

PART D: AGENCY BUDGET
STATEMENT

CENTRELINK

SECTION 1: OVERVIEW, APPROPRIATIONS AND BUDGET MEASURES SUMMARY

Overview

The role of Centrelink is to provide effective delivery of Commonwealth services to eligible customers. Its vision is to make a difference to the Australian community through responsive, high quality Government services and opportunities and giving value for money.

The Agency delivers information, payments and services detailed in Business Partnership Agreements or Service Level Agreements on behalf of the following clients:

- Commonwealth Department of Family and Community Services (the Department or FaCS);
- Commonwealth Department of Employment, Workplace Relations and Small Business (DEWRSB);
- Commonwealth Department of Education, Training and Youth Affairs (DETYA);
- Commonwealth Department of Health and Aged Care (HAC);
- Commonwealth Department of Agriculture, Fisheries and Forestry Australia (AFFA);

Centrelink has also been successful in tendering for business with the:

- Commonwealth Department of Veterans Affairs (DVA);
- Commonwealth Department of Foreign Affairs and Trade (DFAT);
- Commonwealth Department of Transport and Regional Services (DTRS);
- Commonwealth Department of Health and Aged Care, Office of Hearing Services;
- Commonwealth Department of Immigration and Multicultural Affairs (DIMA);
- Tasmanian State Government;
- All State and Territory Housing Authorities; and
- Australian Electoral Commission.

Centrelink acts in partnership with other levels of government and the broader Australian community and distributes payments to Australian families, communities and individuals. These payments include income support, family assistance, disability and carers, youth and students, rural and housing and retirement. The outcomes relate to Government welfare priorities.

Appropriations

Centrelink is a service provider operating under purchaser-provider arrangements. It will be implementing measures on behalf of the Department of Family and Community Services. The majority of Centrelink's funding is appropriated to its

client departments and then paid to Centrelink according to either Business Partnership Agreements or Service Level Agreements (refer to Table 2.2).

Centrelink receives direct appropriations for funding relating to an equity injection and departmental loans. In 2000-01, Centrelink has \$19.2 million appropriated as an equity injection (refer to Table 1.2 and Table 3.4) and \$0.25million for Compensation for Detriment caused by Defective Administration (CDDA) (refer to Tables 1.1 and 2.1). Table 1.1, on the following page, shows the total revenue for Centrelink for 2000-01 by the Government outcome.

Centrelink — Appropriations 2000-01

Table 1.1: Appropriations and Other Revenue

Outcomes	Departmental (Price of Outputs)					Administered		Total Administered Appropriations	Total Appropriations	
	Revenue from Government (Appropriations)			Revenue from other sources	Price of Outputs	Annual Appropriations	Special Approps			
	Bill No 1	Special Approps	Total			Bill No 1	Bill No 2 (SPPs & NAOs)			
	(A)	(B)	(C=A+B)	(D)	(E= C+D)	(F)	(G)	(H)	(I=F+G+H)	(J=C+I)
Outcome 1 —	250		250	1,745,973	1,746,223					250
Total	250		250	1,745,973	1,746,223					250
						Departmental Capital (Equity Injections and Loans)			19,202	
						Administered Capital			Nil	
						Total Appropriations			19,452	

The amounts in shading are included in annual appropriation bills.

- Under the appropriation structure, Bill No 2 includes Specific Purpose Payments (SPP's), New Agency Outcomes (NAO's), administered capital and departmental capital via departmental injections and loans.
- Refer to Budgeted Statement of Revenue and Expense for application of agency revenue.
- Revenue from other sources includes sales of goods and services to agencies such as Family and Community Services (FaCS), Employment Workplace Relations and Small Business (DEWRSB), and other revenue such as interest earned.

Budget Measures

Centrelink will receive funding from FaCS to implement the following Budget measures in 2000-01:

MEASURE
Welfare Reform Pilots: Mature Age Participation Pilot – To test the feasibility and cost of requiring increased participation of the older unemployed.
Welfare Reform Pilots: Workless Families Assistance Pilot – To assist workless families with school age children to increase their economic and social participation.
Welfare Reform Pilots: Tailored Assistance for the Very Long Term Unemployed Pilot – Intensive interviews with Newstart customers who have been receiving income support for five years or more to improve their employment prospects.
Increase in Youth Allowance Family Assets Limits for Farms and Businesses – To increase the Government's support of families, particularly those from rural areas by increasing from 50 per cent to 75 per cent the discount available on farm and business assets under the Youth Allowance family assets test.
Introduction of a Preparing for Work Agreement for New Claimants of Unemployment Payments – To increase compliance with Mutual Obligation requirements.
Child Support Package: An Increase in the Family Tax Benefit Income Test Deduction for Payers with a Subsequent Family – Increase the Family Tax Benefit and Childcare Benefits income test deductions for child support payers from 50 to 100 per cent by allowing a dollar for dollar deduction for any child support paid.
Revised Means Test Treatment of Private Trusts and Private Companies – This measure aims to ensure that customers who hold their assets in private companies or trusts receive comparable treatment to those customers who hold their assets directly under the means test.
Compliance Strategy: Measure to Improve Control of Incorrect Payment and Fraud – Research and Development Projects – To test the feasibility of the use of random sample surveys, additional data matching and inter-agency activities to improve the control of incorrect payment and fraud.
Compliance Strategy: Measures to Improve Control of Incorrect Payment and Fraud – Detection – Increased data matching reviews, and also allow matching of income details and the exchange of information from the public between the Australian Tax Office and Centrelink tip off recording systems.
Compliance Strategy: Measures to Improve Control of Incorrect Payment and Fraud – Deterrence – Publicity Campaign to Encourage Customer Compliance – A multi media campaign that will seek to increase the level of voluntary compliance with social security law.
Protection of People Affected by the Termination of the Social Security Agreement with the United Kingdom (UK).

<p>Simplification Package – This package will revise chapter 3 of the <i>Social Security Act 1991</i> to simplify the means test provisions and the various rate calculators that determine payment rates.</p>
<p>Removal of Anomaly between ABSTUDY and the Social Security Income Test – To achieve equity in the treatment of ABSTUDY recipients with that of other income support recipients by excluding ABSTUDY payments from the social security income test.</p>
<p>Removal of Direct Deduction Rules from Partners of Compensation Recipients – To provide more generous treatment for the partners of compensation payment recipients by replacing the dollar for dollar direct deduction rules with the existing income test.</p>
<p>Unauthorised Arrivals in Australia Package: Reducing the Incentives for Unauthorised Arrivals – The aims of this measure is to treat Temporary Protection Visa holders of work force age to be self reliant and to fulfil a mutual obligation. Also to reinforce community support for the humanitarian immigration program and treatment of these refugees.</p>
<p>Extension of Retirement Assistance for Farmers Scheme – This scheme assists a targeted group of low income, retirement age farmers to transfer their farm to a family member and gain immediate access the age pension, through modification to the gifting provisions.</p>
<p>Aboriginal and Torres Strait Islander Commission ATSIC – Expansion of the Community Development Employment Projects (CDEP) scheme – This scheme enables Aboriginal and Torres Strait Islander community councils and other approved Aboriginal and Torres Strait Islander groups to offer work to community members in activities that assist individuals in acquiring skills.</p>
<p>Department of Veterans' Affairs (DVA) – Change date of effect for grants and variations to compensation payments – To deliver savings by calculating payments to reflect more accurately pensioners' true entitlements.</p>
<p>Department of Immigration and Multicultural Affairs (DIMA) – Introduction of New Entry Requirements for Aged Parent Migrants – To allow for family reunion and its associated social benefits while ensuring that sponsors/assurers of parents bear greater responsibility for this group.</p>
<p>Department of Immigration and Multicultural Affairs (DIMA) – Increased Permanent Migrant Intake – To increase the total migrant intake for the next year by 6,000 places.</p>
<p>1998-99 Budget measure to apply the newly arrived residents waiting period to Agreement countries – deferred implementation – To remove inconsistent Agreement provisions and ensure that newly arrived resident's waiting period of 104 weeks applies.</p>
<p>1998-99 Budget measure to abolish special maintenance – deferred implementation – To remove the concessional treatment of maintenance paid in the form of housing under the maintenance income test.</p>
<p>1998-99 Budget measure to modify the treatment of non-economic loss compensation payments – deferred implementation – To modify the existing income test treatment of non economic loss compensation payments.</p>
<p>1998-99 Budget measure to introduce a crisis payment to assist people in extreme circumstances – deferred implementation – To introduce a non refundable one off payment to assist customers who are in financial hardship when forced to leave their home due to fleeing domestic violence situations or an event such as a household fire.</p>
<p>1998-99 Budget measure Community Development Employment Projects – Remove inequities and pay a participant supplement – variation and deferred implementation – To remove inequities and pay a participant supplement for CDEP.</p>

1998-99 Budget measure to create a new category of advance payment called a Special Employment Advance – deferred implementation – To extend coverage to customers who are or would be in financial hardship as a result of undertaking employment.

1999-00 Budget Measure to tighten gifting rules – deferred implementation – To reduce from \$10,000 to \$5,000 the amount customers could gift each year without attracting the deprivation provisions of the Social Security Act 1991.

The GST Assistance Scheme (GAS) – A payment will be made to people who will not receive compensation from the income support or taxation systems, for the introduction of tax reforms.

Family Assistance Office (FAO) Review Mechanism – This will enable the FAO to assess inquiries regarding the top-up payment scheme, where customers are able to demonstrate that they are disadvantaged by the introduction of the new family assistance arrangements.

Administered Capital and Departmental Equity Injections and Loans

A departmental equity injection of \$19.202 million is provided in the 2000-01 Budget, as indicated in Table 1.1 and as accounted for in the Capital Budget (see Tables 3.4 and 3.5), and Appropriation Bill Number 2, 2000-01. \$15.2 million is for the implementation of previous year's Budget measures.

The additional equity injection of \$4.002 million will be used to purchase new computing equipment to assist in the implementation of the 2000-01 Budget Measure "Revised Means Test Treatment of Private Trusts and Private Companies", on behalf of the Department of Family Community Services.

Table 1.2: Summary of Equity Injections

	2000-01
Previous Budget measures	15,200
2000-01 Budget Initiative – Equity Injection	4,002
Total	19,202

SECTION 2: OUTCOMES AND OUTPUTS INFORMATION

Outcomes and Output Groups

Centrelink has one outcome, the 'Effective delivery of Commonwealth services to eligible customers'. This outcome is supported by the output of 'Efficient delivery of Commonwealth services to eligible customers'.

Map 3.1 shows the relationship between the one Government outcome and the contributing output for Centrelink.

Financial details for Outcome by output appear in Table 2.1 while non-financial information appears in Table 2.3

Map 3.1: Centrelink Outcome and Output Group

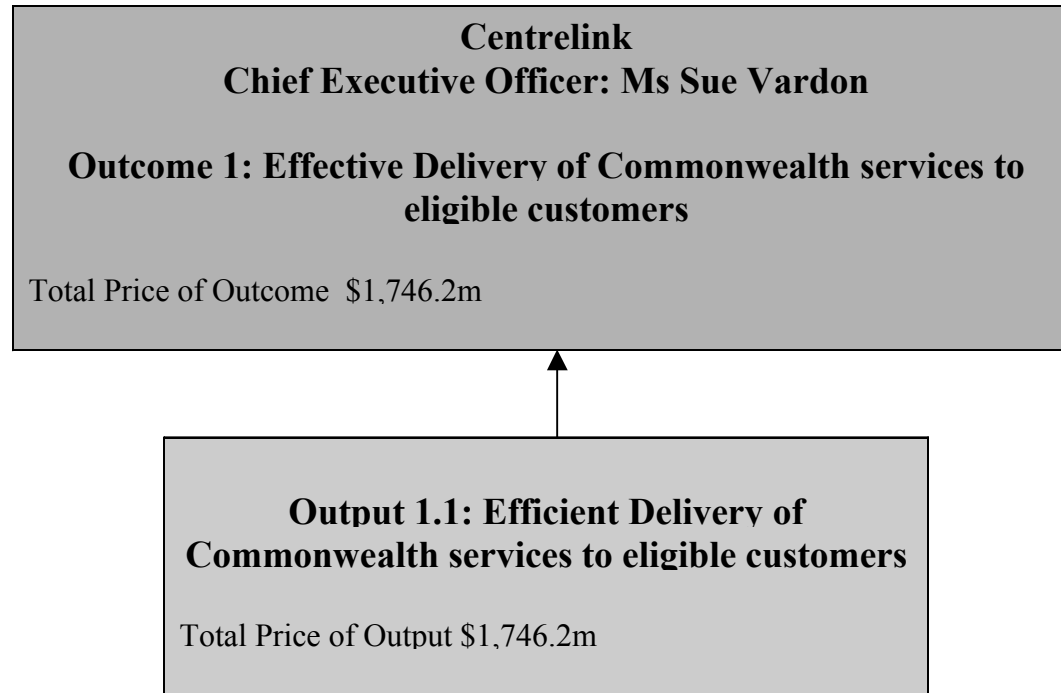


Table 2.1: Total Resources for Outcome 1

	Estimated Actual	Budget Estimate
	1999-00 (\$'000)	2000-01 (\$'000)
Departmental appropriations		
Output group 1		\$250
Subtotal output group 1		\$250
Total revenue from Government (appropriations) Contributing to price of departmental outputs		
Revenue from other sources (a)		
Family and Community Services (b)	\$1,519,903	\$1,596,015
Employment Workplace Relations and Small Business	\$121,291	\$121,990
Education Training and Youth Affairs	\$25,644	\$13,667
Health	\$2,348	\$2,383
AFFA	\$3,677	\$1,604
Other	\$14,158	\$10,314
Total revenue from other sources	\$1,687,021	\$1,745,973
Total Price of departmental outputs (Total revenue from Government and from other sources)	\$1,687,021	\$1,746,223
Total estimated resourcing for outcome 1 (Total price of outputs and admin expenses)	\$1,687,021	\$1,746,223

	1999-00	2000-01
Average Staffing Level (Number)	20,423	21,254

Table 2.2: Summary of Future Revenue

	2000-01 \$'000	2001-02 \$'000	2002-03 \$'000	2003-04 \$'000
FaCS (b)	1,586,498	1,539,513	1,503,125	1,472,910
DEWRSB	121,990	122,113	122,121	121,222
DETYA	13,667	13,127	13,110	13,005
Health	2,383	2,428	2,471	2,498
AFFA	1,604	649	4	4
Sub total Service Delivery	1,726,142	1,677,830	1,640,831	1,609,639
Revenue from other sources (1) (Commercial Revenue)	20,081	40,071	55,085	60,098
Total	1,746,223	1,717,901	1,695,916	1,669,737

Revenue from Other sources includes funding negotiated outside existing Business Partnership Agreement or Service Level Arrangement with client agencies. Also included is new business, interest earned on term deposits and over night cash balances of the Centrelink departmental bank account and other revenue.

(a) 1999-00 Revenue from Other sources (Other) includes funding for new business. Centrelink receives from DTRS \$0.659m, Office of Hearing Services \$0.513m and DVA \$0.173m. Also \$4m for interest earned on term deposits and over night cash balances of the Centrelink departmental bank account and other revenue from, for example sale of assets, officer contributions, and sub leasing of premises.

(b) Revenue from Family and Community Services does not include funding to deliver the Family Assistance Office (FAO) Review Mechanism at this stage.

Chart 2.2 Summary of 2000-01 Revenue.

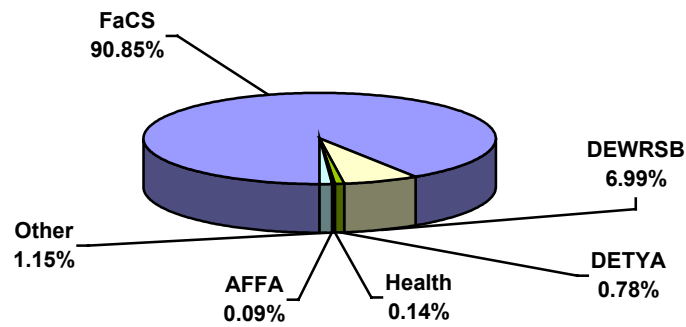
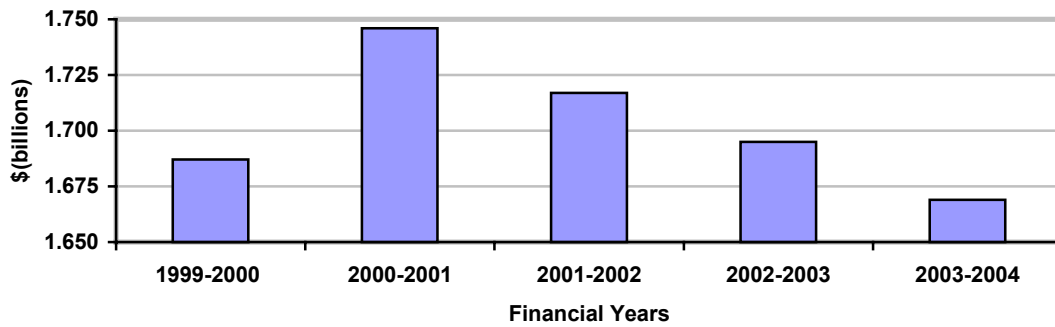


Chart 2.3 Trends in Centrelink Service Delivery Revenue.



(1) 1999-00 figures are based on current prices. 2000-01 and forward year estimates are indexed in accordance with Wage Cost Index (WCI) parameters issued by the Department of Finance and Administration.

Outcome 1 — Contribution of Outputs

Centrelink's output of efficient delivery of Commonwealth services to eligible customers reflects the Government's objectives to provide a better standard of service delivery to the community and to individuals, and to increase service delivery effectiveness.

Centrelink was created in 1997 to provide exceptional service to the community by linking Australian Government services and to achieve best practice in service delivery.

Centrelink's ability to deliver a range of services and to link to other services, personalised solutions, and broker information on behalf of the community and other agencies, presents exciting opportunities. Centrelink aims to be the premier information broker through its face to face, mobile, telephone, online and interactive services and facilities.

The Government and the Australian community have strong expectations that:

- Centrelink will deliver services in an efficient and cost effective way.
- Centrelink people will carry out their duties in a professional, ethical and accountable manner.
- Centrelink will observe all relevant legislation, giving the Government and the community confidence in the integrity of payment systems and outcomes for individuals and their families.

Goals

To achieve its commitments to Government, clients, customers, Centrelink people and the community, Centrelink has set six goals. They are:

- **Client Partnerships** – to build partnerships with client departments that deliver the required results and provide value for money.
- **Customers and Community** – to increase customer and community involvement and satisfaction with service.
- **Centrelink People** – to create an environment where Centrelink's people give value to customers, client departments and the community through their skills and commitment to service.
- **Cost Efficiency** – To efficiently manage the business and return a dividend to Government.
- **Innovation** – To provide innovative and personalised solutions consistent with Government policy.
- **Best Practice** – To be first choice and benchmarked as the best practice in service delivery.

Centrelink's Development

The stages of Centrelink's development are:

Stage 1 has been completed – the transition to, and creation of, Centrelink. The creation of Centrelink was part of the Commonwealth Government's public sector reforms designed to produce more efficient and streamlined government services via a one-stop-shop, and through the innovative use of Information and Technology.

Stage 2 the consolidation phase – Centrelink is focusing on the things it does right, and continuing to develop its capacity in areas that require improvement. This has been an important time in Centrelink's development – demonstrating its commitment to continuous improvement in standards of service to clients, customers and the community.

By listening to customers, Centrelink has learnt that they value an organisation that is easy to deal with, which treats them as individuals, values their time, and sorts out the complexity of Government on their behalf. At the same time, the Government and Centrelink clients need to have efficient and effective services for customers that clearly demonstrate value for money.

The learning and improvement Centrelink gained in Stages 1 and 2 established the focus for Centrelink's service delivery model in Stage 3.

Service Delivery Model

The service delivery model means that Centrelink will deliver services based on a customer's life events. Life events are things like having a baby, looking for a job, planning for retirement, or arriving to settle in Australia. The Centrelink life events model of service delivery is being developed in consultation with client departments.

Within the model, all that will be required from customers when they contact Centrelink is for them to describe their circumstances. The customers then will receive a personalised solution that best meets their needs. This way of working does not assume the customer already knows which products, services and delivery options are available; which questions to ask; or which payments to apply for. Instead, customers will receive greater personalised service, and Centrelink will sort out the complexities of Government for them. Centrelink's business focus is the customer.

Integral to this approach is where appropriate working with the customer to determine how best they might meet their obligations to the community in return for any assistance they may receive from Government.

The service delivery model will make Centrelink a more customer centric organisation.

Centrelink's Service Delivery Model will include:

- A one-to-one Customer Service Officer for each customer, where the Customer Service Officer takes responsibility for all of that customer's business. In relation to this, Centrelink is in the process of implementing a cultural change in the way that it deals with its customers. This change involves the move from emphasising simple, accurate and appropriate payments to one of assessing the needs of the customer in a holistic way, developing a plan with the customer to assist them move to a situation where they can have greater involvement in

social and economic participation and planning how they might meet Government mutual obligation requirements.

- Individual service offers based on life events that remove complexity for customers accessing Government services.
- Decision support systems (incorporating improved compliance and risk assessment measures) which will assist Centrelink people to deliver accurate and appropriate service offers to customers.
- A wider and better targeted range of access options for Centrelink customers, including the Internet and other forms of electronic access, as well as improvements and maintenance of Centrelink's current face-to-face and phone services.
- Improved proof of identity procedures, saving time for customers and for Centrelink people, and providing greater integrity in the delivery of Government services.
- Offices in more convenient locations that are suitable for the needs of all Centrelink customer groups.

Over the next 12 to 18 months Centrelink will focus on:

- doing current business better;
- using the life events approach to identify further opportunities within the Australian Government to link services and products; and
- identify new business which may be conducive or incidental to the delivery of Government services within the life events approach.

In particular Centrelink will:

- continue to develop outcome focused alliances with client departments through life events;
- put procedures in place to allow purchasers to draw explicit links between unit costs, outputs and outcomes; and
- develop an enterprise architecture and enhancing information as an asset.

Meeting these objectives will give Centrelink the capability to expand the services Centrelink offers, while strengthening the current business partnerships with client agencies.

The life events approach allows Centrelink to explore opportunities to offer new ways of adding value to the outcomes of current purchasers. It will also lead to the identification of appropriate new partners and services. To allow the Government to fully capitalise on Centrelink's one stop shop approach, Centrelink will build agility into its systems and processes that give the Government the discretion to build upon Centrelink's success by using Centrelink to deliver more diverse services. Centrelink will continue to build connectivity into its technology systems, allowing Centrelink to

“plug” and “unplug” the electronic delivery of Government services as circumstances dictate, while developing its on-line service delivery capacity. Centrelink will commence a long term transition from delivering services predominantly through its Customer Service and Call Centres to a more balanced mix of physical and online service and information delivery. This will be done cognisant of customer preference and the needs of client departments for cost effective service delivery.

In the financial year 2000-01, Centrelink will:

- Achieve a more strategic and collaborative relationship with client agencies, forming effective partnerships and bringing a clearer definition of the outputs that are needed from Centrelink to help achieve the agencies’ targeted outcomes.
- Continue to improve information services to assist with the development and refinement of policy from a customer impact perspective, business intelligence and sound constituent/stakeholder management services.
- Consolidate Centrelink’s existing business relationship with client agencies giving attention to successfully delivering Government initiatives such as the Family Assistance Office, Mutual Obligation policy, assistance for rural and remote customers, indigenous customers, and being ready to respond to the Government’s consideration of Welfare reform issues.
- Improve the capability to respond quickly and flexibly to any additional services requested by existing clients, and to offer services to potential new clients, at competitive prices.

Customer and Community

- Value Creation Workshops and regular customer and community surveys continue to draw from customers the things they need and expect from Centrelink. Staff use this feedback to better understand customers’ needs and concerns, which in turn feeds into staff understanding of how they can change the way they work to improve customer service.
- Deliver integrated service offers to its customers and implement one-to-one services as the first step in a customer relationship management strategy.
- Continue to develop the ‘life events’ approach
- Consistent with Government’s commitment to Mutual Obligation (MO) Centrelink will ensure customers understand and meet their MO activity requirements.
- Finalise research and planning for the introduction of electronic service delivery and prepare any necessary business cases to gain the approval from Government, to allow implementation in 2001-02.
- Centrelink will establish a range of Family Assistance Offices throughout Australia, commencing on 1 July 2000 to improve services to family customers.

The Health Insurance Commission and the Australian Taxation Office will also deliver FAO services.

- Continue the initiatives, already approved, for enhancing decision support systems (e.g. FAO support system) and automating aspects of service delivery, e.g. call centre automation cognisant of legislation, policy and guidelines impacting electronic service delivery, security and privacy.
- Continue to refine and improve Centrelink's existing National Rural and Regional Servicing Strategy, which focuses on service delivery issues for rural and regional customers not located in or near a town with a Centrelink Customer Service Centre.
- Implement further improvements in service delivery to indigenous communities, through the work of the Indigenous Working Group, which includes client agency representatives.

Centrelink People

Achieve greater accuracy in decision making and benefit payments.

Help staff achieve a better understanding of client agency objectives and needs, better train staff to deliver outputs aimed at achieving those objectives – in particular, Centrelink will:

- continue the drive to achieve a change in the way it does business with its customers, from an approach which is service oriented and knowledge based in line with client agency objectives;
- improve project management skills within the organisation; and
- help staff to acquire greater business acumen.

Efficiency

Centrelink has reduced the cost of service delivery by approximately \$211 million from 1999-00 rising to \$270 million by 2003-04, returned as efficiency dividends to Government. This will result in cumulative savings \$1.352 billion over the period 1997-1998 to 2003-04 to the Budget. Table 2.3 provides a summary of all efficiency dividends returned to Government since Centrelink's inception.

Table 2.3 – Summary of Centrelink’s efficiency dividends (\$ million)

	1997-1998	1998-1999	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004
Standard ED	-16	-31	-46	-61	-76	-91	-106
Special ED	-38.1	-59.2	-139.4	-139.4	-139.4	-139.4	-139.4
IT Dividend	0	-5.9	-25.4	-24.8	-24.8	-24.8	-24.8
Annual Total	-54.1	-96.1	-210.8	-225.2	-240.2	-255.2	-270.2
Cumulative Total	-54.1	-150.2	-361	-586.2	-826.4	-1,081.6	-1,351.8

This reflects a range of factors, including the continuation of productivity improvements being achieved through measures such as the reduction in work backlogs, call centre automation and the strategy for better managing call centre demand efficiency gains delivered through the funding and implementation of a range of people’s projects and the benefits of business process re-engineering work being undertaken by the joint operations group (JOG) reviews in conjunction with client agencies.

Centrelink is implementing a Cost Optimisation Strategy, designed to further increase efficiency and effectiveness over 3 years.

In this context, Centrelink will continue to streamline and re-engineer its business processes to exploit the value and application of information technology, and be guided by a greater focus on defining and measuring performance against outputs. The emphasis being on delivering lower prices to client agencies while at the same time delivering higher quality services to customers.

Extend market testing under its already extensive competitive tendering and contracting programme to achieve best value for money, with work continuing in 2000-01 on the market testing of I&T infrastructure and the extension of market testing in relation to corporate services functions.

Develop, with its client departments and the Department of Finance and Administration, a new funding model (for use in 2001-02 financial year) to recognise the ongoing need to maintain and develop Centrelink’s underlying capability, and in addition to allow for flexibility of revenue from client agencies (increases and decreases) as customer numbers change.

Innovation

Develop a business driven enterprise architecture (including but not limited to) Information and Technology to support the business plan and its implementation through streamlined business processes.

Continue to introduce improvements in information systems, infrastructure and management processes that deliver greater levels of reliability, availability and capacity across all technology platforms.

Continue to enhance disciplined, robust and responsive approaches to change management encompassing demand and supply management, application development, configuration and integration management and user assurance.

Improve the capability and efficiency of knowledge, information management and support services and its underlying infrastructure throughout Centrelink, in order to further enhance accountabilities within the organisation.

Best Practice

Continue to introduce best practice, consistently across Centrelink, using internal benchmarking together with benchmarking of relevant national and international organisations, to set appropriate standards.

Centrelink is an organisation committed to quality. The Quality First Policy is a structured way of thinking about providing quality customer service. It is based upon a plan, which provides a systematic and participative approach to the way day-to-day work is performed.

Performance Information for Outcome 1

Table 2.4 below, lists the performance information that Centrelink will use to assess the achievement of its Outcome during 2000-01.

Achievement against planned performance will be reported in the Centrelink Annual Report. Table 2.4: Performance Information for Outcome 1

Centrelink Balanced Scorecard

Contribution of Strategic Goals to Output 1 – Efficient delivery of Commonwealth Services to eligible customers.

Key Result Area	Outcome
Client Partnerships	<p>Client agency satisfaction</p> <p>Client agency satisfaction with Centrelink’s delivery of their services as measured by the value for money question from the client agency survey.</p> <p>Business Partnership Agreements</p> <p>Number of measurable Key Performance Indicators met within the standards set out in the BPA’s.</p>
Customer and Community	<p>Customer satisfaction with services</p> <p>Percentage of customers rating their satisfaction with the overall quality of Centrelink’s people, services and information as ‘good’ or ‘very good’.</p> <p>Percentage of customers rating their satisfaction with the service provided by Centrelink (included the quality of people, services and information) as ‘good’ or ‘very good’.</p>
Centrelink People	<p>An environment which develops our people’s skills and commitment to service</p> <p>An improvement in the Centrelink People 1999/2000 overall performance measurement result compared to the 1998-99 overall result.</p>
Cost Efficiency.	<p>Operating Result</p> <p>Year-to-date Financial Statement outcome before abnormals.</p> <p>Cost planning effectiveness</p> <p>Monthly variance in salary and admin expenditure vs plan.</p> <p>Cost Per Service</p> <p>Reduction in cost per service per customer.</p>
Innovation	<p>Business Improvement</p> <p>Return on investment from Change Projects.</p>

The Balanced Scorecard measures performance against five Key Result Areas that reflect Centrelink’s first five strategic goals. The sixth goal, Best Practice, is not measured individually as it is the sum of the total achievement against the other five goals and will be validated through external benchmarking.

Evaluations

Proposed evaluations within Centrelink form part of an annual evaluation strategy, which is approved by the Centrelink Board. The strategy is developed on the basis of a risk assessment based upon consultation with key stakeholders, including client agencies.

Competitive Tendering and Contracting

Centrelink will continue its ongoing programme of competitive tendering and contracting in 2000-01. The emphasis is currently on functions that support service delivery to customers. Major projects that are in progress, or are soon to commence, and which will continue into 2000-01 before finalisation, include the market testing of IT infrastructure in accordance with the Government's IT outsourcing initiative, legal services panel and office machines, including management. Centrelink will also be reviewing its remaining inhouse Corporate Services functions to determine what will be market tested and when, in accordance with the Government's decision.

SECTION 3: BUDGETED FINANCIAL STATEMENTS

Budget Statement of Revenue and Expenses (Budget Operating Statement)

This statement provides a picture of the expected financial results for Centrelink by identifying full accrual expenses and revenues, which highlights whether Centrelink is operating at a sustainable level in the short run.

Budget Statement of Assets and Liabilities (Budget Balance Sheet)

This statement shows the financial position of Centrelink. It enables decision-makers to track the management of Centrelink's assets and liabilities.

Budget Cash Flow Statement

Budgeted cash flows, as reflected in the Statement of Cash Flows, provides important information on the extent and nature of cash flows by categorising them into expected cash flows from operating activities, investing activities and financing activities.

Capital Budget

Shows all planned capital expenditure (capital expenditure on non-financial assets), whether funded either through capital appropriations for additional equity or borrowings, or from funds from internal sources.

Non-financial Assets — Summary of Movement

Shows budgeted acquisitions and disposals of non-financial assets during the budget year.

Table 3.1: Centrelink Departmental Operating Statement

	Estimated Actual 1999-00 \$'000	Budget Estimate 2000-01 \$'000	Forward Estimate 2001-02 \$'000	Forward Estimate 2002-03 \$'000	Forward Estimate 2003-04 \$'000
Operating revenue					
Revenues from Government	0	250	250	250	250
Sales of goods and services	1,683,021	1,743,573	1,715,251	1,693,266	1,667,087
Interest	4,000	2,400	2,400	2,400	2,400
Dividends					
Net gains from sales of assets					
Net foreign exchange gains					
Other					
Total operating revenues (before abnormal items)	1,687,021	1,746,223	1,717,901	1,695,916	1,669,737
Operating expenses					
Employees	976,489	1,002,843	1,007,830	976,827	973,088
Suppliers	610,318	656,488	623,279	619,744	599,607
Grants					
Depreciation and amortisation	87,757	83,480	81,785	81,542	81,079
Write-down of assets	10,500	0	0	0	0
Interest	1,817	1,424	1,031	639	246
Other					
Total operating expenses	1,686,881	1,744,235	1,713,925	1,678,752	1,654,020
Operating surplus or deficit before abnormal and extraordinary items	140	1,988	3,976	17,164	15,717
Abnormal and extraordinary items	30,125	0	0	0	0
Operating surplus or deficit after abnormal and extraordinary items	-29,985	1,988	3,976	17,164	15,717
Aggregate of amounts transferred to/from Reserves	0	0	0	0	0
Capital user charge paid	0	0	0	0	0
Operating surplus or deficit after abnormal and extraordinary items and CUC	-29,985	1,988	3,976	17,164	15,717

Table 3.2: Centrelink Departmental Balance Sheet (as at 30 June 2000)

	Estimated Actual 1999-00 \$'000	Budget Estimate 2000-01 \$'000	Forward Estimate 2001-02 \$'000	Forward Estimate 2002-03 \$'000	Forward Estimate 2003-04 \$'000
Assets					
Financial assets					
Cash	30,996	15,914	6,860	30,491	67,495
Receivables	2,353	2,353	2,353	2,353	2,353
Investments	0				
Accrued revenues	0				
GST input credits receivable	0	5,602	5,206	5,166	5,004
Other	0	0	0	0	0
Total financial assets	33,349	23,869	14,419	38,010	74,852
Non-financial assets					
Land and buildings	99,718	99,646	98,169	94,308	88,382
Infrastructure, plant and equipment	69,744	75,518	100,488	104,038	98,259
Inventories	0	0	0	0	0
Intangibles	117,758	125,050	123,192	123,406	123,796
Other	34,728	34,852	34,977	35,103	35,232
Total non-financial assets	321,948	335,066	356,826	356,855	345,669
Total Assets	355,297	358,935	371,245	394,865	420,521
Liabilities					
Debt					
Loans	24,932	18,699	12,466	6,233	0
Leases	0	0	0	0	0
Deposits	0	0	0	0	0
Overdrafts	0	0	0	0	0
Other	0	0	0	0	0
Total debt	24,932	18,699	12,466	6,233	0
Provisions and payables					
Employees	284,038	288,451	296,203	301,092	310,127
Suppliers	24,413	26,260	24,931	24,790	23,986
Grants	0	0	0	0	0
Other	18,029	450	450	450	450
Total provisions and payables	326,480	315,161	321,584	326,332	334,563
Total liabilities	351,412	333,860	334,050	332,565	334,563
Equity					
Capital	26,211	45,413	53,557	61,498	69,439
Reserves	2,219	2,219	2,219	2,219	2,219
Accumulated surpluses or deficits	-24,545	-22,557	-18,581	-1,417	14,300
Total equity	3,885	25,075	37,195	62,300	85,958
Current liabilities	144,929	130,345	130,745	133,140	132,751
Non-current liabilities	206,483	203,515	203,305	199,425	201,812
Current assets	68,077	58,721	49,396	73,113	110,084
Non-current assets	287,220	300,214	321,849	321,752	310,437

Table 3.3: Centrelink Departmental Statement of Cash Flows

	Estimated Actual 1999-00 \$'000	Budget Estimate 2000-01 \$'000	Forward Estimate 2001-02 \$'000	Forward Estimate 2002-03 \$'000	Forward Estimate 2003-04 \$'000
Operating activities					
Cash received					
Appropriations for outputs		250	250	250	250
Sales of goods and services	1,707,599	1,917,955	1,886,801	1,862,619	1,833,820
Interest	4,000	2,400	2,400	2,400	2,400
Other		61,631	62,870	62,041	60,216
Total cash received	1,711,599	1,982,236	1,952,321	1,927,310	1,896,686
Cash used					
Employees	1,009,897	998,430	1,000,078	971,938	964,052
Suppliers	610,343	739,578	687,207	682,013	660,595
Grants					
Interest	1,817	1,424	1,031	639	246
Other		174,381	171,550	169,352	166,733
Total cash used	1,622,057	1,913,813	1,859,865	1,823,942	1,791,626
Net cash from operating activities	89,542	68,423	92,455	103,368	105,060
Investing activities					
Cash received					
Proceeds from sales of property, plant and equipment					
Repayments of loans made					
Other					
Total cash received	0	0	0	0	0
Cash used					
Purchase of property, plant and equipment	78,969	96,474	103,420	81,445	69,764
Loans made					
Other					
Total cash used	78,969	96,474	103,420	81,445	69,764
Net cash from investing activities	-78,969	-96,474	-103,420	-81,445	-69,764

Table 3.3: Departmental Statement of Cash Flows (for the period ended 30 June 2000) continued

	Estimated Actual 1999-00 \$'000	Budget Estimate 2000-01 \$'000	Forward Estimate 2001-02 \$'000	Forward Estimate 2002-03 \$'000	Forward Estimate 2003-04 \$'000
Financial activities					
Cash Received					
Capital Injections	26,211	19,202	8,144	7,941	7,941
Proceeds from debt	0				
Other	0				
Total cash received	26,211	19,202	8,144	7,941	7,941
Cash used					
Repayments of debt	6,233	6,233	6,233	6,233	6,233
Capital use and dividends paid					
Other					
Total cash used	6,233	6,233	6,233	6,233	6,233
Net cash from financing activities	19,978	12,969	1,911	1,708	1,708
Net increase in cash held	30,511	-15,082	-9,054	23,631	37,004
Cash at the beginning of the reporting period	445	30,996	15,914	6,860	30,491
Cash at the end of the reporting period	30,996	15,914	6,860	30,491	67,495

Capital Budget

Table 3.4: Centrelink Departmental Capital Budget Statement

CAPITAL BUDGET	Estimated Actual 1999-00 \$'000	Budget Estimate 2000-01 \$'000	Forward Estimate 2001-02 \$'000	Forward Estimate 2002-03 \$'000	Forward Estimate 2003-04 \$'000
Capital appropriations					
Total equity injections	26,211	19,202	8,144	7,941	7,941
Total loans	0	0	0	0	0
Represented by:					
Purchase of non-current assets	26,211	19,202	8,144	7,941	7,941
Other					
Total	26,211	19,202	8,144	7,941	7,941
Purchase of non-funded current assets					
Funded by capital appropriations	26,211	19,202	8,144	7,941	7,941
Funded internally by departmental resources	52,758	77,272	95,276	73,504	61,823

Table 3.5: Centrelink Departmental Non-financial Assets — Summary of Movement

	Land	Buildings	Total Land and Buildings	Specialist Military Equipment	Other Infrastructure Plant and Equipment	Total Infrastructure Plant and Equipment	Intangibles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Gross value								
As at 1 July 2000 (opening)	2,731	170,818	173,549		207,871	207,871	165,306	546,726
Additions	0	18,000	18,000		50,822	50,822	27,652	96,474
Disposals								
Other movements								
As at 30 June 2001 (closing)	2,731	188,818	191,549		258,693	258,693	192,958	643,200
ACCUMULATED DEPRECIATION								
As at 1 July 2000 (opening)	0	73,831	73,831		138,127	138,127	47,548	259,506
Disposals								
Charge for the reporting period	0	18,072	18,072		45,048	45,048	20,360	83,480
Other movements								
As at 30 June 2001 (closing)	0	91,903	91,903		183,175	183,175	67,908	342,986
Net book value as at 30 June 2001 (Closing book value)	2,731	96,915	99,646		75,518	75,518	125,050	300,214
Net book value as at 1 July 2000 (Opening book value)	2,731	96,987	99,718		69,744	69,744	117,758	287,220
Total Additions								
Self funded	0	18,000	18,000		35,620		23,652	77,272
Appropriations		0			15,200		4,002	19,202
Total		18,000	18,000		50,822		27,652	96,474

Notes to the Financial Statements

Departmental

The projected financial statements reflect the entries in the Accrual Information Management System (AIMS) as at April 2000.

Departmental Operating Result

Centrelink has estimated an operating surplus (before abnormals) of \$0.140 million for 1999-00. This improvement on the estimate in the 1999-00 Budget of an operating deficit (before abnormals) of \$72.945 million is due to: reduced salary costs from staff number reductions (through productivity improvements), extra scrutiny of administration expenses, reassessment of accrued leave provision assumptions and changes to accounting policies on internally developed software.

A valuation of a number of classes of non-financial assets occurred during 1999-00 and this resulted in an estimated \$10.500 million write-down of the asset base and a consequential reduction in depreciation expense.

The 1999-00 abnormal expense item of \$30.125 million comprises an estimated \$21 million in voluntary redundancies and a write-off of \$9 million in internally developed software due to the development and implementation of a new family payments system in 2000-01.

An operating surplus of \$1.988 million has been budgeted for 2000-01. This budgeted operating result represents 0.1 per cent of Centrelink revenue and the positive result is largely a culmination of actions taken by Centrelink during the period 1997-2000 to ensure the return of required efficiency dividends to Government. Efficiency dividends totalling \$225.2 million have been budgeted to be returned to Government in 2000-01. This will bring the cumulative total, since 1997-98, to an expected \$586.2 million.

An Operating surplus has been budgeted for each of the forward years.

The Portfolio Budget Statements for Centrelink have been prepared on the basis of IT Infrastructure being internally managed, as is currently the case. At the time of writing, Centrelink was preparing to evaluate tenders on the IT infrastructure outsourcing project after which a decision on outsourcing will be made by the Centrelink Board.

Departmental Cash Flow

A positive cash position has been forecast for 1999-00 and in each of the budget and forward years for 2000-04. The estimated positive cash position for 1999-00 is mainly due to a forecast 1999-00 operating surplus of \$0.140 million (compared to a 1999-00 PBS deficit) and lower than previously estimated levels of capital expenditure.

Centrelink borrowed \$31.165 million in 1998-99 to meet a cash shortfall for that year. It also budgeted for a further borrowing of \$64.112 million in 1999-00. However, it is not expected to have a need for any cash borrowings in either 1999-00 or in the budget and forward years 2000-04.

Repayment of the \$31.165 million loan is expected by the end of 2003-04. This is a five year unsecured loan from the Dept of Finance and Administration with an interest rate at the long-term Government bond rate and repayments comprising principal and interest components.

Centrelink's cash flows will be affected by the 1 July 2000 introduction of the Goods and Services Tax, by way of timing differences. This is reflected in Centrelink's Statement of Cash Flows.

Departmental Balance Sheet

Positive equity positions have been budgeted for the period 2000-04 as a result of budgeted positive operating results and capital injections in each of those years.

SECTION 4: PURCHASER PROVIDER ARRANGEMENTS

Cross Agency Overview

Centrelink provides services to the Department of Family and Community Services which are outlined in Section 5 of this PBS.

Other cross agency arrangements that exist are between Centrelink and the:

- Commonwealth Department of Employment, Workplace Relations and Small Business (DEWRSB);
- Commonwealth Department of Education, Training and Youth Affairs (DETYA);
- Commonwealth Department of Health and Aged Care (HAC);
- Commonwealth Department of Agriculture, Fisheries and Forestry Australia (AFFA);
- Commonwealth Department of Veterans Affairs (DVA);
- Commonwealth Department of Foreign Affairs and Trade (DFAT);
- Commonwealth Department of Transport and Regional Services (DTRS);
- Commonwealth Department of Health and Aged Care, Office of Hearing Services;
- Commonwealth Department of Immigration and Multicultural Affairs (DIMA);
- Tasmanian State Government;
- All State and Territory Housing Authorities; and
- Australian Electoral Commission.

Responsibility

The responsibilities of Centrelink regarding the Department of Family and Community Services are set out in Part C of this Portfolio Budget Statement. Responsibilities regarding other purchasing departments are set out in their respective Portfolio Budget Statements.

Control Arrangements

Centrelink is a statutory authority responsible, through its Board of Management, to the Minister for Community Services. It came into existence on 1 July 1997, and provides a number of customer services formerly delivered by a number of separate Government agencies, primarily the Department of Social Security and the Department of Employment, Education, Training and Youth Affairs.

The Centrelink Board currently comprises:

- Mr Robin Marrett (Chairman)
- Ms Christine Gillies (Member)
- Dr David Rosalky (Member)
- Dr Peter Shergold (Member)

- Mr John Thame (Member)
- Ms Sue Vardon (Chief Executive Officer, Centrelink)

There is one vacant position of Member. Dr Rosalky and Dr Shergold are non-voting members of the Board as each holds a position as Secretary of a purchasing department (Department of Family and Community Services and the Department of Employment Workplace Relations and Small Business respectively).

Centrelink operates within the boundaries of the *Commonwealth Service Delivery Agency Act 1997*. Legislation applying to agencies within the Commonwealth Budget sector, such as the *Financial Management and Accountability Act 1996* and the *Privacy Act 1998*, also apply to Centrelink

Business management arrangements between each of the purchasing Departments are detailed in either a Business Partnership Agreement (BPA) or a Service Level Agreement. The agreements outline agreed business processes and reporting arrangements.

Regular reporting arrangements include: statements on Centrelink's delivery performance in terms of agreed measures and standards for each programme and service delivered and an explanation of performance variances and future performance outlooks. In addition, Centrelink provides reports on specific programmes and activities, where appropriate.

Resourcing

Refer to Table 2.2 for summary of revenue from client agencies.

Performance against Outcomes and Outputs

Centrelink's performance is measured by a 'Balanced Scorecard', outlined in Table 2.4.