



## Report of the Chairman



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The past year has been busy for our staff, as Centrelink moved further away from its traditional role of just providing benefits towards an increased focus on social outcomes and economic participation.

In delivering new and ongoing Australians Working Together initiatives in particular, Centrelink is providing the support and encouragement unemployed customers need to achieve the best participation outcomes. The initiatives have also laid the foundation for a more personalised and responsive support framework for working age people.

The 2002–03 financial year saw the introduction of Personal Advisers. In 2003–04, their numbers increased and I am pleased that they are now helping a wider range of customers.

Centrelink is continuing to build closer connections with the community and this year saw the launch of Community Connect. As a shared resource with the community sector, Community Connect is about developing more collaborative working arrangements with community based service providers. We are finding that an important outcome of this approach to community involvement is increased assistance to help customers participate in and engage more productively with their communities.

During the year, Centrelink demonstrated its capacity to respond quickly to communities in need through the delivery of high quality services. We continued to provide much-needed support in rural and regional communities, particularly to Australian farmers, on behalf of the Australian Government. Our work included drought assistance support, delivery of the Sugar Industry Reform package, and delivery of the Farm Help program to assist farmers in considering their long-term viability in agriculture.

The 2003–04 financial year also saw the introduction of IT Refresh. This innovative five-year program will lead to significant improvements in the service delivery to Centrelink's customers. It will also mean that Centrelink can continue to build on its existing core computer systems and that we can offer customers more choices in accessing Centrelink services.

In March 2004, the Minister appointed Mr David Deans to the Board, to replace Mr David de Carvalho who resigned during the year. As a new Board member, I would like to welcome Mr Deans to the Board and acknowledge his wide-ranging skills and

experience, particularly when it comes to issues affecting mature age Australians. I would also like to thank my fellow Board members for their valuable contributions, including their work as chairs and members of the various Board committees.

I would like to take this opportunity to extend my sincere appreciation to Sue Vardon and her management team for their dedication and leadership over the past year in particular, but also over the last four years during my term as Chairman of the Board at Centrelink. Finally, a big thank you goes to all Centrelink staff for the wonderful job they do in assisting and supporting customers and their communities across Australia.

A handwritten signature in black ink, appearing to read 'J Pascoe', followed by a period.

**John Pascoe AO**  
Chairman of the Board

## Report of the Chief Executive Officer



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Every year Centrelink experiences significant change as it fulfils its charter to Government to bring convenience to the citizen and roll through major reforms. This year was no exception. It is a credit to the public service that whatever challenge we are given by way of government policy initiative, we are able to deliver. Our people are used to change and I am always inspired by the creative ways they find to do our work better or faster or smarter. This year we have seen a significant increase in our connections to other agencies and community groups at the local level. Even though we are a large agency, for many people it is at the local level we are best known and have the greatest chance to work with others to assist our customers move forward in their lives.

We were established as the Commonwealth Services Delivery Agency in 1997 and our value to government has been that we now operate on behalf of 25 agencies. This year we agreed to deliver call centre services on behalf of the Australian Electoral Commission for the 2004 Federal election. We continue to deliver a wide range of services to the people of rural and regional Australia including Exceptional Circumstances Payment and additional drought assistance measures. We are often the only Government agency left in some smaller towns and we intend to stay there.

We met most of our Client Department's Key Performance Indicators this year. The few that we did not meet have been targeted for 100 per cent achievement in the next year.

### Protecting the integrity of outlays

Centrelink is responsible for the expenditure of \$60.1 billion of Australian Government funds as it implements the initiatives designed to deliver income support to individuals experiencing various transitions in their lives. These payments come with clear boundaries and Centrelink staff have a responsibility to make correct decisions and to help citizens keep information about their circumstances up to date.

During the year, ensuring the integrity of outlays by controlling fraud and incorrect payments continued to be a major priority. To confirm that customers are receiving their correct entitlements, Centrelink's compliance activities are specifically aimed at the prevention, detection and deterrence of payments and fraud. We have prepared fraud risk assessments and fraud control plans and have in place appropriate fraud prevention, detection, investigation, reporting and data collection procedures and processes that meet the specific needs of Centrelink and comply with the Commonwealth Fraud Control Guidelines.

The Getting it Right strategy has had a very positive effect over recent years. We have increased our technical training and this year introduced the position of senior practitioner to inject significant expertise at the local level. This position complements other technical specialists, particularly the role of Complex Assessment Officers. Improvements have been made to the computer-based reference suite, which outlines the rules around payments.

As a result, payment accuracy (including both Centrelink, the Department of Family and Community Services and customer responsibility) is now at 96.8 per cent. Individual and family circumstances change continually. Keeping the payments correct is a challenge, and our customers can sometimes forget to keep their Centrelink records up to date. This contributes in large part to the 3.2 per cent difference. We have undertaken to work with the Department of Family and Community Services to help our customers remember to tell us when things change.

When Centrelink was established we introduced a question into the customer satisfaction survey that asked customers if their last contact with Centrelink had been to fix a mistake. About 25 per cent of customers responded yes to this. Our analysis of this response highlighted a number of reasons, including: that they had failed to inform us of changes; that there was no mistake but the customer thought there may have been; that Centrelink was still waiting for information from the customer to enable us to process their payment; that the customer wished to contest the policy guidelines; or, that we had coded incorrectly. Five years later, this number had reduced to 15 per cent but covered a similar range of reasons.

We decided to dig more deeply into this 15 per cent and find the reasons so we could reduce this figure further. Unfortunately, the resulting research received some negative publicity and created headlines about Centrelink 'mistakes'. This was most unfortunate particularly as it was based on a significantly incorrect assumption. The 'mistakes' referred to were of the type outlined above. Much to our concern, the story was picked up by many media channels without a complete understanding of the whole story.

One of the problems of public administration is to remain open to self scrutiny knowing that the results of the self examination will be on the public record. This is as it should be but also demonstrates the high level of accountability of the public sector.

### **Supporting Participation outcomes**

This year we introduced Business Briefings to the organisation—a cascade presentation where every supervisor presented substantial and consistent content to our staff over a three-week period. We received positive feedback following the first briefing, which highlighted the contribution Centrelink makes to the Government's Participation policy and stressed that everyone had a contribution to make. The briefing resulted in many conversations concerning how we could improve our participation activities and added new depth to our culture.

In 2002–03, a new category of customer service officer known as Personal Advisers was introduced. Additional Personal Advisers joined Centrelink this year bringing the total number working in Customer Service Centres to more than 680. We know that Personal

Advisers have made a significant impact on the lives of our customers through the stories we hear of how they have provided confidence, inspiration and information to people who need help to get back into the workforce. We are pleased with the success of this program.

### **Providing more flexible service for business, customers and government**

Channel management, that is the selection of the most appropriate channel for business delivery—whether face to face, by telephone, electronically, via self service or as a printed product—has been a feature of this year's activity. Two initiatives have helped increase the options for our citizens.

First, we developed a Natural Voice Response Service and an Internet-based product for the government initiative, Working Credit. Approximately 145 000 people per fortnight have used these services to keep us informed of their earnings and we have been able to very effectively continue to pay them in accordance with the respective income tests that determine their payments.

Second, the substantial investment in our information and technological infrastructure known as IT Refresh increased the industrial strength of our computer systems and gave us the capability to broaden our self service offerings.

The substantial Australian Government initiatives to make new payments to families and carers in this year's Budget were a significant test of all our applications development capabilities and our organisations were able to deliver on these at very short notice. This was a significant achievement both for our National Support Office and all parts of our network.

We have had a technological breakthrough with our first electronic connections to business. Centrelink is now able to receive earnings data on a regular basis directly from employers. This has meant that people on Disability Support Pensions who are working can have their earnings advice sent directly to Centrelink without the concern of having to contact Centrelink themselves each fortnight. This improves our ability to pay people correctly and to prevent debts.

Over the year, even as a number of new services came on line, others were already in development for introduction early in the new year. It is anticipated that people will find useful, for example, the capacity to view their financial circumstances on line, a service that is due for release in early July 2004.

The young people of Australia have indicated, through our customer satisfaction surveys, that they appreciate the additional online services that Centrelink is now providing.

Centrelink now has six Remote Area Service Centres, and a further six are due to roll out over the next few years. The key feature of this Australians Working Together initiative is that centres are staffed by Indigenous people from the local community. Local staff are very effective in finding appropriate service delivery solutions, particularly in the area of Participation.

## Demonstrating that we provide value for money

In 2002–03, the Boston Consulting Group report demonstrated that Centrelink had a good record in providing value for money. The Group recommended areas for additional attention and identified that we could increase shared servicing in certain non-customer areas. Whilst Centrelink has many examples of specialist processing centres, we decided to increase the scale of our activity and so increase appropriate consolidation. Concurrent with this action, we decided it was timely to consolidate the call and customer service networks and Deputy CEO Business, Paul Hickey designed and began the implementation of the Centrelink Service Delivery Network.

We are reporting a \$6.3 million surplus for 2003–04 which is pleasing. Since its formation, Centrelink has earned \$12.8 billion in revenue and managed its expenses to within \$6.7 million of its total revenue stream.

Centrelink's ongoing financial position remains sound with \$195 million in cash available at the end of the reporting year.

We faced a dilemma with our expert system. It became too expensive to develop the system as we would have wished, but we still value it in principle. We closed the main project but used the investment we had put into it to contribute to self service delivery.

## Forming *Alliance 2004*

In 2003–04, we officially formed the new *Alliance 2004* agreement with our main client, the Department of Family and Community Services. Reflecting a stronger and more workable relationship, *Alliance 2004* recognises the shared responsibility of both organisations in achieving government outcomes. Given the success of this new partnership arrangement, we are hoping to implement similar approaches with our other client agencies during 2004–05.

## Thank you

We are as always indebted to our Board members, particularly our Chair John Pascoe AO, for their special contributions through the subcommittees of the Board and for their individual counsel from time to time. They often bring a different perspective to the issues we face and always a great deal of wisdom.

Centrelink is assisted in its work by many reference groups of community members who give us feedback about how a government agency such as ours can communicate better with people.

We appreciate the business we receive from our client departments. We thank our colleagues in central agencies, particularly the Australian Public Service Commission and the Department of Finance and Administration, for their readiness to listen to our challenges and help where they can.

Centrelink staff have won many local and national awards during the year. This year, for the second time running, a Centrelink Call Centre (Perth) won the top industry award for a Call Centre over 50 seats and we won the International 'Best Innovative Speech Recognition Solution' award for the Report Employment Income Natural Language Speech Recognition Product.

There can be no greater debt of gratitude than that which I owe to the staff of Centrelink who, everyday, go out of their way to help the people of Australia and to implement the policies of the Australian Government. All over Australia I see and hear stories of their enthusiasm and creativity and determination to make a difference.



**Sue Vardon AO**  
**Chief Executive Officer**

