SECTION 4: PURCHASER-PROVIDER ARRANGEMENTS

CROSS AGENCY OVERVIEW

During 2004–05, the department will have purchaser-provider arrangements with:

- Centrelink;
- The Health Insurance Commission (HIC);
- The Australian Taxation Office (ATO);
- The Department of Veterans Affairs (DVA);
- The Attorney-General’s Department (AGD); and
- CRS Australia.

In addition to the above mentioned agreements with Australian Government agencies, the department has funding arrangements with just over 15,000 non-government organisations for the delivery of community services in areas such as child care, family relationships, disability employment services, advocacy and assistance to young people at risk of becoming homeless.

The department has developed a framework for managing funding arrangements with non-government agencies that will ensure both value for money and improvements in the quality of services to the community. As a result, there will be an increased emphasis on the achievement of specified outcomes and a more consistent and rigorous approach to managing funding arrangements.

The department also contributes funds to state and territory governments under the Commonwealth State Housing Agreement (CSHA – Output Group 2.1), Supported Accommodation Assistance Program (SAAP – Output Group 2.1), and the Commonwealth State Territory Disability Agreement (CSTDA – Output Group 3.2). State and territory governments administer these services, including the selection of providers. Further information on these programs is included in Section 2 of this statement.

Centrelink is the major service delivery agent for FaCS’ programs. Under the Business Partnership Agreement (BPA) between the two agencies, Centrelink provides services related to most of the department’s output groups, including all income support payments and a wide range of related human services.

The department’s agreements with ATO, HIC and Centrelink cover the ongoing operation of the Family Assistance Office (FAO) and the delivery of FAO-related payments and services.

The department’s agreements with DVA provide for DVA to deliver Age Pension and Wife Pension (Age) to veterans and their partners who also receive a disability pension from DVA and who chose DVA to be their provider. Therefore, both DVA and Centrelink make contributions to the delivery of the department’s Output Group 3.4.

The department’s agreement with AGD, although it is not strictly a purchaser-provider relationship, sets out the management arrangements under which AGD provides part of the funding for the Family Relationships Services Program.
THE FaCS – CENTRELINK BUSINESS PARTNERSHIP AGREEMENT

Centrelink provides services related to most of FaCS’ output groups, including all income support payments and a wide range of related human services. The Business Partnership Agreement (BPA) is the agreement between FaCS and Centrelink for all joint business interactions. It consists of a strategic statement setting out the vision for the FaCS-Centrelink relationship and a series of output specifications detailing the programs and services that Centrelink will deliver on FaCS’ behalf. The BPA is being reviewed through the Alliance 2004 project.

Responsibility

Most of the functions of the department and the programs and services that Centrelink delivers are responsibilities of the Minister for Family and Community Services.

As part of the Family and Community Services Portfolio, Centrelink reports on its Outcomes and provides a full set of financial statements in Part D of these Portfolio Budget Statements.

Control Arrangements

Centrelink was established as a statutory agency on 1 July 1997, under the Commonwealth Services Delivery Agency Act 1997. It provides a range of services formerly delivered by a number of separate government agencies. Along with the Chief Executive Officer of Centrelink, members of the Centrelink Board are appointed by the Minister for Family and Community Services. The Board currently comprises:

- Mr John Pascoe AO (Chairman and Non-Executive Director);
- Ms Sue Vardon AO (CEO, Centrelink);
- Mr Don Fraser (Director);
- Ms Christina Gillies (Non-Executive Director);
- Ms Elizabeth Montano (Director);
- Ms Susan Rapley (Director);
- Mr David Deans (Non-Executive Director); and
- Mr Mark Sullivan (Secretary, Department of Family and Community Services).

Resourcing

The department purchases program delivery services from Centrelink using the resources appropriated to it for each outcome. Information relating to these outcomes is provided in Section 2 of this statement. The estimate of total resources provided by the department to Centrelink for 2004–05 is $2.1 billion.

THE FaCS – CENTRELINK OUTCOMES AND OUTPUTS FRAMEWORK

The FaCS – Centrelink Outcomes and Outputs Framework (OOF) provides the performance framework that reflects the role of FaCS and Centrelink in achieving shared outcomes, and sets
out the measures that will be used to assess respective contributions to the FaCS departmental outputs of service delivery and policy advice. FaCS and Centrelink are jointly accountable to Parliament for the services that Centrelink delivers to the community. The OOF recognises that each organisation makes a different but equally valuable contribution to achieving Government outcomes and clearly specifies their contributions. This is detailed in Table 4.1 and Table 4.2.

Table 4.1: FaCS – Centrelink Outcomes and Outputs Framework – Service Delivery Output.

The OOF is still under negotiation between FaCS and Centrelink and may undergo minor changes prior to final implementation on 1 July 2004.

<table>
<thead>
<tr>
<th>INDICATOR 1 – ACCURACY OF PROGRAM OUTLAYS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indicators for which Centrelink is Responsible</td>
</tr>
<tr>
<td>C.1.1 Overall level of payment correctness.</td>
</tr>
<tr>
<td>C.1.2 Effective prevention, detection and deterrence strategies, noting FaCS’ role.</td>
</tr>
<tr>
<td>C.1.3 Identification and recovery of debt.</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Indicators for which Centrelink is responsible</td>
</tr>
<tr>
<td>-----------------------------------------------</td>
</tr>
<tr>
<td>C.2.1 Appropriate needs identified and actions agreed, including referrals.</td>
</tr>
<tr>
<td>C.2.2 Effective interaction with other service providers.</td>
</tr>
<tr>
<td>C.2.3 Effectively steam the flow of customer to services.</td>
</tr>
</tbody>
</table>

Table 4.1: FaCS – Centrelink Outcomes and Outputs Framework – Service Delivery Output (contd.)
Table 4.1: FaCS – Centrelink Outcomes and Outputs Framework – Service Delivery Output (contd.)

### INDICATOR 3 – ECONOMIC AND SOCIAL PARTICIPATION FOR IDENTIFIED CUSTOMERS

<table>
<thead>
<tr>
<th>Indicators for which Centrelink is responsible</th>
<th>Centrelink Program Performance Measures</th>
<th>FaCS’ Contribution to Indicators for which Centrelink is Responsible</th>
<th>FaCS Program Performance Measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>C.3.1 Appropriate and ongoing assessment.</td>
<td>C3a Participation assessment accurately identifies the customer’s capacity and barriers.</td>
<td>F.3.1 Appropriate engagement of Centrelink and other government and community agencies to better understand what will improve participation.</td>
<td>F3a Ongoing communication with State Governments on the provision of community services.</td>
</tr>
<tr>
<td>C.3.2 Appropriate requirements and ongoing actions agreed.</td>
<td>C3b Actions are agreed /content in plans matches barriers.</td>
<td></td>
<td>F3b Ongoing engagement of community organisations in policy objectives and outcomes.</td>
</tr>
<tr>
<td>C.3.3 Customer engagement.</td>
<td>C3c Appropriate ongoing reviews/reporting requirements are applied.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>C3d Customer felt actions and plan provided steps to achieve participation goals.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>C3e Customer engagement level as measured by customer survey to include: understood benefits of participating; increased motivation.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Table 4.1: FaCS – Centrelink Outcomes and Outputs Framework – Service Delivery Output (contd.)

<table>
<thead>
<tr>
<th>Indicators for which Centrelink is responsible</th>
<th>Centrelink Program Performance Measures</th>
<th>FaCS’ Contribution to Indicators for which Centrelink is Responsible</th>
<th>FaCS Program Performance Measures</th>
</tr>
</thead>
</table>
| C.4.1  Customer and community awareness and understanding of assistance, support and obligations. | C4a  Customer and community understanding and knowledge.  
  C4b  Provision of clear, accurate and accessible information. | F.4.1  FaCS will publicly support Centrelink’s roles, functions and performance. | F4a  Customer and community awareness and understanding of assistance, support and obligations (noting Centrelink’s service delivery role). |
<table>
<thead>
<tr>
<th>Indicators for which Centrelink is responsible</th>
<th>Centrelink Program Performance Measures</th>
<th>FaCS’ Contribution to Indicators for which Centrelink is Responsible</th>
<th>FaCS Program Performance Measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>C.5.1 Provision of feedback on emerging policy and service delivery issues, including service gaps and need for simplification.</td>
<td>C5a Provision of information on local areas with no services available and/or limitation to services.</td>
<td>F.5.1 Appropriate engagement of Centrelink in policy development to ensure high impact outcomes including information to evaluate program payment and services.</td>
<td>F5a FaCS will engage Centrelink on emerging policy and service delivery issues including simplification.</td>
</tr>
<tr>
<td>C.5.2 Input to development and review of new and ongoing policy.</td>
<td>C5b Significant and emerging trends, risks and issues (including service delivery related) are advised in a timely manner. Program trends/risks/issues are advised in a timely manner.</td>
<td>F.5.2 Clear articulation to Centrelink of FaCS requirements for information to analyse and evaluate programs, payments and services.</td>
<td>F5b Timely advice and negotiation on budget, policy priorities and evaluation issues.</td>
</tr>
<tr>
<td>C.5.3 Provision of accurate data and business intelligence.</td>
<td>C5c Policy objectives risks (including service delivery related), issues with providers and policy inconsistencies are advised in a timely manner.</td>
<td>F5c FaCS will utilise opportunities to align programs across relevant whole of Government outcomes.</td>
<td>F5c</td>
</tr>
<tr>
<td></td>
<td>C5d Integrity of business intelligence and data validated as per protocols agreed in the Business Partnership Agreement.</td>
<td>F5d User specifications that clearly articulate FaCS’ information and business intelligence requirements, including information to analyse and evaluate programs, payments and services as per protocols agreed in the Business Partnership Agreement.</td>
<td></td>
</tr>
</tbody>
</table>
The relationship between FaCS and Centrelink recognises the service delivery expertise of Centrelink and the policy design expertise of FaCS. The OOF reflects the importance of Centrelink’s service delivery to FaCS’ outcomes. The performance measures in the OOF encourage Centrelink to concentrate on managing and controlling service delivery and encourage FaCS to ensure that service delivery issues are integrated into policy development.

ARRANGEMENTS WITH THE HEALTH INSURANCE COMMISSION

The department has a separate service arrangement with the Health Insurance Commission (HIC) specifying their ongoing involvement in the delivery of family assistance through the Family Assistance Office (FAO).

Responsibility

The department is responsible to the Minister for Family and Community Services and the Minister for Children and Youth Affairs for all the programs and services delivered by the FAO. Family Tax Benefit, Maternity Allowance and Maternity Immunisation Allowance are part of the department’s Outcome Group 1.1, and Child Care benefit is part of the department’s Outcome Group 1.4.

HIC is responsible, through its Board, to the Minister for Health and Ageing. HIC reports on its outcomes and provides a full set of financial statements in the Health and Ageing Portfolio Budget Statements.

Control Arrangements

HIC is a statutory body of the Australian Government. Its Board consists of:

- the Chairman;
- nine Commissioners; and
- the Managing Director.


Resourcing

The department purchases program delivery services from HIC using resources appropriated to it for the department’s Outcome 1. Information relating to Outcome 1 is provided in Section 2 of this statement. The total resources provided by the department to HIC for 2004–05 are estimated to be $8.6 million.

Performance against Outcomes and Outputs

The performance information that will be available for each of the relevant output groups is detailed in Section 2 of these budget statements.
HIC contributes to only some aspects of the relevant output group performance. Overall performance for outputs delivered through the FAO generally will be the result of the combined performance of all agencies comprising the FAO (HIC, Centrelink and the Australian Taxation Office). HIC’s expected contribution to each output group’s performance is detailed in its service arrangement with the department.

The department’s annual report will detail the level of performance achieved over the financial year for each of the relevant output groups.

ARRANGEMENTS WITH THE AUSTRALIAN TAXATION OFFICE

The department has a business agreement with the Australian Taxation Office (ATO) specifying its ongoing involvement in the delivery of family assistance through the FAO.

Responsibility

The department is responsible to the Minister for Family and Community Services and the Minister for Children and Youth Affairs for all the programs and services delivered by the FAO. Family Tax Benefit, Maternity Allowance and Maternity Immunisation Allowance are part of the department’s Output Group 1.1, and Child care Benefit is part of the department’s Output Group 1.4.

The ATO is responsible to the Treasurer and the Minister for Revenue and Assistant Treasurer. The ATO reports on its outcomes and provides a full set of financial statements in the Department of the Treasury Portfolio Budget Statements.

Control Arrangements


Resourcing

The department purchases program delivery services from the ATO using the resources appropriated to it for the department’s Outcome 1. Information relating to Outcome 1 is provided in Section 2 of this statement. The total resources provided by the department to the ATO for 2004–05 are estimated to be $9.0 million.

Performance against Outcomes and Outputs

The performance information that will be available for each of the relevant output groups is detailed in Section 2 of these budget statements.

The ATO contributes to only some aspects of the relevant output group performance. Overall performance for outputs delivered through the FAO generally will be the result of the combined performance of all agencies comprising the FAO. The ATO’s expected contribution to each output group’s performance is detailed in its business agreement with the department.
The department’s annual report details the level of performance achieved over the financial year for each of the relevant output groups.

**ARRANGEMENTS WITH THE DEPARTMENT OF VETERANS’ AFFAIRS**

Since March 1998, The Department of Veterans Affairs (DVA) has administered Age Pension and Wife Pension (Age) to veterans and their partners who also receive a disability pension from DVA and who chose DVA to be their provider. The arrangement is managed via a Memorandum of Understanding.

The arrangement affects about 6,800 pensioners.

**Responsibility**

The Department of Veterans’ Affairs is responsible to the Minister for Veterans’ Affairs and reports on its outcomes and provides a full set of financial statements in the Veterans’ Affairs Portfolio Budget Statements.

**Control Arrangements**

The Department of Veterans’ Affairs is an Australian Government department and is subject to the standard legislation governing the operations of Australian Government departments. The Department of Veterans’ Affairs operates within the mainstream legislation for the operation of Australian Government agencies including the *Financial Management and Accountability Act 1997*, the *Auditor-General Act 1997*, the *Privacy Act 1988* and the *Public Service Act 1999*.

**Resourcing**

The department purchases the delivery of age related pensions from DVA using resources appropriated to it for the department’s Outcome 3. Total service delivery cost in 2004–05 for those age related pensions provided by DVA is estimated to be $203,000.

**Performance against Outcomes and Outputs**

The performance information that will be available for Output Group 3.4 is detailed in Section 2 of these budget statements.

The Department of Veterans’ Affairs only contributes some aspects of performance for the department’s Output Group 3.4. Overall performance for this output group will be the result of the combined performance of DVA and Centrelink. DVA’s expected contribution to performance is detailed in the Memorandum of Understanding.

The department’s annual report will detail the level of performance achieved over the financial year for Output Group 3.4.
ARRANGEMENTS WITH THE ATTORNEY-GENERAL’S DEPARTMENT

The department administers the Family Relationships Services Program, including those parts that are funded through the Attorney General’s portfolio. A Memorandum of Understanding (MOU) is in place between the department and the Attorney-General’s department (AGD) to set out the management arrangements between the departments. As part of the ongoing co-operative business relationship between the portfolios, the MOU is being reviewed and refined.

Responsibility

AGD is responsible to the Attorney General. AGD reports on its outcomes and provides a full set of financial statements in the AGD Portfolio Budget Statements.

The department is responsible to the Minister for Family and Community Services and the Parliamentary Secretary to the Minister for Family and Community Services for the Family Relationships Support Program. The department provides funds to the Family Relationships Services Program using resources for the department’s Output Group 1.1.

Control Arrangements

FaCS and AGD are Australian Government departments and operate within the mainstream legislation for the operation of Australian Government agencies including the Financial Management and Accountability Act 1997, the Auditor-General Act 1997, the Privacy Act 1988 and the Public Service Act 1999.

Resourcing

AGD provides funding from its appropriation for service delivery in mediation, primary dispute resolution, children’s contact services and the contact orders program and contributes to the funding for counselling. All resources for program administration are provided within the Family and Community Services Portfolio.

Performance against Outcomes and Outputs

The performance information that will be available on the Family Relationships Services Program is detailed in the section of the Attorney-General’s Portfolio Budget Statements covering AGD’s Output Group 1.3 and in the section of these budget statements covering FaCS’ Output Group 1.1.

Information on the performance level achieved over the year will be contained in the relevant sections of FaCS’ and AGD’s annual reports.

ARRANGEMENTS WITH CRS AUSTRALIA

The department has a Service Level Agreement with CRS Australia for the provision of program delivery services and rehabilitation programs for people with disabilities under Part III of the Disability Services Act 1986.
Responsibility

The department is responsible to the Minister for Family and Community Services for the policy, funding and delivery of rehabilitation programs for people with disabilities.

On 1 July 2002, CRS Australia became a commercial business unit of the Department of Health and Ageing.

Control Arrangements

As a commercial business unit of the Department of Health and Ageing, CRS Australia continues to operate within the requirements of the Disability Services Act 1986 and the mainstream legislation for the operation of Australian Government agencies, including the Financial Management and Accountability Act 1997, the Auditor-General Act 1997, the Privacy Act 1988 and the Public Service Act 1999.

Resourcing

The department purchases program delivery services and rehabilitation programs from CRS Australia using resources provided to it for the department’s Output Group 3.2. Information relating to this output group is provided in the relevant section of this statement. The total resources provided by the department to CRS Australia for 2004–05 are estimated to be $146.4 million.

Performance against Outcomes and Outputs

The performance information that will be available for the output group is detailed in the relevant section of these budget statements.

CRS Australia contributes to only some aspects of the output group’s performance. The department’s annual report will provide performance details for rehabilitation services delivered by CRS Australia for Output Group 3.2.