

Senate Finance and Public Administration Standing Committee
ANSWERS TO QUESTIONS ON NOTICE
BUDGET ESTIMATES – 28 MAY 2009

Human Services Portfolio

Department/Agency: Centrelink
Outcome/Output Group: Outcome 1, Output 1.1
Topic: Actual Cost of an IT Change

Senator: Scullion
Question reference number: HS13
Type of question: Hansard F&PA 96, 28 May 2009
Date set by the committee for the return of answer: 10 July 2009

Question:

HS13: Senator SCULLION—Thanks for that. Rather than me giving an example of a change that would require an IT change in the department, if you could find one and provide me an answer on notice, in terms of what that actually costs. From all the processes that the minister described, the edict comes down, you will then go and deliver it—what does that actually cost? Perhaps you could take that on notice.

Answer:

HS13: Centrelink has an established process of cost estimation that involves the summation of individual policy elements to estimate the future cost of a program, based on what is known today. This involves updating the estimate with actual data as it becomes available.

Some of the most common Information and Communications Technology (ICT) cost drivers are:

- need to collect, store and report on additional data items;
- need for new interfaces and data exchanges;
- ensuring that the service is available consistently across multiple channels, for example face to face, Interactive Voice Response (IVR) and internet;
- alignment of testing and release exercises with Client Departments as the cycles and environments usually have different timetables;
- complexity of the change;
- increases in customer number and the number of times they need to interface or interact with the agency; and
- demand for availability 24 hours 7 days a week and/or for data to be updateable in real time.

Outlined below is the cost associated with the “Improved Verification of Earnings” project, which supports a 2007-2008 Budget Initiative to provide voluntary verification of earnings for selected Working Age payment customers. This project will increase the efficiency of debt management by increasing prevention activities. It commenced in July 2007 and was completed in June 2008.

Through this project the customer will be reminded to provide verification at all subsequent contacts predominantly when they lodge income statements or attend participation contacts. A message to support the provision of verification will be provided via the internet, Interactive Voice Response (IVR) and a range of forms. This included reporting arrangements and secondary reports such as Employer Contact Certificates (ECCs) and Job Seeker Diaries (JSDs).

Internally, this involved changes to the web based workflow tool to include a range of prompts and other support for Customer Service Advisers (CSAs) in their interactions with customers who are declaring earned income.

ICT cost for the “Improved Verification of Earnings” project are as follows:

Phase	Cost
Project Management	\$71,300
Analysis & Design	\$149,962
Construction	\$323,879
Testing	\$442,008
Implementation	\$3,795
Grand Total:	\$990,944

The policy for this initiative is straightforward and simple, the ICT components required to deliver the changes are considered small in size and of low complexity. It took a number of releases to complete because of evolving requirements (e.g. interfaces and workflow impacts). The above cost reflects the ICT deliverables only and does not include ongoing maintenance. The Business costs are separate (e.g. business requirements gathering, staff training).

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