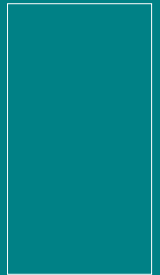
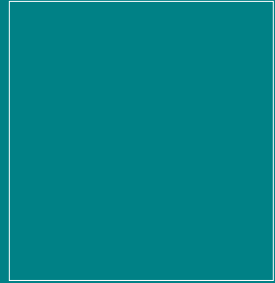


THE YEAR IN REVIEW

CHAPTER ONE



REPORT OF THE CHAIR



This report will be the last annual report prepared under the governance of the Centrelink Board of Management. As a consequence of the Federal Government's announcement in October 2004, the Centrelink Board of Management will be abolished at the end of September 2005.

Along with the other agencies being brought together under the Human Services umbrella in the Finance portfolio, Centrelink is, and will continue to play its part in, improving the way government interacts with the community. The way government services are delivered is an important part of ensuring good policy outcomes and the creation of the role of Minister for Human Services will do much to ensure that the art of policy delivery is further developed.

The creation of Centrelink in 1997 was, of course, an earlier recognition of the particular role service delivery plays in achieving policy outcomes. From a vision of how government could engage with the community in a simpler, more efficient way it has become an important deliverer of a wide range of government services, undertaking activities that were not in mind when Centrelink was first mooted. It continues to have great potential to unlock innovative opportunities to respond to government and community needs. Working with the Department of Human Services and the other portfolio agencies will only increase the scope of those opportunities.

As we leave our roles at Centrelink, the Board of Management is confident that Centrelink will continue to make a major contribution to achieving government policy objectives, particularly the objectives of supporting Australian families and in the Welfare to Work field.

As to Centrelink's place in our community, one has only to consider the wonderful work undertaken by Centrelink staff in times of crisis, such as the Bali bombings, the Asian tsunami and devastating bushfires to see the worth of great service delivery infrastructure and expertise in action. This type of work brings Centrelink's skills into sharp focus in the community's eyes. However, it is sometimes less appreciated that the same skills Centrelink employs in responding to emergencies are also employed every day, helping millions of Australians in times of need. Whilst the search for greater efficiencies and better quality outcomes goes on, Centrelink makes an enormous contribution to Australian life. The Board of Management is intensely proud of it and the role we have played in its development to date.

During the reporting period, Centrelink's founding Chief Executive Officer, Ms Sue Vardon, left Centrelink. Ms Vardon guided Centrelink through its vitally important first years with vision, intelligence and great commitment and the Board of Management is very grateful to her for her enormous contribution. We have also welcomed Mr Jeff Whalan as the new Chief Executive Officer. Mr Whalan brings to Centrelink great skills and experience in service delivery and we know we leave Centrelink in extremely capable hands. We have also had the benefit over the past few months of having Ms Patricia Scott, Secretary of the Department of Human Services and Dr Jeff Harmer, Secretary of the Department of Family and Community Services as observers to the Board, and before them Mr Mark Sullivan, former Secretary of the Department of Family and Community Services as a Member of the Board, providing additional perspectives and wise counsel.

As the last Chair of Centrelink's Board of Management I would also like to formally record my great appreciation, admiration and respect for the various members of the Board of Management, both past and present. All have brought energy, invaluable knowledge and a great sense of commitment to their time with Centrelink. To those I have worked with personally, including Mr John Pascoe, my immediate predecessor as Chairman, thank you for your hard work and wonderful guidance especially over the past year as we prepared Centrelink for this next great step. I commend to you Chapter Two of this report which details the work individual members have engaged in during the year.

Finally, I must record my deep thanks and respect for Centrelink's staff. In addition to our regular interactions with senior Centrelink officers, the Board has had the privilege of working with many Centrelink staff in the boardroom, the Call Centres and out in the Centrelink Network. Our staff help Australians when they need it and they do it with great skill and compassion. I have been very proud to be your Chair.



Elizabeth Montano

Chair of the Board

REPORT OF THE CHIEF EXECUTIVE OFFICER



This reporting year, 2004–05 was a year of substantial change for Centrelink. Following the 2004 federal election, the Prime Minister announced changes to the structure of government agencies. One of the more significant changes was the creation of a new Ministry and Department of Human Services, responsible for the administration of over \$85 billion worth of payments and services per year. These are delivered by a number of service delivery agencies of which Centrelink is one. Centrelink's sister agencies are the Health Insurance Commission, the Child Support Agency, Health Services Australia, CRS Australia and Australian Hearing.

These changes will result in a greater focus on service delivery. As a result of the changes, the Hon. Joe Hockey MP was appointed Minister for Human Services and Ms Patricia Scott was appointed Secretary of the Department of Human Services.

The machinery of government changes also meant significant changes to the departments on whose behalf Centrelink delivers services to the Australian people. For example, responsibility for a number of payments for working age people transferred from the Department of Family and Community Services to the Department of Employment and Workplace Relations.

New Strategic Directions and governance arrangements

On 31 March 2005, I launched Centrelink's new Strategic Directions which set out our purpose, core values, core business processes, strategic themes and strategic priorities. The new Strategic Directions are also underpinned by leadership expectations that set out the behaviours we expect to see in Centrelink leaders.

In March 2005 Centrelink made changes to its governance arrangements with a restructure of roles and accountabilities in our Senior Executive Service. The restructure provides a clear line of sight from the strategic to operational levels and helps to clarify responsibilities and accountabilities within Centrelink.

Overview of Centrelink's performance

Changes are nothing new in a service delivery agency. What I have learned over the past eight months is that, despite its size, Centrelink adapts well to change. Centrelink has continued to perform at a high standard over the past year and has successfully delivered many new initiatives on behalf of the Government.

Centrelink recognises that gathering and using feedback from its customers can improve service delivery and increase the willingness of customers to engage with us. In 2004–05 customer perceptions of the overall quality of Centrelink's people, information and services were consistent with 2003–04 levels, with 85.9 per cent of customers rating the overall quality of service received on their last visit to a Centrelink office or phone call to a Call Centre as either 'good' or 'very good'.

We have, however, recognised that a focus on the overall result can sometimes mask those sites performing at less than optimal levels. In 2004–05 we therefore implemented a requirement that 85 per cent of Customer Service Centres and Call Centres achieve a customer satisfaction rating of 80 per cent or higher. In the first year of this standard, 100 per cent of Call Centres and 84.9 per cent of Customer Service Centres achieved a customer satisfaction rating of at least 80 per cent.

Following the Australian National Audit Office report on Customer Feedback Systems (see below) we are looking at how we can further improve our measurement of customer service performance.

In 2004–05 Centrelink administered \$63.09 billion in program payments, which is approximately 30 per cent of government outlays. During the year, ensuring the integrity of outlays 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 incorrect payments and fraud. Centrelink continues to work with its purchasing departments to identify new and emerging risks to the integrity of Australian Government outlays and to develop effective mitigation strategies, in accordance with the requirements of the Commonwealth Fraud Control Guidelines.

In 2004–05 the Australian National Audit Office conducted a number of audits on Centrelink's business. Two of the more significant audits related to the Edge project and Customer Feedback Systems within Centrelink. Both audits provided valuable insights that informed changes to the way Centrelink operates.

The audit report into the Edge project concluded that this major IT project was over time, over budget and terminated before completion. It noted the deficiencies in the project, particularly in its governance arrangements. Centrelink welcomed the report and accepted the findings. We have taken action to ensure that the problems identified are not repeated by improving governance arrangements and project management and review processes for major projects.

The Australian National Audit Office also conducted a major audit Centrelink's Customer Feedback Systems. They made 44 recommendations on issues such as Centrelink's Customer Charter and community consultation program, customer satisfaction surveys, complaints handling system, review and appeals system and its Value Creation Program. The recommendations form the basis of a key program of work for Centrelink over the next 12 months

as we review our Customer Charter, the quality of satisfaction survey questionnaires and the way in which we record and analyse the complaints we receive.

Implementation of new initiatives

During 2004–05, Centrelink successfully implemented many new initiatives, including:

- introducing Customer Account, which streamlines and improves the interactions between Centrelink and its customers
- increasing self service and online service options to provide more flexibility for customers wishing to do their Centrelink business online
- delivering on the Government's election commitment to seniors by implementing the Seniors Concession Allowance and Utilities Allowance
- improving services for grandparents caring for their grandchildren, including waiving the work test to increase access to Child Care Benefit and introducing the new Grandparent Child Care Benefit
- implementing the election commitment to improve flexibility for carers and paying the Carer Bonus to over 400 000 recipients of Carer Payment and Carer Allowance
- encouraging working age people into jobs through the Rapid Connection initiative and the introduction of a rate estimator for employment assistance providers
- delivering assistance to rural producers on behalf of the Department of Agriculture, Fisheries and Forestry including drought relief and assistance to sugar cane farmers.

Centrelink has again taken a major role in responding to emergencies such as the Asian tsunami disaster and the South Australian bushfires. Centrelink's emergency response capability includes its extensive Call Centre Network, specialist staff to provide counselling and referral services, and the delivery of targeted payments, processes and information.

Outlook for the following year

The Government has affirmed its commitment to ensure that where people have the capacity to work, they receive the necessary assistance to do that. The major challenge for the next year will be to successfully introduce the Welfare to Work initiatives and to assist as many people as possible to access work. Centrelink will work closely with the Department of Employment and Workplace Relations to implement the Welfare to Work initiatives.

The creation of a Minister and a department responsible for Human Services has led to significantly increased collaboration between agencies. A good example of this is the work that is underway to provide online access in Medicare offices to the systems that Centrelink uses to support transactions for family payments. This will be one of the priorities for the next year. It will result in far greater customer convenience as the public will be able to choose to do their Family Assistance Office transactions online at a Medicare office.

In the coming year, Centrelink will continue to develop and focus on our Strategic Directions. We will also continue to work closely with the new Department of Human Services and our purchasing departments to deliver government payments and services in a professional and consistent way.

Subject to the passage of the Human Services Legislation Amendment Bill 2005, the Centrelink Board will cease to exist from September 2005. Centrelink will then become a statutory agency.

Thank you

Centrelink is indebted to its outgoing Board members. The Board has made a major contribution to the success of Centrelink over the past eight years.

Centrelink looks forward to a continued strong relationship with the Minister for Human Services to implement key government priorities over the next year.

Over the coming year, we will continue to work closely with the Department of Human Services and our sister agencies to ensure that government policies are implemented well, with a focus on consistency and correctness.

We will also continue to work closely with our purchasing departments to ensure that we deliver what they intended and that our experience of delivery is able to help inform and shape the policies they propose.

I would like to extend my thanks to the former Centrelink Chief Executive Officer, Ms Sue Vardon for her work and dedication in establishing Centrelink. Under Ms Vardon's leadership Centrelink became a well-respected government Statutory Authority, delivering more than 140 payments and services on behalf of 25 agencies.

I would finally like to express my thanks to the staff of Centrelink who work tirelessly to ensure that government payments and services are delivered to the people of Australia with professionalism and integrity. I am confident that the staff of Centrelink are well prepared to meet the challenges ahead in the next 12 months and will continue to provide quality service to the people of Australia.



Jeff Whalan

Chief Executive Officer

