					
Telephony: Average speed of answer.	≤ 3 minutes	NA	2 minutes 33 seconds	✓	Part 4.1 Page 165
Processing: Percentage of claims processed within standard.	≥ 82%	NA	92.6%	✓	

1. The overall result is primarily attributed to 'ease of accessing services' and 'length of time to receive services'. Satisfaction with the service provided by staff was high at 84 per cent.
2. The list of key initiatives is determined by government priorities each financial year.
3. While the target was not achieved, the result shows continued improvement in a year when the department implemented a significant number of key government initiatives.
4. CRS Australia ceased operations as at 27 February 2015—the result of 73 per cent applies to the last quarterly reporting period (1 October 2014 to 31 December 2014).
5. In 2014–15 the Appeals Branch focused on aged cases and priority areas to reduce the level of arrears. The KPI was met in the fourth quarter.
6. The decline in the overall result is primarily attributed to a decline in the satisfaction with the ease of accessing services. Satisfaction with the service provided by staff was high at 92 per cent.
7. The result is based on data from February to June 2015. This data is not fully comparable with data from the previous year.

2.2 SERVICES TO THE COMMUNITY— SOCIAL SECURITY AND WELFARE

The department supports individuals, families and communities to achieve greater self-sufficiency by providing access to a range of payments and services. This includes payments to support retirees, the unemployed, families, carers, parents, students, people with disabilities and Indigenous Australians.

Table 2: Total number of social security and welfare claims, granted and rejected, by major payment type¹

Payment Type	2012–13 ²	2013–14 ²	2014–15
Family Tax Benefit	643 000	622 000	591 000
Parental Leave Pay	218 000	241 000	270 000
Baby Bonus ³	197 000	141 000	15 000
Child Care Benefit	300 000	317 000	300 000
Dad and Partner Pay	39 400	90 000	89 000
Parenting Payment	146 000	146 000	171 000
Newstart Allowance	637 000	647 000	671 000
Carer Payment and Carer Allowance	232 000	267 000	242 000
Disability Support Pension	126 000	141 000	112 000
Age Pension	149 000	153 000	174 000
Youth Allowance and Austudy	468 000	475 000	496 000

1. Numbers in this table have been rounded.
2. 2012–13 and 2013–14 numbers have been updated to include abridged claims to reflect the total number of Newstart Allowance, Parenting Payment, Youth Allowance and Austudy claims handled. Abridged claims are a shortened version of a claim used when a person who had recently lost qualification for a payment reapplies.
3. Baby Bonus was replaced by other payments on 28 February 2014. Parents of children who were born before 1 March 2014 had up to 52 weeks to make a claim for Baby Bonus, resulting in some claims being processed in 2014–15.

FAMILIES

For more information about the payments below, see Outcome 1 in the Department of Social Services annual report 2014–15 at dss.gov.au

Family Tax Benefit (FTB)—assists families with the day-to-day cost of raising children. FTB has two parts—FTB Part A and FTB Part B. 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, and Jobs, Education and Training Child Care Fee Assistance assists eligible parents to enter or re-enter the workforce.

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 and Dad and Partner Pay.

Parenting Payment—is an income support payment for parents or guardians to help with the cost of raising children. Parenting Payment customers must be single and care for at least one child aged under eight years, or partnered and care for at least one child aged under six years.

Parenting Payment customers need to meet income and assets tests (including a partner's income and assets if partnered), meet residency requirements, and meet participation requirements if needed.

Newborn Upfront Payment and Newborn Supplement—is an increased rate of FTB Part A paid after having a baby or adopting a child. Payments are \$2056.45 for the first child and for each child in a multiple birth, and up to \$1028.15 for subsequent children. Parental Leave Pay cannot be paid for the same child.

Stillborn Baby Payment—is available for eligible families who experience the loss of their baby as a result of stillbirth, if Parental Leave Pay is not payable. Stillborn Baby Payment is a lump sum payment of \$2056.45 for a first stillborn child or each stillborn child in a multiple birth, and up to \$1028.15 for a subsequent stillborn child.

Schoolkids Bonus—is paid in January and July each year. Families receive up to \$422 per year for each primary school child and up to \$842 per year for each secondary school child. From 1 January 2015 an income test has applied. Schoolkids Bonus is being phased out. The final instalment of the payment will be paid in July 2016.

Helping Young Parents and Supporting Jobless Families

The Helping Young Parents programme helps young parents aged 19 years or younger to create a positive future for themselves and their children. It supports parents to undertake education or training leading to a Year 12 or equivalent qualification.

The Supporting Jobless Families trial focuses on preparing parents to return to work when their youngest child reaches school-age, and helps parents to ensure their children are ready to start school.

The Helping Young Parents programme and Supporting Jobless Families trial was delivered in 10 selected local government areas in New South Wales, Queensland, South Australia, Victoria, Western Australia and Tasmania.

School Enrolment and Attendance Measure

The School Enrolment and Attendance Measure (SEAM) 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.

In 2014–15 SEAM operated in 23 Northern Territory communities compared to 16 communities in 2013–14.

PEOPLE WITH DISABILITY AND CARERS

Disability Support Pension (DSP)—provides financial support for people who have a physical, intellectual or psychiatric condition that limits their ability to work, or who are permanently blind. In 2014–15, 41 832 new claims for DSP were granted compared to 57 840 in 2013–14.

A number of changes to DSP were introduced in 2014–15:

- From 1 July 2014, DSP recipients aged under 35 years with an assessed work capacity of eight hours or more per week are required to participate in compulsory activities that will help them find and keep a job.
- From 1 July 2014, the department commenced a review of DSP recipients aged under 35 years who were granted DSP between 1 January 2008 and 31 December 2011. People granted DSP before 3 September 2011 who remain eligible following the review may be required to participate in a Program of Support. A Program of Support is an Australian Government funded programme to help people prepare for, find or maintain work.
- From 1 January 2015 DSP recipients who travel overseas will continue to receive their payments for a maximum of four weeks overseas in any 12-month period.
- From 1 January 2015 people claiming DSP may need to have a Disability Medical Assessment conducted by a government contracted doctor, in addition to a Job Capacity Assessment.

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. In 2014–15, 18 713 new claims for Sickness Allowance were granted compared to 25 040 in 2013–14.

Mobility Allowance—helps people with disability, illness or injury who are unable to use public transport without substantial assistance to participate in approved activities by providing support with transport costs. People receiving a package of support from the National Disability Insurance Scheme (NDIS) may not be eligible for Mobility Allowance, depending on the contents of their package. In 2014–15, 6770 new claims for Mobility Allowance were granted compared to 8648 in 2013–14.

Rent Assistance—Rent Assistance is an additional payment to help customers 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 for people who are unable to support themselves through substantial paid employment because they provide full-time care to a child or adult with a severe disability, medical condition, or who is frail aged. In 2014–15, 53 607 new claims for Carer Payment were granted compared to 59 998 in 2013–14.

Carer Allowance—is an income supplement for carers who provide additional daily care and attention for a child or adult with disability or medical condition, or who is frail aged. In 2014–15, 101 021 new claims for Carer Allowance were granted compared to 117 825 in 2013–14.

For information about the department’s compliance with the *Carer Recognition Act 2010* see Appendix C on page 256.

Participation for people with disabilities

From 1 July 2014 eligible DSP recipients aged under 35 years, with an assessed work capacity of eight or more hours a week, are required to have a participation plan which includes compulsory activities with a focus on employment. Before 1 July 2014 DSP recipients aged under 35 years were required to have a participation plan and attend regular interviews with the department. The changes in July 2014 strengthened the requirements by making activities compulsory and focusing on improving a customer’s ability to find and maintain work.

National Disability Insurance Agency and the National Disability Insurance Scheme

The department has a strong and cooperative relationship with the National Disability Insurance Agency (NDIA). In 2014–15 the department continued to support the NDIA with the rollout of the NDIS, including through:

- data exchange
- co-location with the NDIA in four departmental sites and one NDIA site
- providing the NDIA with access to the department’s myGov platform which gives NDIS participants convenient access to online services
- staff secondments and transfers to the NDIA.

Further opportunities for close cooperation continue to be developed.

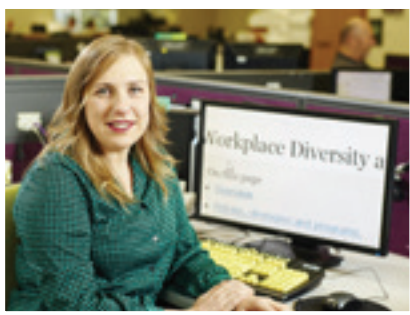
National Disability Strategy

The *National Disability Strategy 2010–2020* sets out a 10 year national plan for improving life for 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 programme development. It also represents a shared vision for an inclusive society that enables people with disability to fulfil their potential as equal citizens.

Priority areas for action include learning, skills and economic security, which support education and employment opportunities as the main pathways to long-term economic security and wellbeing.

The department delivers a range of payments and services to customers with disability. We launched a new protocol for engaging people with disability on 3 December 2014 in response to the National Disability Strategy. The protocol outlines our strategies to actively work with people with disability and their advocates to design, shape and deliver better services for the community. For more information see *People with disability* on the department's website at humanservices.gov.au

Carol understands issues faced by employees with disability



As the department's National Disability Access Coordinator Carol promotes awareness and provides information and advice about workplace participation and inclusion for people with disability.

As a low vision person herself, Carol has a unique understanding of the issues employees with disability face, and helps to eliminate barriers they have in the workplace.

OLDER AUSTRALIANS

Age Pension

To support older people, Age Pension payments are made to more than 2.4 million customers. The minimum age to qualify for Age Pension is currently 65 years.

From 1 July 2017 the qualifying age will increase to 65 years and 6 months. The qualifying age will then increase by 6 months every two years, reaching 67 years by 1 July 2023.

In 2014–15, 136 586 Age Pension new claims were granted. Of the total claims actioned, 12 800 were referred for further assessment due to the complexity of claimants' financial arrangements.

Women make up 56 per cent and men 44 per cent of the Age Pension population. The department paid \$41.6 billion in Age Pension payments in 2014–15 compared to \$39.5 billion on 2013–14.

Real estate valuations

To qualify for a pension, benefit or allowance the department takes into account the value of a person's assets. From 1 July 2014 the department implemented an automated risk-based approach to real estate valuations where the individual circumstances of a customer and their real estate are analysed to determine the appropriate valuation action. Most valuations are for real estate assets owned by people claiming Age Pension.

When needed, the department arranges for a professional valuation of assets. The department is undertaking a tender process for valuation services. During the tender period the department engaged a variety of licensed valuation providers to complete real estate valuations on behalf of the department.

Deeming of Account-Based Income Streams

The department implemented the new Deeming of Account-Based Income Streams measure on 1 January 2015. This initiative extended the deeming rules applying to financial investments to account-based income streams from superannuation accounts, to ensure all financial assets are assessed under the same rules. In 2014–15 the department contacted 460 000 customers by letter, email or SMS to inform them of the change.

Delivering aged care payments

The department delivers subsidies and supplements to approved aged care providers in collaboration with the Department of Social Services (DSS) and the Department of Veterans' Affairs (DVA). The aim is to help aged care providers deliver cost-effective, quality care for frail, older people and support for their carers. The department's role is to provide timely and accurate payments efficiently and effectively.

Table 3: Aged care overview

	2012–13	2013–14	2014–15	% change since 2013–14
Residential claims processed	32 647	32 541	34 695	+6.6
Home Care Packages claims processed ¹	25 395	26 835	23 393	-14.7
Flexible care (transition care) claims processed	1 176	939	1 095	+16.6
Total claims processed	59 218	60 315	59 183	-1.9
Total amount paid ²	\$10.5 billion	\$11.3 billion	\$12.1 billion	+7.0
Residential aged care services (aged care homes)	2 739	2 693	2 683	-0.4
Home Care Packages services ¹ (facilities providing community-based packages)	2 132	2 181	2 132	-2.3
Flexible care services (transition care)	92	88	83	-6.0
Active services transmitting (online claiming)	3 329	3 403	2 947	-13.4

1. Home Care Packages commenced on 1 August 2013. Statistics for the previous financial year include Community packages and Flexible care (extended care at home) data.
2. Including \$1.3 billion paid on behalf of DVA.

AGED CARE EDUCATION AND TRAINING INCENTIVE PROGRAMME

The Aged Care Education and Training Incentive Programme provides incentive payments to eligible aged care workers employed by approved facilities, who undertake specified education and training programmes. Eligible aged care workers who successfully complete a course may receive two incentive payments—commencement and completion payments. Incentive payment amounts depend on the level of study. The programme helps aged care workers to improve their qualifications as a personal care worker, enrolled nurse or a registered nurse within the aged care sector.

Table 4: Aged Care Education and Training Incentive Programme

	2012-13	2013-14	2014-15
Participants in vocational education and training	11 035	9 922	9 253
Participants in enrolled nurse training	2 357	2 234	1 899
Participants in registered nurse training	1 147	1 413	1 366
Total incentives processed	16 409	13 722	12 518
Total amount paid	\$9.9 million	\$11.3 million	\$10.4 million

INCOME AND ASSETS ASSESSMENTS FOR PEOPLE ENTERING AGED CARE

The department continued to perform means testing assessments for older people entering aged care in 2014-15. New care fee arrangements were introduced to both home care packages and residential aged care on 1 July 2014. The new means test introduced for consumers entering residential aged care is based on a new combined assets and income-based assessment and calculation. The new means test introduced for consumers accessing a home care package is based on an income-based assessment only.

SUPPORTING AGED CARE REFORMS

In 2014-15 the department implemented the following Aged Care Reform measures:

- removal of low care/high care distinction in residential aged care
- new means test (income and assets) in residential aged care
- new income test for home care
- new annual and lifetime care contribution caps for means-tested care contributions, for both home care and residential aged care
- introduction of the Higher Accommodation Supplement for residential aged care facilities.

Relationship with the Department of Veterans' Affairs

Under a memorandum of understanding with DVA the department continued to deliver the Veterans' Information Service at 23 regional customer service centres—10 in New South Wales, four in Victoria, seven in Queensland, one in South Australia and one in the Northern Territory.

Community support services were delivered in Coffs Harbour and Port Macquarie in New South Wales, and four sites in South Australia delivered veterans' agent services. The department also maintained three Veterans' Information Kiosks.

We continued to work in partnership with DVA on measures such as managed investments, welfare payments, compliance and fraud initiatives, online concessions and administration of the Defence Force Income Support Allowance.

Job seekers and students

The department delivers a variety of payments and services for job seekers and students.

Newstart Allowance—provides financial help to people looking for work. Customers must be aged between 22 years and 65 years and looking for suitable paid work. Newstart Allowance customers need to meet income and assets tests and residency requirements, and be able to meet activity test participation requirements. In 2014–15 the department assessed 671 000 new Newstart Allowance claims. This compares to 647 000 in 2013–14.

Youth Allowance—is an income support payment for students, trainees and apprentices generally aged 16 to 24 years, or job seekers generally aged 16 to 21 years. Youth Allowance customers need to meet income and assets tests and residency requirements. In 2014–15 the department assessed 424 000 new Youth Allowance claims. This compares to 407 000 in 2013–14.

Austudy—provides financial help to full-time students and apprentices aged 25 years or older. In 2014–15 the department assessed 72 000 new claims. This compares to 68 000 in 2013–14.

Education Entry Payment—is available to people receiving specific income support payments to help with the costs of incidental educational expenses such as books and fees. Education Entry Payment is paid once a year to qualified recipients.

ABSTUDY—provides a means-tested allowance and other supplementary benefits to eligible Indigenous students. In 2014–15 the department assessed 37 155 new claims. This compares to 35 329 in 2013–14.

Pensioner Education Supplement—is available as extra assistance towards ongoing study costs to recipients of some Department of Human Services 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 2014–15 the department assessed 63 302 new claims. This compares to 69 325 in 2013–14.

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. In 2014–15 the department assessed 9560 claims. This compares to 8561 in 2013–14.

Meeting participation requirements for job seekers

Job seekers receiving Newstart Allowance, Youth Allowance (job seeker), Parenting Payment Single or Special Benefit (paid under Newstart Allowance conditions) must satisfy activity test or participation requirements to remain eligible for payment.

Personal Contact Interviews complement self-managed reporting and are part of a job seeker's contact arrangements. The interviews maintain personal contact between job seekers and the department and reflect a focus on compliance with participation requirements. In 2014–15, 2 400 797 Personal Contact Interviews were completed compared to 2 073 296 interviews in 2013–14.

With the introduction of the new Employment Services Model on 1 July 2015, Employment Services Providers assumed responsibility for setting and monitoring job search efforts, and Personal Contact Interviews ceased.

Table 5: Activity tested recipients by payment type

Payment type	At 28 June 2013	At 27 June 2014	At 26 June 2015
Newstart Allowance	660 673 ²	705 814 ⁵	748 719 ⁶
Youth Allowance	113 840 ²	113 998 ⁵	112 620 ⁶
Special Benefit ¹	682 ³	705 ⁵	758 ⁶
Parenting Payment Single	47 276 ⁴	49 935	51 647 ⁶
Total	822 471	870 452	913 744

1. The majority of Special Benefit recipients are not activity tested.
2. Source: Department of Education, Employment and Workplace Relations on 5 July 2013.
3. Source: Department of Families, Housing, Community Services and Indigenous Affairs on 5 August 2013.
4. From 1 January 2013 Parenting Payment Single customers moved to Newstart Allowance once their youngest child turned eight years of age.
5. Source: DSS on 8 July 2014.
6. Source: DSS on 6 July 2015.

Job seeker compliance

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 to help get them back into work. Job seekers who become disengaged from employment services or activities are re-engaged as quickly as possible. When a job seeker does not have a reasonable excuse for not meeting their mutual obligation requirements, a financial penalty may apply.

Non-Attendance Reports were introduced as part of the job seeker compliance model on 1 July 2014. Employment services providers may use them as a re-engagement tool when a job seeker does not attend an appointment. From 1 January 2015 the job seeker's payment is automatically restored, including any back payment as long as the job seeker attends a new appointment which is booked for them by their provider. From 1 July 2015, if a job seeker misses an appointment they will not get full back pay when their income support payment starts again.

In 2014–15 the department undertook 549 426 job seeker compliance investigations and actioned 1 185 398 Non-Attendance Reports. This compares to 1 536 112 job seeker compliance investigations and 188 525 contact requests in 2013–14.

Employment Services Assessments

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

In 2014–15 the department completed 207 298 ESAs. Assessors made approximately 686 156 recommendations for assistance that employment services could deliver that would be of greatest benefit in building job seekers' capacity for work. This compares to 206 835 ESAs conducted in 2013–14 where 992 000 recommendations were made. The decrease reflects improved targeting of recommendations by assessors.

Job Capacity Assessments

Job Capacity Assessments (JCAs) help the department determine if a person meets the medical eligibility and job capacity requirements for DSP claims.

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

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

Table 6 indicates the numbers of medical and non-medical ESAts and JCAs that the department completed each year.

Table 6: Type of assessments completed

	2012-13	2013-14	2014-15
ESAt non-medical	34 348	27 464	24 375
ESAt medical	181 455	179 371	182 923
Job Capacity Assessment	118 674	115 517	95 028
Total	334 477	322 352	302 326

Health Professional Advisory Unit

The Health Professional Advisory Unit is a multi-disciplinary unit comprising medical advisers, allied health professionals, directors and administrative staff across 24 locations. The unit strengthens DSP decision making by providing expert advice to departmental assessors and decision makers, and builds relationships between the department and customers' doctors.

In 2014-15 the unit received 3473 referrals compared to 3754 referrals in 2013-14.

In addition to the provision of expert advice to the department, the unit was also closely involved in providing expert advice on matters before the Administrative Appeals Tribunal.

2.3 SERVICES TO THE COMMUNITY—HEALTH

MEDICARE

Medicare is Australia's universal health care system, which gives eligible people access to cost-effective medical and hospital care, optometry and, in special circumstances, other allied health services.

In 2014–15, 24.2 million people were enrolled in Medicare and \$20.4 billion was paid in benefits. Almost 95 per cent of claims were made electronically. Around one-third of all health practices lodged all Medicare claims electronically—see Figure 4 and Figure 5 on page 33.

Eligibility overview

To be eligible for Medicare a person must reside in Australia and be one of the following:

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

Table 7: Medicare enrolments

	2012–13	2013–14	2014–15	% change since 2013–14
People enrolled at 30 June	23.4 million	23.8 million	24.2 million	+1.5
Active cards at 30 June	13.3 million	13.5 million	13.7 million	+1.6
New enrolments	618 533	603 070	581 922	–3.5

MEDICARE ENTITLEMENT STATEMENTS

People who are not eligible for Medicare may apply to be exempt from paying the Medicare levy, which is administered by the Australian Taxation Office (ATO). If the application is approved, the department issues a Medicare Entitlement Statement (previously referred to as the Medicare Levy Exemption Certificate), which the person must lodge at the ATO with their tax return.

Table 8: Medicare Entitlement Statements

	2012-13	2013-14	2014-15	% change since 2013-14
Accepted applications	95 190	134 813	141 625	+5.1
Rejected applications	4 148	6 044	3 699	-38.8
Total applications	99 338	140 857	145 324	+3.2

Medicare Safety Net

The Medicare Safety Net helps eligible people with the cost of out-of-hospital medical services. There are two Medicare safety nets—the Original Medicare Safety Net and the Extended Medicare Safety Net.

The Original Medicare Safety Net applies to all Medicare cardholders and has a threshold of \$440.80 (singles and families) for 2015. This is based on the gap amount, which is 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—\$638.40 for Commonwealth concession card holders and FTB Part A recipients, and a general threshold of \$2000 for all Medicare cardholders (singles and registered families). This threshold is based on out-of-pocket costs, which is the difference between the doctor's charge and the Medicare benefit.

It is possible for singles and families to reach the threshold for either or both the Original Medicare Safety Net and the Extended Medicare Safety Net in a calendar year. The thresholds apply to a calendar year and are indexed.

Medicare claiming

Health professionals can choose to bulk bill their patients. This means that the health professional claims the Medicare benefit directly from the department with the patient's permission as full payment for the service, and does not charge the patient a fee.

If a health professional charges the patient a fee, the patient can claim by:

- paying the account, and then, if the health professional or practice offers electronic claiming, practice staff can lodge the claim electronically with the department and the benefit will be paid into the patient's bank account, usually on the next working day or sometimes sooner
- paying the account and then claiming the benefit from the department either in person at a service centre, using the Express Plus Medicare mobile app, online, myGov or by phone or mail
- claiming the unpaid account from the department and receiving a cheque made out in the health professional's name to give to the health professional along with any outstanding balance.

Claims for in-hospital services received by patients can be made through simplified billing arrangements. This means claims are lodged by hospitals, billing agents, health professionals and day surgeries with the department and private health insurers, either through the Electronic Claim Lodgement Information Processing Service Environment (ECLIPSE), Simple Mail Transfer Protocol (SMTP) systems, or manually.

Table 9: Medicare services and benefits by claim type

	2012-13	2013-14	2014-15	% change since 2013-14
Bulk billing	263.0 million	276.8 million	290.6 million	+5.0
Patient claiming	55.1 million	53.9 million	53.3 million	-1.1
Simplified billing	25.8 million	27.5 million	29.6 million	+7.6
Total services processed	344.0 million	358.3 million	373.4 million	+4.2
Bulk billing	\$12.4 billion	\$13.0 billion	\$14.0 billion	+7.7
Patient claiming	\$4.2 billion	\$4.2 billion	\$4.2 billion	0
Simplified billing	\$2.0 billion	\$2.1 billion	\$2.3 billion	+9.5
Total benefits paid	\$18.6 billion	\$19.3 billion	\$20.5 billion	+5.7
Average benefit per service	\$54.15	\$53.82	\$54.90	+2.0
Average period ¹ (date of lodgement to processing)	2.6 days	1.9 days	1.7 days	-10.5

1. Due to the number of electronic claiming channels available, the gap between date of lodgement and the date of processing has reduced.

Table 10: Medicare services by payment type

	2012-13 million	%	2013-14 million	%	2014-15 million	%
Cash to claimant ¹	1.7	0.5	0.0	0.0	0.0	0.0
Cheque to claimant	3.4	1.0	3.3	0.9	3.0	0.8
Electronic funds transfer (EFT) to claimant	34.4	10.0	36.6	10.2	35.6	9.5
EFTPOS payment to claimant	9.3	2.7	8.6	2.4	9.8	2.6
Cheque to health professional ²	1.6	0.5	0.0	0.0	0.0	0.0
EFT to health professional	261.4	76.0	276.8	77.3	290.6	77.8
Pay doctor via claimant cheque	6.4	1.9	5.4	1.5	4.8	1.3
Payment to private health fund or billing agent	25.8	7.5	27.5	7.7	29.6	7.9
Total services³	344.0	100	358.3	100	373.4	100

1. Cash payments were phased out from 1 July 2012.

2. Payments by cheque to health professionals for bulk billing services ceased on 1 November 2012.

3. Numbers may differ due to rounding.

Medicare electronic claiming

The six options for lodging Medicare claims electronically are:

- **Medicare Online**—a secure internet connection for lodging claims from a health practice using practice management software
- **Medicare Easyclaim**—a secure EFTPOS terminal (stand-alone or integrated with practice management software) for lodging claims from a health practice
- **ECLIPSE**—a secure connection for claiming services provided in hospitals used by providers, public and private hospitals, billing agents and private health insurers
- **Claiming Medicare Benefits Online**—through myGov or through the Express Plus Medicare mobile app for 23 of the most common MBS items. The app also allows patients to lodge claims electronically for other items if an image of the receipt is uploaded with the claim
- **SMTP**—uses an electronic format similar to email for claiming bulk billing and simplified billing services
- **Health Professional Online Services (HPOS)**—provides secure access for health professionals to bulk bill Medicare directly for any medical and some allied health services received by the patient—see also *Online services for health professionals* on page 160.

Most health practitioners lodge bulk bill claims electronically, benefiting from streamlined processing and improved cash flow. At 30 June 2015, 98 per cent of bulk bill claims were lodged electronically compared to 97.5 per cent at 30 June 2014.

Figure 4: Medicare services by claim type—electronic and manual

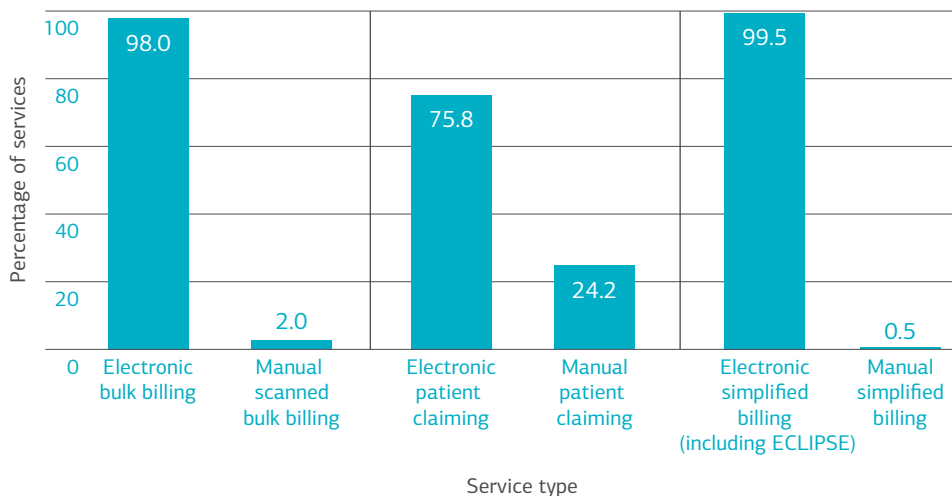


Figure 5: Practices transmitting electronically 2012–13 to 2014–15

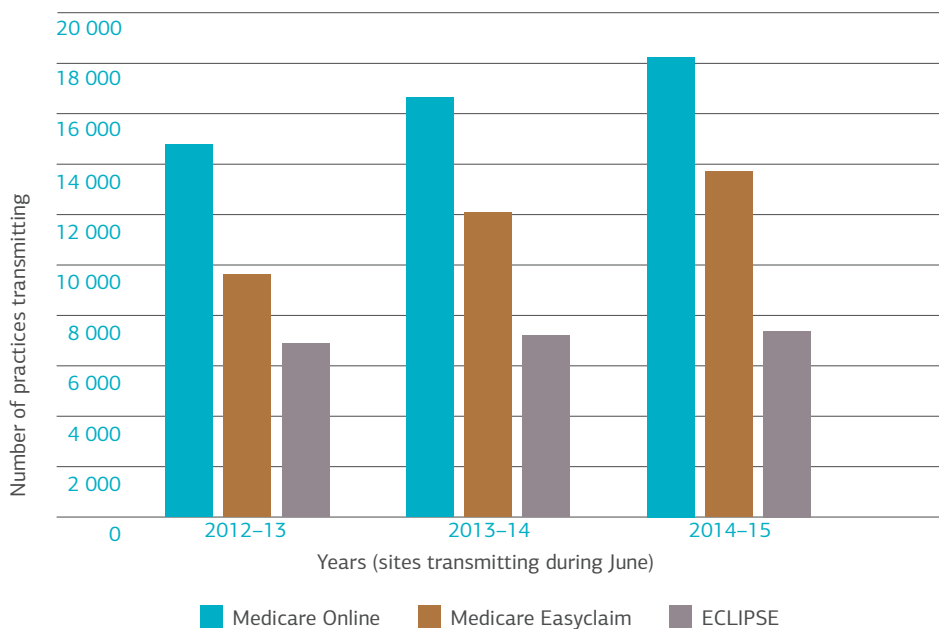


Table 11: Volumes of services transmitted electronically

	2012-13	2013-14	2014-15	% change since 2013-14
Medicare Online				
Bulk billing	234.5 million	253.5 million	265.4 million	+4.7
Patient claiming	21.7 million	27.5 million	30 million	+9.1
Medicare Easyclaim				
Bulk billing	17.3 million	16.3 million	19.1 million	+17.2
Patient claiming	7.7 million	8.3 million	10 million	+20.5
ECLIPSE				
Simplified billing	16.9 million	19.2 million	21.9 million	+14.1
SMTP				
Bulk billing	154 500	141 500	74 500	-47.3
Simplified billing	8.8 million	8.2 million	7.5 million	-8.5
Claiming Medicare Benefits Online				
Patient claiming	211 200	251 500	352 400	+40.5
Total services	307.2 million	333.5 million	354.4 million	+6.3
Percentage of overall claims lodged electronically	89.3	93.1	94.9	+1.8

Veterans' Affairs processing

In collaboration with DVA the department assesses claims and makes payments to medical, hospital and allied health professionals who treat eligible veterans, spouses and dependants. The department also produces DVA gold cards (for Personal Treatment Entitlement or Totally and Permanently Incapacitated and all conditions within Australia), white cards (for specific conditions) and orange cards (for pharmaceuticals) for eligible veterans.

The department and DVA continue to promote electronic claiming as the primary way of doing business with government. For health professionals, electronic claiming means faster payment times, paperless lodgement of claims, faster reconciliation and more efficient confirmation of patient details. It also means lower administrative costs for DVA.

DVA electronic claiming increased to 79.3 per cent in 2014–15 compared to 74.3 per cent in 2013–14. Electronic claiming for allied health services increased to 46.4 per cent in 2014–15 compared to 28.4 per cent in 2013–14, largely due to the introduction of DVA Webclaim for allied health professionals in September 2014.

Electronic claiming for medical services increased to 90.7 per cent in 2014–15 compared to 89.8 per cent in 2013–14. This is expected to increase further with the introduction of DVA Webclaim for medical professionals in July 2015.

Hospital electronic claiming increased to 70.8 per cent from 64.1 per cent in 2013–14. Manual claiming for DVA decreased from 25.7 per cent in 2013–14 to 19.7 per cent in 2014–15.

Table 12: Department of Veterans' Affairs processing

	2012–13	2013–14	2014–15	% change since 2013–14
Cards produced ¹	19 334	248 375 ²	20 146	–91.9
Services processed	20.6 million	19.9 million	19.0 million	–4.5
Total benefits paid	\$2.1 billion	\$2.2 billion	\$2.1 billion	–4.5

1. Personal Treatment Entitlement cards, Repatriation Pharmaceutical Benefits Scheme cards, Specific Treatment Entitlement cards, and Totally and Permanently Incapacitated gold cards.
2. This number is considerably higher than other years due to a re-issue of new cards to all DVA cardholders.

Australian Childhood Immunisation Register

The Australian Childhood Immunisation Register records information about vaccinations given to children aged under seven years.

Authorised immunisation providers and the child's parent or guardian can access vaccination records. These records also assist with determining eligibility for various family assistance payments. Parents and guardians can also obtain immunisation history statements for their children. They can be used as proof of immunisation for enrolment in school or child care.

Table 13: Australian Childhood Immunisation Register¹

	2012–13	2013–14	2014–15	% change since 2013–14
Valid immunisation episodes recorded at 30 June	5.0 million	4.7 million	4.8 million	+0.8
Children aged under seven years registered at 30 June	2.2 million	2.2 million	2.2 million	+0.6
Total amount paid to immunisation providers ²	\$9.2 million	\$9.3 million	\$9.7 million	+4.3
Percentage of children registered with appropriate immunisation coverage at 30 June				
Children aged 12–15 months	90.4	90.9	92.1	+1.2
Children aged 24–27 months	92.1	92.6	89.0	-3.6
Children aged 60–63 months	91.8	91.9	92.3	+0.4

1. Figures in the table may be rounded to the nearest decimal point.
2. Payments are made when a health professional notifies the department that they have completed an age-based immunisation schedule for a child. Each schedule includes a list of vaccinations needed against a number of diseases. Therefore the payment amount to health professionals does not reflect the number of valid immunisation episodes in a year.

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 on the Australian Organ Donor Register's website, which also provides general information about organ and tissue donation for transplantation.

Table 14: Australian Organ Donor Register

	2012–13	2013–14	2014–15	% change since 2013–14
Consent registrations (including registrations of people aged between 16–17 years) ¹ at 30 June	1 679 340	1 762 648	1 833 085	+3.9
Intent registrations ² at 30 June	4 264 242	4 258 713	4 276 626	+0.4
Total registrations	5 943 582	6 021 361	6 109 711	+1.5
Serviced calls to enquiry line	22 330	18 652	17 998	–3.5

1. A legally valid consent registration occurs when someone provides a signed registration form to the Australian Organ Donor Register.
2. Intent registrations occur when people electronically register their decision to donate.

Supporting Leave for Living Organ Donors

The Supporting Leave for Living Organ Donors Scheme was a two-year pilot which provided a payment equivalent to the national minimum wage, for up to six weeks, to employers of people wanting to donate a kidney or partial liver. The scheme's aim was to help reduce the financial stress associated with living organ donation and to raise employer awareness of organ donation. The Australian Government announced on 12 May 2015 that the scheme would continue for a further two years, from 1 July 2015 to 30 June 2017.

Table 15: Supporting Leave for Living Organ Donors Scheme

	2013–14	2014–15	% change since 2013–14
Number of claims processed	65	112	+72.3
Total amount paid	\$188 478	\$ 356 292	+89

External Breast Prostheses Reimbursement Program

Under the External Breast Prostheses Reimbursement Program, women who have had a mastectomy as a result of breast cancer are reimbursed up to \$400 for each new and replacement external breast prosthesis. Women can make a claim for new or replacement prostheses every two years.

Table 16: External Breast Prostheses Reimbursement Program

	2012–13	2013–14	2014–15	% change since 2013–14
Number of claims processed	14 591	16 078	15 200	-5.4
Total amount paid	\$5.9 million	\$6.4 million	\$6.1 million	-4.7

National Bowel Cancer Screening Program

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

As part of the 2014–15 Budget, the government announced the bringing forward of biennial screening for bowel cancer. All Australians aged 50 to 74 years will be invited to participate. The phased introduction commenced on 1 January 2015 and will be fully implemented in 2020. The department's role is to:

- identify and invite eligible people to participate
- make payments to medical professionals for providing information to the register about consultations and medical procedures for programme participants who have received positive test results
- operate the information phone line for the general public and health professionals.

In 2014–15 the department invited eligible people who turned 50, 55, 60, 65, 70 and 74 years in 2015 to undertake screening.

Table 17: National Bowel Cancer Screening Program

	2012–13	2013–14	2014–15	% change since 2013–14
Invitations distributed	969 749	1 426 814	1 331 711	-6.6
Information line calls received	105 443	100 591	159 967	+59.02

Continence Aids Payment Scheme

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

Table 18: Continence Aids Payment Scheme

	2012–13	2013–14	2014–15	% change since 2013–14
Number of applications processed	31 837	31 776	30 212	–4.9
Total amount paid	\$62.0 million	\$66.8 million	\$74.1 million	+10.9

Child Dental Benefits Schedule

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

To be eligible a child must be aged between 2 and 17 years, be eligible for Medicare, and they, or their family, guardian or carer receives a relevant Australian Government payment, such as FTB Part A, at any time in the calendar year.

In 2014 and 2015 benefits for basic dental services are capped at \$1000 per child over two consecutive calendar years.

In 2014–15, the first full year after the schedule's introduction, the department processed 4.9 million services and paid \$311.2 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. From 1 July 2015 income thresholds were paused for three years to 1 July 2018.

In 2014–15 the rebate could be claimed in one of two ways:

- an upfront reduction in the cost of premiums—the Premiums Reduction Scheme (administered by the department)
- a tax offset in annual income tax returns (administered by the ATO).

Table 19: Private Health Insurance Rebate

	2012–13	2013–14	2014–15	% change since 2013–14
Memberships registered	6.5 million	6.6 million	6.9 million	+4.5
Total paid to private health funds	\$5.2 billion	\$5.6 billion	\$5.8 billion	+3.6

Hearing Services Program

The Australian Government provides hearing services to people who are determined to be eligible by the Office of Hearing Services within the Department of Health. The department processes claims and pays claims via the eClaim facility to accredited hearing service contractors for the Hearing Services Program. The department administers the programme on behalf of the Department of Health.

Table 20: Hearing Services Program services and payments

	2012–13	2013–14	2014–15	% change since 2013–14
Services processed ¹	1 236 515	1 265 890	1 320 763	+4.3
Total amount paid²	\$312.7 million	\$337.0 million	\$378.0 million	+12.2

1. Services provided to individuals.
2. Payments made to hearing service contractors.

Medicare Compensation Recovery

Medicare Compensation Recovery aims to prevent double claiming when a person receives a lump sum compensation payment of more than \$5000. If the person had received any Medicare benefits, or nursing home or residential care government subsidies because of their injury, they may have to pay the costs of these back to the Australian Government before they get their compensation payment.

Table 21: Medicare Compensation Recovery

	2012–13	2013–14	2014–15	% change since 2013–14
Cases finalised	40 463	52 678	50 268	-4.6
Total amount of benefits recovered	\$64.5 million	\$51.4 million	\$48.5 million	-6.0

Practice Incentives Programme

The Practice Incentives Programme (PIP) consists of 10 incentives—see Table 22 below. The incentives are paid to medical practices and individual providers to encourage improvements to general practice—see Table 23 on page 42 for data on practice participation in the programme.

Table 22: Practice Incentives Programme payments

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 who have not had a cervical smear in the past four years, increasing overall screening rates. SIPs are available to GPs for each cervical smear taken on a woman aged between 20 and 69 years who has not had a cervical smear in the past four years.
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 eHealth 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 the PIP payments of 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 appropriately trained and have actual experience of general practice.

Table 23: Practice participation in the Practice Incentives Programme

	2012-13	2013-14	2014-15	% change since 2013-14
Total number of practices participating	5 189	5 250	5 392	+2.7
Practices registered per incentive¹				
Asthma	3 136	3 346	3 575	+6.8
Cervical screening	3 220	3 418	3 637	+6.4
Diabetes	3 209	3 410	3 632	+6.5
eHealth	4 012	4 618	4 876	+5.6
Indigenous health	3 417	3 763	4 041	+7.4
Practices receiving outcomes payments²				
Procedural GP ³	360	375	373	-0.5
Cervical screening	1 017	516	484	-6.2
Diabetes	2 437	1 001	1 091	+9.0
Indigenous health	4 356	5 086	5 691	+11.9
Other information				
Indigenous health incentive patient registration payments	54 944	62 266	64 780	+4.0
Teaching session payments	196 494	230 662	211 196	-8.4
Service incentive payments ⁴ (asthma, cervical, diabetes, aged care access incentive)	57 824	62 978	67 555	+7.3
Total amount paid at 30 June	\$279.6 million	\$218.6 million	\$228.1 million	+4.3

1. Practices are automatically registered for the teaching, rural loading and quality prescribing incentives when approved for the programme.
2. Outcome payments are made to practices that have reached the target level required to receive the incentive under the programme. For the cervical screening and diabetes incentives, this is the number of practices that received an outcomes payment in the May quarter. For the Indigenous health incentive, this is the total number of outcomes payments.
3. This is the number of practices that received a procedural GP payment.
4. This is the total number of service incentive payments which includes the asthma incentive, cervical screening incentive, diabetes incentive and the general practitioner aged care access incentive.

Practice Nurse Incentive Program

The Practice Nurse Incentive Program provides incentive payments to practices that support an expanded 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 current Royal Australian College of General Practitioners Standards for general practices.

Table 24: Practice Nurse Incentive Program

	2012–13	2013–14	2014–15	% change since 2013–14
Practices approved	3994	4252	4338	+2.0
Payments made	\$313.2 million	\$295.8 million	\$314.3 million ¹	+6.3

1. The figure shown represents the total amount of the incentive paid, including the DVA loading.

Mental Health Nurse Incentive Programme

The Mental Health Nurse Incentive Programme funds community-based general practices, private psychiatric practices and other appropriate organisations so they can employ mental health nurses to help provide coordinated clinical care for people with severe and persistent mental disorders.

Table 25: Mental Health Nurse Incentive Programme

	2012–13	2013–14	2014–15	% change since 2013–14
Organisations registered	418	381	341	-10.5
Payments made	\$35.3 million	\$31.7 million	\$32.7 million	+3.2

Rural health programmes

Four rural health programmes administered by the department offer incentives and support for medical practitioners providing services in rural areas.

GENERAL PRACTICE RURAL INCENTIVES PROGRAM

The General Practice Rural Incentives Program comprises the GP component and the Rural Relocation Incentive Grant. The programme encourages medical practitioners to practice in rural and remote communities and promotes careers in rural medicine.

Table 26: General Practice Rural Incentives Program

	2012–13	2013–14	2014–15	% change since 2013–14
Medical practitioners paid	11 587	11 529	12 630	+9.5
Payments made	12 771	12 688	14 600	+15.4
Total amount paid	\$113.2 million	\$137.6 million	\$157.8 million	+14.7

HECS REIMBURSEMENT SCHEME

The HECS (Higher Education Contribution Scheme) Reimbursement Scheme encourages medical graduates to pursue a career in rural medicine and increases the number of doctors in rural and regional areas.

Eligible graduates, who have completed their final year of study and obtained their medical degree in the last six years, have a proportion of their HECS debt reimbursed for each year of training undertaken, or service provided, in rural and remote Australia.

Payments are scaled to provide the greatest rewards for medical practitioners working in the most remote areas. The Australian Standard Geographical Classification—Remoteness Area system is used to define eligible areas.

Table 27: HECS Reimbursement Scheme

	2012–13	2013–14	2014–15	% change since 2013–14
Number of medical graduates paid	1011	1050	1126	+7.2
Number of payments made	1738	1695	1909	+12.6
Total amount paid	\$14.3 million	\$14.9 million	\$23.8 million¹	+59.7

1. \$7.9 million of the \$23.8 million is the accrual amount for 2014–15. This figure includes pro-rata payments for the cessation of the HECS Reimbursement Scheme on 30 June 2015.

RURAL PROCEDURAL GRANTS PROGRAM

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

The Australian College of Rural and Remote Medicine and the Royal Australian College of General Practitioners determine eligibility.

In 2014–15, 1992 GPs were paid a total of \$18.9 million compared to 2013–14 when 1999 GPs were paid a total of \$16.9 million.

RURAL LOCUM EDUCATION ASSISTANCE PROGRAM

The Rural Locum Education Assistance Program provides financial assistance to urban GPs who undertake emergency medicine training. They must commit to a four-week general practice locum placement in a rural locality within two years of finishing their training.

The Australian College of Rural and Remote Medicine and the Royal Australian College of General Practitioners determine eligibility.

In 2014–15, 20 GPs were paid a total of \$90 000 compared to 2013–14 when 31 GPs were paid a total of \$144 000.

Medical indemnity

The Australian 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 impact 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.

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 2014–15 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 28: High Cost Claims Indemnity Scheme

	2012–13	2013–14	2014–15	% change since 2013–14
Claims received	211	231	445	+92.6
Total benefits paid	\$33.4 million	\$30.1 million	\$47.2 million	+56.8

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. The scheme subsidises 60 per cent of the cost of the premium beyond the 7.5 per cent threshold.

Table 29: Premium Support Scheme

	2012–13	2013–14	2014–15	% change since 2013–14
Eligible practitioners	1993	1671	1400	-16.2
Amount paid	\$9.3 million	\$9.3 million	\$7.8 million	-16.1
Administration fees ¹	\$2.4 million	\$1.4 million	\$1.3 million	-7.1

1. The decrease in administration fees is primarily due to a reduced monthly invoice amount from the insurance provider. The monthly amount is calculated by the Department of Health at the beginning of the financial year.

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 30: Run-off Cover Scheme

	2012–13	2013–14	2014–15	% change since 2013–14
Claims received	72	60	81	+35.0
Total benefit paid	\$2.9 million	\$2.0 million	\$5.6 million	+180.0

RUN-OFF COVER SCHEME SUPPORT PAYMENT

Under the Run-off Cover Scheme the government guarantees funding for claims against eligible medical practitioners who have left the private medical workforce and have been provided with free run-off cover. The 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 2014–15, \$1.8 million in administration fees was paid compared to \$1.1 million in 2013–14. No implementation fees were paid.

INCURRED-BUT-NOT-REPORTED INDEMNITY CLAIMS SCHEME

Under the Incurred-But-Not-Reported 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.

Ongoing costs associated with the scheme are partly funded through a contribution payment called the United Medical Protection Support Payment which is imposed on people who were members of United Medical Protection on 30 June 2000. To be eligible, incidents that led to claims must have occurred before 30 June 2002.

Table 31: Incurred-but-not-reported indemnity claim scheme

	2012–13	2013–14	2014–15	% change since 2013–14
Claims received	34	65	65	0.0
Total benefit paid	\$3.7 million	\$7.8 million	\$2.3 million	-70.5

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 eligible midwives. It benefits private independent midwives by providing indemnity insurance policies. In 2014–15 no claims were made under this scheme.

MIDWIFE INDEMNITY ADMINISTRATION FEES

Run-off Cover Scheme administration fees are paid to midwife professional indemnity insurers to compensate for the work they undertake to administer the scheme.

In 2014–15, \$175 000 in administration fees was paid compared with \$125 000 in 2013–14 and \$173 916 in 2012–13.

Visiting medical practitioners

Under a service agreement with the Western Australian Government the department administers a payment and information system for hospital staff. 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 32: Visiting medical practitioners

	2012–13	2013–14	2014–15	% change since 2013–14
Number of services	283 621	292 216	264 834	-9.4
Total value	\$71.3 million	\$78.9 million	\$78.4 million	-0.6

Medical, dental and pharmaceutical advisers

The department employs 42 health professionals such as doctors, pharmacists, a dentist and an optometrist, to provide specialist advice.

These health professionals undertake various activities including:

- reviewing health practitioners under the Practitioner Review Program
- assisting with compliance audits, projects and investigations
- assisting with assessment of complex claims and highly specialised drugs applications
- developing educational products and providing education to health professionals.

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 programme, 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 2014–15 payments of \$35.2 billion were made compared to \$33.4 billion in 2013–14.

PHARMACEUTICAL BENEFITS SCHEME

The Pharmaceutical Benefits Scheme (PBS) subsidises the cost of many prescription medicines, making them more affordable 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 both schemes the department processes pharmacist claims, approves authority prescriptions, approves pharmacists and certain doctors to supply PBS medicines, and approves private hospitals and participating public hospitals to supply PBS medicines to eligible patients. It also administers associated programmes that support access to medicines and their quality use, such as pharmacist incentive payments.

Table 33: PBS and RPBS expenditure

	2012–13	2013–14	2014–15	% change since 2013–14 ²
PBS benefits paid	\$9.1 billion	\$9.3 billion	\$9.2 billion	-1.1
RPBS benefits paid ¹	\$0.4 billion	\$0.4 billion	\$0.4 billion	0.0
Total benefits paid	\$9.5 billion	\$9.6 billion	\$9.5 billion	-1.0
PBS services processed ¹	198.7 million	211.8 million	213.9 million	+1.0
RPBS services processed	12.4 million	12.3 million	11.6 million	-5.6
Total services processed	211.1 million	224.1 million	225.6 million	+0.6

1. Payments/services processed on behalf of Department of Veterans' Affairs.
2. Percentages in this table may have been rounded to the nearest decimal point.

PBS eligibility

The price paid for PBS medicines depends on a person's level of eligibility. The two levels of eligibility are the general rate and the concession rate—see also *PBS Safety Net* on page 50.

The patient contribution at the general rate rose to \$37.70 from 1 January 2015. 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 from the Department of Veterans' Affairs are eligible for the concession rate of \$6.10. These amounts were adjusted on 1 January 2015 in line with the consumer price index. Patients pay extra for more expensive brands of medicines.

PBS Safety Net

The PBS Safety Net helps people who require a lot of prescription medicines in a calendar year with their cost.

The PBS Safety Net thresholds were adjusted from 1 January 2015, in line with the consumer price index. The 2015 general threshold is \$1453.90 and the concession threshold is \$366 for concession card holders. Once people reach the relevant threshold, a pharmacist can issue them with a PBS Safety Net card. Their contribution for PBS medicines for the rest of the year will then be:

- \$6.10 for general patients
- free for concession card holders.

Patients pay extra for more expensive brands of medicines.

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 free PBS medicines without a prescription. Patients can also receive medicine in the usual way by taking a prescription to a community pharmacy.

At 30 June 2015 there were 173 approved Aboriginal Health Services around the country. This is consistent with the number of approved Aboriginal Health Services in 2013–14.

The Closing the Gap PBS Co-Payment helps Aboriginal and Torres Strait Islander people living with chronic disease, or at risk of it, with the cost of PBS medicines. Since 1 July 2010 eligible patients have received PBS medicines free of charge or for the concession patient contribution rate.

Travelling with PBS medicines

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 2014–15 the enquiry line received almost 2500 calls compared to 3300 calls 2013–14. During the year there were 35 000 visits to the relevant page on the department's website compared to 30 000 in 2013–14.

PBS processing

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

Table 34 shows data relevant to the administration of the PBS.

Table 34: PBS administration

Deliverables and key performance indicators	2012–13 %	2013–14 %	2014–15 %
Claims processed accurately ¹	98.6	98.2	98.2
PBS claims submitted online	99.6	99.9	99.9
Applicants approved to supply PBS medicines advised within five days of the decision being made	100	100	100

1. Target \geq 98 per cent.

Authority-required prescriptions

Authority-required medicines for the treatment of specific conditions are listed in the Schedule of Pharmaceutical Benefits and may require approval from the department before they are prescribed to patients. An authority prescription provides the option of seeking more or repeat prescriptions of PBS or RPBS medicines. In 2014–15 the department received 6.9 million authority requests, and 6.9 million in 2013–14.

Approving suppliers of PBS medicines

Under section 90 of the *National Health Act 1953* and with agreement from the Australian Community Pharmacy Authority (ACPA), the department can grant approvals to community pharmacies, certain doctors and hospital authorities to supply PBS medicines.

The number of section 90 applications referred to ACPA decreased from 401 in 2013–14 to 349 in 2014–15:

- 100 per cent of applications were referred to ACPA within nine working days of registration
- 100 per cent of applications recommended by ACPA were advised within five working days of the decision to approve.

Table 35: Approved PBS suppliers at 30 June

	At 30 June 2013	At 30 June 2014	At 30 June 2015	% change since 30 June 2014
Approved pharmacists	5351	5457	5511	+1.0%
Approved medical practitioners	33	23	21	-8.7%
Approved hospital authorities—private hospitals	95	104	116	+11.5%
Approved hospital authorities—public hospitals participating in pharmaceutical reforms	159	159	161	+1.3%
Approved hospital authorities—highly specialised drugs only	77	78	77	-1.3%

Pharmaceutical reforms in public hospitals

Under the National Healthcare Agreement, the Australian Government and state and territory governments have reformed the supply of pharmaceutical benefits to eligible patients in public hospitals. Eligible patients include:

- admitted patients on discharge
- outpatients
- day patients accessing chemotherapy drugs.

At 30 June 2015 the department had approved 161 public hospitals under these arrangements—5 in the Northern Territory, 49 in Queensland, 15 in South Australia, 4 in Tasmania, 69 in Victoria, 19 in Western Australia and none in either New South Wales or the Australian Capital Territory.

eHEALTH

The eHealth programme is a national approach to delivering electronic health system standards and infrastructure. It is transforming the way information is accessed and used to plan, manage and deliver health services in Australia. The department is delivering core components of the eHealth programme including:

- the Healthcare Identifiers Service
- the National Authentication Service for Health.

The department is also delivering components of the Personally Controlled Electronic Health Record system on behalf of the eHealth System Operator, the Department of Health.

Healthcare Identifiers Service

The Healthcare Identifiers Service (HI Service) is a national system for uniquely identifying health care providers, organisations and individuals.

Use of Health Identifiers gives individuals and providers confidence that the right information is associated with the right individual at the point of care. A Healthcare Identifier is not a health record and is not required to receive health care or to claim health care benefits such as Medicare.

As the HI service operator (as defined in the *Healthcare Identifiers Act 2010*), the department assigns, collects, stores and maintains HIs.

In 2014–15 the department has:

- assigned 585 330 HIs to individuals
- collected or assigned 33 387 HIs to individual health care providers
- assigned 531 HIs to health care organisations (such as hospitals or general practices).

The HI Service annual report contains full details of HI Service operations and is tabled in the Parliament each year.

National Authentication Service for Health

The National Authentication Service for Health (NASH) delivers authentication services for health care providers and supporting organisations.

NASH Public Key Infrastructure (PKI) certificates are used to access the eHealth record system. The NASH PKI certificates can also be used to send and receive information securely between health care organisations.

In 2014–15 the department issued:

- 5559 certificates to health care provider organisations
- 687 certificates to health care provider individuals
- 12 certificates to supporting organisations.

HEALTH PROFESSIONAL EDUCATION SERVICES

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

In 2014–15 these included:

- developing and delivering seven MBS presentations and workshops for health professional peak bodies, which had 261 attendees
- engaging internal and external stakeholders to develop information and education resources for health professionals
- running 56 intern training workshops with 1398 attendees under the national training programme for pharmacy interns
- facilitating four presentations to 59 health professionals through the National Broadband Network across 35 sites.

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

- Medicare ultrasound services guide
- information about prescribing, dispensing and claiming highly specialised drugs guide
- five guides supporting online claiming
- Medicare reason codes and reducing claim rejections guide
- five guides and an eLearning programme supporting Indigenous health
- introduction to Compliance within Medicare eLearning Programme.

During the year more than 17 600 educational products were downloaded from the department's website and there were more than 196 000 visits to its education pages.

2.4 CHILD SUPPORT

CHILD SUPPORT

The department assists separating and separated families to ensure their children are supported through the Child Support Scheme. This includes working with other government departments and community agencies to make sure that separated parents have access to the range of support services available.

Child support assessment, registration, collection and disbursement services are provided to parents and non-parent carers such as grandparents, legal guardians or other family members. We also provide separated parents with a range of referral services and products to help them with their child support needs. The person entitled to receive support payments can elect to transfer child support privately (Private Collect) or ask the department to transfer the payments (Child Support Collect).

The percentage of domestic active paying parents with no outstanding child support debt increased to 77.4 per cent in 2014–15 compared to 75.7 per cent in 2013–14.

Although most parents pay their child support on time, with more than half of parents using Private Collect arrangements, early intervention and enforcement measures are still needed for parents who fail to pay their child support. The department uses various means to collect ongoing and overdue child support—see *Child support customer compliance* on page 116.

Child Support transfers

In 2014–15 the department worked with separated parents to transfer \$3.5 billion to support approximately 1.2 million children. This is the same as in 2013–14.

Table 36: Amount of child support transferred between parents

Total child support transferred	2012–13 \$ billion	2013–14 \$ billion	2014–15 \$ billion
Child Support Collect	1.4	1.5	1.5
Private Collect ¹	2.0	2.0	2.0
Total	3.4	3.5	3.5

1. The amount of Private Collect transferred assumes 100 per cent of Private Collect is collected and transferred.

Private Collect

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

In 2014–15, 53 per cent of cases used Private Collect arrangements. This compares to 53.3 per cent in 2013–14 and 53.7 per cent in 2012–13.

Child Support Collect

Parents can ask the department to collect and transfer their child support.

In 2014–15, \$1.5 billion was collected, the same as in 2013–14—see Table 36 on page 55.

Table 37 outlines the percentage of child support debt under a payment arrangement.

Table 37: Percentage of child support debt under an arrangement

	2012–13 %	2013–14 %	2014–15 %
Child support debt under an arrangement	41.8	40.5	39.1

Active paying parents with debt under arrangement and without debt

Active paying parents are those with a role in at least one active child support case, not including cases that ended with arrears. Of all active paying parents 75.8 per cent had no debt at the end of June 2015 compared to 75.7 per cent at the end of June 2014.

The remaining active paying parents had an outstanding child support debt. Of these 51.9 per cent had a payment arrangement in place in 2014–15 compared to 51.1 per cent in 2013–14.

Table 38 on page 57 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 programmes.

Table 38: Active paying parents with debt under arrangement and without debt

	2012–13 %	2013–14 %	2014–15 %
Active paying parents without debt	75.3	75.7	75.8
Active paying parents with a child support debt which is under a payment arrangement	51.7	51.1	51.9

Change of assessment and objections to child support decisions

In 2014–15 the number of parents applying for a change of assessment fell by 0.4 per cent from 18 169 change of assessment applications in 2013–14 to 18 092 in 2014–15.

The number of objections to change of assessment decisions increased 10.3 per cent from 2770 in 2013–14 to 3056 in 2014–15. Parents who object to child support decisions, including change of assessment, can expect to have a final decision within 60 days for domestic customers and 120 days for international customers.

Andrea's work with women experiencing domestic violence



Social Worker Andrea deals with the fallout of domestic violence, working with the Gold Coast Domestic Violence Prevention Centre. 'Domestic violence is so totally disempowering. It's fulfilling to give these women hope and help turn lives around,' she said.

The Gold Coast community has recognised Andrea with an award for her work in helping the city deal with one of its biggest problems. This award is the community pointing to the department as a champion in this space.

2.5 SERVICES FOR PEOPLE NEEDING OTHER SUPPORT

SUPERANNUATION PROGRAMMES

Small Business Superannuation Clearing House

The Australian Taxation Office's (ATO) Small Business Superannuation Clearing House is a free government service to assist small businesses with 19 or fewer employees to meet their superannuation guarantee obligations, and to reduce red tape. Under superannuation guarantee requirements, small businesses must make superannuation payments at least four times a year.

The department manages the Clearing House on behalf of the ATO. The Clearing House simplifies the process into a single, electronic payment for all employees and sends the contributions to the nominated superannuation funds—avoiding the need for small businesses to deal with multiple funds.

Early Release of Superannuation Benefits

The Early Release of Superannuation Benefits programme allows eligible people to draw on their superannuation benefits under specified compassionate grounds in a time 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 financial hardship.

The department's role is to confirm that a person has received a qualifying income support payment for the required period, and to assess applications and approve early release of benefits.

Final decisions to release superannuation benefits rest solely with the superannuation funds.

Table 39: Early Release of Superannuation Benefits

	2012-13	2013-14	2014-15	% change since 2013-14
Applications received	18 024	19 286	19 367	+0.4
Applications approved in full or in part	11 510	12 243	14 261	+16.5
Amount approved for release	\$145 517 285	\$150 991 150	\$183 772 297	+21.7
Average amount released per approval	\$12 643	12 333	\$12 886	+4.5

VULNERABLE PEOPLE

Apart from providing direct assistance with payments and services, the department continued to work with community organisations to ensure that vulnerable customers receive appropriate and timely referrals to other support and assistance.

Family and domestic violence

The department's Family and Domestic Violence Strategy aims to ensure that customers most in need, due to family and domestic violence concerns, are identified and receive the support they need, such as payments, support services and referrals to other assistance—see also *Support for people experiencing domestic and family violence* on page 62.

The implementation of the strategy also supports staff who may be affected by domestic violence through awareness programmes and access to support services.

Helping vulnerable people



Community Engagement Officers are dedicated to providing services to vulnerable people including those experiencing homelessness, particularly for customers who have difficulties in accessing mainstream services and require alternative approaches. This includes delivering services outside office settings in places like rehabilitation centres, psychiatric hospitals, prisons, hostels, refuges, drop in centres and organised meeting places.

Community Engagement Officer Lance says: 'We are often faced with people who are very distressed, confused and overwhelmed by the situation they are in.

'They can be in despair and at risk of taking actions or making choices that have far reaching consequences. I can be a circuit breaker, the sign that not all is lost.'

Community Engagement Officers

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

Community Engagement Officers offer information, assistance and outreach to community organisations that support people with complex needs. This is to ensure they have an accurate understanding of the department's services and customer 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 2014–15 the department had 96 Community Engagement Officers, compared to 102 in 2013–14.

Homelessness Indicator

The department continues to collect and monitor information about people's housing stability through the Homelessness Indicator. The indicator enables the department to consider tailored services for people experiencing, or at risk of, homelessness—see also *Support for people experiencing homelessness and hardship* on page 62.

In 2014–15, 98 918 customers had a Homelessness Indicator on their customer record compared to 83 747 customers in 2013–14.

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 in providing support for at-risk young people aged between 12 and 17 years who are seeking income support. The department is currently reviewing arrangements to improve servicing for young people at risk.

Services for prisoners

Prison services are provided nationally to prisons and youth justice centres. Programme 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 amounts from adults in prison are accurate
- completing Employment Services Assessments and Job Capacity Assessments
- providing Medicare services
- providing income support on release
- assisting Indigenous customers with study expenses.

A National Child Support phone service for incarcerated customers was successfully implemented this year. Programme protocol agreement reviews were completed and signed with the Australian Capital Territory, Northern Territory, Queensland, South Australia and Western Australia. The department is working on agreements with Victoria, New South Wales and Tasmania.

Research into services for ‘disconnected’ people

The department continued work with RMIT University to investigate ways to improve service delivery for people with complex needs who are disconnected from their community’s economic and social life. In partnership with the Bridgewater community in Tasmania, a three year longitudinal study—due to finish in December 2015—continues to test new, innovative and practical service delivery approaches.

SOCIAL WORK SERVICES

Social workers are at the intensive end of the department’s service delivery model, with priority given to customers who are at risk of suicide or mental distress without adequate support and people experiencing domestic and family violence, mental illness, homelessness and hardship.

At 30 June 2015 the department had 741 qualified social workers located in service centres, smart centres, remote servicing teams and community outreach roles. Social workers responded to 278 308 referrals for support in 2014–15 compared to 305 699 in 2013–14.

Priority areas

SUICIDE AND MENTAL DISTRESS

Social workers provide timely support and intervention to customers at risk of suicide or suffering mental distress. This includes ensuring the person is safe and making referrals for further assistance, and providing support to service officers engaging with customers who are at risk. In 2014–15 social workers responded to 4251 referrals for customers at risk of suicide compared to 4345 referrals in 2013–14, and 39 511 referrals for customers experiencing mental health issues compared to 45 129 in 2013–14.

YOUNG PEOPLE WITHOUT ADEQUATE SUPPORT

Social workers provide targeted professional intervention and support for vulnerable and unsupported young people aged under 25 years. This work assists young people to become more independent and engage in work, training or study by ensuring they are connected with appropriate services in their community that will help address basic needs, such as accommodation. In 2014–15 social workers worked intensively with 4943 young people compared to 5385 in 2013–14.

SUPPORT FOR PEOPLE EXPERIENCING DOMESTIC AND FAMILY VIOLENCE

Social workers provide private and confidential interviews for counselling and support for people experiencing domestic and family violence. They help customers consider their options and determine their eligibility for any payments and services where domestic and family violence is a factor.

In 2014–15 social workers received 48 468 referrals for people experiencing domestic and family violence compared to 47 306 referrals in 2013–14.

SUPPORT FOR PEOPLE EXPERIENCING HOMELESSNESS AND HARDSHIP

Social workers assist individuals and families with multiple complex needs through early intervention and crisis support, case planning, counselling, and referrals to government and community agencies.

In 2014–15 social workers received 62 044 referrals for customers experiencing homelessness or accommodation issues, compared to 72 651 referrals in 2013–14. The department continued to have 13 dedicated social workers in 2014–15, working closely with Community Engagement Officers to support people who are homeless or at risk of homelessness. These social workers assisted 4362 customers in 2014–15 compared to 2844 customers in 2013–14.

Specialist social work programmes

SUPPORTING REPATRIATED CUSTOMERS

Through referrals from the Department of Foreign Affairs and Trade the department continued to assist vulnerable customers who have voluntarily returned to Australia, who do not have family, kin or support networks and require assistance to reintegrate into the community.

CARER SPECIALIST ASSESSMENTS

In 2014–15 there were 906 referrals to carer specialist assessment social workers compared to 919 in 2013–14.

Social workers also assessed 223 claims from carers aged under 18 years (352 in 2013–14) and 1642 claims from carers aged over 80 years (1416 in 2013–14). These customer groups are recognised as having multiple complex needs and often need professional social work intervention.

SOCIAL WORK SERVICE AND COMPLIANCE

Social workers, in consultation with senior service officers, undertake Comprehensive Compliance Assessments, which support the job seeker compliance model. The information gathered by social workers in assessments guides decision-making about serious failures and barriers to participation. See also *Job seeker compliance* on page 27.

SOCIAL WORK SERVICES DURING EMERGENCY RECOVERY

In 2014–15 social workers helped people affected by the bushfires in South Australia in January 2015, Tropical Cyclone Marcia in Queensland and Tropical Cyclone Lam in the Northern Territory in February 2015, Tropical Cyclone Olwyn in Western Australia in March 2015 and the storms and flooding on the New South Wales east coast in April 2015. They provided support in recovery centres, service centres in the community and via phone services.

In July 2014 social workers were part of a whole-of-government response to assist families of Australians who died in the Malaysian Airlines Flight MH17 plane crash. Social workers also continued to support individuals and families claiming the Australian Victim of Terrorism Overseas Payment.

See also *Emergency responses* on page 79.

HOME ADVICE PROGRAM

Social workers continued to support the Household Organisational Management Expenses (HOME) Advice Program during its extended funding period to 28 February 2015. Up to this time, social workers conducted 1281 interventions with families at risk of homelessness to ensure their access to departmental services and payments, compared to 3808 interventions in 2013–14.

RURAL SERVICES

Drought coordinators

As part of the social and community support component of the government's drought assistance package, the department has five drought coordinators in drought-declared regions of Queensland and northern New South Wales.

Drought coordinators ensure drought-declared communities receive the full benefit of the support services available. The coordinators link services and make it easier for farming families and their communities to access a range of support.

Farm Household Allowance

The department delivered the Farm Household Allowance, which replaced the Interim Farm Household Allowance on 1 July 2014. In 2014–15 over 5200 farmers and their families experiencing financial hardship were granted the Farm Household Allowance to support them to improve their long-term financial situation.

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

INDIGENOUS PEOPLE

Indigenous Servicing Strategy

The *Indigenous Servicing Strategy 2012–2015* (ISS) provides clear strategic direction to all employees who deliver services to Aboriginal and Torres Strait Islander peoples. The ISS maintains and develops Indigenous servicing expertise within the department and has three strategic goals:

- Our People
- Understanding
- Customer Service Delivery.

With the ISS expiring in December 2015, a comprehensive review of the strategy was completed. Based on the review's findings the department is renewing the strategy, with a launch planned for late 2015.

The new ISS will continue to support the department's *Aboriginal and Torres Strait Islander Employees Plan 2012–15* and the *Reconciliation Action Plan 2015–2017*.

40 years of service to Indigenous Australians



2015 marks the 40th anniversary of the Indigenous Service Officer (ISO) role. The ISO programme has grown in size and strength since its inception in 1975. Over time ISOs have shown incredible dedication and resilience and their expertise in Indigenous issues is invaluable. Today the department's network of 80 ISOs continue to provide a vital connection between Aboriginal and Torres Strait Islander peoples and communities and the department's programmes and services available to them.

Indigenous servicing specialists

Indigenous Programme Support Managers (IPSMs) help the department and Australian Government agencies to work with Aboriginal and Torres Strait Islander peoples and communities to deliver integrated services and programmes. IPSMs provide strategic advice to internal and external stakeholders to identify customer and community servicing needs, as well as expertise about cultural beliefs and practices that may affect Aboriginal and Torres Strait Islander staff or service delivery. IPSMs are members of departmental strategic and leadership forums that develop Indigenous servicing strategies. At 30 June 2015 there were 12 IPSMs.

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 key messages about the department's services, ISOs aim to increase the level of understanding, awareness and access to services and programmes. ISOs also offer intensive support to assist vulnerable Aboriginal and Torres Strait Islander peoples and communities to engage with the department to access assistance. At 30 June 2015 there were 81 ISOs.

Indigenous Customer Service Officers (ICSOs) provide culturally appropriate customer service to Aboriginal and Torres Strait Islander customers in service centres. ICSOs help and support non-Indigenous staff on culturally sensitive issues. ICSOs also refer Aboriginal and Torres Strait Islander customers to service providers and community support, offer out-servicing, and give customers advice about their rights and obligations. At 30 June 2015 there were seven ICSOs located in northern Queensland and western Victoria.

Remote servicing model

The department's remote servicing model responds to the unique challenges facing customers in remote regions. The model includes service centres, remote service centres, agents, access points, online options, and remote servicing teams, supported by an integrated remote smart centre that provides phone services and claims processing. This helps to achieve consistent services and organisational and resource efficiencies.

We have partnerships with many organisations, including other Australian Government departments and state, territory and local governments, to deliver services in remote areas.

We engage directly with customers, particularly people living in remote Indigenous communities, to shape services that are culturally appropriate, effective and empowering.

Remote servicing teams

Remote servicing teams have two to four staff who provide departmental services to remote Indigenous communities through regular visits. The department hires and trains local Indigenous staff to work in remote servicing teams. 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 are also role models for young Indigenous people in remote communities.

Remote Jobs and Communities Programme

The Remote Jobs and Communities Programme (RJCP) is administered by the Department of the Prime Minister and Cabinet. The programme provides participation and employment services for people living in remote areas using an integrated and flexible model. The department's role is to:

- manage referrals to the programme
- administer payment of an Approved Programme of Work Supplement
- take compliance action when job seekers fail to meet activity test or participation obligations.

Interpreting services

The department gives Indigenous customers 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.

Indigenous interpreters are located in high-demand service centres and also frequently assist departmental staff working in remote and extremely remote Indigenous communities. In 2014–15 the AIS provided 9538 hours of interpreting services, and the KIS provided 465 hours of interpreting services.

This year the department implemented new Indigenous Language Officer roles to deliver essential interpreter services in targeted locations with a known language need but with limited or no access to formal interpreter services.

National Indigenous Coalition

The National Indigenous Coalition (NIC) is the department's peak strategic advisory forum providing an Indigenous voice on effective delivery of payments, services and products for Aboriginal and Torres Strait Islander peoples.

The department consults with the NIC to ensure effective development of strategies that support and secure outcomes for Aboriginal and Torres Strait Islander customers, communities and employees.

Community Development Employment Projects

The Community Development Employment Projects (CDEP) programme helped Indigenous job seekers gain the skills, training and capabilities needed to find employment. The department administered the payment of supplements to eligible participants.

As part of the changes to the Remote Jobs and Communities Programme the ceasing of 'grandfathered' CDEP programme arrangements were brought forward from 30 June 2017 to 30 June 2015. This meant that the CDEP programme ceased by 30 June 2015 and the department assisted affected job seekers to test their eligibility for another income support payment during the last quarter of 2014–15.

Providing spatial services for government and the community

The Australian Government Indigenous Locations dataset (AGIL) was developed as the government's authoritative source of data for Indigenous locations. The department manages AGIL, which contains locational data for over 3800 community names in approximately 1600 discrete Indigenous locations. Government departments, private industry and community groups across Australia use AGIL regularly. The AGIL dataset is available to the general public via **data.gov.au** where it can be viewed or downloaded at no cost. In 2014–15 the AGIL dataset was viewed 935 times and downloaded 204 times at **data.gov.au**

AGIL is also included in a National Map maintained by National ICT Australia.

MONEY MANAGEMENT

Financial Information Service

The Financial Information Service (FIS) is an education and information service for the public. FIS officers help people to make informed decisions about investment and financial issues for their current and future financial needs.

FIS is an independent and confidential service and all people can benefit from its free information and education programmes.

FIS is available by phone, appointment and through a programme of seminars, some of which FIS officers delivered this year through internet broadcasts.

In 2014–15 FIS officers:

- answered more than 35 400 phone calls, compared to 79 204 in 2013–14
- conducted more than 56 700 interviews, compared to 54 967 in 2013–14
- delivered 4672 hours of outreach services, compared to 3168 in 2013–14
- held 2606 seminars for more than 79 300 participants compared to 2366 seminars for more than 72 800 participants in 2013–14
- conducted mini-FIS seminars on the department's website as video-on-demand broadcasts.

Centrepay

Centrepay is a voluntary deduction and payment service offered by the department. Centrepay helps people receiving social welfare payments pay their bills on time and budget for their ongoing expenses. It allows deductions to be made to an approved business directly from a customer's payment. Centrepay is free for customers, while businesses are charged a nominal fee. At 30 June 2015:

- 661 640 people were using Centrepay compared to 632 228 in June 2014
- 13 235 businesses received a Centrepay deduction compared to 13 321 in June 2014.

In 2014–15, 25.9 million deductions were made to the value of \$2.4 billion compared to 24.4 million deductions to the value of \$2.1 billion in 2013–14.

During the year the department continued to improve Centrepay, strengthening its role in assisting customers to meet their financial commitments.

The department's actions were guided by the issues and recommendations in the report of the Independent Review of Centrepay. In June 2015 the department published a summary of its responses to the review's recommendations on its website.

The department completed preparations for implementation of a revised Centrepay framework, incorporating a new Centrepay Policy and Terms and new procedural guides for businesses and customers. These documents were published on the department's website in June 2015. In line with an announcement by the Minister for Human Services on 22 May 2015 the new Centrepay framework excludes funeral insurance and consumer leases which are not regulated under the *National Consumer Credit Protection Act 2009*. Both cases are subject to a 12 month grandfathered period for deductions which were authorised before 1 July 2015.

The new framework commenced for new businesses on 1 July 2015. For existing businesses, there is a transition process with the new framework commencing on 1 September 2015.

Rent Deduction Scheme

Through the Rent Deduction Scheme, eligible customers can have their public housing payments sent directly to their state or territory housing authority. The scheme is an easy, free way for customers to meet their government housing obligations.

At 30 June 2015, 331 217 customers were using the scheme. In 2014–15, 9.04 million rent deductions were made, an increase of 2.58 per cent on the previous year.

Income Management

The department delivers Income Management which operates at a number of locations across Australia. Income Management helps people 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 customer'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.

Income Management measures apply in a number of locations across Australia.

Income Management locations	Income Management measures					
	Voluntary	Child Protection	Vulnerable Welfare Payment Recipient	Supporting People at Risk	Disengaged Youth	Long Term Welfare Payment Recipient
Western Australia						
Perth	✓	✓				
Peel region	✓	✓	✓			
Kimberley	✓	✓				
Ngaanyatjarra Lands	✓	✓	✓			
Laverton	✓	✓	✓			
Northern Territory	✓	✓	✓	✓	✓	✓
New South Wales						
Bankstown	✓	✓	✓			
Queensland						
Rockhampton	✓	✓	✓			
Logan	✓	✓	✓			
Livingstone	✓	✓	✓			
Cape York ¹	✓					
Victoria						
Greater Shepparton	✓	✓	✓			
South Australia						
Playford	✓	✓	✓			
Ceduna region ²	✓	✓	✓			
Anangu Pitjantjatjara Yankunytjatjara lands	✓	✓	✓			

1. Cape York-specific Income Management applies in four Cape York communities as part of a broader programme of welfare reform for the area.
2. Income Management was introduced in the Ceduna region in 2014.

ACCESSING MANAGED INCOME

The department works with people on Income Management to identify how their welfare payments can be used to pay for items they and their family need. People can use their income managed money to pay their expenses by:

- using the BasicsCard—a reusable, personal identification number protected card that can be used via EFTPOS at approved stores and businesses
- asking the department to organise direct payments (BPAY, credit card, direct credit) to stores and businesses.

At 30 June 2015, 14 258 stores and businesses accepted the BasicsCard compared to 13 683 at 30 June 2014.

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

In 2014–15:

- 97 per cent of income managed customers used a BasicsCard compared to 91 per cent in 2013–14
- \$216.9 million was spent using the BasicsCard compared to \$203.6 million in 2013–14.

DATA ON INCOME MANAGEMENT

Table 40: Income Management customers

Measure	Customers at 30 June 2013 ¹	Customers at 30 June 2014 ¹	Customers at 30 June 2015 ¹
Cape York Income Management	202	201	128
Child Protection Income Management	392	435	337
Disengaged Youth	4 670	4 489	4 450
Long Term Welfare Payment Recipient	10 226	11 420	12 387
Supporting People at Risk	13	142	213
Voluntary Income Management	6 041	6 047	5 828
Vulnerable Welfare Payment Recipient	196	2 943	3 053

1. These numbers are point-in-time at the dates specified and do not represent customer movements between measures and on-and-off Income Management.

The total amount of income support payments income managed in 2014–15 was \$283.3 million compared to \$266.7 million in 2013–14.

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 goods moved by sea between mainland Australia and Tasmania. The government announced that from 1 January 2016 the scheme will be extended to goods not currently covered.
- **Bass Strait Passenger Vehicle Equalisation Scheme**—provides a rebate to ferry operators for passengers travelling between the mainland and Tasmania.

In 2014–15, 8958 claims for assistance were received by the department with \$149.8 million in payments processed through the programmes. This compares to 9698 claims and \$139.5 million in 2013–14.

Portability of payments

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

From 1 January 2015 students and apprentices are no longer eligible for payments while holidaying overseas. Also since 1 January 2015 Disability Support Pension recipients who travel overseas can only continue to receive their payments for a maximum of four weeks in any 12 month period.

A datalink between the department and the Department of Immigration and Border Protection (DIBP) identifies social security customers who depart from or return to Australia. Information generated by the datalink is used to automatically review payments for people who have departed Australia.

In 2014–15 customers receiving income support payments, family assistance, allowances and concessions travelled outside Australia 1.79 million times compared to 1.69 million overseas trips in 2013–14.

Concession cards

There are six types of concession and health care cards delivered by the department, which are:

- 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.

Each card has its own eligibility requirements and concessions. 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 FTB 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 children may also be covered by 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.

Commonwealth Seniors Health Card

During 2014–15 changes were made to the Commonwealth Seniors Health Card (CSHC) income test and portability provisions. From 20 September 2014 the CSHC income threshold limits were indexed to reflect movements in the Consumer Price Index. These thresholds will increase with indexation. From 1 January 2015 the deeming of account-based income streams was included in the CSHC income test. CSHC holders were exempt from this measure if they were a cardholder at 31 December 2014. Also, from 1 January 2015 CSHC holders who travel overseas can remain outside Australia for up to 19 weeks—instead of the previous six weeks—before their card is cancelled.

Advance Payments

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

Repayments of advance payments are generally made over 13 fortnights by a set rate of withholdings from the customer's regular payment. If a customer's regular payment stops, they are still required to repay the outstanding amount of the advance payment.

Bereavement payments

Bereavement payments help customers 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 FTB Bereavement Payment, can be paid fortnightly.

Bereavement Allowance is a short-term income support payment that provides a level of support to recently widowed people.

MULTICULTURAL SERVICES

Agency Multicultural Plan

The department's *Agency Multicultural Plan 2013–2015* outlines how the department intends to provide services to culturally and linguistically diverse (CALD) communities. We are tracking well against the actions outlined in the plan. New achievements include the development and implementation of the department's *Culturally and Linguistically Diverse (Multicultural) Employee Plan 2014–2016*, conducting targeted consultations with CALD communities in partnership with the Federation of Ethnic Communities' Councils of Australia and the inclusion of CALD considerations in our feedback and complaints model.

Support for refugees and humanitarian entrants

The department offers a range of services to support refugees entering the community. The department works closely with DIBP, DSS settlement service providers and community groups to ensure refugees have appropriate services on arrival in Australia. A network of specialist Refugee and Asylum Seeker teams and subject matter experts in locations with high settlement populations support the department's tailored services for these entrants.

Citizenship testing

Following a successful trial in 2012 the department has been working with DIBP to make weekly citizenship tests available at 33 service centres in regional areas from Kalgoorlie in Western Australia to Mackay in Queensland. Before the pilot DIBP staff had to visit regional centres to conduct the tests, usually only monthly or every two months. Of about 125 000 citizenship tests taken across Australia in 2014–15, 14 000 were taken in regional centres involving around 300 tests each week.

Language services

The department provides free translation and interpreting services in over 200 languages to help customers conduct their business. More than 2800 contracted interpreters deliver these services. We also supply regular, rostered onsite interpreters who work out of 56 service centres where demand for assistance in certain languages is high.

Bilingual staff may also be paid a Community Language Allowance if they use their language skills in the course of their work. In 2014–15, 699 staff received the Community Language Allowance compared to 725 in 2013–14.

Celebrating multicultural service delivery



In 2014 the Multicultural Service Officer Program celebrated its 25th year of operation. Given Australia's diverse cultural landscape in Australia, the MSO programme is an integral part of our service delivery. MSOs play a critical role in providing high-level service delivery to customers from culturally and linguistically diverse backgrounds by working with internal and external stakeholders. Importantly, they also assist with supporting newly-arrived migrants and provide outreach services to migrant communities and in schools.

Multicultural Service Officers

In 2014–15 a network of 70 Multicultural Service Officers (MSOs) continued to operate throughout Australia. Each officer covers a defined geographical area, giving all service centres access to multicultural expertise. MSOs have close relationships with multicultural communities and play an important role in supporting service delivery to customers from CALD backgrounds. Examples of MSO activities include:

- conducting outreach sessions at language schools in Victoria to encourage students to stay engaged in their studies and improve attendance
- supporting refugees and migrants to access myGov and the department's online services at TAFEs in Queensland
- promoting myGov, the department's online services and Express Plus mobile apps to migrant groups and staff in community organisations in Newcastle.

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 10 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 provide support for a migrant.

Status Resolution Support Services

From 1 April 2014 the department commenced the administration of the Status Resolution Support Services payment. This payment provides financial assistance to people living in the community while their immigration status is being resolved. The DIBP determines eligibility for this payment.

Innovative multicultural services

MULTILINGUAL APP

The department provides Express Plus Lite mobile app services in four languages for iOS and android devices. Customers can use the app to report their earnings at a time that suits them, which is more convenient and reduces the need for interpreter services. The languages are Arabic, Chinese, Vietnamese and Persian (Farsi) (introduced in 2014–15).

WORKING WITH PARTNERS

MSOs continued to help deliver innovative services through a range of partnership initiatives. Some examples include:

- Blacktown, New South Wales—hosted Multicultural Seniors Week with Blacktown Council and Sydwest, and provided information about the Age Pension and going overseas.
- Morwell, Victoria—organised and attended an emerging communities forum with a variety of speakers from across the region, including a presentation on the barriers to employment faced by CALD job seekers and the initiatives with which the New Arrival Education and Employment network is involved.
- Hume, Victoria—participated in the multicultural community safety forum focusing on children's safety, young people, family violence and women's safety, crime prevention and safe urban design. This included working with local CALD services and providers including Australian and Victorian government departments, the police and local legal centres.
- North Lake, Western Australia—worked with high schools at intensive English classes and provided referrals for students to social workers and the Fremantle Multicultural Centre.
- Stones Corner, Queensland—attended local area coordination meetings with key multicultural service delivery agencies and government departments. This included sharing information on the Special Humanitarian Programme and health issues.
- Glenorchy, Tasmania—attended the initial Connect steering committee meeting to support the Get Connected programme. This programme provides additional and ongoing support for former refugees and humanitarian entrants to increase positive vocational education training and employment outcomes, by working with the sector and industry bodies.

EMERGENCY RESPONSES

Payments and services

The department's core responsibility in response to emergencies is to ensure the continuity of payments and services. The delivery of services in emergencies can include:

- assisting individuals to test their eligibility for an income support payment or service
- replacing lost Medicare cards
- assessing and paying Medicare benefits
- providing support to Medicare providers
- ensuring child support payments can be made
- 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).

During an emergency immediate support is given to pharmacists to help them maintain supplies of medicines and dispense PBS medicines to people whose prescriptions are lost or destroyed. Support is also provided to health practitioners working in emergency-affected areas.

To support the government's emergency response, the department also participates in state, territory and local recovery committees. Our services may be delivered from established relief or recovery centres, with agreement from the state or territory government.

When an event is severe, the government may request the Attorney-General's Department to provide additional Australian Government assistance.

In response to an emergency, the department can deploy:

- field staff to recovery centres
- staff to take emergency calls and process claims for emergency payments
- social workers to overseas locations or to airports in Australia to assist affected Australians returning from offshore disasters, and to emergency-affected areas to support other staff—45 social workers were deployed in 2014–15 to assist in international and domestic disasters.
- mobile computing support
- 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 respond quickly following emergencies. Over 5430 staff (or 15.5 per cent of the department's staff) are registered for the Emergency Reserve, compared to approximately 6300 staff or 18 per cent of the department's staff in 2013–14.

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:

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

Emergency Reserve staff supported recovery efforts in the Northern Territory and Queensland in February 2015, and in northern New South Wales in April 2015.

Current disaster events

AUSTRALIAN GOVERNMENT DISASTER RECOVERY PAYMENTS

The department's response to the bushfires in South Australia, tropical cyclones Marcia and Lam, and the New South Wales east coast storms and flooding included payment of AGDRP claims. The AGDRP was provided to people adversely affected in the following areas:

- South Australian bushfires—Mount Lofty Ranges region
- Tropical Cyclone Marcia—Fitzroy and Wide Bay–Burnett districts of Queensland
- Tropical Cyclone Lam—Arnhem region of the Northern Territory
- New South Wales east coast storms and flooding—Hunter Valley, Newcastle and Lake Macquarie, Central Coast and Mid-North Coast regions.

Table 41: AGDRP payments at 30 June 2015

	South Australian bushfires ¹	Tropical Cyclone Marcia ²	Tropical Cyclone Lam ³	New South Wales east coast storms and flooding ⁴
Calls taken by the Australian Government Emergency Information Line	11 299	21 958	3 444	93 589
Claims finalised	490	12 302	2 502	84 687
Claims paid to affected people	370	7 774	2 095	75 899
Amount paid into people's bank accounts	\$418 800	\$9 601 600	\$2 750 000	\$92 938 360

1. AGDRP activated on 6 January 2015.
2. AGDRP activated on 21 February 2015.
3. AGDRP activated on 26 February 2015.
4. AGDRP activated on 23 April 2015.

DISASTER RECOVERY ALLOWANCE

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 the following emergencies:

- South Australian bushfires—Mount Lofty Ranges region
- Tropical Cyclone Marcia—Fitzroy and Wide Bay–Burnett districts of Queensland
- Tropical Cyclone Olwyn—Pilbara–Gascoyne region of Western Australia
- New South Wales east coast storms and flooding—Hunter Valley, Newcastle and Lake Macquarie, Central Coast and Mid-North Coast regions.

Supporting the community during disaster events



When coastal storms and flooding decimated the Hunter Valley region in April and May 2015, DHS staff stepped in to provide support and assistance to local residents. Despite some staff being personally affected by the disaster they remained dedicated to helping people claim disaster assistance or access advance payments to meet their basic and immediate living needs. Staff also referred customers to evacuation sites and support services.

Table 42: DRA payments at 30 June 2015

	South Australia bushfires ¹	Tropical Cyclone Marcia ²	Tropical Cyclone Olwyn ³	New South Wales east coast storms and flooding ⁴
Claims finalised	42	736	135	870
Claims paid to affected people	<20	592	102	551
Amount paid into people's bank account	\$49 432	\$813 113	\$253 794	\$562 499

1. DRA activated on 6 January 2015.
2. DRA activated on 25 February 2015.
3. DRA activated on 17 March 2015.
4. DRA activated on 23 April 2015.

PAYMENTS TO NEW ZEALAND NON-PROTECTED SPECIAL CATEGORY VISA HOLDERS

Ex-gratia payments to New Zealand non-protected special category visa holders were activated for individuals affected by the bushfires in South Australia, Tropical Cyclone Marcia in Queensland, Tropical Cyclone Lam in the Northern Territory, and the New South Wales east coast storms and flooding. These payments are equivalent to the AGDRP.

At 30 June 2015:

- 103 claims had been received
- 75 claims had been paid to affected people
- \$117 324 had been paid into people's bank accounts.

Ex-gratia Income Support 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 the bushfires in South Australia, Tropical Cyclone Marcia in Queensland, Tropical Cyclone Olwyn in Western Australia, and the New South Wales east coast storms and flooding. This payment is the equivalent of the DRA. No figures are reported for these payments as small numbers of distinctive claims may lead to individual claimants being identified.

EMERGENCY CLAIM 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 43: Percentage of disaster recovery claims granted by claiming method

Claiming method	2014–15 %
Phone	61
Online	33
Paper and in person	6

WORKING IN EMERGENCY RECOVERY

In 2014–15 following the bushfires in South Australia, tropical cyclones in Queensland, the Northern Territory and Western Australia, and the New South Wales east coast storms and flooding, 23 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. These sites provide staff with instant access to departmental systems, allow on-the-spot assessment of claims and other departmental assistance.

The department tailored business-as-usual activities for the bushfire, cyclone and storm-affected areas to streamline access to payments and services for people needing assistance.

AUSTRALIAN VICTIM OF TERRORISM OVERSEAS PAYMENT

The AVTOP provides one-off assistance of up to \$75 000 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.

The payment was announced in October 2013 for the following terrorist acts:

- 2001 US September 11 attacks
- 2002 Bali bombings
- 2004 Jakarta bombing
- 2005 London bombings
- 2005 Bali bombings
- 2006 Egypt bombings
- 2008 Mumbai attacks
- 2009 Jakarta bombings
- 2013 Nairobi armed assault.

In 2014–15, 369 calls were answered by the Australian Victim of Terrorism Overseas Hotline.

Table 44: AVTOP payments in 2014–15

	Payments to primary victims	Payments to secondary victims
Claims finalised	100	13
Claims paid to affected people	83	5
Amount paid into people's bank accounts	\$5 689 717	\$337 500

EMERGENCY CALL CENTRE SURGE ASSISTANCE

The department provides support through the National Emergency Call Centre Surge Capability (NECCSC) which allows Australian, state and territory government agencies to overflow calls to their emergency (non-000) lines to the department.

The NECCSC was activated in January 2015 by the South Australian Government for the South Australia Bushfire Information Line and the South Australia Bushfire Recovery Line, with more than 1276 calls answered.

Surge assistance was also provided to the National Security Hotline. The hotline is the single point of contact for the public to report possible signs of terrorism. The department assisted in taking calls in peak periods from September 2014 to February 2015 with 8169 calls answered.

Disaster events that closed in 2014–15

Claims for the AGDRP can be lodged up to six months from the date the payment is activated. Claims were paid in 2014–15 for events that occurred during the 2013–14 disaster season—that is, the period for claiming some payments did not ‘close’ in 2013–14. These events included:

- Tropical Cyclone Ita—April 2014
- Western Australian bushfires—January 2014.

In 2014–15 the department paid:

- less than 20 AGDRP payments, worth less than \$20 000
- less than 20 DRA payments, worth more than \$52 000

No ex-gratia payments to New Zealand non-protected special category visa holders were paid in 2014–15 for the events listed above.

Special 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).

CRS AUSTRALIA

Following a government decision to reallocate the market share of the department's Disability Employment Services–Disability Management Service to non-government providers, CRS Australia ceased all operations on 27 February 2015.

The Department of Social Services conducted the tender process for reallocation. This was finalised in November 2014. CRS Australia transitioned approximately 21 000 participants to their new providers from December 2014, with all transitions completed by 2 March 2015.

At 1 July 2014 CRS Australia was providing services from 224 service delivery locations, these locations were progressively closed in line with the transition of participants to new providers from December 2014. The final CRS Australia service delivery locations closed on 27 February 2015.

All CRS Australia staff have either been redeployed into other roles within the department or the Social Services portfolio, have retired or resigned, or have transferred to other Australian Public Service agencies.

Injury prevention and management services

In addition to delivering Disability Employment Services, CRS Australia provided a range of early intervention, injury prevention and workplace rehabilitation services to private sector organisations across Australia. All injury prevention and management services contracts ceased by 31 December 2014.

Management and accountability



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3.1 CORPORATE GOVERNANCE

Strong governance is key to the department delivering outcomes in controlled, transparent and accountable ways, and serving its customers efficiently and effectively.

The governance framework outlines the principles, practices and tools we need to ensure our approach to governance is consistent and coordinated. Major elements include:

- coordinated business planning which reflects the department's Strategic Plan
- performance monitoring, including key performance indicator reporting—see Table 1 on page 12
- an integrated risk management framework—see *Risk management* on page 98.

During 2014–15 the department:

- implemented the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) and supporting policies
- developed the 2015–19 Strategic Plan. The plan outlines the department's strategic direction, and includes the vision, mission, themes and priorities that shape our business planning
- updated the Portfolio Budget Statements to align with the 2015–19 Strategic Plan
- reviewed and updated our key performance indicators for consistency with the Enhanced Commonwealth Performance Framework
- improved risk management through regular reviews, management of enterprise risk interdependencies, and governance of risk through the department's Risk, Business Continuity and Security Committee.

GOVERNANCE COMMITTEE FRAMEWORK

The department's governance committee structure at 30 June 2015 includes the Executive Committee and seven supporting governance committees that provide advice and assurance to the Executive Committee. The performance of governance committees against their purpose, key activities and deliverables is reviewed annually by members.

Executive Committee—provides advice to the Secretary who has overall accountability to support the Minister in delivering the department's responsibilities and contributing to broader government priorities. The committee advises 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.

Audit Committee—reviews and gives independent advice and assurance about the appropriateness of the department’s financial and performance reporting, and systems of risk oversight, risk management, and internal control. This committee has three independent members, including Mr Mark Ridley as Chair, and meets at least quarterly.

Customer Committee—provides advice and assurance to the Secretary and Executive Committee that customer service achieves high quality government outcomes that are consistent with best practice. This committee meets monthly.

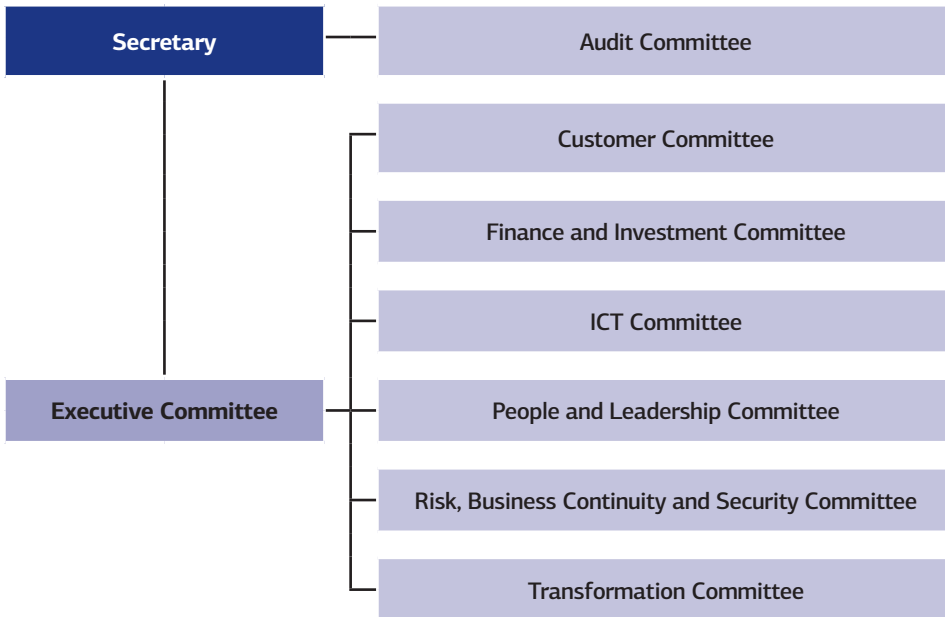
Finance and Investment Committee—provides advice and assurance to the Executive Committee that all significant investment decisions are transparent and accountable. The Secretary chairs this committee which meets at least quarterly.

ICT Committee—provides advice and assurance to the Secretary and Executive Committee that ICT management, operations and expenditure deliver the desired outcomes within the budget and timelines agreed by government.

People and Leadership Committee—provides advice and assurance to the Secretary and Executive Committee on all departmental people strategies including people leadership management, people development and workforce strategies to maintain and create the capability to deliver government priorities and outcomes. This committee has one independent member and meets every eight weeks.

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 meets monthly.

Transformation Committee—provides portfolio level advice and assurance to the Secretary and Executive Committee, focusing on the key programmes and projects across the department. This committee meets monthly.

Figure 6: Governance committee structure at 30 June 2015

CROSS-GOVERNMENT FORUMS

The department participates in several external forums that bring together policy formulation, programme design and implementation to more effectively deliver outcomes for government. It also takes part in interdepartmental working groups formed occasionally for specific purposes. These include:

Health and Human Services Secretaries and Chief Executive Medicare Forum—enables the Department of Human Services and the Department of Health to engage on issues such as service delivery reform, eHealth, policy development, and effective administration and implementation of programmes. In 2014–15 its members were the Secretary, the Deputy Secretary Health, Compliance and Information (as Chief Executive Medicare) and the Secretary of the Department of Health.

Department of Social Services Bilateral Management Committee—sets the strategic direction of jointly managed work and fosters collaborative relationships between the department and the Department of Social Services (DSS). It also attempts to resolve all escalated issues raised within the performance assurance reporting process.

Reliance Framework Board—plays an advisory role in the design and delivery of the Reliance Framework (myGov digital service). The Reliance Framework is a whole-of-government initiative to improve access to online government services which is being delivered under the oversight of an interdepartmental board. The board provides a whole-of-government cross-agency approach in the design and

delivery of the myGov service and provides a forum for cross-agency expertise and issues to be considered in the design and build of the myGov service. The Reliance Framework Board ceased on 30 June 2015.

DEREGULATION AND RED TAPE REDUCTION

The government's deregulation policy aims to reduce unnecessary red and green tape costs on individuals, businesses and community organisations by \$1 billion net per year. The department contributed savings of \$109.1 million to the government's target in the 2014 calendar year, as reported in the Social Services (Department of Human Services) Annual Deregulation Report. A copy of the report is available on the department's website at humanservices.gov.au

Several areas across the department were involved with initiatives to improve interactions with the public and reduce red tape. These included:

- delivering additional functionality for myGov users—see *myGov* on page 155
- making it easier for customers to update their circumstance details online—see *Personal details and circumstances updates* on page 158
- working with the Department of Health to streamline the process for individuals and businesses who interact with the department on compensation matters.

The department also consults with external parties about opportunities to reduce red tape through its national advisory groups and forums.

QUALITY MANAGEMENT

The department's Quality Framework provides a single set of standards to ensure that the services we deliver are high quality and meet the expectations of both customers and government. The elements of the framework are accountability, quality processes, issues management, capability, culture and reporting. Underpinning these elements is the key principle of continuous improvement.

The department completed the first annual assessment of the Quality Framework in January 2015. It reflected the work of the Quality Advisory Group, which was formed to oversee quality across the department. The assessment highlighted early indicators of success, in particular areas where the framework was used. Supporting the framework is the Quality Hub which has tools and templates to assist in implementing elements of the framework.

The department also participated in a self-assessment against the Service Quality Guidelines developed by the International Social Security Association, of which the Secretary is a member. An overall rating of 'advanced' was achieved, which means the department has advanced structures, processes and mechanisms to support implementation of the guidelines.

3.2 ACCOUNTABILITY AND SCRUTINY

EXTERNAL

External audits

In 2014–15 the Australian National Audit Office (ANAO) tabled five performance audit reports involving the department. The department agreed with all recommendations. One recommendation, arising from the ANAO's performance audit of the *Management of Smart Centres' Centrelink Telephone Services* (Report No. 37 2014–15), was agreed with qualifications about the resources required to implement the recommendation. The Audit Committee was responsible for monitoring the implementation of ANAO recommendations. ANAO representatives were invited to attend all Audit Committee meetings as observers.

In some cases ANAO recommendations directly involved the responsibilities of policy departments. As the service delivery department, we worked with policy departments to help them 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 provide a response to the committee in 2014–15 relating to the ANAO audit of *Trials of Intensive Service Delivery* (Report No. 40 2013–14) and attend public hearings of the committee relating to the following ANAO audits:

Report No. 26—2013–14: *Medicare Compliance Audits*

Report No. 27—2013–14: *Integrity of Medicare Customer Data*

Report No. 50—2013–14: *Cyber Attacks: Securing Agencies' ICT Systems.*

For more information about ANAO audit reports see Appendix E on page 264.

Commonwealth Ombudsman

In 2014–15 the Commonwealth Ombudsman approached the department about 804 investigations. This is a decrease of 2.9 per cent compared to 2013–14.

The Ombudsman published one section 15 report involving the department. For more information see Appendix E on page 267.

Freedom of information

The department has an Information Publication Scheme page on its website—see Appendix H on page 275.

During the year the department received 4477 Freedom of Information (FOI) requests for documents—a 2.5 per cent increase on the previous year. The department received 42 requests for amendment or annotation of personal records. The number of complex requests seeking non-personal information fell by 19.4 per cent.

Taking into account cases pending from previous years, 4489 requests were finalised. Of these:

- applicants withdrew 974 requests before decisions on access were made
- full access was granted in 1702 cases
- part access was granted in 1374 cases
- access was refused in 430 cases
- nine cases were transferred to other agencies.

REVIEWS OF FREEDOM OF INFORMATION DECISIONS

In 2014–15 the department received 85 FOI requests for an internal review of access and amendment decisions. Of the reviews of access decisions completed in 2014–15, and taking into account requests pending from previous years, 27 requests resulted in access or part access. The original decision was affirmed in 40 of the reviews completed compared to 52 in 2013–14.

OFFICE OF THE AUSTRALIAN INFORMATION COMMISSIONER

During the year the Office of the Australian Information Commissioner (OAIC) published 15 review decisions in relation to applications for review of access decisions made by the department. Five of those affirmed the department's decision and 10 varied, set aside or substituted the department's decisions.

On 2 December 2014 the OAIC provided the department with its report following an own motion investigation. We are committed to continually improving service delivery in all areas of our business and have noted the recommendations in the Commissioner's report and developed a plan to implement them.

Personal information requests

The department provides various ways for people to access their own information including through our online services.

We also respond to requests for personal information in the public interest and under specific provisions in the legislation we administer.

In 2014–15 the department processed 136 838 personal information requests compared to 132 663 in 2013–14, an increase of 3 per cent.

Judicial decisions and tribunal appeals

In 2014–15 there were no judicial decisions that had a significant impact on the operations of the department.

A large number of the department's decisions are subject to merit review by the Social Security Appeals Tribunal and the Administrative Appeals Tribunal. For more information see *Merit reviews* on page 101.

INTERNAL

Internal audits

The department completed 39 internal audits in 2014–15 (including 15 audits that were carried over from 2013–14).

Every six months the department develops a rolling Audit Work Programme (AWP) that establishes internal audit priorities for the coming 12 months. The AWP for 1 July 2014 and 1 January 2015 were developed in consultation with the Audit Committee and the Executive, before being approved by the Secretary.

The priorities are based on the 'three lines of defence' model to ensure adequate coverage and prioritisation of assurance activities and alignment with corporate strategic risks. Regular audits of the department's 'first line of defence'—the system of internal control—are undertaken. A key focus is on improving the department's risk oversight arrangements—the 'second line of defence'. The department's third line of defence are internal audits.

In 2014–15 the AWP provided independent assurance on the department's performance in managing strategic priorities, achieving operational objectives in line with organisational and legislative requirements, and ensuring that high standards of probity and accountability were met.

Managing internal fraud

The department takes internal fraud control seriously and our systems respond to fraudulent activity, including through data-matching programmes, links to criminal intelligence information and financial intelligence tools. Our fraud awareness strategies promote key messages about how we view fraud, how to report suspected fraud, and awareness of current and emerging risks.

As required under section 10 of the Public Governance, Performance and Accountability Rule 2014, which relates to managing the risk and incidents of fraud within Commonwealth entities, the department takes a comprehensive strategic approach to fraud risk assessments. This approach underpins our 2014–15 Fraud Control Plan.

The department uses a range of strategies to manage internal fraud including:

- fraud control planning, monitoring and reporting
- a Fraud Strategy Statement to which the department adheres
- internal and external reporting mechanisms to enable reporting of internal fraud
- collecting and analysing information and data to detect fraud
- investigating incidents in accordance with Australian Government Investigation Standards.

Substantiated incidents of internal fraud are referred to the Commonwealth Director of Public Prosecutions (CDPP) for consideration of criminal prosecutions. The department also considers the need for administrative action against breaches of the APS Code of Conduct.

The department promotes fraud prevention and awareness to staff across the organisation and activities include:

- fraud awareness week including articles and executive messaging on fraud
- mandatory fraud awareness training
- screen savers on computers with fraud awareness images and key messages
- an intranet page linking all relevant awareness information and tip-off forms.

Business continuity

The department has a Business Continuity Programme based on the international standard BS ISO 22301:2012 *Societal security: Business continuity management systems requirements*.

In 2014–15 critical business functions for the department were developed into business continuity plans (BCPs) to support our response and recovery from potential business disruptions that may affect any of the critical functions. A formal programme thoroughly tests and regularly updates all BCPs.

The progress of business continuity activities is reported monthly to the department's Risk, Business Continuity and Security Committee.

Corporate records management

The government's Digital Transition Policy is moving Australian Government agencies to digital record keeping for efficiency purposes. We have continued to increase our digital record-keeping capability. In 2014–15 the growth in the department's online and self-service capabilities resulted in further reductions in the volume of paper we received.

When the department does receive paper records the focus still remains on digitising them. Because the department relies less on paper records we have continued to consolidate existing warehouse storage facilities to improve the efficiency of our records management services.

SAFEGUARDING PRIVACY

Customer records and personal information

The department places emphasis on protecting the privacy of customers and staff. We have comprehensive processes to protect personal information. Our privacy framework is guided by the Operational Privacy Policy, which includes a number of requirements that staff must comply with. The policy reinforces that:

- all staff must sign an undertaking outlining 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 programmes 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 programme improvements are developed, the department considers their potential impact on privacy. The Operational Privacy Policy mandates the use of privacy impact assessments to:

- minimise privacy risks and impacts
- ensure compliance with legal obligations
- ensure the department's commitment to safeguarding customer privacy is met.

Privacy incidents

The department investigates all privacy complaints. Escalation and reporting processes minimise the effects of any substantiated privacy incident. In 2014–15 there were 1939 substantiated privacy incidents, which is 21 per cent more than in 2013–14.

COMPENSATING CUSTOMERS

Administrative errors

In 2014–15 the department received 2820 customer compensation claims. This compares to 3101 customer compensation claims received in 2013–14. 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 1373 customer compensation claims in 2014–15. This represents 47 per cent of all determined claims compared to 56 per cent in 2013–14.

The department aims to process customer compensation claims within 90 days. In 2014–15, 86 per cent of claims were completed within 90 days compared to 64 per cent in 2013–14.

The most common reason for paying customer compensation is to reimburse people for financial losses caused by the department's failure to follow proper procedure or to provide appropriate advice.

RISK MANAGEMENT

The department's Enterprise Risk Management Framework outlines the vision, direction and guiding principles of our risk management approach. The framework is consistent with the international risk management standard AS/NZS ISO 31000:2009 *Risk Management: Principles and Guidelines*.

In 2014–15 the department's risk management policy and framework were revised following the commencement of the PGPA Act and are consistent with the new Commonwealth Risk Management Policy. This policy aims to embed risk management as part of the culture of Australian Government entities where shared understanding of risk leads to well-informed decision making.

The department has 10 strategic risks:

- implementing government initiatives
- service delivery and customer service
- protecting staff, assets and customers on our premises
- integrity of government outlays
- progressing strategic priorities
- providing good customer service
- protecting customer information
- delivering policy advice and working collaboratively with others
- ICT capability
- attracting and developing staff.

As part of our business planning cycle, operational risks were also identified. Senior executive staff manage operational risks and report on them regularly.

To assist in managing risks associated with urgent or high-profile incidents and issues, the department has a system for quickly informing relevant stakeholders.

Comcover Risk Management Benchmarking Programme

In 2014–15 the department participated in the annual Comcover Risk Management Benchmarking Programme, giving us an opportunity to measure its capability using a flexible risk maturity model. Comcover rated the department as having an 'advanced' risk maturity level. This maturity level reflects the department's investment in its risk management framework and the integration of its operational capabilities.

3.3 COMPLIANCE AND BUSINESS INTEGRITY

The department is committed to ensuring people only receive what they are legally entitled to under the law. The department has a diverse range of compliance activities which reassure both the government and customers that we are taking preventative and other measures to protect the integrity of government outlays. Cases where deliberate deception and intent to defraud can be established are referred to the CDPP.

SOCIAL SECURITY AND WELFARE PROGRAMME COMPLIANCE

Social security and welfare payment accuracy and correctness

Payment accuracy reflects the department's ability to pay the right person the right amount of money, through the right programme, at the right time, and takes into account customer and administrative error.

DSS calculates payment accuracy using data from random sample surveys and reports this in its annual report.

Payment correctness for social security or family assistance payments is also calculated using data from random sample surveys. Payment correctness is the percentage of surveys when the customer received a correct payment without administrative error. With a target of 95 per cent, in 2014–15 the department achieved payment correctness of 98.1 per cent compared to 97.9 per cent in 2013–14.

Customer compliance

In 2014–15 the focus for customer compliance remained on using interventions to manage identified payment risks. The department increasingly uses early intervention to help people 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.

During the year the department's targeted early intervention strategies included sending letters and SMS messages to remind customers of their obligations and to prompt self-correction. Whenever possible, we made immediate contact, usually by phone, to remind our customers about their reporting obligations and to update their records to avoid overpayments.

In 2014–15 more than 250 000 customers were contacted using these approaches which prevented \$61.4 million in overpayments. This allowed customers most at risk to receive the support they needed to ensure their payments were correct.

Table 45: Social welfare payments compliance activity

	2012–13	2013–14	2014–15	% change since 2013–14
Interventions	866 597	869 082	923 462	+6.3
Reductions in payments	85 318	77 272	52 100	-32.6
Fortnightly savings in future outlays	\$20.9 million	\$19.2 million	\$18.2 million	-5.1
Prevented outlays	\$89.4 million	\$51.8 million	\$61.4 million	+18.5
Debts raised	109 619	101 331	126 134	+24.5
Total debt value	\$219.9 million	\$283.6 million	\$362.1 million	+27.7

The department's risk-based compliance approach uses data from a variety of sources and combines it, where appropriate, so that we can help by looking at a wider picture of the customer's circumstances. Data from both internal and external sources is used in data-matching exercises to identify customers at risk of incorrect payment. In 2014–15 external sources included:

- the Australian Securities and Investments Commission
- the ATO, other than using the *Data-matching Program (Assistance and Tax) Act 1990*
- the Commonwealth Superannuation Corporation
- the Department of Education and Training
- the Department of Employment
- the Department of Health
- the Department of Immigration and Border Protection
- the Department of Veterans' Affairs (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.

In accordance with section 6 of the *Data-matching Program (Assistance and Tax) Act 1990*, the department, the ATO and DVA participated in four complete data-matching cycles. These activities resulted in 24 178 reviews and returned \$134.6 million in net benefits to government.

Table 46: Data Matching reviews and net benefits to government

	2012–13	2013–14	2014–15	% change since 2013–14
Reviews	32 316	27 632	24 178	-12.5
Net benefits	\$118.0 million	\$132.7 million	\$134.6 million	+1.4

See Appendix D on page 258 for more information about the department's Data-matching Program.

Details of the department's data-matching initiatives are also reported to the OAIC and are publicly available through the Personal Information Digest available at oaic.gov.au

REVIEWS OF SOCIAL WELFARE PAYMENT DECISIONS

Merit reviews

A customer may ask for a review of a decision—an independent process undertaken by an officer not involved with the original decision. The review officer will contact the customer to explain the original decision and may ask for further information. The review officer can affirm, vary or set aside the original decision.

In 2014–15 the department had an explicit focus on managing outstanding reviews of decisions. An improved business model saw a significant reduction in both the number and the age of reviews on hand. This, in turn, led to an overall decrease in the average time taken to finalise a customer review.

Once this internal process is completed, if still unsatisfied the customer can apply for review to the Social Security Appeals Tribunal (SSAT) and then the Administrative Appeals Tribunal (AAT). The SSAT was amalgamated into the AAT from 1 July 2015.

Decisions most commonly challenged were:

- rejection of 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 47: Social welfare payments merit review applications

Applications	2012-13	2013-14	2014-15
Internal reviews	135 545	115 618	111 982
SSAT	12 147	9 812	12 289
AAT—customer applications	1 919	1 924	1 999
AAT—Secretary applications ¹	48	45	75

1. 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 48: Social welfare payments merit review outcomes¹

	Unchanged decisions ²			Changed decisions		
	2012-13	2013-14	2014-15	2012-13	2013-14	2014-15
Internal review officer	63.9% 78 960	65.3% 80 370	66.1% 83 286	36.1% 44 566	34.7% 42 662	33.9% 42 732
SSAT	76.9% 9 002	75.1% 7 686	75.3% 7 974	23.1% 2 707	24.9% 2 548	24.7% 2 619
AAT—customer applications	92.5% 1 651	75.2% 1 416	79.7% 1 390	7.5% 134	24.8% 468	20.3% 354
AAT—Secretary applications ³	57.1% 28	73.3% 22	50.0% 18	42.9% 21	26.7% 8	50.0% 18

1. In any given financial year, appeals decided will include cases that were received in prior financial years, as well as a portion that were received and decided in the same financial year.
2. Unchanged decisions include reviews that have been withdrawn.
3. 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. Secretary applications are managed in accordance with the partner department's instructions.

DEBT MANAGEMENT

Debt raising

In 2014–15 the department continued to raise debts from customers—see Table 49.

Table 49: Debts raised from customers receiving social welfare payments

	2012–13	2013–14	2014–15
Number of debts raised	2 006 991	2 230 894	2 350 131
Amount raised	\$1.8 billion	\$2.2 billion	\$2.5 billion

Debt recovery

People with payment debts have several options to make repayments, including by cheque, money order, direct debit, BPAY, phone or internet banking, or Australia Post's Postbill service. For a customer still receiving a payment the most common method of repaying a debt is through withholdings from their payment.

When a customer has difficulties repaying a debt, the department organises a repayment agreement that ensures the customer is not put in serious financial hardship.

When a person is no longer receiving payments and has failed to make their repayments, the department may use a contracted collection agent to recover a debt, with commission only paid on the recovered amount—see Table 50. The department also has an investigative and intelligence capability to locate former customers who have large debts and the capacity to pay them. If necessary, legal action may be taken to recover the amounts owed.

Table 50: Social welfare customer debt recovered

	2012–13	2013–14	2014–15
Total debts recovered	\$1.16 billion	\$1.27 billion	\$1.43 billion
—amount recovered by contracted agents	\$114.7 million	\$124.8 million	\$131.3 million
—percentage of total recovered by contracted agents	9.9%	9.9%	9.2%

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. So that people fully understand how a compensation payment affects future income support payments, the department contacts them to ensure they are aware of preclusion periods. This helps people make informed decisions about their financial position.

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

SERIOUS NON-COMPLIANCE

Our intelligence capability

During 2014–15 the department used a range of intelligence activities to identify and disrupt fraud and non-compliance associated with social and welfare payments. The range of activities included managing tip-offs, using proactive detection strategies (such as data mining, analytics and data matching) and undertaking audits and investigations.

The department undertook extensive research into fraud and non-compliance risk. We also worked with other government and non-government agencies, for example, with the Australian Federal Police, the Australian Crime Commission, the Australian Medical Association, the Royal Australian College of General Practitioners and the Pharmacy Guild of Australia—see also *Customer compliance* on page 99.

The department also continued to develop its ICT capability that directly supports the detection of fraud and non-compliance.

Increased Data Matching Reviews

The Increased Data-Matching Reviews measure was implemented on 1 July 2014. This involved increasing the review numbers for data matching for additional customers with earned income and investment income and allowed for an extra 5000 compliance interventions each year.

HEALTH PROGRAMME COMPLIANCE

New compliance reviews

COMPLIANCE IN LARGE HEALTH PRACTICES

The 2012–13 Budget measure: *Fraud prevention and compliance—Increased billing assurance for the Medicare Benefits Schedule* assessed the risks to billing assurance in large practices and ceased on 30 June 2015. Findings from the project will inform future compliance approaches.

Up to \$71.48 million in savings were achieved over 2012–15, exceeding the expected target of \$20.7 million. This was mainly due to changes in billing behaviour by practitioners who were interviewed under the department's Practitioner Review Program, practitioners who were peers in the same practice as those interviewed, or practitioners who had received a targeted letter about their servicing levels. Savings included \$0.54 million repaid by practitioners determined to have engaged in inappropriate practice under the Professional Services Review Scheme.

IMPROVED BILLING PRACTICES WITHIN PUBLIC HOSPITALS

Under the *Fraud Prevention and compliance—Improve billing practices within public hospitals* measure we have already gained a clearer understanding of Medicare billing practices within public hospitals. During the year products were published on the department's website to help medical practitioners and hospital administrators understand their legal responsibilities and Medicare Benefit Schedule requirements when billing under Medicare in public hospitals. This four-year measure will finish on 30 June 2016.

Chronic Disease Dental Scheme compliance

Over the period of its operation (1 November 2007 to 1 December 2012) the Chronic Disease Dental Scheme (CDDS) allowed chronically ill people, who were managed by their general practitioner under team care arrangements, access to Medicare rebates for dental services. The rebates were capped at \$4250 over two calendar years.

The *Dental Benefits Legislation Amendment Act 2014* commenced on 4 November 2014. This allows the Chief Executive Medicare or delegate to waive certain debts incurred by dental practitioners under the CDDS. The department had previously applied for debt waivers under the PGPA Act.

Waiver of debts or act of grace payments can occur where the dental practitioners have genuinely tried to comply with the documentation requirements of the CDDS. In cases like this, if they resubmit their claims with the correct details, any debt they had to the department is waived or they can receive an act of grace payment.

When dental practitioners have not provided services or have failed to show they have met the criteria supported for waiver, the department will not support the waiver of debts. In these circumstances the department will continue to seek recovery of the debts.

At 30 June 2015 the department had completed 656 audits and supported the waiver or repayment of debts of 543 dental practitioners.

Health programmes debt

In 2014–15 the department initiated action to recover more than \$63.9 million in incorrect Medicare payments. This was through:

- identifying recoverable amounts from audits and investigations
- practitioners acknowledging incorrect billing at a Practitioner Review Program interview
- payment orders resulting from successful prosecutions
- payment orders resulting from determinations by the Director of Professional Services Review
- voluntary acknowledgements
- penalties, including civil, criminal and administrative.

Of the total debt amount raised, 83 per cent or \$53.1 million related to CDDS matters.

Table 51: Debts raised for recovery of benefits incorrectly paid

Programme	2012-13		2013-14		2014-15	
	Number	Amount \$ million	Number	Amount \$ million	Number	Amount \$ million
Medicare Benefits Schedule	639	3.6 ¹	970	9.8	1760	61.4
Pharmaceutical Benefits Scheme	105	0.7	146	0.7	211	1.2
Health support programmes	28	0.5	35	0.2	39	1.3
Child Dental Benefits Schedule	–	–	–	–	33	0.03
Other	–	–	–	–	1	0.005
Total	722	4.8¹	1151	10.7	2044	64.0²

1. This figure is different to the figure reported in the department's 2012-13 annual report due to a quality assurance process.
2. Total has been rounded to the nearest decimal point.

Health Compliance Professionalism Survey

The professionalism survey invites health professionals to provide feedback about their experience during Medicare compliance audits. Feedback from the survey guides training initiatives and improvements to business processes. Health professionals' satisfaction is measured by the following metrics:

- treated respectfully, courteously and in a professional manner
- management of privacy and confidentiality
- audit reason clearly explained
- timely communication
- opportunity to respond to concerns
- improvement in their understanding of MBS/PBS requirements.

In 2014-15 the department received completed surveys from 389 health professionals showing an overall satisfaction level of 91.8 per cent.

Education and engagement

Education and engagement assists health professionals meet their compliance obligations through a range of activities and information.

GENERAL EDUCATION AND TARGETED FEEDBACK LETTERS

General education and targeted feedback letters are sent when analysis reveals claiming anomalies across a large population of health professionals or the risk of non-compliant claiming by a health professional is low.

In 2014–15, 505 general education and targeted feedback letters were distributed to health professionals covering a range of issues, such as bulk bill incentive items to remind health professionals to check concession entitlement of patients at the date of service when claiming items.

HEALTH PROFESSIONAL GUIDELINES

One aspect of the department's health compliance program is to provide education and support materials for health professionals. Developed with the Department of Health and peak bodies, Health Professional Guidelines help health professionals understand what documents can be used to substantiate services if they are asked to participate in a health compliance audit or review. At 30 June 2015 there were 20 guidelines, with more in development.

Audit and review activities

Audits and reviews examine the compliance of individuals and businesses, and support payment integrity. They include general audits, practitioner review or criminal investigation.

Table 52: Completed health compliance audits and reviews¹

Programmes/groups	2014–15
Pharmaceutical Benefits Scheme	265
Medicare Benefits Schedule	2896
Child Dental Benefits Schedule	191
Health support programmes	328
Aged care	0
Other ²	0
Total	3680

1. From 1 July 2014 excludes general education and targeted feedback letters.
2. Other includes programmes such as Australian Childhood Immunisation Register and Continence Aids Payments Scheme.

In 2014–15 the department improved its risk identification and priority business processes to more effectively target significant compliance risks. This included introducing improved risk pre-assessment processes, systemic reviews and strengthened governance processes.

The 2014–15 work programme focused on targeted high risks. Eight priority work areas were identified:

- Child Dental Benefits Scheme
- Health Support Program
- Practice Incentives Programme
- pathology services
- specialists
- general practitioners
- public fraud
- Pharmaceutical Benefits Scheme.

Details of specific compliance strategies in 2014–15 are outlined below.

PHARMACEUTICAL BENEFITS SCHEME

- **unapproved pharmacies**—reviewed claims from approved pharmacies when allegations were made that they had claimed for medicines supplied by another pharmacy not approved to supply under the PBS
- **multiple payments**—reviewed approved pharmacies when prescriptions appeared to be claimed more than once
- **tip-offs**—reviewed claims from approved pharmacies when allegations were made that a pharmacy had made incorrect claims.

MEDICARE BENEFITS SCHEDULE

- **MBS claims by members of the public**—reviewed unusual MBS claims by patients to identify potentially fraudulent payments. We also conducted a review of claims made through Claiming Medicare Benefits Online to ensure the accuracy of the payments made
- **GPs and specialists**—removal of malignant neoplasms—audited health professionals MBS billing of removal of malignant neoplasms to determine if they had histopathology or specialist opinions confirming malignancy
- **specialists**—referred consultations—audited specialists' claiming of referred consultations to determine if they had a valid referral before claiming the consultation
- **pathology services**—carried out an end-to-end audit of selected approved pathology authorities to ensure that pathology tests/services requested were the tests performed and claimed by the approved pathology practitioner

- **diagnostic imaging**—audited computed tomography and/or diagnostic radiology services to ensure that the services requested were performed and claimed by the billing practitioner.

INCENTIVE PROGRAMMES

- **Practice Incentives Programme**—audited medical practices receiving incentive payments. Practices were required to substantiate general eligibility for the programme and eligibility for Procedural GP Incentive and Indigenous Health Incentive payments
- **Practice Nurse Incentive Programme**—randomly selected practices to check their eligibility to receive these incentive payments
- **Mental Health Nurse Incentive Programme**—randomly selected practices to check their eligibility to receive these incentive payments.

CHILD DENTAL BENEFIT SCHEDULE (CDBS)

- audited dentists to ensure payments made under the schedule met programme requirements
- sent targeted education letters to selected dentists
- provided information to dentists about the changes made in November 2014 to the *Dental Benefits Act 2008* which incorporated increased compliance powers for the department when auditing dentists.

PRACTITIONER REVIEW PROGRAM

80/20 rule—we referred practitioners who breached this rule to the Director of Professional Services Review. The *Health Insurance Act 1973* specifies that general practitioners or other medical practitioners are deemed to have practised inappropriately if they have rendered 80 or more professional attendances on each of 20 or more days within a 12-month period. Practitioners identified as approaching the 80/20 service level without yet breaching the rule were reminded of their obligations by letter or at a Practitioner Review Program interview.

Internal reviews

In 2014–15 the department completed 65 reviews of decisions relating to health compliance activities, including 41 legislative reviews and 24 administrative reviews. In approximately 58 per cent of cases, the outcome was varied resulting in either an increase or a decrease in the recoverable amount. Review of decisions can be varied as health professionals are allowed to provide further information not available to the original decision maker. In the remaining 42 per cent of cases the original decision was upheld.

Table 53: Health internal reviews

	2012–13	2013–14	2014–15
Allied health providers	9	12	6
Pharmacies	0	0	1
Dentists	4	2	2
General practitioners and specialists	3	9	42
Incentive payments	1	3	12
Public	–	–	2
Total	17	26	65

Improving transparency and accountability

On 22 September 2014 the Joint Committee of Public Accounts and Audit Report 445: *Regional Cities Program, KPIs and Medicare* was tabled in the Parliament.

The department accepted its two recommendations and has made good progress on addressing them. This work builds on that already undertaken as a result of an ANAO performance audit on Medicare compliance audits tabled in the Parliament in April 2014 including:

- **improved governance**—revised governance and reporting arrangements leading to redefinition of key activities in relation to performance measurement
- **greater performance monitoring**—working on an outcomes reporting framework which will detail an agreed set of methodologies to calculate direct savings (debts raised) and indirect savings (from behavioural change)
- **greater targeting of resources and increasing cost effectiveness**—achieved through improved risk identification and prioritisation, as well as better business processes and exploration of alternative treatment options
- **greater data analytics**—improving data analytics methods through collaboration with stakeholders, particularly the private health insurance sector
- **greater productivity and efficiency**—to be achieved through conducting an independent audit on health compliance activities.

For more information about external scrutiny and the department's responses, see Appendix E on page 264.

PUBLIC TIP-OFFS

People can provide information to us by:

- reporting via the fraud page on our website at **humanservices.gov.au**
- phoning the Australian Government Services Fraud Tip-off Line on **131 524**
- writing to us at PO Box 7803, Canberra BC ACT 2610.

Information from the public about people who may have incorrectly or fraudulently claimed or received a payment or benefit is used to review entitlements and, if appropriate, carry out investigations.

We also assess patient complaints and tip-offs about potential fraud and other concerns relating to health care programmes to determine if a compliance investigation is required. Allegations about patient safety are referred to the relevant authorities.

In 2014–15 the department received more than 49 000 tip-offs through the Australian Government Services Fraud Tip-off Line and more than 59 000 tip-offs from other sources.

Table 54: Tip-offs

	2012–13	2013–14	2014–15	% change since 2013–14
Tip-offs through Fraud Tip-off Line	55 229	52 942	49 140	-7.2
Tip-offs from other sources	50 029	51 134	59 701	+16.8

Fraud investigations

The department investigates fraud and refers cases to the CDP. The department's fraud control processes are deliberately focused on the most serious cases of non-compliance, rather than on people making honest mistakes.

In 2014–15 the department conducted 2346 investigations into fraud compared to 3107 investigations in 2013–14. These included:

- 12 identity fraud investigations
- 20 undeclared family relationships investigations
- 8 investigations into organised and systemic fraud
- 169 investigations of potential criminal conduct of health professionals, pharmacists, corporate fraud, as well as the general public and receptionists
- 65 child support investigations.

During the year the department:

- established a digital forensic capability to further improve our ability to obtain evidence held on computers and other electronic devices
- continued to strengthen workforce capability by investing in qualifications and specialist development for program managers, analysts and investigators
- worked with the CDPP to develop and trial paperless presentation of briefs of evidence.

OPTICAL SURVEILLANCE

Optical surveillance involves observation of people, vehicles, places or objects. The department continued to use optical surveillance where other types of investigation were unsuccessful and when there was reasonable suspicion of fraud, serious cases of child support avoidance, or income minimisation. In 2014–15 the department completed 20 investigations using optical surveillance compared to 79 in 2013–14.

PARTNERSHIPS IN COMBATING CRIME

The department works in partnership with many Australian, state and territory government agencies and private sector entities to enhance the department's ability to combat fraud and non-compliance. Activities include contributing to whole-of-government committees, working groups and taskforces, data sharing, and targeted intelligence activities and investigations.

Australian Transaction Reports and Analysis Centre

The Australian Transaction Reports and Analysis Centre gives the department access to its records of significant or suspicious financial transactions. This information is used to detect undisclosed income or unexplained wealth, as these may be an indicator of potential fraud.

Australian Crime Commission

The department supports the Australian Crime Commission (ACC) in combating organised crime by seconding officers to the ACC. The department provides one officer to the ACC's Fusion Centre that focuses on financial crime and another to the ACC's Australian Gangs Intelligence Co-ordination Centre. The department receives information and intelligence from the ACC when relevant to fraud and non-compliance associated with social and welfare payments.

Australian Federal Police

The Australian Federal Police (AFP) supports the department's fraud control efforts. We seconded an officer to the AFP Fraud and Anti-Corruption Centre in 2014–15. The centre is a multi-agency initiative focusing on strengthening law enforcement capability associated with serious and complex fraud, corruption by Australian Government employees and complex identity crime.

We also had 10 seconded federal agents working within the department, assisting with our investigations and preparing and executing search warrants. These federal agents also provided training and advice to departmental investigators.

REFERRALS AND PROSECUTIONS

For cases suspected of more serious non-compliance, the department can refer them to other agencies and if proven apply administrative, criminal or civil penalties.

Director of Professional Services Review

In 2014–15 the department referred 61 practitioners (including 12 practitioners who breached the 80/20 rule) to the Director of Professional Services Review—see *Practitioner Review Program* on page 110.

Medicare Participation Review Committees

Medical Participation Review Committees (MPRCs) are independent statutory committees established on a case-by-case basis under Part VB of the *Health Insurance Act 1973*. They make determinations about whether a practitioner should retain the right to bill for professional services that attract a payment under the MBS.

Table 55: Cases referred to MPRCs

	2012–13	2013–14 ¹	2014–15
Open matters at start of year	9	7	1
Matters referred	7	0	0
Determinations finalised	9	6	1
Open matters at end of year	7	1	0
Hearings conducted	6	6	0

1. From December 2013, the scope of matters referred to MPRCs was reduced.

The sole case finalised in 2014–15 resulted in the practitioner retaining the right to bill for the professional services.

Commonwealth Director of Public Prosecutions

The department and the CDPP continued to work together to respond to fraud against social, health and welfare programmes. The department detects and investigates potential fraud and refers matters involving criminal intent to the CDPP which decides whether to prosecute.

In 2014–15 the department referred 1470 cases to the CDPP including:

- 1366 cases related to customers receiving social security or family assistance payments compared to 1071 in 2013–14
- 10 cases related to customers receiving Child Support services compared to 29 in 2013–14
- 74 cases related to the general public and receptionists claiming Medicare services and receiving benefits compared to 54 in 2013–14
- 20 cases relating to health professionals, pharmacists and corporate entities fraudulently claiming Medicare services and receiving benefits, compared to four in 2013–14
- 89 cases were outstanding at 30 June 2015.

CHILD SUPPORT CUSTOMER COMPLIANCE

In 2014–15 the department continued to implement its child support compliance programmes. The department uses various activities to collect ongoing and overdue child support including those listed in the tables below.

Table 56: Child support compliance and enforcement actions

	Number of actions			Child support collected/corrected \$ million		
	2012–13	2013–14	2014–15	2012–13	2013–14	2014–15
Tax lodgement enforcement	36 353	40 443	65 678	25.3	33.9	27.4
Tax refund intercept payment	109 764	111 612	105 202	116.4	130.4	121.5
Departure prohibition orders	467	271	218	6.7	6.2	6.7
Litigation	162	186	169	4.1	4.4	3.7

The following tables describe the performance of child support compliance and enforcement activities.

Table 57: Employer withholding from wages and salaries

	30 June 2013	30 June 2014	30 June 2015
Active paying parents with employer withholding payments set up—the department may initiate this measure for both current liability and child support debt.	63 924	63 982	64 390

Table 58: Deductions from Centrelink payments and DVA payments

	2012–13	2013–14	2014–15
Amounts collected from Centrelink and DVA payments—these deductions may be made for both current liability and child support debt.	\$26.7 million	\$28.9 million	\$30.5 million

Table 59: Enforcement of tax return lodgement

	2012-13	2013-14	2014-15
Number of income tax periods finalised—Target: 105 000. Customers may be referred to the ATO for investigation of non-lodgement of tax returns or attempts to avoid obligations by under-declaring incomes.	132 047	177 034	236 436
Of these, the following were finalised as a result of tax return lodgement—the remainder were finalised through ATO Default Assessments or Return Not Necessary determinations.	67 569	76 563	109 216
Number of customers finalising all their outstanding tax obligations	36 653	40 443	65 678

Table 60: Prohibition of departure from Australia

	2012-13	2013-14	2014-15
Amounts collected under Departure Prohibition Orders—preventing overseas travel by customers who have not made satisfactory arrangements to clear substantial debts.	\$6.7 million	\$6.2 million	\$6.7 million

Table 61: Litigation

	2012-13	2013-14	2014-15
Amounts recovered through litigation—the department commences litigation targeting parents who repeatedly avoid paying their child support when other enforcement options have been unsuccessful and an assets or income stream is identified.	\$4.1 million	\$4.4 million	\$3.7 million

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 received within 60 days for domestic customers and 120 days for international customers.

We contact parents throughout the objection review process before we make a final decision. Both parents are given the opportunity to provide information to ensure decisions are accurately based on their individual circumstances and financial capacity, and to promote greater procedural fairness.

The department provides feedback to original decision makers on the number and outcomes of objections received to help improve future decision making.

We are continuing to review and enhance the objections process by making it more accessible to customers, while upholding the integrity of the Child Support Scheme.

Table 62: Objections received and finalised

	2012-13	2013-14	2014-15
Number of objections received	15 307	15 074	16 317
percentage relating to care	29.1%	34.3%	34.7%
percentage relating to change of assessment	21.9%	18.4%	18.7%
percentage relating to estimates	21.9%	15.0%	14.2%
Percentage finalised in 60 days—domestic	73.7%	80.4%	83.8%
Percentage finalised in 120 days—international	77.0%	82.8%	86.6%

Objections to change of assessment

The objection rate to change of assessment has increased slightly from 15.3 per cent in 2013-14 to 16.9 per cent in 2014-15. This is an increase of 286 change of assessment objections from 2013-14 or a 10.3 per cent increase.

Table 63: Change of assessment applications finalised and objections received

	2012-13	2013-14	2014-15
Change of assessment applications finalised	20 262	18 074	18 092
Change of assessment objections received	3 358	2 770	3 056

Social Security Appeals Tribunal reviews

The SSAT received 2053 applications for review of child support decisions in 2014–15 compared to 1863 applications in 2013–14. The SSAT was amalgamated into the AAT from 1 July 2015.

Table 64: Child Support SSAT review outcomes¹

	Unchanged decisions ²			Changed decisions		
	2012–13	2013–14	2014–15	2012–13	2013–14	2014–15
SSAT	430	508	582	791	878	753

1. The total number of applications will not match the number of changed/unchanged decisions due to a number of applications either withdrawn, dismissed or still in progress.
2. Unchanged decisions are those made by the SSAT 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 reviews child support review decisions to identify any systemic procedural or operational issues.

3.4 MANAGEMENT OF HUMAN RESOURCES

The Department of Human Services is the largest public sector service delivery organisation in the country serving the largest customer group, the Australian public. Our people are critical to our delivery of services across the country whether online, on the phone or face-to-face. We continue to invest in our future workforce, empower our leaders and managers and build strong capability to deliver services and outcomes for government.

OUR PEOPLE

The department invests in workforce planning and strategy to meet business requirements now and into the future. The department uses people reporting and data to understand the profile of its workforce, trends and future requirements. Working with business areas, the department identifies and acts on workforce priorities and strategies to ensure people are in the right job at the right time.

At 30 June 2015 the department employed 34 890 people, of whom 31 094 (89.1 per cent) were ongoing and 3796 (10.9 per cent) were non-ongoing. Of the non-ongoing employees 2672 (7.7 per cent) were intermittent/irregular staff. This compares to 30 June 2014 when the department employed 34 773 people, of whom 32 403 (93.2 per cent) were ongoing and 2370 (6.8 per cent) were non-ongoing. Of the non-ongoing employees 1833 (77.3 per cent) were intermittent/irregular staff.

At 30 June 2015 the number of full-time equivalent (FTE) staff was 29 589.31 compared to 30 179.48 in 2013–14 at 30 June 2014. The FTE—the average number of staff—is fewer than the total number of people employed, as the total headcount includes full-time, part-time and intermittent/irregular staff.

Access to flexible working hours is an important mechanism for staff to balance their work and personal commitments. At 30 June 2015, 12 091 (34.7 per cent) of staff worked part-time—that is, they worked less than 37.5 hours a week. This compares to 11 546 (33.2 per cent) of staff at 30 June 2014.

Appendix F on page 268 presents statistics on staff by classification, location, employment status, employment type, gender, disability, diverse background and Indigenous. It also sets out staff salary ranges and employment arrangements.

Job Placement Services Scheme

The *Department of Human Services Agreement 2011–14* formalises our commitment through the Job Placement Services 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. Information about job placement services is available for staff on our intranet. In 2014–15, 95 people on the Job Placement Services Scheme were found a permanent placement or left the department.

Commitment to consultation

The department consults with employees and, where they choose, their representatives in accordance with the *Department of Human Services Agreement 2011–2014* and the *Department of Human Services Medical Officers Agreement 2013–2014*. The department is continuing formal negotiations for new enterprise agreements—see *Enterprise bargaining agreements* below.

Enterprise bargaining 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*.

The department is continuing formal negotiations for new enterprise agreements. We are committed to meeting the requirements of the Australian Government Public Sector Workplace Bargaining Policy. In the meantime the existing agreements still apply.

The department held 39 enterprise bargaining meetings with union and employee bargaining representatives between June 2014 and July 2015. We are committed to keeping all staff fully informed about the next enterprise agreement through a range of channels, including face-to-face information sessions with staff nationwide. Following a request from the representative of Medical Officer Employees, they will continue to be covered by a separate enterprise agreement. The department has held a number of meetings with their representatives. During this period, the department also managed seven rounds of protected industrial action that have had minimal impact on service delivery.

Workforce arrangements

INDIVIDUAL FLEXIBILITY ARRANGEMENTS

Individual flexibility arrangements are used to supplement the conditions of staff in exceptional circumstances. As an example, the department has used individual flexibility arrangements to assist with recruitment to remote and isolated localities. In 2014–15 the department had 64 individual flexibility arrangements.

WORKFORCE TRANSFORMATION

To support the shift towards more flexible and agile business approaches, workforce transformation has continued through job design, people change, and learning and development initiatives. Workforce transformation has also been a key focus across service delivery and business areas.

Regional Based Change Managers support customers and staff through change. Learning initiatives including a Talent Hub were trialled to develop staff skills—see also *Middle management development* on page 133.

PEOPLE CHANGE MANAGEMENT

The Transformer Network is an informal network for building a positive attitude towards change in the workplace. Through the network, all departmental staff have access to a range of change resources and other change-related support materials.

There are two kinds of change support—online self-help which supports staff access to tools that will assist them in managing people change, and direct service support to business teams which provides tailored solutions for specific needs.

WORKFORCE AVAILABILITY

The unscheduled absence result for 2014–15 was 16.47 days per FTE. This is an increase on the result of 16.26 days per FTE in 2013–14. This result includes 14.2 days per FTE in sick and carers' leave, comprising 12.53 days per FTE paid sick and carers' leave and 1.68 days per FTE unpaid sick and carers' leave.

The department is committed to achieving higher levels of workforce availability through effective people management, health and safety, and high levels of staff engagement. Under our *Attendance Strategy 2013–17: supporting a healthy and engaged workforce*:

- 3826 managers had completed positive attendance training
- business areas across the department had implemented the strategy in business plans or attendance plans and achieved positive results
- emerging attendance cases were escalated to people teams and long-term absence cases closely monitored
- attendance performance management expectations were included in individual performance agreements for supervisors.

Some positive trends and results in workforce availability are apparent in several of the department's larger divisions. These results were mostly achieved through improving manager capability and staff engagement, and ensuring that absences are effectively monitored and managed.

Public Interest Disclosure Act 2013

The *Public Interest Disclosure Act 2013* established a legislative scheme for investigating allegations of serious wrongdoing in the Australian Public Service (APS). Information about the scheme is available to:

- staff on the department's intranet
- the public on our website.

Responsibilities and functions under the Act are delegated to a core group of SES and Executive Level (EL) staff to ensure appropriate control and oversight in managing disclosures. The findings of an internal audit conducted between November 2014 and February 2015 will be used to further improve the management of disclosures. In 2014–15 the department received 16 public interest disclosures.

People survey

Seventy-six per cent of the department's employees completed the APS Employee 2015 Census this year, an increase of 5 per cent from the 2014 participation rate.

Levels of employee engagement exceeded the agreed 2015 departmental KPIs (improvement in three of the four indexes from 2014). The table below indicates a continued level of improvement in employee engagement since 2013.

Table 65: Comparison of employee engagement index scores—APS Employee Census

Engagement element index scores ¹	DHS—2013	DHS—2014	DHS—2015
Job engagement index scores	6.3	6.4	6.5
Team engagement index scores	6.1	6.3	6.4
Supervisor engagement index scores	7.0	7.0	7.2
Agency engagement index scores	5.3	5.5	5.7

1. Note—the engagement index uses a 0 to 10 point scale with 10 being the highest level of engagement

Performance management

Our 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 2014–15, 96.1 per cent of staff (96.4 per cent in 2013–14) had individual performance agreements negotiated, with 3.17 per cent of staff not requiring one due to long-term leave.

Job Family Model

The department uses the APS Job Family Model to underpin strategic workforce planning and job design activities. The model has helped the department to shape its workforce, including alignment of job roles. This has enhanced the department's understanding of its workforce, and assists in identifying demand for critical roles and addressing risks associated with labour market shortages. During the year key occupations the department identified as workforce priorities included jobs in the areas of ICT, strategic policy, research, programme and project management, and compliance and regulation.

Job Design

The department's Job Design programme ended in June 2015 with around 95 per cent of all roles in the department having an agreed job statement. The job statements have helped us to provide consistent roles that support movement of employees to similar roles as business needs emerge, and provide employees with clarity in various areas of skill development to support their own learning and development.

Apprentices, cadets and graduates

The **Apprenticeship Programme** is made up of certificate or diploma level study and formal workplace components to provide on-the-job training to supplement formal study. Both components need to be successfully completed to graduate from the programme.

In 2014, 100 apprentices commenced with the department's Indigenous Apprenticeship Programme. In 2015, 10 apprentices started on the ICT Apprenticeship Programme, managed by the Department of Finance.

The **Cadetship Programme** is made up of approved university study and workplace components, both of which need to be successfully completed to graduate.

In 2015 nine cadets began working in the department under the ICT Cadetship Programme managed by the Department of Finance. Five cadets are currently on the Indigenous Cadetship Programme, managed by the Department of the Prime Minister and Cabinet.

The **National Graduate Programme** offers university graduates professional development opportunities, accredited learning and specialised events and activities. The programme offers two pathways—generalist and professional. The professional pathway attracts people with allied health, communications, finance, human resources, ICT and legal qualifications. The 2015 intake of the National Graduate Programme included 66 generalist pathway and 36 professional pathway participants.

All programmes and pathways have a strong focus on diversity, especially in attracting and retaining Indigenous people and people with disability.

As part of the entry level framework, the department also continued the allied health university student placement programme and work experience placements for high school students.

Capability review

The department continued to participate in the Australian Public Service Commission's (APSC) 2012 Capability Review, which looked at ways to improve the capability of both individual agencies and the APS as a whole.

A follow-up Capability Review Health Check was completed in October 2014 with the department being one of the first in the Australian Government to take part in this process. The APSC used the input provided by the department to formulate its Capability Review Health Check report.

The health check shows an overall improvement in the three leadership, strategy and delivery capabilities. It commented on our progress in developing a uniform organisational culture, and evidence of strong cooperation and appreciation between ICT and our business. It also noted the increased rigour around the change process to support the considerable volume of projects, Budget initiatives and organisational changes.

Project Focus

The Project Focus pilot was implemented on 29 September 2014 to focus on the active management and resolution of long-term Comcare cases opened or reopened between 2002 and 2012. The broad strategic aim is to reduce the department's future liability associated with these cases. With the closure of CRS Australia, 70 staff were redeployed across the network into state-based teams to assist with the pilot.

The pilot was set up to:

- achieve a reduction of future Comcare liabilities for cases under the project's management
- be recognised as an innovative programme demonstrating best practice in the area of long-term injury management—under its Managing Workers' Compensation in the Commonwealth initiative. The Department of Employment is monitoring the pilot project
- look at the potential to provide shared service arrangements for other government departments to address long-term compensation claims.

ACCESSIBLE AND INCLUSIVE WORKPLACES

The department is committed to creating workplaces that are accessible and inclusive for all staff. It is guided by the *Workplace Diversity and Inclusion Strategy 2011–15* and *Workplace Accessibility Plan 2011–15*. We will consult staff about a refreshed strategy, expected for release by the end of 2015.

ICT support for greater accessibility

During the year we continued to provide support and training to around 500 staff who use assistive technology software. The APS Diversity Council agreed to pilot a shared service arrangement with the department providing cross-agency assistive technology services for participating agencies. The department is also leading an inter-agency Community of Practice including representatives of agencies involved in the pilot, which will focus on the challenges and opportunities that ICT offers to people with disability, and to help promote best practice.

Agencies participating in the inter-agency accessibility support unit are:

- Attorney-General's Department
- Australian Public Service Commission
- Australian Taxation Office
- Department of Communications
- Department of Education and Training
- Department of Employment
- Department of Health
- Department of Social Services.

Assistive technology training and support is also provided to the Department of Veterans' Affairs on a shared services arrangement.

Employment of people with disability

The department's *Workplace Accessibility Plan 2011–15* and Disability Recruitment Strategy contain recruitment and retention strategies for attracting and retaining people with disability. At 30 June 2015, 4.7 per cent of staff in the department identified as having disability.

During the year we developed a disability awareness and confidence training package, consisting of both face-to-face and eLearning components. This is for all staff to help them build knowledge, awareness and capability in managing staff with disability.

The RecruitAbility scheme was developed under the APS Disability Employment Strategy, where job applicants with disability who meet the minimum requirements of an advertised vacancy are advanced to a further stage in the selection process. The department is now applying RecruitAbility to all advertised vacancies including graduate recruitment. The scheme helps to build the confidence and capability of applicants with disability and supports their employment and career development. Staff involved in selections also have an increased awareness of the issues facing people with disability.

The department's scanning operations centre provides substantial and fulfilling employment opportunities for people with disability which involves mail sorting, digitising customer correspondence and data entry. The centre has 49 staff with around 22 per cent who identify as having disability.

In an Australian first, in 2014–15 the department and HP Australia started the Dandelion Programme. This involves working with Danish company Specialist People Foundation to recruit, train and employ people with Autism Spectrum Disorder (ASD). The agreement between the three organisations provides 11 people with ASD with employment for a three-year traineeship in our ICT testing area.

Koomari partnership



A successful partnership between the department's JobMatch Team and Koomari in Canberra is helping people with disability to get better opportunities to engage in meaningful employment and actively participate in their community. As a long-term disability service provider, Koomari advocates for and empowers people to achieve their dreams, goals and aspirations with a whole-of-life approach. Established in 1997, the JobMatch Team provides a range of administrative services within the department and currently has 10 staff with intellectual disability.

Other diversity initiatives

During the year the department released the Culturally and Linguistically Diverse (Multicultural) Employee Plan, which includes practical strategies to ensure active inclusion of staff from culturally and linguistically diverse (CALD) backgrounds. The department also widely promoted and celebrated Harmony Day in March 2015.

The department provides multicultural awareness training to staff as both an Elearning and face-to-face training package, which included a facilitated cultural immersion session delivered by the United Muslim Women Association to 12 of the department's SES officers during 2014–15.

The department is currently developing an SES multicultural awareness training package, including Islamic cultural awareness, for delivery in 2015–16.

To enhance inclusion of lesbian, gay, bisexual, transgender and intersex (LGBTI) staff the department has developed a comprehensive eLearning package which is available to all staff.

We also hosted five staff diversity networks to provide information and support to Indigenous staff, staff with disability, mature age staff, staff from CALD backgrounds, and LGBTI staff.

Reconciliation Action Plan

On 1 June 2015 we launched the 2015–17 Reconciliation Action Plan, renewing our commitment to advancing reconciliation over the next three years. The plan was granted ‘elevate’ status by Reconciliation Australia—the highest possible rating available, which establishes the department as a national leader in taking action towards reconciliation.

Over the next three years the department will continue to share what we learnt with other government departments, for example, by providing information sessions on Indigenous recruitment and retention; making our Indigenous Cultural Awareness training available; and trialling our Indigenous Mentoring Programme in other departments—see *Indigenous Mentoring Programme* on page 131.

Launching the new Reconciliation Action Plan



The department launched its second Reconciliation Action Plan on 1 June 2015 in a moving ceremony held in Canberra. It started with a Welcome to Country from Ngunnawal Elder Aunty Violet (pictured) followed by a few words from Karen Mundine, Deputy CEO of Reconciliation Australia and the department’s Secretary Kathryn Campbell.

The Secretary said she was very proud of the department’s record on reconciliation and the plan, in receiving an ‘elevate’ status, was key to building even greater opportunities for Aboriginal and Torres Strait Islander peoples over the next three years.

Employment of Aboriginal and Torres Strait Islander peoples

The department has set a target of increasing Aboriginal and Torres Strait Islander peoples’ employment to 5 per cent by the end of 2017.

In 2014–15 the department maintained 4 per cent representation of Indigenous staff, which is above the APS target of 2.7 per cent. The department supported its Indigenous staff by continuing to implement actions under the *Aboriginal and Torres Strait Islander Employees Plan 2011–2015*.

INDIGENOUS MENTORING PROGRAMME

The Indigenous Mentoring Programme was developed to support new Aboriginal and Torres Strait Islander staff 'navigate' their way around the department and the APS. The programme also helps Indigenous staff deal with what can be a delicate balance between their responsibilities and obligations to their community and their new workplace.

A new Indigenous staff member usually has an Indigenous mentor after their first three months with the department. The department has 204 Indigenous staff trained as mentors, including 60 new Indigenous mentors who were trained in May and June 2015 to support the department's largest ever intake of Indigenous apprentices as part of our Indigenous Apprenticeships Programme. The Indigenous Mentoring Programme is also supported by an Aboriginal and Torres Strait Islander Buddy Programme. The Buddy Programme supports Aboriginal and Torres Strait Islander employees to adjust to the new workplace.

INDIGENOUS SCHOLARSHIP PROGRAMME

To retain and develop its Indigenous workforce, the department manages an Indigenous Scholarship Programme. The scholarships are for Indigenous staff who have completed the first year of their first undergraduate degree in a field of study relevant to the department's business, with a particular focus on identified future skills gaps. The successful scholars are paid their salary and their university fees for the rest of their studies.

In 2014–15 the department had eight Indigenous staff on scholarships.

INDIGENOUS CULTURAL CAPABILITY FRAMEWORK

One of the major strategies to improve workplace culture is the requirement for all staff to participate in the department's Indigenous Cultural Capability Framework. This framework takes a three-tiered approach to increase and build staff knowledge and awareness of Aboriginal and Torres Strait Islander cultures.

In 2014–15, 5703 staff accessed the department's online Indigenous Cultural Awareness eLearning training which was refreshed in June 2015. During the year 2710 staff participated in face-to-face training. A mandatory training product for SES officers, *Exploring Our Culture: Senior Executives*, was rolled out in 2014, with Part II of this product starting in March 2015. To date, 195 employees have completed Part I of the product, with 104 completing Part II between March and June 2015.

Secondment programmes were strengthened in 2014–15 with six staff completing secondments to Indigenous communities as part of the Jawun Indigenous Community Secondment Programme. Additionally, one SES officer participated in an Empowered Communities secondment. Two staff took part in a pilot secondment programme with the Australian Institute of Aboriginal and Torres Strait Islander Studies and one employee commenced a secondment with Reconciliation Australia.

NATIONAL INDIGENOUS EMPLOYEE NETWORK

The National Indigenous Employee Network of 895 Indigenous members provides a national voice for Indigenous staff. The network is consulted regularly on employment and other Indigenous issues.

LEARNING AND DEVELOPMENT

Technical training

In 2014–15 significant changes were made to the approach used to build the technical skills of all staff. These changes were centred on simplifying, consolidating and better organising learning products to support a capable and engaged workforce. Specifically, the following activities were completed:

- establishing a clearly defined organising model for all service delivery technical learning, including implementation of a new learning management system catalogue (including learning pathways)
- integrating existing technical learning, providing a suite of foundation learning for all service delivery job roles
- developing and trialling new tools to support this simplified approach, including modifying the existing training development model.

The development and rollout of our Mandatory Refresher Program, a department-wide initiative to refresh our workforce's knowledge in critical legislation-based skills and behaviour, resulted in 27 555 staff completing the learning. This represented 88 per cent of the department's entire workforce. Courses included in the Mandatory Refresher Program were Workplace Health and Safety, APS Values and Ethics, and Fraud Awareness.

Leadership development and engagement

The department continued to invest in a talent development programme for selected Executive Level 2 (EL2) leaders from across business areas. This programme involved 22 EL2 staff in group and individual learning activities to develop self-awareness and development pathways. Seventeen SES leaders also participated in programmes offered by the APSC to enhance their skills and build networks across agencies.

Departmental culture

The department strengthened its 'We' culture with business areas progressing strategies to embed employee engagement and diagnostics to identify ways to build team culture. Given the critical role played in engaging and leading teams, 132 of the SES managers were trained in improving their communication skills.

Middle management development

The department's approach to middle management development is undergoing a significant change through a project called Future Leaders Today. As part of the project a Human Services Capability Framework will be the foundation of a new development pathway for all staff. This will also align with a new online database called Talent Hub which maps capabilities and competencies for every role in the department. Using the hub staff can track the skills pathways for their role and identify what development and training they need to align with the department's learning strategy. A pilot of the first stage of this initiative began in July 2014.

Ethics and values

The department remains committed to ensuring all staff understand and comply with the APS Values and Code of Conduct, and maintain the highest ethical standards.

To underline our commitment the department released a suite of products that promote a culture of respect and integrity, including a new Preventing and Resolving Workplace Bullying Policy and a Guidelines and Workplace Bullying Prevention Kit. The prevention kit provides staff and managers with a range of resources to help identify and eliminate unacceptable workplace behaviour.

During 2015 the department also focused on fraud prevention and fraud risk awareness to remind all staff of their obligations, including the responsibility to report fraud and unauthorised access to information.

Possible breaches of the APS Code of Conduct are taken seriously and appropriate action is taken when required. Investigations are conducted according to departmental procedures, which ensure staff are treated fairly. If a breach of the APS Code of Conduct is found, sanctions are imposed. In 2014–15 there were 279 matters involving a suspected breach of the code compared to 472 in 2013–14.

WORK HEALTH AND SAFETY AND INJURY MANAGEMENT

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 performance.

The approach is founded on the Work Health and Safety Policy and the 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 injuries by 30 per cent and action areas for improvement. The policy and strategy are supported by the department's new health and safety consultation arrangements which include health and safety committees and health and safety representatives.

The department's work health and safety priority areas continue to be:

- body stressing injury prevention, including sedentary work
- customer aggression
- psychological health, including bullying and harassment
- offsite safety, including remote travel.

The targets for the strategy are to achieve:

- zero workplace fatalities
- effective compliance with the *Work Health and Safety Act 2011*
- a consistent 'effective' rating on Safety Assurance Programme (SAP) 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 (against 2012 levels) and at least 30 per cent by 2022 (against 2012 levels).

The department's work health and safety outcomes in 2014–15 show good progress against the targets, especially in reducing workers compensation claims, increasing work health and safety awareness and improving SAP results. These include:

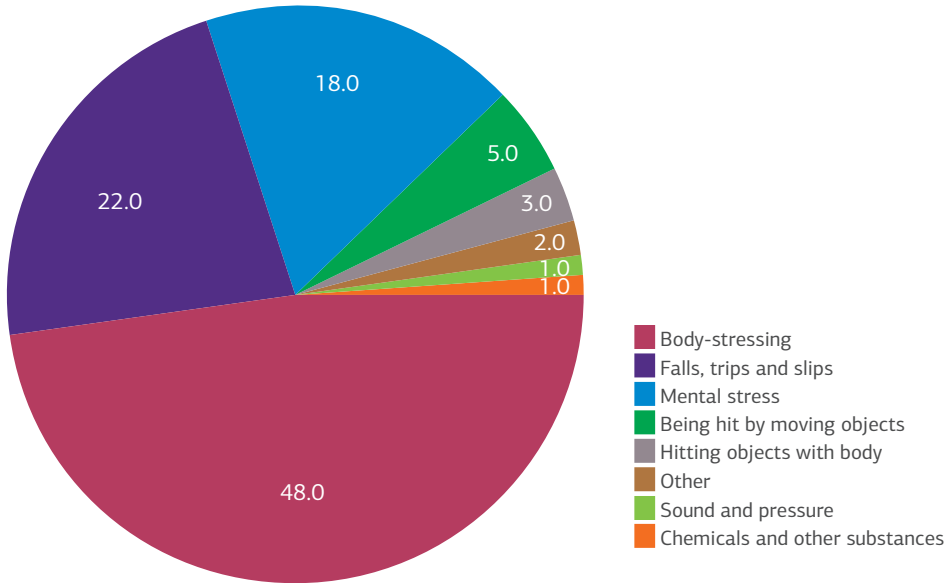
- a 19 per cent reduction in the number of workers compensation claims submitted to Comcare in 2014–15
- a 5.1 per cent reduction in the number of customer aggression reports submitted by staff delivering face-to-face customer services
- implementing the new health and safety consultation arrangements, which replace the health and safety management arrangements with a manual to provide practical information
- including work health and safety in individual performance agreements and work health and safety eLearning in the mandatory staff training programme requirements for 2014, with 99 per cent of staff completing this training
- participating in the Global Corporate Challenge in 2015 to support staff to improve their health and fitness
- continuing to promote body stress injury prevention using 'Take a stand for better health' promotional material, training, information and resources, to enable staff to set up their workstations and promoting movement and standing at work to reduce the health impacts of sedentary work
- training customer-facing staff to reduce and manage customer aggression, with more than 71 per cent of staff delivering face-to-face customer services being retrained since August 2012
- addressing psychological injury risks through the development of a pilot mental fitness project and commencing consultation on a psychological health strategy for the department
- providing training for supervisors implementing early intervention support for staff at risk of injury.

The department has introduced a number of initiatives and structural changes to support injury prevention, early intervention and rehabilitation, to ensure early return to work and, in turn, reduce the likelihood of matters progressing to workers' compensation claims, including:

- establishing a team of allied health staff to focus on long-term workers' compensation cases—see *Project Focus* on page 126
- implementing a maturity model for rehabilitation case management, which places greater emphasis and resources on early intervention
- developing and implementing a new performance and quality framework for rehabilitation case management
- working with rehabilitation providers to improve performance, including using Abilita, a psychometric tool to assist with priority claims
- delivering an Early Intervention for Managers training programme.

Workers compensation claims by mechanism of injury

Figure 7: Accepted claims for 2014–15 by mechanism of injury (per cent of total claim numbers)



See Appendix G on page 274 for information required under the *Work Health and Safety Act 2011*.

RECOGNISING EXCELLENCE

The department's Awards and Honours Programme recognises and rewards performance excellence. The main national award programme focuses on exceptional customer service, successful innovation, inspirational leadership, and business excellence of both individuals and teams. The department also participates in external awards programmes.

Internal award programmes

The Pinnacle Achievement Awards are the department's primary national annual award programme. They include categories and criteria aligned to the department's strategic direction, culture and leadership priorities. For the 2014 awards programme, 156 nominations representing the achievements of individuals and teams across the department were submitted. Category winners and highly commended recipients were announced by the Secretary at the awards ceremony held in Canberra on 28 August 2014. Overall 21 individuals and 24 teams were acknowledged for their exceptional contribution and performance.

Significant Achievement Awards are sponsored by the SES and recognise achievements by individuals and teams within their business lines.

The 'In the Moment' programme encourages immediate and informal recognition at a local level.

The department's Australia Day Achievement Awards, as part of the National Australia Day Council programme, recognise staff who have made a significant contribution to helping customers in the local community.

As part of the department's NAIDOC Week celebrations, each year the department hosts and presents awards for Aboriginal and Torres Strait Islander Employee Achievement, Individual Achievement in Indigenous Servicing, and Team Achievement in Indigenous Servicing.

For the 2014 NAIDOC award programme, 35 nominations representing individual and team achievement were submitted. Category winners and highly commended recipients were announced by the Secretary at the awards ceremony held in Canberra on 8 July 2014. Overall seven individuals and four teams were acknowledged for their exceptional achievements.

External award programmes

In 2014–15 the department participated in a number of public sector endorsed programmes as well as private sector industry association award programmes. The following recognition was achieved:

- 2015 National Archives of Australia inaugural Digital Excellence Awards—joint winner with the Department of Immigration and Border Protection in the large agency category for the department’s digital services including mobile apps, online and myGov
- Australasian Reporting Awards—a silver award for the department’s 2013–14 annual report
- Institute of Public Administration Australia—a bronze award for the department’s 2013–14 online annual report
- the 2015 Supply Nation Government Supplier of the Year award
- 2014 EXPAND Executive Assistant/Personal Assistant of the Year Awards—Winner of the APS2–5 Executive Assistant of the Year
- 2014 Australian Human Resources Institute Awards—Winner of the Wayne Cascio Award for Organisational Change and Development
- 2014 APS Diversity Awards—Highly Commended for a Disability Employment Award
- 2014 Australian Software Testing Awards—Winner of the Best Project Award
- 2014 Australian Awards for Excellence in Public Sector Management—Winner of the Collaboration category and Silver Excellence Award for myGov Digital Services
- Australia Day 2015 Honours List—Mandy Ritchie, General Manager CRS Australia Division, was awarded a Public Service Medal for outstanding public service leading to increased employment participation of job seekers with disabilities, injuries and health conditions
- Queen’s Birthday Honours List—Roxanne Ramsey, former General Manager, Indigenous, Regional and Intensive Services Division, was awarded a Public Service Medal for outstanding public service in social services, particularly for Indigenous communities
- 2015 Government CIO of the Year—Gary Sterrenberg, Chief Information Officer, was recognised for his leadership in the development and implementation of myGov.

Service Recognition Programme

In 2014–15 the Service Recognition Programme acknowledged 3445 staff for their increased level of experience, capability and insight developed through continuous employment in the APS. The programme 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.

WORKPLACE GIVING

The department has a workplace giving programme that allows staff to make regular donations to charities under pre-tax arrangements directly from their pay.

This year donations increased by 12.39 per cent over the previous year with more than \$65 299 donated to 33 charities. The main beneficiaries were the Australian Red Cross, Cancer Council, Care Australia, Medecins Sans Frontiers, RSPCA and Salvation Army.

CHARITY FUNDRAISING

As part of its commitment to supporting charities, the department's national charity calendar involves selecting organisations which align with our business, and are based on suggestions from staff. Each month we help a charity and promote awareness of its work and in some cases staff undertake fundraising activities. Charities supported during the year included The Smith Family, *beyondblue* and the Cancer Council.

The department is also involved in charity fundraising at the local level. For the fifth time the Secretary participated in the St Vincent de Paul Society's annual Vinnies CEO Sleepout, raising more than \$43 000 for the homeless.

Additionally, this year's annual Department of Human Services Games (held at the Gold Coast) raised nearly \$40 000 for the Royal Flying Doctor Service, the Cancer Council Queensland and the Gold Coast Youth Service.

Three day-games a great success



The 2014 Department of Human Services Games held on the Gold Coast were a great success with three hectic days of sporting events and fundraising, involving 400 competitors from across the department who pay their own way to attend.

Games patron Deputy Secretary Grant Tidswell said: 'It's such a great thing to get so many people together. There was wonderful competition with a really warm, positive and energetic spirit, and I think people really enjoyed their time there.'

'It was fantastic also that we could hand over three cheques for \$13 000 each to the Royal Flying Doctor Service, Cancer Council Queensland and the Gold Coast Youth Service. This will make a huge difference to these organisations, and it's one of the most satisfying aspects of the games.'

3.5 ENGAGEMENT AND FEEDBACK

CUSTOMER SATISFACTION

Service Charter

The department's Service Charter, *Our Service Commitments*, shapes the identity of the department and sets out what people can expect from us. The charter is a public expression of the department's commitment to excellence in service delivery, outlining:

- service delivery approach and commitments
- customers' rights and responsibilities
- how customers can provide feedback about service delivery
- what customers can do if they are dissatisfied with a decision made by the department
- how customers can have complaints resolved.

Our Service Commitments underpin our business priorities and are on our website.

PERFORMANCE SUMMARY AGAINST SERVICE COMMITMENTS

Following is an overview of the department's performance against each of the six service commitment themes. The results are derived from a survey that focuses on each surveyed customer's most recent interaction in the previous week with Centrelink and Medicare services and was conducted continuously throughout 2014–15. Results were calculated on the basis of customer ratings. Customers who did not answer or indicated 'don't know' or 'not applicable' were removed from the calculation of results.

Respect: We will welcome you and will listen to you and work with you to understand your individual and cultural needs—measured by customer assessments of staff behaviour.

- 90 per cent of customers surveyed about Centrelink services agreed that staff treated them with respect and 78 per cent agreed that staff took into account their individual circumstances.
- 94 per cent of customers surveyed about Medicare services agreed that staff treated them with respect and 87 per cent agreed that staff took into account their individual circumstances.

Easy access to services: We will give you quick and easy access to the right services—measured by customer assessments of accessibility of services.

- 60 per cent of customers surveyed about Centrelink services were satisfied with the ease of accessing services.
- 80 per cent of customers surveyed about Medicare services were satisfied with the ease of accessing services.

Quality information: We are committed to providing consistent and accurate information—measured by customer assessments of the consistency and accuracy of information.

- 80 per cent of customers surveyed about Centrelink services agreed that staff had told them everything they had to do to get the service and 81 per cent agreed that they were given accurate information.
- 76 per cent of customers surveyed about Centrelink services agreed that staff gave them information that was consistent with what they had already heard or read.
- 91 per cent of customers surveyed about Medicare services agreed that staff had told them everything they had to do to get the service and 93 per cent agreed that they were given accurate information.
- 89 per cent of customers surveyed about Medicare services agreed that staff gave them information that was consistent with what they had already heard or read.

Fair and transparent services: We will be open and honest with you and will follow through on our commitments—measured by customer assessments of how clearly the department provides customers with information about their rights and responsibilities.

- 71 per cent of customers surveyed about Centrelink services indicated that staff had advised them of their rights and responsibilities.
- 74 per cent of customers surveyed about Medicare services indicated that staff had advised them of their rights and responsibilities.

Genuine consultation: We value your feedback and we will work with you to understand how to improve our services—measured by customer assessment of whether the department took into account their individual circumstances.

- 78 per cent of customers surveyed about Centrelink services agreed that staff took into account their individual circumstances.
- 87 per cent of customers surveyed about Medicare services agreed that staff took into account their individual circumstances.

Efficiency: We will simplify the way we deliver services to you. We will streamline processes to provide the right outcome—measured by customer assessment of staff promptness and efficiency.

- 78 per cent of customers surveyed about Centrelink services said that staff were prompt and efficient.
- 89 per cent of customers surveyed about Medicare services said that staff were prompt and efficient.

Satisfaction survey programme

The **Transactional Survey** targets a random selection of customers who have recently contacted the department and measures their satisfaction with the most recent transaction.

There are a number of other research activities that form part of the satisfaction research programme. These include measuring customers' general perceptions of the department—the **Relationship Survey**.

Each year the **Health Provider Survey** gauges satisfaction with departmental services from health professionals, including pharmacists, general practitioners and practice managers. The Department of Social Services is now responsible for aged care providers and were not included in the 2014–15 survey.

Every two years, an **International Services Survey** is conducted to measure the satisfaction of services provided to customers residing overseas.

Table 66: Summary of the department's satisfaction research activities

Survey title	Target audience(s) and sample size	Summary of findings 2013–14	Summary of findings 2014–15
Transactional Survey	<p>Targets a random selection of current customers who have recently interacted with the department</p> <p>Measures customer perceptions of the quality of service they received</p> <p>In 2014–15 about 26 620 surveys were completed through phone interviews and 5780 surveys completed through integrated voice response</p>	<p>Satisfaction with:</p> <ul style="list-style-type: none"> • Centrelink services at 68 per cent • Medicare services at 85 per cent • Child Support services at 84 per cent 	<p>Satisfaction with:</p> <ul style="list-style-type: none"> • Centrelink services at 70 per cent • Medicare services at 83 per cent • Child Support customer services at 74 per cent¹

Survey title	Target audience(s) and sample size	Summary of findings 2013–14	Summary of findings 2014–15
Relationship Survey	<p>Targets customers who have had any interaction with the department in the previous 12 months</p> <p>Measures customers' general perceptions of the department</p> <p>The survey was conducted across May and June 2015 with 1000 surveys completed</p>	<p>Satisfaction with:</p> <ul style="list-style-type: none"> • Centrelink at 64 per cent • Medicare at 81 per cent • Child Support at 50 per cent 	<p>Satisfaction with:</p> <ul style="list-style-type: none"> • Centrelink at 56 per cent • Medicare at 82 per cent • Child Support at 50 per cent
Health Provider Survey	<p>Targets a random selection of health care providers who have interacted with the department in the previous 12 months</p> <p>Runs once a year and approximately 1207 surveys were completed in 2014–15</p>	<p>The percentage of health providers indicating they were satisfied or neutral with the services provided by the department:</p> <ul style="list-style-type: none"> • 98 per cent for pharmacists • 80 per cent for aged care providers • 93 per cent for practitioners • 93 per cent for practice managers 	<p>The percentage of health providers indicating they were satisfied or neutral with the services provided by the department:</p> <ul style="list-style-type: none"> • 99 per cent for pharmacists • 91 per cent for practitioners • 88 per cent for practice managers
International Services Survey	<p>Targets 200 customers residing overseas who had an interaction with the department in the past 12 months</p> <p>Measures customer satisfaction with the services provided by the department's International Services</p> <p>Conducted once every two years</p> <p>Conducted with customers living in Netherlands, Germany and the United Kingdom</p>	<p>Overall satisfaction with the services provided by the department's International Services was 96 per cent</p>	<p>Overall satisfaction with the services provided by the department's International Services was 80 per cent</p>

1. The result is based on data from February to June 2015. This data is not fully comparable with data from the previous year.

CUSTOMER FEEDBACK

In 2014–15 the department implemented a new customer feedback recording tool to provide better information and identify ways to continuously improve our services to the public. Monthly case studies were provided to help staff focus on ways to improve their interactions with customers and prevent future complaints.

The department is committed to ensuring that customers are aware of their right to complain or provide feedback. Customers can provide feedback in a variety of ways, including:

- calling our feedback and complaints line on **1800 132 468**
- calling one of our international phone numbers if overseas listed on **humanservices.gov.au/international**
- sending a secure message via **humanservices.gov.au/feedback**
- by mail (no postage stamp required)
- via the National Relay Service
- speaking to a Service Officer at any of our service or smart centres.

The table below summarises customer feedback received by the department.

Table 67: Summary of customer feedback about the department

Customer feedback	2012–13	2013–14	2014–15	% change from 2013–14
Centrelink				
Compliments	8 893	6 435	5 299	-17.7
Suggestions	1 542	1 327	1 178	-11.2
Complaints	46 243	52 763	62 691	+18.8
Medicare				
Compliments	587	597	637	+6.7
Suggestions	203	198	270	+36.4
Complaints	12 234	11 690	11 457	-2.0
Child Support				
Compliments	574	441	440	-0.2
Suggestions	198	130	185	+42.3
Complaints	23 312	22 829	21 298	-6.7

Centrelink customer feedback

In 2014–15 the department recorded 69 168 customer feedback contacts about Centrelink services. The top three complaints by volume were:

- difficulties with phone services, including complaints about hold wait times, engaged signals and call disconnections (24.7 per cent)
- dissatisfaction with departmental staff or a contractor, including attitude/behaviour, lack of knowledge and staff not taking agreed action (16.4 per cent)
- dissatisfaction with timeliness, including the time taken to process a claim, make a decision and review a decision (12.3 per cent).

Medicare customer feedback

In 2014–15 the department recorded 12 364 customer feedback contacts about Medicare services. The top three complaints by volume were:

- difficulties with phone services, including complaints about hold wait times, engaged signals and call disconnections (25.4 per cent)
- difficulties with digital services, including the inability to access the services, the item number being unavailable for online claiming, and not being user-friendly (20 per cent)
- not having received a service, including a payment, a card and a tax statement (8.7 per cent).

Child Support customer feedback

In 2014–15 the department recorded 21 923 customer feedback contacts about Child Support services. The top three complaints by volume were:

- collection, including lack of collection, account balance and employer withholding (33.1 per cent)
- quality of service, including lack of courtesy, advice and inaction (29.7 per cent)
- child support assessments including income calculated, care arrangements and change of assessment (21.2 per cent).

Responses to customer complaints about the department's services

Departmental responses to customer complaints address individual circumstances. A joint approach is taken to resolve customer issues that involve more than one programme or service type.

Responses to resolve complaints may include an apology, an explanation of the policy, correcting a customer's record, review of a decision, case management, or referral to an external organisation.

COMMUNITY ENGAGEMENT

National advisory groups and forums

In 2014–15 the department facilitated several national advisory groups and forums.

NATIONAL WELFARE RIGHTS NETWORK

The National Welfare Rights Network (NWRN) includes 16 community legal services specialising in social security and family assistance law and its administration by the department. NWRN member organisations provide assistance to individual clients, conduct training for community workers, and produce publications to assist social security recipients and community organisations to understand the system. At the twice-yearly meetings between the department and NWRN, information and ideas are exchanged on a range of issues.

CHILD SUPPORT NATIONAL STAKEHOLDER ENGAGEMENT GROUP

The Child Support National Stakeholder Engagement Group is convened jointly by the Department of Social Services and the Department of Human Services. It connects a broad cross-section of stakeholders including the legal community, academics and peak bodies of family support service providers representing separated parents. The group discusses current child support policy, child support service delivery and child support administration processes.

In 2014–15 the group discussed deregulation opportunities within the broader welfare system, the Parliamentary Inquiry into the Child Support Programme, the child support system redesign, and the child support Express Plus mobile app.

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 CALD customers.

The National Multicultural Advisory Group includes members from government agencies and peak bodies representing communities from CALD backgrounds. The group provides advice and feedback about the quality and effectiveness of the department's service delivery to multicultural customers. The annual face-to-face meeting was held in July 2014, with follow-up meetings held in October 2014 and February 2015. Issues discussed in the follow-up meetings included Budget measures, red tape reduction, refugee servicing, and future digital service delivery.

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 and Perth. They ensure communities know about the department's programmes, services and new initiatives. In 2014–15 issues raised included online and Express Plus mobile apps for CALD customers, employment and training initiatives in local areas, and multilingual services.

OLDER AUSTRALIANS WORKING GROUP

The department met with the Older Australians Working Group in November 2014 and June 2015. The group has representatives from peak organisations and customer groups, and allows the department to showcase service delivery developments. The group offers feedback on the current and potential impacts of service delivery on older people.

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, pharmaceutical and aged care fields. The group provides advice on emerging strategic and operational matters as well as input into the implementation of government measures such as red tape reduction. This helps improve the effectiveness of the service delivery aspects of the health programmes the department administers. The group met twice in 2014–15.

RESEARCH

The department's research programme for 2014–15 continued to support improvements in service delivery through a series of internal service delivery evaluations.

The department also participated in a range of collaborative research projects across all levels of government and through academic partnerships. These included projects with the Department of Finance, the Department of Social Services, the Productivity Commission, various state and local governments, and academic institutions.

3.6 ASSETS MANAGEMENT

PROPERTY

At 30 June 2015 the department leased 484 commercial properties covering 729 543 square metres. During the year the number of properties reduced by 164 from the previous year because of the co-location of 51 Medicare service centres into Centrelink service centres and the closure of 110 CRS Australia properties. By 30 June 2015 we had four new myGov sites located in Sydney, Brisbane, Adelaide and Perth.

The department also owns 35 residential properties and leases another 17 in remote locations. These properties provide accommodation for staff in places where sourcing residential properties is difficult.

During 2014–15 the department continued to manage the Department of the Prime Minister and Cabinet's (PM&C) property portfolio outside the Australian Capital Territory. This consists of 232 properties including commercial, residential and remote properties.

The department continually reviews its property portfolio to ensure it meets business objectives and is as efficient as possible.

In 2014 PricewaterhouseCoopers undertook an independent review of property operations across the department. Recommendations from the review were focussed on increased efficiency and ensuring value for money in accordance with the Commonwealth Property Management Framework and are progressively being implemented.

During 2014–15 the expenditure on property operating expenses was \$430.4 million, with a further \$59.3 million on capital improvements.

ASSETS

The department's assets management policies and procedures encompass whole-of-life assets management. The department publishes guidance and procedures for staff and conducts a risk-based rolling stocktake and independent valuations to maintain the accuracy of assets records.

During the year the department provided assurance on the existence, validity and valuation of the assets held. We undertook:

- a stocktake to confirm the existence and location of the department's assets
- a revaluation of leasehold improvement and data centre equipment
- an assets impairment review in accordance with Australian Accounting Standard 136—Impairment of Assets.

The composition of the department's fixed assets base is mainly purchased software, internally developed software, leasehold improvements and data centre equipment.

SECURITY

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.

As part of an increased focus on security in 2014–15, governance of the security activity in the department has been reviewed and a restructure of security functions has resulted in the formal establishment of an agency security capability.

The department continues to implement a range of initiatives to address the changing security environment including strengthening security in service centres. These include:

- reviewing the department's property design and physical security environment to help minimise customer aggression and provide a secure and safe working environment
- more than doubling the number of security guards during the year to better manage strategic and operational security risks.

SHARED SERVICES

In addition to property management, under the department's agreement with PM&C we provide travel services, fleet management, credit card management and a staff assistance programme. The shared services arrangement uses the department's expertise and existing nationwide coverage to deliver these services to PM&C. The department has recently entered into shared services arrangements with both PM&C and the Department of Finance to undertake investigations into potential breaches of the APS Code of Conduct.

Shared services will be extended with the government implementing new systems to support the National Disability Insurance Scheme (NDIS), with the department to manage the implementation. We have commenced designing and planning the ICT solution for NDIS in collaboration with the National Disability Insurance Agency and the Department of Social Services.

The department also provides ICT and learning and development services to a number of agencies—see *ICT support for other government agencies* on page 172.

3.7 PURCHASING

The department conducted its procurement activities in accordance with the Commonwealth Procurement Rules (CPRs). We review the Accountable Authority Instructions periodically to ensure our procurement activities and related policy and procedural publications remain aligned with the CPRs and the Commonwealth procurement framework.

In 2014–15 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 continued to contribute to the refresh 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 the sourcing of communications-related services by 51 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 (SMEs) and small enterprise participation statistics are available on the Department of Finance’s website at finance.gov.au/procurement/statistics-on-commonwealth-purchasing-contracts

The department recognises the importance of ensuring that small businesses are paid on time. The results of the Survey of Australian Government Payments to Small Business are available on the Treasury’s website at treasury.gov.au

In undertaking its procurement activities, the department seeks to support SMEs through a range of measures including:

- the use of the Commonwealth Contracting Suite for low-risk procurements valued under \$200 000
- 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 SMEs
- membership of Supply Nation, a non-profit organisation established to grow the Aboriginal and Torres Strait Islander business sector through the promotion of supplier diversity in Australia, to further the department’s activity within the Indigenous business sector. In May 2015 the department was recognised as the Supply Nation Government Member of the Year for leadership in supplier diversity and creating opportunities for Indigenous procurement.
- the use of Australian Industry Participation Plans in whole-of-government procurement where applicable
- encouraging the use of credit cards to expedite payments.

3.8 CONSULTANCY CONTRACTS

The department's consultancy contracts are categorised in accordance with PM&C's *Requirements for Annual Reports* and the Department of Finance's guidance on reporting on 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 the relevant Deputy Secretary approves them.

The department engages consultants to provide specialist professional services, independent research or assessment, and other necessary skills that are otherwise unavailable in the department.

In 2014–15 the department continued to reduce spending on consultancy services. We spent \$543 534 on a total of eight consultancy contracts—\$399 097 spent on three ongoing contracts and the balance on five new contracts.

Table 68 shows total expenditure (including GST) on consultancy contracts for the current and previous two financial years.

This annual report contains information about actual expenditure on contracts and consultancies. Information about the contract value of departmental contracts and consultancies is available on the AusTender website. For information about the department's advertising and market research costs, see Appendix I on page 276.

Table 68: Expenditure on consultancy services

	2012–13 \$	2013–14 \$	2014–15 \$
Total consultancy services expenditure	3 035 040	921 930	543 534

3.9 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.

3.10 EXEMPT CONTRACTS

In 2014–15 the department had no contracts or standing offers that were exempted from publication on AusTender by the Secretary.

3.11 GRANTS

Information on grants awarded by the department in 2014–15 is available on our website.

3.12 ENVIRONMENTAL MANAGEMENT

We are committed to carrying out our business in an environmentally responsible and resource efficient way.

The department's environmental management system aligns to international standard ISO 14001:2004 and helps us manage and report on greenhouse gas emissions, energy use, resource use and waste arising from building operations, motor vehicle and air travel, ICT and stationery supplies.

The department is dedicated to achieving the environmental targets set by the government for energy use, resource consumption and waste, and supports the mandatory environmental standards for application in procurement processes. Supporting these measures drives resource efficiency and innovation in supply chains and across industry.

See Appendix J on page 278 for more information about the department's contribution to ecologically sustainable development and environmental performance.

Transforming services and technology



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4.1 SERVICE DELIVERY TRANSFORMATION

The department has actively contributed to the development of the Australian Government's Digital Transformation Agenda (DTA) and the establishment of the Digital Transformation Office (DTO) within the Communications portfolio. The DTA is about delivering services that are focused on the user, moving from traditional face-to-face and phone services to those that are digital by design.

The DTO is engaging with industry and in addition is leveraging the department's existing service delivery transformation capability as part of a whole-of-government approach to improving digital services that support a user-centric experience.

During the year the myGov digital service continued to grow, with over seven million active accounts at 30 June 2015. myGov provides users with 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 linked participating member services—see *myGov* on page 155.

DIGITAL AND ONLINE SERVICES

The department recognises that many of its customers now expect to interact with us in a modern and convenient way, and we are continuing to identify new and emerging technologies to support quick and easy access to services, at a time that suits them.

Our strong focus is on encouraging more Medicare claiming from the point where health services are provided. Digital claiming from the point of service requires the least effort for customers as no direct help from the department is needed for patients making a Medicare claim.

Table 69: Self-service transactions

	2012-13	2013-14	2014-15
Centrelink			
Self-service transactions ¹	74.5 million	102.0 million	118.3 million
Medicare			
Self-service transactions ¹	2.9 million	4.0 million	5.4 million
Child Support			
Self-service transactions ¹	162 000	183 000	230 000

1. Self-service transactions include using Express Plus mobile apps, the internet and, for Centrelink, phone self-service.

Welfare Payments Infrastructure Transformation

In April 2015 the government announced its commitment to replace the ageing Centrelink information and communications technology (ICT) system.

This is a significant, multi-year transformation programme. It will build a new welfare payments ICT system that will enable the department to:

- provide customers with faster, more connected and automated digital services
- give staff a modern ICT platform that makes it easier for them to do their jobs
- position us to meet the future policy and service delivery needs of government.

The new system will be implemented through multiple work packages over several years, starting on 1 July 2015.

myGov

The myGov digital service is a simple, secure way for people to access many Australian Government services online in a place and at a time that is convenient for them to undertake their business including looking for lost superannuation, submitting their income tax returns, and claiming payments.

A myGov account gives a user one secure account to access online services provided by the department, the Australian Taxation Office (ATO), the Department of Health (the Personally Controlled Electronic Health Record), the Department of Veterans' Affairs (DVA), the National Disability Insurance Scheme, and the Department of Employment's Australian JobSearch which became the eighth myGov member service on 13 December 2014. It is anticipated that more government agencies will join myGov over time.

The myGov sign-in process was enhanced in December 2014, giving users the option of using security codes sent to their mobile phone instead of secret questions and answers to sign in to their account.

At 30 June 2015 there were over seven million active myGov accounts.

Other features of the myGov digital service include user access to digital mail through their myGov account. People can also update their personal details and notify change of address in one transaction in their myGov account and have the changes automatically notified to the department and the ATO.

The myGov capability was also expanded to include the MyPost functionality. At 30 June 2015, 175 284 letters had been sent to the MyPost Digital Mailbox since it started on 26 July 2014.

The ATO started using the myGov inbox in March 2015, joining Centrelink, Child Support and Medicare services in providing a convenient way for people to receive their digital mail in one secure inbox. At 30 June 2015 over 58.2 million new and past letters had been delivered to customers through the myGov inbox.

myGov shopfronts

The first myGov shopfront opened to the public in Brisbane as a proof-of-concept trial site in 2013–14. The second trial site was opened in Sydney's CBD on 5 January 2015. Visitors to the myGov shopfronts are supported in using digital services to access myGov and connect with member services. When a person is unable to self-manage, or where services are not yet available digitally, staff can assist with simple transactions, information and referrals. The trials are also testing the effectiveness of the myGov brand for whole-of-government face-to-face servicing.

As a first step in delivering government services in an easy and integrated way, during the year the department and the ATO worked together on myGov shopfront proof-of-concept design, planning and implementation.

Following on from the two trial sites in Brisbane and Sydney, the department opened two more myGov shopfronts in Adelaide and Perth in June 2015, again working together with the ATO, with others in Albury and Melbourne due to open soon.

Express Plus mobile apps

The department's Express Plus mobile apps continue to be a popular and convenient way for customers to engage with government services, allowing customers to have access to services anywhere, at any time. In 2014–15 the department launched:

- Express Plus Child Support mobile app for iOS devices for child support customers
- Express Plus Centrelink mobile app for both iOS and Android devices, which combines the department's Families, Job Seekers, Students and Seniors apps into a single, easy to use app tailored to the customer's circumstances.

Persian (Farsi) language support was also added to the existing Arabic, Chinese and Vietnamese languages in the Express Plus Lite Multilingual mobile app, which allows customers to report their earnings.

Since their introduction the department's Express Plus mobile apps have been downloaded more than 4.9 million times. In 2014–15 over 61 million transactions were completed compared to 36 million in 2013–14.

High definition video conferencing pilot

During the year the department continued an innovative pilot to explore and evaluate opportunities for using video conferencing technology. The pilot offers face-to-face services through high definition video conferencing, focusing on customers who may find it difficult to visit a service centre.

In 2014–15 Disability Support Pension customers, social work customers, customers seeking advice from the Financial Information Service and people in search of work participated in face-to-face interviews and seminars via video conferencing. Interactive multipoint webinars were also conducted with health and allied health professionals.

The pilot is also exploring the use of multimedia technologies such as smartphones and tablet devices to allow customers to connect with the department.

So far we have received positive feedback from customers who have trialled the services.

Electronic messaging

Increasingly the department is using electronic messaging to communicate with customers receiving various notifications. This is helping to reduce the number of letters mailed to customers and eliminate unnecessary and confusing communication—see also Table 74 on page 162.

Electronic document scanning

The department scans and stores customer correspondence received by mail and fax. Once a document is scanned onto an individual's record the digital image can then be accessed electronically by staff from anywhere in Australia.

We are exploring how we can better use technology to receive and manage customer documents submitted at service centres, by mail, fax, email, online and Express Plus mobile apps. Work on identifying solutions for extracting and processing information from digital documents with minimal or no staff intervention is also under way.

Document Lodgement Service

The Document Lodgement Service is a quick and easy method for customers to submit documents online. Customers can access the service through their Centrelink online account, myGov and Express Plus mobile apps.

Since it started in April 2013 over 2.1 million documents have been submitted using the service, with an average of 2200 documents lodged each day and over 1.4 million submitted in 2014–15.

Online claims

In 2014–15 the department introduced Sickness Allowance and Mobility Allowance online claims. The Families online claim was enhanced to streamline and improve the customer experience. The Families, Student and Apprentice, and Age Pension transfer online claims were modernised to reduce the need for staff intervention. In 2014–15 more than 1.8 million claims were made online, an increase of 63 per cent on 2013–14.

Over 70 per cent of Newstart Allowance, Parenting Payment and Youth Allowance (job seeker) claims are currently submitted online.

Customers can also manage their appointments online and through Express Plus mobile apps.

Personal details and circumstance updates

The department continues to enable customers to update a range of their circumstances online. During 2014–15 new services were introduced for customers to update bank account balances, update shares and other assets, and report overseas travel details.

Improvements were made to a number of online services including updating contact, address and accommodation details, reporting employment income, claiming an advance payment and requesting documents online. The report employment income and update address, contacts and accommodation online services were also transformed to reduce the need for staff intervention.

In 2014–15 customers completed over 112 million of these transactions online and via Express Plus mobile apps compared to 95 million in 2013–14.

Online income stream reviews

In August 2014 the department introduced an online service for customers who are required to complete income stream reviews. Customers can either access their online account or use a one-time access code to complete the review. The majority of online income stream reviews are auto-processed without the need for staff intervention. These reviews were assessed by the department in August 2014 and February 2015.

Improved access to online services

In 2014–15 the department continued to improve access to its online services. This included automatically upgrading 99 000 customers to ‘one level’ of access for their Centrelink online services account which provides a wider range of digital services including updating customer details, applying for advance payments and reporting employment income. Improvements were also made to online services for individual and third party nominees, expanding the user base and the number of transactions available.

Electronic rent verification

Community housing organisations registered with the department can provide updated rent information for their residents who are receiving payments from the department. With this service a customer does not have to provide a rent certificate to receive their Rent Assistance payment.

Confirmation eServices

The department’s Confirmation eServices allow customers to share their information online with participating third-party organisations such as local councils and utility service providers. It provides the minimum amount of information necessary to electronically confirm a person’s entitlement to a social welfare payment from the department or a DVA payment 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.

It is mandatory for an organisation to obtain a person’s consent before accessing any information via Confirmation eServices. People can withdraw their consent at any time. In 2014–15 there were 67.6 million Confirmation eServices transactions compared to 55.6 million in 2013–14.

Online services for health professionals

Health Professional Online Services (HPOS) provides secure access to a range of online services for health professionals and their administrators.

In 2014–15 a number of new services were added to HPOS, including:

- the ability for health professionals to submit claims over the internet for allied, dental health and optical services for DVA patients. This gives small businesses an alternative to paper claiming and reduces their regulatory overheads
- the ability for health professionals to bulk bill Medicare directly for any medical and some allied health services that the patient received
- automatic notifications sent to health professionals when new mail is in their HPOS mailbox.

As well the HPOS website was redesigned to make HPOS easier to navigate and use.

Table 70: Users accessing HPOS services

	2012–13	2013–14	2014–15	% change since 2013–14
Users	104 771	124 582	163 872	+31.54
Accesses to HPOS	1 489 583	1 946 095	2 897 581	+48.89

Letters and forms

During the year the department encouraged people to register for letters online rather than have them sent in hard copy to their mailing address—see Table 71 on page 161. Customers can receive letters online through their myGov inbox. They are sent an SMS—see Table 74 on page 162—or email to alert them to a new letter.

In 2014–15 we sent 55 081 039 letters online compared to 46 383 176 in 2013–14—see Table 73 on page 162. The number of letters sent through mail houses decreased from 92 719 932 in 2013–14 to 82 115 117 in 2014–15—see Table 72 on page 161.

The department also continued to improve the content of letters and forms for customers. Letters were reviewed and revisions made to ensure the letters are easier to understand, whether in hard copy or electronically.

We also offer a range of printable claim forms that can be downloaded by customers. The volume of forms printed and distributed fell from 20 961 146 in 2013–14 to 19 661 735 in 2014–15.

Table 71: Registrations for social welfare service online letters

	2012-13	2013-14	2014-15	% change since 2013-14
Registrations	901 126	1 005 215	1 394 108	+38.7
Customers registered at 30 June	1 794 800	2 358 107	3 294 425	+39.7
Percentage of customers registered at 30 June	15.6	19.8	27.1	+36.9

Table 72: Total mail house letters

Mail house letters	2012-13	2013-14	2014-15	% change since 2013-14
Centrelink ¹				
Letters	84 968 521	60 053 941	46 733 631 ¹	-22.2
Correspondence or letters about special initiatives	6 524 954	1 625 704	1 658 190 ¹	+2.0
Publications	9 417 100	533 815	6 671 577 ¹	+1 149.8
Medicare ²	18 009 446	17 270 973	16 074 595	-6.9
Medicare cards	4 329 603	5 856 548	3 957 332	-32.4
Child Support ³	7 395 171	7 378 951	7 019 792	-4.9
Total mail house letters	130 644 795	92 719 932	82 115 117	-11.4

1. Special initiatives include Schoolkids Bonus, Digital TV switchover and Age Pension mailout.
2. People who have an online mail preference can receive four types of Medicare letters and a 'welcome' letter in their myGov inbox.
3. The 2012-13, 2013-14 and 2014-15 figures represent total mail packs which include multiple individual items distributed through the department's production centres.

Table 73: Online letters

	2012–13	2013–14	2014–15	% change since 2013–14
Centrelink	31 724 995	43 487 116	49 104 303	+12.9
Medicare	NA ¹	620 065	3 064 831	+494.3
Child Support	1 936 315	2 275 995	2 911 905	+27.9
Total letters online	33 661 310	46 383 176	55 081 039	+18.8

1. Medicare letters online commenced with the implementation of the myGov inbox on 29 March 2014.

Table 74: SMS letter alert messages sent to customers

	2012–13	2013–14 ¹	2014–15	% change since 2013–14
Total SMS	26 981 490	29 145 841	29 709 079	+1.9

1. Medicare and Child Support service SMS commenced with the implementation of the myGov inbox on 29 March 2014.

Access points and agents

Access points provide free self-help facilities where customers can conduct their business with the department. This includes services such as making phone calls to the department using fax, photocopying and internet facilities, and certifying proof of identity documents.

Agents are located in communities that need more than access point services. As well as providing the same facilities and services as an access point, an agent provides face-to-face information services and an internet-enabled computer and printer for customers to conduct their business. Agents also accept claim forms for lodgement and provide customers with assistance, guidance and referrals.

In 2014–15 we made more improvements to self-service facilities at identified agent sites through infrastructure upgrades. At 30 June 2015 the department had 238 access points and 350 agents throughout regional, rural and remote Australia compared to 232 access points and 347 agents in 2013–14.

FACE-TO-FACE SERVICES

The department continues to implement a one-stop shop approach to face-to-face service delivery. By providing more services under one roof, the department is better able to meet the needs of individual customers, and provide targeted assistance to customers with more complex needs.

At 30 June 2015 the department delivered the full range of its face-to-face services in 380 service centres compared to 431 service centres at 30 June 2014 as we continue to build sustainable, accessible and fit-for-purpose service centres that reduce the cost and duplication of service delivery. In total, there were more than 25.4 million recorded visits to our service centres in 2014–15 compared to more than 26.5 million in 2013–14.

Services provided in our service centres

Face-to-face services include transactional services, as well as specialist services available to assist customers with more complex needs. An increasingly large proportion of the department's face-to-face service offer is about supporting customers in the use of the department's online and mobile services.

Co-location with other organisations

The department continues to co-locate with other government agencies and with non-government organisations in service centres to broaden the range of services available in one site. For example, customers can access services in various locations around Australia from an increasing number of providers such as the Australian Taxation Office, the Department of Immigration and Border Protection, Department of Veterans' Affairs, the National Disability Insurance Agency, and state and territory housing authorities.

Mobile service centres

The department has three mobile service centres, which travelled continually throughout regional and rural Australia in 2014–15. Priority was given to visiting communities that are greater than 50 kilometres from a service centre. Mobile service centre crews visited 607 towns of which 428 were greater than 50 kilometres from a service centre and helped over 13 000 people. This compares to 383 towns of which 268 were more than 50 kilometres from the service centre, helping over 9800 people in 2013–14.

Mobile service centres assisted in the South Australian bushfires in January 2015, in the Tropical Cyclone Marcia response in Queensland in February and March 2015, and in the response to storms and flooding on the New South Wales east coast in April 2015. They spent 29 days in disaster-affected communities helping over 700 people.

SMART CENTRES

Smart centres are a flexible way to deliver a range of phone 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.

Smart centre activities are managed through a virtual network, providing Centrelink, Child Support and Medicare services to customers. Phone and processing services are delivered from many locations around Australia that form part of the virtual network.

The department traditionally experiences seasonal peak periods of demand from January–March and June–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 the Medicare safety net and Medicare benefit tax statements
- child support enquiries about assessments for newly separated parents and assessments as a result of tax lodgements
- Schoolkids Bonus enquiries.

Smart Centre capability was also stretched this year due to emergency responses for:

- South Australia bushfires in January 2015
- Tropical Cyclone Marcia in Queensland in February 2015
- Tropical Cyclone Lam in Queensland in February 2015
- Tropical Cyclone Olwyn in Western Australia in March 2015
- New South Wales east coast storms and flooding in April 2015.

Phone services

In 2014–15 the department handled 56.8 million calls about Centrelink, Child Support and Medicare services compared to 59.5 million in 2013–14.

The 2014–15 Portfolio Budget Statements outlined an average speed of answer and wait time key performance indicators for each of the programmes with the following targets:

- Social security and welfare programme:
 - ≤16 minutes average speed of answer—telephony
 - ≤15 minutes average wait time—face-to-face
- Health programme:
 - ≤30 seconds average speed of answer—Pharmaceutical Benefits Scheme (PBS) authorities and eHealth providers telephony
 - ≤2 minutes average speed of answer—providers telephony
 - ≤7 minutes average speed of answer—customers telephony
 - ≤15 minutes average wait time—face-to-face
- Child Support Programme
 - ≤3 minutes average speed of answer—telephony.

The average length of time a customer waited for their call to be answered in 2014–15 was:

- 15 minutes and 40 seconds for social security and welfare services
- 25 seconds for PBS authorities and eHealth providers
- 1 minute and 25 seconds for health services (provider)
- 5 minutes and 10 seconds for health services (customer)
- 2 minutes and 33 seconds for child support services.

The 2013–14 Portfolio Budget Statements outlined an average speed of answer and wait time key performance indicators with the targets of ≤16 minutes for service users (that is, customers—telephony channel). Due to the changes in the Portfolio Budget Statements reporting requirements for 2014–15, comparisons to the previous financial year's results are not possible.

The department continues to focus on improving the customer experience by simplifying and automating many of the department's telecommunication systems. This includes improvements to:

- interactive voice response systems, based on the latest technology and customer feedback
- the 'place in queue' call back system, which reduces the time customers spend waiting to talk to a Service Officer
- voice recognition and authentication applications, to simplify self-service registration and identification processes, removing the need for customers to repeat complex personal registration details during each contact.

See Appendix E on page 264 for information about an ANAO report on Management of Smart Centres' Centrelink Telephone Services.

National Job Seeker Claims Network

The National Job Seeker Claims Network (NJCN) is part of the smart centre network. It aims to maximise and streamline Newstart Allowance and Youth Allowance (job seeker) new claim finalisations, eliminating the need for customers to attend an interview to make a claim in person. In 2014–15 further improvements to streamline the new claim process for job seekers were introduced, including:

- the rollout of Newstart Allowance and Youth Allowance (job seeker) online claims across the NJCN. Customers who are in severe financial hardship or who are not capable of completing an online claim are referred to their local service centre for assistance
- improvements to online services enabling customers to book and reschedule phone appointments to discuss their participation requirements and, when possible, have their claim finalised. This appointment is generally within two working days
- use of the Document Lodgement Service to enable uploading of required documents to support their online claim, including information from third parties.

Multilingual smart centre services

Smart centres provide multilingual phone services to customers in languages other than English. Bilingual Service Officers can finalise most of a customer's business in a single phone call either directly or with support from interpreters. In 2014–15 Service Officers on the multilingual lines answered more than 713 000 calls compared to more than 829 000 calls in 2013–14.

Rural smart centre services

Smart centres provide a rural phone service, designed specifically to meet the needs of customers in rural and remote communities. Service Officers handle both calls and processing of Farm Household Allowance claims, drawing on their knowledge of local rural issues. Service Officers can also assist with the impact of geographic isolation and changing circumstances such as drought or flood for farmers and their families. In 2014–15 more than 193 000 calls were answered in rural smart centres compared to more than 246 000 calls in 2013–14.

Indigenous smart centre services

The Remote Smart Centre delivers phone services to Indigenous Australians, which include advice about Indigenous-specific payments. Service Officers can respond to calls from Indigenous customers, as well as from agents acting on their behalf in remote areas. The most common questions are about ABSTUDY, Indigenous services, Income Management and the BasicsCard.

In 2014–15, 2.8 million calls were answered about Indigenous issues and Income Management compared to 2.2 million calls in 2013–14.

In March 2015 the department started to have regular meetings with schools which have ABSTUDY students. The meetings focus on working collaboratively with schools on how to improve end-to-end ABSTUDY processes, information sharing and the best way to share our Remote Servicing Team visiting schedules with schools and communities.

Advice for grandparent carers



Kalev looks after the department's grandparent adviser customer line. 'I'm usually the first point of contact after grandchildren have been left in the care of their grandparents. I also get calls from relatives and foster carers', Kalev said.

'This can be extremely stressful time for grandparents so I spend a lot of time listening to their story and then discussing what support is available and what to do next.

Every customer interaction is unique and challenging. This job does weigh on you at times but our role is to be supportive and an advocate for assistance.'

Child support smart centre services

The department delivers most of its child support services to customers over the phone, in many cases finalising processing in real time. In 2014–15 we:

- received 2.3 million calls about child support from separating or separated parents compared to 2.6 million in 2013–14
- processed 18 092 requests for a change of assessment compared to 18 169 in 2013–14.

Health and other small business phone services

The department provides phone services for health and other programmes to health professionals, aged care organisations, and small businesses. During 2014–15 these services covered Medicare, the PBS, specialised health and medical services, aged care, and the Small Business Superannuation Clearing House. In 2014–15 these phone services handled 14.5 million calls compared to 13.8 million in 2013–14.

4.2 SERVICE DELIVERY IMPROVEMENTS

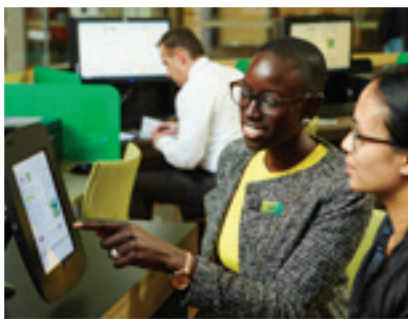
SERVICE DELIVERY OPERATING MODEL

In 2014–15 the department continued to use its Service Delivery Operating Model to guide design and delivery of services to create better outcomes for government and customers. The operating model has four service levels on offer:

- naturally connected, automated services happening behind the scenes—to save effort for customers and staff
- self-managed—for people who can access and use services by themselves without needing support from staff
- assisted—for people who are unable to self-manage because of their circumstances and require support to access the right services
- managed and intensive—for people facing complex challenges who need a high level of coordinated assistance for a period of time.

Continuing implementation of the Service Delivery Operating Model will lead to more naturally connected and self-managed services, allowing staff to focus on customers with more complex needs.

Service Delivery Reform exceeds targets



The four year Service Delivery Reform Programme concluded on 30 June 2015, exceeding performance targets and transforming the government service delivery landscape. Achievements include developing one-stop shops, options for people to self-manage their business with the department online and freeing up staff to focus on customers with complex needs.

A NEW CHILD SUPPORT SYSTEM

The department is currently developing a new case management system to support the Child Support Programme for release in 2015–16. It will replace the CUBA system which has supported the programme since 2002.

The new system will improve management of child support cases, provide improved support for staff delivering child support services, and deliver a better online service for customers and employers.

BUSINESS SYSTEMS

In 2014–15 further work was undertaken to integrate business systems. This included improving Customer First—the department’s unified servicing platform for all staff. The system improves workforce efficiency and distribution of information across our network. Most staff in service centres, smart centres and other teams use the Customer First interface daily.

4.3 INFORMATION AND COMMUNICATIONS TECHNOLOGY

During the year the department continued to build on our self-service capability by making additional online transactions available to customers and other users—see *Digital and online services* on page 154.

Service stability

In 2014–15 the department reduced Priority 1 incidents to 1.2 per month in line with industry best practice.

Telstra contract

We continued to consolidate our telecommunication services through a managed service contract with Telstra. In 2014–15 Telstra provided the department with a fully-managed service covering voice, mobile and data services. Many of these services were rolled out to the Medicare and Child Support programmes and will be rolled out to Centrelink in 2015–16, which is expected to produce substantial benefits. Final transition to the new contact centre solution is expected to finish in late 2015.

Data centre consolidation

On 24 February 2015, the department established a contract for data centre facilities through the Department of Finance’s suppliers panel. Since then the department has started transitioning critical ICT services, including payment systems, from its own data centre. This will result in increased business continuity capability, a lower impact on the environment, and reduced operating costs through the use of efficient, green data centre technologies.

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 nine departments and agencies
- data warehousing and business information services to several departments, primarily for the Department of Social Services 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 programmes
- online capability for:
 - users of the Small Business Superannuation Clearing House—see page 58
 - the Practice Incentives Programme, using a web-based self-service system to simplify administration for general practitioners—see page 41
 - the HECS Reimbursement Scheme—see page 44
 - the Rural Procedural Grants Program—see page 44
 - the Rural Locum Education Assistance Program—see page 45
 - the School Enrolment and Attendance Measure—see page 18
 - Income Management—see page 70
 - business services supporting the Paid Parental Leave Scheme—see page 17
 - the Farm Household Allowance—see page 64
 - the Status Resolution Support Services—see page 77.
- ICT components and technical operational support for:
 - components of the eHealth record system—see page 52
 - the National Authentication Service for Health which enables secure electronic communications across the health sector—see page 53
 - authentication and digital services for users of myGov—see page 155
 - the National Health Funding Administrator Payments System which supports all state and territory government health departments to provide payments to all public hospitals—see page 48.

Financial overview and financial statements



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PART 5.1 FINANCIAL OVERVIEW

STATEMENT OF FINANCIAL PERFORMANCE

In 2014–15 the department administered an estimated \$165.8 billion in payments or around 40 per cent of government outlays. The department reported an operating surplus of \$65.8 million after adjustment for unfunded depreciation and amortisation and the revaluation of assets and provisions. This compares with a surplus of \$132.6 million in 2013–14.

See Appendix K on page 284 for resource statements and expenses for Outcome 1, including three programmes.

Income

The department was primarily funded through direct appropriation in the annual budget cycle. The department received service related revenue from other Australian Government agencies and non-government entities under service arrangements—see Table 75 on page 175.

In 2014–15 the department received total income of \$4270.7 million, comprising \$4068.7 million in government appropriation and \$202.0 million from other sources—see Table 76 on page 175.

Table 76 shows that in 2014–15 the department's income increased slightly by \$39.3 million or 0.9 per cent compared to the previous year. This was the net result of an increase of \$110.5 million in appropriation revenue and a reduction of \$71.2 million in own source income. Figure 8 on page 176 shows a comparison of income and expenses over the past three years.

Table 75: Own source revenue¹

Government agencies and other entities	\$ million
Australian Electoral Commission	1.4
Australian Taxation Office	9.9
Department of Foreign Affairs and Trade	7.1
Department of Health	23.0
Department of Immigration and Border Protection	1.0
Department of the Prime Minister and Cabinet	2.9
Department of Social Services	62.0
Department of Veterans' Affairs	29.8
Other agencies (amounts less than \$1.0 million from other government agencies)	3.9
Other entities	43.4
Total	184.4

1. Financial and other data in this annual report has been rounded to the nearest decimal point. This may lead to minor differences between numbers.

Expenses

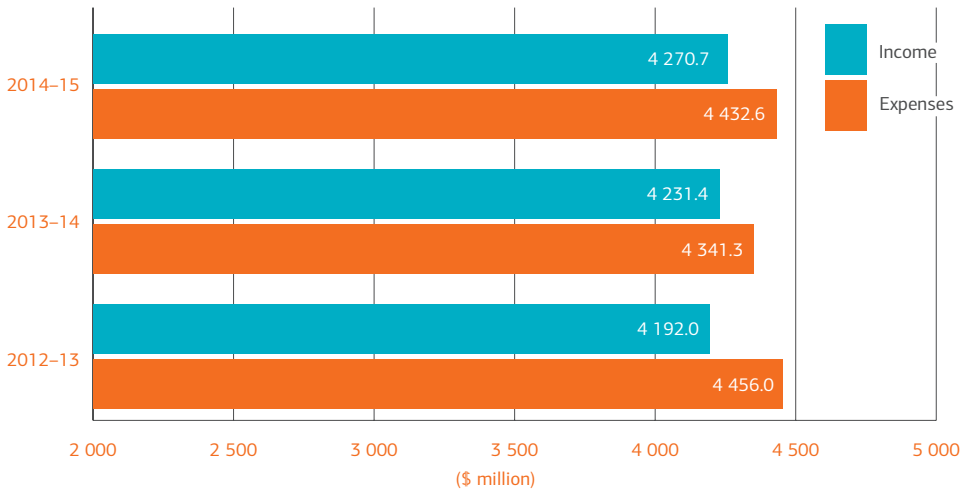
The department's expenses in 2014–15 totalled \$4432.6 million compared to \$4341.3 million in 2013–14.

In 2014–15 staff expenses were \$2805.5 million and supplier expenses were \$1369.9 million.

Table 76: Income and expenses^{1,2}

	2012–13 \$ million	2013–14 \$ million	2014–15 \$ million	% change since 2013–14
Income	4 192.0	4 231.4	4 270.7	+0.9
Expenses	4 456.0	4 341.3	4 432.6	+2.1

1. Financial and other data in this annual report has been rounded to the nearest decimal point. This may lead to minor differences between numbers.
2. Where relevant, comparative numbers have been restated to align with changes in accounting practices.

Figure 8: Income and expenses

STATEMENT OF FINANCIAL POSITION

Equity

The total equity of the department at 30 June 2015 was \$671.4 million, representing contributed equity of \$1430.6 million, reserves of \$95.4 million and accumulated deficit of \$854.5 million.

Assets

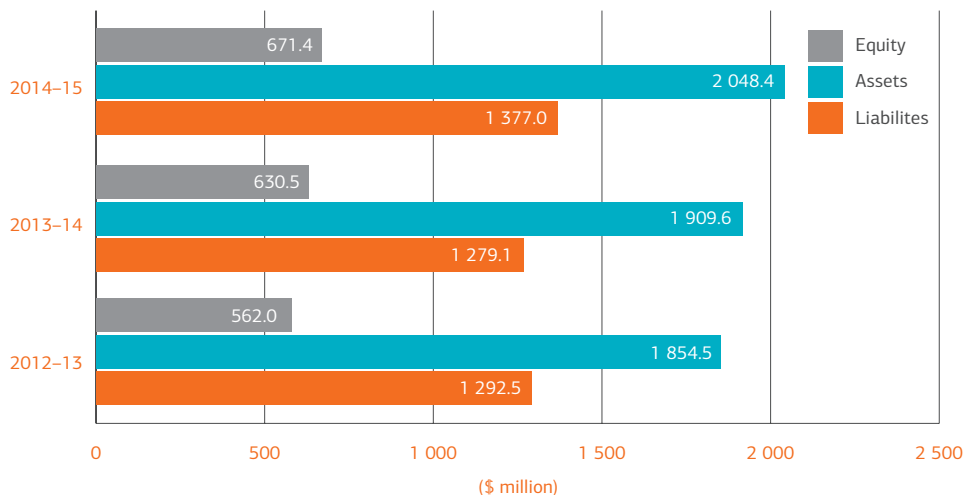
The department's total assets increased by 7.3 per cent to \$2048.4 million at 30 June 2015.

Liabilities

The department's total liabilities increased by 7.7 per cent to \$1377.0 million at 30 June 2015.

Table 77: Equity, assets and liabilities

	2012-13 \$ million	2013-14 \$ million	2014-15 \$ million	% change since 2013-14
Equity	562.0	630.5	671.4	+6.5
Assets	1 854.5	1 909.6	2 048.4	+7.3
Liabilities	1 292.5	1 279.1	1 377.0	+7.7

Figure 9: Equity, assets and liabilities

Administered items

In 2014–15 the department collected and transferred \$1.5 billion child support payments between separated parents for the support of their children. The department also administered the BasicsCard and the Community Innovation through Collaboration Programme and recognised \$24.2 million dividends and competitive neutrality payments on behalf of the Australian Government from Australian Hearing.

PART 5.2 FINANCIAL STATEMENTS



INDEPENDENT AUDITOR'S REPORT

To the Minister for Human Services

I have audited the accompanying annual financial statements of the Department of Human Services for the year ended 30 June 2015, which comprise:

- Statement by the Secretary and Chief Financial Officer;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement;
- Schedule of Commitments;
- Administered Schedule of Comprehensive Income;
- Administered Schedule of Assets and Liabilities;
- Administered Reconciliation Schedule;
- Administered Cash Flow Statement;
- Schedule of Administered Commitments; and
- Notes to and forming part of the financial statements comprising a Summary of Significant Accounting Policies and other explanatory information.

Accountable Authority's Responsibility for the Financial Statements

The Secretary of the Department of Human Services 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 and the rules made under that Act. The Secretary is also responsible for such internal control as is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I have conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. These auditing standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers

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internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Accountable Authority of the entity, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

In conducting my audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the requirements of the Australian accounting profession.

Opinion

In my opinion, the financial statements of the Department of Human Services:

- (a) comply with Australian Accounting Standards 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 2015 and its financial performance and cash flows for the year then ended.

Australian National Audit Office



Brandon Jarrett
Executive Director


Delegate of the Auditor-General
Canberra

9 September 2015

**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 2015 comply with subsection 42(2) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), and are based on properly maintained financial records as 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

9 September 2015

Signed.....

Mark Jenkin
Chief Financial Officer

9 September 2015

DEPARTMENT OF HUMAN SERVICES
STATEMENT OF COMPREHENSIVE INCOME
for the period ended 30 June 2015

	Notes	2015 \$'000	2014 \$'000
NET COST OF SERVICES			
Expenses			
Employee benefits	4A	2,805,469	2,803,494
Supplier expenses	4B	1,369,918	1,261,022
Depreciation and amortisation	8A, 8B	229,011	252,078
Write-down and impairment of assets	7, 8A, 8B	22,389	15,787
Other expenses	4C	5,802	8,931
Total expenses		4,432,589	4,341,312
Own-source income			
Own-source revenue			
Rendering of services	5A	181,773	266,998
Rental income		2,592	1,693
Total own-source revenue		184,365	268,691
Gains			
Reversal of previous asset write-downs and impairments	7, 8A, 8B	11,507	1,965
Resources free of charge	5B	3,588	2,505
Other gains		2,550	4
Total gains		17,645	4,474
Total own-source income		202,010	273,165
Net cost of services		(4,230,579)	(4,068,147)
Revenue from government		4,068,695	3,958,201
Deficit attributable to the Australian Government		(161,884)	(109,946)
OTHER COMPREHENSIVE INCOME			
Items not subject to subsequent reclassification to net cost of services			
Changes in asset revaluation surplus	8A, 10B	10,804	27,480
Total other comprehensive income		10,804	27,480
Total comprehensive loss attributable to the Australian Government	3	(151,080)	(82,466)

The above statement should be read in conjunction with the accompanying notes.

3

DEPARTMENT OF HUMAN SERVICES
STATEMENT OF FINANCIAL POSITION
as at 30 June 2015

	Notes	2015 \$'000	2014 \$'000
ASSETS			
Financial assets			
Cash		26,748	19,941
Trade and other receivables	7	<u>994,615</u>	<u>910,091</u>
Total financial assets		<u>1,021,363</u>	<u>930,032</u>
Non-financial assets			
Land and buildings	8A	321,892	319,217
Plant and equipment	8A	151,989	140,395
Intangibles	8B	441,476	422,404
Prepayments	8C	<u>111,709</u>	<u>97,566</u>
Total non-financial assets		<u>1,027,066</u>	<u>979,582</u>
Total assets		<u>2,048,429</u>	<u>1,909,614</u>
LIABILITIES			
Payables			
Suppliers	9A	365,929	263,146
Employee benefits		93,697	95,400
Lease incentives	9B	28,256	28,339
Other payables	9C	<u>4,692</u>	<u>3,968</u>
Total payables		<u>492,574</u>	<u>390,853</u>
Provisions			
Employee provisions	10A	857,875	855,096
Other provisions	10B	<u>26,544</u>	<u>33,169</u>
Total provisions		<u>884,419</u>	<u>888,265</u>
Total liabilities		<u>1,376,993</u>	<u>1,279,118</u>
Net assets		<u>671,436</u>	<u>630,496</u>
EQUITY			
Parent entity interest			
Contributed equity		1,430,577	1,238,557
Reserves		95,382	84,578
Accumulated deficit		<u>(854,523)</u>	<u>(692,639)</u>
Total parent entity interest		<u>671,436</u>	<u>630,496</u>
Total equity		<u>671,436</u>	<u>630,496</u>

The above statement should be read in conjunction with the accompanying notes.

4

DEPARTMENT OF HUMAN SERVICES
STATEMENT OF CHANGES IN EQUITY
for the period ended 30 June 2015

	Retained earnings		Asset revaluation surplus		Contributed equity/capital		Total equity	
	2015	2014	2015	2014	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance								
Balance carried forward from previous period	(692,639)	(582,693)	84,578	57,098	1,238,557	1,087,599	630,496	562,004
Adjustment for rounding	-	-	-	-	2	-	2	-
Adjusted opening balance	(692,639)	(582,693)	84,578	57,098	1,238,559	1,087,599	630,498	562,004
Comprehensive income								
Changes in asset revaluation surplus	-	-	10,804	27,480	-	-	10,804	27,480
Deficit for the period	(161,884)	(109,946)	-	-	-	-	(161,884)	(109,946)
Total comprehensive income	(161,884)	(109,946)	10,804	27,480	-	-	(151,080)	(82,466)
Transactions with owners								
Distributions to owners								
Returns of capital	-	-	-	-	(25,300)	(7,232)	(25,300)	(7,232)
Contributions by owners								
Departmental capital budget	-	-	-	-	196,876	115,205	196,876	115,205
Equity injection - appropriations	-	-	-	-	20,442	42,985	20,442	42,985
Total transactions with owners	-	-	-	-	192,018	150,958	192,018	150,958
Closing balance attributable to the Australian Government	(854,523)	(692,639)	95,382	84,578	1,430,577	1,238,557	671,436	630,496

¹ During 2014-15 \$25.30 million (2013-14: \$7.23 million) from Appropriation Act (No. 1) 2011-12 was reduced under the Omnibus Repeal Day (Autumn 2014) Act 2014.

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 2015

	Notes	2015 \$'000	2014 \$'000
OPERATING ACTIVITIES			
Cash received			
Appropriations		3,978,923	3,808,248
Cash from the official public account		405,453	442,666
Rendering of services		200,445	292,214
Net GST received		135,247	123,539
Other		69,165	32,547
Total cash received		<u>4,789,233</u>	<u>4,699,214</u>
Cash used			
Employees		2,838,751	2,812,727
Suppliers		1,553,387	1,457,345
Competitive neutrality payments		828	487
Net GST paid		5,457	11,709
Returns to the official public account		405,453	442,666
Total cash used		<u>4,803,876</u>	<u>4,724,934</u>
Net cash (used by)/from operating activities	11	<u>(14,643)</u>	<u>(25,720)</u>
INVESTING ACTIVITIES			
Cash received			
Proceeds from sales of plant and equipment		609	61
Total cash received		<u>609</u>	<u>61</u>
Cash used			
Purchase of property, plant and equipment		90,626	48,182
Intangibles		105,530	110,477
Total cash used		<u>196,156</u>	<u>158,659</u>
Net cash used by investing activities		<u>(195,547)</u>	<u>(158,598)</u>
FINANCING ACTIVITIES			
Cash received			
Contributed equity - departmental capital budget		196,876	115,205
Contributed equity - capital injection		20,121	43,440
Total cash received		<u>216,997</u>	<u>158,645</u>
Net cash from financing activities		<u>216,997</u>	<u>158,645</u>
Net (decrease)/increase in cash held		<u>6,807</u>	<u>(25,673)</u>
Cash at the beginning of the reporting period		19,941	45,614
Cash at the end of the reporting period		<u>26,748</u>	<u>19,941</u>

The above statement should be read in conjunction with the accompanying notes.

6

**DEPARTMENT OF HUMAN SERVICES
SCHEDULE OF COMMITMENTS**
as at 30 June 2015

BY TYPE	2015 \$'000	2014 \$'000
Commitments receivable¹		
Operating lease receivable	116	442
Net GST recoverable	212,350	239,730
Other commitments	5,588	6,449
Total commitments receivable	218,054	246,621
Commitments payable		
Capital commitments¹		
Land and buildings ²	(3,547)	(2,581)
Plant and equipment ³	(239)	(1,300)
Intangibles	(301)	(196)
Total capital commitments	(4,087)	(4,077)
Other commitments¹		
Operating leases ⁴	(1,817,949)	(1,925,678)
Other commitments ⁵	(649,224)	(965,622)
Total other commitments	(2,467,173)	(2,891,300)
Total commitments payable	(2,471,260)	(2,895,377)
Net commitments by type	(2,253,206)	(2,648,756)
 BY MATURITY		
Commitments receivable		
Operating lease receivable		
Within 1 year	116	323
Between 1 to 5 years	-	119
Total operating lease receivable	116	442
Net GST recoverable		
Within 1 year	47,705	54,607
Between 1 to 5 years	101,209	110,879
More than 5 years	63,436	74,244
Total net GST recoverable	212,350	239,730
Other commitments receivable		
Within 1 year	2,780	3,693
Between 1 to 5 years	2,808	2,756
Total other commitments receivable	5,588	6,449
Total commitments receivable	218,054	246,621
 Commitments payable		
Capital commitments		
Within 1 year	(4,027)	(3,870)
Between 1 to 5 years	(60)	(207)
Total capital commitments	(4,087)	(4,077)
Operating leases		
Within 1 year	(334,028)	(320,899)
Between 1 to 5 years	(855,567)	(852,824)
More than 5 years	(628,354)	(751,955)
Total operating leases	(1,817,949)	(1,925,678)

The above schedule should be read in conjunction with the accompanying notes.

7

**DEPARTMENT OF HUMAN SERVICES
SCHEDULE OF COMMITMENTS**

as at 30 June 2015

SCHEDULE OF COMMITMENTS (continued)	2015 \$'000	2014 \$'000
Other commitments		
Within 1 year	(222,985)	(342,826)
Between 1 to 5 years	(356,800)	(524,265)
More than 5 years	<u>(69,439)</u>	<u>(98,531)</u>
Total other commitments	<u>(649,224)</u>	<u>(965,622)</u>
Total commitments payable	<u>(2,471,260)</u>	<u>(2,895,377)</u>
Net commitments by maturity	<u>(2,253,206)</u>	<u>(2,648,756)</u>

¹ Commitments are GST inclusive where relevant.

² Land and building commitments comprise outstanding contractual payments for fitout of leased properties where goods and services have yet to be performed or payment criteria satisfied.

³ Plant and equipment commitments are primarily contracts for purchases of communications equipment and information and communication technology (ICT) hardware where goods and services have yet to be performed or payment criteria satisfied.

⁴ Most operating leases are effectively non-cancellable.

⁵ Other commitments mainly comprise telecommunication services.

Leases for office accommodation

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. Nine per cent of office accommodation leases have terms of greater than ten years. Most lease agreements include option terms of 3-5 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.

The above schedule should be read in conjunction with the accompanying notes.

8

DEPARTMENT OF HUMAN SERVICES
ADMINISTERED SCHEDULE OF COMPREHENSIVE INCOME
for the period ended 30 June 2015

		2015	2014
	Notes	\$'000	\$'000
NET COST OF SERVICES			
Expenses			
Child support maintenance expense		1,425,336	1,387,532
Write-off and impairment of assets	16A	81,658	111,448
Grants to private sector not-for-profit organisations		3,125	5,770
Other expenses	16B	3,036	2,694
Total expenses		<u>1,513,155</u>	<u>1,507,444</u>
Income			
Revenue			
Non-taxation revenue			
Child support maintenance revenue		1,499,168	1,498,687
Competitive neutrality revenue		13,626	7,568
Fees and fines		9,073	8,692
Dividends		10,563	5,003
Other revenue		101	34
Total non-taxation revenue		<u>1,532,531</u>	<u>1,519,984</u>
Total revenue		<u>1,532,531</u>	<u>1,519,984</u>
Gains			
Reversals of previous impairment	17	6,596	-
Total gains		<u>6,596</u>	<u>-</u>
Total income		<u>1,539,127</u>	<u>1,519,984</u>
Net contribution by services		<u>25,972</u>	<u>12,540</u>
Surplus		<u>25,972</u>	<u>12,540</u>
OTHER COMPREHENSIVE INCOME			
Items not subject to subsequent reclassification to net cost of services			
Changes in asset revaluation surplus	18B	-	11
Items subject to subsequent reclassification to net cost of services			
Changes in investments	18B	7,078	3,822
Total other comprehensive income		<u>7,078</u>	<u>3,833</u>
Total comprehensive income		<u>33,050</u>	<u>16,373</u>

The above schedule should be read in conjunction with the accompanying notes.

9

DEPARTMENT OF HUMAN SERVICES
ADMINISTERED SCHEDULE OF ASSETS AND LIABILITIES
as at 30 June 2015

	Notes	2015 \$'000	2014 \$'000
ASSETS			
Financial assets			
Cash	19A	475	833
Child support receivables	19B	766,089	729,973
Trade and other receivables	19C	8,079	8,321
Investment - Australian Hearing	1.16, 18A	49,422	42,344
Total financial assets		824,065	781,471
Non-financial assets			
Plant and equipment	18A	16	48
Total non-financial assets		16	48
Total assets administered on behalf of the Australian Government		824,081	781,519
LIABILITIES			
Payables			
Child support and other payables	20	27,673	31,004
Child support payments received in advance		16,678	16,929
Total payables		44,351	47,933
Provisions			
Child support provisions	21	763,809	725,823
Total provisions		763,809	725,823
Total liabilities administered on behalf of the Australian Government		808,160	773,756
Net assets		15,921	7,763

The above schedule should be read in conjunction with the accompanying notes.

10

**DEPARTMENT OF HUMAN SERVICES
ADMINISTERED RECONCILIATION SCHEDULE**

	2015 \$'000	2014 \$'000
Opening assets less liabilities as at 1 July	7,763	(3,181)
Net contribution by services		
Income	1,539,127	1,519,984
Expenses		
Payments to other than corporate Commonwealth entities	(1,513,155)	(1,507,444)
Other comprehensive income		
Increase in investments	7,078	3,822
Revaluations transferred to reserves	-	11
Transfers to/from Australian Government		
Appropriation transfers from the official public account		
Special accounts	1,342,354	1,327,061
Special appropriations (unlimited)		
Payments to other than corporate Commonwealth entities	58,583	55,990
Annual appropriation		
Payments to other than corporate Commonwealth entities	7,360	10,132
Other		
Payments to other than corporate Commonwealth entities	593	864
Appropriation transfers to the official public account	(1,433,782)	(1,399,476)
Closing assets less liabilities as at 30 June	15,921	7,763

The above schedule should be read in conjunction with the accompanying notes.

11

**DEPARTMENT OF HUMAN SERVICES
ADMINISTERED CASH FLOW STATEMENT**
for the period ended 30 June 2015

	Notes	2015 \$'000	2014 \$'000
OPERATING ACTIVITIES			
Cash received			
Child support receipts		1,387,096	1,374,003
Fees and fines		9,626	8,874
Competitive neutrality receipts		13,622	5,694
Dividends		11,145	1,872
Other		1,368	1,983
Total cash received		1,422,857	1,392,426
Cash used			
Child support payments		1,390,772	1,376,399
Grants		3,437	6,347
Other		4,114	41,229
Total cash used		1,398,323	1,423,975
Net cash (used by)/from operating activities	22	24,534	(31,549)
Net (decrease)/increase in cash held		24,534	(31,549)
Cash at the beginning of the reporting period		833	37,811
Cash from the official public account			
Special accounts		1,342,354	1,327,061
Appropriations		65,943	66,122
Other		593	864
Total cash from the official public account		1,408,890	1,394,047
Cash to the official public account			
Special accounts		(1,338,930)	(1,324,870)
Appropriations		(59,757)	(57,644)
Other		(35,095)	(16,962)
Total cash to the official public account		(1,433,782)	(1,399,476)
Cash at the end of the reporting period	19A	475	833

The above schedule should be read in conjunction with the accompanying notes.

12

DEPARTMENT OF HUMAN SERVICES
SCHEDULE OF ADMINISTERED COMMITMENTS
as at 30 June 2015

BY TYPE	2015	2014
	\$'000	\$'000
Commitments receivable		
Net GST recoverable	-	531
Total commitments receivable	-	531
Commitments payable		
Other commitments		
Grants ¹	-	(3,002)
Other ²	-	(2,838)
Total other commitments	-	(5,840)
Total commitments payable	-	(5,840)
Net commitments by type	-	(5,309)
BY MATURITY		
Commitments receivable		
GST recoverable		
Within 1 year	-	531
Between 1 to 5 years	-	-
Total GST recoverable	-	531
Total commitments receivable	-	531
Commitments payable		
Other commitments		
Within 1 year	-	(5,840)
Between 1 to 5 years	-	-
Total other commitments	-	(5,840)
Total commitments payable	-	(5,840)
Net commitments by maturity	-	(5,309)

Note: Commitments are GST inclusive where relevant.

The department has no administered commitments as at 30 June 2015.

¹ Represents grant agreements where payment criteria are yet to be satisfied.

² Represents contractual agreements where services have yet to be performed or payment criteria satisfied.

The above schedule should be read in conjunction with the accompanying notes.

DEPARTMENT OF HUMAN SERVICES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2015

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DEPARTMENT OF HUMAN SERVICES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2015

Note 1: Summary of significant accounting policies

1.1 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 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 provides support to Australians facing financial hardship or structural adjustment. A key aim is to present a seamless, secure, end-to-end digital services experience that helps members of the community manage their own affairs.

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.

1.2 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:

- Financial Reporting Rule (FRR), for reporting periods ending on or after 1 July 2014; and
- Australian Accounting Standards 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 to the nearest thousand dollars unless disclosure of the full amount is specifically required.

Administered revenue, expenses, assets and liabilities and cash flows reported in the administered schedules and related notes are accounted for on the same basis and using the same policies as for departmental items, except where otherwise stated at Note 1.16.

1.3 Significant accounting judgements and estimates

In the process of applying the accounting policies listed in this note, the department has made the following judgements that have the most significant impact on the amounts recorded in the financial statements:

Child support maintenance 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 engages the Australian Government Actuary (AGA) annually to perform a methodology review and calculation of the impairment allowance for child support maintenance debt.

DEPARTMENT OF HUMAN SERVICES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2015

Since 30 June 2014, changes in collection rates and the Commonwealth bond rate have resulted in the provision rate for child support maintenance debt changing from 41.74 per cent to 40.43 per cent as at 30 June 2015. This resulted in a decrease to the provision of \$17.35 million.

AASB 139 Financial Instruments: Recognition and Measurement requires that payments be discounted at a rate reflecting the estimated timing of the payments. As at 30 June 2015 the AGA's assessment was that the mean term for child support receivables was approximately five and a half years and the five and a half year Commonwealth bond rate was applied (2013-14: five year collection and bond rate).

As at 30 June, the five and a half year bond rate was 2.47 per cent and the ten year bond rate was 3.03 per cent. If the ten year bond rate was applied the result would be a further increase in the impairment of approximately \$15.76 million.

Onerous leases

The department recognises that a lease should be deemed onerous, if it relates to a vacant floor and/or identifiable and separable portion (e.g. a vacant, self-contained floor of a larger building/wing) of a building for which there are no immediate future plans or sub-let arrangements. In these instances a provision for surplus lease space is recognised and actively reviewed.

Fair value measurement: Assets

The department has adopted a risk based asset revaluation approach to measure and report non-financial assets at fair value. 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 asset values are subject to a desktop review.

Fair value is a market based measurement, not an entity-specific measurement. Where possible assets are valued based upon observable inputs, such as quoted prices in active markets or other market transactions or information. Where this is not available valuation techniques rely upon unobservable inputs. 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 at the measurement date under current market conditions.

The fair value of departmental non-financial assets is disclosed at Note 6. The different levels of the hierarchy are defined below:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at measurement date.

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 2014-15 and 2013-14 level 2 valuations were based upon market comparables.

In 2014-15 and 2013-14 level 3 valuations were based upon depreciated replacement cost. The significant unobservable inputs used in the level 3 fair value measurement of departmental assets include:

- Leasehold improvements - length of the lease term, recent improvements, economic benefit or obsolescence and net lettable and weighted average replacement cost.
- Plant and equipment - replacement cost, useful life and consumed economic benefit or obsolescence.

Significant increases or decreases in any of these inputs in isolation would result in a significantly higher or lower fair value measurement.

A revaluation in 2014-15 has been completed in relation to leasehold improvements, make-good relating to leasehold improvements and data centre equipment (2013-14: leasehold improvements, ICT equipment, general plant and equipment). The impact is disclosed at Note 8.

The fair value of the administered non-financial assets is disclosed at Note 18. The administered investment, Australian Hearing, is classified as available-for-sale and fair value is measured based on level 3 inputs. As at the reporting date there was a significant lack of observable inputs and market activities of a similar nature to Australian Hearing. The majority of Australian Hearing's cash flows are from related entities and the net asset valuation technique has been adopted.

The fair value of administered plant and equipment is based upon level 3 inputs. The significant unobservable inputs used in the fair value measurement are replacement cost, useful life and consumed economic benefit or obsolescence.

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Significant increases or decreases in any of those inputs in isolation would result in a significantly higher or lower fair value measurement.

Impairment

Non-financial assets are assessed annually for indications of impairment. Where indicators of impairment exist the asset's recoverable amount is estimated and an adjustment made to the carrying amount. The impact is disclosed at Notes 8A and 8B.

Employee provisions

Provisions for annual leave and long service leave are estimates based on expert actuarial assumptions on the likely tenure of existing staff, patterns of leave claims and payouts, future salary movements and discount rates.

1.4 New Australian Accounting Standards

No accounting standard has been adopted earlier than the application date as stated in the standard.

Adoption of new Australian Accounting Standard requirements

The department adopted AASB 1055 *Budgetary Reporting* as per the accounting standards. This had only a disclosure impact (Note 30 refers).

Other 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 future financial impact on the department's financial statements.

Future accounting standard requirements

There are no new standards, revised standards, amended standards or interpretations issued by the AASB prior to sign off date that are expected to have a future material financial impact on the department's financial statements which are applicable to future reporting periods.

The entity is yet to undertake a detailed assessment of the impact on AASB 15 *Revenue from Contracts with Customers*. However, based on a preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements.

The following new standards will have a disclosure impact only in the future reporting periods:

- AASB 2015-2 *Amendments to Australian Accounting Standards - Disclosure Initiative*.
- AASB 2015-6 *Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities*.

1.5 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 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. The entity has assessed as at 30 June 2015 that it has no spending activities having a high or medium constitutional risk.

1.6 Revenue and receivables

Revenue from government

Amounts appropriated for departmental outputs for the year (adjusted to reflect the department's funding model agreement, formal additions and reductions) are recognised as revenue from government when the department gains control of the appropriation.

Appropriations receivable are recognised at their nominal amounts.

From 1 July 2010 depreciation and amortisation expense ceased to be funded through revenue appropriations and has been replaced by a departmental capital budget (DCB) which is accounted for as contributions by owners (i.e. equity).

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Other revenue

Revenue from rendering of services is recognised when:

- the amount of revenue, stage of completion and transaction costs incurred can be reliably measured; and
- the probable economic benefits associated with the transaction will flow to the department.

The stage of completion of contracts at the reporting date was determined by reference to the proportion that costs incurred to date bear to the estimated total costs of the transaction.

Receivables for rendering of services, which have 30 day terms (2013-14: 30 days), are recognised at their nominal amounts due less any impairment allowance for bad and doubtful debts. Collectability of debts was reviewed at the end of the reporting period. Allowances are made when collectability of the debt is no longer probable.

1.7 Transactions with the Government as owner

Equity injections

Amounts appropriated which are designated as 'equity injections' (less any formal reductions) and the DCB are recognised directly in contributed equity in that year.

1.8 Employee benefits

Employee benefit expense

Employee benefit expense includes wages and salaries, superannuation, leave and other entitlements and separation and redundancy costs.

From 2014-15 travel allowance and education costs have been classified as travel and staff related expense rather than employee benefits. This better reflects the nature of these costs. The 2013-14 comparatives have been restated accordingly.

Leave

The liability for employee benefits includes provisions for annual leave and long service leave. No provision has been made for personal leave as all personal leave is non-vesting and the average personal leave taken in future years by employees of the department is estimated to be less than the annual entitlement for personal leave.

Superannuation

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.

The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course. This liability is reported in the Department of Finance's administered schedules and notes.

The department made employer contributions to the employee superannuation scheme at rates determined by an actuary to be sufficient to meet the current cost to the government. The department accounts for the contributions as if they were contributions to defined contribution plans.

The liability for superannuation recognised as at 30 June represents outstanding contributions for the year.

Separation and redundancy

The department recognises a provision for termination if it has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the terminations.

1.9 Leases

Operating lease payments are expensed on a straight line basis which is representative of the pattern of benefits derived from the leased assets.

Lease incentives provided to the department to enter into property leases are recognised as liabilities. Subsequent lease payments are allocated between a reduction of the liability and property rental expense to effect a spreading of the rental expense in accordance with the pattern of benefits derived from the rental properties.

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The department makes an immediate allowance for property make-good where required under lease agreements.

1.10 Cash

Cash is recognised at its nominal amount and includes cash on hand.

1.11 Financial assets

The department classifies its financial assets as trade and other receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All receivables are expected to be recovered within 12 months except where indicated.

Trade and other receivables

Trade receivables are recognised where the department becomes party to a contract and has legal right to receive cash. Trade receivables are derecognised on payment.

Impairment

Financial assets are assessed for impairment at the end of each reporting period. All external receivables overdue by more than 90 days are 100 per cent impaired.

1.12 Financial liabilities

Supplier and other payables are recognised at amortised cost. Trade creditors and accruals are recognised to the extent that the goods and services have been received (irrespective of having been invoiced). All payables are expected to be settled within 12 months except where indicated.

1.13 Property, plant and equipment

Asset recognition threshold

Land, buildings and information technology desktop equipment is recognised in the statement of financial position regardless of cost. Other property, plant and equipment is recognised in the statement of financial position when the cost is greater than \$3,000 (2013-14: \$3,000) and leasehold improvements are recognised when the cost is greater than \$0.02 million (2013-14: \$0.02 million) per site, otherwise they are expensed in the year of acquisition.

Revaluation

Following initial recognition at cost, property, plant and equipment is carried at the latest valuation less accumulated depreciation and accumulated impairment losses. Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets do not differ materially from the assets' fair values as at the reporting date.

Depreciation

Land, being an asset with an unlimited useful life, is not depreciated. Depreciable property, plant and equipment assets are written-down to their estimated residual values over their useful lives to the department using, in all cases, the straight line method of depreciation. Leasehold improvements are depreciated on a straight-line basis over the lesser of the estimated useful life of the improvements or the unexpired period of the lease.

Depreciation rates, useful lives, residual values and methods are reviewed annually at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate. Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

Departmental assets	2014-15	2013-14
Buildings	50 years	50 years
Leasehold improvements	Shorter of unexpired lease term or useful life	Shorter of unexpired lease term or useful life
Plant and equipment	3 to 10 years	3 to 10 years

Depreciation rates applied to administered plant and equipment are 3 to 10 years (2013-14: 3 to 10 years).

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1.14 Intangibles

Asset recognition threshold

Purchased software assets are recognised at cost in the statement of financial position when the cost is greater than \$0.10 million (2013-14: \$0.10 million) and internally developed software assets costing greater than \$1.00 million (2013-14: \$1.00 million), otherwise they are expensed in the year of acquisition.

These assets are carried at cost less accumulated amortisation and accumulated impairment losses.

Amortisation

Intangible assets are amortised on a straight-line basis over the anticipated useful life. The useful life of the department's software is generally 5 to 10 years (2013-14: 5 to 10 years).

1.15 Competitive neutrality – tax equivalent expense

Taxation

The department is exempt from all forms of taxation except fringe benefits tax (FBT) and the goods and services tax (GST). 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.

Competitive neutrality

The department provides some services on a commercial basis. Under competitive neutrality arrangements, for certain components, the department is required to make Australian income tax, state payroll and land tax equivalent payments to the government, in addition to payments for FBT and GST.

1.16 Reporting of administered activities

Administered revenue, expenses, assets, liabilities and cash flows are disclosed in the administered schedules and related notes and except where otherwise stated, relate to child support; income management basics card; better futures, local solutions grants programme; fees and fines; dividends; and competitive neutrality items.

The personal benefit related revenue, expenses, assets, liabilities and cash flows which are administered on behalf of other agencies are disclosed in the financial statements of the relevant government agencies which are responsible for administering the outcomes to which the items relate.

The payments made from appropriations administered by other agencies are disclosed in Note 25E.

Administered cash transfers to and from the official public account

Revenue collected for use by the government rather than the department is administered revenue. 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 parliamentary appropriations on behalf of government. These transfers to and from the Official Public Account are adjustments to the administered cash held by the department on behalf of the government and reported as such in the administered cash flow statement and in the administered reconciliation schedule.

Administered revenue

All administered revenue is revenue relating to the course of ordinary activities performed by the department on behalf of the Australian Government.

Administered revenue includes dividend and competitive neutrality revenue from Australian Hearing. All administered receipts are transferred directly to the Official Public Account.

Administered child support special account

The child support special account is utilised for the receipts 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.

Administered child support revenue and receivables

Revenue from the assessment and collection of child support is recognised in the administered schedule at their 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

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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 payments.

The child support programme actively manages the collection of child support debt on a continual basis and makes an allowance for the impairment of those debts considered not collectable based on an annual actuarial assessment as described in Note 1.3.

Administered child support penalties revenue and receivables

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.

Based upon historic collection rates, at the time the penalty is applied, it is not probable that there will be an inflow of future economic benefits and, in accordance with the Australian Accounting Standards, neither penalty revenue nor a debt is recognised in the financial statements at that time. Rather, penalty revenue is recognised as revenue in the administered financial statements at the time the cash is received rather than when the debt is raised. In 2014-15 \$8.42 million of penalty revenue receipts were included in Administered "fees and fines" (2013-14: \$8.09 million). As at 30 June 2015 off-balance sheet items included: total outstanding penalty debt \$806.22 million (2013-14: \$787.23 million); penalty debts raised during 2014-15, \$127.96 million (2013-14: \$123.53 million); and total penalty debts remitted, written off, waived or discharged, \$100.54 million (2013-14: \$85.76 million).

Child support liability and expenses

Liabilities for child support are recognised at the reporting date to the extent that they have not been settled. Liabilities for amounts collected, but not yet transferred to the custodial parent are measured at their nominal amounts. Child support expenses are recognised and measured in line with the child support liabilities.

The liability for child support includes provision for 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.

Child support fees and fines

Fees and fines are recognised when the department receives a favourable judgement in relation to the reimbursement of court costs as a result of court action between the department and child support customers. A debt is raised on the customer's account and the revenue recognised in the administered schedule.

Recovery of Compensation for Health Care and Other Services

The Recovery of Compensation for Health Care and Other Services Special Account (Note 26 refers) represents the recovery of Medicare benefits and subsidies where the recipient receives compensation from a third party as a result of the injury or illness for which they had received benefits.

Cash received on behalf of the Commonwealth is receipted through the special account. The Department of Health and the Department of Social Services have responsibility for reporting the revenue and receivables. Once cases are settled, funds are transferred from the special account to the Official Public Account through the Department of Health and the Department of Social Services.

The liability for compensation recovery payable recognised at 30 June (Note 20 refers) represents funds to be paid to the Department of Health and Department of Social Services.

Administered grants

During the reporting period the department administered grants on behalf of the government through the better futures, local solutions grants programme. This programme was designed to engage with ten communities to implement community-developed solutions that effect positive social and economic change. The grant programme ceased on 1 July 2014 and the department made all final grants payments in 2014-15.

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Administered investments

Administered investments in subsidiaries, joint ventures and associates are not consolidated because their consolidation is only relevant at the whole-of-government level.

Administered investments consist only of Australian Hearing and at the reporting date was \$49.42 million (2013-14: \$42.34 million). This item is classified as available-for-sale and is measured at fair value as at 30 June. The Australian Government owns 100 per cent of the issued share capital of Australian Hearing, a corporate Commonwealth entity. Fair value has been taken to be the Australian Government's proportional interest in the net assets of the entities as at end of the reporting period.

The principal activity of the administered investment, Australian Hearing, is to help people manage their hearing impairment in order to improve their quality of life.

Note 2: 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.

Note 3: Net cash appropriation arrangements

	2015	2014
	\$'000	\$'000
Total comprehensive income less depreciation and amortisation expense previously funded through revenue appropriations	76,583	160,122
Less: depreciation and amortisation expense previously funded through revenue appropriation	<u>(227,663)</u>	<u>(242,588)</u>
Total comprehensive loss as per the statement of comprehensive income	<u>(151,080)</u>	<u>(82,466)</u>

Depreciation and amortisation expense for assets associated with CRS Australia was funded from own-source receipts, \$1.35 million (2013-14: \$9.49 million) and is excluded for the purpose of Note 3. CRS Australia ceased delivering services on 27 February 2015.

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Note 4: Expenses

	2015	2014
	\$'000	\$'000
Note 4A: Employee benefits		
Wages and salaries	1,979,675	1,963,321
Superannuation		
Defined contribution plans	133,276	129,959
Defined benefit plans	281,711	276,085
Leave and other entitlements	403,167	410,000
Separation and redundancies	5,953	19,318
Other employee expenses	1,687	4,811
Total employee benefits	2,805,469	2,803,494
Note 4B: Supplier expenses		
Goods and services supplied or rendered		
Consultants and contractors	235,487	123,523
Communications	200,744	222,478
IT maintenance	200,600	191,831
Property operating	119,825	111,438
Travel and motor vehicles	43,591	36,051
Customer related	40,306	57,814
Fees and charges	34,646	34,081
Staff related	32,579	26,723
Legal services and compensation	15,903	11,403
Other	17,167	19,010
Total goods and services supplied or rendered	940,848	834,352
Goods supplied in connection with		
External parties	48,045	32,417
Total goods supplied	48,045	32,417
Services rendered in connection with		
Related parties	156,006	184,917
External parties	736,797	617,018
Total services rendered	892,803	801,935
Total goods and services supplied or rendered	940,848	834,352
Other supplier expenses		
Operating lease rentals - external parties		
Minimum lease payments	339,858	354,899
Contingent rentals	1,345	660
Workers compensation premium	87,867	71,111
Total other suppliers	429,070	426,670
Total supplier expenses	1,369,918	1,261,022

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	2015	2014
	\$'000	\$'000
<u>Note 4C: Other expenses</u>		
Settlement of litigation	4,508	7,481
Finance costs	821	1,057
Competitive neutrality - state tax equivalent	460	368
Act of grace payments	13	-
Losses from asset sales	-	25
Total other expenses	5,802	8,931

Note 5: Own-source income

<u>Note 5A: Rendering of services</u>		
Related parties	141,572	217,360
External parties	40,201	49,638
Total rendering of services	181,773	266,998

<u>Note 5B: Resources free of charge</u>		
Australian Taxation Office	1,988	905
Australian National Audit Office	1,600	1,600
Total resources free of charge	3,588	2,505

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Note 6: Fair value measurements
Fair value measurements, valuation techniques and inputs used

	Fair value measurements at the end of the reporting period		Category (level 1, 2 or 3) ⁵	For levels 2 and 3 fair value measurements		
	2015 \$'000	2014 \$'000		Valuation techniques ¹	Inputs used	Range (weighted average) ²
Non-financial assets⁴						
Land	5,225	5,225	2	Market comparables	Sale prices of comparable land, land size and long-term land appreciation rate.	N/A
Buildings on freehold land	10,279	10,044	2	Market comparables	Sale prices of similar type buildings, replacement cost (\$/m ²), net lettable area, total useful life and remaining useful life.	N/A
Leasehold improvements	306,388	303,948	3	Depreciated replacement cost	Replacement cost (\$/m ²), total useful life, remaining useful life and consumed economic benefit/obsolescence of asset.	4.0% - 50.0% ³ (7.9%) per annum
Plant and equipment	20,110	42,580	2	Market comparables	Adjusted market transactions.	N/A
Plant and equipment	131,879	97,815	3	Depreciated replacement cost	Replacement cost, total useful life, remaining useful life and consumed economic benefit/obsolescence of asset.	11.1% - 33.3% ³ (15.1%) per annum
Total non-financial assets	473,881	459,612				

¹ \$4.64 million transferred from level 3 to level 2 due to change in valuation techniques from depreciated replacement cost to market comparables.

² Significant unobservable inputs only. Not applicable (N/A) for assets or liabilities in the level 2 category.

³ The range (weighted average) relates to assets revalued during 2014-15.

⁴ A reconciliation of movements in non-financial assets is included in Note 8A.

⁵ Refer to *Fair value measurement: Assets* in Note 1.3.

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Note 7: Financial assets

	2015	2014
	\$'000	\$'000
Trade and other receivables		
Trade receivables in connection with		
Related parties	20,693	14,587
External parties	6,073	5,175
Accrued revenue	-	70
Total trade receivables	<u>26,766</u>	<u>19,832</u>
Appropriations receivables		
Existing programmes - operating	935,826	863,624
Equity	321	-
Departmental supplementation - operating ¹	4,583	18,204
Funding agreement adjustment - operating	(12,913)	(18,804)
Total appropriations receivables	<u>927,817</u>	<u>863,024</u>
Other receivables		
GST receivable from the Australian Taxation Office	40,408	27,765
Total other receivables	<u>40,408</u>	<u>27,765</u>
Total trade and other receivables (gross)	<u>994,991</u>	<u>910,621</u>
Less impairment allowance		
Trade receivables	(376)	(530)
Total impairment allowance	<u>(376)</u>	<u>(530)</u>
Total trade and other receivables (net)	<u>994,615</u>	<u>910,091</u>
Trade and other receivables (gross) aged as follows		
Not overdue	991,475	906,322
Overdue by		
0 to 30 days	1,600	1,427
31 to 60 days	123	953
61 to 90 days	552	502
More than 90 days	1,241	1,417
Total trade and other receivables (gross)	<u>994,991</u>	<u>910,621</u>

¹ Supplementation is for work the department was directed by government to undertake in a financial year but after the last date for inclusion in that year's appropriation bills.

Reconciliation of the impairment allowance

	2015	2014
	\$'000	\$'000
Movements in impairment allowance		
	Goods and services	Goods and services
As at 1 July	(530)	(1,323)
Additional provisions raised	(659)	(258)
Amounts written off	198	354
Amounts recovered and reversed	615	697
Total as at 30 June	<u>(376)</u>	<u>(530)</u>

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Note 8: Non-financial assets

Note 8A: Reconciliation of the opening and closing balances of property, plant and equipment

Reconciliation of the opening and closing balances of property, plant and equipment for 2015

	Land \$'000	Buildings \$'000	Leasehold improvements \$'000	Total land and buildings \$'000	Plant and equipment \$'000	Total \$'000
As at 1 July 2014						
Gross book value	5,225	10,445	319,687	335,357	257,329	592,686
Accumulated depreciation and impairment	-	(401)	(15,739)	(16,140)	(116,934)	(133,074)
Total as at 1 July 2014	5,225	10,044	303,948	319,217	140,395	459,612
Additions						
Purchases	-	602	68,755	69,357	69,479	138,836
Found assets	-	-	-	-	78	78
Revaluations recognised in other comprehensive income ¹	-	-	13,980	13,980	26	14,006
Revaluations recognised in net cost of services ²	-	-	-	-	(13,022)	(13,022)
Impairment recognised in net cost of services ²	-	-	(3,398)	(3,398)	(389)	(3,787)
Impairment reversal recognised in net cost of services ³	-	-	736	736	735	1,471
Depreciation	-	(374)	(77,635)	(78,009)	(45,146)	(123,155)
Other movements	-	7	2	9	(31)	(22)
Disposals	-	-	-	-	(136)	(136)
Total as at 30 June 2015	5,225	10,279	306,388	321,892	151,989	473,881
Total as at 30 June 2015 represented by						
Gross book value	5,225	11,024	327,528	343,777	199,330	543,107
Accumulated depreciation and impairment	-	(745)	(21,140)	(21,885)	(47,341)	(69,226)
Total as at 30 June 2015	5,225	10,279	306,388	321,892	151,989	473,881

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¹ Recognised in changes in asset revaluation surplus.

² Recognised in write-down and impairment of assets.

³ Recognised in reversal of previous asset write-downs and impairments.

All valuations are independent and conducted in accordance with the policy stated at Note 1 and Note 6. In 2014-15 Australian Valuation Solutions Pty Ltd conducted the revaluation of leasehold improvements, make-good relating to leasehold improvements and selected plant and equipment assets.

All property, plant and equipment is reported at fair value except for assets under construction of \$117.31 million which is recognised at cost and included in the reported totals as at 30 June 2015.

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Note 8A: Reconciliation of the opening and closing balances of property, plant and equipment (continued)

Reconciliation of the opening and closing balances of property, plant and equipment for 2014

	Land \$'000	Buildings \$'000	Leasehold improvements \$'000	Total land and buildings \$'000	Plant and equipment \$'000	Total \$'000
As at 1 July 2013						
Gross book value	5,225	10,217	380,249	395,691	250,899	646,590
Accumulated depreciation and impairment	-	(39)	(32,592)	(32,631)	(75,615)	(108,246)
Total as at 1 July 2013	5,225	10,178	347,657	363,060	175,284	538,344
Additions						
Purchases	-	-	26,396	26,396	18,400	44,796
Revaluations recognised in other comprehensive income ¹	-	-	26,767	26,767	713	27,480
Impairment recognised in net cost of services ²	-	-	(62)	(62)	(5,363)	(5,363)
Impairment reversal recognised in net cost of services ³	-	-	-	-	1,564	1,564
Depreciation	-	(362)	(96,359)	(96,721)	(50,402)	(147,123)
Other movements	-	228	(451)	(223)	223	-
Disposals	-	-	-	-	(86)	(86)
Total as at 30 June 2014	5,225	10,044	303,948	319,217	140,395	459,612
Total as at 30 June 2014 represented by						
Gross book value	5,225	10,445	319,687	335,357	257,329	592,686
Accumulated depreciation and impairment	-	(401)	(15,739)	(16,140)	(116,934)	(133,074)
Total as at 30 June 2014	5,225	10,044	303,948	319,217	140,395	459,612

¹ Recognised in changes in asset revaluation surplus.

² Recognised in write-down and impairment of assets.

³ Recognised in reversal of previous asset write-downs and impairments.

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All valuations are independent and conducted in accordance with the revaluation policy stated at Note 1 and Note 6. In 2013-14, Colliers International Valuation & Advisory Services, conducted the revaluation of leasehold improvements, property plant and equipment. Preston Rowe Paterson NSW Pty Ltd conducted the revaluation of make-good relating to leasehold improvements.

All property, plant and equipment is reported at fair value except for assets under construction of \$15.85 million which is recognised at cost and included in the reported totals as at 30 June 2014.

DEPARTMENT OF HUMAN SERVICES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2015

Note 8B: Reconciliation of the opening and closing balances of intangibles

Reconciliation of the opening and closing balances of intangibles for 2015			
	Internally developed software \$'000	Purchased software \$'000	Total \$'000
As at 1 July 2014			
Gross book value	552,666	230,851	783,517
Accumulated amortisation and impairment	(217,701)	(143,412)	(361,113)
Total as at 1 July 2014	334,965	87,439	422,404
Additions			
Purchases	-	21,379	21,379
Internally developed	99,031	-	99,031
Impairment recognised in net cost of services ¹	(4,899)	-	(4,899)
Impairment reversal recognised in net cost of services ²	9,421	-	9,421
Amortisation	(76,439)	(29,417)	(105,856)
Other movements	(4)	-	(4)
Total as at 30 June 2015	362,075	79,401	441,476
Total as at 30 June 2015 represented by			
Gross book value	667,443	266,019	933,462
Accumulated amortisation and impairment	(305,368)	(186,618)	(491,986)
Total as at 30 June 2015	362,075	79,401	441,476

¹ Recognised in write-down and impairment of assets.

² Recognised in reversal of previous asset write-downs and impairments.

Internally developed software under construction of \$142.28 million is recognised in the reported totals as at 30 June 2015.

No intangibles are expected to be sold or disposed of within the next 12 months.

DEPARTMENT OF HUMAN SERVICES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2015

Note 8B: Reconciliation of the opening and closing balances of intangibles (continued)

Reconciliation of the opening and closing balances of intangibles for 2014

	Internally developed software \$'000	Purchased software \$'000	Total \$'000
As at 1 July 2013			
Gross book value	475,591	218,987	694,683
Accumulated amortisation and impairment	(156,822)	(120,860)	(277,787)
Total as at 1 July 2013	318,769	98,127	416,896
Additions			
Purchases	-	19,595	19,595
Internally developed	101,290	-	101,290
Impairment recognised in net cost of services ¹	(9,747)	(677)	(10,424)
Amortisation	(75,350)	(29,605)	(104,955)
Other movements	3	(1)	2
Total as at 30 June 2014	334,965	87,439	422,404
Total as at 30 June 2014 represented by			
Gross book value	552,666	230,851	783,517
Accumulated amortisation and impairment	(217,701)	(143,412)	(361,113)
Total as at 30 June 2014	334,965	87,439	422,404

¹ Recognised in write-down and impairment of assets.

Internally developed software under construction of \$107.32 million is recognised in the reported totals as at 30 June 2014.

	2015 \$'000	2014 \$'000
Note 8C: Prepayments		
Prepayments expected to be amortised		
No more than 12 months	92,726	68,760
More than 12 months	18,983	28,806
Total prepayments	111,709	97,566

No indicators of impairment were found for prepayments.

DEPARTMENT OF HUMAN SERVICES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2015

Note 9: Payables

	2015	2014
	\$'000	\$'000
Note 9A: Suppliers		
Trade creditors and accruals	303,066	213,701
Operating lease rentals	<u>62,863</u>	<u>49,445</u>
Total suppliers	<u>365,929</u>	<u>263,146</u>
Suppliers expected to be settled		
No more than 12 months	306,225	215,694
More than 12 months	<u>59,704</u>	<u>47,452</u>
Total suppliers	<u>365,929</u>	<u>263,146</u>
Suppliers in connection with		
Related parties	4,197	20,958
External parties	<u>361,732</u>	<u>242,188</u>
Total suppliers	<u>365,929</u>	<u>263,146</u>
Settlement is usually made within 30 days.		
Note 9B: Lease incentives		
Lease incentives	<u>28,256</u>	<u>28,339</u>
Total lease incentives	<u>28,256</u>	<u>28,339</u>
Lease incentives expected to be settled		
No more than 12 months	4,551	4,836
More than 12 months	<u>23,705</u>	<u>23,503</u>
Total lease incentives	<u>28,256</u>	<u>28,339</u>
Note 9C: Other payables		
Unearned income	4,192	2,116
FBT payable to the Australian Taxation Office	500	1,090
Other	<u>-</u>	<u>762</u>
Total other payables	<u>4,692</u>	<u>3,968</u>

DEPARTMENT OF HUMAN SERVICES
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for the period ended 30 June 2015

Note 10: Provisions

	2015	2014
	\$'000	\$'000
Note 10A: Employee provisions		
Leave	857,875	855,037
Separations and redundancies	-	59
Total employee provisions	857,875	855,096
Employee provisions expected to be settled		
No more than 12 months	244,632	245,972
More than 12 months	613,243	609,124
Total employee provisions	857,875	855,096
Note 10B: Other provisions		
Property make-good provision	24,035	24,534
Surplus lease space provision	505	5,711
Other	2,004	2,924
Total other provisions	26,544	33,169
Other provisions expected to be settled		
No more than 12 months	10,608	13,633
More than 12 months	15,936	19,536
Total other provisions	26,544	33,169

	Property make-good provision ¹	Surplus lease space provision	Other	Total
	\$'000	\$'000	\$'000	\$'000
As at 1 July 2014	24,534	5,711	2,924	33,169
Additional provisions made ²	3,452	231	1,058	4,741
Amounts used	(3,084)	(5,374)	(1,573)	(10,031)
Amounts reversed	(1,522)	(63)	(405)	(1,990)
Unwinding of discount or change in discount rate	655	-	-	655
Total as at 30 June 2015	24,035	505	2,004	26,544

¹ The department currently has 489 (2013-14: 600) 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. The department has recognised a provision to reflect the present value of this obligation.

² The property make-good provision is reported at fair value. In 2014-15 Australian Valuation Solutions Pty Ltd conducted the revaluation of make-good relating to leasehold improvements. This resulted in an increase to the property make-good provision of \$3.20 million. This adjustment was recognised as a change in the asset revaluation reserve included in other comprehensive income.

DEPARTMENT OF HUMAN SERVICES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2015

Note 11: Cash flow reconciliation

	2015	2014
	\$'000	\$'000
Reconciliation of net cost of services to net cash (used by)/from operating activities		
Net cost of services	(4,230,579)	(4,068,147)
Revenue from government	4,068,695	3,958,201
Adjustments for non-cash items		
Depreciation and amortisation	229,011	252,078
Net write down of non-financial assets	22,389	15,787
Loss on disposal of assets	-	25
Resources free of charge	(3,588)	(2,505)
Reversals of previous asset write-downs and impairments	(11,507)	(1,965)
Gain on sale of assets	(473)	-
Other gains	(1,990)	-
Found assets	(78)	-
Unwinding of discount	655	905
Movements in assets and liabilities		
Assets		
(Increase)/decrease in net receivables	(109,501)	(113,381)
(Increase)/decrease in prepayments	(14,143)	(16,411)
Liabilities		
Increase/(decrease) in employee provisions	2,779	(30,032)
Increase/(decrease) in employee benefit payables	(1,703)	19,325
Increase/(decrease) in supplier payables	42,029	(46,866)
Increase/(decrease) in lease incentives	(83)	8,942
Increase/(decrease) in other payables	724	(2,022)
Increase/(decrease) in other provisions	(7,280)	346
Net cash used by operating activities	(14,643)	(25,720)

DEPARTMENT OF HUMAN SERVICES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2015

Note 12: Contingent assets and liabilities

	Claims for damages or costs	
	2015 \$'000	2014 \$'000
Contingent assets		
Balance from previous period	430	3,179
New contingent assets recognised	147	311
Re-measurement	48	21
Assets realised	(338)	(2,179)
Rights expired	-	(902)
Total contingent assets	287	430
Contingent liabilities		
Balance from previous period	1,163	1,552
New contingent liabilities recognised	808	1,138
Re-measurement	423	207
Liabilities realised	(658)	(1,548)
Obligations expired	(729)	(186)
Total contingent liabilities	1,007	1,163
Net contingent liabilities	(720)	(733)

Quantifiable contingencies

The schedule of contingencies reports \$0.29 million of contingent assets in respect of legal claims (2013-14: \$0.43 million).

The schedule of contingencies reports \$1.01 million of contingent liabilities in respect of compensation and legal claims (2013-14: \$1.16 million).

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. These are not included in the schedule of contingencies.

The department has no significant remote contingencies.

DEPARTMENT OF HUMAN SERVICES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2015

Note 13: Senior management personnel remuneration

	2015	2014
Short-term employee benefits	\$	\$
Salary	28,352,179	28,766,398
Non-salary benefits ¹	<u>4,911,330</u>	<u>4,994,461</u>
Total short-term employee benefits	<u>33,263,509</u>	<u>33,760,859</u>
Post-employment benefits		
Superannuation	<u>5,699,097</u>	<u>5,583,425</u>
Total post-employment benefits	<u>5,699,097</u>	<u>5,583,425</u>
Other long-term employee benefits		
Annual leave	3,532,831	3,604,706
Long-service leave	<u>946,565</u>	<u>966,717</u>
Total other long-term employee benefits	<u>4,479,396</u>	<u>4,571,423</u>
Termination benefits	<u>378,173</u>	<u>1,643,250</u>
Total senior management personnel remuneration expenses	<u>43,820,175</u>	<u>45,558,957</u>

For the purposes of this note the department defines senior management personnel to be: full and part-year substantive senior executive service (SES) officers; long-term SES acting arrangements (staff who have acted in an SES role for the full 12 month period); and SES seconded to the department. Employee benefits relating to staff seconded to other departments in an SES role are excluded from this note.

Remuneration for 193 (2013-14: 196) senior management personnel is included in this note.

¹ Non-salary benefits include the cost of the executive vehicle scheme, car parking and fringe benefit tax.

DEPARTMENT OF HUMAN SERVICES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2015

Note 14: Financial instruments

Note 14A: Credit risk

The department was exposed to minimal credit risk as loans and receivables comprise of cash and trade receivables.

Credit quality of financial instruments not past due or individually determined as impaired

	Not past due nor impaired 2015 \$'000	Not past due nor impaired 2014 \$'000	Past due or impaired 2015 \$'000	Past due or impaired 2014 \$'000
Loans and receivables				
Cash	26,748	19,941	-	-
Trade receivables	23,250	15,533	3,516	4,299
Total	49,998	35,474	3,516	4,299

Ageing of financial assets that were past due but not impaired for 2015

	0 to 30 days \$'000	31 to 60 days \$'000	61 to 90 days \$'000	90+ days \$'000	Total \$'000
Loans and receivables					
Trade receivables	1,600	123	552	865	3,140
Total	1,600	123	552	865	3,140

Ageing of financial assets that were past due but not impaired for 2014

	0 to 30 days \$'000	31 to 60 days \$'000	61 to 90 days \$'000	90+ days \$'000	Total \$'000
Loans and receivables					
Trade receivables	1,427	953	502	887	3,769
Total	1,427	953	502	887	3,769

DEPARTMENT OF HUMAN SERVICES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2015

Note 14B: 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 suppliers payable that mature within one year of the reporting date, 2014-15: \$303.07 million (2013-14: \$213.70 million).

The department had no derivative liabilities in 2014-15 or 2013-14.

Note 15: Financial assets reconciliation

		2015	2014
		\$'000	\$'000
	Notes		
Total financial assets as per statement of financial position		1,021,363	930,032
Less: non-financial instrument components			
Appropriation receivable	7	927,817	863,024
GST receivable from the Australian Taxation Office	7	40,408	27,765
Impairment allowance	7	(376)	(530)
Total non-financial instrument components		967,849	890,259
Total financial assets as per financial instruments note	14A	53,514	39,773

Note 16: Administered - expenses

Note 16A: Write-off and impairment of assets

Child support maintenance discharge	48,950	49,492
Child support write-off and impairment of assets	31,754	61,528
Child support waiver expense	930	269
Child support cost recovery discharged	24	2
Other - fines and costs	-	157
Total write-off and impairment of assets	81,658	111,448

Note 16B: Other expenses

Income management card arrangements	3,004	2,659
Depreciation - plant and equipment	32	35
Total other expenses	3,036	2,694

Note 17: Administered - revenue

Reversals of previous impairment

Reversal of impairment losses - child support	6,155	-
Reversal of impairment losses - other fines and costs	441	-
Total reversals of previous impairment	6,596	-

**DEPARTMENT OF HUMAN SERVICES
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for the period ended 30 June 2015

Note 18: Administered - fair value measurements

Note 18A: Fair value measurements, valuation techniques and inputs used

		Fair value measurements at the end of the reporting period		For levels 2 and 3 fair value measurements		
		2015 \$'000	2014 \$'000	Category (level 1, 2 or 3) ³	Valuation techniques ¹	Inputs used
Financial assets						
	Investment - Australian Hearing	49,422	42,344	3	Net assets	Net assets of the entity. N/A ⁴
Non-financial assets						
	Plant and equipment	16	48	3	Depreciated replacement cost	Replacement cost, total useful life, remaining useful life and consumed economic benefit / obsolescence of asset. N/A ⁵
Total assets		49,438	42,392			

¹ No change in valuation technique occurred during the period.

² Significant unobservable inputs only.

³ Refer to Fair value measurement: Assets in Note 1.3.

⁴ The weighted average reflects the net assets of the investments at reporting date.

⁵ The range (weighted average) relates to assets revalued during 2014-15.

**DEPARTMENT OF HUMAN SERVICES
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for the period ended 30 June 2015**

Note 18B: Reconciliation for recurring level 3 fair value measurements

	Recurring level 3 fair value measurements - reconciliation of opening and closing balances of investments and plant and equipment for assets					
	Financial assets		Non-financial assets		Total	
	Investment - Australian Hearing		Plant and equipment			
	2015	2014	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 July	42,344	38,522	48	72	42,392	38,594
Depreciation recognised in net cost of services	-	-	(32)	(35)	(32)	(35)
Revaluation recognised in other comprehensive income	7,078	3,822	-	11	7,078	3,833
Total as at 30 June	49,422	42,344	16	48	49,438	42,392

There were no acquisitions or disposals of assets in 2014-15 (2013-14: nil).

DEPARTMENT OF HUMAN SERVICES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2015

Note 19: Administered - financial assets

	2015	2014
	\$'000	\$'000
Note 19A: Cash		
Cash held for child support departure prohibition orders	65	168
Cash held for compensation recovery	410	665
Total cash	475	833
Note 19B: Child support receivables		
Maintenance receivables	1,299,375	1,267,314
Less: impairment allowance	(535,566)	(541,491)
Net maintenance receivables	763,809	725,823
Customer miscellaneous receivables	5,707	5,782
Less: impairment allowance	(4,608)	(4,838)
Net customer miscellaneous receivables	1,099	944
Client top up receivables	1,761	1,684
Less: impairment allowance	(914)	-
Net client top up receivables	847	1,684
Cost recovery receivables	1,594	2,078
Less: impairment allowance	(1,260)	(556)
Net cost recovery receivables	334	1,522
Total child support receivables (net)	766,089	729,973
Child support receivables (net) expected to be recovered		
No more than 12 months	291,135	295,625
More than 12 months	474,954	434,348
Total child support receivables (net)	766,089	729,973
Child support receivables (gross) in connection with		
External parties	1,308,437	1,276,858
Total child support receivables (gross)	1,308,437	1,276,858
Child support receivables (gross) aged as follows		
Not overdue	84,539	85,903
Overdue by		
0 to 30 days	56,671	59,993
31 to 60 days	45,708	58,055
61 to 90 days	40,322	45,863
More than 90 days	1,081,197	1,027,044
Total child support receivables (gross)	1,308,437	1,276,858

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	2015	2014
	\$'000	\$'000
Impairment allowance aged as follows		
Not overdue	(44,398)	(48,356)
Overdue by		
0 to 30 days	(22,787)	(24,875)
31 to 60 days	(18,458)	(24,236)
61 to 90 days	(16,293)	(19,145)
More than 90 days	(440,412)	(430,273)
Total impairment allowance	(542,348)	(546,885)
Note 19C: Trade and other receivables		
Dividends receivable	3,964	4,546
Competitive neutrality receivable	3,565	3,561
Other - fines and costs, and GST receivable	2,297	2,402
Total trade and other receivables (gross)	9,826	10,509
Less: impairment allowance - fines and costs	(1,747)	(2,188)
Total impairment allowance	(1,747)	(2,188)
Total trade and other receivables (net)	8,079	8,321
All significant receivables are expected to be collected within 12 months.		
Trade and other receivables (gross) in connection with		
External parties	2,270	2,370
Related parties	7,556	8,139
Total trade and other receivables (gross)	9,826	10,509
Trade and other receivables (gross) aged as follows		
Not overdue	7,565	8,167
Overdue by		
0 to 30 days	22	9
31 to 60 days	7	-
61 to 90 days	-	7
More than 90 days	2,232	2,326
Total trade and other receivables (gross)	9,826	10,509

DEPARTMENT OF HUMAN SERVICES
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Note 20: Administered - payables

	2015	2014
	\$'000	\$'000
<u>Child support and other payables</u>		
Child support payables	26,491	29,663
Other payables	772	676
Compensation recovery payable	410	665
Total child support and other payables	27,673	31,004

All payables are expected to be settled within 12 months.

Child support and other payables in connection with

External parties	27,263	30,339
Related parties	410	665
Total child support and other payables	27,673	31,004

Note 21: Administered - provisions

Child support provisions

Child support maintenance provisions	763,809	725,823
Total child support provisions	763,809	725,823

Child support provisions expected to be settled

No more than 12 months	289,851	294,566
More than 12 months	473,958	431,257
Total child support provisions	763,809	725,823

	Child support provisions \$'000	Total \$'000
As at 1 July 2014	725,823	725,823
Additional provisions made	1,499,168	1,499,168
Amounts used	(1,387,351)	(1,387,351)
Amounts reversed	(73,831)	(73,831)
Total as at 30 June 2015	763,809	763,809

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Note 22: Administered - cash flow reconciliation

	2015	2014
	\$'000	\$'000
Reconciliation of net cost of services to net cash (used by)/from operating activities		
Net contribution by services	25,972	12,540
Adjustments for non-cash items		
Depreciation expense	32	35
Movement in assets and liabilities		
Assets		
(Increase) in net child support related receivables	(36,116)	(13,129)
(Increase)/decrease in net trade and other receivables	242	(4,939)
Liabilities		
Increase/(decrease) in revenue received in advance	(251)	175
(Decrease)/increase in supplier payables	(3,331)	(39,922)
Increase in child support provisions	37,986	13,691
Net cash (used by)/from operating activities	24,534	(31,549)

Note 23: Administered - financial instruments

Credit risk

The administered activities of the department are exposed to minimal credit risk as financial assets are made up of cash and the Australian Government's interest in Australian Hearing.

Note 24: Administered financial assets reconciliation

	Note		
Total financial assets as per administered schedule of assets and liabilities		824,065	781,471
Less: non-financial instrument components			
Child support receivables	19B	766,089	729,973
Trade and other receivables	19C	4,115	3,775
Total non-financial instrument components		770,204	733,748
Total administered financial instruments	18A, 19A	53,861	47,723

**DEPARTMENT OF HUMAN SERVICES
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Note 25: Appropriations

Note 25A: Annual appropriations (recoverable GST exclusive)¹

	Appropriation Act		PGPA Act		Total appropriation \$'000	Appropriation applied in 2015 (current and prior years) ² \$'000	Variance \$'000
	Annual appropriation ¹ \$'000	Advance to the Finance Minister \$'000	Section 74 \$'000	Section 75 \$'000			
Annual appropriations for 2015							
Departmental							
Ordinary annual services	4,279,270	-	258,077	-	4,537,347	4,420,952	116,395
Other services	20,442	-	-	-	20,442	20,121	321
Equity							
Total departmental	4,299,712	-	258,077	-	4,557,789	4,441,073	116,716
Administered							
Ordinary annual services	8,386	-	1,396	-	9,782	7,360	2,422
Administered items	8,386	-	1,396	-	9,782	7,360	2,422
Total administered	16,772	-	2,792	-	19,564	14,720	4,844

¹ In 2014-15 revenue from government reported in the Statement of Comprehensive Income was \$4,068.70 million. *Appropriation Acts (No.1 and No.3) 2014-15* total \$4,279.27 million. The \$210.58 million difference represents:

- \$196.88 million included in the appropriation acts for the departmental capital budget which is accounted for as a contribution by owners (Note 25B refers).
- \$5.37 million received through the 2014-15 appropriation acts but recognised as revenue from government in 2013-14. This was the net impact of \$18.20 million supplementary funding less a 2013-14 funding model reduction of \$12.83 million. Note, the final 2013-14 funding model reduction of \$5.97 million is expected to be adjusted through *Appropriation Act (No.3) 2015-16*.
- \$8.33 million downwards adjustment to the amount recognised as revenue from government in 2014-15 being a combination of the 2014-15 funding model reduction of \$12.91 million partially offset by additional supplementary funding of \$4.59 million to be appropriated in 2015-16.

² Applied administered appropriation of \$7.36 million is represented by \$6.85 million drawn from the 2014-15 appropriation and \$0.51 million from 2013-14 appropriation.

**DEPARTMENT OF HUMAN SERVICES
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for the period ended 30 June 2015**

Note 25A: Annual appropriations (recoverable GST exclusive)¹ (continued)

	Appropriation Act		FMA Act			Appropriation applied in 2014 (current and prior years) \$'000	Variance ³ \$'000		
	Annual appropriation ¹ \$'000	Appropriations reduced ² \$'000	Advance to the Finance Minister \$'000	Section 30 \$'000	Section 31 \$'000			Section 32 appropriation \$'000	Total appropriation \$'000
Departmental									
Ordinary annual services	4,086,923	-	-	-	305,225	-	4,392,148	4,252,788	139,360
Other services	43,440	-	-	-	-	-	43,440	43,440	-
Equity	4,130,363	-	-	-	305,225	-	4,435,588	4,296,228	139,360
Total departmental									
Administered									
Ordinary annual services	17,005	(8,537)	-	1,453	-	-	9,921	10,132	(211)
Administered items	17,005	(8,537)	-	1,453	-	-	9,921	10,132	(211)
Total administered									

¹ Out of the total administered annual appropriation, \$4.15 million has been quarantined due to termination of the better future, local solutions grants programme on 1 July 2014.

² 2013-14 departmental annual appropriation includes additional funding of \$13.37 million (operating \$12.92 million and equity \$0.45 million) which was recognised in the 2012-13 financial year but appropriated in 2013-14.

The 2013-14 appropriation revenue reported in the statement of comprehensive income includes a net reduction in appropriation of \$0.60 million. This represents: additional funding of \$18.20 million for 2013-14 provided in the 2014-15 Budget and appropriated in *Appropriation Act (No. 1) 2014-15* offset by a return of \$18.80 million reflecting the department's funding model agreements.

³ The responsible Minister may decide that part or all of an administered appropriation is not required and request that the Finance Minister reduce that appropriation. The amount reflects the administered appropriations to be reduced under section 11 of *Appropriation Acts (No. 1 and No. 3) 2013-14* and section 12 of *Appropriation Acts (No. 2 and No. 4) 2013-14*, once the annual report is tabled in Parliament. All administered appropriations may be adjusted by a Finance Minister's determination, which is disallowable by Parliament.

**DEPARTMENT OF HUMAN SERVICES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2015**

Note 25B: Departmental and administered capital budgets [recoverable GST exclusive]

Capital Budget Appropriations applied in 2015	Appropriation Act		Appropriations applied in 2015 (current and prior years)			
	Annual capital budget ¹ \$'000	Section 75 appropriations \$'000	Total capital budget appropriations \$'000	Payments for non-financial assets ² \$'000	Payments for other purposes \$'000	Total payments \$'000
DEPARTMENTAL						
Ordinary annual services - Departmental	196,876	-	196,876	196,876	-	196,876
Capital budget						-

¹ The departmental capital budget is appropriated through *Appropriation Acts (No.1 and No.3)*. They form part of ordinary annual services, and are not separately identified in the appropriation acts. For more information on ordinary annual services appropriations, please see Note 25A.

² Payments made on non-financial assets include purchases of assets, expenditure on assets which has been capitalised and costs incurred to make good assets to their original condition.

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Note 25B: Departmental and administered capital budgets (recoverable GST exclusive) (continued)

Capital Budget Appropriations applied in 2014

	Appropriation Act		FMA Act		Appropriations applied in (current and prior years)		
	Annual capital budget ¹ \$'000	Appropriations reduced \$'000	Section 32 appropriations \$'000	Total capital budget appropriations \$'000	Payments for non-financial assets ² \$'000	Payments for other purposes \$'000	Total payments \$'000
DEPARTMENTAL							
Ordinary annual services - Departmental Capital budget	115,205	-	-	115,205	115,205	-	115,205

¹ The departmental capital budget is appropriated through *Appropriation Acts (No. 1 and No. 3)*. They form part of ordinary annual services, and are not separately identified in the appropriation acts. For more information on ordinary annual services appropriations, please see Note 25A.

² Payments made on non-financial assets include purchases of assets, expenditure on assets which has been capitalised and costs incurred to make good assets to their original condition.

DEPARTMENT OF HUMAN SERVICES
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Note 25C: Unspent annual appropriations ('recoverable GST exclusive')

Authority	2015	2014
	\$'000	\$'000
DEPARTMENTAL		
<i>Appropriation Act (No. 1) 2011-12¹</i>	-	25,300
<i>Appropriation Act (No. 3) 2012-13</i>	-	26,287
<i>Appropriation Act (No. 1) 2013-14²</i>	5,969	753,992
<i>Appropriation Act (No. 3) 2013-14</i>	-	77,987
<i>Appropriation Act (No. 1) 2014-15</i>	945,513	-
<i>Appropriation Act (No. 3) 2014-15</i>	17,061	-
<i>Appropriation Act (No. 4) 2014-15</i>	321	-
Total departmental³	968,864	883,566
ADMINISTERED		
<i>Appropriation Act (No. 1) 2013-14</i>	-	8,998
<i>Appropriation Act (No. 3) 2013-14</i>	-	47
<i>Appropriation Act (No. 1) 2014-15</i>	2,910	-
<i>Appropriation Act (No. 3) 2014-15</i>	20	-
Total administered	2,930	9,045

¹ 2014 includes quarantined amount of \$25.30 million under *Appropriation Act (No. 1) 2011-12*. Following the commencement of the PGPA Act on 1 July 2014, appropriation under appropriation acts prior to 1 July 2012 are no longer available, and were repealed under the *Omnibus Repeal Day (Autumn 2014) Act 2014*.

² 2015 includes quarantined amount of \$5.97 million under *Appropriation Act (No. 1) 2013-14*.

³ The total amount of unspent departmental annual appropriation is \$968.86 million as compared with the cash and appropriation receivable balance of \$954.57 million. The \$14.29 million difference is represented by the following items that have been adjusted in the receivable balance but have yet to be reflected in the appropriation acts:

- Reduction of \$5.97 million for the 2013-14 final funding model adjustment.
- Reduction of \$12.91 million for the 2014-15 funding model adjustment.
- Additional supplementary funding of \$4.59 million to be appropriated in 2015-16.

DEPARTMENT OF HUMAN SERVICES
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for the period ended 30 June 2015

Note 25D: Special appropriations applied ('recoverable GST exclusive')

Authority	Type	Purpose	Appropriation applied	
			2015 \$'000	2014 \$'000
<i>Child Support (Registration and Collection) Act 1988, section 77, Administered</i>	Unlimited amount	To enable payments to be made for unremitted employer deductions for child support liabilities.	58,583	55,990
<i>Child Support (Registration and Collection) Act 1988, section 78, Administered</i>	Unlimited amount	To enable payments to be made for which the employer has not remitted the correct amount for child support liabilities.	-	-
<i>Financial Management and Accountability Act 1997, section 28(2), Administered</i>	Refund	To enable payments of security bonds following issuance of Departure Prohibition Orders.	-	394
<i>Financial Management and Accountability Act 1997, section 28(2), Administered</i>	Refund	To enable payments to be made for the repayment of amounts earlier received under the Centrelink master programme.	-	1,096
<i>Public Governance, Performance and Accountability Act 2013, section 77, Administered</i>	Refund	To enable payments of security bonds following issuance of Departure Prohibition Orders.	363	-
<i>Public Governance, Performance and Accountability Act 2013, section 77, Administered</i>	Refund	To enable payments to be made for the repayment of amounts earlier received under the Centrelink master programme.	1,638	-
Total special appropriations applied			60,584	57,480

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Note 25E: Disclosure by agent in relation to annual and special appropriations (recoverable GST exclusive)

2015	DoET ¹ \$'000	DoA ² \$'000	DSS ³ \$'000	DIS ⁴ \$'000	AGD ⁵ \$'000	DIRD ⁶ \$'000	DIBP ⁷ \$'000	DoH ⁸ \$'000	DVA ⁹ \$'000
Total receipts	953,276	54,081	122,125,862	1,198	112,257	149,806	231,644	36,840,602	3,824,073
Total payments	953,276	54,081	122,125,862	1,198	112,257	149,806	231,644	36,863,909	3,795,798

¹ Department of Education and Training (DoET) - Up until 23 December 2014, the department made third party payments on behalf of the then Department of Education for child care rebate and child care benefit. Following the machinery of government changes on 23 December 2014, child care rebate and child care benefit were transferred to the Department of Social Services.

² Department of Agriculture (DoA) - The department made third party payments on behalf of the entity for farm household allowance.

³ Department of Social Services (DSS) - The department made third party payments on behalf of the entity for personal benefits related to a wide section of the community. They were mainly age pension, aged care, disability support pension, carer payment, family tax benefit, child care benefit, child care rebate, austudy, abstudy, youth allowance, newstart etc.

⁴ Department of Industry and Science (DIS) - The department made third party payments on behalf of the then Department of Industry for LPG vehicle scheme, until the programme ceased on 30 November 2014.

⁵ Attorney-General's Department (AGD) - The department made payments on behalf of the entity for disaster recovery relief and victims of terrorism.

⁶ Department of Infrastructure and Regional Development (DIRD) - The department made third party payments on behalf of the entity for the Bass Strait passenger vehicle equalisation scheme and Tasmanian freight equalisation scheme.

⁷ Department of Immigration and Border Protection (DIBP) - The department made third party payments on behalf of the entity for offshore asylum seeker management.

⁸ Department of Health (DoH) - The department made third party payments on behalf of the entity for medical and pharmaceutical benefits.

⁹ Department of Veterans' Affairs (DVA) - The department made third party payments on behalf of the entity for medical and aged care benefits.

2014	DEEWR ¹ \$'000	DoE ² \$'000	DoA ³ \$'000	DSS ⁴ \$'000	Ind ⁵ \$'000	AGD ⁶ \$'000	DIRD ⁷ \$'000	DIBP ⁸ \$'000	DoH ⁹ \$'000	DVA ¹⁰ \$'000	ABS ¹¹ \$'000
Total receipts	3,861,496	1,212,433	12,077	109,943,268	888,209	29,588	139,553	4,176	38,113,742	3,638,813	10
Total payments	3,861,496	1,212,433	12,077	109,909,171	888,209	29,588	139,553	4,176	38,113,742	3,628,900	10

¹ Department of Education, Employment and Workplace Relations (DEEWR) - Up until 18 September 2013, the department made third party payments on behalf of the entity for personal benefits including newstart allowance, single parenting payment, child care rebate and child care benefit. Following the machinery of government changes on 18 September 2013, the Department of Education and the Department of Employment were created out of the former Department of Education, Employment and Workplace Relations. From 18 September 2013 the newstart allowance and single parenting payment were transferred to the Department of Social Services and the child care rebate and the child care benefit to the Department of Education.

² Department of Education (DoE) - Following the machinery of government changes on 18 September 2013, the department made third party payments on behalf of the entity for personal benefits including the child care rebate and the child care benefit.

DEPARTMENT OF HUMAN SERVICES NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the period ended 30 June 2015

³ Department of Agriculture (DoA) - Following the machinery of government changes on 18 September 2013, the former Department of Agriculture, Fisheries and Forestry was renamed the Department of Agriculture. The department made third party payments on behalf of the entity for personal benefits including the transitional farm family payment and the climate change adjustment program advice and training grant.

⁴ Department of Social Services (DSS) - Following the machinery of government changes on 18 September 2013, the former Department of Families, Housing, Community Services and Indigenous Affairs was renamed the Department of Social Services and assumed responsibility for: families; children; housing; community services; seniors; disability and carers; women; ageing and aged care; disability employment services; working age and student payments; settlement and multicultural services; and civil society and volunteering. This resulted in DSS taking responsibility for austudy and youth allowance from DIICCSRTE, newstart allowance and single parenting payment from DEEWR and aged care from DoH. The department also made third party payments on behalf of the entity for personal benefits including the age pension, aged care, disability support pension and family tax benefit.

⁵ Department of Industry (Ind) - Following the machinery of government changes on 18 September 2013, the Department of Industry, Innovation, Climate Change, Science, Research and Tertiary Education (DIICCSRTE) was renamed the Department of Industry. This resulted in the austudy and youth allowance personal benefit payments transferring to DSS. The department made third party payments on behalf of the entity for the LPG vehicle scheme.

⁶ Attorney-General's Department (AGD) - The department made payments on behalf of the entity for disaster recovery relief and victims of terrorism.

⁷ Department of Infrastructure and Regional Development (DIRD) - Following the machinery of government changes on 18 September 2013, the Department of Infrastructure and Transport was renamed the Department 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.

⁸ Department of Immigration and Border Protection (DIBP) - Following the machinery of government changes on 18 September 2013, the Department of Immigration and Citizenship was renamed the Department of Immigration and Border Protection. The department made third party payments on behalf of the entity for offshore asylum seeker management.

⁹ Department of Health (DoH) - Following the machinery of government changes on 18 September 2013, the Department of Health and Ageing was renamed the Department of Health resulting in the transfer of aged care responsibilities to DSS. The department continues to make third party payments on behalf of the entity for medical and pharmaceutical benefits.

¹⁰ Department of Veterans' Affairs (DVA) - The department made third party payments on behalf of the entity for medical and aged care benefits.

¹¹ Australian Bureau of Statistics (ABS) - The department made third party payments on behalf of the entity for the Australian health survey until the programme ceased on 31 October 2013.

**DEPARTMENT OF HUMAN SERVICES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2015**

Note 26: Special accounts

	Child Support Special Account ¹		Recovery of Compensation for Health Care and Other Services Special Account ²		Superannuation Clearing House Special Account ³	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Balance brought forward from previous period	56,887	57,072	35,465	93,296	-	13,617
Increases						
Child Support (Registration & Collection) Act 1988, section 77	58,583	55,990	-	-	-	-
Ordinary annual services	1,430	1,493	-	-	-	-
Repayments of ordinary annual services	1,396	1,453	-	-	-	-
Child support receipts	1,343,532	1,334,287	-	-	-	-
Health compensation receipts	-	-	266,417	299,248	-	-
Receipts from employers	-	-	-	-	-	654,026
Total increases	1,404,941	1,393,223	266,417	299,248	-	654,026
Available for payments	1,461,828	1,450,295	301,882	392,544	-	667,643
Decreases						
Payments to custodial parents	(1,406,157)	(1,391,955)	-	-	-	-
Repayments debited from the special account	(1,396)	(1,453)	-	-	-	-
Payments made to the Department of Health	-	-	(46,725)	(86,542)	-	-
Payments made to the Department of Social Services	-	-	(2,042)	(1,868)	-	-
Refunds to customers	-	-	(209,389)	(268,669)	-	-
Payments made to superannuation funds	-	-	-	-	-	(662,842)
Closing balance transferred to the Australian Taxation Office	-	-	-	-	-	(4,801)
Total decreases	(1,407,553)	(1,393,406)	(258,156)	(357,079)	-	(667,643)
Total balance carried to the next period	54,275	56,887	43,726	35,465	-	-

DEPARTMENT OF HUMAN SERVICES NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the period ended 30 June 2015

¹ Appropriation: *Public Governance, Performance and Accountability Act 2013*, section 80.

Establishing Instrument: *Child Support (Registration and Collection) Act 1988*, section 73.

Purpose: For the receipt of child support payments and the making of regular and timely payments to custodial parents.

² Appropriation: *Public Governance, Performance and Accountability Act 2013*, section 78.

Establishing Instrument: Determination 2005/24 under *Financial Management and Accountability Act 1997*, section 20.

Purpose: To credit monies for the purpose of recovery of compensation following a judgement or settlement under the *Health and Other Services (Compensation) Act 1995* and:

- (a) to pay the claimant, or the claimant's authorised representative, amounts credited to the Special Account; and
- (b) to reduce the balance of the Special Account (therefore, the available appropriation for the Special Account) without making a real or notional payment; and
- (c) to repay amounts where an Act or other law requires or permits the repayment of an amount received.

Pursuant to subsection 50(1) of the *Legislative Instrument Act 2003*, the determination 2005/24 is scheduled to sunset on 1 October 2015. It is expected that a new determination for this special account will be established by 1 October 2015.

³ Responsibility for the Superannuation Clearing House Special Account transferred to the Australian Taxation Office (ATO) effective 1 April 2014.

For the 2013-14 balance reported in the department's special account:

Appropriation: *Public Governance, Performance and Accountability Act 2013*, section 78.

Establishing Instrument: Determination 2010/05 under *Financial Management and Accountability Act 1997*, section 20.

Purpose: To receive amounts for the purpose of the Superannuation Clearing House and:

- (a) make payments to superannuation funds on behalf of small business employers in performance of the functions of the Superannuation Clearing House;
- (b) repay to an original payer amounts credited to the Special Account, including the residual after any necessary payments are made for the purpose mentioned in paragraph (a);
- (c) reduce the balance of the Special Account (therefore, the available appropriation for the Special Account) without making a real or notional payment; and
- (d) repay amounts where an Act or other law requires or permits the repayment of an amount received.

Services for Other Entities and Trust Moneys - Department of Human Services Special Account.

Establishing Instrument: Determination 2011/13 *Financial Management and Accountability (Establishment of Special Account for Department of Human Services)*.

Purpose:

- (a) to disburse amounts held on trust or otherwise for the benefit of a person other than the Commonwealth;
- (b) to disburse amounts in connection with services performed on behalf of other governments and bodies that are non-corporate Commonwealth entities;
- (c) to repay amounts where an Act or other law requires or permits the repayment of an amount received; and
- (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.

For the years ending 30 June 2015 and 30 June 2014 this account had a nil balance and there were no transactions debited or credited during either year.

DEPARTMENT OF HUMAN SERVICES
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for the period ended 30 June 2015

Note 27: Reporting of outcomes

	Outcome 1	
	2015	2014
	\$'000	\$'000
Departmental		
Expenses	4,432,589	4,341,312
Own-source income	202,010	273,165
Administered		
Expenses	1,513,155	1,507,444
Income	1,539,127	1,519,984
Net cost of outcome delivery	4,204,607	4,055,607

Note 28: Cost recovery summary

	2015	2014
	\$'000	\$'000
Amounts applied		
Departmental		
Annual appropriations ¹	4,536	4,400
Total amounts applied	4,536	4,400
Expenses		
Departmental ²	5,654	4,860
Total expenses	5,654	4,860

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 2014-15* is available at <http://www.apra.gov.au/AboutAPRA/Documents/APRA-Financial-Industry-Levies-2014-15.pdf>

¹ The annual appropriation is taken to be representative of the amount applied and is equivalent to revenue received.

² Departmental expenses consist of direct and indirect costs. Indirect costs are apportioned internally to activities and may include administrative, corporate and technical support costs.

DEPARTMENT OF HUMAN SERVICES
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for the period ended 30 June 2015

Note 29: Compliance with statutory conditions for payments from the consolidated revenue fund

Special accounts

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.

During 2014-15 the department:

- Obtained legal advice and consulted with the Department of Finance regarding the establishment of a new special account to replace the Recovery of Compensation for Health Care and Other Services Special Account which is due to sunset on 1 October 2015.
- Continued to develop new systems to administer child support and the recovery of compensation payments.
- Obtained legal advice to resolve questions of potential non-compliance with section 83 of the constitution.

The department has two special accounts involving statutory conditions for payment, and a third special account for which there has been no transactions in the financial year.

The three special accounts identified below, and the establishing legislation, are as follows:

1. Child Support Special Account - *Public Governance, Performance and Accountability Act 2013*, section 80 and *Child Support (Registration and Collection) Act 1988*, section 73.
2. Recovery of Compensation for Health Care and Other Services Special Account - *Public Governance, Performance and Accountability Act 2013*, section 78 and Financial Management and Accountability - Determination 2005/24.
3. Services for Other Entities and Trust Moneys - Department of Human Services Special Account - *Public Governance, Performance and Accountability Act 2013*, section 78 and Financial Management and Accountability (Establishment of Special Account for Department of Human Services) - Determination 2011/13.

In 2014-15 the department identified 35 payments (2013-14: four), totalling \$43,945 (2013-14: \$27,886) from the Child Support Special Account, for which legal advice was sought from the Australian Government Solicitor (AGS). Legal advice confirmed that these payments were made in contravention of section 83 of the Constitution.

Details of payments made in contravention of section 83 in 2014-15 are set out in the table below.

Generic payments

There were no known breaches of section 83 in respect of long service leave, goods and services tax or payments under determinations of the Remuneration Tribunal in 2014-15 (2013-14: nil).

Appropriations identified as subject to conditions	Expenditure in 2014-15	Confirmed breaches		
		Number	Total	Recovered/offset as at 30 June 2015
SPECIAL ACCOUNTS	\$		\$	\$
Child Support Special Account	1,407,553,523	35	43,945	29,142
Recovery of Compensation for Health Care and Other Services Special Account	258,156,638	-	-	-

DEPARTMENT OF HUMAN SERVICES
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for the period ended 30 June 2015

Note 30: Budgetary reports and explanations of major variances

The following tables provide a comparison of the original budget as presented in the 2014-15 Portfolio Budget Statements (PBS) to the 2014-15 final outcome as presented in these financial statements. The Budget is not audited.

Note 30A: Departmental budgetary reports

Statement of Comprehensive Income
for the period ended 30 June 2015

	Actual	Budget estimate	
		Original	Variance ¹
Note 30B Reference	2015 \$'000	2015 \$'000	2015 \$'000
NET COST OF SERVICES			
Expenses			
Employee benefits	2,805,469	2,832,705	(27,236)
Supplier expenses	1,369,918	1,369,563	355
Depreciation and amortisation	229,011	228,674	337
Write-down and impairment of assets	A 22,389	126	22,263
Other expenses	5,802	7,211	(1,409)
Total expenses	4,432,589	4,438,279	(5,690)
Own-source income			
Own-source revenue			
Rendering of services	B 181,773	152,661	29,112
Rental income	B 2,592	292	2,300
Total own-source revenue	184,365	152,953	31,412
Gains			
Reversal of previous asset write-downs and impairments	A 11,507	-	11,507
Resources free of charge	C 3,588	2,152	1,436
Other gains	A 2,550	-	2,550
Total gains	17,645	2,152	15,493
Total own-source income	202,010	155,105	46,905
Net cost of services	(4,230,579)	(4,283,174)	52,595
Revenue from government	D 4,068,695	4,059,964	8,731
Deficit attributable to the Australian Government	(161,884)	(223,210)	61,326
OTHER COMPREHENSIVE INCOME			
Items not subject to subsequent reclassification to net cost of services			
Changes in asset revaluation surplus	A 10,804	-	10,804
Total other comprehensive income	10,804	-	10,804
Total comprehensive loss attributable to the Australian Government	(151,080)	(223,210)	72,130

DEPARTMENT OF HUMAN SERVICES
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for the period ended 30 June 2015

Statement of Financial Position
for the period ended 30 June 2015

	Note 30B Reference	Actual	Budget estimate	
		2015 \$'000	Original 2015 \$'000	Variance ¹ 2015 \$'000
ASSETS				
Financial assets				
Cash	E	26,748	27,642	(894)
Trade and other receivables	D	994,615	716,877	277,738
Total financial assets		1,021,363	744,519	276,844
Non-financial assets				
Land and buildings	A	321,892	288,965	32,927
Plant and equipment	A	151,989	169,924	(17,935)
Intangibles	A	441,476	406,232	35,244
Prepayments	F	111,709	75,720	35,989
Total non-financial assets		1,027,066	940,841	86,225
Total assets		2,048,429	1,685,360	363,069
LIABILITIES				
Payables				
Suppliers	F	365,929	257,400	108,529
Employee benefits		93,697	91,285	2,412
Lease incentives	G	28,256	24,778	3,478
Other payables		4,692	3,822	870
Total payables		492,574	377,285	115,289
Provisions				
Employee provisions		857,875	831,727	26,148
Other provisions	H	26,544	17,784	8,760
Total provisions		884,419	849,511	34,908
Total liabilities		1,376,993	1,226,796	150,197
Net assets		671,436	458,564	212,872
EQUITY				
Parent entity interest				
Contributed equity		1,430,577	1,453,535	(22,958)
Reserves		95,382	57,098	38,284
Accumulated deficit		(854,523)	(1,052,069)	197,546
Total parent entity interest		671,436	458,564	212,872
Total equity		671,436	458,564	212,872

**DEPARTMENT OF HUMAN SERVICES
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for the period ended 30 June 2015**

	Retained earnings			Asset revaluation surplus			Contributed equity/capital			Total equity		
	Budget estimate			Budget estimate			Budget estimate			Budget estimate		
	Actual	2015	2015	Actual	2015	2015	Actual	2015	2015	Actual	2015	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance												
Balance carried forward from previous period	(692,639)	(628,859)	136,220	84,578	57,098	27,480	1,238,557	1,238,557	-	630,496	466,796	163,700
Adjustment for rounding	-	-	-	-	-	-	2	2	(2)	2	-	(2)
Adjusted opening balance	(692,639)	(628,859)	(136,220)	84,578	57,098	(27,480)	1,238,559	1,238,557	(2)	630,498	466,796	(163,702)
Comprehensive income												
Changes in asset revaluation surplus	-	-	-	10,804	-	10,804	-	-	-	10,804	-	10,804
Deficit for the period	(161,884)	(223,210)	61,326	-	-	-	-	-	-	(161,884)	(223,210)	61,326
Total comprehensive income	(161,884)	(223,210)	61,326	10,804	-	10,804	-	-	-	(151,080)	(223,210)	72,130
Transactions with owners												
Distributions to owners												
Returns of capital	-	-	-	-	-	-	(25,300)	(25,300)	(25,300)	(25,300)	-	(25,300)
Reduction of appropriation	-	-	-	-	-	-	-	-	-	-	-	-
Contributions by owners												
Departmental capital budget	-	-	-	-	-	-	196,876	196,876	-	196,876	196,876	-
Equity injection - appropriations	-	-	-	-	-	-	20,442	18,102	2,340	20,442	18,102	2,340
Total transactions with owners	-	-	-	-	-	-	192,018	214,978	(22,960)	192,018	214,978	(22,960)
Closing balance attributable to the Australian Government	(854,523)	(1,052,069)	197,546	95,382	57,098	38,284	1,430,577	1,453,535	(22,958)	671,436	458,564	212,872

DEPARTMENT OF HUMAN SERVICES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2015

Cash Flow Statement

for the period ended 30 June 2015

	Note 30B Reference	Actual	Budget estimate	
		2015 \$'000	Original 2015 \$'000	Variance ¹ 2015 \$'000
OPERATING ACTIVITIES				
Cash received				
Appropriations		3,978,923	4,070,000	(91,077)
Cash from the official public account	E	405,453	167,083	238,370
Rendering of services	F	200,445	167,083	33,362
Net GST received		135,247	140,804	(5,557)
Other	I	69,165	-	69,165
Total cash received		4,789,233	4,544,970	244,263
Cash used				
Employees		2,838,751	2,863,405	(24,654)
Suppliers	F	1,553,387	1,502,463	50,924
Competitive neutrality payments	F	828	5,713	(4,885)
Net GST paid		5,457	-	5,457
Returns to the official public account	E	405,453	167,083	238,370
Total cash used		4,803,876	4,538,664	265,212
Net cash (used by)/from operating activities		(14,643)	6,306	(20,949)
INVESTING ACTIVITIES				
Cash received				
Proceeds from sales of plant and equipment	A	609	-	609
Total cash received		609	-	609
Cash used				
Purchase of plant and equipment	A	90,626	130,296	(39,670)
Intangibles	A	105,530	90,988	14,542
Total cash used		196,156	221,284	(25,128)
Net cash used by investing activities		(195,547)	(221,284)	25,737
FINANCING ACTIVITIES				
Cash received				
Contributed equity - departmental capital budget		196,876	196,876	-
Contributed equity - capital injection		20,121	18,102	2,019
Total cash received		216,997	214,978	2,019
Net cash from financing activities		216,997	214,978	2,019
Net (decrease)/increase in cash held		6,807	-	6,807
Cash at the beginning of the reporting period		19,941	27,642	(7,701)
Cash at the end of the reporting period		26,748	27,642	(894)

¹ Variance between the actual financial results and original budget. Major variances are explained at note 30B.

DEPARTMENT OF HUMAN SERVICES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2015

Note 30B: Departmental major budget variances for 2015

Explanations are provided for major variances between actual 2014-15 financial results and the original budget reported in the 2014-15 Portfolio Budget Statements published in May 2014. The original budget was prepared before the 2013-14 actual figures could be known. As a consequence the opening balance of the 2014-15 Statement of Financial Position needed to be estimated and in some cases variances between 2014-15 actuals and budget numbers can be at least partially attributed to unanticipated movements in the prior period figures. The original budget does not include forecasts for: revaluations of assets; write down of assets to fair value; impairment of software no longer in use; or reversals of previous asset write downs.

	Affected line items (and statement)	Explanations of major variances
A	<i>Write-down and impairment of assets and Reversal of previous asset write-downs and impairments, Other gains, Change in asset revaluation surplus (Statement of Comprehensive Income), Land and buildings, Plant and equipment, Intangibles (Statement of Financial Position), Investing activities cash received - proceeds from sales of plant and equipment, Investing activities cash used - purchase of plant and equipment and intangibles (Cash Flow Statement)</i>	<p><u>Non-financial assets</u></p> <p>The following items are unpredictable, have no impact on the cash flow statement and are not forecast in the budget estimates:</p> <ul style="list-style-type: none"> • Write down of assets to fair value and the impairment of software no longer in use. • Reversal of previous asset write-downs and impairment of assets. • Revaluation of assets. <p>As at 30 June 2015, land and buildings were \$32.93 million greater than the original budget. This variance includes the impact of the actual 30 June 2014 closing balance, which was \$20.06 million greater than budget, plus a \$13.98 million upwards revaluation of leasehold improvements reflecting the extension of some lease agreements. This is consistent with the department's ongoing strategy to establish one-stop shops and co-locate services with other government agencies.</p> <p>As at 30 June 2015, the plant and equipment closing balance was \$17.94 million less than the original budget. This variance includes the impact of the 30 June 2014 closing balance which was \$23.46 million less than budget and a \$13.02 million revaluation decrement to write down assets held for disposal to fair value. The budget was updated during the year to include the flow on effect of these changes and to reflect the investment in a new, energy efficient, data centre facility which will consolidate the department's data centres from seven down to two and will be shared with other government agencies. The 30 June 2015 closing balance of \$151.98 million is within 3% of the \$156.32 million revised estimate¹.</p> <p>As at 30 June 2015, the intangible assets were \$35.24 million greater than the original budget. The estimates were updated during the year to reflect the \$13.14 million difference between the budgeted and actual 2014 opening balance and changes in departmental priorities. The closing balance of \$441.48 million is within 4% of the \$425.50 million revised estimate¹.</p> <p>The cash flow budget for the purchase of assets assumes that the departmental capital budget will be fully spent in the year it is appropriated. The actuals take into account the timing of invoice payments across years. Proceeds from asset sales are unpredictable and are not forecast in the budgeted cash flows.</p>

DEPARTMENT OF HUMAN SERVICES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2015

B	<i>Rendering of services, Rental income (Statement of Comprehensive Income), Operating activities cash received - rendering of services (Cash Flow Statement)</i>	<p><u>Own source revenue</u></p> <p>In 2014-15 revenue from the rendering of services was \$29.11 million greater than the original budget. This variance mainly reflects service arrangements entered after the 2014-15 May budget. The estimates were updated during the year.</p> <p>Rental income was \$2.30 million greater than the original budget, predominantly representing the increase in shared premise arrangements with other government agencies.</p>
C	<i>Resources free of charge (Statement of Comprehensive Income)</i>	<p><u>Gains</u></p> <p>In 2014-15 resources free of charge was \$1.44 million greater than budget. Additional services were received free of charge from the Australian Taxation Office for the management of data exchange arrangements between agencies.</p>
D	<i>Revenue from government (Statement of Comprehensive Income), Trade and other receivables (Statement of Financial Position), Returns of capital - reduction of appropriation, Equity injections - appropriations (Statement of Changes in Equity)</i>	<p><u>Appropriation and Receivables</u></p> <p>Appropriation revenue estimates are updated throughout the year to reflect government decisions, changes in parameters and funding agreement adjustments. The revenue from government figure represents the amount of funds provided to the department for the reporting period. Cash is drawn down as required and the undrawn appropriation is recognised as appropriation receivable.</p> <p>The 30 June 2015 trade and other receivables balance was \$277.74 million greater than the original budget. This variance includes the impact of the 30 June 2014 closing balance which was \$171.25 million greater than budget plus the 2014-15 operating and capital cash results.</p> <p>The \$25.30 million reduction of appropriation in the Statement of Changes in Equity represents the amount quarantined under <i>Appropriation Act (No. 1) 2011-12</i> and later repealed following the commencement of the PGPA Act on 1 July 2014. These arrangements had not been settled when the original budget was developed.</p> <p>In 2014-15, \$20.44 million was provided to the department as equity injections for the purchase of non-financial assets. This figure agrees with the revised estimate¹ and includes the impact of government decisions during the year.</p>
E	<i>Cash (Statement of Financial Position), Cash from the official public account, Returns to the official public account (Cash flow statement)</i>	<p><u>Cash</u></p> <p>The budget was based upon the working cash balance of \$27.64 million. The actual cash balance at the end of any month will vary depending upon the forecast cash payments.</p> <p>The original budget estimates for cash from/ to the official public account in the cash flow statement excluded the flows associated with GST. The accounting treatment changed in June 2014 to include GST. The revised estimates¹ were updated to reflect this change.</p>

DEPARTMENT OF HUMAN SERVICES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2015

F	<i>Prepayments and Supplier payables (Statement of Financial Position), Operating activities cash used - suppliers (Cash Flow Statement)</i>	<p><u>Suppliers</u></p> <p>As at 30 June 2015 supplier payables were \$108.53 million greater than the original budget of \$257.40 million. The May 2014 budget assumptions were based upon historic trend ratios between expenses, capital expenditure and payables. The different classification of some items between actuals and budget has resulted in an approximate \$80.00 million variance in supplier payables. The remainder of the variance is a cash flow timing difference. For budgeting purposes it is assumed that the departmental capital budget will be fully spent in the year it is appropriated. The actuals take into account the timing of invoice payments across financial years.</p> <p>As at 30 June 2015 prepayments were \$35.99 million greater than the original budget. This variance includes the impact of the 30 June 2014 closing balance which was \$8.07 million greater than budget and the impact of new multi-year arrangements entered into during the year as contracts ended and new ones commenced.</p>
G	<i>Lease incentives (Statement of Financial Position)</i>	<p><u>Office accommodation leases</u></p> <p>Lease incentives as at 30 June 2015 were \$3.48 million greater than the original budget. The estimates were updated to reflect the 30 June 2014 closing balance and the final result was within 1.4% of the \$27.90 million revised estimate¹.</p>
H	<i>Other provisions (Statement of Financial Position)</i>	<p><u>Make-good provision</u></p> <p>As at 30 June 2015 other provisions were \$26.54 million, \$8.76 million greater than budget. This variance is predominantly the result of the upwards revaluation of leasehold make-good provisions to fair value reflecting the extension of some property lease agreements. The budget estimate was based upon the original lease end dates.</p>
I	<i>Operating activities cash received - other receipts (Cash Flow Statement)</i>	<p><u>Other receipts</u></p> <p>Other receipts predominantly represents insurance recoveries, paid parental leave, reimbursements and the transfer of funds between government agencies for leave liabilities. Section 74 of the PGPA Act allows agencies to retain these receipts. Receipts of this nature are unpredictable and are not included in the budget cash flow estimates.</p>

¹ The revised estimate is the 'Estimated Actual 2014-15' published in the 2015-16 Portfolio Budget Statements.

DEPARTMENT OF HUMAN SERVICES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2015

Note 30C: Administered budgetary reports

Administered Schedule of Comprehensive Income
for the period ended 30 June 2015

	Note 30D reference	Actual	Budget estimate	
		2015 \$'000	Original 2015 \$'000	Variance ¹ 2015 \$'000
NET COST OF SERVICES				
Expenses				
Child support maintenance expense	A	1,425,336	1,451,167	(25,831)
Write-off and impairment of assets		81,658	80,210	1,448
Grants to private sector not-for-profit organisations		3,125	3,129	(4)
Other expenses		3,036	3,036	-
Compensation recovery expense	B	-	11,964	(11,964)
Total expenses		1,513,155	1,549,506	(36,351)
Income				
Revenue				
Non-taxation revenue				
Child support maintenance revenue	A	1,499,168	1,531,053	(31,885)
Competitive neutrality revenue	C	13,626	5,552	8,074
Fees and fines		9,073	9,415	(342)
Dividends	C	10,563	2,646	7,917
Other revenue		101	-	101
Compensation recovery	B	-	11,964	(11,964)
Total non-taxation revenue		1,532,531	1,560,630	(28,099)
Total revenue		1,532,531	1,560,630	(28,099)
Gains				
Reversal of previous impairment	A	6,596	-	6,596
Total gains		6,596	-	6,596
Total income		1,539,127	1,560,630	(21,503)
Net contribution by services		25,972	11,124	14,848
Surplus		25,972	11,124	14,848
OTHER COMPREHENSIVE INCOME				
Items not subject to subsequent reclassification to net cost of services				
Changes in asset revaluation surplus		-	-	-
Items subject to subsequent reclassification to net cost of services				
Changes in investments	C	7,078	-	7,078
Total other comprehensive income		7,078	-	7,078
Total comprehensive income		33,050	11,124	21,926

DEPARTMENT OF HUMAN SERVICES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2015

Administered Schedule of Assets and Liabilities
for the period ended 30 June 2015

	Note 30D Reference	Actual	Budget estimate	
		2015 \$'000	Original 2015 \$'000	Variance ¹ 2015 \$'000
ASSETS				
Financial assets				
Cash	D	475	133	342
Child support receivables	A	766,089	794,294	(28,205)
Trade and other receivables	C	8,079	3,151	4,928
Investments - Australian Hearing	C	49,422	38,522	10,900
Total financial assets		824,065	836,100	(12,035)
Non-financial assets				
Plant and equipment		16	-	16
Total non-financial assets		16	-	16
Total assets administered on behalf of the Australian Government		824,081	836,100	(12,019)
LIABILITIES				
Payables				
Child support and other payables	A	27,673	33,246	(5,573)
Child support payments received in advance		16,678	16,754	(76)
Total payables		44,351	50,000	(5,649)
Provisions				
Child support provisions	A	763,809	791,296	(27,487)
Total provisions		763,809	791,296	(27,487)
Total liabilities administered on behalf of the Australian Government		808,160	841,296	(33,136)
Net assets/(liabilities)		15,921	(5,196)	21,117

¹ Variance between the actual financial results and original budget. Major variances are explained at note 30D.

DEPARTMENT OF HUMAN SERVICES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2015

Note 30D: Administered major budget variances for 2015

	Affected line items (and statement)	Explanations of major variances
A	<i>Child support maintenance revenue and expense (Administered Schedule of Comprehensive Income), Reversal of previous asset impairment (Administered Schedule of Comprehensive Income), Child support receivables and provisions (Schedule of Administered Assets and Liabilities), Child support and other payable (Schedule of Administered Assets and Liabilities)</i>	<p><u>Child support maintenance</u> Child support maintenance revenue, receivables, expense and provisions are lower than budget due to actual child support cases and maintenance revenue per caseload being lower than estimated.</p> <p>The \$6.60 million gain relating to the reversal of previous impairments mainly reflects a decrease in the impairment provision rate for child support maintenance debt from 41.74% in 2013-14 to 40.43%. Forecast changes in the impairment rates are not included in the budget estimates.</p> <p>The child support and other payable balance of \$27.67 million is \$5.57 million less than budget due to the department's targeted effort to reduce outstanding payments to custodial parents.</p>
B	<i>Compensation recovery expense and revenue (Administered Schedule of Comprehensive Income)</i>	<p><u>Compensation recovery expenses and revenue</u> From 2013-14 the Department of Health and Department of Social Services have responsibility for reporting the compensation recovery arrangements. The budget was changed to reflect these arrangements in the update for the Mid-year Economic and Fiscal Outlook 2014-15.</p>
C	<i>Competitive neutrality revenue and dividends (Administered Schedule of Comprehensive Income), Changes in investment (Administered Schedule of Comprehensive Income), Trade and other receivables (Administered Schedule of Assets and Liabilities), Investments - Australian Hearing (Administered Schedule of Assets and Liabilities)</i>	<p><u>Australian Hearing</u> Competitive neutrality and dividend revenue are based upon Australian Hearing's operating results. Due to targeted and cost effective marketing, Australian Hearing's actual surplus is higher than estimated in the original budget. This has a flow on impact on trade and other receivables.</p> <p>The original budget for investment was based upon the 2013 closing net equity figure for Australian Hearing. The actual was based on Australian Hearing's net equity as at 30 June 2015.</p>
D	<i>Cash (Administered Schedule of Assets and Liabilities)</i>	<p><u>Cash</u> Actual cash at bank includes cash pending transfer to other Commonwealth agencies which is not included in the budget estimates.</p>

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Appendices



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APPENDIX A HUMAN SERVICES (MEDICARE) ACT 1973 REPORT

The *Human Services (Medicare) Act 1973* provides for the Chief Executive Medicare to authorise the exercise of powers pursuant to section 8L of the Act, and are contained within the statutory reporting requirements pursuant to section 42 of the Act.

Table 78: *Human Services (Medicare) Act 1973*—section 42 reporting requirements

Section 42(1) paragraphs: (a) to (h)	2012–13	2013–14	2014–15
(a) The number of signed instruments made under section 8M	3	5	1
(b) The number of notices in writing given under section 8P	103	161	283
(c) The number of notices in writing given to individual patients under section 8P. Note: this is a subset of (b) above	27	6	0
(d) The number of premises entered under section 8U	0	0	0
(e) The number of occasions when powers were used under section 8V	0	0	0
(f) The number of search warrants issued under section 8Y	16	14	2
(g) The number of search warrants issued by telephone or other electronic means under section 8Z	0	0	0
(h) The number of patients advised in writing under section 8ZN ¹	0	0	0

1. Where powers are exercised in relation to a record containing clinical records, the Chief Executive Medicare must advise the patient in writing, except under specific circumstances, for example, where after reasonable inquiries the patient could not be located or contacting the patient would jeopardise the investigation.

APPENDIX B SERVICES DELIVERED ON BEHALF OF OUR PARTNERS

Table 79: Payments on behalf of other departments

Department	2014–15
Attorney-General's Department	\$112.3 million
Department of Agriculture	\$54.1 million
Department of Education and Training	\$953.3 million
Department of Health	\$36.9 billion
Department of Industry and Science	\$1.2 million
Department of Immigration and Border Protection	\$231.6 million
Department of Infrastructure and Regional Development	\$149.8 million
Department of Social Services	\$122.1 billion
Department of Veterans' Affairs	\$3.8 billion

AUSTRALIAN GOVERNMENT AGENCIES

In 2014–15 the department provided the following payments and services on behalf of the Australian Government agencies listed below.

Attorney-General's Department

- Australian Government Disaster Recovery Payments
- Australian Victim of Terrorism Overseas Payments
- Disaster Recovery Allowance
- National Security Hotline service

Australian Taxation Office

- Provision of tax information to customers through service centres
- Small Business Superannuation Clearing House services
- Tax File Number application form lodgement services

Department of Agriculture

- Drought Coordinator services
- Farm Household Allowance

Department of Education and Training

- Adult Migrant English Programme—provision of information to customers
- Assessment Subsidy for Overseas Trained Professionals Programme—referrals
- Child Care Benefit
- Child Care Rebate
- Jobs, Education and Training Child Care fee assistance
- Skills for Education and Employment Programme—referrals
- Youth Connections services—referrals

Department of Employment

- Employment services—referrals

Department of the Environment

- Green Army Programme—provision of information to customers

Department of Foreign Affairs and Trade

- Australian Passport Information Service
- Social work support for people affected by the MH17 flight disaster
- Social work support for vulnerable Australians voluntarily repatriated from overseas

Department of Health

- eHealth programmes
 - Operation of the Personally Controlled eHealth Record System
- Indemnity Insurance Fund
 - Medical Indemnity
- Medicare and related programmes
 - Adverse events assistance activity
 - Dental Benefits Scheme
 - Medicare Benefits Scheme
- National registers
 - Australian Childhood Immunisation Register
 - Australian Organ Donor Register
 - Midwife Professional Indemnity
 - National Bowel Cancer Screening Register

- Pharmaceutical Benefits Scheme
- Provider programmes
 - General Practice Rural Incentives Program
 - Higher Education Contribution Reimbursement Scheme
 - Mental Health Nurse Incentive Programme
 - Office of Hearing Services—claim payment
 - Office of Hearing Services—Centrelink Confirmation eService
 - Practice Incentives Programme
 - Practice Nurse Incentive Programme
 - Rural Procedural Grants Program and the Rural Locum Education Assistance Program
- Public programmes
 - Medicare Compensation Recovery
 - External Breast Prostheses Reimbursement Program
 - Private Health Insurance Rebate
 - Support Leave for Living Organ Donors
- Support services
 - Internet gateway—Therapeutic Goods Administration
 - National Emergency Call Centre Surge Capability

Department of Immigration and Border Protection

- Citizenship testing in regional offices
- Status Resolution Support Services Payment

Department of Industry and Science

- Adult Migrant English Programme—provision of information to customers
- Liquefied Petroleum Gas Vehicle Reimbursement Scheme
- Skills for Education and Employment Programme—referrals

Department of Infrastructure and Regional Development

- Tasmanian transport schemes

Department of the Prime Minister and Cabinet

- Remote Jobs and Communities Programme—referrals
- School Enrolment and Attendance Measure—provision of social work services

Department of Social Services

- ABSTUDY payments
- Aged Care Education Training Incentive
- Aged Care Provider Supplement
- Age Pension
- Approved Programme of Work Supplement
- Assistance for Isolated Children Scheme Payments
- Assurance of Support Scheme
- Austudy
- Baby Bonus
- Bali Lifetime Rehabilitation Assistance Package
- Bereavement Allowance
- Bereavement Payment
- Carer Adjustment Payment
- Carer Allowance
- Carer Payment
- Carer Supplement
- Centrelink Compensation Recovery
- Child Care Benefit
- Child Care Rebate
- Child Disability Assistance Payment
- Child Support services
- Commonwealth Seniors Health Card
- Community Development Employment Project Participation Supplement
- Continence Aids Payment Scheme
- Crisis Payment
- Dad and Partner Pay
- Disability Employment Services—referrals
- Disability Support Pension
- Double Orphan Pension
- Education Entry payment
- Energy Supplement
- Employment Services Assessments
- Essential Medical Equipment Payment
- Ex-Carer Allowance (child) Health Care Card

- Family Tax Benefit Part A
- Family Tax Benefit Part B
- Fares Allowance
- Financial Hardship for Residential Aged Care and Home Care
- Financial Information Service
- Foster Child Health Care Card
- Grandparent Child Care Benefit
- Health Care Card
- Health Care Card (Family Tax Benefit)
- Household Organisational Management Expenses (HOME) Advice
- Incentive Allowance
- Income Management/BasicsCard
- Income Management Matched Savings Scheme Payment
- Income Support Bonus
- Job Capacity Assessments
- Job Commitment Bonus
- Jobs, Education and Training Child Care Fee Assistance
- Language, Literacy and Numeracy Supplement
- Large Family Supplement
- Low Income Family Supplement
- Low Income Health Care Card
- Low Income Supplement
- Medical assessments for foreign pensions
- Mobility Allowance
- Multiple Birth Allowance
- Newborn Supplement
- Newborn Upfront Payment
- Newstart Allowance
- Parental Leave Pay
- Parenting Payment Partnered
- Parenting Payment Single
- Partner Allowance
- Payments under Special Circumstances (ex-gratia)
- Pension Bonus Bereavement Payment
- Pension Bonus Scheme

- Pension Bonus Top-up
- Pension Loans Scheme
- Pension Supplement
- Pensioner Concession Card
- Pensioner Education Supplement
- Pharmaceutical Allowance
- Reimbursement to Great Southern Rail for Concessional Fares
- Relocation Scholarship
- Remote Area Allowance
- Rent Assistance
- Seniors Supplement
- Schoolkids Bonus
- Sickness Allowance
- Single Income Family Supplement
- Special Benefit
- Special Child Care Benefit
- Special Disability Trusts
- Stillborn Baby Payment
- Student Start-up Scholarship
- Telephone Allowance
- Transition to Independent Living Allowance
- Utilities Allowance
- Voluntary Incentive Payment
- Widow Allowance
- Widow B Pension
- Wife Pension
- Youth Allowance Apprentice
- Youth Allowance Jobseeker
- Youth Allowance Student
- Youth Disability Supplement

Department of the Treasury

- Early Release of Superannuation Benefits

Department of Veterans' Affairs

- Carer Supplement
- Community support services
- Concession cards for veterans
- Income Management
- Processing of payments to health and hospital providers
- Repatriation Pharmaceutical Benefits Scheme
- Veterans' Agent services
- Veterans' Information Kiosks
- Veterans' Information services

STATE AND TERRITORY GOVERNMENTS AND OTHER ORGANISATIONS

National E-Health Transition Authority

- Healthcare Identifiers Service
- National Authentication Service for Health

Foreign governments

- Reciprocal service arrangements with a number of countries

National Emergency Call Centre Surge Capability

- The National Emergency Call Centre Surge Capability is a call overflow service the department provides to all states and territories, as well as some Australian Government agencies. See *Emergency call centre surge assistance* on page 84.

APPENDIX C CARER RECOGNITION ACT 2010— REPORT

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 online tools and resources. The statement, set out in Schedule 1 of the *Carer Recognition Act 2010*, enshrines the rights, opportunities and choices of carers. Our 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 resources 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. We support 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. Our payments, services and information to carers reflect this as does the development and implementation of carer programmes and supports.

The department continues to develop and implement practical actions against each of the six priority areas. We actively support awareness and understanding of carer issues within the community. We promote National Carers Week through outreach and community activities, and we promote awareness of carer issues to staff. We also produce *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 support for carers and our engagement with carers see *Delivering aged care payments* on page 23, *People with disability and carers* on page 19, *Carer specialist assessments* on page 63, *National Disability Insurance Agency and the National Disability Insurance Scheme*, and the *National Disability Strategy* on pages 20–21, and *Carers* on our website at humanservices.gov.au

APPENDIX D DATA-MATCHING

DATA-MATCHING PROGRAM (ASSISTANCE AND TAX) ACT 1990

The legal authority for data-matching is governed by the *Data-matching Program (Assistance and Tax) Act 1990*. Under section 12 of the Act, participating agencies are required to table reports in both houses of the parliament. This appendix covers the progress of the programme for the department for 2014–15.

DATA-MATCHING PROGRAM OBJECTIVES

The Data-matching Program aims to:

- detect people who may be receiving incorrect payments from an income support agency
- verify the accuracy of customers' income declared to agencies that make income support payments
- encourage voluntary compliance including:
 - deterring people from attempting to claim payments to which they are not entitled
 - the voluntary surrender of payments to which people may not be entitled
 - the voluntary disclosure of changes in circumstances which affect rates of payment
- identify debtors who have resumed receiving an income support payment
- detect fictitious or assumed identities.

The programme plays an important role in identifying dual payments and undeclared or understated income that cannot be detected by other control measures. It is part of the department's comprehensive system of controls that enables us to detect incorrect payments and fraud.

PROGRAMME CYCLES

The *Data-matching Program (Assistance and Tax) Act 1990* specifies that a programme cycle must be completed within two months of its commencement and that a new cycle cannot begin until the previous one has finished. No more than nine cycles may be conducted each year. During 2014–15 four cycles were conducted.

PRIVACY SAFEGUARDS

The programme operates within a framework of comprehensive and strict privacy safeguards that cover the collection, storage, use and disclosure of personal information. Close attention is paid to adhering to these requirements. The main safeguards associated with the programme ensure that:

- the Data-Matching Agency (DMA) does not hold source agency data for any longer than necessary
- source agencies cannot link or merge the information used in the programme to create a new, separate, permanent database of information
- the source agency data used is as up-to-date as possible
- data received and generated by the DMA is protected by strict physical and system security arrangements
- source agencies establish reasonable procedures for confirming the validity of results
- people are advised of the existence of the programme and the use of their information when they begin receiving a payment or service from an assistance agency
- people are contacted only when the department cannot explain a discrepancy by examining their records
- information no longer required is destroyed.

PROGRAMME MONITORING

The department continued to monitor the operation of the programme closely, in consultation with other participating agencies and the Office of the Australian Information Commissioner (OAIC). Monitoring is undertaken in a variety of ways including regular reports, OAIC audits and ongoing project analysis.

STATISTICS

This section contains the statistical details required under guideline 12 of the Schedule to the *Data-matching Program (Assistance and Tax) Act 1990*. The information is divided into two parts. The first part, which has been compiled for the DMA, details the input and output from the programme cycles. The second part outlines the action taken by the department on discrepancies.

Data-Matching Agency

The legislation requires that the following information processed by the DMA be provided:

- the total number of matches undertaken
- the number and proportion of matches that resulted in discrepancies.

Discrepancies can result from invalid Tax File Numbers (TFNs), identity matching or payment and income matching. Table 80 shows the DMA input and output for programme cycles in 2014–15. Table 81 shows the number and proportion of matches that resulted in discrepancies and outcomes for the same period.

Table 80: Data-Matching Agency input and output for all agencies 2014–15

Department	Matches undertaken	DMA output	DMA output as a percentage of total departmental matches
Department of Human Services	106 881 052	2 270 183	2.1%
Department of Veterans' Affairs	1 393 782	15 811	1.1%
Total	108 274 834	2 285 994	2.1%

Many people will have more than one component including married, maiden or previous legal names. For the Department of Veterans' Affairs, maiden and married names are separated into two records after receipt by the DMA.

Table 81: Results of discrepancies released for action in 2014–15

Discrepancies/cases	Number
Discrepancies which resulted in a notice under section 11 of the <i>Data-matching Program (Assistance and Tax) Act 1990</i> being sent ¹	3 039
Discrepancies which resulted in action being taken ²	17 985
Cases in which action proceeded despite a dispute about the accuracy of the data ³	101
Discrepancies which did not proceed to action after the individual was contacted ⁴	4 777
Cases where an overpayment was identified ⁵	23 675
Cases where recovery action was initiated ⁶	21 087
Cases where the debt was fully recovered ⁷	17 006

1. 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 programme. People have 28 days to respond.

2. 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.
3. 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.
4. 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.
5. The number of overpayment cases identified, including the number of debts waived.
6. 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 customer's entitlement or through cash repayments.
7. 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 programme. See Table 82 on page 262 for cost-benefit information.

Direct savings methodology

There are three direct savings components from the programme:

- downward variations in rate or the stopping of payments
- raised debts
- ceasing payments to new customers for failure to comply with TFN requirements.

The programme is also used to match details of former customers of each assistance agency who owe a debt to the Australian Government. Detection of these customers means that withholdings can be made from their current entitlement to assist in repaying their debt.

Direct savings achieved

In 2014–15 the Data-matching Program achieved \$163.2 million in savings compared to \$154.7 million in 2013–14.

Direct cost methodology

ADMINISTRATIVE COSTS

Administrative costs included computer and associated costs—the equipment used to run the programme cycles has some ongoing administrative costs associated with computer hardware and software maintenance.

SALARY COSTS

The programme's main salary costs were costs associated with:

- managing and supporting the programme 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 programme are significant. In 2014–15 the net benefit of the programme was \$134.6 million, compared to \$132.7 million in 2013–14.

Table 82: Direct cost–benefit summary

	2014–15
Benefits ¹	\$160 013 100
Costs	\$25 451 400
Net benefits ²	\$134 561 800
Cost–benefit ratio ³	1:6.3

1. Net savings, including the effect of upward variations.
2. Calculated by subtracting costs from benefits.
3. 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 in 2014–15.

- 28 July 2014 Cycle 3/2014 commenced
- 19 August 2014 Step 5 of Cycle 3/2014
- 26 August 2014 Cycle 3/2014 completed
- 24–25 July 2014 OAIC staff audited teams from Business Integrity
- 20 October 2014 Cycle 4/2014 commenced
- 10 November 2014 Step 5 of Cycle 4/2014
- 17 November 2014 Cycle 4/2014 completed
- 6–7 November 2014 OAIC staff audited teams from Business Integrity
- 2 February 2015 Cycle 1/2015 commenced
- 23 February 2015 Step 5 of Cycle 1/2015
- 2 March 2015 Cycle 1/2015 completed
- 4 May 2015 Cycle 2/2015 commenced
- 25 May 2015 Step 5 of Cycle 2/2015
- 1 June 2015 Cycle 2/2015 completed
- 24–25 June 2015 OAIC staff audited teams from Business Integrity.

APPENDIX E EXTERNAL SCRUTINY

AUSTRALIAN NATIONAL AUDIT OFFICE

The department maintains a collaborative and productive relationship with the Australian National Audit Office (ANAO) and welcomes the audit and assurance activities it undertakes.

The department coordinates its internal audit activities with the ANAO's performance audit activities to help ensure the adequacy of audit coverage across the department and to minimise duplication of assurance effort. The department closely monitors implementation of ANAO recommendations.

Tabled ANAO audit reports, including the department's responses to recommendations, are published on the ANAO website at anao.gov.au

ANAO audits tabled in the Parliament in 2014–15

Report No. 48 2014–15, tabled 10 June 2015

Limited Tender Procurement

The audit objective was to assess whether Australian Government entities had appropriately justified the use of limited tender procurement and whether processes adopted met the requirements of the Commonwealth Procurement Rules (CPRs) including the consideration and achievement of value for money. The department was one of three agencies selected as part of the audit. The ANAO's overall conclusion across the three agencies highlights the risks to value for money when applying limited tender to procurement and the need for entities to ensure that procurement processes satisfy the requirements of the CPRs. The ANAO made two recommendations aimed at improving entity procurement practices in relation to the use of limited tender, including strengthening pre-approval compliance assurance mechanisms and enhancing the accuracy of AusTender reporting. The department agreed with both recommendations. The department has already completed, or is in the process of completing, a range of actions to enhance its eProcurement system which will address a number of the issues raised within the report. In addition, the introduction of an inflight verification action will support the implementation of the recommendations, as will an increased emphasis on limited tendering in procurement training and guidance material.

Report No. 46 2014–15, tabled 9 June 2015**Administration of the Australian Childhood Immunisation Register**

The audit objective was to examine the effectiveness of the department's administration of the Australian Childhood Immunisation Register (ACIR). The ANAO concluded that the department's administration of ACIR has been generally effective and that performance targets agreed between the department and the Department of Health (which is responsible for the overall management of the ACIR in the context of the National Immunisation Program) has generally been met or exceeded.

The ANAO made three recommendations relevant to the department and aimed at maintaining and improving ACIR data integrity, and improving the efficiency of information processing. The department agreed with the first recommendation, but with qualifications, noting that the ANAO found that the number of data discrepancies between ACIR and other departmental ICT systems was small. While there is room for improvement this needs to be balanced against the costs associated with resolving known data synchronisation issues and the benefits that can be gained. The department agreed with both the second and third recommendations.

Report No. 37 2014–15, tabled 19 May 2015**Management of Smart Centres' Centrelink Telephone Services**

The audit objective was to assess the effectiveness and efficiency of the department's management of smart centres' Centrelink telephone services. The ANAO observed that the large volume of calls handled by the department—43.1 million calls in 2013–14, an average of 800 000 calls each week—is unique in the public and private sectors. The ANAO further observed that many of the calls made by Centrelink customers are technically complex and also involve support for customers with complex needs.

Against this context of unique scale and complexity, the ANAO's overall conclusion was that the department is making progress in its transition to revised delivery arrangements for Centrelink services through its smart centre and self-service initiatives, while continuing to face challenges in managing a significant volume of telephone calls from customers. The ANAO found that the department is pursuing a number of useful reforms under its transformation programme for smart centres, and has also established a soundly-based quality assurance framework for Centrelink telephone services.

The ANAO made a number of observations about call wait times, customer satisfaction levels, and the rationale underpinning relevant key performance indicators, while noting that department's overall target for all customer telephone services has been agreed with government. The ANAO made three recommendations concerning the implementation of a coordinated channel strategy—applying the Quality Call Listening process to all staff answering calls, and reviewing performance indicators to better reflect the customer experience and to clarify the service standards that customers can expect.

The department agreed with the first two recommendations. The department also agreed with the third recommendation, but with qualifications, noting that reducing the average answer speed from 16 minutes to five minutes would require an estimated 1000 additional staff costing over \$100 million each year.

Report No. 36 2014–15, tabled 6 May 2015

Administration of the Assistance for Isolated Children Scheme

The audit objective was to assess the effectiveness of the department's administration of the Assistance for Isolated Children Scheme. The ANAO's overall conclusion was that the department's administration of the scheme has been generally effective. The ANAO did not make any recommendations for the department. The report did suggest opportunities for refinements, including low-cost outreach activities to supplement existing information channels, making better use of surveys to assess customer satisfaction, and considering opportunities to assist the Department of Social Services to assess the scheme's achievements against policy objectives.

Report No. 25 2014–15, tabled 5 March 2015

Administration of the Fifth Community Pharmacy Agreement

This audit involved the Department of Health and the Department of Human Services. Its objective was to assess the effectiveness of the development and administration of the Fifth Community Pharmacy Agreement, and the extent to which the agreement met its objectives. The ANAO concluded that, overall, the Department of Health's administration of the agreement has been mixed.

The ANAO made eight recommendations relevant to the Department of Health, aimed at improving the development of costings, clarity of the next agreement and related public reporting, record-keeping and performance information. One of these recommendations involved the department and concerned improving the accuracy of the Department of Health's calculation of pharmacy remuneration for reporting and evaluation purposes. The department agreed with this recommendation.

Continuing ANAO audits

The following ANAO performance audits were in progress at 30 June 2015.

Qualifying for the Disability Support Pension

The audit objective is to assess the Department of Social Services' and the department's administration of Disability Support Pension eligibility and review processes.

Procurement Initiatives to Support Opportunities for Indigenous Australians

The audit objective was to assess the effectiveness of the administration of procurement initiatives to support opportunities for Indigenous Australians.

COMMONWEALTH OMBUDSMAN

In December 2014 the Commonwealth Ombudsman published a section 15 report on *Department of Health: Avoiding, acknowledging and fixing mistakes* about the Pharmaceutical Benefits Scheme and pharmacy location rules. The Ombudsman made four formal recommendations to the Department of Health and the department. The department supports three of the four recommendations, as one recommendation was directed to the Department of Health.

APPENDIX F STAFFING STATISTICS AND REMUNERATION

STAFF PROFILE

Table 83: Staff by substantive classification and location

Classification	ACT	NSW	QLD	SA/NT	TAS	VIC	WA	Total
SES Band 3	6	0	0	0	0	0	0	6
SES Band 2	30	0	1	0	0	1	0	32
SES Band 1	95	8	12	7	1	5	1	129
Executive Level 2	591	85	85	34	23	68	12	898
Executive Level 1	1 287	312	351	181	60	250	82	2 523
APS 6	1 245	1 173	971	545	223	907	256	5 320
APS 5	648	812	679	431	172	474	175	3 391
APS 4	458	4 864	3 053	1 420	1 067	3 449	1 045	15 356
APS 3	195	1 981	1 241	745	263	1 528	644	6 597
APS 2	11	82	49	21	55	62	20	300
APS 1	47	35	40	17	4	28	17	188
Other—trainees, graduates, cadets	90	4	28	24	0	3	1	150
Total	4 703	9 356	6 510	3 425	1 868	6 775	2 253	34 890

Table 84: Staff by substantive classification and employment status

Classification	Ongoing	Non-ongoing	Total
SES Band 3	5	1	6
SES Band 2	31	1	32
SES Band 1	128	1	129
Executive Level 2	894	4	898
Executive Level 1	2 510	13	2 523
APS6	5 296	24	5 320
APS5	3 342	49	3 391
APS4	15 103	253	15 356
APS3	3 205	3 392	6 597
APS2	258	42	300
APS1	172	16	188
Other—trainees, graduates, cadets	150	0	150
Total	31 094	3 796	34 890

Table 85: Staff by substantive classification and employment type

Classification	Full-time	Part-time ¹	Total
SES Band 3	5	1	6
SES Band 2	31	1	32
SES Band 1	128	1	129
Executive Level 2	825	73	898
Executive Level 1	2 176	347	2 523
APS6	3 881	1 439	5 320
APS5	2 739	652	3 391
APS4	9 773	5 583	15 356
APS3	2 782	3 815	6 597
APS2	183	117	300
APS1	139	49	188
Other—trainees, graduates, cadets	137	13	150
Total	22 799	12 091	34 890

1. Includes intermittent/irregular staff.

Table 86: Staff by substantive classification and gender

Classification	Female	Male	Total
SES Band 3	2	4	6
SES Band 2	13	19	32
SES Band 1	61	68	129
Executive Level 2	426	472	898
Executive Level 1	1 396	1 127	2 523
APS6	3 579	1 741	5 320
APS5	2 289	1 102	3 391
APS4	11 713	3 643	15 356
APS3	5 129	1 468	6 597
APS2	215	85	300
APS1	122	66	188
Other—trainees, graduates, cadets	67	83	150
Total	25 012	9 878	34 890

Table 87: Staff by substantive classification with disability or NESB background

Classification	With disability		NESB ¹	
	Ongoing	Non-ongoing	Ongoing	Non-Ongoing
SES Band 3	0	0	1	0
SES Band 2	0	0	9	0
SES Band 1	5	0	24	0
Executive Level 2	41	0	263	1
Executive Level 1	101	0	799	1
APS6	231	0	1 377	2
APS5	195	0	902	2
APS4	828	10	3 678	36
APS3	111	35	1 011	315
APS2	33	1	47	3
APS1	23	1	46	2
Other—trainees, graduates, cadets	14	0	20	0
Total	1 582	47	8 177	362

1. This data aligns to the APSC definition for Diverse Cultural and Linguistic Background and Non-English Speaking Background (NESB) Groups 1 and 2. NESB 1 refers to people born overseas whose first language was not English and NESB 2 refers to children of migrants.

Table 88: Staff by substantive classification who identify as Indigenous

Classification	2013-14		2014-15	
	Ongoing	Non-ongoing	Ongoing	Non-ongoing
SES Band 3	0	0	0	0
SES Band 2	0	0	0	0
SES Band 1	3	0	2	0
Executive Level 2	10	0	10	0
Executive Level 1	38	0	39	0
APS6	117	0	114	0
APS5	188	0	182	1
APS4	607	0	661	2
APS3	274	64	329	53
APS2	10	3	6	1
APS1	2	0	2	0
Other—trainees, graduates, cadets	86	0	5	0
Total	1 335	67	1 350	57

NON-SENIOR EXECUTIVE SERVICE REMUNERATION

At 30 June 2015, 34 691 non-SES staff were covered by the *Department of Human Services Agreement 2011–2014*.

Table 89: Salary ranges for staff covered by the *Department of Human Services Agreement 2011–2014*

Classification	Salary range ¹ \$
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 (IT Apprentice)	45 263–51 970
Cadet APS	25 800–51 970
Graduate APS	56 069–62 493

1. 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 2015, 33 Medical Officers were covered by the *Department of Human Services Medical Officers Agreement 2013–2014*.

Table 90: Salary ranges for staff covered by the *Department of Human Services Medical Officers Agreement 2013–2014*

Classification	Salary range ¹ \$
Medical Officer Class 4	163 518–174 248
Medical Officer Class 3	150 468–157 238
Medical Officer Class 2	118 817–141 283

1. 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 2014–15.

SENIOR EXECUTIVE SERVICE REMUNERATION

The Secretary establishes salary ranges for SES employees having regard to:

- the Australian Government Public Sector Workplace Bargaining Policy
- the annual APS SES remuneration survey
- the performance of the department
- value for money.

Table 91: Salary range for SES classifications

Classification	Salary range ¹ \$
SES Band 3	285 000–339 500
SES Band 2	201 000–248 000
SES Band 1	150 000–196 000

1. 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 the completion of the annual performance cycle. As well as individual performance, other factors taken into account include organisational performance, relevant remuneration data, and size and complexity of the role. The department's SES employees have not received a salary increase since 2013.

Table 92: Employment arrangements

Arrangement	SES	Non-SES
Section 24(1) of the <i>Public Service Act 1999</i>	160	0
Individual flexibility agreements	0	64
Common law contract	0	0

APPENDIX G WORK HEALTH AND SAFETY

WORK HEALTH AND SAFETY ACT 2011— REPORTING

Comcare inspections

In 2014–15 Comcare undertook eight workplace inspections. One contravention of the *Work Health and Safety Act 2011* was reported for the failure to test residual current devices at one workplace.

Incidents notified to Comcare

Table 93: Incidents notified to Comcare

Type of incident	Number
Death	1
Serious injury or illness	27
Dangerous incidents	11
Total	39

APPENDIX H FREEDOM OF INFORMATION

As required under Part II of the *Freedom of Information Act 1982* the department has an Information Publication Scheme (IPS) plan, which is available on our website.

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 2014–15 the website information included:

- the department's IPS plan
- 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 APS staff), such as the appointment of statutory office holders
- the department's annual reports
- arrangements for members of the public to comment on specific policy proposals for which the department is responsible, including how (and to whom) those comments may be made
- contact details to enquire about access to the department's information or documents under the 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 Act, except information that is otherwise exempt
- information that the department routinely provides to the Parliament in response to requests and orders from the Parliament.

APPENDIX I ADVERTISING AND MARKET RESEARCH

COMMUNICATION CAMPAIGNS

The department did not undertake any communication or advertising campaigns in 2014–15.

ADVERTISING COSTS—MEDIA ADVERTISING AGENCY

In 2014–15 the total departmental expenditure through the Australian Government’s master media agency, Mitchells Adcorp Alliance, was \$699 277. This includes expenditure on print, radio and online advertising in areas such as recruitment, public notices, tenders and departmental services.

Table 94: Costs associated with advertising

Payee	Purpose	2014–15 \$
Mitchells Adcorp Alliance	Advertising	699 277
SBS Broadcasting Service	National multicultural radio broadcasting	36 421
Sensis	White Pages	1 808 017
Total		2 543 715

MARKET RESEARCH PAYMENTS

The department commissioned the projects listed in Table 95. They involved gathering, analysing and reporting information from external audiences or sources to provide insight on a particular topic or issue.

Table 95: Payments associated with market research organisations

Vendor	Description	2014–15 \$ (including GST)
Australian Centre for Social Innovation	Complex citizen insight ¹	70 000
Colmar Brunton	CAP (Indigenous community) agents survey 2015	32 282
Colmar Brunton	Family and domestic violence communication testing	15 000
DBM Consultants	Integrated customer satisfaction programme	1 434 659
EY Sweeney	Service delivery communication testing	76 000
instinct and reason	HD video conference pilot evaluation ¹	52 800
instinct and reason	Complex customer insight—online ¹	31 900
instinct and reason	myGov Brisbane shopfront proof of concept evaluation	18 000
instinct and reason	Operational communication for Medicare Benefits Schedule changes for new Medicare safety net	24 000
Latitude Research	Testing digital communication strategies ¹	115 000
Lonergan Research	Exploring current student needs and expectations ¹	50 000
Market Access Consulting and Research	<i>News for Seniors</i> research	48 950
ORC International	Evaluation of Rouse Hill service offer pilot ¹	31 818
ORC International	Future of <i>Australian Pension News</i> research	30 954
ORC International	Rural agents and access points survey 2015	22 580
Taylor Nelson Sofres	Digital services and transformation communication	41 976
Total²		2 095 919

1. Relates to payments made in 2014–15 for research completed in 2013–14.
2. The total includes payments for invoices goods receipted before 30 June 2015. The equivalent Table in 2013–14, included only those payments issued prior to 30 June 2014. This change in process accounts for the increased amount reported in 2014–15.

APPENDIX J 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 impact on the environment. The ESD principles are defined in section 3A of the Act.

HOW ADMINISTERED PROGRAMMES ACCORD WITH THE PRINCIPLES OF ESD— SECTION 516A(6)(a)

In 2014–15 the department administered the Australian Government Drought Assistance programme in line with the principles of ESD. The department delivered a suite of payments to drought-affected communities, including the Farm Household Allowance from 1 March 2014.

HOW THE APPROPRIATION OUTCOME CONTRIBUTED TO THE PRINCIPLES OF ESD— SECTION 516A(6)(b)

In 2014–15 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 impact on reducing resources consumed, release of emissions and waste generated, included:

- online brochures, forms and letters
- Express Plus mobile apps and quick response codes for customers to easily access service information
- mobile service centres that visit regional and remote communities.

EFFECT OF ACTIVITIES ON THE ENVIRONMENT—SECTION 516A(6)(c)

Departmental activities with an impact on the environment were risk-assessed using the international standard for Risk Management ISO 31000:2009 and the Australian Standard handbook for environmental risk assessment HB203:2006. We manage activities identified as posing the most significant risk through the department's environmental management system (EMS) which aligns to the international standard EMS ISO 14001:2004.

In general these activities consume considerable resources and generate substantial waste. Activities that have a significant effect on the environment include:

- building operations and refurbishments
- use of ICT
- use and disposal of stationery
- operating vehicles.

Table 96: Resources use

	Units	2012–13	2013–14	2014–15
Stationary energy (electricity and gas)	gigajoules	415 449	400 448	NA ¹
Transport energy (fuels)	gigajoules	45 780	36 554	NA ¹
Total energy use	gigajoules	461 229	437 002	NA¹
Internal paper use	tonnes	857	851	749
Customer letters	A4 sheets	202 589 154	120 421 513	109 541 466
Property use	square metres	814 631	788 942	729 543

1. Stationary energy reporting for 2014–15 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 97: Waste, resource recovery and pollution

	Measure	2012-13	2013-14	2014-15
Net greenhouse gas emissions—energy use	tonnes of carbon dioxide equivalents	116 123	108 613	NA ¹
Office copy paper recycling	% coverage (square metres)	98.2	98.1	98.0
Commingled recycled	% coverage (square metres)	18	18	20
Mobile phone recycling	kilograms	139	238	331
Fluorescent and other lamps recycled	units	1 724	2 748	6 012

1. Net greenhouse gas emissions—stationary energy reporting for 2014-15 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 our activities on the environment, and to drive better practices, performance and accountability.

Any environmental initiative or measure introduced is evaluated for financial effectiveness, with an objective of least cost/high return. This approach is consistent with the government's proposed Emissions Reduction Fund objective of lowest cost emissions reduction.

Table 98: Control measures and initiatives 2014–15—resource use, and supplier and product selection

Activities	Measures taken to minimise the effect on the environment
Air travel	<ul style="list-style-type: none"> We promoted and supported the use of video and phone conferencing instead of staff using air travel.
Building operations	<ul style="list-style-type: none"> Landlord and tenant obligations under Green Lease Schedules have been improved by site-based energy management plans, organising Building Management Committee meetings and implementing initiatives at large offices across the department. At 30 June 2015 there were 42 Green Leases for large offices. National Australian Built Environment Rating System (NABERS) assessments were undertaken at large offices. At 30 June 2015 the department had 21 large offices performing at or above a 4.5 Stars NABERS energy rating. We retained or improved performance through ongoing controls and initiatives such as office energy audits, server room audits, lighting upgrades, installation of master switches and timers in meeting rooms, reviewing programme 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. We purchased 10 per cent Greenpower from electricity services in the Australian Capital Territory, procured through the whole-of-government electricity contract. The department supports the FluoroCycle Scheme to ensure that hazardous fluorescent lamps are recycled on disposal. The scheme promotes better environmental practice in our supply chain. The department participated in Earth Hour to promote greenhouse emission awareness and to review lighting system operations.

Activities	Measures taken to minimise the effect on the environment
ICT	<ul style="list-style-type: none"> • The ICT server virtualisation programme continued to deliver considerable energy and cost savings. The department has virtualised 98 per cent of x86 architecture-based Wintel workload and 99 per cent of Unix workload, avoiding the purchase of additional servers. • The Data Centre Consolidation and Relocation Strategy delivered significant improvements to data centre energy efficiency and carbon emission performance. • We have automated PC shutdown using the hibernation mode after three hours of inactivity. • Server room construction and maintenance guidelines were established to improve the energy efficiency of server rooms. • Replacement PCs and monitors are compliant to the Silver or Gold standard of the eco-label—Electronic Product Environmental Assessment Tool—covering environmental concerns such as energy efficiency, greenhouse performance, minimising hazardous materials and waste management. • We continued to rationalise printer and multifunction devices in refurbished and new buildings, which have reduced the number of machines and contributed to reduced energy and cost. • We continue to add environmental clauses into ICT contracts to appropriately manage e-waste, with supplier take back and responsible disposal of equipment. • We rolled out follow-me print technology to an additional 4000 staff as a way of improving productivity, as well as to reduce paper, toner cartridges and cost.
Management and communication	<ul style="list-style-type: none"> • The Environmental Sustainability Policy continued to strengthen the department's environmental management. The policy ensures that environmental initiatives introduced provide the most environmental benefit at the least cost. • An in-house environmental reporting system has been further developed to strengthen our reporting capability. • There was increased use of in-house social media to promote and communicate staff messaging, such as about Earth Hour. • Environmental standards are continuing to be introduced into procurements, which improves the environmental performance of products and suppliers. • The department continues to support and participate in the Government Agencies Environmental Network.
Motor vehicle travel	<ul style="list-style-type: none"> • The department promoted leasing of environmentally-friendly vehicles for fleet use, particularly vehicles with a high Green Vehicle Guide rating. • We reduced motor vehicle fleet numbers by 110 through a consolidation and rationalisation programme.

Activities	Measures taken to minimise the effect on the environment
Stationery	<ul style="list-style-type: none"> The department uses 50 per cent recycled content copy paper for internal printers, photocopiers and multifunction devices. The remainder of the copy paper consists of virgin fibre sourced from forests that meet Programme for the Endorsement of Forestry Certification or Forest Stewardship Council standards, and complies with the independently certified ISO 14024 standard. For bulk external mail, most of the envelopes are made from 60 per cent recycled content paper, and customer letters are made from reputedly sourced virgin fibre paper. We have increased our digital record-keeping capability and have significantly reduced the number of paper-based files.

MECHANISMS TO REVIEW AND INCREASE THE EFFECTIVENESS OF THOSE MEASURES—SECTION 516(6)(e)

In 2014–15 we continued to enhance governance processes to review and report environmental performance. Table 99 outlines the department’s performance against the Energy Efficiency in Government Operations policy targets.

The department regularly consults its senior executive on environmental sustainability performance and uses this information to inform our annual Environmental Sustainability Plan.

Table 99: Office energy performance¹

Measures and targets	Target	Actual 2012–13	Actual 2013–14	Actual 2014–15
Office—tenant light and power (megajoules per person)	7 500	6 986	6 330	NA ¹
Office—central services (megajoules per square metre)	400	330	332	NA ¹

- Stationary energy reporting for 2014–15 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.

APPENDIX K RESOURCE STATEMENTS AND EXPENSES FOR OUTCOME 1

Table 100: Resource statement 2014–15

	Actual available appropriation for 2014–15 \$'000	Payments made 2014–15 \$'000	Balance remaining 2014–15 \$'000
	(a)	(b)	(a)–(b)
Ordinary annual services			
Departmental appropriation	5 389 495	4 420 952	968 543
Total	5 389 495	4 420 952	968 543
Administered expenses			
Outcome 1	10 290	7 360	2 930
Total	10 290	7 360	2 930
Total ordinary annual services	A 5 399 785	4 428 312	971 473
Other services			
Departmental non-operating Equity injections	20 442	20 121	321
Total	20 442	20 121	321
Total other services	B 20 442	20 121	321
Total available annual appropriations	5 420 227	4 448 433	971 794
Special appropriations			
Special appropriations limited by criteria/entitlement			
<i>Child Support (Registration and Collection) Act 1988</i>			
section 77—unremitted deductions		58 583	
section 78—unexplained remittances		–	
Total special appropriations	C	58 583	

	Actual available appropriation for 2014–15 \$'000	Payments made 2014–15 \$'000	Balance remaining 2014–15 \$'000
Special accounts			
Opening balance	57 552		
Appropriation receipts	60 013		
Non-appropriation receipts to special accounts	1 345 338		
Payments made		1 408 218	
Total special accounts	D 1 462 903	1 408 218	54 685
Total resourcing and payments			
A+B+C+D	6 883 130	5 914 234	
Less appropriations drawn from annual or special appropriations above and credited to special accounts and/or <i>Commonwealth Authorities and Companies Act 1997</i> bodies through annual appropriations	60 013	60 013	
Total net resourcing and payments for the Department of Human Services	6 823 117	5 855 221	

Table 101: Expenses for Outcome 1

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.

	Budget ¹	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)	6 129	6 129	–
Expenses not requiring appropriation in the Budget year	267	32	235
Departmental expenses			
Departmental appropriation ²	3 599 318	3 129 367	469 951
Expenses not requiring appropriation in the Budget year ³	206 977	190 653	16 324
Total for Programme 1.1	3 812 691	3 326 181	486 510
Programme 1.2: Services to the Community—Health			
Departmental expenses			
Departmental appropriation ²	650 697	597 475	53 222
Expenses not requiring appropriation in the Budget year ³	33 845	37 935	–4 090
Total for Programme 1.2	684 542	635 410	49 132

	Budget ¹	Actual expenses	Variation
	\$'000	\$'000	\$'000
	(a)	(b)	(a)-(b)
Programme 1.3: Child Support			
Administered expenses			
Ordinary annual services (Appropriation Acts No.1 and No.3)	2 257	1 430	827
Special appropriation	65 535	58 583	6 952
Special accounts	1 384 074	1 365 323	18 751
Expenses not requiring appropriation in the Budget year ³	92 800	81 658	11 142
Departmental expenses⁴			
Departmental appropriation	–	452 107	–452 107
Expenses not requiring appropriation in the Budget year ³	–	25 052	–25 052
Total for Programme 1.3	1 544 666	1 984 153	–439 487
Outcome 1: Totals by appropriation type			
Administered expenses			
Ordinary annual services (Appropriation Acts No.1 and No.3)	8 386	7 559	827
Special appropriation	65 535	58 583	6 952
Special accounts	1 384 074	1 365 323	18 751
Expenses not requiring appropriation in the Budget year ³	93 067	81 690	11 377
Departmental expenses			
Departmental appropriation ²	4 250 015	4 178 949	71 066
Expenses not requiring appropriation in the Budget year ³	240 822	253 640	–12 818
Total expenses for Outcome 1	6 041 899	5 945 744	96 155
	2013–14	2014–15	
Average staffing level (number)	30 089	29 711	–378

1 2014-15 Budget, including any subsequent adjustment made at Additional Estimates.

2 Departmental appropriation combines ordinary annual services (Appropriation Acts No.1 and No.3) and revenue from independent sources (section 74).

3 Includes unfunded depreciation and amortisation expense, write-down and impairment of assets and resources received free of charge.

4 Departmental expenses for Child Support were previously reported under programme 1.1 and are now reported under 1.3 Child Support.

APPENDIX L CORRECTION OF ERRORS IN THE DEPARTMENT'S 2013–14 REPORT

Page 3

The reference to '40 million Medicare online transactions' is incorrect. This should read '4.0 million Medicare online transactions'.

Page 46

Table 14: Australian Childhood Immunisation Register

The table incorrectly listed the 'Children aged under seven years registered at 30 June 2013–14 as 2.3 million. This should read 'Children aged under seven years registered at 30 June 2013–14 as 2.2 million'.

Page 29

Part 2—Report on Performance—Page 9

The reference to 3435 active services online in 2012–13 is incorrect. This should read 3329.

The reference to 4614 active services online in 2013–14 is incorrect. This should read 3403.

The number of active services transmitting (online claiming) has been adjusted to account for online activity done by DHS.

Page 76

Table 40: Early Release of Superannuation Benefits on Compassionate Grounds

The table incorrectly listed the 'Applications approved in full or in part for 2013–14 as 11 728'. This should read 12 243.

The table also incorrectly listed the 'Average amount released per approval for 2013–14 as \$12 874'. This should read \$12 333.

Page 110

Table 45: Transactions and registrations for digital and online services

The table incorrectly lists the 'Total Centrelink self-service transactions for 2013–14 as 102 million and the percentage change since 2012–13 column as +29.0'. This should read +36.9.

APPENDIX M COMPLIANCE INDEX

Ref	Part of Report	Description	Requirement	Page number(s) in this report
8(3) & A.4		Letter of transmittal	Mandatory	XII
A.5		Table of contents	Mandatory	III–VII
A.5		Index	Mandatory	302–312
A.5		Glossary	Mandatory	295–297
A.5		Contact officer(s)	Mandatory	II
A.5		Internet home page address and Internet address for report	Mandatory	II
9	Review by Secretary			
9(1)		Review by departmental Secretary	Mandatory	VIII–XI
9(2)		Summary of significant issues and developments	Suggested	VIII–XI
9(2)		Overview of department's performance and financial results	Suggested	VIII–XI
9(2)		Outlook for following year	Suggested	X–XI
9(3)		Significant issues and developments—portfolio	Portfolio departments—suggested	VIII–XI
10	Departmental Overview			
10(1)		Role and functions	Mandatory	2
10(1)		Organisational structure	Mandatory	2–4
10(1)		Outcome and programme structure	Mandatory	3
10(2)		Where outcome and programme structures differ from PB Statements/PAES or other portfolio statements accompanying any other additional appropriation bills (other portfolio statements), details of variation and reasons for change	Mandatory	Nil to report
10(3)		Portfolio structure	Portfolio departments—mandatory	8

Ref	Part of Report	Description	Requirement	Page number(s) in this report
11	Report on Performance			
11(1)		Review of performance during the year in relation to programmes and contribution to outcomes	Mandatory	12–15
11(2)		Actual performance in relation to deliverables and KPIs set out in PB Statements/PAES or other portfolio statements	Mandatory	12–15
11(2)		Where performance targets differ from the PBS/PAES, details of both former and new targets, and reasons for the change	Mandatory	Nil to report
11(2)		Narrative discussion and analysis of performance	Mandatory	12–172
11(2)		Trend information	Mandatory	12–172
11(3)		Significant changes in nature of principal functions/services	Suggested	153–172
11(3)		Performance of purchaser/provider arrangements	If applicable, suggested	9, 249–255
11(3)		Factors, events or trends influencing departmental performance	Suggested	12–172
11(3)		Contribution of risk management in achieving objectives	Suggested	89, 94–98
11(4)		Performance against service charter customer service standards, complaints data, and the department's response to complaints	If applicable, mandatory	140–145
11(5)		Discussion and analysis of the department's financial performance	Mandatory	174–177
11(6)		Discussion of any significant changes in financial results from the prior year, from budget or anticipated to have a significant impact on future operations.	Mandatory	Nil to report
11(7)		Agency resource statement and summary resource tables by outcomes	Mandatory	284–287

Ref	Part of Report	Description	Requirement	Page number(s) in this report
12	Management and Accountability			
	Corporate Governance			
12(1)		Agency heads are required to certify their agency's actions in dealing with fraud.	Mandatory	XII
12(2)		Statement of the main corporate governance practices in place	Mandatory	88–90
12(3)		Names of the senior executive and their responsibilities	Suggested	4–7
12(3)		Senior management committees and their roles	Suggested	88–90
12(3)		Corporate and operational plans and associated performance reporting and review	Suggested	88–120
12(3)		Internal audit arrangements including approach adopted to identifying areas of significant financial or operational risk and arrangements to manage those risks	Suggested	94–96
12(3)		Policy and practices on the establishment and maintenance of appropriate ethical standards	Suggested	133
12(3)		How nature and amount of remuneration for SES officers is determined	Suggested	273
	External Scrutiny			
12(4)		Significant developments in external scrutiny	Mandatory	264–267
12(4)		Judicial decisions and decisions of administrative tribunals and by the Australian Information Commissioner	Mandatory	94
12(4)		Reports by the Auditor-General, a Parliamentary Committee, the Commonwealth Ombudsman or an agency capability review	Mandatory	264–267

Ref	Part of Report	Description	Requirement	Page number(s) in this report
Management of Human Resources				
12(5)		Assessment of effectiveness in managing and developing human resources to achieve departmental objectives	Mandatory	120–136
12(6)		Workforce planning, staff retention and turnover	Suggested	120–130
12(6)		Impact and features of enterprise or collective agreements, individual flexibility arrangements (IFAs), determinations, common law contracts and Australian Workplace Agreements (AWAs)	Suggested	121
12(6)		Training and development undertaken and its impact	Suggested	132–133
12(6)		Work health and safety performance	Suggested	132–133
12(6)		Productivity gains	Suggested	Nil
12(7)		Statistics on staffing	Mandatory	268–273
12(8)		Statistics on employees who identify as Indigenous	Mandatory	270
12(9)		Enterprise or collective agreements, IFAs, determinations, common law contracts and AWAs	Mandatory	268–273
12(10) & B		Performance pay	Mandatory	273
12(11)–(12)	Assets management	Assessment of effectiveness of assets management	If applicable, mandatory	148
12(13)	Purchasing	Assessment of purchasing against core policies and principles	Mandatory	150

Ref	Part of Report	Description	Requirement	Page number(s) in this report
12(14)-(23)	Consultants	The annual report must include a summary statement detailing the number of new consultancy services contracts let during the year; the total actual expenditure on all new consultancy contracts let during the year (inclusive of GST); the number of ongoing consultancy contracts that were active in the reporting year; and the total actual expenditure in the reporting year on the ongoing consultancy contracts (inclusive of GST). The annual report must include a statement noting that information on contracts and consultancies is available through the AusTender website.	Mandatory	151
12(24)	Australian National Audit Office Access Clauses	Absence of provisions in contracts allowing access by the Auditor-General	Mandatory	152
12(25)	Exempt contracts	Contracts exempted from publication in AusTender	Mandatory	152
12(26)-(28)	Small business	Procurement initiatives to support small business	Mandatory	150
13	Financial Statements	Financial Statements	Mandatory	178–245
	Other Mandatory Information			
14(1) & C.1		Work health and safety (Schedule 2, Part 4 of the <i>Work Health and Safety Act 2011</i>)	Mandatory	274
14(1) & C.2		Advertising and Market Research (Section 311A of the <i>Commonwealth Electoral Act 1918</i>) and statement on advertising campaigns	Mandatory	276–277

Ref	Part of Report	Description	Requirement	Page number(s) in this report
14(1) & C.3		Ecologically sustainable development and environmental performance (Section 516A of the <i>Environment Protection and Biodiversity Conservation Act 1999</i>)	Mandatory	278–283
14(1)		Compliance with the agency's obligations under the <i>Carer Recognition Act 2010</i>	If applicable, mandatory	256–257
14(2) & D.1		Grant programmes	Mandatory	152
14(3) & D.2		Disability reporting—explicit and transparent reference to agency-level information available through other reporting mechanisms	Mandatory	119–121, 86, 128, 127
14(4) & D.3		Information Publication Scheme statement	Mandatory	275
14(5)		Correction of material errors in previous annual report	If applicable, mandatory	288
E		Agency Resource Statements and Resources for Outcomes	Mandatory	284–286
F		List of Requirements	Mandatory	289–293

GLOSSARY

ADMINISTERED ITEMS

Revenues, expenses, assets and liabilities that the government controls, but which an agency or authority manages on the government's behalf.

APPROPRIATION

An amount of public monies the Parliament authorises for spending for a particular purpose.

AUSTENDER

The Australian Government's web-based procurement system, which provides centralised access to all publicly available approaches to market, multi-use lists, annual procurement plans and reported contracts.

CO-LOCATED SERVICES

Co-location of services improves the way people deal with the Australian Government by providing convenient, easy-to-access, coordinated services from a single location. People who visit a co-located office can choose from a range of Centrelink, Medicare, Child Support, CRS Australia and other government services.

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.

DATA CENTRES

The department's data centres comprise a large network of computers used for remote storage, processing, matching and distribution of large amounts of data, including for other Australian Government departments.

ECOLOGICALLY SUSTAINABLE DEVELOPMENT

The National Strategy for Ecologically Sustainable Development defines ecologically sustainable development as ‘using, conserving and enhancing the community’s resources so that ecological processes, on which life depends, are maintained, and the total quality of life, now and in the future, can be increased’.

ELEARNING

Web-based training is anywhere, any-time instruction delivered over the internet or a corporate intranet to browser-equipped learners.

INTERNATIONAL STANDARDS

The ISO (International Organization for Standardization) is an independent, non-governmental membership organisation and the world's largest developer of voluntary International Standards. The standards give world-class specifications for products, services and systems, to ensure quality, safety and efficiency.

KEY PERFORMANCE INDICATORS

These are financial and non-financial measures used to help define and evaluate an organisation’s success. An indicator is usually selected on the basis of relevance as a measure of some aspect of a specific project or operation.

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, BlackBerry, Android phone or Windows Phone, tablets such as iPads, and laptops or desktops.

ONLINE SERVICES

These provide subscribers with a wide variety of data transmitted over telecommunications lines, that is, via the internet. The department offers a range of online services to customers 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 AND OUTPUTS STRUCTURE

This structure reflects an agency’s business and enables sound performance reporting to parliament. Outcomes are the results, impacts or consequences of actions by the Australian Government affecting the Australian community. Outputs contribute to outcomes. They are the goods or services produced by agencies on behalf of the government.

POLICY DEPARTMENTS

Australian Government policy departments are responsible for developing and implementing policies and programmes 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 monies included in the Appropriation Bills (Budget Bills) are to be spent.

PROGRAMMES

Australian Government programmes deliver benefits, services or transfer payments to individuals, industry, business or the community as a whole and are the primary vehicles for government agencies to achieve the intended results of their outcome statements. Amounts stated may differ to those reported by other client agencies due to accounting adjustments and treatments adopted by these agencies.

SERVICE TRANSFORMATION

To achieve our goal of 'excellence in the provision of government services' the department is always looking for new ways to transform service delivery. Our approach is collaborative and wide-ranging and includes fundamental reviews of business processes and the way we manage work, as well as implementing new approaches and techniques in our interactions with customers.

SMART CENTRES

Smart centres are virtual centres located within the department, which carry out phone and processing work across the department's programmes, including Centrelink, Medicare and Child Support. In practical terms smart centres mean customers have better experiences, more personalised phone calls from staff, and access to department-wide assistance tailored to their individual circumstances.

SHORTENED FORMS

AAT	Administrative Appeals Tribunal
ACC	Australian Crime Commission
ACIR	Australian Childhood Immunisation Register
ACPA	Australian Community Pharmacy Authority
AFP	Australian Federal Police
A/g	Acting
AGDRP	Australian Government Disaster Recovery Payment
AGIL	Australian Government Indigenous Locations
AIS	Aboriginal Interpreting Service
ANAO	Australian National Audit Office
APS	Australian Public Service
APSC	Australian Public Service Commission
ASD	Autism Spectrum Disorder
AS/NZS	Australian Standard/New Zealand Standard
ATO	Australian Taxation Office
AVTOP	Australian Victim of Terrorism Overseas Payment
AWP	Audit Work Programme
BCPs	Business Continuity Plans
CALD	culturally and linguistically diverse
CC	Chief Counsel
CDDS	Chronic Disease Dental Scheme
CDEP	Community Development Employment Projects
CDPP	Commonwealth Director of Public Prosecutions
CFO	Chief Financial Officer
CIO	Chief Information Officer
CPRs	Commonwealth Procurement Rules
CRS	Commonwealth Rehabilitation Services

CSC	Conspicuous Service Cross
CSHC	Commonwealth Seniors Health Card
DHS	Department of Human Services
DIBP	Department of Immigration and Border Protection
DMA	Data Matching Agency
DRA	Disaster Recovery Allowance
DSP	Disability Support Pension
DSS	Department of Social Services
DTO	Digital Transformation Office
DTA	Digital Transformation Agenda
DVA	Department of Veterans' Affairs
ECLIPSE	Electronic Claim Lodgement and Information Processing Service Environment
EFT	Electronic Funds Transfer
EFTPOS	Electronic Funds Transfer Point of Sale
EL	Executive Level
EMS	environmental management system
ESAt	Employment Services Assessment
ESD	ecologically sustainable development
FIS	Financial Information Service
FOI	Freedom of Information
FTB	Family Tax Benefit
FTE	full-time equivalent
GC	General Counsel
GFM	Group Finance Manager
GM	General Manager
GP	general practitioner
GST	goods and services tax
HECS	Higher Education Contribution Scheme

HI	Healthcare Identifiers
HOME	Household Organisational Management Expenses
Hon.	Honourable
HPOS	Health Professional Online Services
ICSOs	Indigenous Customer Service Officers
ICT	information and communications technology
IPS	Information Publication Scheme
IPSM	Indigenous Programme Support Managers
ISO	International Organisation for Standardisation
ISOs	Indigenous Service Officers
ISS	Indigenous Servicing Strategy
JCA	Job Capacity Assessment
KIS	Kimberley Interpreter Service
LGBTI	lesbian, gay, bisexual, transgender and intersex
MBS	Medicare Benefits Schedule
MOU	memorandum of understanding
MP	Member of Parliament
MPRC	Medicare Participation Review Committee
MSO	Multicultural Service Officer
NA	not applicable
NABERS	National Australian Built Environment Rating System
NAIDOC	National Aboriginal and Islander Day Observance Committee
NASH	National Authentication Solution for Health
NDIA	National Disability Insurance Agency
NDIS	National Disability Insurance Scheme
NECCSC	National Emergency Call Centre Surge Capability
NESB	non-English speaking background
NIC	National Indigenous Coalition
NJCN	National Jobseeker Claims Network

NM	National Manager
NWRN	National Welfare Rights Network
OAIC	Office of the Australian Information Commissioner
PBS	Portfolio Budget Statements
PBS	Pharmaceutical Benefits Scheme
PCs	personal computers
PGPA Act	Public Governance, Performance and Accountability Act 2013
PIP	Practice Incentives Program
PKI	Public Key Infrastructure
PM&C	Department of the Prime Minister and Cabinet
PSM	Public Service Medal
RJCP	Remote Jobs and Communities Program
RPBS	Repatriation Pharmaceutical Benefits Scheme
SA	Special Adviser
SAP	Safety Assurance Programme
SEAM	School Enrolment and Attendance Measure
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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