

## **Centrelink's Customer Feedback Systems— Summary Report**

### **Covering:**

- **Audit Report No.32 2004–05, *Centrelink's Customer Charter and Community Consultation Program***
- **Audit Report No.33 2004–05, *Centrelink's Customer Satisfaction Surveys***
- **Audit Report No.34 2004–05, *Centrelink's Complaints Handling System***
- **Audit Report No.35 2004–05, *Centrelink's Review and Appeals System***
- **Audit Report No.36 2004–05, *Centrelink's Value Creation Program***

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Canberra ACT  
9 March 2005

Dear Mr President  
Dear Mr Speaker

The Australian National Audit Office has undertaken a performance audit in Centrelink in accordance with the authority contained in the *Auditor-General Act 1997*. I present the report of this audit and the accompanying brochure to the Parliament. The report is titled *Centrelink's Customer Feedback Systems—Summary Report*.

Following its tabling in Parliament, the report will be placed on the Australian National Audit Office's Homepage—<http://www.anao.gov.au>.

Yours sincerely

A handwritten signature in black ink, appearing to read 'P. J. Barrett', is positioned above the printed name.

P. J. Barrett  
Auditor-General

The Honourable the President of the Senate  
The Honourable the Speaker of the House of Representatives  
Parliament House  
Canberra ACT

## AUDITING FOR AUSTRALIA

The Auditor-General is head of the Australian National Audit Office. The ANAO assists the Auditor-General to carry out his duties under the *Auditor-General Act 1997* to undertake performance audits and financial statement audits of Commonwealth public sector bodies and to provide independent reports and advice for the Parliament, the Government and the community. The aim is to improve Commonwealth public sector administration and accountability.

For further information contact:

**The Publications Manager**  
**Australian National Audit Office**  
**GPO Box 707**  
**Canberra ACT 2601**

**Telephone:** (02) 6203 7505

**Fax:** (02) 6203 7519

**Email:** [webmaster@anao.gov.au](mailto:webmaster@anao.gov.au)

ANAO audit reports and information about the ANAO are available at our internet address:

<http://www.anao.gov.au>

### Audit Team

Kerri Bradford  
Natalie Whiteley  
James Koulouris  
Fran Holbert

# Foreword

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This summary report on Centrelink's customer<sup>1</sup> feedback systems brings together the findings and recommendations of each of a series of reports<sup>2</sup> that examine Centrelink's major individual customer feedback systems. This report also provides an overall audit opinion regarding Centrelink's overarching customer feedback system. The reports in the series cover Centrelink's: Customer Charter and community consultation program; customer satisfaction surveys; complaints handling system; review and appeals system; and Value Creation program.

Centrelink's prime responsibility is to deliver the Government's social policy agenda, which, until October 2004, had occurred mainly as part of its Business Partnership Agreement (BPA) with the Department of Family and Community Services (FaCS).<sup>3</sup> The agency also provides many other services and, in 2003–04, delivered products and services on behalf of 25 Commonwealth and State client agencies, involving total annual expenditure of approximately \$60 billion. Centrelink has over 25 000 staff and delivers services through a network of 15 Area Support Offices, 321 Customer Service Centres and 26 Call Centres located across Australia.

In 2003–04, Centrelink delivered services to 6.5 million customers, or approximately one-third of the Australian population. Customers include retired people, families, sole parents, people looking for work, people with disabilities, carers, Indigenous Australians<sup>4</sup> and people from diverse cultural and linguistic backgrounds (DCALB).<sup>5</sup> Revenues to Centrelink for the sale of its services totalled \$2.2 billion in 2003–04. FaCS contributed \$2.0 billion of this total.

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<sup>1</sup> Customer is a term used by Centrelink throughout the organisation and in its dealings with, predominately, citizens. As such, this and related reports have similarly used the terminology.

<sup>2</sup> ANAO Audit Reports No.32–36 2004–05.

<sup>3</sup> On 22 October 2004, the Prime Minister announced machinery of government changes affecting, among other things, the administration of policy relating to income support payments and related programs. Previously, Centrelink was located in the FaCS Portfolio and, while it had agreements in place with other agencies such as Department of Employment and Workplace Relations (DEWR) and the Department of Education Science and Training (DEST) for the delivery of some services, the overwhelming bulk of Centrelink's activities related to its delivery of services on behalf of FaCS. As a result of the changes announced by the Prime Minister, Centrelink is now part of the newly established Department of Human Services Portfolio. In addition, DEWR now has policy responsibility for the delivery of working age income support payments (including Newstart, Parenting Payment (partnered and single), Youth Allowance for non-students, Disability Support Pension and Mature Age Allowance) and DEST has policy responsibility for income support payments for students (including Youth Allowance for students which had previously been administered by FaCS).

<sup>4</sup> 'Indigenous Australian' in this report means Aboriginal and Torres Strait Islander peoples.

<sup>5</sup> DCALB is a term used by Centrelink to describe people of diverse cultural and linguistic background, other than Indigenous Australians.

The high number of customers, their reliance on Centrelink payments, and the \$2.2 billion service delivery costs, coupled with the \$60 billion in customer payments, require an assurance to the Parliament, client agencies, customers and the community, inter alia, that Centrelink's service delivery processes are readily accessible, timely and reliable. In addition, that assurance should encompass Centrelink obtaining and valuing the views of its customers, as well as using this information and other data sources to identify areas for improvement and cost savings.

The ANAO has previously conducted an extensive series of audits involving Centrelink. These audits have primarily investigated the efficiency and effectiveness of the payment and administration of various types of social security payments. The ANAO has not previously examined Centrelink's processes for promoting customers' rights, nor its systems for obtaining and responding to customer feedback.

Customer feedback systems are an important element in obtaining, analysing and reporting on customer views and experiences. The use of such information has the potential to improve an organisation's service delivery, and consequently increase customers' willingness to engage with the organisation. Using customer feedback may also assist in the identification of systemic problems with agency practices and procedures, which could result in cost savings from the development of better processes.

Centrelink, with over six million customers, has invested significant resources in a range of customer feedback systems, and gathers large amounts of information regarding customer experience. While Centrelink provides services to almost a third of the Australian population covering people from all walks of life, a number of its customers are the most vulnerable in our society, and are those who have a heavy dependence on Centrelink. Ensuring that these customers are aware of, and use, Centrelink's feedback systems is an added challenge for the organisation.

This series of reports examines Centrelink's major customer feedback systems, and makes a number of recommendations on ways to improve the systems to better obtain and utilise the allied information, with a view to capturing better the potential for service improvement and cost savings, resulting in more efficient and effective program outputs and outcomes.



P. J. Barrett  
Auditor-General

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# Abbreviations

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AAT	Administrative Appeals Tribunal
ABS	Australian Bureau of Statistics
ANAO	Australian National Audit Office
ARO	Authorised Review Officer
ASO	Area Support Office
BIP	Business Improvement Plan
BPA	Business Partnership Agreement
CEO	Chief Executive Officer
CFAD	Centrelink's complaints database
CFS	Customer Feedback Sheet
CRU	Customer Relations Unit
CSC	Customer Service Centre
CSO	Customer Service Officer
DCALB	Diverse Cultural and Linguistic Background
DEST	Department of Education, Science and Training
DEWR	Department of Employment and Workplace Relations
DOC	On-line documentation
FaCS	Department of Family and Community Services
ISO	Indigenous Service Officer
KPI	Key Performance Indicator
MSO	Multicultural Service Officer
NSO	National Support Office
NVCT	National Value Creation Team
ODM	Original Decision Maker
SSA Act	<i>Social Security (Administration) Act 1999</i>
SSAT	Social Security Appeals Tribunal
SRT	Service Recovery Team
TTY	Telephone Typewriter

VCG	Value Creation Group Pty Ltd
VCW	Value Creation Workshop

# Glossary

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Appeal	A review, requested by the customer, of a decision made by a Centrelink officer.
Appeal Fatigue	‘Appeal Fatigue’ may occur when a customer finds that it is difficult and time consuming to take an issue through from the ODM reconsideration to a number of possible levels, including ARO, SSAT and beyond.
Authorised Review Officer	A Centrelink Officer responsible for reviewing a decision at the request of the customer.
Balanced Scorecard	A performance measurement system monitoring performance against key indicators across the goals set out in Centrelink’s Strategic Framework.
Business Partnership Agreement	<i>FaCS-Centrelink Business Partnership Agreement 2001–2004.</i> This document provided the basis for the relationship between the two Commonwealth agencies, which is a unique arrangement characterised by purchaser/provider responsibilities as well as partnership and alliance.
Call Centre Survey	A rolling annual telephone survey of Centrelink customers who have contacted a call centre.
Confidence Interval	The confidence interval gives a range of values which are likely to cover the true but unknown value. A study which quotes a confidence interval of 95 per cent, is inferring that, should that study be repeated 100 times, the results will fall within the range of the confidence interval 95 times.
Customer Charter	The Customer Charter is Centrelink’s primary service offer to all its customers. The Charter sets out the type of service customers can expect, their basic rights and responsibilities, and how they can give Centrelink feedback.
Customer Experience Strategy	The Customer Experience Strategy document describes Centrelink’s Customer Experience Management Model and uses the model to build the Customer Experience Strategy for 2004–06. The focus is on the customer experience, encompassing the actual physical and emotional experience of Centrelink customers across all moments of contact with Centrelink.

Customer Relations Units	The central point for handling customer feedback in a Centrelink Area. It provides a medium for customers to raise issues and have them resolved. Feedback is received in the form of complaints, compliments and suggestions. CRUs also receive general information requests.
Customer Response Bias	A source of potential bias in a survey denoted by the behaviour and attitude of the people who respond to the survey. Possible reasons for this bias may be respondents' poor recall of events, or respondents not answering openly because they are protecting their interests, or because they are fearful that there will be unintended consequences in providing a frank and open response.
Customer Service Centre Survey	A rolling annual telephone survey of Centrelink customers who have visited a Customer Service Centre.
Exclusions	Customer records that are excluded from the final sample for a Centrelink survey. These exclusions include customers who have no phone, a silent phone number, those in an institution, or those who only have a mobile phone number.
Guiding Coalition	The Guiding Coalition is Centrelink's internal corporate Board. It comprises all the Senior Executive Staff (SES) officers of Centrelink and meets every six to eight weeks to discuss strategic issues of importance as well as make decisions about Centrelink's management and business directions.
Indigenous Australians	Aboriginal and Torres Strait Islander Peoples.
National Customer Survey	An annual telephone survey of all Centrelink customers.
Non-response bias	A form of non-sampling error. Non-response occurs when customers included in the sample, are contacted, but for whatever reason do not complete the survey. The possibility of non-response bias occurs if there is any significant difference in the characteristics of those who completed the interview, and those who refused to have, or did not complete, the interview for other reasons.

Non-probability Sample	A non-probability sample is one in which the probability of selection for each unit in the population is unknown, or cannot be calculated.
Non-sampling Error	Non-sampling error consists of systematic and variable error.
Original Decision Maker	The CSO who made the original decision regarding a customer's payment or circumstances.
ODM reconsideration	The first stage of the review and appeals process where the Original Decision Maker reassesses his/her decision, and decides whether to revise the decision.
Quota Sampling	A type of non-probability sample with a quota on the number of interviews.
Telephone typewriter	Allows people who are deaf or hearing impaired to communicate by telephone
Top-line Satisfaction Number	The top line satisfaction number is the percentage of Centrelink customers who rated the level of service received overall (including the quality of the people, services and information) as good or very good. The top line satisfaction numbers from the CSC and Call Centre Surveys are used in Centrelink's Balanced Scorecard as a key performance indicator of the agency's national performance under the Customer Goal. In addition, the CSC Survey top line satisfaction number is also used as a performance measure for individual CSCs.
Value Creation Workshop	VCWs are structured and facilitated focus groups that involve both the customers of the services delivered by Centrelink and the providers of these services (that is relevant Centrelink staff). The workshops are intended to allow customers to provide direct feedback to Centrelink and its staff regarding the services that they receive.
Vulnerable Customers	Vulnerable customers may include those customers who are homeless; have a drug or alcohol dependency; have low levels of literacy or numeracy; have a mental health condition; are Indigenous; and/or come from a diverse cultural and linguistic background.



# **Introduction and Audit Opinion**





# Introduction

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## Background

1. In 2003–04, Centrelink delivered services to 6.5 million customers, or approximately one-third of the Australian population. Customers include retired people, families, sole parents, people looking for work, people with disabilities, carers, Indigenous Australians<sup>6</sup> and people from diverse cultural and linguistic backgrounds (DCALB).<sup>7</sup> A number of these customers are the most vulnerable<sup>8</sup> in our society, and are those who have a heavy dependence on Centrelink.
2. Centrelink has recognised the importance of regularly seeking feedback from its large customer base on the quality of the services provided by the agency's extensive customer service network. To this end, Centrelink has a number of processes in place from which to obtain customer feedback. Some of these are Centrelink initiated, such as customer surveys; others are customer initiated, such as complaints and use of the review and appeals system.
3. This summary report on Centrelink's customer feedback systems brings together the findings and recommendations of each of the series of reports that examines Centrelink's major individual customer feedback systems.<sup>9</sup> This report also provides an overall audit opinion regarding Centrelink's overarching customer feedback system.

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<sup>6</sup> 'Indigenous Australian' in this report means Aboriginal and Torres Strait Islander peoples.

<sup>7</sup> DCALB is a term used by Centrelink to describe people of diverse cultural and linguistic background, other than Indigenous Australians.

<sup>8</sup> Vulnerable customers may include those customers who: are homeless; have a drug or alcohol dependency; have low levels of literacy or numeracy; have a mental health condition; are Indigenous; and/or come from a diverse cultural and linguistic background.

<sup>9</sup> See ANAO Audit Report No.32 2004–05, *Centrelink's Customer Charter and Community Consultation Program*; ANAO Audit Report No.33 2004–05, *Centrelink's Customer Satisfaction Surveys*; ANAO Audit Report No.34 2004–05, *Centrelink's Complaints Handling System*; ANAO Audit Report No.35 2004–05, *Centrelink's Review and Appeals System*; and, ANAO Audit Report No.36 2004–05, *Centrelink's Value Creation Program*.

## Audit approach

4. Until the machinery of government changes following the October 2004 Federal Election,<sup>10</sup> Centrelink's delivery of services on behalf of the Department of Family and Community Services (FaCS) constituted the overwhelming bulk of Centrelink's activities.<sup>11</sup> As indicated in the foreword to this audit report, given the importance of customer feedback to Centrelink's business, the ANAO considered it timely to conduct a series of performance audits relating to Centrelink's customer feedback systems, particularly in relation to its delivery of the services then provided on behalf of FaCS.

5. The overarching objective of this series of ANAO performance audits of Centrelink's customer feedback systems was to assess whether Centrelink has effective processes and systems for gathering, measuring, reporting and responding effectively to customer feedback, including in relation to customer satisfaction with Centrelink services and processes.

6. The ANAO consulted with Centrelink to establish the agency's key customer feedback systems to be included in the series of audits to be undertaken to inform the ANAO's conclusions against this overarching objective. The feedback systems identified were Centrelink's: Customer Charter and community consultation program; customer satisfaction surveys; complaints handling system; review and appeals system; and Value Creation program. A separate report has been prepared for each of these systems, including detailed analysis and findings of the audit of the particular system.

## Audit Methodology

7. The ANAO undertook an in depth examination of each of the contributing feedback systems. Details of the audit methodology used for each system are contained in the individual reports.

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<sup>10</sup> On 22 October 2004, the Prime Minister announced machinery of government changes affecting, among other things, the administration of policy relating to income support payments and related programs. Previously, Centrelink was located in the FaCS Portfolio and, while it had agreements in place with other agencies such as Department of Employment and Workplace Relations (DEWR) and the Department of Education Science and Training (DEST) for the delivery of some services, the overwhelming bulk of Centrelink's activities related to its delivery of services on behalf of FaCS. As a result of the changes announced by the Prime Minister, Centrelink is now part of the newly established Department of Human Services Portfolio. In addition, DEWR now has policy responsibility for the delivery of working age income support payments (including Newstart, Parenting Payment (partnered and single), Youth Allowance for non-students, Disability Support Pension and Mature Age Allowance) and DEST has policy responsibility for income support payments for students (including Youth Allowance for students which had previously been administered by FaCS).

<sup>11</sup> Accordingly, until October 2004, FaCS was Centrelink's major source of revenue, providing approximately 91 per cent of Centrelink's revenue in 2003–04. *Centrelink Annual Report 2003–04*, p. 196.

8. For the series of audits, fieldwork was conducted primarily between October 2003 and July 2004. The ANAO analysed key Centrelink documentation, files and information on Centrelink's intranet. The ANAO conducted interviews with Centrelink managers, key National Support Office staff and staff in Area Support Offices and Customer Service Centres in six of the 15 Areas. The Areas visited are located in New South Wales, Victoria and the Australian Capital Territory. The ANAO also held discussions with key community and government stakeholders.<sup>12</sup>

9. In January 2005, the ANAO issued to Centrelink the proposed reports prepared under section 19 of the *Auditor-General Act 1997* relating to each of the six performance audits comprising the Centrelink's Customer Feedback Systems series. In response, the Chief Executive Officer of Centrelink advised the ANAO on 7 February 2005 that he welcomed these audit reports and agreed with all of the 44 recommendations.

10. In addition, in accordance with natural justice principles, copies or relevant extracts of particular proposed reports in the series were issued to parties with a special interest, namely:

- FaCS;
- the Social Security Appeals Tribunal (SSAT);
- Ms Sue Vardon, the former Chief Executive Officer of Centrelink; and
- the Value Creation Group Pty Ltd.<sup>13</sup>

11. All comments received have been considered in the preparation of the final audit reports. The series of audits was conducted in accordance with ANAO Auditing Standards at a total cost to the ANAO of some \$975 000.

## Structure of the report

12. Following the discussion of the ANAO's overall opinion against the overarching objective for this series of audits of Centrelink's customer feedback systems, the remaining five chapters of this report provide the summary of key findings and the overall audit conclusion from each of the five ANAO audits of Centrelink's customer feedback systems.

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<sup>12</sup> The ANAO interviewed 28 stakeholder organisations, including advocacy groups, peak bodies representing various customer groups (ranging from the aged to the homeless), and organisations that provide services directly to customers (including assisting customers in their dealings with Centrelink). Accordingly, the stakeholder groups interviewed varied from national peak bodies with substantial resources and high level access to Centrelink through to customer advocates and groups that provide assistance to Centrelink's most vulnerable customers. The results of these interviews have been used to inform the findings of all of the audits in the Centrelink Customer Feedback Systems series.

<sup>13</sup> The ANAO also provided copies or relevant extracts of particular proposed reports to the consultants who provided the ANAO with assistance in the conduct of individual audits in the series. Comments provided by the consultants were also considered in the preparation of the final audit reports.

# Overall Audit Opinion

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1. Centrelink has recognised the importance of regularly seeking feedback from its large customer base on the quality of the services provided by the agency's extensive customer service network. Centrelink, therefore, has invested significant resources to obtain customer feedback, through developing and maintaining a number of individual feedback systems. Some of these systems are Centrelink initiated, such as Centrelink's customer satisfaction surveys and the Value Creation program, others are customer initiated, such as complaints handling system and use of the review and appeals system. A number of these systems also collect information from the community.
2. In addition, the Centrelink Customer Charter is important in setting up customer expectations with respect to service delivery; outlining customers' obligations and rights; identifying feedback tools; and communicating to customers so as to help them understand their rights and the feedback tools available to them. As such, it is also an important part of the overall feedback system.
3. The ANAO concluded that, while Centrelink has a range of systems for gathering, measuring, reporting and responding to customer feedback, there is no overarching system for bringing all of this information together in a systematic way, to better inform Centrelink of opportunities for service delivery improvement.
4. Centrelink informed the ANAO that it is developing a Business Intelligence Framework to enable all forms of data gathered or received by Centrelink regarding customer satisfaction and customer feedback to be meaningfully compared, measured, and used to add value to the customer experience.<sup>14</sup> However, the ANAO understands that completion of this system is 'some time away'.<sup>15</sup> More importantly, while bringing the information together is one step towards developing an overall system, it is predicated on the information from the individual systems being accurate.
5. The ANAO found that there was a range of identifiable performance issues with each of the individual Centrelink customer feedback systems, classified by Centrelink as being the key systems and therefore audited by the ANAO as part of this series of performance audits. The ANAO also identified a number of common themes among these issues. The common themes relate

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<sup>14</sup> Centrelink, *Memorandum—Business Intelligence Framework (BIF) Outline*, 9 October 2003.

<sup>15</sup> Centrelink, *SRT 2004 Conference, 1–2 September 2004, Day One Workshop—Systemic Issues Group 4—Qualitative Reporting across all Areas*, scribe notes.

to a low level of customer awareness of the individual systems, the lack of a national mandate for processes, a lack of robust cost information, and a lack of quality assurance procedures. As well, there are monitoring and reporting problems with each system. These all impact adversely on the effectiveness and efficiency of the individual systems and the robustness of the data generated from each system. (More information on each of these aspects is included in the following chapters, which provide the summaries of key findings for each system.)

6. The ANAO concluded that there is a low level of awareness amongst customers of the individual feedback systems, and little information on customer satisfaction with the systems. The low awareness impedes customers' access to the systems and affects the accuracy of the information generated by the systems. More importantly, lack of awareness may mean that customers do not pursue their rights to access feedback systems, such as for complaints or appeals.

7. An allied and important issue, which affects customer access to Centrelink's feedback systems, is fear of retribution.<sup>16</sup> Fear of retribution was consistently raised as an issue during the ANAO's discussions with stakeholders. Centrelink does not undertake any analysis of the existence, or extent, of any fear of retribution customers may experience in using the various feedback systems.

8. The ANAO found that Centrelink has not mandated procedures nationally within the various feedback systems. Accordingly, there is a risk that there is inconsistency across the network in the manner feedback is recorded, analysed and resolved.

9. Centrelink has little information on the actual cost of most of its individual feedback systems, and no ability to mandate quality assurance procedures across the network. Without a mechanism to provide an oversight of national quality, and to ensure better practice across the network, there is a risk that Centrelink is not providing a consistent, as well as high quality, service across its network. A lack of national oversight and mandate also limits Centrelink's ability to use the information generated from the feedback systems to improve service delivery. Without adequate information on the cost of the systems, Centrelink is hampered in identifying efficiencies or better practices which may lead to better service delivery and cost savings.

10. The ANAO concluded that the data generated from the individual systems was limited and not robust. This compromises the reliability and

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<sup>16</sup> 'Fear of retribution' is a term used by both the Commonwealth Ombudsman in the guide, *A Good Practice Guide for Effective Complaint Handling*, and by other stakeholders whom the ANAO interviewed during audit fieldwork.

integrity of Centrelink feedback data, and the ability to identify opportunities to improve service delivery and organisational processes. In addition, the ANAO concluded that Centrelink's reporting was compromised by the quality of the data. This inhibits Centrelink from adequately reporting information regarding customer feedback to Parliament and the public. Apart from the data quality issues, the reports from the feedback systems were generally not used across the network to improve service delivery.

11. Overall, the ANAO concluded that, while Centrelink has a well developed, extensive and diverse range of customer feedback systems, there are identifiable opportunities to improve the effectiveness, efficiency and economy of the systems and the data they produce. Such improvements would make the systems more accessible to customers, and provide more robust information to Centrelink for use in enhancing its service delivery and identifying cost savings.

## **Report Summaries**





# 1. Centrelink's Customer Charter and Community Consultation Program (Audit Report No.32 2004–05)

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*This chapter provides the summary of key findings, the overall audit conclusion, and recommendations from the ANAO's audit of Centrelink's Customer Charter and Community Consultation program.*

## Background

**1.1** In 2003–04, Centrelink delivered services to 6.5 million customers, or approximately one-third of the Australian population. A number of these customers are the most vulnerable<sup>17</sup> in our society, and are those who have a heavy dependence on Centrelink.

**1.2** Centrelink has recognised the importance of regularly seeking feedback from its large customer base on the quality of the services provided by the agency's extensive customer service network. Two major components of Centrelink's customer feedback system are the Customer Charter and the Community Consultation program. The Charter is Centrelink's major means for advising customers of their rights, including access to feedback mechanisms, their obligations, and what type of services they can expect to receive. Community consultation is a key component of Centrelink's strategic goals, and provides a platform for Centrelink to assist its customers in moving towards greater social and economic participation.

**1.3** The Customer Charter is the starting point for Centrelink's customer feedback system; and is viewed by Centrelink as the public expression of its commitment to good customer service. The importance of the Charter is also reflected in Centrelink's view of the Charter as a powerful tool to improve service delivery to the general public and other stakeholders.

**1.4** Community Consultation is a key priority in Centrelink's strategy document, *Future Directions 2003–2006*. The community sector assists Centrelink by assisting customers in their dealings with Centrelink, including complying with their obligations. The community sector is also another avenue for Centrelink to inform customers of their rights and how to access feedback mechanisms. Therefore, it is important for Centrelink to consult with the sector in order to achieve greater social and economic participation for their

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<sup>17</sup> Vulnerable customers may include those customers who: are homeless; have a drug or alcohol dependency; have low levels of literacy or numeracy; have a mental health condition; are Indigenous; and/or come from a diverse cultural and linguistic background.

customers, and to help their customers achieve ready access to relevant support and information.

## Audit approach

**1.5** The primary objective of the audit in respect of Centrelink's Customer Charter was to examine the effectiveness of the Charter as a means of setting up customer expectations with respect to service delivery, their obligations, rights and identifying feedback mechanisms; as well as by communicating effectively with customers so as to help them understand their rights and the feedback mechanisms and processes available to them.

**1.6** The primary objective of the audit in respect of Centrelink's Community Consultation program was to examine the effectiveness, efficiency and economy of aspects of Centrelink's Community Consultation program relating to Indigenous Service Officers (ISOs) and Multicultural Service Officers (MSOs) as vehicles for Centrelink to gather, measure, report and respond effectively to customer feedback.

**1.7** For both the Customer Charter and aspects of the Community Consultation program, the audit sought to examine the extent to which Centrelink uses the data obtained from these mechanisms to identify opportunities for improving service delivery, and to inform its strategic planning and efficient procedural development processes.

**1.8** Accordingly, the ANAO examined the Charter as a vehicle for improving service delivery, the availability and appropriateness of information on the Charter to customers, including: the customer awareness of the Charter and its commitments; the frequency and manner in which the Charter is revised; and the collection and use of performance data on the impact and effectiveness of the Charter.

**1.9** In the examination of the various aspects of Centrelink's Community Consultation program, addressed in this audit, the ANAO interviewed 28 stakeholder organisations, including advocacy groups, peak bodies representing various customer groups, and organisations that provide services directly to customers. The audit team also interviewed a number of Centrelink staff including Multicultural Service Officers (MSOs), Indigenous Service Officers (ISOs), Community Support Workers, and others in relevant areas of Centrelink's National Support Office (NSO).

**1.10** The focus of this audit on aspects of Centrelink's Community Consultation program was basically about specific community consultation issues, which came to the ANAO's attention in the course of the audit fieldwork conducted for the ANAO's series of audits of Centrelink's customer feedback systems. These included: issues relating to the relationships at the local level between Area Support Offices (ASOs)/Customer Service Centres

(CSCs) and community groups; NSO's role in relation to community consultation; consultation with customers from a diverse cultural and linguistic background (DCALB) and the Indigenous community; and how information obtained from such community consultation is monitored and reported upon in Centrelink.

## Key findings

### Overview

**1.11** Centrelink recognises the value of obtaining customer feedback. To this end, Centrelink has a broad range of mechanisms for collecting customer feedback including satisfaction surveys, appeals and complaints systems, and Value Creation Workshops. The Customer Charter is the starting point for Centrelink's customer feedback system. It is the major vehicle for advising customers of their rights including access to feedback mechanisms, their obligations and what type of service they can expect to receive. Community Consultation is a key component of Centrelink's strategic goals, and provides a basis for Centrelink to assist its customers in moving towards greater social and economic participation in accordance with government policy.

### Centrelink's Customer Charter (Chapter 2)

**1.12** The Customer Charter is regarded by Centrelink as central to improving service delivery. However, the Charter only partially follows the mandatory elements, and either partially, or fully, meets some of the recommended elements, of the Australian Government's *Client Service Charter Principles* (the Principles).<sup>18</sup> Another issue is the limited resources made available by Centrelink over the last three years for reviews of the appropriateness of the Charter, including for customer and community consultation.

**1.13** The Charter has been reviewed five times since its inception in 1997. However, a lack of funding for Charter review has meant that Centrelink has been unable to speak to customers directly about the Charter for at least the past three years. Similarly, limited resources have been made available to improve customer awareness of the Charter.

**1.14** In particular, the Charter is not very accessible to vulnerable groups, such as illiterate or semi-literate customers. There is no monitoring undertaken in relation to access to translated versions of the Charter for DCALB

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<sup>18</sup> The Principles contain a number of mandatory and recommended components intended to assist Government agencies in their development of a charter.

customers. During fieldwork, it became apparent that Centrelink's Indigenous Charter was not well known among Centrelink staff.

**1.15** The Charter has no explicit measurable service standards which, according to the Principles, are the main purpose of a charter. Accordingly, important aspects of the Charter are not specifically reported upon in the Balanced Scorecard. As a consequence, there is very little monitoring of its effectiveness. The commitments in the Charter are not explicitly linked to customer feedback nor to satisfaction initiatives. There is an absence of any explicit standards and related information, collected on performance, against any of the specific commitments in the Charter necessary to help drive service improvement.

**1.16** The Charter is not well reported upon in Centrelink's annual reports. Information on customer service provided in Centrelink's annual reports gives little insight to the relevance or effectiveness of the Charter. The information contains specific percentages of satisfaction derived from customers' answers to questions in Centrelink's satisfaction surveys that are relevant to Charter commitments, but it is not clear how the results should be interpreted.

**1.17** Understanding and transparency of Centrelink's performance would be enhanced by explaining the significance of results, for example, as compared with expectations, past performance and/or other organisations' outcomes. Information on how the results have influenced Centrelink's customer service, and its relationship with customers, would also be valuable.

**1.18** In regard to client service standards, Centrelink's Customer Charter contains no explicit service standards, which is contrary to the mandatory requirement under the Principles to have measurable service standards. For example, there are no explicit standards for the speed, accuracy or quality of service specified in the Charter. Nevertheless, Centrelink's Charter is fully consistent with some of the recommendations of the Principles, for example in relation to format and style. However, the Charter includes less information for Centrelink's customers about the agency, and the services it offers, than is recommended by the Principles.

### **Aspects of Community Consultation (Chapter 3)**

**1.19** Centrelink has available a number of ways in which it consults with the community, including reference groups at the national and Area level, consultation with specific community groups by specialist staff, Value Creation Workshops, the Community Sector Satisfaction Survey and other informal feedback methods.

**1.20** The ANAO found that there was inconsistent contact between the smaller community groups and Centrelink at the Area and local levels. This, in turn, means that the relationship between Centrelink and peak community

groups is perceived more favourably than the relationship between ASOs and CSCs and the community groups at the 'coalface'. Stakeholders interviewed by the ANAO indicated that, although Centrelink was receptive to ideas from community groups at the national level, this did not translate to effective action at the local level.

**1.21** The inconsistent contact between smaller community groups and Centrelink CSCs and ASOs results in conflicting, and often incomplete, information being received by these groups. Smaller community groups provide assistance to Centrelink by helping its customers. Therefore, the overall weak ties between Centrelink and these groups is likely to pose a risk to the level of service delivery to the individuals who predominately rely on assistance from such community groups.

**1.22** This issue of inconsistent contact among community groups, ASOs and CSCs, is compounded by the restricted role of NSO. National Teams in NSO develop the policies and processes aimed at improving services to DCALB and Indigenous customers. However, ASOs independently make the decisions about whether they will implement these policies and/or processes, the extent to which they will do so and the placement of the relevant resources. As a result, NSO teams do not systematically monitor Areas' take-up and implementation of the policies and processes.

**1.23** In relation to customer feedback, senior managers within NSO advised the ANAO during audit fieldwork that they can only 'influence' the Areas rather than mandate strategies or tools for use by all Centrelink offices. Further, the ANAO was advised that this is also the case in respect of whether there is appropriate coverage across the network of particular initiatives, for example, in terms of the number and placement of MSOs and ISOs in Areas.

**1.24** The ANAO considers it is important that effective systems are in place to allow efficient and consistent implementation of community consultation initiatives, and to contribute to the provision of consistent quality of outcomes for customers across its network. Such systems could also support the identification and propagation of better practice, and the identification of cost savings as a basis for delivering better services.

**1.25** The information about initiatives undertaken by local CSCs and ASOs within the community apparently does not filter through to Centrelink's NSO. As a consequence, NSO cannot use such data in strategic planning to identify common issues and trends at the local level. It is important that this data is used at the national level in Centrelink for strategic planning, due to its favourable impact on service delivery. Currently, the lack of impact of this data on service delivery means that issues flagged at the local level do not necessarily translate to service changes at this level.

**1.26** Part of the reason for local information not filtering through to NSO is that while Centrelink has a range of methods to monitor and report on community consultation at the various levels within the organisation, this monitoring and reporting is largely descriptive in nature. The information provided is a narrative, or listing, of consultation activities with the community. It involves very little analysis in terms of assessment, planning, or levels of quality, effectiveness or impact. Therefore, as there is no systematic approach to recording or analysing the data, it is difficult for Centrelink to identify areas for service improvement at the Area or local level.

**1.27** Descriptive information can be a useful component in assessing community consultation. However, capturing and reporting quantitative and qualitative performance data would allow Centrelink to better understand trends and/or undertake an analysis of such performance in this area. This performance information would generally assist in informing management on possible areas for improvement in community consultation.

## Overall audit conclusion

**1.28** Centrelink has invested significantly in the development of its Charter. The agency was one of the first in the Australian Government to develop and implement a customer charter. In 1999 and 2000, Centrelink won awards for its Charter under the Service Charters - Awards for Excellence<sup>19</sup> scheme<sup>20</sup>.

**1.29** However, Centrelink's Customer Charter only partially follows the mandatory elements and either partially, or fully, meets some of the recommended elements of the Australian Government's *Client Service Charter Principles*. In particular, the Charter has no explicit measurable standards which, according to the Principles, are the main purpose of a charter. Since Centrelink's Charter has no explicit standards, important aspects of the Charter are not specifically reported upon in the Balanced Scorecard; and there is very little monitoring of its impact and/or effectiveness. The commitments in the Charter are not explicitly linked to customer feedback or satisfaction initiatives. There is also minimal reporting on the Charter in the Annual Report. Given the minimal collection, analysis and reporting of performance data on the Charter, it is difficult to identify how the Charter is used to help drive service improvement.

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<sup>19</sup> The Service Charters–Awards for Excellence scheme has been operating since 1999. The scheme provides an incentive for Commonwealth departments and agencies to improve the quality and efficiency of service delivery through the application of their service charters. The objective of the Awards scheme is to recognise the high standard of service provided to the Australian public by departments, agencies and their staff.

<sup>20</sup> These awards were for demonstrated excellence in the use of service charters to drive service delivery for clients with additional needs, to clients in rural and regional Australia and in relation to online service delivery.

**1.30** As noted in the section on the approach of the audit, the focus of this audit of aspects of Centrelink's community consultation program was basically about specific community consultation issues, which came to the ANAO's attention in the course of the audit fieldwork conducted for the ANAO's series of audits of Centrelink's customer feedback systems. Accordingly, while the audit report provides an overview of Centrelink's Community Consultation program, the focus of the audit was on specific issues relating to consultation with multicultural and Indigenous community groups, and how information obtained from such community consultation is monitored and reported upon in Centrelink.

**1.31** The ANAO concluded that there was inconsistent contact between the smaller community groups and Centrelink at the Area and local levels. The inconsistent contact between smaller community groups, Centrelink CSCs and ASOs, resulted in conflicting and incomplete information being received by the community groups. This, in turn, affected their ability to provide services to shared customers.

**1.32** This issue of inconsistent contact among community groups, ASOs and CSCs, is compounded by the restricted role of NSO, which does not mandate policies and processes developed by NSO teams relating to community consultation. As a result, NSO teams do not systematically monitor Areas' adoption and implementation of the policies and processes.

**1.33** The information about initiatives undertaken by local CSCs and ASOs within the community apparently does not filter through to Centrelink's NSO. Also, the information on community contact, which is gathered from the local and Area levels in Centrelink, is largely descriptive in nature. As a consequence, there is difficulty in aggregating and analysing the data. This, in turn, limits the use of the data in strategic planning by NSO to identify common issues and trends at the local level.

## Recommendations and agency response

**1.34** The ANAO made two recommendations to improve Centrelink's Customer Charter and Community Consultation program performance.

**1.35** The CEO of Centrelink advised the ANAO on 7 February 2005 that he welcomed the report and agreed with both the recommendations. Centrelink provided additional comments in respect of Recommendation No.2 of this report (see Audit Report No.32, *Centrelink's Customer Charter and Community Consultation Program*, paragraph 3.98).

# Recommendations

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## Recommendation No.1

The ANAO recommends that, in accordance with the guidance set out in the Australian Government's *Client Service Charter Principles*, Centrelink include in its Customer Charter measurable service standards to:

- (a) better inform customers of the level of service to expect; and
- (b) provide an improved basis for measuring, monitoring and reporting, both internally and externally, the agency's performance against its Charter.

*Centrelink Response:* Agree.

## Recommendation No.2

The ANAO recommends that Centrelink:

- (a) implement adequate systems to monitor community consultation nationally, and to identify, at the national level, common issues/trends that are emerging at the local level to allow identification of service improvement and cost savings; and
- (b) put in place quantitative indicators, such as targets and cost effectiveness measures, in addition to descriptive indicators, when assessing and reporting its consultations with community stakeholders.

*Centrelink Response:* Agree.



## 2. Centrelink's Customer Satisfaction Surveys (Audit Report No.33 2004–05)

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*This chapter provides the summary of key findings, the overall audit conclusion and recommendations from the ANAO's audit of Centrelink's customer satisfaction surveys.*

### Background

**2.1** In 2003–04, Centrelink delivered services to 6.5 million customers, or approximately one-third of the Australian population. A number of these customers are the most vulnerable<sup>21</sup> in our society, and are those who have a heavy dependence on Centrelink.

**2.2** Centrelink has recognised the importance of regularly seeking feedback from its large customer base on the quality of the services provided by the agency's extensive customer service network. To this end, Centrelink commissions the conduct of a number of surveys of its customers, to obtain such direct feedback from them about their experience with Centrelink.

**2.3** The major customer satisfaction surveys conducted by Centrelink are the Customer Service Centre (CSC) Survey, the Call Centre Survey, and the Centrelink National Survey. The major satisfaction surveys are all telephone surveys. The CSC and Call Centre Surveys are rolling annual surveys.<sup>22</sup> The National Survey is conducted annually. Other satisfaction surveys conducted include the Community Sector Survey and the International Services Survey.

**2.4** The survey program is important because it is the largest collection of data about customers' views of Centrelink, with around 62 000 customers interviewed in 2003 for the CSC Survey alone. Satisfaction survey data from each of the surveys is used extensively in Centrelink's reporting and monitoring systems, including in reporting customer satisfaction to the

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<sup>21</sup> Vulnerable customers may include those customers who: are homeless; have a drug or alcohol dependency; have low levels of literacy or numeracy; have a mental health condition; are Indigenous; and/or come from a diverse cultural and linguistic background.

<sup>22</sup> The CSC and Call Centre surveys are conducted every week across 12 months of the year (excluding Christmas/New year). The sample is provided on a weekly basis.

Parliament in the annual report, and reporting to the Department of Family and Community Services (FaCS).<sup>23</sup>

**2.5** Obtaining this data is costly. Since Centrelink's inception in July 1997 the agency has invested nearly \$8 million in its survey program. This \$8 million investment, together with the wide dissemination of the survey data, warrant an assurance to the Parliament, customers and the community that the program provides valid useful information and is value for money.

## Audit approach

**2.6** The primary objective of this audit was to examine the effectiveness, efficiency and economy of the customer satisfaction survey program as a tool for Centrelink to gather, measure, report and respond effectively to customer feedback, and the extent to which Centrelink uses the data obtained to improve service delivery.

**2.7** Accordingly, the ANAO examined the survey objectives, the validity of the sampling techniques used, sources of bias, the quality of the questionnaires and the monitoring and reporting of the data. The ANAO also examined the use of the data, at all levels of the organisation, to improve service delivery.

## Key findings

### Survey Objectives (Chapter 2)

**2.8** Clear survey objectives include information on: the purpose of the survey; the levels of accuracy required from the survey; the reasons for choosing the level of accuracy; the purposes for which the data will be used; and what decisions will be made using the data.<sup>24</sup> Ideally, the objectives of a survey are included with all reports from the survey, as it is important that users understand the limitations of the data and, therefore, whether it is appropriate to use the information for the purpose the user is intending.<sup>25</sup>

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<sup>23</sup> On 22 October 2004, the Prime Minister announced machinery of government changes affecting, among other things, the administration of policy relating to income support payments and related programs. Previously, Centrelink was located in the FaCS Portfolio and, while it had agreements in place with other agencies such as Department of Employment and Workplace Relations (DEWR) and the Department of Education Science and Training (DEST) for the delivery of some services, the overwhelming bulk of Centrelink's activities related to its delivery of services on behalf of FaCS. As a result of the changes announced by the Prime Minister, Centrelink is now part of the newly established Department of Human Services Portfolio. In addition, DEWR now has policy responsibility for the delivery of working age income support payments (including Newstart, Parenting Payment (partnered and single), Youth Allowance for non-students, Disability Support Pension and Mature Age Allowance) and DEST has policy responsibility for income support payments for students (including Youth Allowance for students which had previously been administered by FaCS).

<sup>24</sup> Report to the ANAO, Australian Bureau of Statistics, April 2004, p. 3.

<sup>25</sup> *ibid.*, p. 4.

**2.9** Where the data collected from a survey are used to monitor the performance of work units, it is important that the objectives of the survey specify that this is a purpose for which the information will be used. Users of survey data for the purpose of performance monitoring could be expected to require a strict accuracy requirement, as it would not be reasonable to rate performance on data that have high levels of error.

**2.10** The top line satisfaction numbers<sup>26</sup> from the CSC and Call Centre Surveys are used in Centrelink's Balanced Scorecard as a key performance indicator of the agency's national performance under the Customer Goal. In addition, the CSC Survey top line satisfaction number is also used as a performance measure for individual CSCs. Given that the top line satisfaction numbers from the CSC and Call Centre surveys are used for these purposes, it is important that the data used to calculate these numbers are robust, and that the data users understand, and have confidence in, the accuracy levels delivered by the survey methodology. This requires a clear articulation of the standards expected. While Centrelink accepts the current levels of accuracy as adequate for its purposes, this is not articulated to users.

**2.11** While each of the major surveys have objectives which indicate the purpose of the surveys, the ANAO found that the survey objectives for Centrelink's customer satisfaction surveys do not include accuracy requirements, nor any indication that the data are used for performance monitoring. As well, the survey objectives were generally not included with reports from the surveys.

## **Sample Validity (Chapter 3)**

### *Type of sample*

**2.12** The major satisfaction surveys are all telephone surveys. These surveys all use non-probability sampling, as there is a quota on the number of interviews. For example, in the case of the CSC Survey there is a quota of 200 interviews per CSC per year.

**2.13** With a non-probability sample, statistical probability theory cannot be strictly applied. Hence, the calculation of confidence intervals<sup>27</sup> is not strictly appropriate. However, the Australian Bureau of Statistics (ABS) has advised that, if a quota sample is constructed carefully, it will be possible to calculate approximate confidence intervals, where assumptions are made about the

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<sup>26</sup> The top line satisfaction number is the percentage of customers who rated the level of service received overall (including the quality of the people, services and information) as good or very good.

<sup>27</sup> The confidence interval gives a range of values which are likely to cover the true but unknown value. A study which quotes a confidence interval of 95 per cent, is inferring that, should that study be repeated 100 times, the results will fall within the range of the confidence interval 95 times.

pattern of non-response. However, these assumptions should be stated clearly in the survey methodology. As well, the follow-up procedures should be managed carefully to minimise non-response.

**2.14** The ANAO acknowledges that it is expensive to obtain a sample that is large enough for analysis at a fine level of detail. In Centrelink's situation, further difficulties arise because the agency's customer base includes a range of customers who may be difficult to contact, for example, because they are homeless, highly mobile or have a drug or alcohol dependency issue to deal with. However, the ANAO considers it is important for tolerable confidence that the type of sample used be transparent, and the effect of a quota approach on the calculation of confidence intervals is acknowledged, in reporting of the survey results. Centrelink's survey reports do not currently include such information.

### *Exclusions*

**2.15** Both the CSC and National Surveys have a large number of customers excluded from selection as part of the sample. ANAO calculations on available information would suggest that over half of customer records are excluded from the CSC Survey target population before the sample is drawn. These exclusions include customers who have no phone or have a silent phone number, those in an institution, or those who only have a mobile phone number.

**2.16** The foregoing groups form a relatively large proportion of exclusions from the target population, and presents a risk of biased sampling and, consequently, for the survey results themselves to be biased. While the exclusions may be reasonable in all the circumstances, the ANAO considers that further research on the characteristics of those customers excluded is required, in order to ascertain whether there is any bias introduced from the exclusions and, if so, what the impact of this bias is likely to be. The ANAO also considers it appropriate that reports from the surveys include information regarding the nature of the exclusions from the survey, the rationale for them, and the related implications for the interpretation of survey results.

### *DOC selection*

**2.17** For the CSC Survey, the selection of customers to be included in the population for sampling is based upon on-line documentation (DOCs) raised during the previous week that indicate the customers visited a CSC. A DOC is raised when an adjustment is made to a customer's computer record.

**2.18** In 2003, 14.6 per cent of the customers contacted for an interview in the CSC satisfaction survey, responded that they had not visited the CSC listed and their interviews were subsequently terminated. This may be due to inaccurate information on the DOC, or, alternatively, poor recall by the

customer. However, the reasons are unknown. This group, in effect, becomes another exclusion from the sample and their exclusion may create a degree of bias in the survey results.

### *Purpose for visit to the CSC*

**2.19** ANAO analysis of the CSC data for June–September 2003 showed that almost 25 per cent of customers who completed the survey, reported their only purpose for visiting the CSC was to lodge a form or to update their personal details. These activities do not require much interaction with staff. However, a number of questions in the survey relate to the customer's interaction with staff and the accuracy and consistency of information provided. These questions become problematic if the customer concerned has not had much interaction with staff. The inclusion of data from these customers impacts on the top line satisfaction number generated from the surveys and also on the Area order of merit in terms of the performance of Areas' CSCs in the surveys.

**2.20** An additional question to identify the nature of the business conducted by customers during their visit would allow Centrelink to appropriately treat that data from those customers who had a limited interaction with staff, and minimise the potential bias in the survey from including those customers.

## **Non-response Bias (Chapter 4)**

**2.21** Non-response bias is a form of non-sampling error. Non-response occurs when customers are included in the sample, and are contacted, but for whatever reason do not complete the survey. The possibility of non-response bias occurs if there is any significant difference in the characteristics of those who completed the interview, and those who refused to have, or did not complete, the interview for other reasons. In effect, the non-respondents become excluded from the survey.

**2.22** The ANAO acknowledges that non-response bias is a characteristic of all surveys. However, because Centrelink services such a large cross-section of the community, including some very specialised and vulnerable groups, it is important to understand the impact of non-response on Centrelink's satisfaction survey results, particularly in relation to the vulnerable groups among Centrelink's customers.

**2.23** The ANAO notes that the market research company contracted by Centrelink to conduct the surveys undertakes a number of measures to minimise non-response bias, such as contacting respondents at different times on every day of the week, pilot testing the questionnaire, and having the surveys conducted in several different languages.

**2.24** ANAO analysis of the CSC and National Surveys detected a non-response bias in both surveys. The survey results are biased because the

characteristics of the customers who responded to the surveys were different to those who were contacted but refused to participate, or did not complete the survey.

**2.25** For all of Centrelink's satisfaction surveys, the non-response rates need to be regularly analysed to gauge the ongoing reliability of the data. The inclusion of this analysis in any reports of the survey data, would allow all users of the data, whether internal or external, to understand the nature of the non-response and any associated bias.

## **Customer Response Bias (Chapter 5)**

**2.26** A source of potential bias in any survey is the behaviour of the people who respond to the survey. Possible reasons for this bias may be respondents' poor recall of events, or respondents not answering openly because they are protecting their interests or because they are fearful that there will be unintended consequences in providing a frank and open response.

**2.27** During this audit, a recurring theme in the ANAO's interviews with stakeholder groups<sup>28</sup> was the possibility that some customers, particularly the vulnerable, would be unlikely to be critical of Centrelink, in a Centrelink sponsored process. This was considered to occur because of the customers' dependence on Centrelink for their income, and the concomitant reluctance to disclose information because of the fear of retribution.

**2.28** A number of professional studies have examined the impact of the survey context on respondent truthfulness and cooperativeness, and in particular how perceptions of privacy and confidentiality affect response rates and the quality of answers. These studies have found that the accuracy of responses depends on the extent of anonymity, and the confidentiality that respondents believe will be given to their answers, both during, and after, they have participated in the survey.

**2.29** The Centrelink satisfaction surveys are all telephone surveys administered by trained interviewers. In each survey a scripted questionnaire is used, which includes information on the confidentiality of the survey. However, the nature of the confidentiality is unclear. It is not stated that the identifying information collected is kept confidential from Centrelink itself. There is also no statement regarding the customers' anonymity being assured.

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<sup>28</sup> The ANAO interviewed 28 stakeholder organisations, including advocacy groups, peak bodies representing various customer groups (ranging from the aged to the homeless), and organisations that provide services directly to customers (including assisting customers in their dealings with Centrelink). Accordingly, the stakeholder groups interviewed varied from national peak bodies with substantial resources and high level access to Centrelink through to customer advocates and groups that provide assistance to Centrelink's most vulnerable customers. The results of these interviews have been used to inform the findings of all of the audits in the Centrelink Customer Feedback Systems series.

**2.30** The ANAO considers that there would be benefit in Centrelink undertaking further research to identify whether concerns regarding anonymity and confidentiality impact adversely on customers' willingness to participate in Centrelink surveys, and whether such concerns impact on the openness of responses from customers who participate in the surveys. This research could be extended to identify whether certain groups are more likely to have concerns regarding anonymity and confidentiality. This in turn could inform decisions about the quality of the data and about survey techniques.

**2.31** At a minimum, the survey introduction and closing statements need to be clear about the nature of the confidentiality being promised to customers, so that customers understand that no information is provided to Centrelink that will enable Centrelink to identify them.

**2.32** In the introduction to the surveys, respondents are informed of the purpose of the surveys. However, the introduction does not include information on how the data are used. A clear statement regarding the use of the survey data, at the beginning of the survey questionnaire, may assist in assuring customers that the survey is being conducted to improve the service they receive. This may encourage a more open response.

## **Questionnaire Quality (Chapter 6)**

**2.33** A potential source of non-sampling error, or bias, in surveys, is the design of the survey questionnaire. ANAO analysis of the quality of the satisfaction survey questionnaires identified a number of issues, including in relation to response scales<sup>29</sup> being unbalanced, and ambiguous questions that may contribute to bias in the results of the survey. These issues need to be addressed to ensure potential bias is minimised. There are also questions in the surveys that are redundant. Their removal would provide opportunities to include follow-up questions to elicit information on reasons for customer dissatisfaction, and make the questionnaire more efficient and effective.

**2.34** In particular, there are issues with the top line satisfaction question, which is used widely in Centrelink reporting and performance monitoring. The question is too long, being in several parts, making it difficult for customers to respond effectively. The top line satisfaction question is also the first asked, with the likelihood that customers will respond without having had an opportunity to reflect on their experience with Centrelink as they complete the questionnaire. Also, the response categories are unbalanced, building-in a bias towards positive responses.

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<sup>29</sup> Response scales are the categories provided to the respondent from which to select his/her response. For example, for the CSC survey, the top line satisfaction question response scale is: very good; good; fair; poor; and very poor. This is unbalanced since it does not offer equal positive (three) and negative (two) responses, and is inherently biased toward positive answers.

**2.35** The ANAO acknowledges that there is a need to balance the benefits of time series data with the need to review the appropriateness of questions over time. However, the quality of data elicited from the surveys becomes more important when the data are used extensively by the organisation, and particularly for performance management, as is the case with Centrelink. This suggests that there should be regular reviews of the questions to ensure relevance as well as consistency over time.

## **Monitoring and Reporting (Chapter 7)**

**2.36** Satisfaction survey data from each of the surveys is used extensively in Centrelink's monitoring and reporting systems, including in reporting customer satisfaction to the Parliament in the annual report, and internally for tracking performance.

**2.37** Centrelink invests a significant amount of resources in its satisfaction survey program. Accordingly, it is important that Centrelink has in place appropriate monitoring processes and mechanisms to ensure that it obtains value for money for this investment. This includes assurance that the surveys are conducted as per the contract and that the surveys produce robust, consistent and relevant data. Centrelink's extensive use of the satisfaction data in its monitoring and reporting of the agency's performance also underlines the importance of this assurance.

**2.38** During ANAO fieldwork, Centrelink advised the ANAO that there are few resources within Centrelink dedicated to providing an internal quality assurance of the satisfaction survey program. In light of Centrelink's significant investment in the survey program, and the reliance placed by Centrelink on the results of the satisfaction surveys, the ANAO considers it important that Centrelink has an appropriate capacity to undertake quality assurance checking of data and analysis provided to it by its consultants. Centrelink has since advised the ANAO that a customer research analysis position has been created.

**2.39** Data from the satisfaction surveys are used extensively in a number of Centrelink reports and for performance monitoring. Often, the way the data are reported suggests that the data reflect the views of **all** customers. However, ANAO analysis of available data shows that over half of customers in the target population are not given the opportunity to participate in the CSC Survey. The reporting needs to be transparent regarding the source of the data and its limitations, to enable readers to properly interpret the data and have confidence in the results.



### *Measuring performance for purchaser agencies*

**2.40** The Business Partnership Agreement (BPA) in place between Centrelink and FaCS at the time of audit fieldwork<sup>30</sup>, used the top line satisfaction numbers as a major performance measure for Centrelink's key performance indicator (KPI) for the delivery of high quality customer service. The top line satisfaction numbers are currently reported at well above the target specified in the BPA of 70 per cent. There may, therefore, be a need to reconsider the target.

**2.41** Also, the top line satisfaction number is a very broad-brush indicator, and can mask some specific areas of dissatisfaction. Given the discrepancy between the top line satisfaction number and component areas of service, FaCS, and now the Departments of Employment and Workplace Relations (DEWR) and Education, Science and Training (DEST), may be better served with measures related to specific areas of service.

### *Measuring performance as part of Centrelink's Balanced Scorecard*

**2.42** Centrelink's Balanced Scorecard uses satisfaction survey data extensively, with all the KPIs (except one) under Goal C: Customer being measured by satisfaction survey data.

**2.43** The top level KPI *Overall Customer satisfaction with the last contact with Centrelink* is measured by an average of the top line satisfaction numbers from the CSC and Call Centre Surveys. Averaging the numbers is inappropriate as they are different surveys and measure different customer experiences, and the accuracy of the average cannot be calculated. There are also issues with the other KPIs being appropriate indicators of the strategies, and also with the KPI measures actually measuring what they purport to measure.

### *Business Improvement Plans*

**2.44** The Balanced Scorecard goals cascade into Centrelink's Business Improvement Plans (BIPs) at the Area and CSC levels. The ANAO analysed the 2002–03 BIP measures for all of Centrelink's Area BIPs, and for the BIPs of the CSCs visited during fieldwork.<sup>31</sup>

**2.45** The ANAO concluded that the measures included in the BIPs examined were inadequate for a number of reasons, when compared to measures from the ANAO *Better Practice Guide—Performance Information in Portfolio Budget*

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<sup>30</sup> FaCS—Centrelink Business Partnership Agreement, 2001–2004.

<sup>31</sup> The ANAO conducted interviews with Centrelink managers and staff in Area Support Offices and Customer Service Centres in six of the 15 Areas. These Areas are located in New South Wales, Victoria and the Australian Capital Territory.

*Statements.*<sup>32</sup> However, the ANAO acknowledges that the BIP template was newly introduced for use for the 2002–03 BIPs. Further training in the use of performance indicators is required to ensure staff at all levels in the organisation have a good understanding of their use and limitations.

#### *Transparency of data accuracy limitations*

**2.46** NSO distributes a large range of reports from the surveys, including individual reports for Areas and CSCs from the CSC Survey. However, the NSO reports do not include information on the limitations of the data, nor are confidence intervals reported in the individual reports.

**2.47** The ANAO acknowledges that Centrelink has made efforts to inform the network of the accuracy of the data. However, given the importance ascribed by Centrelink to the top line satisfaction number, it would be appropriate to include in NSO reports the confidence intervals associated with the top line satisfaction number so that the data accuracy limitations are transparent to the users of the reports. The need for this reporting is reinforced, given that the data are used for performance management of both work units and individual managers.

#### *Use of data*

**2.48** Each of the Areas visited during ANAO fieldwork produced Area performance reports which incorporated satisfaction data to varying degrees. Some Areas had performance analysis teams who examined the survey data, as well as complaints and other data, to provide a more holistic view of performance. Some Areas prepared reports for the CSCs in their Area, while others left analysis of CSC Survey data to the individual CSC.

**2.49** During ANAO fieldwork, Area and CSC staff discussed their use of the survey data. These discussions focussed on the top line satisfaction number. Some staff also discussed the key drivers of satisfaction. However, there was little discussion of analysis of data beyond this level. Some of the CSC managers interviewed discussed issues of data accuracy, but acknowledged that it was getting better with the rolling sample. Generally, the view of CSC managers was that the data were useful as one of a number of indicators of performance, but that the top line satisfaction number was influenced by too many factors to be used to identify specific areas for remedial action.

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<sup>32</sup> ANAO *Better Practice Guide—Performance Information in Portfolio Budget Statements*, May 2002, Canberra.

## Overall audit conclusion

**2.50** Centrelink's customer satisfaction survey program is well established and provides the largest collection of data about customers' views of Centrelink, with around 62 000 customers interviewed in 2003 for the CSC Survey alone. A program of this size requires a significant investment by Centrelink, with the major surveys costing approximately \$1.2 million in 2003. The top line satisfaction numbers from the major satisfaction surveys are used extensively in Centrelink's monitoring and reporting systems, and also for performance monitoring.

**2.51** The ANAO concluded that, while Centrelink's satisfaction survey program is well established, there are opportunities to improve the effectiveness, efficiency and economy of the system. Such improvements would make the satisfaction survey program more robust; allow Centrelink to use the data more effectively to enhance service delivery; and result in increased stakeholder confidence in the data.

## Recommendations and agency response

**2.52** The ANAO made 13 recommendations to improve the satisfaction survey program.

**2.53** The CEO of Centrelink advised the ANAO on 7 February 2005 that he welcomed the report and agreed with all the recommendations. No additional comments were provided for attachment to the report.

# Recommendations

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## Recommendation No.1

The ANAO recommends that Centrelink include:

- (a) the objectives of the satisfaction surveys in all reports from the surveys;
- (b) in the objectives, for all its satisfaction surveys, the accuracy requirements for each survey; and
- (c) in the CSC survey's objectives, advice that the survey data are used for performance management of individual CSCs.

*Centrelink Response:* Agree.

## Recommendation No.2

The ANAO recommends that Centrelink include in reports from the satisfaction surveys the type of sample used and the effect of a quota approach on calculating error estimates.

*Centrelink Response:* Agree.

## Recommendation No.3

The ANAO recommends that Centrelink:

- (a) undertake further research on the characteristics of those customers who are excluded from the survey sample, in order to ascertain whether any significant bias is introduced from the exclusions; and
- (b) in reporting information from the surveys, inform users of the data as to the nature of the exclusions from the survey, the rationale for them, and the related implications for the interpretation of survey results.

*Centrelink Response:* Agree.

#### Recommendation No.4

The ANAO recommends that Centrelink:

- (a) undertake research into the reasons that a significant number of customers selected for the CSC survey, on the basis of DOCs raised indicating they had visited a CSC, subsequently advise the market research company they have not visited a CSC at the time reported in the DOC;
- (b) undertake further research into the inclusion in the CSC survey of those customers who only lodged a form or updated personal details during their visit to the CSC, to ascertain whether any significant bias is introduced from their inclusion; and
- (c) in reporting information from the surveys, inform users of the data as to the related implications of these inclusions for the interpretation of survey results.

*Centrelink Response:* Agree.

#### Recommendation No.5

The ANAO recommends that Centrelink:

- (a) regularly analyse the non-response rates for each of the major satisfaction surveys to identify the nature of the non-response and any associated bias;
- (b) include this information in any reports of the survey data; and
- (c) consider weighting the data appropriately to minimise non-response bias.

*Centrelink Response:* Agree.

**Recommendation  
No.6**

The ANAO recommends that Centrelink:

- (a) undertake research to identify whether concerns regarding anonymity and confidentiality impact adversely on customers' willingness to participate in Centrelink surveys, and whether these concerns lead to significant bias in the survey results;
- (b) include clear indications at the beginning of the survey regarding the uses and purpose of the survey; and
- (c) include clearer statements in the introductory and closing sections of the surveys regarding the confidentiality of customer information, particularly that identifying information is kept confidential from Centrelink.

*Centrelink Response:* Agree.

**Recommendation  
No.7**

The ANAO recommends that Centrelink review the quality of its satisfaction survey questionnaires, and where appropriate, make changes to increase the usefulness and accuracy of the information gathered.

*Centrelink Response:* Agree.

**Recommendation  
No.8**

The ANAO recommends that Centrelink undertake quality assurance checking of data and analysis provided to it by its satisfaction survey consultants.

*Centrelink Response:* Agree.

**Recommendation  
No.9**

The ANAO recommends that Centrelink, in its reports which use survey data, ensure the reporting is transparent regarding the source of the data and its limitations, to enable readers to properly interpret the data and have confidence in the results.

*Centrelink Response:* Agree.

**Recommendation  
No.10**

The ANAO recommends that Centrelink ensure that performance measures under the purchase/provider arrangements with the various portfolio departments now responsible for income support payments are appropriate for the purpose, and that targets are set at a sufficient level to assess performance achievement.

*Centrelink Response:* Agree.

**Recommendation  
No.11**

The ANAO recommends that Centrelink review its use of an average for its top line KPI *Overall Customer satisfaction with last Contact with Centrelink*, in its Balanced Scorecard. Other KPI measures under Goal C: Customer also be reviewed to ensure they measure what they purport to measure.

*Centrelink Response:* Agree.

**Recommendation  
No.12**

The ANAO recommends that Centrelink:

- (a) introduce an internal quality control process to ensure that performance measures in Area and CSC Business Improvement Plans are appropriate and adequate, and that the use of the top line satisfaction number is supplemented by other selected measures; and
- (b) provide additional training to staff at the Area and CSC levels on performance indicators, to ensure they have a good understanding of their use and limitations.

*Centrelink Response:* Agree.

**Recommendation  
No.13**

The ANAO recommends that Centrelink include confidence interval information in its Area and CSC satisfaction reports.

*Centrelink Response:* Agree.

### 3. Centrelink's Complaints Handling System (Audit Report No.34 2004–05)

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*This chapter provides the summary of key findings, the overall audit conclusion and recommendations from the ANAO's audit of Centrelink's complaints handling system.*

#### Background

**3.1** In 2003–04, Centrelink delivered services to 6.5 million customers, or approximately one-third of the Australian population. A number of these customers are the most vulnerable<sup>33</sup> in our society, and are those who have a heavy dependence on Centrelink.

**3.2** Centrelink has recognised the importance of regularly seeking feedback from its large customer base on the quality of the services provided by the agency's extensive customer service network. To this end, Centrelink has a number of processes in place from which to obtain customer feedback. Some of these are Centrelink initiated, such as customer satisfaction surveys; others are customer initiated, such as complaints and use of the review and appeals system.

**3.3** An important element of Centrelink's customer feedback system is its complaints handling system. The management of customer complaints is considered by Centrelink to be important to both its performance and reputation as a service provider. The former Chief Executive of Centrelink stated the following:

customer complaints are opportunities for us to find the weaknesses in our service delivery and to fix them.<sup>34</sup>

**3.4** Centrelink deals with around six million customers and makes many millions of decisions a year. Given the number of customers and decisions, there are relatively few complaints. In 2003–04, Centrelink recorded 39 663 customer contacts which were complaints, and a further 17 399 customer contacts relating to a Call Centre being busy and unable to take their call.

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<sup>33</sup> Vulnerable customers may include those customers who: are homeless; have a drug or alcohol dependency; have low levels of literacy or numeracy; have a mental health condition; are Indigenous; and/or come from a diverse cultural and linguistic background.

<sup>34</sup> Sue Vardon (then Chief Executive, Centrelink), Australia Security in Government Conference–SES Seminar, speech delivered 5 November 1998.



## Audit approach

**3.5** The primary objective of this audit was to examine the effectiveness, efficiency and economy of Centrelink's complaints handling system as a tool for Centrelink to gather, measure, report and respond effectively to customer feedback, and the extent to which Centrelink uses the data obtained to improve service delivery. The ANAO specifically examined the following aspects of the complaints handling system:

- methods for lodging a complaint;
- classification of complaints;
- customers' awareness of, and satisfaction with, the system;
- customers' willingness to use the system;
- monitoring and reporting; and
- cost and quality issues.

**3.6** In addition to consideration of the Australian<sup>35</sup> and International Standards<sup>36</sup> for Complaint Handling, the ANAO examined Centrelink's complaints handling system against the Commonwealth Ombudsman's better practice guide *A Good Practice Guide for Effective Complaint Handling* (the Guide). The Guide describes the essential elements of an effective complaints handling system from a theoretical standpoint, and then discusses how these principles can be put into action by any government agency. The Guide has been developed exclusively with the public sector in mind, and represents best practice in the handling of complaints by public sector departments and agencies.

## Key findings

### Overview

**3.7** Obtaining and recording customer complaints provides Centrelink with the opportunity to gain customers' perceptions of service delivery in a timely manner, often immediately after a service has been provided. Unlike some of the other forms of customer feedback initiated by Centrelink, complaints that are initiated by the customer can cover a broad range of issues that may not have been identified or considered previously. Customer complaints can also play a significant role in highlighting issues with service

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<sup>35</sup> Australian Standard *Complaints Handling* (AS4269-1995).

<sup>36</sup> ISO 10002: 2004 on Complaints Handling.

delivery and organisational processes that could be addressed to improve the customers' interaction with Centrelink.

## **Classification and resolution of complaints (Chapter 2)**

**3.8** A three-tier system has been established by Centrelink to deal with complaints made by customers, based on the complexity of the contact. This tier system applies to all complaints, regardless of the method by which they are lodged.<sup>37</sup>

**3.9** Centrelink has sought to create an environment where staff feel empowered to deal with complaints directly at the first point of contact. This guiding principal is consistent with the Australian Standard *Complaints Handling* (AS4269-1995).

**3.10** However, Centrelink's 2003 internal audit of Customer Complaint Management found that:

there is significant inconsistency across the customer service network in the frequency of prompt resolution of complaints at the point at which they are received.<sup>38</sup>

**3.11** The ANAO considers that such inconsistency significantly increases the risk that Centrelink is not capturing the benefits, for the organisation and its customers, available from resolving complaints, where possible, at initial contact.

## **Customer awareness and satisfaction (Chapter 3)**

### *Overview*

**3.12** The evidence available to the ANAO indicates that there is a low level of awareness amongst Centrelink customers regarding the avenues available to them to lodge a complaint with Centrelink.

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<sup>37</sup> There are six main ways in which customers can lodge a complaint directly with Centrelink, these being:

- by telephone, through the Customer Relations Line (1800 number) on Freecall 1800 050 004, or Freecall 1800 000 567, which accepts telephone typewriter (TTY);
- by telephone to a Customer Service Centre (CSC), or a Call Centre (CC);
- by speaking to a Centrelink Customer Service Officer (CSO) directly at a CSC;
- by completing a customer comment card and lodging it either at a CSC or mail by reply paid post;
- by email, using a Service Feedback form that can be completed and forwarded via Centrelink's website; and
- by mail or facsimile.

<sup>38</sup> Centrelink Audit, *Performance Audit of Customer Complaint Management*, October 2003, p. 3.

### *Survey data*

**3.13** The 2002 *Centrelink National Customer Satisfaction Study* asked those customers surveyed to identify ways in which they could make a complaint to Centrelink about its service. Some 26 per cent of customers were unable to identify at least one way in which they could make such a complaint. This figure rose to 39 per cent for participants identified as being Indigenous Australians.

**3.14** This question was not asked in 2003. Accordingly a comparison of these results over time cannot be made. Without the ability to undertake such comparisons, Centrelink lacks a quantitative method for determining whether customers' awareness of the available systems for lodging a complaint has improved over a given period of time.

### *Commonwealth Ombudsman*

**3.15** The Commonwealth Ombudsman (the Ombudsman) is responsible for investigating complaints from individuals, groups or organisations about the administrative actions of Commonwealth officials and agencies. The numbers of complaints received by the Ombudsman, where customers have not utilised Centrelink's own complaints handling system<sup>39</sup>, indicates that some customers may be unwilling to use this avenue in the first instance. This may be an indication of a number of issues, including a low level of awareness of Centrelink's complaints handling system or a fear of retribution if a complaint is made directly to Centrelink.

**3.16** The ANAO considers that these indications highlight the need for greater effort on the part of Centrelink to publicise, and to encourage, the use of its complaints handling system by its customers.

### *Centrelink website*

**3.17** The ANAO found that it was difficult for customers and business and community stakeholders to locate information on Centrelink's complaints handling system from its website. The ANAO found that a search for the term 'complaints' on the Centrelink website did not provide customers or stakeholders with information as to all the avenues available to lodge a complaint (such as directly with a Centrelink staff member). The website does not contain information on the way in which Centrelink addresses the complaints that it receives.

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<sup>39</sup> The Commonwealth Ombudsman's *Annual Report 2002–03* (p. 20) documents that the Ombudsman received 9 642 complaints in regard to Centrelink during that year. In 59 per cent of these cases, the Ombudsman decided not to investigate the complaint because Centrelink had not yet been given the opportunity to address the complainant's concerns about its actions. In 2003–04, the Ombudsman received 8 084 complaints about Centrelink, and decided not to investigate in 55 per cent of these cases because Centrelink had not yet been given the opportunity to respond (Commonwealth Ombudsman, *Annual Report 2003–04*, p. 38).

## *Satisfaction data*

**3.18** Centrelink conducts a suite of regular customer satisfaction surveys. None of these surveys asks any questions of participating customers that would allow Centrelink to obtain information on their satisfaction with the complaints handling system, their expectations about the system, or whether they had any suggestions for its improvement. Centrelink also conducts a staff poll every six months. However, there are no questions that are asked of participants regarding the complaints handling system.

**3.19** The ANAO found that Centrelink lacks sufficient information regarding the satisfaction of both its customers and staff with the complaints handling system. This lack of information prevents Centrelink from gaining valuable insight into the operation and performance of complaints handling in the agency, and limits the ability to identify and pursue opportunities for improvement.

## **Fear of retribution (Chapter 4)**

**3.20** During the conduct of the audit, the stakeholders interviewed by the ANAO<sup>40</sup> indicated that many of their clients, particularly those from vulnerable groups, would be unlikely to make a complaint to Centrelink about its service, possibly because of their fear that Centrelink may discriminate against them in the future. This is not to suggest that Centrelink does discriminate, rather that there is a fear or perception that such may occur.

**3.21** The Ombudsman's Good Practice Guide states that, in order to attempt to remove the fear of retribution, agencies should inform clients that they will not be discriminated against as a result of any complaint.<sup>41</sup>

**3.22** There are no guidance or procedural documents within Centrelink that prescribe that all Centrelink staff should inform customers and stakeholders that the complaint information they provide will be treated as confidential, and that they will not be discriminated against as a result of making a complaint.

**3.23** The requirement for organisations to have internal monitoring procedures for their complaints handling systems, to identify any cases of discrimination, is included in both the Ombudsman's Good Practice Guide and the international standard ISO 10002: 2004 on Complaints Handling.

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<sup>40</sup> The ANAO interviewed 28 stakeholder organisations, including advocacy groups, peak bodies representing various customer groups (ranging from the aged to the homeless), and organisations that provide services directly to customers (including assisting customers in their dealings with Centrelink).

<sup>41</sup> Commonwealth Ombudsman's Office, *A Good Practice Guide for Effective Complaint Handling*, 1997, p. 33.

**3.24** Centrelink lacks provisions for an internal follow-up procedure to address the risk of discrimination against customers or stakeholders who lodge a complaint. Such a follow-up procedure could involve contacting a sample of customers who had complained to check that the complaint had indeed been addressed and resolved and that the customer had not encountered any adverse consequences as a result of his/her complaint. The follow-up procedure would also provide an opportunity to inquire about the customer's satisfaction with the complaints handling process.

## **Management of Customer Relations Units (Chapter 5)**

**3.25** Customer Relations Units (CRUs) have been established for all Centrelink ASOs. CRUs act as a central point for the handling and recording of customer feedback, and provide a medium for customers to raise particular issues and have those issues resolved. The Service Recovery Team (SRT), based in Canberra at Centrelink's National Support Office (NSO), is responsible for overseeing<sup>42</sup> the customer feedback system administered by CRUs.

**3.26** However, the SRT does not assume responsibility for the allocation or management of resources within individual CRUs, and does not provide Area Support Offices (ASOs) with specific funding for the operation of CRUs. The SRT does not have any role in defining, standardising, or managing the independent analysis and reporting activities undertaken by the various CRUs across the network.

**3.27** The SRT has advised the ANAO that it is only able to influence, rather than directly manage, CRU operations. As such, the SRT lacks the mandate to ensure that a CRU adopts identified best practice, even where it is evidenced and implemented by other CRUs.

**3.28** The inability of the SRT to exercise some management control over service delivery within CRUs, and to mandate the implementation of better practice, limits Centrelink's ability to deliver, across the network, consistency in the manner in which complaints are recorded, analysed and resolved. Furthermore, better practice and identified gaps in service delivery that have

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<sup>42</sup> The SRT's role in relation to CRUs is to:

- provide information and support to Area CRUs about upcoming national initiatives;
- establish and maintain an endorsed set of national protocols and standards for CRU operation;
- act as a liaison point for Area CRUs wishing to feed national concerns into NSO;
- direct customer feedback lodged via the internet to the Area best equipped to respond;
- maintain a master copy of the CRU database; and
- maintain a helpdesk role for Area CRUs.

been addressed by one CRU, may not always be implemented by, or even known to, another CRU if they are not incorporated in the national protocols.

## **Monitoring of the complaints handling system (Chapter 6)**

### *Oral complaints received at a CSC*

**3.29** ANAO considers that there is a substantial risk that Centrelink's data regarding the total number and types of complaints received by the agency are inaccurate, as data on oral complaints received at CSCs are severely limited.

**3.30** In order to facilitate the recording of oral complaints received at a CSC, Centrelink staff who receive such a complaint are required to complete and submit a Customer Feedback Sheet (CFS). However, CSC staff members interviewed by the ANAO advised that it was not common practice to complete a CFS when they received or resolved a complaint made directly to them by a customer. Centrelink data show that in April 2003, of the 2 543 complaints recorded by CRUs, only two were recorded as being made by customers to staff in a CSC.

**3.31** Limitations in the design of the CFS results in a range of important information about individual oral complaints reported to CRUs not being recorded, even when the CFS form is completed by staff in CSCs. These issues compromise the reliability and integrity of Centrelink complaints data, and the ability to identify opportunities to improve service delivery and organisational processes.

### *Customer comment cards*

**3.32** The Centrelink customer comment card entitled *Tell us what you think* (comment card) is available to Centrelink customers in each CSC. The comment card allows customers to provide feedback on any aspect of Centrelink service.

**3.33** Evidence available to the ANAO indicates that there is a low awareness amongst customers regarding the ability to lodge a complaint via a comment card. The ANAO considers that the design of the comment card may be a contributing factor to this low awareness. In particular, there appears to be a low awareness, or a general reluctance, amongst customers from a diverse cultural and linguistic background (DCALB) to use comment cards as a mechanism to lodge a complaint, despite the availability of translated versions of the forms.

**3.34** Contrary to the relevant Centrelink national instruction, it is not the practice of all Centrelink CSC Managers to forward copies of completed comment cards to the local CRU. This limits opportunities for this feedback to be taken into account by Centrelink more broadly. Centrelink is also inhibited

from adequately reporting information regarding this feedback to Parliament and the public.

### *Stakeholder complaints*

**3.35** Feedback by the community and business sectors can provide a rich source of intelligence for Centrelink. At present, feedback from these stakeholders cannot be recorded (other than from the Welfare Rights Network) in Centrelink's complaints database (CFAD).

**3.36** The absence of any record of other stakeholder complaints means Centrelink is unable to monitor whether or not they are resolved in a timely and satisfactory manner, and are appropriately analysed to identify opportunities for improvement in service delivery and organisational processes.

### *Multiple complaints*

**3.37** Centrelink is unable to identify where a customer has made multiple complaints about the same issue, or where a particular staff member or a CSC has been the subject of multiple complaints. CRU staff taking calls on the 1800 number are reliant on customers' explanations of the nature of their complaint and/or their own memory or experience in order to identify multiple complaints. The ANAO considers that, without a process to systematically collect information on the existence, nature and scope of multiple complaints, Centrelink's ability to identify emerging or significant trends in its complaints data is impaired.

## **Reporting (Chapter 7)**

**3.38** The ANAO found that there was a lack of consistency in the reporting and use of customer feedback received by CRUs, amongst ASOs and Centrelink staff more generally. In addition, Centrelink does not fully employ the functionality of the telephone system used by each of the CRUs, to report on telephone call wait times, and telephone call drop out rates, across the CRU network.

**3.39** The manner in which Centrelink reports information on its complaints handling system in its annual report is misleading as it labels customer contacts incorrectly. Also, Centrelink's annual report does not include performance information in line with that identified in the Ombudsman's Guide as good practice.

**3.40** The ANAO considers that the absence of such performance information in the annual report impacts adversely on Centrelink's ability to improve the accountability of its complaints handling system. It also prevents Centrelink from providing a more robust assessment of its complaints handling system, such as demonstrating its effectiveness, value for the investment in the system,

and the impact it has had in improving its service delivery to customers and stakeholders.

## **Cost and Quality Assurance (Chapter 8)**

### *Cost*

**3.41** During audit fieldwork, the ANAO found that the overall cost of the complaints handling system was unknown to Centrelink. Therefore, the average cost of processing a complaint was also not known. The total number of complaints received by Centrelink through all sources is also unknown.

**3.42** Given the known number of customer contacts to the CRU network, and the associated resources required to process and respond to these contacts, there is a potential for cost savings and increased efficiency, without compromising the integrity and effectiveness of customer service provided by the CRU network. Centrelink would benefit from better monitoring of the cost of the complaints handling system to ascertain relative productivity and cost efficiency, and to achieve future cost savings which would enhance effectiveness.

### *Quality assurance*

**3.43** The SRT in NSO plays no role in mandating or applying a consistent measure of quality assurance in the resolution of complaints made to Centrelink regarding its service. The responsibility for ensuring the quality of CRU customer service, complaints handling and the quality of complaints data, rests with the local Area Manager and CRU team leader.

**3.44** During the conduct of the audit, no evidence was provided to the ANAO by Centrelink to establish the existence of a quality assurance mechanism that would assist each Area Manager or CRU team leader to adequately discharge these responsibilities; nor ensure consistency across the national network in quality assurance activities.

**3.45** The ANAO considers that the lack of an effective quality assurance mechanism for the handling of complaints prevents Centrelink from ensuring that all complaints are recorded, analysed, reported and resolved in an appropriate and timely manner. In addition, customers and stakeholders may be without redress for a considerable period of time, where Centrelink does not identify instances where complaints have been finalised on the agency's systems, but that in fact adequate resolution action has not been undertaken.

**3.46** The ANAO considers that the lack of an effective quality assurance mechanism may also adversely affect the reliability, integrity and quality of the information Centrelink obtains through complaints, and the subsequent analysis of this information.



## Overall audit conclusion

**3.47** Centrelink has a well developed complaints handling system, supported by a network of Customer Relations Units (CRUs). The CRUs deal with around 200 000 customer contacts each year, including around 40 000 complaints.

**3.48** The ANAO concluded that, while Centrelink's complaints handling system is well developed, there are opportunities to improve the effectiveness, efficiency and economy of the system through improvements to Centrelink's methods for gathering, measuring, reporting and responding to complaints. Such improvements would make the system more accessible to customers, and provide more robust complaints information to Centrelink for use in enhancing service delivery.

## Recommendations and agency response

**3.49** The ANAO made 12 recommendations to improve Centrelink's complaints handling system.

**3.50** The CEO of Centrelink advised the ANAO on 7 February 2005 that he welcomed the report and agreed with all the recommendations. No additional comments were provided for attachment to the report.

# Recommendations

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## Recommendation No.1

The ANAO recommends that Centrelink take prompt action to address the finding of its October 2003 internal audit report on Customer Complaint Management, which identified that there is a significant inconsistency across the customer service network in the frequency of prompt resolution of complaints at the point at which they are received.

*Centrelink response:* Agree.

## Recommendation No.2

The ANAO recommends that Centrelink:

- (a) re-commence surveying customers regarding their awareness of its complaints handling system; and
- (b) as part of its overall communications strategy, identify ways to enhance customer awareness of its complaints handling system.

*Centrelink response:* Agree.

## Recommendation No.3

The ANAO recommends that Centrelink redesign its Internet website to:

- (a) ensure that a search on the term 'complaint' provides pertinent information to customers and stakeholders on its complaints handling system;
- (b) provide customers and stakeholders with more explicit information as to the various avenues by which to lodge a complaint;
- (c) ensure that information on Centrelink's complaints handling system is easily identifiable by customers and stakeholders; and
- (d) allow customers, and stakeholders to lodge a complaint without being required to navigate through numerous webpages.

*Centrelink response:* Agree.

**Recommendation  
No.4**

The ANAO recommends that Centrelink regularly survey its customers and staff regarding their satisfaction with the complaints handling process.

*Centrelink response:* Agree.

**Recommendation  
No.5**

The ANAO recommends that Centrelink, in accordance with the Commonwealth Ombudsman's Good Practice Guide for Effective Complaint Handling:

- (a) include, in each avenue available for the lodgement of a complaint, an explicit statement that assures customers and stakeholders of the confidentiality of the information they provide; and
- (b) establish an internal follow-up procedure to address the risk of discrimination against customers or stakeholders who lodge a complaint.

*Centrelink response:* Agree.

**Recommendation  
No.6**

The ANAO recommends that Centrelink implement a system to:

- (a) improve and monitor national consistency in the way in which complaints are recorded, analysed and resolved by CRUs; and
- (b) facilitate the timely promulgation and adoption of better practice across all CRUs.

*Centrelink response:* Agree.

**Recommendation  
No.7**

The ANAO recommends that Centrelink:

- (a) improve controls for ensuring that all oral complaints are recorded in an appropriate and timely manner within the CFAD; and
- (b) revise the CFS to include a greater range of relevant information to facilitate improved recording and analysis of oral complaints lodged at a CSC.

*Centrelink response:* Agree.

**Recommendation  
No.8**

The ANAO recommends that Centrelink:

- (a) improve controls for ensuring that all completed comment cards are forwarded to the relevant CRU;
- (b) redesign the comment card to enhance customer awareness of its availability as an avenue to lodge a complaint;
- (c) identify ways of more generally improving customer awareness regarding the availability of comment cards as a feedback channel; and
- (d) identify ways of improving the current communication strategies implemented by Centrelink to increase DCALB customer awareness regarding the availability of comment cards and DCALB fact sheets.

*Centrelink response:* Agree.

**Recommendation  
No.9**

The ANAO recommends that Centrelink develop the necessary functionality within the CFAD to allow for the recording, monitoring and analysis of complaints lodged by all stakeholders within the business and community sectors.

*Centrelink response:* Agree.

**Recommendation  
No.10**

The ANAO recommends that Centrelink develop the necessary functionality within the CFAD to allow for the recording, monitoring and analysis of multiple complaints about the same issue, a particular staff member and/or CSC.

*Centrelink response:* Agree.

**Recommendation  
No.11**

The ANAO recommends that Centrelink:

- (a) report on the full range of performance information on its complaints handling system identified as good practice by the Ombudsman's Good Practice Guide;
- (b) commence monitoring and reporting on telephone call wait times and telephone call drop out rates across the CRU network;
- (c) accurately report the true nature of all customer contacts recorded by the CRU network; and
- (d) implement a system to develop national consistency in the reporting and use of data obtained by its complaints handling system.

*Centrelink response:* Agree.

**Recommendation  
No.12**

The ANAO recommends that Centrelink implement an effective quality assurance mechanism for the administration and monitoring of its complaints handling system.

*Centrelink response:* Agree.

## 4. Centrelink's Review and Appeals System (Audit Report No.35 2004–05)

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*This chapter provides the summary of key findings, the overall audit conclusion and recommendations from the ANAO's audit of Centrelink's review and appeals system.*

### Background

**4.1** In 2003–04, Centrelink delivered services to 6.5 million customers, or approximately one-third of the Australian population. A number of these customers are the most vulnerable<sup>43</sup> in our society, and are those who have a heavy dependence on Centrelink.

**4.2** Centrelink has recognised the importance of regularly seeking feedback from its large customer base on the quality of the services provided by the agency's extensive customer service network. Consequently, Centrelink has a number of processes in place from which to obtain customer feedback. Some of these are Centrelink initiated, such as customer surveys; others are customer initiated, such as complaints and use of the review and appeals system.

**4.3** With some six million customers, Centrelink will make many millions of decisions in a year, ranging from processing fortnightly income statements to undertaking complex pension assessments (though many decisions are computer generated). However, many Centrelink customers are dependent on the payments they receive from Centrelink, and an incorrect decision may have severe economic and other impacts on them. Therefore, it is important that customers have access to a method for having decisions reviewed which they feel are incorrect. To this end, a review and appeals process is enshrined in the Social Security Law.

**4.4** Part 4 of the *Social Security (Administration) Act 1999* covers the Review of Decisions, and prescribes internal review processes, and the processes for external reviews by the Social Security Appeals Tribunal (SSAT) and the Administrative Appeals Tribunal (AAT). The *A New Tax System (Family Assistance) (Administration) Act 1999* also has provisions for review of decisions.

**4.5** Centrelink's internal review processes are the Original Decision Maker (ODM) reconsideration, followed by the Authorised Review Officer (ARO) review. This report focuses on these processes.

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<sup>43</sup> Vulnerable customers may include those customers who: are homeless; have a drug or alcohol dependency; have low levels of literacy or numeracy; have a mental health condition; are Indigenous; and/or come from a diverse cultural and linguistic background.

**4.6** While Centrelink officers make many millions of decisions a year, the numbers of decisions for which customers request a review are relatively few, but significant. The available information on the number of ODM reconsiderations suggests that a minimum of 109 000 reconsiderations were undertaken in 2002–03, flowing on to 39 383 ARO reviews.

**4.7** Access to the review and appeals system is a central right of Centrelink's customers. The system is a method of assuring stakeholders and the community that customers receive their correct entitlements and that their rights are observed. However, the appeals system does not just provide the opportunity for mistakes in individual cases to be remedied, it also generates information that could inform broader process improvement for both administration and service delivery, and alerts both Centrelink and the responsible policy departments to problems with the interpretation of legislation.

## Audit approach

**4.8** The primary objective of this audit was to examine the effectiveness, efficiency and economy of the review and appeals system as a tool for Centrelink to gather, measure, report and respond effectively to customer feedback, and the extent to which Centrelink uses the data obtained to improve service delivery. The focus of the audit was on the internal review processes undertaken by the ODM and ARO. Accordingly, the ANAO examined:

- the legislative bases for the processes;
- customer awareness of the processes;
- the transparency of the processes;
- monitoring and reporting; and
- cost and quality issues.

**4.9** The ANAO also briefly examined the role of Centrelink Advocates.

## Key findings

### Original Decision Maker Reconsideration (Chapter 2)

#### Overview

**4.10** The *Social Security (Administration) Act 1999* (SSA Act) allows a person affected by a decision of a Centrelink officer to apply to the Secretary of the Department of Family and Community Services (FaCS) for review of the

decision.<sup>44</sup> If a person applies for review of a decision, the Secretary, the CEO or an ARO must review the decision.<sup>45</sup> However, in practice, Centrelink policy includes another step in the process prior to the ARO review. This is the Original Decision Maker (ODM) reconsideration step, where the Customer Service Officer (CSO) who originally made the decision reviews the case.

#### *Awareness of the ODM reconsideration process*

**4.11** Stakeholders to whom the ANAO spoke during fieldwork for this audit<sup>46</sup> commented that customers were not commonly aware of the appeal process in general, the ODM reconsideration process specifically, or were confused regarding the difference between an ODM reconsideration and an ARO review.

**4.12** Centrelink does not systematically collect information regarding customer awareness of the ODM reconsideration process. Information on this issue is not sought through either Centrelink's various customer surveys or other sources, such as Value Creation Workshops.

**4.13** Given the ODM reconsideration process is the first step in Centrelink's internal review system, and the most common review undertaken, it is important that customers are aware that the process occurs and of the difference between an ODM reconsideration and an ARO review. Collecting information on customer awareness of the ODM reconsideration process is one step in meeting this requirement.

#### *Disincentive effect*

**4.14** The ANAO notes that, for effective access to administrative review, customers not only need to be aware of review processes available to them, they also need to be reassured that they will not suffer any adverse consequences for appealing and that the appeals process will not be overly onerous or time consuming; that is, experiencing so called 'appeal fatigue'.

**4.15** During this series of audits of Centrelink's feedback systems, fear of retribution was an issue repeatedly raised with the ANAO by stakeholders, not only in relation to the review and appeals system but also in relation to a number of other feedback systems, such as the complaints handling system

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<sup>44</sup> *Social Security (Administration) Act 1999*, section 129.

<sup>45</sup> *Social Security (Administration) Act*, section 135 (1).

<sup>46</sup> The ANAO interviewed 28 stakeholder organisations, including advocacy groups, peak bodies representing various customer groups (ranging from the aged to the homeless), and organisations that provide services directly to customers (including assisting customers in their dealings with Centrelink). Accordingly, the stakeholder groups interviewed varied from national peak bodies with substantial resources and high level access to Centrelink through to customer advocates and groups that provide assistance to Centrelink's most vulnerable customers. The results of these interviews have been used to inform the findings of all of the audits in the Centrelink Customer Feedback Systems series.



and the satisfaction surveys. Stakeholders indicated that many of their clients, particularly those from vulnerable groups, would be unlikely to appeal a decision due to their fear that Centrelink may discriminate against them in the future.

### *Transparency to the customer*

**4.16** The ANAO found that the ODM reconsideration process is not transparent to customers and that customers are confused regarding the difference between ODM and ARO reviews. Customers may not be aware of their right under the Social Security Law to go directly to an ARO for a review, and Centrelink practices mean that this right may not be discussed explicitly with the customer.

**4.17** During fieldwork for this audit, both Centrelink staff and stakeholders interviewed by the ANAO advised that, when a customer asks for a review, the common practice is to ask the customer to fill in a form (Form SS351). This form is used for both ODM reconsiderations and ARO reviews. This creates confusion for customers as the form is entitled *I want to ask for a review of a decision by an Authorised Review Officer* (Form SS351).

**4.18** Despite the advice set out in the form, it is not the case that, having completed this form, a customer's request for a review by an ARO is directly referred to an ARO for action. Also, nowhere on the form does it say that it is also used to obtain an ODM reconsideration or that it is Centrelink policy that a customer's request for review be first referred to the ODM, prior to any review by an ARO, even if the customer has specifically requested an ARO review.

**4.19** It is important that customers are informed of their rights, and that it is clear to them what process they are agreeing to and who will be conducting any review they have requested. This clarity is especially important for Centrelink's most vulnerable customers.

### *Monitoring*

**4.20** Given that Centrelink has introduced the ODM reconsideration process, it is important that it is monitored for efficiency and effectiveness, particularly given the potentially large number of reconsiderations and the associated cost. Monitoring of the number, type and location of ODM reconsiderations is important because it would allow Centrelink to identify systemic issues, and to identify areas for process improvement. This information is also the first available relating to the customers' concerns with decisions.

**4.21** While monitoring of the ODM reconsideration process is important, Centrelink is currently unable to undertake such monitoring effectively, as ODM reconsiderations data are incomplete and not comprehensive. Without

sufficient data, proper analysis is not possible and a valuable opportunity, for the identification of process improvements and potential cost savings, is lost.

**4.22** The major source of ODM reconsideration data is from Centrelink's APL system.<sup>47</sup> However, during fieldwork, Centrelink officers in the Service Recovery Team (SRT)<sup>48</sup> of National Support Office (NSO) advised the ANAO that the ODM data on the APL system were not reliable. They said this was because recording of ODM reconsiderations on the APL system was not mandatory, and therefore not all ODM reconsiderations were entered into the system.

### *Reporting*

**4.23** Data on ODM reconsiderations are not reported in the Centrelink annual report, the data were not requested by FaCS under the *Business Partnership Agreement, 2001-2004* (in place at the time of audit fieldwork), nor are the data included in Centrelink's internal reporting systems, such as the Balanced Scorecard. While ODM data were included in the internal *National Review and Appeals Statistics 2002/2003 Financial Year Report*, and some discussion of issues was also included, the under-reporting of ODM reconsiderations means that the data should be used with caution.

### *Cost and quality*

**4.24** During fieldwork, the ANAO interviewed Centrelink officers from NSO, Areas and CSCs<sup>49</sup> regarding the ODM reconsideration process. When asked about the cost of the ODM reconsideration process, Centrelink officers stated that both the overall cost of the process and the average cost of an ODM reconsideration was unknown. This is not surprising given that the number of ODM reconsiderations is also unknown.

**4.25** Given the cost of the ODM reconsideration process is unknown, the cost efficiency of the process cannot be assessed. Also, without information on the cost of the process, better practice leading to cost savings cannot be identified.

**4.26** Centrelink does not monitor the timeliness or quality of ODM reconsiderations. Centrelink also does not monitor whether, following a customer's request for an ODM reconsideration, the request is recorded and subsequently completed. This leaves open the possibility that a customer's

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<sup>47</sup> The APL system is a computer database used by Centrelink to record customers' appeals at the ODM, ARO and SSAT levels.

<sup>48</sup> The Service Recovery Team has national responsibility for service recovery activities including review and appeals and complaints.

<sup>49</sup> The ANAO conducted interviews with Centrelink managers, key National Support Office staff and staff in Area Support Offices and Customer Service Centres in six of the 15 Areas. These Areas are located in New South Wales, Victoria and the Australian Capital Territory.

request will be ignored, unless the customer follows up on the outcome. Generally, the identification of problems with the quality of the ODM reconsideration relies on the customer escalating their request to an ARO.

## **Authorised Review Officer Review (Chapter 3)**

### *Overview*

**4.27** The ARO review is the first step in the legislated appeals process. There are around 180 Authorised Review Officers (AROs) in the Centrelink network. AROs are experienced officers who are not involved in the original decision making process. This removal from the original decision is important as it allows the ARO to provide a more independent review of a decision, when a customer requests such a review.

### *Awareness of the ARO review*

**4.28** Appealing a decision is a critical right of the customer under Social Security Law. Making customers aware of the appeals process is the first step in ensuring that customers are empowered to exercise their right to appeal, should they consider that a Centrelink decision is incorrect.

**4.29** The only data on customers' awareness of the appeals process is a question included in Centrelink's annual National Satisfaction Survey. This question asks whether 'Centrelink staff have explained to you how to get a decision reviewed or to make an appeal'. Only 52 per cent of respondents agreed that staff had explained this to them, and this was identified as a weak area in the survey report. However, no further information was elicited to find out the reasons why such a low number of respondents agreed with the statement.

**4.30** Without data, Centrelink cannot determine whether awareness of appeal rights, or satisfaction with the appeals process, has increased over time, overall or for different categories of customers.

**4.31** There is a view amongst the stakeholders interviewed by the ANAO that there is a disincentive effect for customers to pursue a review, particularly beyond the ODM reconsideration stage. The ANAO considers that it is, therefore, important that Centrelink examine this disincentive effect, as well as undertaking work to determine whether customers are aware of their appeal rights.

### *Monitoring and Reporting*

**4.32** Centrelink reports on the ARO process in its annual report, and in reports to FACS under the *FaCS/Centrelink Business Partnership Agreement*,

2001–2004 (BPA).<sup>50</sup> Centrelink produces internal reports that provide information at the Area level, and performance information reports at the CSC level can also be generated. Timeliness is the major focus of monitoring and reporting in all these reports. Secondary reporting is related to the outcome of the appeal. There is little qualitative analysis in these reports. Appeals information is not explicitly included in Centrelink's Balanced Scorecard.

**4.33** The BPA sets out reporting requirements related to appeals data. This data focused on numbers and timeliness information. Under the BPA, FaCS did not specifically require information that provided analysis and identification of systemic issues, and possible causes and appropriate remedial actions. Under the BPA, FaCS could request information relating to the accessibility of the review and appeals system, and cost and quality information. This information would be valuable to assess the effectiveness and efficiency of the appeals system. However, FaCS advised the ANAO that it had never requested this information.

**4.34** Any future requests from FaCS, and now Departments of Employment and Workplace Relations (DEWR), and Education, Science and Training (DEST), for this type of information would require Centrelink to develop systems to collect the appropriate data, and analysis of such data has the potential to achieve improvements in the areas of accessibility, cost and quality.

### *Cost*

**4.35** The ANAO was informed that AROs are funded at the Area level, and the Areas determine the number of ARO positions they will fund from available resources. The SRT has an advisory role in the ARO process, but has no control over the number of AROs in each Area. The SRT advised that it has no information on the cost of funding ARO positions, nor any information on the cost of ARO decisions, although it had a 'guesstimate' of \$12 million a year (based on 1997 data). While the Areas know the cost of funding ARO positions in their Area, they advised that they do not know the cost of ARO decisions.

**4.36** Given the significant cost of the ARO process (even at the potential underestimate of \$12 million per annum), and the concomitant potential for cost savings, Centrelink would benefit from a better understanding of the cost to the agency of the review and appeals system.

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<sup>50</sup> ANAO's fieldwork for this audit was conducted between October 2003 and July 2004. Up until 1 July 2004, the relationship between FaCS and Centrelink was governed by the *Business Partnership Agreement, 2001–2004* (BPA). A new agreement came into force between the agencies from 1 July 2004, the *FaCS/Centrelink Business Alliance Agreement 2004 to 2008*. ANAO's analysis in this audit report chiefly relates to the 2001–2004 BPA.

**4.37** The ANAO cannot assess the cost efficiency of the system as the total cost of the appeals system is unknown. Also, without information on the cost of the system, Centrelink is hampered in identifying efficiencies or better practices which may lead to cost savings.

### *Quality*

#### SSAT reviews

**4.38** The ANAO found that there are problems with the monitoring of the quality of ARO decisions. There is a reliance on customers escalating a review to the SSAT to trigger an assessment of quality. While a quality assurance form for peer checking has been developed, and the 2002 national ARO conference agreed to its implementation by July 2003, only one of the six Areas visited by the ANAO during fieldwork had implemented peer checking.

**4.39** The customers who escalate their cases to the SSAT may not be representative of all Centrelink customers. Various stakeholders and Centrelink officers advised the ANAO that vulnerable customers were less likely to appeal in general, and also less likely to proceed to the SSAT having had the original decision affirmed by the ARO. Therefore, using the SSAT review as the sole quality check for ARO reviews may introduce some bias in terms of the information produced and how it is used.

#### ARO training

**4.40** The ANAO found during fieldwork that there was no process for the accreditation of AROs, or any monitoring of the currency of ARO skills. The ANAO considers that the minimum requirement for assurance of the expertise of AROs across Centrelink's network would involve the delivery of a mandated national training package, that all AROs undertake, and that this participation is monitored and recorded. Centrelink advised the ANAO in November 2004 that work is progressing on accredited learning and skilling of AROs.

#### Promotion of quality decision making

**4.41** Centrelink has identified the promotion of quality decision making as one of the roles to be undertaken by AROs. The SRT has no role in monitoring the promotion aspects of the ARO role. Consequently, no national information is collected on how AROs carry out this role. Accordingly, Centrelink does not have any mechanism in place to monitor the effectiveness and efficiency of how this role is being carried out by AROs across the network, which limits the capacity to identify any better practices in the conduct of the promotion aspects of the ARO role.

## Identifying and promulgating better practice

**4.42** The ARO Team Room<sup>51</sup> was identified by the AROs, interviewed by the ANAO, as a major way of sharing information and better practice across the ARO network. However, the SRT advised the ANAO that it estimated that only 12 AROs regularly contribute to discussions, out of the 180 AROs nationally. This limits the usefulness of the Team Room as a method for identifying and promulgating best practice.

**4.43** The ANAO found that the SRT has limited ability to mandate Area practices in relation to the review and appeals system. This finding was reinforced by Centrelink's 2004 internal audit of Appeal Seekers' Experience which found that:

there was no formal ability within the SRT to harvest best/better practice nor develop standard processes, practices and procedures for promulgation to a compliant national community of AROs. There was evidence that this had been achieved ad hoc, but not to a level where there had necessarily been Network-wide acceptance of all technical controls.<sup>52</sup>

**4.44** It is important that systems are in place to allow for national consistency in the appeals process, and the identification and promulgation of better practice across the Centrelink network.

## Centrelink Advocates (Chapter 4)

**4.45** The primary role of Centrelink Advocates is to identify SSAT decisions to be appealed to the Administrative Appeals Tribunal (AAT), and to represent Centrelink and FaCS in AAT matters. During ANAO fieldwork, Centrelink Advocates were identified as providing a quality check for ARO decisions.

**4.46** The Advocate role is complex, given the specialist role and the level of representation required. Given this complexity, and the importance of the Advocate role in providing quality assurance to ARO decisions, assurance as to the expertise of the Advocate is needed, as well as assurance that there is national consistency in the conduct of the Advocate process.

**4.47** However, the Centrelink internal audit of Appeal Seekers' Experience found that quality and consistency of individual Advocates was discernible by the AAT<sup>53</sup>, and recommended the accreditation of Advocates. The SRT agreed, indicating steps are in train.<sup>54</sup>

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<sup>51</sup> The ARO Team Room is an online chat room on the Centrelink intranet, which AROs can log into, and find out about, changes in legislation and other policy information, and also contribute to discussions.

<sup>52</sup> Centrelink, *Final Audit Report, Appeal Seekers' Experience*, February 2004, p. 15.

<sup>53</sup> *ibid.*, p. 6.

<sup>54</sup> *ibid.*, pp. 28–29.

## Overall audit conclusion

**4.48** Many Centrelink customers are dependent on the payments they receive from Centrelink, and an incorrect decision may have severe economic and other impacts on them. Therefore, it is important that customers have access to a method for having decisions reviewed which they feel are incorrect. To this end, Centrelink has an extensive internal review and appeals system, which is mature and underpinned by legislation. Centrelink makes many millions of decisions in a year. However, the numbers of decisions for which customers request a review are relatively few, but significant.

**4.49** The ANAO concluded that, while Centrelink's review and appeals system is extensive and well established, there are opportunities to improve the effectiveness, efficiency and economy of the system through improvements to Centrelink's methods for gathering, measuring, reporting and responding to requests for ODM reconsiderations and ARO reviews. Such improvements would make the system more transparent and accessible to customers, and provide more accurate review and appeals information to assist Centrelink to enhance service delivery.

## Recommendations and agency response

**4.50** The ANAO made 10 recommendations to improve Centrelink's review and appeals system.

**4.51** The CEO of Centrelink advised the ANAO on 7 February 2005 that he welcomed the report and agreed with all the recommendations. No additional comments were provided for attachment to the report.

# Recommendations

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**Recommendation No.1** The ANAO recommends that Centrelink monitor and report on customer awareness of, and satisfaction with, the ODM reconsideration process.

*Centrelink response:* Agree.

**Recommendation No.2** The ANAO recommends that Centrelink develop a separate form for customers to request an ODM review, which records the customer's agreement not to proceed directly to an ARO review.

*Centrelink response:* Agree.

**Recommendation No.3** The ANAO recommends that Centrelink explicitly inform customers, who request a review, that they are not obliged to agree to an ODM review but have a legislative right to go directly to an ARO.

*Centrelink response:* Agree.

**Recommendation No.4** The ANAO recommends that Centrelink:

- (a) require staff to record all ODM reconsiderations on the APL system; and
- (b) include in relevant Centrelink internal reports information gathered through monitoring and reporting of ODM reconsiderations.

*Centrelink response:* Agree.

**Recommendation No.5** The ANAO recommends that Centrelink develop and implement quality control processes for ODM reconsiderations.

*Centrelink response:* Agree.

**Recommendation No.6** The ANAO recommends that Centrelink monitor and report on customer awareness of their appeal rights and satisfaction with the appeals process, including any disincentive effects.

*Centrelink response:* Agree.



**Recommendation  
No.7**

The ANAO recommends that Centrelink develop, in consultation with DEWR, FaCS and DEST, performance indicators for the quality and cost of the appeals system.

*Centrelink response:* Agree.

**Recommendation  
No.8**

The ANAO recommends that Centrelink mandate and implement quality assurance processes for ARO decisions across the Centrelink network.

*Centrelink response:* Agree.

**Recommendation  
No.9**

The ANAO recommends that Centrelink develop and implement a process for the accreditation of AROs, and monitor delivery of the training package and AROs' participation.

*Centrelink response:* Agree.

**Recommendation  
No.10**

The ANAO recommends that Centrelink develop and implement national systems for the identification of better practice in ARO reviews and its timely distribution across the Centrelink network.

*Centrelink response:* Agree.

## 5. Centrelink's Value Creation Program (Audit Report No.36 2004–05)

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*This chapter provides the summary of key findings, the overall audit conclusion and recommendations from the ANAO's audit of Centrelink's Value Creation program.*

### Background

**5.1** In 2003–04, Centrelink delivered services to 6.5 million customers, or approximately one-third of the Australian population. A number of these customers are the most vulnerable<sup>55</sup> in our society, and are those who have a heavy dependence on Centrelink.

**5.2** Centrelink has recognised the importance of regularly seeking feedback from its large customer base on the quality of the services provided by the agency's extensive customer service network. Consequently, Centrelink has a number of processes in place from which to obtain customer feedback. Some of these are Centrelink initiated, such as customer surveys; others are customer initiated, such as complaints and use of the review and appeals system. The Value Creation program is another important Centrelink initiated mechanism for obtaining customer feedback.

**5.3** Value Creation Workshops (VCWs) are structured and facilitated focus groups that involve both the 'customers'<sup>56</sup> of the services delivered by Centrelink and the 'providers'<sup>57</sup> of these services. The workshops are intended to allow customers to provide direct feedback to Centrelink and its staff regarding the services that they receive.

**5.4** Centrelink, in commenting on the benefits provided by VCWs, stated that: 'the local information that we obtain from the surveys and workshops is proving to be one of the most powerful tools for our customer service centres.'<sup>58</sup>

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<sup>55</sup> Vulnerable customers may include those customers who: are homeless; have a drug or alcohol dependency; have low levels of literacy or numeracy; have a mental health condition; are Indigenous; and/or come from a diverse cultural and linguistic background.

<sup>56</sup> Customers can include; recipients of social security entitlements, community group representatives and business partners.

<sup>57</sup> Providers can include Customer Service Officers (CSOs), Centrelink Managers, and Specialist Officers.

<sup>58</sup> Sue Vardon (former CEO of Centrelink), *Best Practice in Federal Government Service Delivery, Second International Conference on Caring*, Brisbane, 30 March 2000, p. 2 cited in <<http://www.valuecreation.com.au/info/vardon.asp>>.

**5.5** Centrelink's view is that the use of VCWs provides it with a mechanism for 'leveraging cultural change to develop a customer-centric organisation'<sup>59</sup>, and that it 'combines market research with cultural change in an experiential learning setting, ensuring a greater degree of learning stick'.<sup>60</sup>

**5.6** More than 1 500 workshops have been conducted since 1997. Centrelink has estimated that 27 000 Centrelink staff members have attended a VCW. Many thousands of customers would also have attended a workshop, as well as numerous community sector representatives.

## Audit approach

**5.7** The primary objective of this audit was to examine the effectiveness, efficiency and economy of the Value Creation program as a mechanism for Centrelink to gather, measure, report and respond effectively to customer feedback, and the extent to which Centrelink uses the data obtained to improve service delivery. Centrelink also uses the Value Creation program for other purposes, such as to engender cultural change in the agency. A secondary objective of this audit was to examine the effectiveness of the Value Creation program in achieving the additional outcomes expected of the program by Centrelink.

## Key findings

### Overview

**5.8** Centrelink commenced its Value Creation program shortly after the agency was established in 1997. Centrelink set up the program up with a number of objectives in mind, but advised the ANAO that the pre-eminent purpose was to facilitate cultural change within the organisation to improve the customer focus. However, the program also generates a range of data that Centrelink advised the ANAO was an important component of its customer feedback systems.

### Value Creation program (Chapter 2)

#### *Value Creation Workshops (VCWs)*

**5.9** Centrelink's Value Creation program involves the conduct of a range of different sorts of VCWs across the Centrelink network. The basic type of VCW conducted by Centrelink is the Primary or 'Customer Service' Workshop. This type of VCW was the original workshop run by Centrelink starting in 1997 and

<sup>59</sup> Centrelink, *Regulation 10 Approval for Spending Proposal Summary Paper*, submission to the Minister for Finance and Administration, 22 July 2003, p. 1.

<sup>60</sup> *ibid.*

is still a significant part of the suite of VCW products available and used in the agency. A Primary Workshop involves the staff of an individual Customer Service Centre (CSC), or Call Centre, directly listening to feedback provided by customers who use the services provided by that particular CSC or Call Centre.

### *Impact of staff involvement*

**5.10** During audit fieldwork, the ANAO conducted a number of interviews with external stakeholders regarding the participation of their clients in the VCW process. These stakeholders held the view that, should any of their clients be asked to participate in a VCW, while some would not censor their responses, many would be apprehensive about the presence of Centrelink staff.

**5.11** The issue of a dependency relationship between customers and Centrelink could lead to customers not answering openly during the conduct of a VCW, due to the fear of retribution.<sup>61</sup> Any fear of retribution may potentially be amplified given that Centrelink staff members are present in the same room, and that some of these staff may be those with whom the customers may regularly interact to receive their payments.

**5.12** The ANAO considers that there would be benefit in Centrelink conducting testing to establish whether the presence of staff in VCWs adversely impacts on customers' behaviours. If Centrelink's testing indicates that this is the case, then any information generated by VCWs would need to be used in the context of the possibility that customers are not open about their experiences. Centrelink may also need to identify ways to minimise this impact.

### *Selection of customers*

**5.13** There are no mandated selection procedures for the recruitment of customers to a VCW, though Centrelink guidance outlines options that could be used using a quota approach (such as asking every third person until enough customers have been recruited). The Australian National University's Research School of Social Sciences has advised the ANAO that there is considerable evidence in public opinion surveys to suggest that, where quota sampling is utilised to select respondents, interviewers often select those respondents whom they believe will be the easiest to handle and the most compliant in an interview context. Centrelink staff interviewed by the ANAO indicated that they selected customers from the CSC public contact area whom they felt would be most likely to participate.

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<sup>61</sup> 'Fear of retribution' is a term used by both the Commonwealth Ombudsman in the guide, *A Good Practice Guide for Effective Complaint Handling*, and by other stakeholders whom the ANAO interviewed during audit fieldwork.

**5.14** Centrelink advised the ANAO on 1 September 2004 that 'in addition to selecting customers at random, the customer must be willing and able (literate) to participate'. This may lead to an under-representation of the most vulnerable customers.

**5.15** A non-random selection process may lead to the sample becoming biased, and the intelligence obtained by the process being skewed, as well as being potentially unreliable. Therefore, the impact of the selection process needs to be factored into any analysis of data from the VCW.

#### *Selection of staff*

**5.16** Centrelink guidance does not specify a mandatory method for staff selection. However, guidance does state that the workshop organiser should canvass staff from each section/team of the relevant CSC, Call Centre or workgroup for attendance.

**5.17** During the course of fieldwork, the ANAO interviewed a number of Centrelink Office Managers who were involved in the recruitment of staff for a VCW. The managers indicated that they would select staff to participate who they felt would most benefit from the 'cultural change' aspect of the VCWs.

#### *Monitoring of the Value Creation program*

**5.18** Monitoring of the Value Creation Program is important to ensure that any problems with the program, and/or any coverage issues, are quickly identified and corrective action is undertaken. Monitoring also provides assurance that any information obtained from the process is robust and has the potential to provide information about the effectiveness of the program in delivering the outcomes sought from it.

#### *Monitoring of the selection of customers*

**5.19** The ANAO found that the process used by a CSC, or Call Centre, in the selection of customers to participate in a VCW is not reported or monitored. The National Value Creation Team (NVCT)<sup>62</sup> plays no role in monitoring the selection of customers; and receives no information on the selection technique that is used. Without knowing which selection method has been used by VCW organisers, Centrelink cannot determine how representative VCW respondents are of the Centrelink customer base. Information is available on the age and payment type of customers who have participated in a VCW. However, this information is unable to identify whether those customers are the most able, or whether vulnerable customers are under represented, which is a potential outcome of the non-random method of selection.

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<sup>62</sup> The NVCT is responsible for the management of Value Creation nationally.

## Monitoring of staff participation

**5.20** Centrelink does not keep any records of the staff members it selects to attend and participate in a VCW. The lack of attendance information prevents Centrelink from precisely establishing the number of staff who have participated in this process, and whether staff have attended multiple VCWs. It also affects Centrelink's capacity to track whether individual staff have benefited, over time, from their participation in a VCW or VCWs. Lack of information about this participation reduces Centrelink's capacity to objectively determine the overall effectiveness of the Value Creation program in achieving one of its key goals, namely that there has been an improvement in the customer service culture of staff members who have participated in a VCW.

## Monitoring of implementation of VCW outcomes

**5.21** After each VCW a report is provided to the CSC containing information obtained from the VCW and detailing outcomes and findings of the VCW. During fieldwork, the ANAO discussed with Centrelink Managers at the Area and CSC level how the outcomes of a VCW were implemented and monitored. The ANAO was not provided with strong evidence in these discussions that these Managers monitored the implementation of outcomes from a VCW, nor did they assess the effectiveness of any activities arising from the VCW.

## Monitoring of the location of VCWs

**5.22** The NVCT plays no role in ensuring the adequate coverage of VCWs across the Centrelink network. The NVCT cannot mandate that particular ASOs undertake VCWs to address any gaps in national coverage. The ANAO found that several ASOs have not held a regular program of Primary Workshops since 2000. This inconsistent coverage of VCWs across the network may impact on the robustness of the national aggregation of VCW data.

**5.23** Given that some ASOs do not undertake a regular program of VCWs, Centrelink is unable to systematically aggregate, analyse and report the values and irritants of the customers these ASOs service, in the manner that it does for ASOs who have undertaken numerous VCWs. Thus the aggregated data is not truly national data.

## *Reporting of the Value Creation program*

**5.24** At the conclusion of every six-month period, ending on 30 June and 31 December of each year, the NVCT collates all the intelligence and findings that have been gathered via Primary Workshops held in the Centrelink network. The NVCT then summarises the feedback that is provided by customers, through VCWs into a 'Value Creation Consolidated Report'.

**5.25** However, the information contained in these reports needs to be used with some caution, given the issues relating to processes used to select customers and staff to participate in VCWs and incomplete national coverage.

**5.26** One of the purposes of the VCW program is to identify customers' values and irritants related to service delivery. Centrelink staff who participate in a VCW undertake to identify areas for service improvement, based on obtaining information from the customers perspective on 'irritants' and other information provided at the workshop. Despite the commitment of Centrelink staff to address these irritants, and subsequently identify areas for service improvement, customers have consistently identified the same four irritants over the last four years. While at the local level there may be differences in sub-categories of irritants, the national level data does not reflect these differences.

**5.27** Centrelink has identified the recurring nature of these reported irritants as being of concern. As identified by Centrelink in its Customer Experience Strategy document<sup>63</sup>, the fact that these four irritants keep being identified by customers may indicate that efforts to date to address these irritants have not been completely successful.

**5.28** Given there has been little change in the values and irritants identified by the VCW process over time, and given the resources Centrelink devotes to the VCW program, there may need to be an evaluation of the ongoing value of the process to identify values and irritants.

### *Costs*

**5.29** The ANAO was unable to assess the actual total cost of the VCW program, as Centrelink was not able to provide costings on all of the elements of the program. During fieldwork, the ANAO asked Area and CSC Managers whether they knew the total or average cost of a VCW workshop. Most of the managers interviewed were unable to provide this information, or even provide a 'guesstimate'.

**5.30** Given that the total cost of the VCW program is unknown, Centrelink is not in a position to evaluate the cost efficiency of the program. Also, without information on the cost of the program, better practice leading to cost savings cannot be identified. The ANAO considers that Centrelink would benefit from better monitoring of the cost of the VCW program, to ascertain relative productivity and cost efficiency, and to achieve future cost savings for greater effectiveness.

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<sup>63</sup> The Customer Experience Strategy document describes Centrelink's Customer Experience Management Model and uses the model to build the Customer Experience Strategy for 2004–06. The document states that the focus is on the customer experience, encompassing the actual physical and emotional experience of Centrelink customers across all 'moments' of contact with Centrelink.

**5.31** Customers receive a payment of \$40 each for out of pocket expense for attending a VCW. Centrelink received informal advice from the Australian Taxation Office (ATO), which indicated that customers who receive a payment for participating in a VCW, and who lodged a tax return, would need to declare this payment as assessable income. Centrelink guidance on the conduct of VCWs in some cases is unclear regarding the taxation implications of the payment.

### *Evaluation of the Value Creation program*

**5.32** Significant resources are devoted to the VCW program, and Centrelink places importance on it as 'leveraging cultural change to develop a customer-centric organisation'<sup>64</sup>. Further, Centrelink has had a long running contractual relationship with the Value Creation Group Pty Ltd (VCG)<sup>65</sup>, including for the provision of consultancy services, licenses to use certain intellectual property owned by the VCG and provision of equipment for the conduct of VCWs. Accordingly, ongoing evaluation of the VCW program would appear warranted to assess the value for money of the program and whether it is delivering the expected outputs and outcomes.

**5.33** An internal audit of the VCW program conducted in 1999 found that there was no system to monitor and evaluate the cost effectiveness of the program. This is still the case. The internal audit did not evaluate whether the VCW program had achieved cultural change within Centrelink, in line with Centrelink's objectives for the program.

**5.34** Centrelink advised on 9 November 2004 that, after more than seven years since the introduction of the Value Creation program, the agency is now to undertake an evaluation of the program's effectiveness in achieving the objectives sought from it by Centrelink. Such an evaluation will enable Centrelink to assess the value for money of the program and assess the appropriateness of continuing the program in its current form.

## **Value Creation program procurement processes (Chapter 3)**

**5.35** The ANAO notes that Centrelink's advice of 22 July 2003 to the Minister for Finance and Administration incorrectly stated that the initial contract with the VCG resulted from an open tender.

**5.36** The only tender process Centrelink has conducted in relation to its contracts with the VCG was a select tender, involving the issue, in April 1997, of a tender brief to six selected tenderers to conduct a one-off learning session

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<sup>64</sup> Centrelink, *Regulation 10 Approval for Spending Proposal Summary Paper*, submission to the Minister for Finance and Administration, 22 July 2003, p. 1.

<sup>65</sup> The VCG is an Australian consulting practice based in Eltham, Victoria that provides a number of services, outlined in its Internet homepage <<http://www.valuecreation.com.au/services/default.asp>>.



in July 1997 for Centrelink's Guiding Coalition. Centrelink subsequently decided to enter into a series of contracts with the VCG in relation to Centrelink's national implementation of a 'High Level Intervention Customer Feedback Process'<sup>66</sup>, without conducting any further tender processes or giving any other provider the opportunity to present a proposal to Centrelink in relation to this work.

**5.37** Accordingly, it appears that the case put forward by Centrelink to the Minister for Finance and Administration seeking authorisation under Regulation 10 of the *Financial Management and Accountability Regulations 1997* (FMA Regulations) to enter into the fourth contract<sup>67</sup> with the VCG may not have been entirely accurate.

**5.38** The ANAO considers that there were significant gaps in the evidence relied upon by Centrelink in concluding that the requirements of the FMA Regulations had been met and so making the decision to enter into a further five year contract with the VCG from 1 October 2003. Centrelink:

- made the decision in May 1997 to select the VCG as the successful tenderer, for an initial approved amount of \$47 000, on the basis of a flawed tender process that had originally been conducted to identify a consultant to develop and deliver a one-off learning session to Centrelink's Guiding Coalition;
- did not provide any opportunity to suppliers other than the VCG to submit a proposal in respect of the work covered by a \$1.875 million contract with the VCG prior to entering the contract, in September 1997, to roll out the Value Creation process across the Centrelink network. That is, to assist Centrelink with the implementation of a national program to achieve the objectives sought from the VCW program;
- has not, at key points, undertaken adequate inquiries to establish that alternative suppliers could not cost-effectively provide other services/products that could achieve the outcomes sought by Centrelink from the Value Creation process;
- has not, up until now, undertaken an evaluation of the cost and cost – effectiveness of the Value Creation program, despite the recommendation of the 1999 internal audit of the VCW program to do so prior to the expiry at the end of 1999 of the extended term of the September 1997 contract;

<sup>66</sup> This is what the implementation of the Value Creation process was called in the November 1997 business case supporting the project—*Business case for high level intervention customer feedback process in Centrelink*, Customer Services Theme Team, November 1997.

<sup>67</sup> Centrelink signed contracts with the VCG in relation to the conduct of VCWs and the Value Creation program in July 1997, September 1997, April 2001 and October 2003.

- has not previously undertaken any evaluation of the impact of the VCW program in terms of achieving its stated objectives, notwithstanding that the VCW program has now been underway for more than seven years; and
- has at no stage, since first engaging the services of the VCG in 1997 in relation to the VCW program, tested the market to establish the relative value for money of the VCG's various proposals.

**5.39** Advice Centrelink has provided to the ANAO indicates that the four contracts awarded by Centrelink to the VCG, stemming from an original restricted tender in 1997 for a limited service, have now resulted in total payments by Centrelink to the VCG of some \$4.4 million, as at the end of August 2004.

**5.40** The VCG was paid \$70 000 under the July 1997 contract awarded to the company following the select tender process for a learning session for the Guiding Coalition. Around \$4.33 million in total has been paid to the VCG under the September 1997, April 2001 and October 2003 contracts. ANAO notes that the other tenderers in the original 1997 process, or indeed any other potential competitors in the market, have not had the opportunity to compete for these three, far more valuable, Australian Government contracts.

## Overall audit conclusion

**5.41** Centrelink commenced its Value Creation program shortly after the agency was established in 1997. Centrelink set up the program with a number of objectives in mind, the major reason being to facilitate cultural change within the organisation to improve the customer focus. However, the program also generates a range of data that Centrelink advised the ANAO was an important component of its customer feedback systems.

**5.42** The ANAO concluded that, while the Value Creation program provides a mechanism for Centrelink to gather, measure, report and respond to certain customer feedback, there were opportunities to improve the effectiveness, efficiency and economy of this system. Such improvements would make the information collected from the Value Creation program more robust, and allow Centrelink to use the data more effectively to enhance service delivery.

## Recommendations and agency response

**5.43** The ANAO made seven recommendations to improve Centrelink's Value Creation program and its procurement processes.

**5.44** The CEO of Centrelink advised the ANAO on 7 February 2005 that he welcomed the report and agreed with all the recommendations. No additional comments were provided for attachment to the report.

# Recommendations

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## Recommendation No.1

The ANAO recommends that Centrelink undertake a study to determine the impact of the presence of Centrelink staff during the conduct of a VCW on the willingness of customers to provide open feedback.

*Centrelink response:* Agree.

## Recommendation No.2

The ANAO recommends that Centrelink put in place systems for monitoring the selection of customers for a VCW and the selection process used, in order to better understand how representative the selected customers are of Centrelink's customer base.

*Centrelink response:* Agree.

## Recommendation No.3

The ANAO recommends that Centrelink put in place systems for monitoring the participation of staff in VCWs, to ensure coverage of staff and to facilitate the assessment of the extent of cultural change within the organisation.

*Centrelink response:* Agree.

## Recommendation No.4

The ANAO recommends that Centrelink put in place systems for monitoring the implementation of outcomes from a VCW.

*Centrelink response:* Agree.

## Recommendation No.5

The ANAO recommends that Centrelink put in place systems for monitoring:

- (a) the location of VCWs to facilitate the achievement of national coverage; and
- (b) better practice in the conduct of VCWs and any alternative processes used by Centrelink Area offices.

*Centrelink response:* Agree.

**Recommendation  
No.6**

The ANAO recommends that Centrelink:

- (a) put in place systems to effectively monitor the costs of the VCW program; and
- (b) inform customers that the payment they receive for attending a VCW is income for taxation purposes.

*Centrelink response:* Agree.

**Recommendation  
No.7**

The ANAO recommends that Centrelink takes the necessary actions to put in place systems to ensure that, in future procurements, it complies fully with the requirements of the Commonwealth's procurement policies and applicable legislation.

*Centrelink response:* Agree.

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Canberra ACT  
9 March 2005

P. J. Barrett  
Auditor-General

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