

The Auditor-General
Audit Report No.36 2009–10
Performance Audit

Emergency Management and Community Recovery Assistance in Centrelink

Centrelink

**The Department of Families, Housing, Community
Services and Indigenous Affairs**

Australian National Audit Office

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of Australia 2010

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Canberra ACT
19 May 2010

Dear Mr President
Dear Mr Speaker

The Australian National Audit Office has undertaken a performance audit in Centrelink and the Department of Families, Housing, Community Services and Indigenous Affairs in accordance with the authority contained in the *Auditor-General Act 1997*.

Pursuant to Senate Standing Order 166 relating to the presentation of documents when the Senate is not sitting, I present the report of this audit and the accompanying brochure. The report is titled *Emergency Management and Community Recovery Assistance in Centrelink*.

Following its presentation and receipt, 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 'Ian McPhee', is positioned above the printed name.

Ian McPhee
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 (ANAO). 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 Australian Government and the community. The aim is to improve Commonwealth public sector administration and accountability.

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Abbreviations

ACCC	Area Crisis Coordination Committee
AGDRC	Australian Government Disaster Recovery Committee
AGDRP	Australian Government Disaster Recovery Payment
ANAO	Australian National Audit Office
BCC Framework	Business Continuity Control Framework
BCM	Business Continuity Management
BPA	Business Partnership Agreement
CVBT	Commonwealth Victorian Bushfire Ministerial Taskforce
CEO	Chief Executive Officer
CSC	Customer Service Centre
EM	Emergency Management
EMB	Emergency Management Branch
ERP	Emergency Recovery Payment system
FaHCSIA	Department of Families, Housing, Community Services and Indigenous Affairs
IDC	Commonwealth Victorian Bushfire Interdepartmental Committee
IRS	Income Recovery Subsidy
NCCC	National Crisis Coordination Committee
PIR	Post-Implementation Review
POI	Proof of Identity

Glossary

Centrelink Area	Centrelink has defined 15 geographical Areas throughout Australia. Each Area consists of an Area Office and a number of Customer Service Centres.
Command	The direction of members and resources of an organisation in the performance of the organisation's role and tasks. Command relates to organisations and operates vertically within an organisation.
Community recovery	For Centrelink, the business processes involved in providing financial assistance such as the Australian Government Disaster Recovery Payment and ex gratia payments, and in providing other community support such as social work services, in the event of a disaster.
Control	The overall direction of emergency management activities in an emergency situation. Authority for control is established in an emergency plan, and carries with it the responsibility for tasking and coordinating other organisational units in accordance with the needs of the situation. Control relates to situations and operates horizontally across an organisation.
Disaster	A condition or situation of significant destruction, disruption and/or distress to a community.
Emergency	An event, actual or imminent, which endangers or threatens to endanger life, property or the environment, and which requires a significant and coordinated response.
Emergency management	A range of controls and procedures for managing an incident that endangers or threatens to endanger life, property or the environment, and requires a significant and coordinated response.

Emergency Management Plan	A documented scheme of assigned responsibilities, actions and procedures, required in the event of an emergency.
Emergency response	Actions taken in anticipation of, during, and immediately after an emergency to ensure that its effects are minimised, and that people affected are given immediate relief and support.
Preparedness	Arrangements to ensure that, should an emergency occur, all those resources and services which are needed to cope with the effects can be efficiently mobilised and deployed.

Summary and Recommendations

Summary

Background

1. An emergency is an event, actual or imminent, that endangers or threatens to endanger life, property or the environment, and requires a significant and coordinated response. An emergency becomes a disaster when the event causes significant destruction, disruption and/or distress to a community. Emergency management describes the range of controls and procedures for managing an emergency event.¹

2. Under Australia's constitutional arrangements, state and territory governments have primary responsibility for emergency management within their jurisdictions and have laws, funding mechanisms and organisational arrangements in place to deal with such emergencies.² The Australian Government assists state and territory governments by enhancing the support arrangements available and providing extra resources, such as financial assistance through the Natural Disaster Relief and Recovery Arrangements, as required.

Australian Government Disaster Recovery Arrangements

3. Australian Government advice and assistance for disaster recovery is coordinated through the Australian Government Disaster Recovery Arrangements. The Arrangements were developed, and are maintained, by the Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA). FaHCSIA is the lead Australian Government agency for coordinating domestic, social and community disaster recovery, and has an ongoing role in the development of tailored assistance measures to support those affected by disasters both in Australia and overseas.

4. Assistance can include the Australian Government Disaster Recovery Payment (AGDRP) which provides one-off immediate financial assistance to individuals adversely affected by a major disaster. Ex gratia payments relating

¹ Emergency Management Australia, *Multi-Agency Incident Management*, 1998, p. ix.

² Attorney General's Department, *Australian Emergency Management Arrangements*, 2009, p. 4.

to specific hardship, such as lost income or funeral expenses, may also be made available to support people affected by a disaster.³

5. Centrelink is responsible for delivering services to people immediately following the occurrence of a disaster and then appropriately supporting them through the disaster recovery process. This includes the delivery of financial assistance (such as the AGDRP and ex gratia payments), providing case management services, and providing call centre overflow services for state and territory governments.

Audit objectives and scope

6. The objective of the audit was to:

- (a) assess Centrelink's effectiveness in delivering financial assistance for community emergencies/disasters;
- (b) examine Centrelink's ability to effectively respond to business disruptions caused by community emergencies/disasters; and
- (c) identify opportunities for improvement in Centrelink's emergency management and community recovery assistance activities.

7. As part of the audit, the ANAO also reviewed Centrelink's progress in implementing recommendation No.11, relating to Centrelink's relationship with stakeholders during emergency preparation and responses, from ANAO Audit Report No.9 2003–04, *Business Continuity Management and Emergency Management in Centrelink*.⁴

8. The scope of the audit covered Centrelink's emergency management framework and community recovery assistance operations in general, with a specific focus on the 2009 North Queensland floods and Victorian bushfires. FaHCSIA's role during those disaster events was also considered as it played a

³ The AGDRP is the most common form of payment made available by the Commonwealth in response to disasters, with its activation process and eligibility criteria set out in legislation. In contrast, ex gratia payments are less frequently used and are made by relying on the Commonwealth's executive power under the Constitution rather than legislation. For this reason, ex gratia payments provide flexibility to tailor and rapidly deploy payment schemes that recognise the particular circumstances of disaster victims.

⁴ Recommendation No.11 – '*The ANAO recommends that Centrelink monitor and review its emergency stakeholder liaison and response planning at a national level, and implement relevant findings and recommendations, to ensure effective and consistent special and community emergency responses by Centrelink at the national, State/Territory and local levels.*'

key role in establishing the policy parameters of the services Centrelink delivered and addressing issues arising from policy implementation.

9. The scope of the audit did not include the business continuity aspects of Centrelink's framework for business continuity and emergency management, which were the subject of ANAO Audit Report No.46 2008–09, *Business Continuity Management and Emergency Management in Centrelink*. It also did not cover case management aspects of Centrelink's crisis response and recovery arrangements for the floods and bushfires.

Disaster responses reviewed for the audit

10. In conducting the audit, the ANAO had regard to a number of disaster responses including the November 2008 South East Queensland storms, and the May 2009 Northern New South Wales and South East Queensland floods. The audit, however, primarily focused on the responses to:

- 2009 North Queensland floods—on 31 January 2009, Tropical Cyclone Ellie caused a rain depression in far North/Northern Queensland resulting in substantial flooding to townships between Townsville and Cairns. Over 3000 homes in the Ingham area were affected by the floods; and
- 2009 Victorian bushfires—on 7 February 2009, 'Black Saturday', Victoria suffered one of Australia's worst natural disasters when bushfires spread through a large number of towns and communities. In total, 173 people lost their lives, 2100 properties were destroyed or badly damaged, and over 400 000 hectares were burnt.

11. Given the devastation that was caused by the floods and the bushfires, the Australian Government responded by announcing, among other measures, recovery assistance packages to support those people who had been adversely affected by each disaster. Assistance provided by FaHCSIA and Centrelink on behalf of the Australian Government included:

- delivery of the AGDRP (\$1000 per adult and \$400 per child);
- delivery of the Income Recovery Subsidy (IRS) ex gratia payment, which provided assistance to employees, small business operators and farmers who had lost income as a result of the floods or bushfires. This subsidy provided fortnightly payments equivalent up to the maximum

rate of Newstart Allowance depending on the person's circumstances. This assistance was offered for a period of 13 weeks⁵; and

- delivery of the Funeral/Memorial ex gratia payment which provided a \$5000 payment for funeral/memorial and related costs to one immediate family member for each individual who died or was declared missing as a direct result of the disaster.

12. In addition to direct financial assistance, Centrelink provided support to the Victorian State Government including: social work and case management services; call centre overflow services for the Victorian Bushfire Information Line; and support and recovery activities in Relief and Recovery Centres and Community Hubs.

13. The 2009 Victorian bushfires were a large scale disaster which occurred concurrently with the North Queensland floods. Significantly more financial assistance payments were made as a result of these disasters, compared to other disasters that occurred in recent years. During 2008–09 (noting that some payments continued to be made in 2009–10), Centrelink reported making AGDRP payments of approximately \$46 million to 36 840 people affected by the floods and approximately \$64 million to 56 165 people affected by the bushfires. In addition, Centrelink also delivered approximately \$15 million in ex gratia assistance in the form of IRS and funeral/memorial payments.

Overall conclusion

14. FaHCSIA and Centrelink play key roles in the Australian Government's disaster recovery efforts through the development, coordination and delivery of assistance measures and services. Successive disaster events in 2008⁶ and 2009⁷ highlighted the significant resources and effort that is required of FaHCSIA and Centrelink in the delivery of recovery assistance. This was especially apparent in February 2009, when the agencies provided community

⁵ The IRS payment for the Victorian bushfires was subsequently extended for two further periods of 13 weeks making a total of 39 weeks.

⁶ 2008 Disasters: QLD floods–Emerald/Charleville (January 2008); QLD floods–Mackay (February 2008); SE QLD storms (November 2008); and Mumbai Crisis (November 2008).

⁷ 2009 Disasters: North QLD floods–Feb 2009; Victorian bushfires–Feb 2009; Northern Rivers/NSW floods–Mar 2009 and South East Queensland/New South Wales floods–May 2009.

recovery assistance in response to two major and concurrent natural disasters; namely floods in North Queensland and bushfires in Victoria.

15. In delivering the financial assistance and a range of other support and recovery activities to people affected by the floods and bushfires, Centrelink demonstrated that it has the capability to adapt its service delivery arrangements to effectively respond to disasters and Australian Government directions. Centrelink rapidly delivered over \$110 million in financial assistance to approximately 93 000 people, as well as provided support services, such as case management, to meet the needs of communities affected by the disasters. The demand of responding to large scale concurrent disasters, however, along with increased demands on its service delivery network, affected Centrelink's capacity to manage the disruptions to its business-as-usual activities and to maintain its customer service obligations as outlined in its customer service charter.

16. Over the past decade, Centrelink's emergency management framework has been tested and refined through providing community recovery assistance in a range of disasters such as floods, fires, cyclones and bombings. While the majority of these events have involved single emergencies with contained impacts, the 2009 North Queensland floods and Victorian bushfires presented a different challenge and required Centrelink to respond to two major concurrent disasters, separated by a vast distance.

17. In responding, Centrelink was able to mobilise its workforce,⁸ (including redeploying over 330 staff), and reprioritise operations where required. Notably, this coincided with a general period of increased demand for Centrelink services, primarily due to the deterioration in general economic conditions.⁹ The increased demands challenged the capacity of Centrelink to maintain its performance in delivering its customer service obligations. Due to the significant redeployment of Area staff and increased demand for business-as-usual services, service standards in areas such as queue times in

⁸ Centrelink estimates that in the order of 1000 staff were involved in the responses.

⁹ The payments that Centrelink delivered on behalf of Australian Government agencies increased by 23.1 per cent to \$86.8 billion in the year to 30 June 2009 and included the delivery of two large initiatives, the Economic Security Strategy and the Household Stimulus Package.

Centrelink offices, and responding to phone calls at Centrelink call centres, were not achieved.¹⁰

18. Despite this, throughout the response to the floods and bushfires, Centrelink staff demonstrated a commitment to ensuring that people affected by the disasters were provided with support. Centrelink received relatively few complaints (102 as at 5 February 2010); the main concern raised was customers being unable to contact call centres. The ANAO also commissioned a qualitative research project to gain information and insights into the customer experience when claiming and receiving assistance from Centrelink. Participants were appreciative of the financial assistance provided to them following the disasters and commented on the quality of the assistance provided by Centrelink staff, who were seen as being 'kind', 'empathetic' and 'helpful'.

19. Some of the service delivery arrangements implemented during the 2009 North Queensland floods and Victorian bushfires, which were aimed at responding to customer needs (such as reducing proof of identity requirements and making cash payments), were not within Centrelink's standard delivery arrangements. As such, these arrangements increased the risk of inappropriate claiming of disaster recovery payments. This highlighted the need to balance service delivery and payment integrity requirements in areas such as customer self-declaration, as well as the benefits of a planned rather than reactive approach where possible.

20. The total amount of disaster recovery assistance paid in 2008–09 (including for the North Queensland floods and Victorian bushfires), as reported by Centrelink, was inconsistent with the payment policies; that is, payments of either \$1000 or \$400. The capture of accurate financial and performance information assists to improve service delivery, identify areas of risk and fulfil public accountability obligations. The ANAO observed inconsistencies and limitations in the data captured and reported for 2008–09 disaster responses. This impacted on areas such as Centrelink's: ability to fully understand payment integrity risks (particularly involving customer self-declaration and payments processed without signatures); capacity to

¹⁰ For the January 2009 and April 2009 quarters both standards as well as Authorised Review Officer (ARO) review times, experienced a decline in performance. The levels of performance for queue times and ARO reviews took until the July 2009 quarter to recover with call centre service levels recovering in the October 2009 quarter. Appendix 6 includes the details of the results for each standard from July 2008 to October 2009.

accurately measure payment processing times; and public reporting (different payment figures for the same disasters were listed in Centrelink's and FaHCSIA's 2008–09 annual reports).

21. Notwithstanding Centrelink's significant effort and effectiveness in delivering disaster recovery assistance, the response to the floods and bushfires highlighted some areas that could be improved so that Centrelink's emergency management capabilities can be deployed more effectively in the future. To address the identified areas, the ANAO has made four recommendations aimed at assisting Centrelink to build on its existing disaster response capability; covering:

- preparedness for cross-Area and cross-geographical disasters;
- enhancing assurance that the risks of the customer claims process are addressed;
- capture and reporting of disaster recovery payment information; and
- provision of information on recovery assistance measures available to members of the community affected by a disaster.

22. In April 2009, Centrelink commenced a post-implementation review (PIR) on the bushfire response. The review, undertaken by PricewaterhouseCoopers, made 23 recommendations, which are consistent with the findings and recommendations in this audit report. Centrelink is taking steps to address the recommendations of the PIR.

Key findings by chapter

Developing Policy Advice for Disaster Recovery Assistance (Chapter 2)

23. FaHCSIA responded to the 2009 North Queensland floods and Victorian bushfires by convening the appropriate disaster recovery committees and coordinating with other government agencies to assist people affected by these disasters. The relevant disaster recovery committees were convened promptly, with appropriate agency representation and communication structures. Issues raised in the meetings were considered and the action items identified were quickly implemented. While room for improvement in some of the secretariat processes has been highlighted (such as tracking the progress of action items), FaHCSIA has already commenced developing guidelines and templates to improve this function for future occasions.

Developing disaster recovery assistance packages

24. To facilitate the consistent, timely and accurate activation of the AGDRP, FaHCSIA has developed detailed guidelines, activation checklists, budget submission examples and templates for preparing the appropriate management information and public information websites. In comparison, a similar set of procedures and templates is not in place for the activation of ex gratia payments.

25. The Australian Government has a policy framework for using ex gratia payments.¹¹ The scale of the 2009 disasters, combined with the need to respond in a timely manner, meant that FaHCSIA did not fully consider all of the elements of the policy; namely, in formulating the IRS payment policy FaHCSIA did not obtain specific legal advice on the availability of other schemes. In this context, FaHCSIA could improve its preparedness for disaster events that may involve the implementation of ex gratia payments by developing guidelines for the activation of the payments, similar to those used for the AGDRP.

Centrelink's Operations in an Emergency (Chapter 3)

26. Centrelink's emergency management (EM) framework is a component of its broader business continuity framework. The EM framework is clearly articulated, logical, coordinated and provides an appropriate basis for Centrelink to effectively respond to emergencies and provide community recovery assistance. The plans and structures identified in the framework have been regularly activated over recent years through successive disaster events. Most of these events have had a localised impact and have been managed by Centrelink's Area offices with National Support Office support.

27. Centrelink's high level of preparedness for such disasters is reflected in the effectiveness of its response to the 2009 North Queensland floods, which involved anticipating the effects of the disaster on residents, planning and intelligence gathering, notification of the disaster and the convening of local committee structures to manage the response.

28. The 2009 Victorian bushfires, by contrast, created a more uncertain environment with significant planning and management challenges. The

¹¹ Department of Finance and Administration, *Finance Circular 2006/05: Discretionary Compensation Mechanisms*, 11 August 2006.

complex, widespread and evolving nature of the disaster meant that centralised command, control and coordination arrangements needed to be adopted to bring together Centrelink's local Area-led response arrangements. The centralisation of cross-Area responses was not an established component within Centrelink's crisis coordination structures and this resulted in an initial lack of clarity about the local governance arrangements for responding to the bushfires.

29. Subsequent to the audit fieldwork, Centrelink adopted a new Incident Management Framework which includes arrangements for establishing a centralised onsite management structure for cross-Area events. As part of the implementation of the revised response arrangements, Centrelink would benefit from conducting test exercises to provide assurance that the arrangements will operate effectively in cross-Area situations (refer Recommendation No.1).

Managing Disruptions to Centrelink's Business-as-Usual Activities (Chapter 4)

30. Responding to major disasters can have a significant impact on the management of resources and business-as-usual activities. When required, Centrelink is able to manage excess demand for services by using its extensive network to redistribute work and redeploy staff to affected Areas. Centrelink used these strategies successfully during the 2009 North Queensland floods and Victorian bushfires, including redeploying over 330 staff to its Victorian response. While this deployment was carried out effectively in the circumstances, Centrelink's preparedness for mobilising staff would be improved by adopting a planned and targeted approach to identifying staff with appropriate skills. To this end, the recent development of the 'Centrelink Emergency Reserve'—a database of staff who have volunteered to assist in the event of future disaster responses—will assist with enhancing Centrelink's ability to deploy staff specifically trained for such situations.

31. Centrelink's ability to meet its eight customer service standards was impacted by a range of factors during 2008–09 including: the disasters, the delivery of two large government initiatives¹² and increased demand for Centrelink payments resulting from the deterioration in general economic conditions. The impact of these factors was most pronounced over the disaster

¹² The Economic Security Strategy (October 2008) and Household Stimulus Package (February 2009).

period (January 2009 to April 2009), which resulted in reduced timeliness in responding to customer calls, longer queue times in Centrelink offices, and slower decision review processing times. To mitigate the impact of these events, Centrelink implemented various strategies, such as a range of scheduling, call routing, technological and staffing measures in call centres.

32. To avoid burdening disaster affected customers, Centrelink suspended debt recovery and suppressed all customer letters in disaster affected regions. Overall, 70 000 Centrelink customers had over 180 000 letters suppressed as a part of this strategy. The decisions to suspend debt recovery and suppress customer letters created significant unforeseen challenges for returning to business-as-usual operations. To return to normal business activities a range of manual checking activities and a large staffing commitment were required. Centrelink has returned debt recovery to business-as-usual, but has advised that debts relating to the disaster period¹³ will continue to be identified until at least 2012.

33. The work to lift letter suppression was completed by 3 June 2009. Using its experience from the 2009 Victorian bushfires, Centrelink has developed a checklist of procedures for managing service delivery in situations when letters are being suppressed, including key activities, roles, decision-makers and timing considerations for implementing, managing and removing letter suppression.

Delivery of Community Recovery Assistance (Chapters 5 and 6)

34. During the 2009 North Queensland floods and Victorian bushfires, over half of the total claims granted for the two disasters were processed in February 2009 (52 per cent), with the volume of claims granted each day ranging from 423 on 9 February 2009 to a peak of 4177 on 17 February 2009. To manage the demand for processing emergency payments, Centrelink introduced measures that included redeploying staff, establishing processing centres in different regions and processing claims over the phone.

35. Centrelink aimed to process AGDRP claims for the floods and the bushfires within 24 hours. To help achieve this, Centrelink advised that during the response it actively monitored, in real-time, the volume and processing time for claims, and allocated resources accordingly. While feedback from

¹³ 29 January 2009 to 29 April 2009.

customers gathered through the ANAO's quantitative research project indicated that payments were generally made in a prompt manner, Centrelink does not record in its systems sufficient information in aggregate form to retrospectively determine the time taken to process claims. This limits Centrelink's ability to demonstrate its overall performance in this area.

Service delivery

36. During the 2009 floods and bushfires, Centrelink made a number of changes to its standard claiming, processing and payment arrangements in order to meet Australian Government directions and administer disaster recovery payments. These changes included:

- removing the requirements for customers to provide proof of identity (POI) prior to receiving an AGDRP or ex gratia payment;
- paying customers who had provided unsigned claim forms; and
- paying customers immediately in cash.

37. The revised claims processing and payment arrangements were made in reaction to the evolving disaster events and reflected a desire to be responsive to the circumstances of customers. However, adopting these service delivery arrangements also increased the risk of inappropriate claiming of disaster recovery payments. For example, not seeking POI eliminated a front end control for inappropriate claiming, while not collecting signatures and paying cash reduced the capacity to follow up on electronic and physical evidence relating to claims.

38. Prior consideration of the different service delivery arrangements that could be used to respond to different disaster types¹⁴ would have reduced the need for Centrelink to be reactive in its service delivery decisions and would have provided a planned strategy for managing the associated payment integrity risks. Centrelink's ability to balance service delivery and payment integrity requirements during disaster response situations could be improved by undertaking scenario planning, in conjunction with FaHCSIA, and then developing guidance, procedures and training.

¹⁴ Such as POI levels for claimants who lost their identity documentation during a bushfire.

Payment integrity

39. Payment integrity is an important task for Centrelink to manage as the agency is legislatively required to 'have regard to the establishment of procedures to ensure that abuses of the social security system are minimised'¹⁵. Further, the Business Partnership Agreement (BPA) between Centrelink and FaHCSIA nominates 'ensuring payment integrity' as a service delivery indicator.

40. As discussed, Centrelink implemented a number of service delivery arrangements that increased the potential risk for fraudulent claims. In implementing the arrangements, Centrelink informed the ANAO it took account of the need to balance the risks to government outlays against the circumstances of the disaster and its impact on people. Centrelink intended that the increased risks to payment integrity would be addressed by 'back-end' (that is post-event) payment integrity activities. These activities included providing avenues for customers and staff to alert them of concerns regarding potentially fraudulent claims through its tip-off system; identifying and investigating potentially fraudulent disaster recovery payments once the initial response phase of a disaster was over; and undertaking debt recovery.

41. Centrelink's payment integrity activities are designed to take a targeted approach to address some of the risks (such as multiple payments) associated with its payments and delivery methods. The payment integrity activities for the floods and bushfires, however, did not adequately capture risks such as customer self-declaration for claiming the AGDRP, or processing unsigned claim forms. As such, the lack of information on the extent of these risks limits the assurance that Centrelink can derive from its payment integrity activities. These risks can further increase if it is perceived that Centrelink does not conduct checks on the validity of the claim—an issue that was highlighted in the ANAO's qualitative customer research project (refer Recommendation No.2).

¹⁵ *Social Security (Administration) Act 1999*, paragraph 8(a)(v).

Monitoring and Review of Community Recovery Assistance (Chapter 7)

42. Centrelink generally provides its disaster-related services on behalf of FaHCSIA.¹⁶ This arrangement is formalised in a BPA,¹⁷ which establishes clear governance and reporting arrangements between the two agencies, including service delivery standards, monitoring and quarterly reporting arrangements. Regular post-event implementation reviews (PIR) of disaster responses are a component of Centrelink's BPA obligations. A PIR of the Victorian bushfire response has been produced and Centrelink is responding to its recommendations.

Monitoring and reporting of data

43. There are some limitations on the level of reliance that can be placed on the data that Centrelink uses to produce internal management information and results for its annual report. This is highlighted by some inconsistencies in figures reported by Centrelink and FaHCSIA in their 2008–09 annual reports. The total amount of disaster recovery assistance paid in 2008–09 (including for the North Queensland floods and Victorian bushfires) as reported by Centrelink, was inconsistent with the payment policies; that is payments of either \$1000 or \$400.

44. The quality of source data, and inconsistencies in figures reported, reduces the level of reliance that stakeholders can place on the reported results and the performance of Centrelink in delivering disaster recovery assistance. To improve the overall quality of the data, Centrelink could undertake an assessment of the reliability of the data and reports generated in its system(s) as the basis for demonstrating performance. The results of this assessment could then be used to update and maintain standards and procedures for the collection and use of the data (refer Recommendation No.3).

Customer Feedback

45. As a part of the audit testing process, the ANAO commissioned an independent, qualitative research project to gain information and insights into the customer experience when claiming and receiving disaster recovery

¹⁶ Centrelink also provides disaster-related services on behalf of other Commonwealth and state and territory agencies.

¹⁷ In November 2009, the BPA was replaced with the FaHCSIA and Centrelink Bilateral Management Agreement. As this was not in place at the time of audit fieldwork, this audit has focused on the BPA.

assistance from Centrelink following the North Queensland floods and Victorian bushfires. The research found that participants were appreciative of the financial assistance provided following the disaster events and considered Centrelink's customer service to be of a high quality.

46. While the feedback from the focus groups and interviews was predominately positive, some participants also reported aspects that they believed did not work as well. The concerns expressed included needing to reclaim due to inaccurate advice on eligibility or misplacement of a claim form by Centrelink. Participants also advised that disaster recovery assistance could be improved by implementing a wider use of local mass media to advertise the availability of financial assistance and better follow-up communications about the full range of assistance (refer Recommendation No.4).

Update on Centrelink's Response to Recommendation 11 of Audit Report No.9 2003–04 (Chapter 8)

47. ANAO Audit Report No.9 2003–04 *Business Continuity Management and Emergency Management in Centrelink* recommended (Recommendation 11) that Centrelink monitor and review its emergency stakeholder liaison and response planning at a national level and implement relevant findings to ensure effective and consistent emergency responses by Centrelink at national, state/territory and local levels. Centrelink has implemented the recommendation. Centrelink is now a member of several state and territory committees through its network of Area Recovery Managers. Further, each Area is involved with a range of state and local disaster management groups. These interactions assist Centrelink to coordinate its emergency responses with stakeholders.

Summary of agency responses

Centrelink

48. Centrelink welcomes this report and considers that implementation of the recommendations will further enhance Emergency Management and Community Recovery Assistance in Centrelink.

The Department of Families, Housing, Community Services and Indigenous Affairs

49. FaHCSIA supports the recommendations and findings in the ANAO Report: Emergency Management and Community Recovery Assistance in Centrelink and embraces the opportunity to work with Centrelink to improve the service delivery of emergency payments. As the report has noted, ensuring effective responses to disaster situations in the future will require ongoing collaboration and coordination between FaHCSIA and Centrelink. To this end, the two agencies have commenced a range of activities to improve both policy implementation and service delivery.

Recommendations

The 2009 North Queensland floods and Victorian bushfires presented an unprecedented disaster situation for Centrelink and FaHCSIA. Agencies were required to respond to a rapidly changing operating environment and act quickly in developing and deploying recovery assistance packages and measures. Using the experience and lessons learned from the response, the ANAO has made four recommendations aimed at assisting Centrelink to build on its disaster response capability.

Recommendation No.1

Para 3.36

To improve Centrelink's preparedness for responding to future disasters, the ANAO recommends that Centrelink include disasters that impact on multiple Areas in its emergency and business continuity test exercise program.

Centrelink response: Agreed.

Recommendation No.2

Para 6.47

To provide adequate assurance on the validity of claims paid for disaster recovery assistance, the ANAO recommends that Centrelink:

- undertake an analysis of the risks to payment integrity that arise from service delivery decisions (such as claimant self-declaration) taken during a disaster response; and
- address the risks identified in the analysis as either high or significant as part of its follow-up payment integrity activities.

Centrelink response: Agreed.

Recommendation No.3

Para 7.33

The ANAO recommends that Centrelink assess the reliability of emergency recovery payment data and reports generated from its system(s), and update the approach, standards and procedures for the collection, storage and use of the data.

Centrelink response: Agreed.

Recommendation No.4**Para 7.60**

To improve customer awareness of the availability of disaster recovery assistance, the ANAO recommends that Centrelink:

- review its communication strategy to ensure that information on disaster recovery assistance is accessible to target audiences and responsive to the particular disaster situation; and
- reinforce key recovery messages for the time period that assistance is available so that information reaches community members when they are receptive.

Centrelink response: Agreed.

Audit Findings and Conclusions

1. Introduction

This chapter provides background on the role of the Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA) and Centrelink in responding to disasters. It also outlines the audit approach including the objective, scope and methodology.

1.1 An emergency is an event, actual or imminent, that endangers or threatens to endanger life, property or the environment, and requires a significant and coordinated response. An emergency becomes a disaster when the event causes significant destruction, disruption and/or distress to a community. Emergency management describes the range of controls and procedures for managing an emergency event.¹⁸

1.2 Under Australia's constitutional arrangements, state and territory governments have primary responsibility for emergency management within their jurisdictions and have laws, funding mechanisms and organisational arrangements in place to deal with such emergencies.¹⁹ The Australian Government assists state and territory governments by enhancing their response capabilities and providing extra resources, such as financial assistance through the Natural Disaster Relief and Recovery Arrangements, as required.

1.3 The Australian Government has plans and arrangements for dealing with a broad range of potential hazards. While these tend to be developed along hazard-specific lines, taken together they form an all-hazards framework for crisis (emergency) management. Within an all-hazards framework, crisis management is viewed as a continuum of:

- Prevention: measures to eliminate or reduce the incidence or severity of crises by preventing events from occurring or, where this is not possible, by putting in place arrangements to mitigate their effects;
- Preparedness: arrangements to ensure that, should a crisis occur, all those resources and services that are needed to cope with the effects can be efficiently mobilised and deployed;

¹⁸ Emergency Management Australia, *Multi-Agency Incident Management*, p ix, 1998.

¹⁹ Attorney-General's Department, *Australian Emergency Management Arrangements*, 2009, p. 4.

- Response: actions taken in anticipation of, during, and immediately after a crisis to ensure that its effects are minimised, and that people affected are given immediate relief and support; and
- Recovery: the coordinated process of supporting crisis-affected communities in reconstruction of the physical infrastructure and restoration of psychological, social, economic, environmental and physical wellbeing.²⁰

1.4 FaHCSIA and Centrelink are generally involved in the recovery element of emergency management.

Responding to and recovering from disasters

1.5 During a domestic disaster the community response is coordinated by the State Emergency Services organisations.²¹ Each state and territory has its own set of response arrangements to deal with emergencies and disasters. Broadly, the states and territories have responsibility for:

- emergency management organisations;
- ambulance services;
- police departments;
- fire services;
- emergency services; and
- hospitals.

1.6 Local governments also have significant roles and responsibilities for disaster mitigation and management.

1.7 There are a number of mechanisms through which the Australian Government may provide support to the states and territories during an emergency. This assistance, both physical and financial, is generally provided on the request of the affected state and/or territory. The Australian

²⁰ Department of the Prime Minister and Cabinet, *Australian Government Crisis Management Arrangements, A guide for Ministers*, June 2009.

²¹ Emergency Management Australia website: http://www.ema.gov.au/www/emaweb/emaweb.nsf/Page/EmergencyManagement_PreparingforEmergencies_PlansandArrangements_AustralianGovernmentEmergencyManagementPlans [accessed 17 March 2010].

Government may also provide financial and other assistance directly to individuals affected by an emergency.

1.8 The Australian Government Disaster Response Plan details the coordination arrangements for the provision of Australian Government assistance in the event of a disaster or emergency in Australia or its offshore territories, regardless of the cause. Under the Australian Government Disaster Response Plan, states and territories can request assistance from the Australian Government for things such as transport, logistics, disaster stores or specialised equipment.²²

1.9 For domestic disasters this includes the:

- Natural Disaster Relief and Recovery Arrangements administered by Emergency Management Australia, in the Attorney-General's Department; and
- provision of tailored disaster recovery assistance, financial and other, through the Australian Government Disaster Recovery Committee.

1.10 For offshore disasters or critical incidents involving Australians, such as a terrorist attack, the Australian Government may convene other committees such as the Inter-departmental Emergency Taskforce, chaired by the Department of Foreign Affairs and Trade, which will coordinate a whole-of-government approach for response and recovery.

1.11 In addition, Emergency Management Australia publishes a range of manuals and guidelines on various aspects of emergency management.

Australian Government Disaster Recovery Arrangements

1.12 Australian Government advice and assistance for disaster recovery is coordinated through the Australian Government Disaster Recovery Arrangements. The Arrangements were developed, and are maintained, by FaHCSIA, which is the lead Australian Government agency for coordinating domestic, social and community disaster recovery.

²² Department of the Prime Minister and Cabinet, op.cit.

Australian Government Disaster Recovery Committee

1.13 Under the Australian Government Disaster Recovery Arrangements, the Australian Government Disaster Relief Committee (AGDRC) was established in 2005. The AGDRC, chaired by FaHCSIA, comprises representatives from 27 Australian Government agencies, including Centrelink, as well as the Chair of the Community and Disability Services Ministers' Advisory Council Disaster Recovery Sub-Committee.²³

1.14 The AGDRC provides policy advice and coordinates the implementation of tailored disaster recovery measures to individuals, families and communities in response to domestic disasters or critical incidents. This can include:

- developing coordinated advice to enable the Australian Government to effectively plan for, and manage, the social and community impacts of disasters and recovery; and
- maintaining effective linkages with relevant Australian Government, state/territory governments and non-government organisations involved in domestic disaster recovery.

FaHCSIA's role in community recovery

1.15 In addition to chairing and providing the AGDRC secretariat, FaHCSIA has an ongoing role in the development of tailored assistance measures to support those affected by domestic and offshore disasters. In particular, FaHCSIA is the lead agency for developing policy advice on, and activating, disaster recovery assistance. FaHCSIA advises the Minister for Families, Housing, Community Services and Indigenous Affairs (FaHCSIA Minister) on a disaster event. This can include circumstances where a disaster has a significant impact on individuals and the FaHCSIA Minister decides to exercise powers under the *Social Security Act 1991* to declare an event a major disaster and make financial assistance available.

1.16 Centrelink delivers disaster recovery assistance on behalf of FaHCSIA. A Business Partnership Agreement (BPA) between FaHCSIA and Centrelink

²³ Appendix 2 provides a list of the committee members.

includes a protocol on disaster preparedness and recovery.²⁴ The protocol aims to contribute to the achievement of a high level FaHCSIA outcome²⁵ by:

- implementing a range of measures to assist individuals, families and communities in crisis as a result of disasters or other critical events;
- providing access to financial assistance and personal support to those affected by disasters or other critical events where appropriate; and
- assisting in the development of recovery strategies and delivery options.

1.17 Payments/services covered by this protocol include:

- the Australian Government Disaster Recovery Payment (AGDRP); and
- ex gratia disaster recovery assistance measures.

Emergency management and community recovery assistance in Centrelink

1.18 Centrelink is the Australian Government's primary delivery agency for social security payments. Centrelink's role in disaster recovery operations can include:

- managing the emergency call centre and/or a specific enquiry hotline established in an event, which includes specialist staff and referrals as necessary;
- delivering financial assistance and personal support services (such as social and case management), including in recovery centres established by state/local governments; and
- providing statistical data such as calls to the hotline, claims assessed, assistance provided.

1.19 The demands on Centrelink when responding to a major disaster can be substantial, and it is important that Centrelink has arrangements to balance

²⁴ In November 2009, the BPA was replaced with the FaHCSIA and Centrelink Bilateral Management Agreement. As this was not in place at the time of audit fieldwork, this audit has focused on the BPA.

²⁵ In 2008-09, FaHCSIA had 4 outcomes and the provision of community recovery assistance is included in outcome 4 – 'Strong and Resilient Communities'. FaHCSIA website <http://fahcsia.gov.au/about/publications/articles/corp/BudgetPAES/budget09_10/BudgetStatements/Documents/4_21.htm> [accessed 17 March 2010].

managing these demands with delivering its normal business activities. In 2008–09, Centrelink made \$86.8 billion in payments to approximately 6.84 million customers.

1.20 Following a disaster, there is a limited period of time in which disaster recovery assistance is available. In general, people eligible for AGDRP assistance have six months to claim from the date a major disaster is declared. For example, the AGDRP for the 2009 Victorian bushfires was announced on 8 February 2009 and could be claimed until 7 August 2009.

1.21 Centrelink’s role in a disaster can last for much longer, especially in providing social support services such as Family Support Officers to an affected community or person. For example, Centrelink provided ongoing assistance in 2008–09 for people affected by the Bali bombings of 2002 and 2005.

Previous audits

1.22 In 2003–04, the ANAO tabled Audit Report No.9 2003–04, *Business Continuity Management and Emergency Management in Centrelink*. Centrelink agreed to all 11 of the recommendations.

1.23 In 2008–09, the ANAO conducted a follow-up audit on *Business Continuity Management and Emergency Management in Centrelink* (Audit Report No.46 2008–09). The report concluded that Centrelink had an established Business Continuity Management (BCM) and Emergency Management (EM) framework that it continued to develop. Centrelink also had effective crisis coordination arrangements. The audit did not review how Centrelink implemented its crisis coordination arrangements in responding to disasters.

1.24 Of the 10 recommendations in the 2003–04 report examined as part of the 2008–09 audit,²⁶ Centrelink had implemented five, with the remaining five being partially implemented. The 2008–09 report includes five new recommendations aimed at assisting Centrelink to further improve its BCM framework and its application. Centrelink agreed to all five of the recommendations.

²⁶ Recommendation No.11 is examined as part of this audit – refer Chapter 8.

Audit approach

Audit objective

1.25 The objective of this audit was to:

- (a) assess Centrelink's effectiveness in delivering financial assistance for community emergencies/disasters;
- (b) examine Centrelink's ability to effectively respond to business disruptions caused by community emergencies/disasters; and
- (c) identify opportunities for improvement in Centrelink's emergency management and community recovery assistance activities.

1.26 As part of the audit, the ANAO also reviewed Centrelink's progress in implementing recommendation No.11 from ANAO Audit Report No. 9 2003–04, *Business Continuity Management and Emergency Management in Centrelink*. Recommendation No.11 related to Centrelink's relationship with stakeholders during emergency preparation and responses.

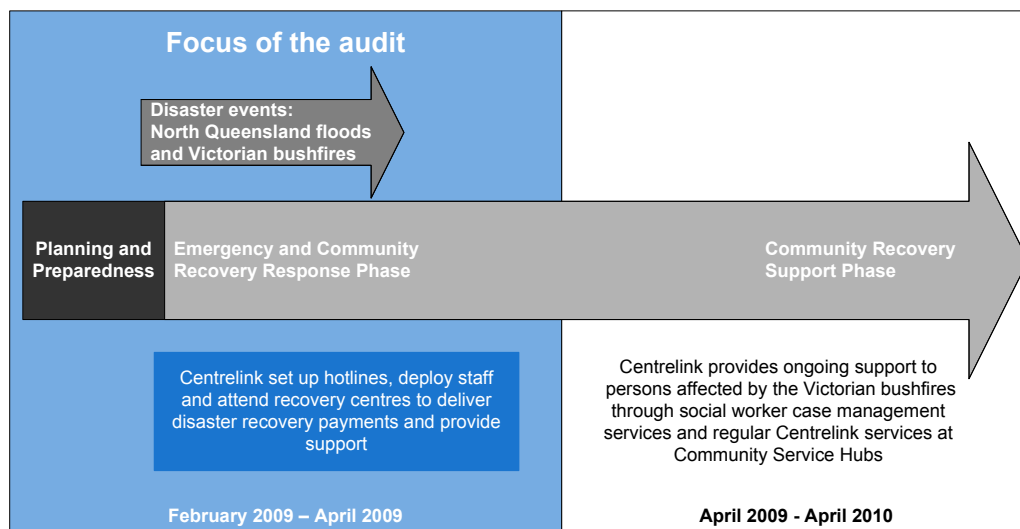
Audit scope and criteria

1.27 The scope of the audit covered Centrelink's emergency management framework and community recovery assistance operations in general, with a specific focus on the 2009 North Queensland floods and Victorian bushfires. FaHCSIA's role during those disaster events was also considered as FaHCSIA played a key role in establishing the policy parameters of the services Centrelink delivered and addressing issues arising from policy implementation.

1.28 The phases involved in Centrelink's emergency management and community recovery assistance activities are summarised in Figure 1.1, with the focus of the audit highlighted.

Figure 1.1

Emergency management and community recovery phases



Source: ANAO analysis.

1.29 The scope of the audit did not include:

- the business continuity aspects of Centrelink's framework for business continuity and emergency management, which were the subject of ANAO Audit Report No. 46, 2008–09, *Business Continuity Management and Emergency Management in Centrelink*; and
- case management aspects of Centrelink's crisis response and recovery arrangements for the 2009 North Queensland floods and Victorian bushfires.

1.30 In assessing Centrelink's and FaHCSIA's performance against the audit objective, the following areas were examined:

- the policy framework supporting disaster recovery assistance;
- the implementation of the framework and decisions made during the 2009 North Queensland floods and Victorian bushfires;
- Centrelink's emergency response operations at both the National and Area levels including:
 - its preparedness for responding to emergencies through appropriate management plans and crisis coordination structures; and

- staff deployment arrangements and the associated impacts on the delivery of normal business activities; and
- Centrelink’s delivery of its responsibilities under the BPA, including service delivery requirements for the AGDRP and ex gratia payments.

Audit methodology

1.31 The audit methodology was prepared to comply with the ANAO’s auditing standards to ensure there is sufficient and appropriate evidence to form a reliable audit opinion. This included:

- the collection and analysis of Centrelink’s and FaHCSIA’s records and documents, including reports, committee meeting minutes, emails, performance data and financial information;
- interviews with Centrelink and FaHCSIA staff members and representatives from relevant stakeholder groups;
- conducting a quantitative research program on the 2009 North Queensland floods and Victorian bushfires through four customer focus groups and 20 in-depth telephone interviews with individual customers; and
- fieldwork in disaster-affected areas in North Queensland and Victoria.

1.32 The audit was conducted at a cost of \$600 000.

Disaster responses reviewed for the audit

1.33 In conducting the audit, the ANAO had regard to a number of disaster responses. These include the storms in South East Queensland in November 2008 and the floods in Northern New South Wales and South East Queensland in May 2009. However, the audit primarily focused on the 2009 North Queensland floods and Victorian bushfires.

The 2009 North Queensland floods

1.34 On 31 January 2009, Tropical Cyclone Ellie caused a rain depression in Far North/Northern Queensland resulting in substantial flooding to townships between Townsville and Cairns. Over 3 000 homes and businesses in the Ingham area were affected. On 6 and 7 February 2009, further heavy rain caused additional flooding to new and already damaged areas. The additional rain raised the floodwaters in Ingham to over 12.5 metres.

1.35 Given the devastation that was caused by these floods, on 6 February 2009, the Australian Government announced a recovery assistance package to support people that were adversely affected by the disaster. Assistance provided by FaHCSIA and Centrelink included:

- Delivery of the AGDRP (\$1000 per adult and \$400 per child), people could claim for this between 8 February 2009 and 7 August 2009.
- Delivery of the Income Recovery Subsidy ex gratia payment (IRS) which provided assistance to employees, small business operators and farmers who had lost income as a result of the floods. This subsidy provided fortnightly payments equivalent to the maximum rate of Newstart Allowance depending on the person's circumstances and was offered for a period of 13 weeks.
- Delivery of the Funeral/Memorial ex gratia payment which provided a payment of \$5000 for funeral/memorial and related costs to one immediate family member for each individual who died or was declared missing as a direct result of the disaster.

The 2009 Victorian bushfires

1.36 In February 2009, bushfires devastated Victoria, causing an unprecedented loss of life and property. The Victorian Coroner's Office has confirmed that 173 people lost their lives during the fires, which directly affected 51 townships, destroying over 2000 homes, along with many businesses and schools.

1.37 Given the devastation caused by the bushfires, the Australian Government provided a recovery assistance package to support people who had been adversely affected. The recovery assistance package was delivered by a range of Australian Government departments and agencies. FaHCSIA and Centrelink were responsible for providing AGDRP and Funeral/Memorial assistance on the same basis as that specified for the North Queensland floods (refer paragraph 1.35). An IRS was also provided on the same basis as the floods, however, after the initial 13 week period, it was extended twice for further 13 week periods to ensure that people affected by the bushfires continued to be financially supported.

1.38 In addition to direct financial assistance, Centrelink provided support to the Victorian Government including: social work and case management services; call centre overflow services for the Victorian Bushfire Information Line; and support and recovery activities in Relief and Recovery Centres and

Community Hubs. The key events and decisions from the disasters are shown in Appendix 3.

Disaster recovery payments made during the 2009 North Queensland floods and Victorian bushfires

1.39 The 2009 North Queensland floods and Victorian bushfires were large scale disasters where significantly more disaster recovery payments were made compared to other disasters in 2008–09.

1.40 Table 1.1 indicates the number and total value of AGDRP and ex gratia claims granted for disaster events in 2008–09.

Table 1.1

Payments made for disasters that occurred in 2008–09

Disaster/Emergency Event	Total Claims Granted	Amount Paid (\$000)
Floods, Emerald/Charleville, January 2008 – AGDRP	794	929
Floods, Mackay, February 2008 – AGDRP	8312	9 800
Storms, South East Queensland, November 2008 – AGDRP	15 533	19 788
Terrorist Attack, Mumbai India, December 2008 – AGDRP	137	147
Floods, North Queensland, February 2009 – AGDRP	36 562	46 009 ¹
Bushfires, Victoria, February 2009 – AGDRP	55 199	64 256 ¹
Floods, South East Queensland and Northern New South Wales, May 2009 – AGDRP	5500	7 976
Total ex gratia payments for 2008–09	8878	15 376

Source: Centrelink and FaHCSIA 2008-09 Annual Reports.

Note: 1. These are the amounts reported in Centrelink's 2008-09 annual report. The ANAO's analysis of Centrelink's data indicates that the amounts paid for the 2009 North Queensland floods and Victorian bushfires were \$44.7 million and \$64.8 million respectively (rounded to a total of \$110 million). The discrepancies in the data are discussed further in Chapter 7.

1.41 As a result of the 2009 North Queensland floods and Victorian bushfires, Centrelink paid approximately 93 000 customers, \$110 million in AGDRP. This accounted for 80 per cent of the total amount of AGDRP paid in 2008–09.

Internal review of Centrelink's response to the Victorian bushfires

1.42 Centrelink engaged PricewaterhouseCoopers to undertake a Post Implementation Review (PIR) of its response to the 2009 Victorian bushfires. The PIR reviewed whether Centrelink was effectively prepared to respond to the Victorian bushfires. The PIR concluded:

Based on meeting the desired outcomes for Centrelink's customers and meeting the requirements of the Australian Government, Centrelink's response to the Victorian bushfires has been successful...

While externally the response has been effective it is clear from the review that the size of the bushfires and the level of Australian Government involvement has placed demands on Centrelink's response well in excess of any previous event. As a result a number of significant decisions had to be implemented quickly without the benefit of thorough change management and testing processes. The bushfire response also highlighted a number of areas that can be improved to ensure that Centrelink's human resources and corporate capabilities can be deployed more effectively in responding to a disaster.²⁷

1.43 The PIR made 23 recommendations covering Centrelink's:

- level of preparedness for future disasters;
- emergency management framework for effective response to disasters;
- accounting processes and cash management controls;
- stakeholder management; and
- frontline response.

1.44 The ANAO has taken the findings and recommendations of the PIR into account in preparing this audit report.

Structure of the audit report

1.45 The structure of the audit report is outlined in Figure 1.2.

²⁷ Centrelink, *Review of Emergency Response to Victorian Bushfires*, October 2009.

Figure 1.2

Structure of the chapters

Audit Objective	
<p>The objective of the audit was to:</p> <ul style="list-style-type: none"> • assess Centrelink's effectiveness in delivering financial assistance for community emergencies/disasters; • examine Centrelink's ability to effectively respond to business disruptions caused by community emergencies/disasters; and • identify opportunities for improvement in Centrelink's emergency management and community recovery assistance activities. 	
Chapter 1. <i>Introduction</i>	Provides background on the role of FaHCSIA and Centrelink in responding to disasters. It also outlines the audit approach including the objective, scope and methodology.
Chapter 2. <i>Developing Policy Advice for Disaster Recovery Assistance</i>	Examines the role of FaHCSIA in the Australian Government Disaster Recovery Arrangements, including its involvement in developing policy advice and coordinating disaster recovery assistance.
Chapter 3. <i>Centrelink's Operations in an Emergency/Disaster</i>	Examines the effectiveness of Centrelink's framework for responding to emergencies/disasters and how that framework operated during the 2009 North Queensland floods and Victorian bushfires.
Chapter 4. <i>Managing Disruptions to Centrelink's Business-as-Usual Activities</i>	Examines the impact of the 2009 North Queensland floods and Victorian bushfires response on Centrelink's normal business activities, and Centrelink's management of this situation.
Chapter 5. <i>Delivery of Disaster Recovery Financial Assistance</i>	Examines Centrelink's effectiveness in delivering disaster recovery payments on behalf of the Australian Government.
Chapter 6. <i>Determining Eligibility for the AGDRP and Identifying Fraud</i>	Examines whether Centrelink developed appropriate guidelines to support staff processing claims to accurately assess the eligibility requirements for the AGDRP. It also considers the effectiveness of follow-up procedures implemented to identify and manage customer debt and fraud.
Chapter 7. <i>Monitoring and Review of Community Recovery Assistance</i>	Examines Centrelink's performance monitoring and reporting arrangements for the delivery of recovery assistance, including requirements under the BPA with FaHCSIA and external reporting through annual reports. It also considers information gained through customer feedback mechanisms.
Chapter 8. <i>Update on Centrelink's Response to Recommendation No. 11 of Audit Report No. 9 2003-04</i>	Examines the ANAO findings against Recommendation No. 11 of Audit Report No. 9 2003-04, <i>Business Continuity Management and Emergency Management in Centrelink</i> .

Source: ANAO.

2. Developing Policy Advice for Disaster Recovery Assistance

This chapter examines the role of FaHCSIA in the Australian Government Disaster Recovery Arrangements, including its involvement in developing policy advice and coordinating disaster recovery assistance.

Introduction

2.1 FaHCSIA is the Australian Government's main source of advice on social policy. As part of its responsibilities, FaHCSIA plays a key role in developing and administering the policy framework that supports the Australian Government's community/social welfare recovery efforts for both domestic and offshore emergencies and disasters. To achieve this, FaHCSIA works closely with other government agencies, including Centrelink, to deliver a variety of assistance packages that focus on assisting people to re-establish their lives and their communities after these events. When a disaster is significant in nature, or is considered an emergency of national consequence, under the Australian Government Disaster Recovery Arrangements, the Australian Government Disaster Recovery Committee may be convened.²⁸

2.2 The ANAO reviewed FaHCSIA's role in the Australian Government Disaster Recovery Arrangements, in particular if FaHCSIA effectively:

- undertook its role as the chair and secretariat of the AGDRC and other relevant committees established to coordinate the 2009 North Queensland floods and Victorian bushfire response; and
- developed disaster recovery assistance packages for the 2009 North Queensland floods and Victorian bushfires that complied with relevant legislative and other Australian Government requirements.

²⁸ FaHCSIA, *Australian Government Disaster Recovery Arrangements Dec 08-Jan 09*, February 2009, p. 10.

Policy setting and coordination of disaster recovery assistance

Australian Government Disaster Recovery Committee

2.3 The AGDRC provides policy advice and coordinates the delivery of tailored disaster recovery assistance measures to individuals, families and communities in response to a major domestic or offshore disaster. As chair of the committee, FaHCSIA is responsible for:

- developing and presenting an annual work plan for the AGDRC;
- deciding whether to convene the AGDRC in the event of a disaster;
- presiding over all meetings as well as coordinating and managing the committee's activities;
- overseeing the implementation of an Australian Government disaster recovery assistance package; and
- representing the AGDRC in state government and non-government organisation discussions.

2.4 FaHCSIA has chaired all of the AGDRC regular quarterly meetings since its inception in December 2005. The AGDRC meeting minutes indicate an active involvement and commitment by FaHCSIA to undertake action items and present for discussion disaster recovery information and research from other government and non-government organisations. FaHCSIA also regularly reported to the AGDRC its involvement in, and development of, disaster recovery and emergency management policies.

Australian Government Disaster Recovery Committee's operations during the 2009 Victorian bushfires and North Queensland floods

2.5 FaHCSIA convened two special meetings of the AGDRC, on 8 February 2009 and 11 February 2009, to discuss issues arising from the Victorian bushfires. Subsequently, two Australian Government committees were established to assist the Australian Government to coordinate its response to issues emerging from the disaster. These were the:

- Commonwealth Victorian Bushfires Ministerial Taskforce (CVBT), established on 11 February 2009; and
- Commonwealth Victorian Bushfires Taskforce Interdepartmental Committee (IDC), established on 19 February 2009.

2.6 Due to the nature and scale of the Victorian bushfires, the CBVT and IDC were convened to coordinate a whole-of-government response to the disaster. This replaced the need for the AGDRC to meet during the Victorian bushfire disaster response. Appendix 4 provides the details of the various groups established to coordinate the Australian Government's response to the Victorian bushfires.

FaHCSIA's secretariat role

2.7 FaHCSIA's secretariat responsibilities for the AGDRC and the committees established to coordinate the Victorian bushfire response included developing and promulgating meeting agendas and recording meeting minutes and action items. Given the multi-layered and changing governance committee oversight arrangements, FaHCSIA's role also involved being the central communication point to promote a common understanding of the responsibilities and activities of each committee.

2.8 For the CVBT, FaHCSIA inherited established secretariat arrangements and developed an internal issues register. The ANAO reviewed the meeting agendas, meeting minutes, and action items for both the CVBT and IDC and identified that, on occasion, action items had not been reported consistently from one meeting to another. This made it difficult in some areas to clearly track the discussion and progress against action items.

2.9 In the compressed timeframes of responding to unfolding disasters, such as during the Victorian bushfires, and in consideration of the increased demands on committee members' time and resources, a timely and effective approach to managing information is required to support key decision-making activities. This helps to manage risks such as action items being overlooked or not resolved in a timely manner, and key issues not being addressed or previous discussions repeated.

2.10 Since the 2009 Victorian bushfires, FaHCSIA has developed a set of standardised templates covering the required secretariat functions. This standardised approach will assist in the adaptation of documents to mitigate the potential risks above relating to:

- responding to emerging community and operational issues;
- deployment of emergency services to affected areas; and
- agency-specific emergency recovery activities.

Review of the AGDRC

2.11 In January 2009, the AGDRC met to review the future direction of the committee. Five operational models were proposed by FaHCSIA for consideration by the AGDRC. The committee was asked to evaluate the options and to provide comment by 13 February 2009. Due to the outbreak of the Victorian bushfires on 7 February 2009, this process was not undertaken.

2.12 Convening the CVBT and associated IDC for the 2009 Victorian bushfires represented a shift from the established approach of the AGDRC coordinating the delivery of disaster recovery assistance. In light of this, the ANAO suggests that FaHCSIA, in consultation with committee members, revisit the January 2009 review to determine the future operational model for the AGDRC.

Activation of disaster recovery payments

2.13 In the event of a disaster where Commonwealth assistance is required and appropriate, the AGDRC may meet to formulate a disaster recovery assistance package that is relevant to the disaster. The committee members advise on specific disaster programs, payments and services that can be incorporated into the assistance package. In the event the existing packages are not immediately applicable, the committee members will advise on the options available within their own agencies to tailor programs, payments and services to reflect the impact of the disaster.

2.14 Depending on the circumstances of the disaster, this tailored approach can include:

- AGDRP²⁹—the purpose of the AGDRP is to provide immediate, short-term financial assistance to people adversely affected by a major disaster;
- ex gratia payments—this includes but is not limited to, the IRS and funeral/memorial payment;

²⁹ Under subsection 36(1) of the *Social Security Act 1991*:

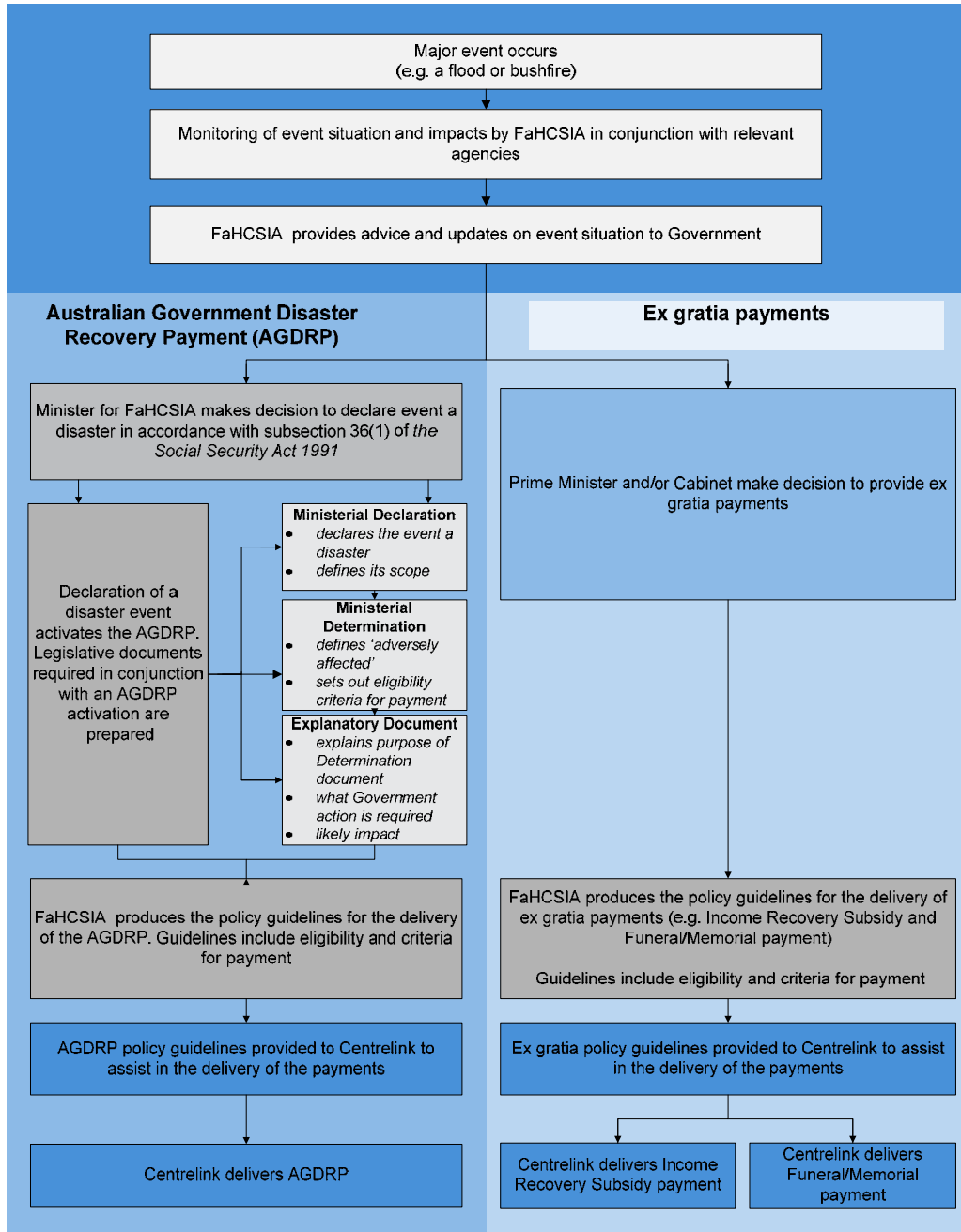
The [FaHCSIA] Minister may determine in writing that an event is a major disaster if the Minister is satisfied that the event is a disaster that has such a significant impact on individuals that a government response is required.

- additional funding for emergency relief organisations operating on the front line;
- assistance for clean-up and recovery efforts; and
- relaxation of usual government compliance activities for recovery payment and taxation obligations during a disaster event, such as extended periods for lodgement of tax returns and tax exemptions on disaster-related income payments.

2.15 Figure 2.1 shows FaHCSIA's role in the various steps of a disaster declaration and the payment trigger process.

Figure 2.1

Disaster declaration and payment triggering process



Source: ANAO analysis of Australian Government Disaster Response Protocol.

2.16 The AGDRP has formed part of the Australian Government disaster recovery assistance for 19 disasters between December 2006 and December 2009. A full list of all AGDRP activations by year and event is included in Appendix 5.

Australian Government Disaster Recovery Payment

2.17 The declaration of a disaster event involves the execution of three documents by the FaHCSIA Minister. The documents contain the definition of the disaster, its scope and the eligibility criteria for claiming recovery assistance. These documents consist of:

- a Declaration document—declares the event a disaster and defines the scope;
- a Determination document—defines the meaning of ‘adversely affected’ and sets out the criteria for eligibility for relief and recovery assistance; and
- Explanatory notes—explains the purpose and operation of the Determination document as well as why government action is required to address the situation.

2.18 Once the Determination document is signed, the authority to begin making the AGDRP to eligible individuals is established.

2.19 FaHCSIA has developed a toolkit for the activation of the AGDRP which contains detailed guidelines for the activation and management of the AGDRP. The guidelines include a step-by-step process for the initiation, development and activation of the AGDRP, an activation checklist and examples on how to prepare the required budget submissions.

2.20 The activation toolkit also contains a template with instructions for updating the Australian Government’s Disaster Assist website <<http://www.disasterassist.gov.au>>³⁰ and for preparing the appropriate management information requests of Centrelink.

Australian Government Disaster Recovery Payment for the two major disasters

2.21 The AGDRP was activated for both the 2009 North Queensland floods and Victorian bushfires. Both disasters were declared major disasters for the

³⁰ <www.disasterassist.gov.au> [accessed 17 March 2010]. Set up by the Australian Government to give individuals and families better access to information about recovery assistance following a disaster.

purposes of AGDRP within days of the events occurring. The disaster Declarations for the 2009 North Queensland floods and Victorian bushfires were made by the FaHCSIA Minister on 7 February 2009 and 8 February 2009 respectively. Details regarding the timing of the documents and modifications made are contained in Table 2.1.

Table 2.1

2009 North Queensland floods and Victorian bushfires legislative instruments

Disaster	Declaration	Determination	Explanatory Statement	Signed
2009 North Queensland floods	7 February 2009	7 February 2009	Yes	Yes—by the FaHCSIA Minister
2009 Victorian bushfires	8 February 2009	8 February 2009	Yes	Yes—by the FaHCSIA Minister
		modifications to eligibility criteria: 14 February 2009	Yes	Yes—by the FaHCSIA Minister
		modifications to eligibility criteria: 7 May 2009	Yes	Yes—by the FaHCSIA Minister

Source: *Social Security (Australian Government Disaster Recovery Payment) Determination 2009 (No. 1, No. 2, No. 3 and No. 4).*

2.22 The eligibility criteria for the 2009 North Queensland floods and the 2009 Victorian bushfires were set out in the Determination document for each of the disaster events. The information was also made publicly available on the Disaster Assist website. In the case of the Victorian bushfires, the Determination document was modified twice to accommodate changes to the eligibility criteria. These modifications included additional definitions for ‘adversely affected’ and circumstances to allow for an increase in the flexibility of the AGDRP.

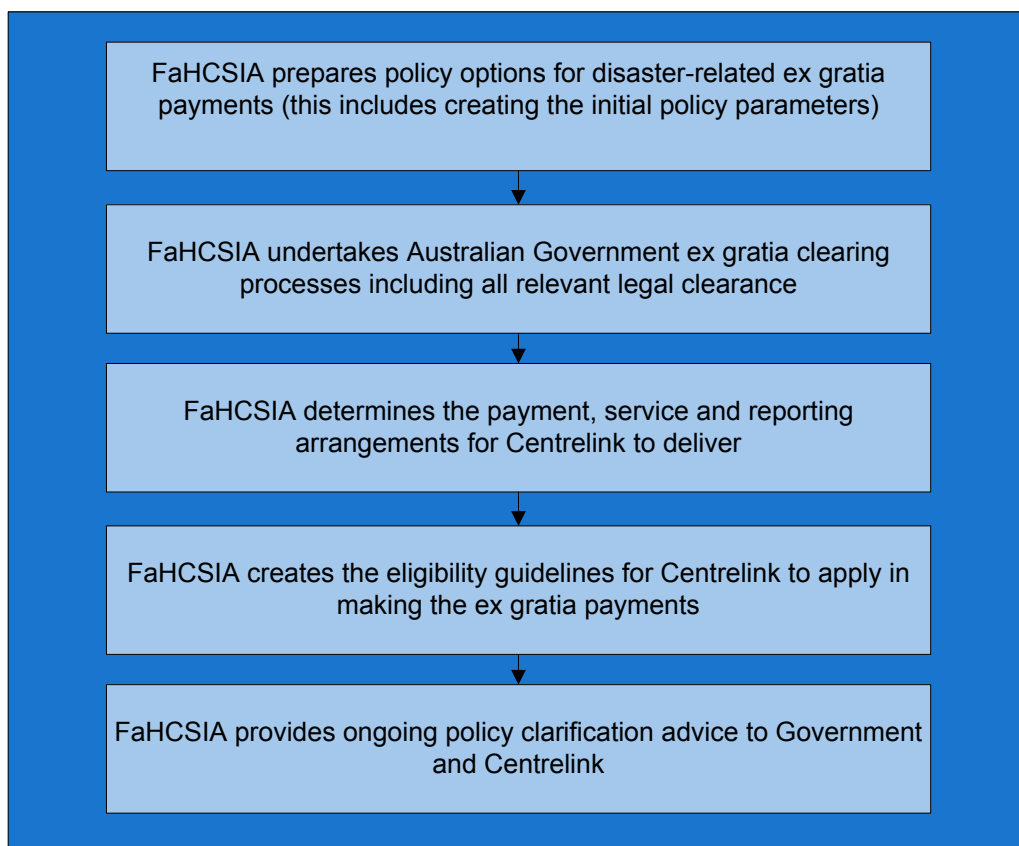
2.23 The declaration of both the 2009 North Queensland flood and Victorian bushfire disasters, and the preparation of the required documents to activate the AGDRP, indicates that FaHCSIA followed all the legislative requirements and responded in a timely manner to the needs of the affected communities.

Ex gratia payments

2.24 The policy framework for disaster-related ex gratia payments is generally developed by FaHCSIA. Figure 2.2 illustrates the process for the development of the government ex gratia payment policy.

Figure 2.2

FaHCSIA's government ex gratia payment policy development process



Source: ANAO analysis.

2.25 During the 2009 North Queensland floods and Victorian bushfires, two types of ex gratia payment were made available:

- IRS ex gratia payments; and
- Funeral/Memorial ex gratia payments.

Income Recovery Subsidy

2.26 On 10 February 2010, the Prime Minister announced that the Australian Government would provide a fortnightly ex gratia IRS payment for employees, small business persons and farmers who could demonstrate that they had experienced a loss of income as a direct result of the flooding in North Queensland or the bushfires in Victoria.

2.27 The IRS payment was designed to sustain and support people within their local community during the recovery and rebuilding phases following the disasters and was structured as a fortnightly payment equivalent to the maximum rate of the Newstart Allowance. A modified form of the Newstart income means test was applied as part of the eligibility criteria for IRS payments. In this case, IRS claimants were only required to show that their fortnightly earnings were less than the Newstart income threshold amounts before receiving the full IRS payment.³¹

Funeral/Memorial payment

2.28 Funeral/Memorial ex gratia payments were provided to the families of the victims of the 2009 North Queensland floods and Victorian bushfires. Immediate family members of individuals killed or declared missing as a result of the disasters were eligible where a victim was an Australian citizen or a foreign national³² living or working in Australia at the time of the disasters. The Funeral/Memorial payment was made to the first immediate family member who lodged a claim.

2.29 In April 2009, FaHCSIA revised its guidelines for the provision of Funeral/Memorial ex gratia payments to address the complex nature of some family relationships and the need to streamline the decision-making process. Changes included: providing families with access to Centrelink Family Liaison Officers to assist with the claim process; and allowing the payment of

³¹ Customers were eligible for the maximum relevant rate of Newstart if their fortnightly earnings were less than: \$842.17 for singles with no children; \$903.34 for singles with dependent children; and \$769.00 (each) for couples. The rates were twice indexed in line with Consumer Price Index. On 20 March 2009, the rates were indexed to: \$848.84 for singles with no children; \$910.67 for singles with dependent children; and \$775.00 (each) for couples. On 20 September 2009 the rates were indexed to: \$853.34 for singles with no children; \$915.50 for singles with dependent children; and \$779.17 (each) for couples.

³² Limited to holders of: any class of permanent visa who had yet to meet the residency waiting period; temporary skilled class visas; any New Zealand national on a temporary visa; or a temporary family class visa.

funeral/memorial assistance directly to an Executor of an Estate or provider of funeral services.

FaHCSIA's role in formulating the Income Recovery Subsidy policy

2.30 FaHCSIA developed and promulgated policy guidelines to Centrelink that detailed the eligibility criteria for the IRS payment and provided guidance on how it should be interpreted. There were several changes to the policy guidelines made during the course of the disasters as issues were identified and clarified, including:

- the expansion of IRS eligibility to foreign nationals who were holders of certain visa classes;
- the indexation of IRS payment rates to the Consumer Price Index³³;
- following the passage of legislation to amend the *Income Tax Assessment Act 1936* and the *Income Tax Assessment Act 1997*, the exemption of the IRS payment from being included as assessable income for taxation purposes;³⁴ and
- an increase in proof of identity requirements once the immediate impact of the disaster had passed.³⁵

2.31 Despite being developed in a compressed timeframe, the guidelines set out the IRS payment eligibility criteria with an adequate level of clarity and were sufficient to support Centrelink's delivery of the payment. While Centrelink referred policy questions to FaHCSIA for clarification, there were few such issues and these were resolved in a timely manner.

2.32 The Australian Government has a policy framework for implementing ex gratia payments.³⁶ However, the scale of the disaster and the need to respond quickly meant that not all the elements of the policy were fully considered. In particular, one of the elements of the policy is to give full consideration to the availability of other payment schemes and obtain specific legal advice on whether a legislative provision is more appropriate than an ex gratia payment. While FaHCSIA gave consideration to other schemes and

³³ In line with the indexation of Newstart payments on which IRS payment rates are based.

³⁴ *Tax Laws Amendment (2008 Measures No.6) Act 2009*.

³⁵ Proof of identity arrangements are discussed in paragraphs 5.32 to 5.40.

³⁶ Department of Finance and Administration, op. cit.

involved its legal team in formulating the IRS payment policy, it did not obtain specific legal advice on the availability of other schemes.

2.33 Consideration of these issues becomes difficult within the time constraints of responding to a major disaster. FaHCSIA has, however, previously implemented similar ex gratia payments for other disasters, such as Tropical Cyclone Larry in 2006. It is reasonable to expect that these payments may need to be considered for future disaster events.

The development and implementation of recovery assistance for future disasters

2.34 During the 2009 North Queensland flood and Victorian bushfires, FaHCSIA was effective in managing the preparation of policy options and the determination of payment criteria and eligibility. FaHCSIA could further improve its activation protocols for future disaster events by reviewing its framework for developing and implementing disaster-related ex gratia payments. This could include considering the types of ex gratia payments it may need to implement, and having regard to the elements of the Australian Government's ex gratia policy framework that can be considered ahead of time. This would also allow consideration of broader issues such as the adaptability of non-disaster related schemes to disaster situations, legal constraints of possible disaster payments and the availability of judicial review and appeal rights³⁷, which are presently available for decisions relating to the legislatively based schemes (such as the AGDRP), but not discretionary ex gratia schemes (such as the IRS).³⁸

2.35 To facilitate the design and implementation of ex gratia payments for disaster recovery assistance that comply with the Australian Government's ex gratia policy, the ANAO suggests that FaHCSIA consider developing guidelines, similar to those used for AGDRP, that include eligibility checklists, standardised templates and administrative requirements and reporting arrangements. In that respect, FaHCSIA has advised that it is working on addressing this issue.

³⁷ The Commonwealth Ombudsman has recently raised concerns about the restricted review and appeal rights available under executive schemes (such as IRS) and noted that decisions made under such schemes can affect people's rights and interests as much as decisions made under legislative schemes. Further, the Administrative Review Council has previously recommended that the *Administrative Decisions (Judicial Review) Act 1977* be extended to include administrative decisions made under non-statutory schemes.

³⁸ Review and appeals are discussed in paragraphs 7.45 to 7.49.

3. Centrelink's Operations in an Emergency/Disaster

This chapter examines the effectiveness of Centrelink's framework for responding to emergencies/disasters and how that framework operated during the 2009 North Queensland floods and Victorian bushfires.

Introduction

3.1 Centrelink is required to respond to a range of domestic and international emergency/disaster situations. This can involve:

- mobilising large numbers of staff and equipment;
- setting up emergency management structures;
- establishing communication channels; and
- engaging with Australian state/territory and local government agencies.

3.2 To respond effectively, Centrelink's emergency management practices need to be coordinated between its National Support Office in Canberra and any of the 15 Centrelink Areas³⁹ throughout Australia.

3.3 The ANAO reviewed Centrelink's emergency management framework to determine if:

- it was clearly articulated with appropriate planning and preparedness arrangements and crisis coordination governance structures; and
- it operated effectively during the 2009 North Queensland floods and Victorian bushfires.

Centrelink's emergency management framework

3.4 Disasters differ in type and scale. Possible disaster scenarios that Centrelink may be required to respond to range from those with a localised impact, affecting one Area or a small part of an Area, to more widespread

³⁹ Centrelink has defined 15 geographical Areas throughout Australia. Each Area consists of an Area Office and a number of Customer Service Centres (CSCs). Area Managers operating from each Area Office coordinate and oversight Centrelink's CSCs and outreach services in their respective Areas.

disasters impacting multiple Areas. The potentially large scale of Centrelink's operations in an emergency situation means that there is a need for a robust emergency management framework to provide assurance that the organisation can:

- rapidly respond to emergencies;
- prioritise essential tasks and make key decisions in a timely manner; and
- progressively transition back to managing business-as-usual activities.

3.5 Centrelink has established a framework for managing emergencies that forms part of its broader Business Continuity Control Framework (BCC Framework). The BCC Framework incorporates a policy⁴⁰ and supporting processes for the implementation of BCM and Emergency Management (EM) within Centrelink.

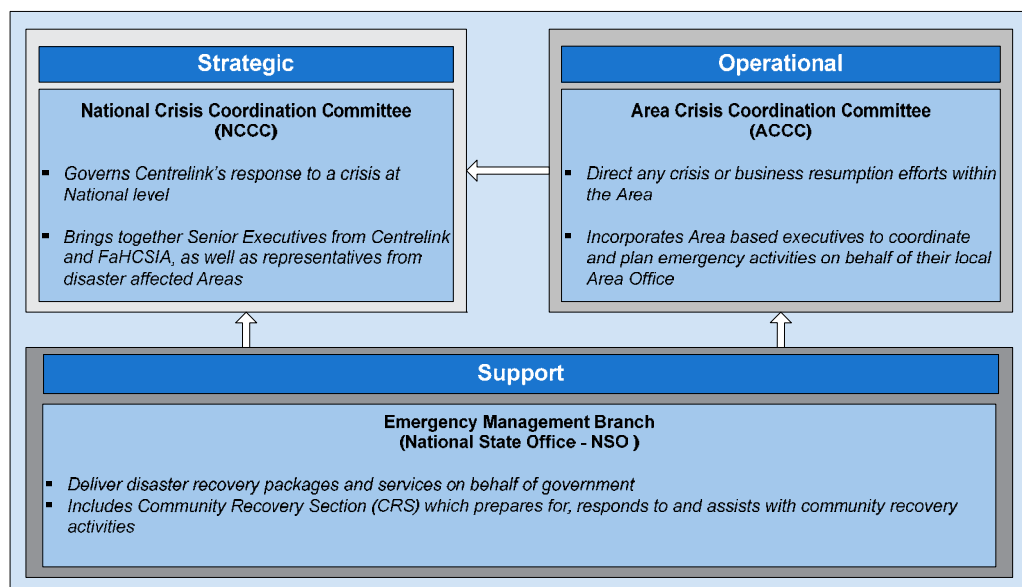
3.6 The *Business Continuity Policy* articulates an expectation that all payments, services and key enabling resources are supported by business continuity plans and processes. A broader examination of Centrelink's BCC Framework can be found in Audit Report No. 46, 2008–09, *Business Continuity Management and Emergency Management in Centrelink*.

3.7 Centrelink's BCC Framework outlines the procedures and steps required for responding to any disruption to its business, including emergency/disaster events. The governance structure for responding to an emergency event, such as the 2009 Victorian bushfires, is depicted in Figure 3.1.

⁴⁰ Centrelink, *Business Continuity Policy*, 2007.

Figure 3.1

Emergency management governance structure



Source: ANAO.

3.8 In addition, Centrelink has developed templates and guidelines for use in responding to emergencies, including:

- information on responding to emergency or disaster incidents;
- an emergency response directions template for Customer Service Centres; and
- an Area Office Emergency Management Plan template.

Effectiveness of the framework in responding to disasters

3.9 The flexibility of Centrelink's emergency management framework to different sizes and types of incidents/disaster events is central to the effectiveness of Centrelink's emergency responses.

3.10 Over the past 10 years, Centrelink has provided assistance in a range of natural and man-made disaster events such as floods, fires, cyclones, bombings, animal disease outbreaks, an energy supply interruption and medical evacuations. While the majority of these previous events have involved single emergencies with contained impacts, the 2009 North

Queensland floods and Victorian bushfires required Centrelink to respond to two major concurrent disasters separated by a vast geographic distance.⁴¹

3.11 The ANAO reviewed these two events as a case study to determine the effectiveness of Centrelink's emergency management framework in responding to two major and concurrent disasters. This included the demands on Centrelink's crisis coordination structures during major disasters and the flexibility of the structures to cope with those demands.

3.12 Figure 3.2 shows the operational arrangements for responding to the North Queensland floods and the Victorian bushfires, incorporating:

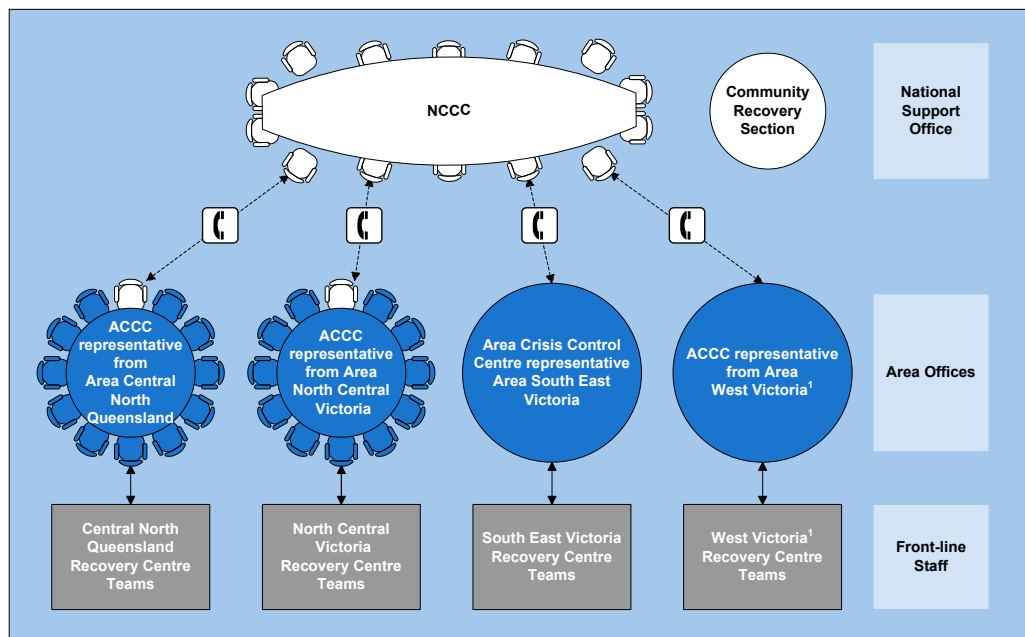
- the National Crisis Coordination Committee (NCCC);
- Area Crisis Coordination Committee's (ACCC) in Area Central North Queensland, Area North Central Victoria and Area West Victoria;
- an Area Crisis Control Centre in Area South East Victoria; and
- officers staffing recovery centres⁴² in all affected Areas.

⁴¹ In addition to these two major disasters Centrelink was managing four AGDRP activations as a result of domestic and international disasters that had occurred in the previous six months.

⁴² Recovery centres are places where people affected by a disaster can go to obtain support and financial assistance. They are set up by state and local government organisations, but also attended by Centrelink and non-government organisations (such as the Red Cross). Centrelink sends teams of staff to recovery centres in the period following a disaster to accept claims for financial assistance and, in some cases, social workers to provide personal support.

Figure 3.2

Centrelink's operational arrangements for responding to the 2009 North Queensland floods and Victorian bushfires



Source: ANAO analysis.

¹ Centrelink has advised that Area West Victoria convened an ACCC that operated more as a control centre subordinate to the NCCC.

The National Crisis Coordination Committee's role in Centrelink's response to the disasters

3.13 Centrelink concurrently managed both disasters within the one NCCC, which met daily from 8 February to 25 February 2009. The NCCC acted as a focal point for coordinating Centrelink's overall response through:

- communicating the Australian Government's requirements and making associated decisions quickly;⁴³
- monitoring the response efforts for both disasters; and
- coordinating resources across the network.

⁴³ For example the provision of cash benefits at recovery centre sites was implemented within 24 hours of an announcement by the Prime Minister.

3.14 While successfully coordinating Centrelink's efforts during the 2009 North Queensland floods and Victorian bushfires, the operation of the NCCC in emergency events could be improved with respect to:

- the membership and duration of NCCC meetings—the NCCC had 15 core members but attendance during the disasters varied from 24 to 42 people. The duration of NCCC meetings resulted in some staff critical to the response efforts being effectively unavailable for extended periods while attending the meetings;⁴⁴
- clarifying the role of external stakeholders, such as FaHCSIA—the policy and procedures for the NCCC identified stakeholder departments as being linked to the NCCC but did not specify their roles and responsibilities, meaning it was unclear if they were observers to the NCCC or participants;⁴⁵ and
- the recording of decisions and action items—maintaining a decision register and tracking follow-up action items could be improved to provide a clearer mechanism for recording NCCC decisions.

The role of Area Crisis Coordination Committees in Centrelink's local response to the disasters

3.15 In disaster response situations, Centrelink relies on Area offices in affected regions to lead its response to disaster events based on the framework provided in Emergency Management Plans. The central mechanism within this framework for managing the emergency response is the local ACCC, which gathers intelligence through Area contacts, deploys staff and resources where they are needed, and manages communications with front-line staff in the Area.

The North Queensland floods

3.16 In the case of the North Queensland floods, Tropical Cyclone Ellie took a number of days to form and spread, causing localised flooding damage to

⁴⁴ NCCC meetings lasted from one to two and a half hours.

⁴⁵ FaHCSIA advised that the NCCC is for Centrelink to make operational decisions about its response to a disaster and that FaHCSIA is an invited observer, providing input as requested. The lack of clarity of FaHCSIA's role, however, was reflected by some members of the NCCC advising that they were uncertain why FaHCSIA did not make decisions on some issues raised during the NCCC meetings for the Victorian bushfire response.

houses and businesses in the townships between Townsville and Cairns,⁴⁶ within Centrelink's Central and North Queensland Area.⁴⁷

3.17 Area Central and North Queensland had recent experience with managing similar events,⁴⁸ and commenced preparations prior to the cyclone hitting mainland Australia. In particular, it convened a planning group, which gathered intelligence about the cyclone, advised National Support Office of the likely need for customers to be able to lodge claims over the telephone and placed local staff on standby to respond. Accordingly, when severe flooding impacted the region, Area Central and North Queensland was prepared, formally activating its Emergency Management Plan and convening its ACCC to manage Centrelink's response.

3.18 The ACCC operating from the Area Central and North Queensland office in Townsville assumed responsibility for the response, establishing a support function that briefed staff twice a day through phone conferences, coordinated advice on policy changes and managed staff rosters. While Area Central and North Queensland participated in NCCC meetings for the floods, the preparations and the nature of the disaster meant that the ACCC was able to manage the response at a local level with minimal support from the NCCC.

The 2009 Victorian bushfires

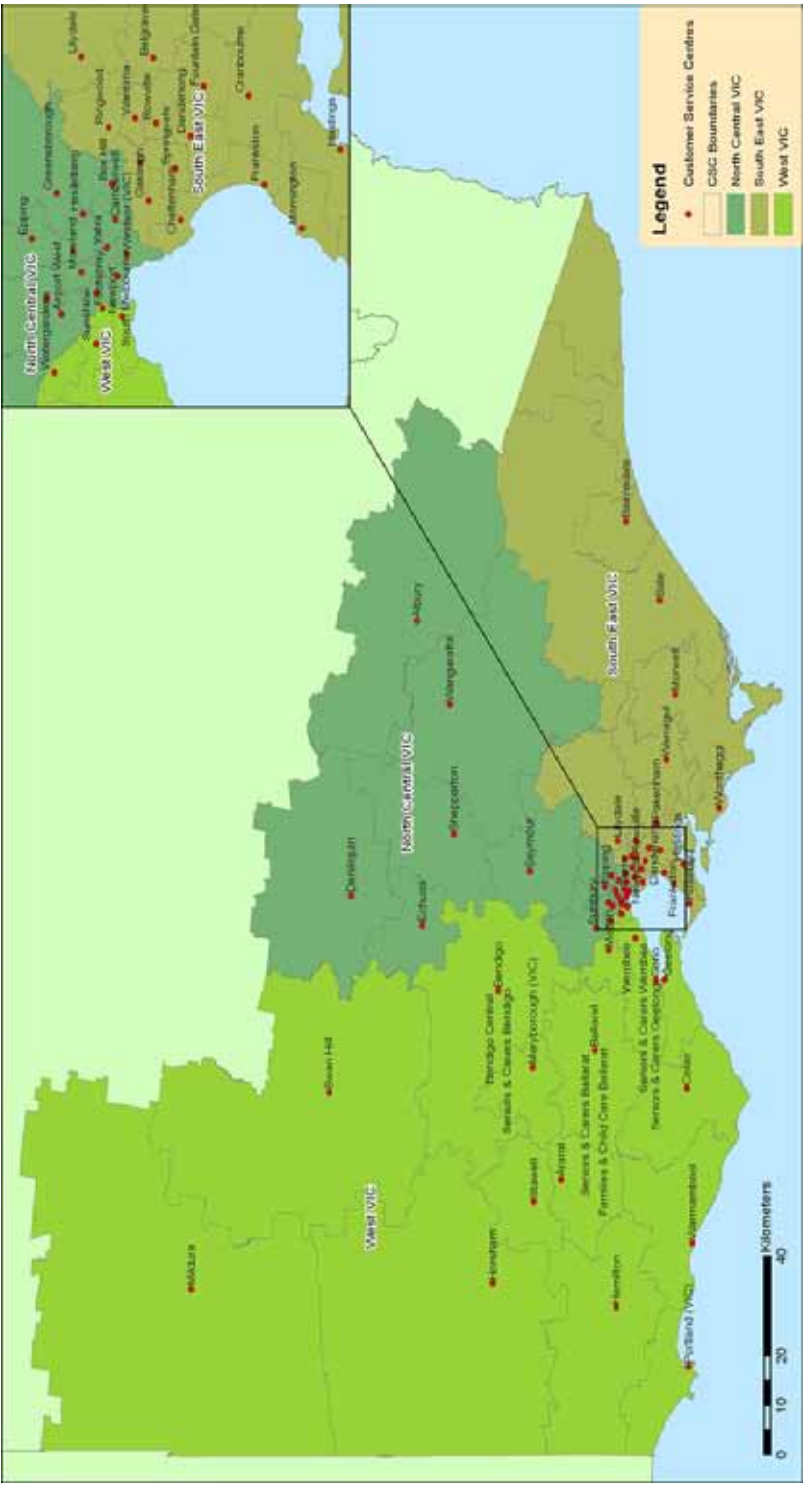
3.19 Figure 3.3 shows that the areas affected by the Victorian bushfires were spread across three Centrelink Areas. Each of the three Victorian Areas were affected by the bushfires as multiple fire-fronts spread across the state, resulting in unprecedented loss of life and destruction of property. Figure 3.4 shows that Area North Central Victoria and Area South East Victoria were heavily affected by fires in the Kinglake and Marysville region (north east of Melbourne), in the Bunyip region (east of Melbourne), the Beechworth region (far north east Victoria), and the Churchill region (south east Victoria). Area West Victoria was impacted to a lesser extent comparatively, but included fires at Bendigo (north west of Melbourne) and Horsham (far north west Victoria)

⁴⁶ Most notably in Ingham and its surrounds.

⁴⁷ Managed from the Area Central and North Queensland Area Office located in Townsville.

⁴⁸ Including Tropical Cyclone Larry in 2006 and floods in Emerald, Mackay and Rockhampton in 2008.

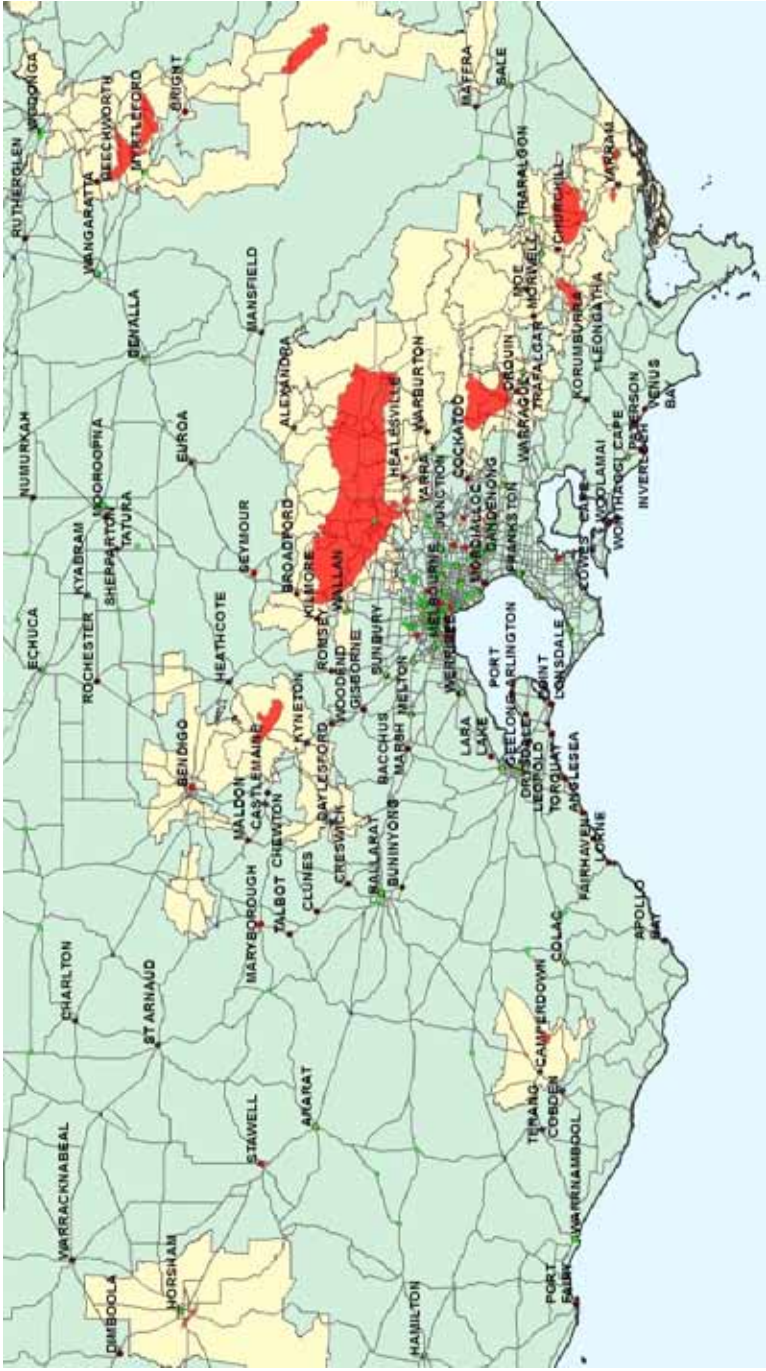
Figure 3.3
Centrelink's three Victorian Areas



Source: Centrelink

Figure 3.4

Victorian bushfire map as at 10 February 2009



Source: Centrelink.

Areas highlighted in red show the location of the fires.

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3.20 The scale, rapid movement and ongoing nature of the bushfires meant that Area North Central Victoria and Area South East Victoria were undertaking their separate emergency response activities in an uncertain environment and in the face of strong demand for assistance. Centrelink advised the ANAO that the two Areas experienced difficulties balancing the immediate requirement to provide on-the-ground assistance with the need to develop a response plan.

3.21 In addition to considering the disaster's impact on their own staff and managing business-as-usual activities, these Areas faced logistical challenges associated with planning, managing and maintaining the separate emergency responses, such as:

- coordinating with the state and local governments to identify where recovery centres would be located each day;
- identifying staff to be deployed in the response and managing the deployment and support of staff at a time when the fire fronts were still moving and access into and out of some sites was cut off;
- tracking and disseminating an evolving policy and service delivery changes to teams of Centrelink staff that were otherwise occupied working long hours providing assistance in recovery centres; and
- communicating with a large number of staff deployed across various regions, including in circumstances where normal communication channels were not available.

3.22 All three Areas had Emergency Management Plans in place at the time of the disaster. The Area Emergency Management Plans are based on Centrelink's Emergency Management Plan template, which includes a flowchart for Area Managers to use when deciding whether their ACCC should be convened. The flowchart indicates that Area Managers should decide whether an incident/disaster can be managed through existing functional structures and responsibilities or, if not, the ACCC should be convened. The guidance in the template also provides that Areas can modify the ACCC procedures to suit the Area, while maintaining the key outcomes.

3.23 Notwithstanding the common framework promulgated within the Emergency Management Plan template and the similar impact of the disasters in Victorian Areas, different approaches were taken to convening and operating ACCCs in Victoria for the bushfires:

- Area North Central Victoria formally activated its ACCC for the disaster response. The ACCC provided the link to the NCCC and also addressed Area-specific issues and action items.
- Area South East Victoria established an Area Coordination Control Centre for the disaster period. This operated as a real time operational centre which communicated with the NCCC twice daily through phone conferences.
- Area West Victoria, comparatively, was least affected by the fires and did not convene an ACCC. As was the case in Area South East Victoria, an Area Coordination Control Centre operated as a control centre subordinate to the NCCC.

Centrelink's Victorian Operations Centre

3.24 The NCCC recognised the need for a more coordinated approach to managing Centrelink's bushfire response across Victoria, and allocated an experienced General Manager to coordinate recovery activities from Melbourne (the Victorian Operations Centre). This approach had previously been employed for the South East Queensland floods in November 2008.

3.25 This decision was made on the morning following the height of the Victorian bushfires (8 February 2009). The General Manager appointed was also responsible for briefing Australian Government officials and supporting the on-site presence in Victoria in the days following the disaster.⁴⁹ Accordingly, to balance the demands, the existing Area-based approach to managing Centrelink's response remained in place for the first three days of the disaster in parallel with efforts to establish a management structure at the Victorian Operations Centre.

3.26 There are risks associated with running an operations centre in parallel with individual Area responses, including the division of responsibility for decision making and the potential for inconsistent messages to staff. During the audit, the ANAO conducted interviews with Centrelink staff involved in managing the response in Victoria. Staff advised the ANAO that there was a lack of clarity about the governance arrangements for the response resulting

⁴⁹ Following consideration of the PIR report, on 22 December 2009, Centrelink adopted new operation centre arrangements for major disaster events that create the position of Liaison, Protocol and Secretariat Officer, whose role includes organising, hosting and escorting visitors to Centrelink's on-site emergency response.

from the concurrent operation of the Area responses and the Victorian Operations Centre. In addition, the Victorian Operations Centre was initially occupied with accommodating, registering and deploying the large number of interstate staff sent to Victoria to assist with the response.⁵⁰

3.27 Centrelink was able to resolve these issues within the first week of the response by drawing upon the structures and management approach it had used in the Northern Territory Emergency Response and the past experience of senior officers. From 11 February 2009, the Victorian Operations Centre increased its operational control of the situation, taking responsibility for coordinating a number of aspects of the response including:

- staff mobilisation;
- establishing a command structure;
- contributing to governance committees;
- the communication of key messages from the NCCC and changing disaster payment policy arrangements;
- staff rosters, support and wellbeing; and
- resources and equipment.

3.28 The unforeseen circumstances of managing two large scale concurrent disasters, and the lack of a plan or guidance document for the management of cross-Area disaster events, meant that Centrelink had to rely on an evolving rather than planned approach to:

- the role of the operations centre and responsibilities of staff;
- how local Area operations were to work with the operations centre;
- the roles and responsibilities of staff providing the front-line response and their chain of command;⁵¹

⁵⁰ Staff were sourced from across the organisation including: National Support Office, Area Tasmania, Area Pacific Central, the Centrelink Indigenous Response Team, Area South West Victoria, Area South West Queensland, Area South East Queensland, Area South Australia, Area West Australia, Area Sydney East, Area Sydney West and Area Hunter.

⁵¹ Some guidance on performing front-line tasks was available to staff in the form of the guidelines/taskcards for taking claims for payment.

- the communication methods to be employed, such as periodic phone briefings or staff reporting obligations with regard to monitoring the location of front-line staff; and
- the equipment necessary for staff communication and its deployment and maintenance.

Centrelink's incident management framework

3.29 Emergency Management Australia has issued guidance on *'Multi-agency incident management'*.⁵² Emergency Management Australia's guidance outlines that where disaster events occur across a number of separate geographic sites, as was the case in the Victorian bushfires, there is often a need for a higher-level management structure to take primary charge of the disaster response and undertake three key functions:

- Command—the direction of staff and resources in the performance of tasks;
- Control—the direction of emergency management activities in a disaster situation; and
- Coordination—bringing together staff and resources to ensure an effective response.⁵³

3.30 A key aspect of the guidance is that the overall control of emergency events should be tasked to one person, an Incident Manager, to determine what needs to be done, by who and when. One of the tasks for the Incident Manager is to develop an incident management plan for responding to the emergency. Centrelink did not have an incident management plan for the Victorian bushfires response.

3.31 On 22 December 2009, Centrelink adopted a new Incident Management Framework as part of its response to the Victorian bushfires PIR. The framework consolidates a number of elements of the existing emergency management framework, including revised operating procedures and templates for the NCCC and additional guidance on the operation of ACCCs. The documentation for the Incident Management Framework also provides a

⁵² Emergency Management Australia, op. cit.

⁵³ *ibid.*, p. 12.

structured process for assessing the emergency response required based on the scale of the disaster.

3.32 The documentation for the new framework reflects the key principles from Emergency Management Australia's guidance and has the potential to improve Centrelink's preparedness for future disasters, particularly in relation to establishing the roles and responsibilities of centralised command, control and coordination arrangements in cross-Area events. The operational effectiveness of the new arrangements was not tested in this audit due to their adoption late in the audit process.

Test exercises

3.33 The operation of an emergency or incident management framework can be improved through regular review. For example, a realistic and robust test exercise program can assist in improving framework effectiveness by revealing areas requiring attention, including unforeseen risks that can then be planned for and incorporated into the framework. Further, test exercises provide participants with a greater practical understanding of the operation of the framework and their role in an emergency event.⁵⁴

3.34 Business continuity events have been a focus for Centrelink's past test exercises. For example, in 2007 Centrelink undertook Exercise Apollo, a test exercise focusing on business continuity arrangements associated with an influenza pandemic. Other business continuity test exercises have been undertaken within Areas or individual CSCs.

3.35 The business continuity test exercises outlined above have wider applicability to EM incidents. The community recovery aspect of Centrelink's EM activities, however, presents additional risks to the agency and warrants specific examination in test exercises. In October 2009, Centrelink undertook Exercise Summer Rain to test its EM arrangements in a single Area flood situation. This exercise, however, did not present some of the issues encountered in a large-scale, cross-Area disaster such as coordinating staff, resources and governance structures across multiple Areas to provide comprehensive and seamless service delivery. As part of the implementation of its revised response arrangements, Centrelink would benefit from

⁵⁴ ANAO *Better Practice Guide - Business Continuity Management: Building resilience in public sector entities*, Canberra, 2009, p. 61.

conducting some test exercises that provide, to the level possible from test exercises, assurance that the arrangements will operate effectively in cross-Area situations.

Recommendation No.1

3.36 To improve Centrelink's preparedness for responding to future disasters, the ANAO recommends that Centrelink include disasters that impact on multiple Areas in its emergency and business continuity test exercise program.

Centrelink response

3.37 Agreed.

4. Managing Disruptions to Centrelink's Business-as-Usual Activities

This chapter examines the impact of the 2009 North Queensland floods and Victorian bushfires response on Centrelink's normal business activities, and Centrelink's management of this situation.

Introduction

4.1 When Centrelink undertakes a disaster response, it is required to balance its service delivery arrangements between:

- normal business activities; and
- the resourcing and management demands of responding to the disaster.

4.2 The nature of reprioritising efforts and mobilising resources is determined by the size and the scale of the disaster event. The response to the 2009 North Queensland floods and Victorian bushfires required Centrelink to redistribute significant resources and effort within the organisation to provide a rapid and targeted response to affected communities.

4.3 The ANAO reviewed whether Centrelink developed a flexible service delivery model that provided the capability to respond to the disasters and to mitigate any disruptions to delivering its business-as-usual activities. This including assessing whether Centrelink had:

- processes to identify staff that were appropriately trained and able to be deployed to the disaster response in a short timeframe; and
- different servicing arrangements for business-as-usual activities for customers in affected areas.

Context for the 2009 response

4.4 There was already increased demand for Centrelink services during 2008–09 coinciding with the deterioration in general economic conditions. The payments that Centrelink delivered on behalf of Australian Government agencies increased by 23.1 per cent (\$16.3 billion) to \$86.8 billion in 2008–09. This included delivering two large Australian Government initiatives:

- the Economic Security Strategy; and
- the Household Stimulus Package.

4.5 The Economic Security Strategy was announced on 14 October 2008 as a measure to 'strengthen the national economy and support Australian households, given the risk of a deep and prolonged global economic slowdown'.⁵⁵ Centrelink made Economic Security Strategy payments to approximately five million pensioners, seniors, carers and families from December 2008.⁵⁶ Similarly, the Household Stimulus Package was announced on 3 February 2009 as a measure to 'support jobs and strengthen the Australian economy'⁵⁷ with Centrelink making payments to approximately two million single income families, eligible students and eligible farmers from March 2009.⁵⁸ Delivery of the Economic Security Strategy and Household Stimulus Package payments was additional to Centrelink's business-as-usual activities and also involved managing increased call numbers and face-to-face contacts.

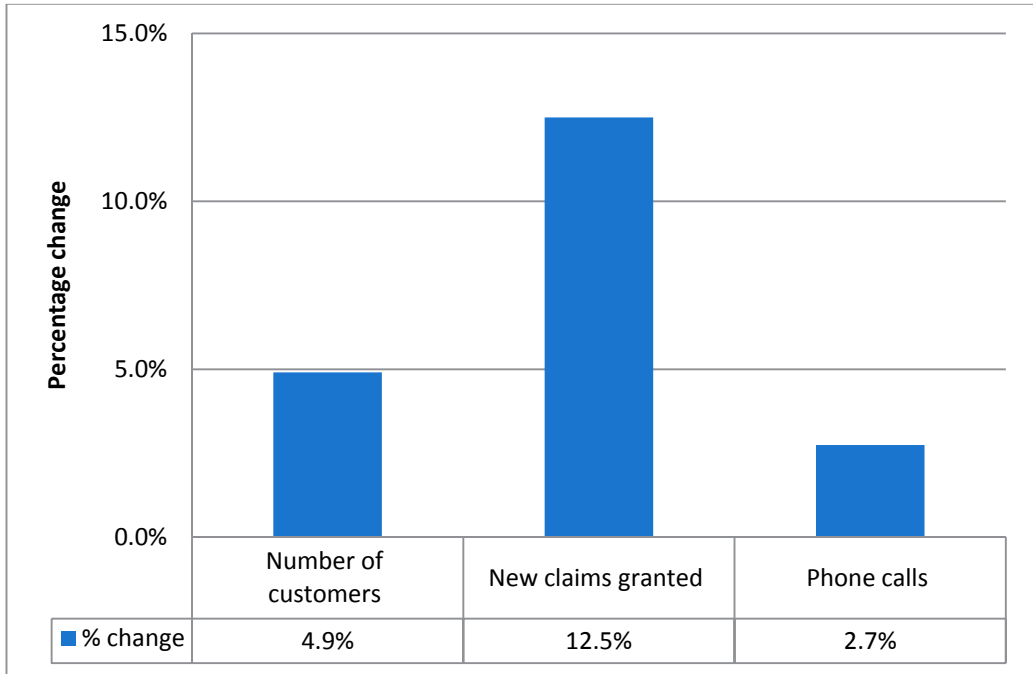
4.6 Figure 4.1 shows the significant increases in customer numbers, new claims being granted and customer telephone calls to Centrelink between 2007–08 and 2008–09.

⁵⁵ Joint Media Release, the Prime Minister and the Treasurer, *Economic Security Strategy*, 14 October 2009.

⁵⁶ Centrelink, *Annual Report 2008-09*, p. v.

⁵⁷ Joint Media Release, the Prime Minister and the Treasurer, *\$950 One-off Cash Bonus to Support Jobs*, 3 February 2009.

⁵⁸ Centrelink, *Annual Report 2008-09*, p. v.

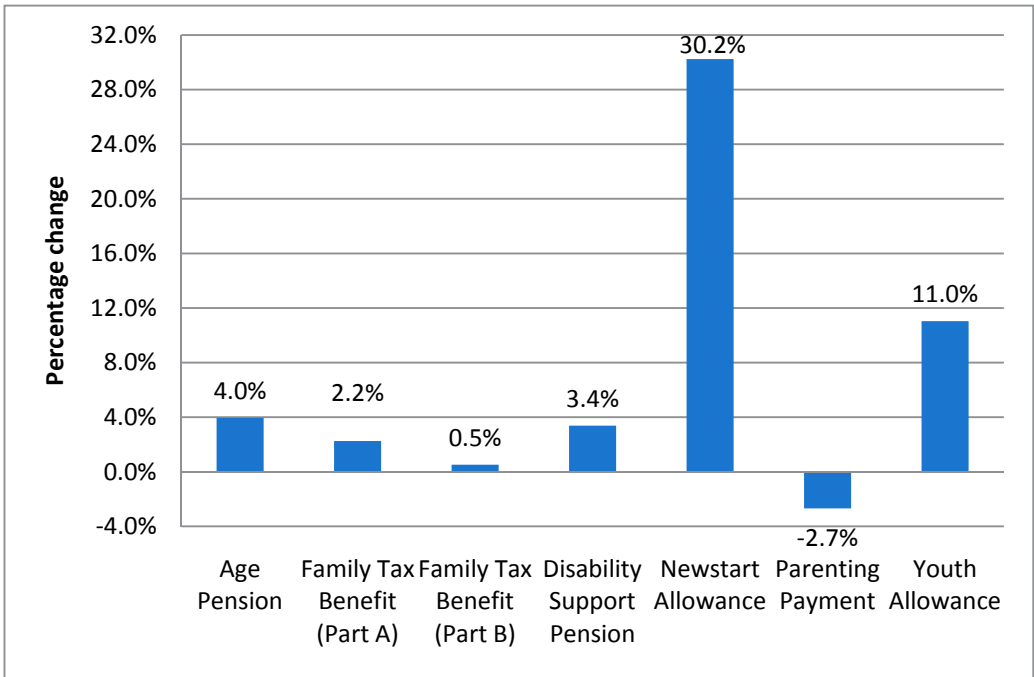
Figure 4.1**Growth in Centrelink activities from 2007–08 to 2008–09**

Source: ANAO analysis of Centrelink Annual Reports for 2007-08 and 2008-09.

4.7 A similar trend is evident in Figure 4.2, which compares the number of recipients of Centrelink's main payment types between 2007–08 and 2008–09. There was a large increase of 30.2 per cent in Newstart allowance recipients (120 793 new recipients) and increases in recipients of the Youth Allowance (35 368 new recipients, an 11 per cent increase) and the Age Pension (80 695 new recipients, a four per cent increase).

Figure 4.2

Growth in recipients of major Centrelink-delivered payments from 2007–08 to 2008–09



Source: ANAO analysis of DEEWR and FaHCSIA Annual Reports for 2007-08 and 2008-09.

4.8 Centrelink’s delivery of the disaster related services was in addition to the Economic Security Strategy, Household Stimulus Package, and the general increase in business-as-usual activities. Against this background, the ANAO reviewed how Centrelink responded to the additional business disruptions caused by the 2009 North Queensland floods and Victorian bushfires in relation to Centrelink’s:

- preparedness for deploying staff;
- delivery of its Customer Service Charter commitments; and
- alternate servicing arrangements.

Managing business-as-usual

4.9 Under normal circumstances, the impact of an increased workload generated by a disaster response on business-as-usual performance can be managed by redistributing work and resources. The size, duration and concurrent timing of the 2009 North Queensland floods and Victorian

bushfires meant that the resources needed to support the response effort had a significant impact on Centrelink's ability to meet its customer service standards.

4.10 To respond to the disasters and to manage its increased workload, Centrelink:

- deployed staff from most of its Area offices and deferred some support functions such as performance monitoring and reporting;
- deferred non-urgent social work services in regions not affected by the disasters;
- suspended or delayed business integrity service profiling⁵⁹ and mutual obligation interviews in the affected Victorian Area offices;⁶⁰
- reduced debt management activity across all customer groups with at least six Area-based debt teams redeployed to the response; and
- temporarily stopped sending letters to customers in disaster-affected regions, so that the customers could focus on recovery without the distraction of dealing with Centrelink correspondence.

Centrelink's Customer Charter key performance indicators

4.11 Centrelink has a Customer Service Charter with eight Standards that it reports against on a quarterly basis. Over the period of the 2009 North Queensland floods and Victorian bushfires (January 2009 to April 2009), Centrelink's performance in relation to all of the Standards declined. Centrelink attributed the decline in performance to the ongoing demand across its network from a combination of the new government payment initiatives, a general increase in customer demand and the disaster events.

4.12 The increased demands on its service delivery network affected Centrelink's capacity to manage the disruptions to its business-as-usual activities and maintain its customer service obligations as outlined in its customer service charter. Service level performance was most affected in relation to queue times in Centrelink offices, Authorised Review Officer review

⁵⁹ Random compliance reviews are conducted on customers receiving Newstart Allowance, Youth Allowance, Austudy, Age Pension, Disability Support Pension and Parenting Payment.

⁶⁰ Mutual Obligation interviews are held to discuss participation in community activities as part of the requirements relating to recipient of Newstart, Youth Allowance and/or Parenting Payment.

times and responding to phone calls at Centrelink call centres.⁶¹ The decline in call response time performance was the service standard most affected by the disaster response and is discussed in greater detail below.

Call centres

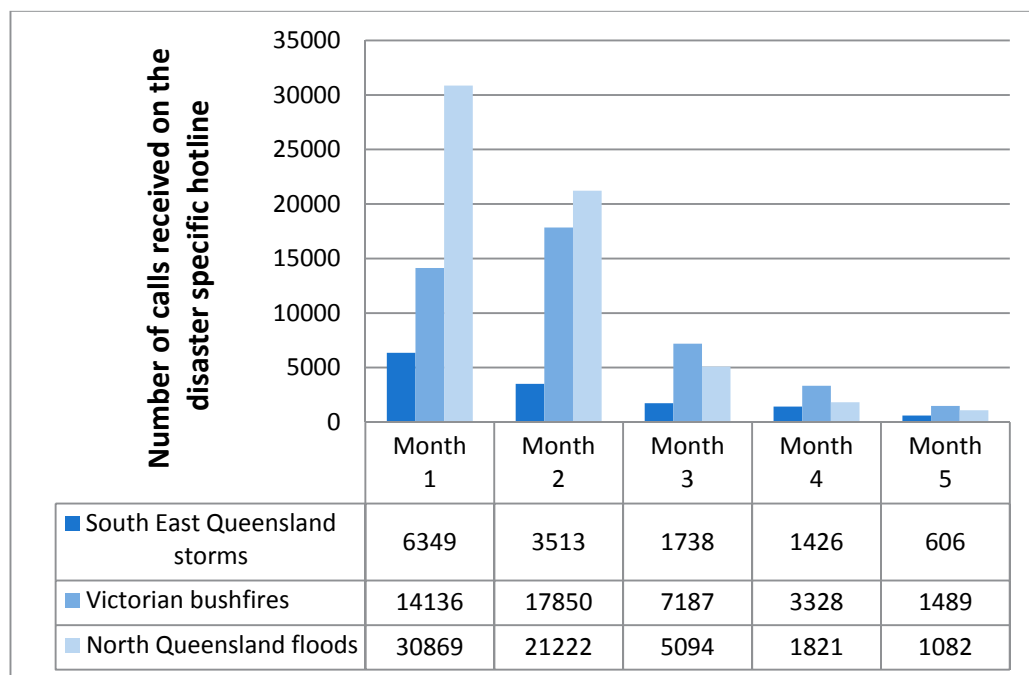
4.13 During February 2009, Centrelink activated four emergency hotlines for persons affected by the North Queensland floods and the Victorian bushfires, namely:

- the Victorian Bushfires Information Line on behalf of the Victorian Department of Sustainability and Environment;
- a North Queensland floods AGDRP line;
- a Victorian bushfires AGDRP line; and
- a Victorian bushfires case management service hotline on behalf of the Victorian Department of Human Services.

4.14 The hotlines were Centrelink's general information lines for assistance during the two disasters. All calls emanating from Victoria to Centrelink's normal business phone numbers, including the Victorian bushfires hotline, received priority service during the bushfires to ensure that affected customers received immediate assistance.

4.15 Demonstrating the impact of the disasters on Centrelink's operations, Figure 4.3 shows that Centrelink received significantly more calls to each of the North Queensland floods and Victorian bushfires hotlines than to its hotline for the previous South East Queensland storms disaster.

⁶¹ Appendix 6 provides a table showing Centrelink's performance in relation to each Standard for the period July 2008 to October 2009.

Figure 4.3**Numbers of call received to hotlines**

Source: ANAO analysis of Centrelink data.

4.16 The significant increase in demand for call centre services is reflected in the number of additional calls Centrelink received during February and March 2009. Specifically, by 29 March 2009, over 118 850 calls had been received across the four hotlines established for the disasters. Significantly more calls were received relating to the North Queensland floods in the first two months following the disaster than were received in the two months following the Victorian bushfires. Factors that could have contributed to this result include:

- residents in North Queensland being confined in their homes until the flood waters subsided, therefore limiting inquiry and claiming options to the telephone; and
- the number of Victorian residents evacuating their homes during the bushfires and attending one of the range of recovery centre locations at which Centrelink, Victorian Government agencies and non-government organisations were offering support services.

4.17 The close proximity of the launch of the Household Stimulus Package to the disasters also increased call centre workloads during February and March 2009. Centrelink received approximately 499 200 calls between the

Household Stimulus Package's announcement on 3 February 2009 and 29 March 2009.

4.18 Service levels were also affected by the large number of call centre staff redeployed to either answer disaster related or Household Stimulus Package calls, or to work in recovery centres. As a result, call centre service levels for Centrelink's standard business lines fell from their benchmark of 70 per cent of calls responded to within 150 seconds to 37–40 per cent of calls responded to within 150 seconds.

4.19 Centrelink employed a number of strategies to manage the increase in call centre demand including:

- changing its scheduling to maximise staff availability on phones;⁶²
- recruiting additional non-ongoing, temporary and new staff;
- routing calls through voice response technology; and
- advising customers of demand-related delays on the Centrelink website.

4.20 Service levels increased in the July 2009 quarter, but did not move back above the KPI—of 70 per cent of calls responded to within 150 seconds until the October 2009 quarter.⁶³

Flexible workforce and redeployment of staff

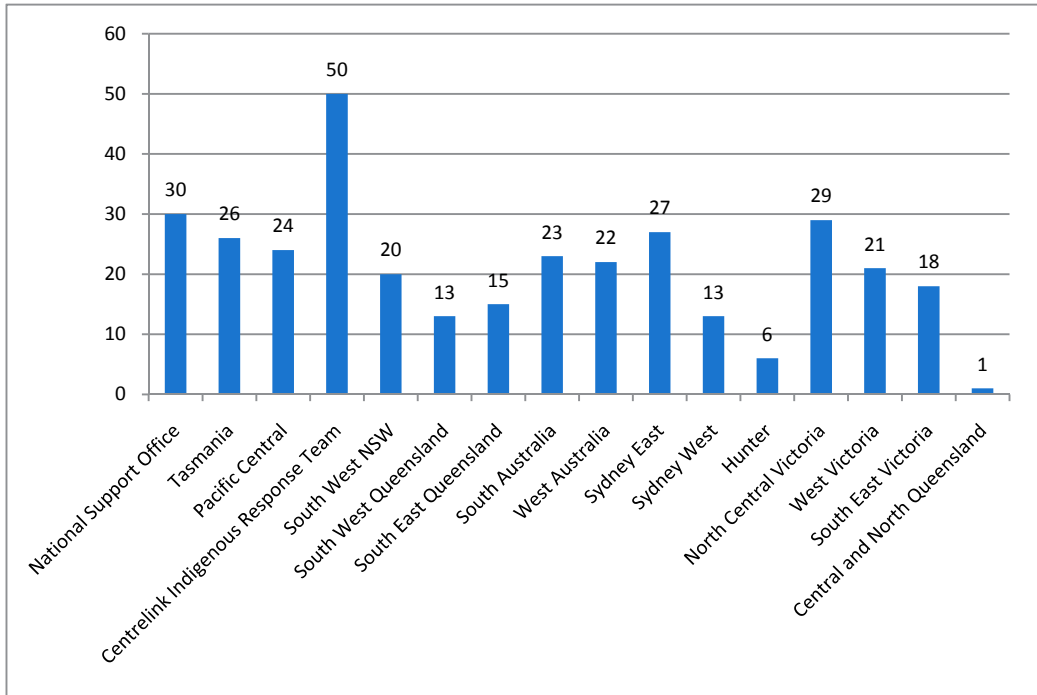
4.21 Centrelink deployed over 330 staff from the affected areas of Victoria and interstate to assist in recovery centres and other temporary Centrelink service points throughout the disaster areas, including:

- 85 Centrelink social workers from Victoria and interstate; and
- 232 Customer Service Advisors.

4.22 Staff were drawn from all Centrelink Areas. Figure 4.4 provides a breakdown of the staff redeployment and shows that the largest number of staff came from Centrelink's Indigenous Response Team, which was involved in the Northern Territory Emergency Response.

⁶² This included ceasing non-critical, non-payment related off-phone activities and other activities such as non-essential team meetings, coaching sessions and learning and development.

⁶³ Centrelink's Balanced Scorecard reports.

Figure 4.4**Numbers of staff deployed to the Victorian response, by Centrelink Area office**

Source: ANAO analysis of Centrelink information.

4.23 Part of the strategy behind the wide redeployment of staff, both in terms of Area and Centrelink activity, was to minimise the impact on business-as-usual activities. For example, Centrelink adopted the approach of only deploying one or two staff members from particular CSCs and using overtime for remaining CSC staff to try to backfill the duties of the staff involved in the response.

4.24 The large and rapid redeployment of staff was challenging for Centrelink and highlighted the importance of contingency planning and preparedness, particularly for cross-Area disaster situations. From an organisation capability perspective, despite the regular involvement of Centrelink in various emergency responses, Centrelink did not have an established 'surge list' that identified staff who had appropriate skills and were trained in emergency response activities. Instead, staff deployed to Victoria were identified and selected to work on the response through requests for expressions of interest and identification by individual managers.

4.25 This approach also meant that for those staff redeployed to Victoria, little initial direction was given around issues such as the potential duration of their deployment and the conditions they would be working in (and consequently the suitable clothing and footwear that would be required). In addition, many of the general staff working in recovery centres had received no specific training to prepare them for their role.

4.26 The absence of an extensive and accurate 'surge list' for the deployment limited Centrelink's capacity to quickly identify staff with the most appropriate skills and expertise to be used in the response. In considering this issue and responding to the PIR, in December 2009 Centrelink developed the 'Centrelink Emergency Reserve'.

4.27 The Centrelink Emergency Reserve is a database of staff who have volunteered to assist in the event of future disaster responses.⁶⁴ The database provides Centrelink with a capacity to produce reports listing staff who have undertaken relevant internal training and have skills suitable to various emergency response roles.⁶⁵ The system underpinning the database supports the ongoing maintenance of staff information by automatically generating emails to volunteers, on average every 90 days, prompting them to update their details.

4.28 The database and support processes will assist Centrelink to quickly identify and contact volunteers with skills suited to assist in future emergency responses. To assist volunteers selected for deployment, Centrelink has also developed intranet-based guidance on what information they should seek as part of their deployment and the resources they may need when being deployed.

Alternative servicing arrangements

4.29 In the event of a disaster, or in situations where customers may not be able to access or attend a Centrelink office, Centrelink makes arrangements for customers to apply for payment over the phone. Customers are advised

⁶⁴ Registration for the database is undertaken via an intranet-based process through which staff: can express an interest in emergency work, enter their contact details; and identify their availability. Staff then self-assess their skills and experience through a questionnaire, which is reviewed and approved by a referee and the local site manager.

⁶⁵ Skills and experience include face-to-face or phone-based contact with customers; processing claims and decision making; managing staff; corporate support; field based IT support; cash handling; social work and fluency with different languages.

through the media and on the Centrelink website of the alternative arrangements that are in place.

4.30 Alternative arrangements can be activated without the actual declaration of a disaster, or in situations where specific disaster recovery assistance is not available. For example, if a geographical area is suffering from localised flooding where roads are cut, Centrelink can put in place alternative arrangements for customers in the affected areas to lodge claims over the phone. Phone-based claiming was used for both the 2009 North Queensland floods and Victorian bushfires.⁶⁶

4.31 Centrelink may also defer the recovery of debts and suppress letters for customers living in disaster affected areas. The deferment of these activities, however, can have longer term impacts on Centrelink's business-as-usual activities.

Debt recovery

4.32 On 9 February 2009, Centrelink implemented a range of debt management measures as an immediate response to the Victorian bushfires, including:

- ceasing all debt raising activity for Victorian customers;
- ceasing all debt recovery team and contracted mercantile agent outbound calls for Victorian customers;
- holding all debt related letters for Victorian customers; and
- exempting Centrelink customers who had a debt and lived in postcodes affected by the Victorian bushfires from making repayments until 11 August 2009.

4.33 From 10 February 2009, Centrelink's debt management bushfire response was expanded to also include customers affected by the North Queensland floods. Up until 26 May 2009, approximately 24 000 Centrelink debts totalling \$50 million had been temporarily suspended for around 16 000 customers.

4.34 From 1 July 2009, Centrelink developed a strategy to recommence debt recovery, identifying that 'the process to restart recovery for these customers

⁶⁶ Phone-based claiming is discussed in paragraphs 5.23 to 5.26.

with a debt is extremely complex' and establishing a dedicated debt recovery flood/bushfire Taskforce to undertake the work. The reissue of debt related mail commenced on 20 July 2009 and debt recovery returned to business-as-usual status from 11 August 2009.

4.35 Centrelink has advised that debt raising activity recommenced on 19 August 2009.⁶⁷ Centrelink has also advised that the impact of the disaster on debt raising will continue for at least the next three years as debts relating to the bushfire waiver period (defined as 29 January 2009 to 29 April 2009⁶⁸) are progressively identified. This has the potential to disadvantage or surprise customers where debts are raised a long time after the disaster period.⁶⁹

4.36 To minimise the potential impact on customers from a delay in identifying, raising and recovering debts related to the disaster period, the ANAO suggests that Centrelink, where possible, prioritise its debt recovery activity. Consistent with Centrelink's centralisation of responsibility for resourcing and tasking debt prevention operations in December 2007,⁷⁰ the ANAO also suggests that Centrelink identify any spare capacity across its network for this work to be undertaken.

Letter suppression

4.37 A key aspect of Centrelink's response to the 2009 North Queensland floods and Victorian bushfires was to temporarily stop sending system generated letters to affected customers (suppress letters) allowing them to focus on their personal circumstances following the disasters. The decision to suppress letters had not been undertaken in previous disasters and Centrelink recognised that the impact of the decision would not be fully apparent until a later date.

⁶⁷ Under section 1237AB of the *Social Security Act 1991*, the FaHCSIA Minister created the *Social Security (Waiver of Debts – Victorian Bushfires) (FaHCSIA) Specification 2009* which allowed the Centrelink CEO to waive debts incurred during the period of the Victorian bushfires by persons adversely affected by the disaster.

⁶⁸ *Social Security (Waiver of Debts – Victorian Bushfires) (FaHCSIA) Specification 2009*.

⁶⁹ For example, a customer may not be aware that they have incurred a debt until advised by Centrelink. Customers may need to produce documentation in response to a debt notice (such as a group certificate for a period of casual employment). Retention of such documents, however, can become more of an issue as the period of elapsed time increases. This can also affect the customer's ability to challenge or appeal against the debt.

⁷⁰ Further detail on the management of Centrelink's debt prevention operations can be found in chapter 4 of ANAO Audit Report No.42 2007–08, *Management of Customer Debt—Follow-up Audit*, pp. 64–66.

4.38 Overall, 70 000 Centrelink customers had over 180 000 letters suppressed as a part of this strategy. Centrelink sought to suppress letters⁷¹ to persons affected by the 2009 North Queensland floods and Victorian bushfires by identifying customers that had lodged a claim for emergency recovery payment, and by:

- preventing the creation of letters to those customers; or
- where this was not possible, identifying letters that were generated and taking them out of the system.

4.39 Suppressing letters can have flow-on consequences for customers. In particular, letters are a key channel through which customers are advised and reminded of obligations relating to Centrelink payments.⁷² Centrelink's systems, without human intervention, may cease payments if these obligations are not met.⁷³ Accordingly, it is important that Centrelink has strategies in place to ensure that there is a consistent approach to limiting and managing the unintended impacts on customers resulting from letter suppression.

4.40 Once the initial phase of the disaster response had passed, Centrelink established a team to undertake the process of recommencing normal customer correspondence arrangements. It took from 19 March 2009 until 3 June 2009 to complete the work required. The team's activities included:

- reviewing individual customer records;
- contacting customers directly;
- releasing or deleting certain letter categories in some cases; and
- managing any adverse events resulting from letter suppression, most notably payment cancellations for failure to lodge forms and attend interviews.

⁷¹ This applies to non-debt letters. A separate process to suppress debt raising and debt recovery letters was undertaken by suppressing letters by postcodes.

⁷² Customer obligations for receiving the Newstart Allowance can include: attending meetings with Centrelink and lodging documentation relating to assets owned, income earned, or training and job seeking activities undertaken.

⁷³ This can occur when there is a time-based criteria for lodging documentation and the documentation is not received and registered in the system by the due date.

4.41 The need for more comprehensive strategies to support disaster affected customers whose letters are suppressed was identified by Centrelink in an internal review into its letter suppression activities for the 2009 North Queensland floods and Victorian bushfires. In response, Centrelink has developed a template approach to support customers affected by future disasters. The approach includes a checklist of procedures for managing service delivery in situations when letters are being suppressed, including key activities, roles, decision-makers and timing considerations for implementing, managing and removing letter suppression. This structured approach should provide a more comprehensive basis for managing letter suppression in future disaster situations.

5. Delivery of Disaster Recovery Financial Assistance

This chapter examines Centrelink's effectiveness in delivering disaster recovery payments on behalf of the Australian Government.

Introduction

5.1 Under the BPA with FaHCSIA, Centrelink is responsible for maintaining the capacity to respond to requests to provide assistance to those people affected by a disaster. This includes the delivery of the AGDRP and any ex gratia payments, such as the IRS ex gratia payment, in accordance with Australian Government directions.

5.2 The ANAO assessed Centrelink's effectiveness in carrying out its responsibilities for the delivery of disaster recovery financial assistance. A particular focus was whether Centrelink:

- has processes and procedures in place to effectively administer the delivery of financial assistance to eligible customers as per the requirements under the BPA; and
- effectively executed these procedures in making AGDRP and IRS payments to people affected by the 2009 North Queensland floods and Victorian bushfires.

Centrelink's processes and procedures for administering the delivery of disaster recovery payments

5.3 Centrelink is responsible for ensuring that the disaster recovery payments it administers are processed quickly and correctly. In relation to the delivery of disaster recovery assistance for people affected by disasters that occurred prior to the 2009 North Queensland floods and the Victorian bushfires,⁷⁴ Centrelink regularly:

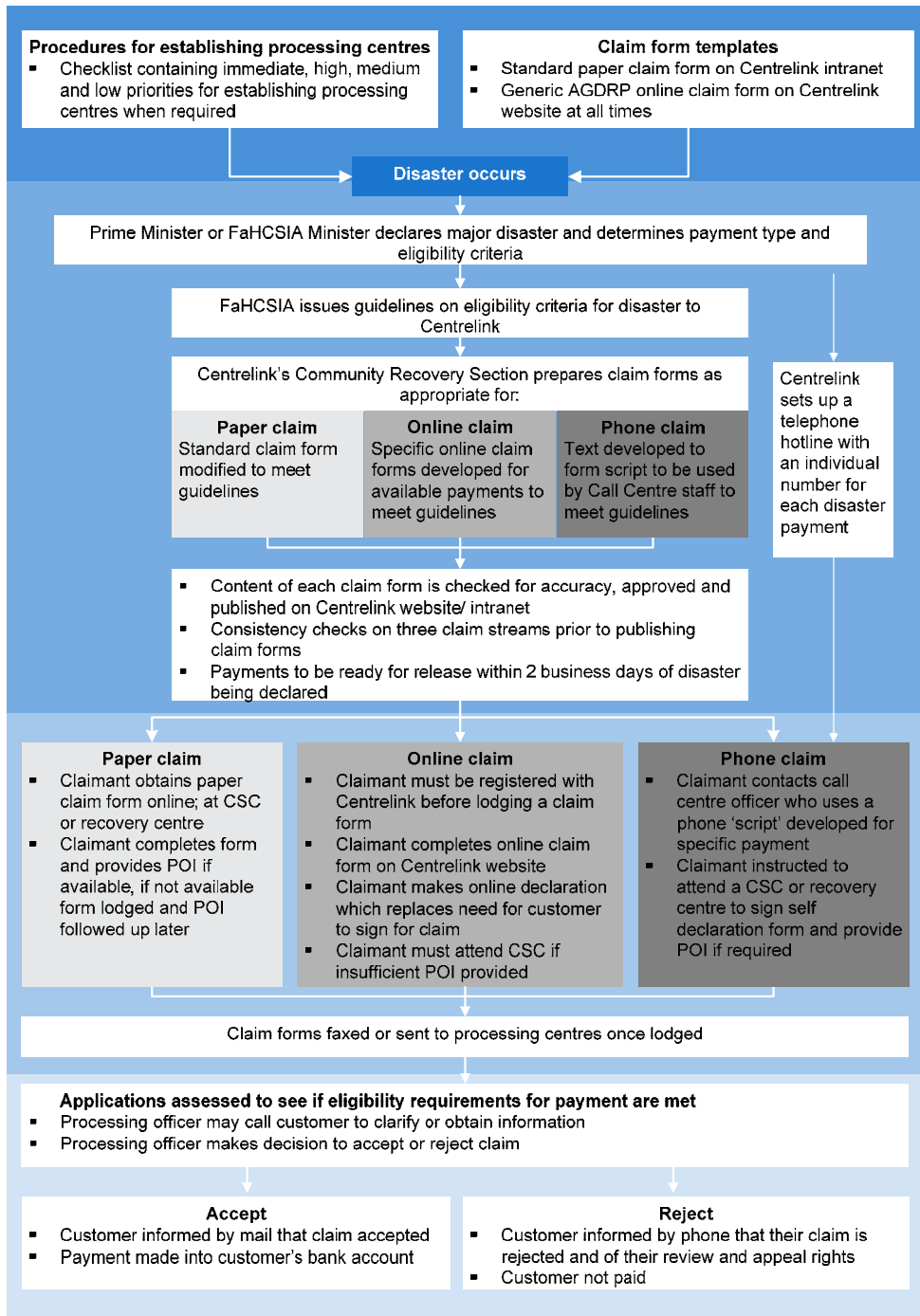
⁷⁴ The disasters reviewed included the storms and flooding in the Hunter Region of NSW (July 2007); storms and flooding at Finch Hatton Gorge and Mackay in North Queensland (January/February 2008); and storm damage in South East Queensland (November 2008). Less in-depth examination was also given to responses to floods at Emerald and Innisfail (July 2007).

- developed claim forms which reflected the relevant eligibility criteria for the disaster;
- activated payment processing centres, including recruiting temporary additional staff;
- trained staff in the processing centres;
- activated telephone hotlines with individual numbers for the specific payments;
- provided advice to its staff on the criteria for payment; and
- established a presence in recovery centres and, as required, established separate teams in CSCs in the affected areas.

5.4 Centrelink's Emergency Management Branch (EMB) plays a key role in managing these activities and coordinating the agency's community recovery support. The role of the EMB is to prepare for, respond to, and assist with community recovery, through the delivery of services and packages when a declared disaster or critical event occurs. EMB also provides a link between FaHCSIA and Centrelink's processing staff by:

- clarifying policy issues identified in claims processing with FaHCSIA; and
- assisting in the development of procedures, training materials and guidance for processing staff.

5.5 The EMB has an Event Response Manual which identifies high, medium and low priority tasks for when a disaster is declared, as well as a series of taskcards which contain step-by-step information on key procedures involved in responding to emergencies. Figure 5.1 shows the sequence of events that Centrelink is required to undertake in administering disaster recovery payments, including managing three different payment claiming channels.

Figure 5.1**Steps involved in administering disaster recovery payments**

Source: ANAO analysis of Centrelink documentation.

Centrelink's response to the 2009 North Queensland floods and Victorian bushfires

5.6 Centrelink has well developed processes and procedures that enable it to deliver financial assistance to people during the recovery period of a disaster. The 2009 North Queensland floods and Victorian bushfires were large scale disasters that Centrelink managed concurrently. As a result, Centrelink made a number of changes to its standard processes in order to meet Australian Government directions. These included:

- updating claim forms to reflect policy changes and altering the process for developing and revising some claim forms; and
- increasing the number of payment processing centres and the methods for payment processing.

5.7 The ANAO examined Centrelink's implementation of these changes and their impact on processing disaster recovery payments for the 2009 floods and bushfires. Particular focus was given to Centrelink's arrangements for:

- developing disaster recovery assistance claim forms that met Australian Government expectations and facilitated the timely and accurate processing of claims; and
- mobilising sufficient resources to process a large number claims for disaster recovery assistance in a short timeframe.

Development of claim forms

5.8 For each disaster event, Centrelink tailors and creates claim forms for AGDRP and ex gratia payments across three payment channels: paper; phone; and online. Claim forms facilitate a customer request for assistance and collect information to enable processing teams to determine eligibility. Centrelink's EMB is responsible for developing AGDRP and ex gratia payments claim forms that are consistent across each of the claim channels.

Australian Government Disaster Recovery Payment claim form

5.9 AGDRP claim forms for the 2009 North Queensland floods and Victorian bushfires were developed using the process outlined in Figure 5.1. The paper claim form for the Victorian bushfires was available within one day

of the FaHCSIA Minister's declaration that the Victorian bushfires were a major disaster.⁷⁵

5.10 As the Victorian bushfire disaster unfolded there were a number of changes to the policy and eligibility guidelines for AGDRP.⁷⁶ These changes led to the AGDRP claim form being amended six times between 8 February 2009 and 4 March 2009. Continually changing the claim form is time consuming and introduces a risk that incorrect or inaccurate claims will be made or processed using an old claim form. This risk is increased if the claim forms do not have appropriate version control.

5.11 An internal report by Centrelink—*Events leading to the request for POI documentation from a Victorian Fire Victim*—found that:

- the version control on the AGDRP claim forms was not properly conducted;⁷⁷ and
- the length of the AGDRP claim form was an area of frustration for Centrelink customers.⁷⁸ The review highlights that the Victorian Department of Human Services recovery payments claim form was only one page.⁷⁹ This is in comparison to Centrelink's which was eight pages.

5.12 The second part of this finding, however, is in contrast to the views expressed by Centrelink customers interviewed as part of the quantitative research project commissioned by the ANAO. Customers interviewed generally found the claims process 'easy' and 'simple', with minimal time required to complete the form (approximately five to 10 minutes). Participants also commented that Centrelink staff asked customers a 'few short questions' and 'filled in the forms' on behalf of the claimants. The participants considered this necessary and helpful, because of having 'other forms to fill out' and having to deal with the trauma of the disaster. This additional assistance could

⁷⁵ This met the requirements of the BPA which specifies that payments are to be released within two business days from when the FaHCSIA Minister signs a determination to make AGDRP available and FaHCSIA provides policy guidelines to Centrelink.

⁷⁶ These were subsequently applied to the North Queensland floods disaster

⁷⁷ Centrelink, *Executive Review, Events Leading to the Request for POI Documentation From a Victorian Fire Victim (Sunday 8 to Tuesday 10 February 2009)*, 2009, p. 10.

⁷⁸ *ibid.*, p. 18.

⁷⁹ *ibid.*, p. 9.

have contributed, in part, to customers' positive perceptions of the claim form and process.

5.13 Centrelink's PIR of the Victorian bushfire response identified scope to improve business processes for developing claim forms, including:

- minimising the amount of tailoring required for specific events; and
- minimising the amount of information that needs to be completed in claim forms.⁸⁰

5.14 The PIR also surveyed a sample of Centrelink staff to obtain their views on the response. The results showed just over half (54 per cent) of processing centre staff considered that the claim form was adequate to process claims, and 23 per cent of processing staff strongly felt the claim form did not meet their needs for adequately assessing and processing claims.⁸¹

5.15 In trying to reduce the burden of claiming and make the process more efficient, Centrelink has taken steps such as updating its existing template claim form. The new claim form takes an 'all hazards approach' and has been reduced from eight pages to two pages (one double sided A4 page).

5.16 It remains important that Centrelink maintains a balance between streamlining the claim form and ensuring sufficient information is collected to accurately process claims. Centrelink also needs to ensure that there is a robust process for managing claim form version control and that version details are published on publically available forms.⁸²

Payment processing

5.17 At the beginning of 2009, Centrelink was already managing the payment process for two existing AGDRP activations; namely the South East Queensland storms and the Mumbai terrorist attack. The concurrent disasters in North Queensland and Victoria put increased pressure on the process as demand rapidly increased. This pressure was further compounded by a decision on 10 February 2009, that payments should be processed within 24 hours of being received.

⁸⁰ Centrelink, *Review of Emergency Response to Victorian Bushfires*, 8 October 2009, p. 7.

⁸¹ *ibid.*, p. 73.

⁸² This is important in reviewing individual claims to ascertain that they have been lodged and processed accurately following policy changes. Each form should indicate the version number and the date of production.

5.18 To support the aim of 24 hour payment processing, Centrelink made changes to its IT systems and varied its usual payment processing methods by:

- increasing the number of locations where payments were processed and deploying staff to those locations;
- enabling claims to be processed over the phone; and
- enabling staff in recovery centres to make cash and cheque payments.⁸³

Payment processing centres

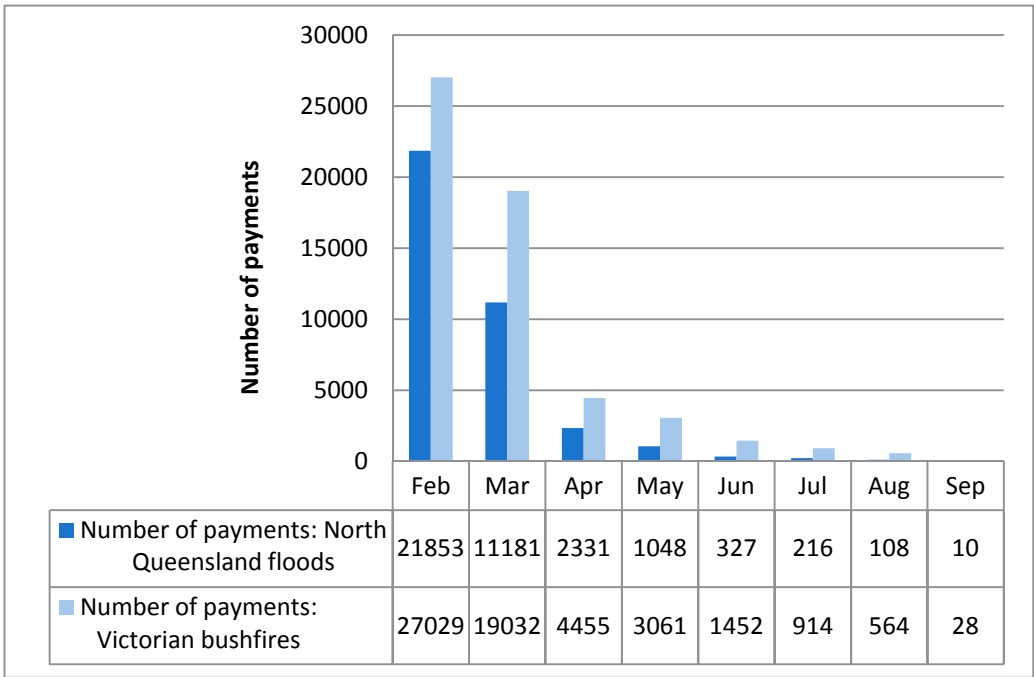
5.19 During a disaster, Centrelink is able to activate dedicated disaster recovery payment processing centres located outside of disaster-affected areas. These processing centres are staffed by either an existing CSC, call centre or business integrity team and, depending on the scale of the disaster, may also be supplemented with temporary staff. Centrelink provides training and taskcards to staff in these processing centres.

5.20 Both disasters were large scale and the volume of claims being lodged and requiring processing was significant. A total of 36 858 customers were paid for the North Queensland floods and 56 191 customers were paid for the 2009 Victorian bushfires. Most payments were made in February and March 2009, with Centrelink processing 47.8 per cent and 58.9 per cent of all AGDRP claims from the North Queensland floods and Victorian bushfires respectively during February. The number of daily claims granted ranged from 423 on 9 February 2009 to 4177 on 17 February 2009. Figure 5.2 shows the number of AGDRP made in each month following the disasters.

⁸³ This differs from standard processes which entail staff in recovery centres collecting completed claim forms and faxing them to processing centres where the decision to accept or reject a claim is made.

Figure 5.2

Australian Government Disaster Recovery Payments made for the 2009 North Queensland floods and Victorian bushfires



Source: ANAO IT audit analysis of Centrelink data.

Note: Payments include both adult and child claims.

5.21 EMB is responsible for coordinating the processing of claims and normally uses a processing centre in Maitland, New South Wales (Area Hunter) to process claims for the AGDRP. In order to meet the high demand for processing disaster recovery payments, EMB established a number of additional processing centres in different regions throughout Australia. Each centre was dedicated to processing a specific type of a disaster recovery payment. For example, one processing centre only processed claims for the AGDRP from the North Queensland floods, while another focused on processing claims for all the IRS payments.

5.22 The processing centres used staff with varying experience in assessing and granting AGDRP claims. To help staff assess customer eligibility, training and guidance material was provided. Centrelink also used a Quality Online tool as an assurance mechanism to review the claim assessment before the decision to accept or reject the claim was made.

Claims processed over the phone

5.23 Traditionally, customers have been able to lodge a claim over the phone, however, the claim has not been processed by the call centre officer. Instead, the details are sent to a processing centre to be finalised. During the Victorian bushfires changes were made to Centrelink's standard procedures to enable call centre staff to process payments over the phone. This included deciding that claims taken by call centre staff were to be paid before a customer signature was received, with the signature to be followed up later.

5.24 The decision to enable Centrelink's call centre staff to process and pay claims provided another means for Centrelink to process the large volume of claims made for the 2009 North Queensland floods and Victorian bushfires in a short timeframe. However, the changes required to enable call centre staff to process claims were implemented quickly, without the benefit of appropriate training for call centre staff.

5.25 The consistent processing of claims requires that all staff have appropriate training. Developing plans and procedures for training call centre staff would enable Centrelink to be better prepared for future emergencies where processing claims over the phone may be necessary.

5.26 To address these issues, Centrelink advised the ANAO that it:

- held a conference in September 2009 with representatives from all processing centres;
- developed a new computer aided learning package; and
- is conducting a risk assessment and review of processing centre processes.

Timeliness of payment processing

5.27 To assist with allocating resources for the timely processing of claims during the disaster responses, Centrelink actively monitored, in real time, claim volumes and processing times. In order to assess Centrelink's overall performance in meeting its target of processing bushfire AGDRP claims within 24 hours, the ANAO sought to extract data from Centrelink's systems.

5.28 Centrelink's payment claim data, however, did not allow for this analysis to be undertaken. In particular, the key data that would enable the post-event testing of aggregate payment processing time was not stored in a readily extractable manner. By not retaining some claim processing information in an easily extractable form, it is difficult for Centrelink to

demonstrate that it is delivering disaster recovery assistance in a timely manner.

5.29 Centrelink has advised the ANAO that several aspects of their IT systems will be modified to enable the collection of data to measure the timeliness of claims processing in future. The implementation of these system changes should assist Centrelink to improve its capacity to effectively deliver performance reporting during and after an emergency.

Service delivery for the 2009 North Queensland floods and Victorian bushfires

5.30 Centrelink altered some of its usual service delivery processes during the 2009 North Queensland floods and Victorian bushfires to provide a more responsive approach to meeting the needs of people affected by the disasters. Some of the key decisions made included:

- removing the requirements for customers to provide proof of identity (POI) prior to receiving an AGDRP or ex gratia payment;
- paying customers who lodged claims without obtaining signatures; and
- paying customers in cash.

5.31 The ANAO reviewed the impact that these changes had on the delivery of disaster recovery payments

Proof of identity and payment integrity

5.32 Payment integrity is a cornerstone and focus of Centrelink's role. Paying the 'right person' is one of the four 'pillars' of payment correctness identified in Centrelink's 'Getting it Right Strategy'.⁸⁴ Payment integrity is also outlined as a service delivery indicator in the BPA for both AGDRP and ex gratia payments.

5.33 The provision of POI information to verify a person's identity is a legal requirement for the majority of Centrelink payments and is a key element of the payment integrity approach. The legislative provision supporting Centrelink's use of its POI procedures is contained in section 8(a)(v) of the *Social Security (Administration) Act 1999*. This section states that:

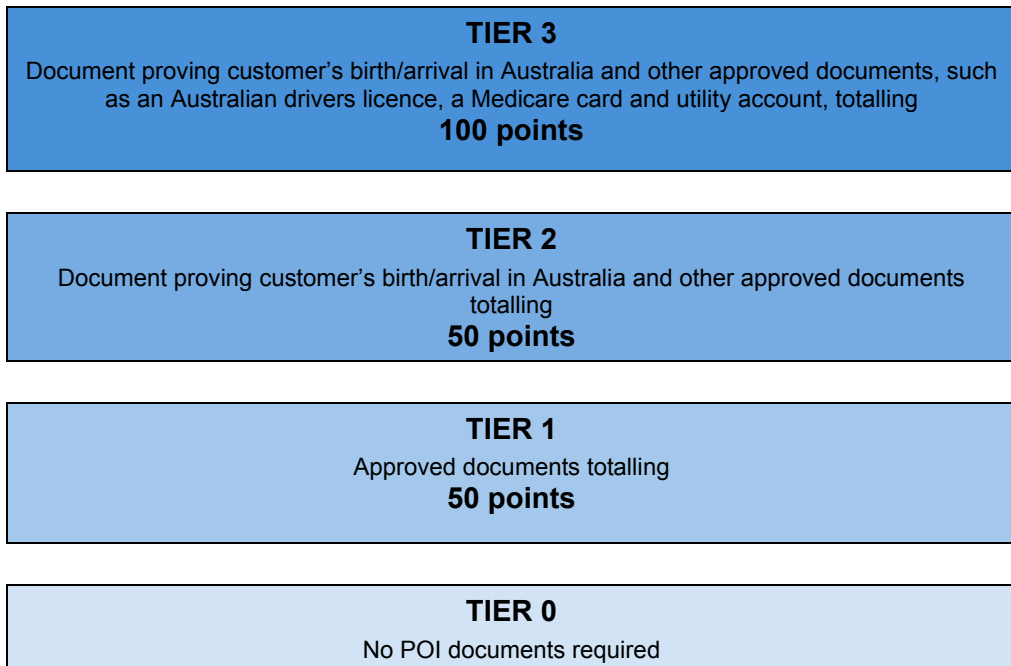
⁸⁴ The 'Getting it Right' strategy is the name given to Centrelink's quality control processes.

In administering the social security law, the Secretary is to have regard to: the establishment of procedures to ensure that abuses of the social security system are minimised.

5.34 Centrelink's POI requirements are risk based and have four tiers. The tiers range from Tier 0 where no POI is required, to Tier 3 where the most POI is required.⁸⁵ Figure 5.3 provides an outline of Centrelink's tiered proof of identity model.

Figure 5.3

Simplified outline of Centrelink's tiered proof of identity model



Source: ANAO analysis.

5.35 To maintain payment integrity, Centrelink's standard level of POI identification required for disaster recovery payments is Tier 1. FaHCSIA may also identify POI requirements as part of the eligibility guidelines it provides

⁸⁵ The tiered POI model contains a list of approved documents that a customer may use to prove their identity. Each approved document has a point value. Some documents are also categorised as being able to be used as evidence of proof of birth or proof of arrival in Australia.

to Centrelink, such as the AGDRP for the May 2009 floods, where Tier 1 POI was listed as a requirement.⁸⁶

5.36 Customer Service Advisors are able to exercise discretion where it is difficult for a person claiming disaster recovery payments to meet the requirements. A person who cannot provide adequate POI when initially claiming for a disaster recovery payment can have their eligibility for a payment processed. However, before they will receive the payment, they are required to provide adequate POI to Centrelink within 14 days.

Proof of identity requirements for the 2009 North Queensland floods and Victorian bushfires

5.37 A series of policy changes to the POI requirements were implemented throughout the disaster payment period for the 2009 Victorian bushfires and were subsequently applied to the North Queensland floods. During the first day the AGDRP was paid for the Victorian bushfires, it became apparent that meeting the standard POI requirements for the AGDRP (Tier 1) would be difficult for some Centrelink claimants. In addition, some media articles suggested that some claimants were concerned that the POI requirements were overly burdensome given many claimants had lost all their belongings.

5.38 The issue of how to handle POI requirements for the Victorian bushfires was discussed at the NCCC and the CVBT in the first weeks of the disaster. Decisions made at these meetings lead to a series of changes in POI requirements for claimants of disaster recovery payments. Table 5.1 identifies the key changes to POI requirements for the 2009 North Queensland floods and Victorian bushfires.

⁸⁶ FaHCSIA, *Guidelines for Australian Government Disaster Recovery Payment to People Adversely Affected by the Qld/NSW Floods*, May 2009, p. 6.

Table 5.1**Key changes to POI requirements for 2009 North Queensland floods and Victorian bushfire disaster payments**

Date	Event
8 February 2009	Claim form developed for AGDRP for Victorian bushfires – requiring Tier 1 POI within 14 days.
9 February 2009	The NCCC requests that payments be made to customers without POI.
9 February 2009	Internal Centrelink email highlighting the need to balance flexibility and risk. The email provides guidance on how staff can be flexible when claimants cannot provide POI, such as asking questions which link claimant to the local community.
10 February 2009	Centrelink direction to call centre staff that customers are not required to attend a CSC to provide POI for AGDRP.
11 February 2009	Media article published about a customer being asked to provide POI prior to receiving AGDRP for Victorian bushfires.
11 February 2009	Centrelink call centre staff instructed via email to be flexible with customers who cannot provide POI.
12 February 2009	NCCC informed by the Emergency Management Branch that an instruction was sent to staff to take a reasonable approach on POI and that a signature would suffice for POI.
12 February 2009	Prime Minister announced 'The government has reiterated to staff at the front line that they should be lenient in requiring POI for the purpose of claims.'
13 February 2009	POI requirements removed from the AGDRP claim form.
13 February 2009	Internal message to Centrelink staff stating that under no circumstances are customers applying for AGDRP for the Victorian bushfires and North Queensland floods to be asked questions to prove their identity or to provide identification at a later date, however, a signature is required.
3 April 2009	POI requirements reintroduced for the 2009 North Queensland floods and Victorian bushfires disaster recovery payments.

Source: ANAO analysis.

5.39 The changes in policy meant that the standard AGDRP POI requirements introduced on 8 February 2009 were progressively relaxed from 9 February 2009 through to 13 February 2009 when all POI requirements were removed. The policy of not requiring customers to provide POI was also applied when IRS payments for the North Queensland floods and Victorian bushfires were introduced.

5.40 Centrelink attempted to minimise the stress to applicants by changing the POI policy during the disasters to suit the needs of people who were unable to provide POI in the initial days of disaster. Centrelink advised that

the need to balance the risks to government outlays against the circumstances of the bushfire and its impact on people was taken into account when making the decision to not require POI.

5.41 Having in place procedures which address issues specific to different disaster types (such as claimants losing all their identity documentation during a bushfire) prior to a disaster will better position Centrelink to meet the needs of claimants without having to make reactive decisions which can pose risks to payment integrity.

No signature required for claim forms

5.42 Claiming a disaster recovery payment in person or over the phone requires the provision of a signature in order for a customer to receive a payment.⁸⁷ Phone applicants meet the signature requirements by attending a CSC or recovery centre once they have lodged their phone claim in order to complete a self-declaration form.

5.43 Signatures provide for claimants to make a positive assertion that their claim contains correct information and are a mechanism through which Centrelink can verify the person receiving the payment. During the North Queensland floods and Victorian bushfires, the requirements for claimants to provide a signature prior to receiving a payment were relaxed for both paper and phone claims.⁸⁸ From 13 February 2009, customers could claim for AGDRP and IRS without providing a signature.

5.44 To mitigate the risks of processing claims without a customer signature, Centrelink advised that it adopted procedures to follow-up such claims after the payment had been made.⁸⁹ However, as Centrelink's systems do not allow for claims processed without signatures to be flagged, it relied on its normal business integrity processes. Details of Centrelink's business integrity activities to support the assurance of emergency payments are discussed in paragraphs 6.23 to 6.33.

⁸⁷ Online claim forms contain an online declaration which replaces the need for a customer to provide a signature before receiving a payment.

⁸⁸ This decision was made by the CEO of Centrelink. For the AGDRP, this decision was made using the powers delegated to the CEO of Centrelink by the Secretary of FaHCSIA under the Social Security Act. There is no legal requirement for ex gratia payments to have signatures.

⁸⁹ At the NCCC meeting of 15 February 2009, it was decided that Centrelink would follow up claims after three to six months to check that payment has been made properly.

Cash payments

5.45 Centrelink's usual method for making payments to customers is through directly crediting customer bank accounts,⁹⁰ although cheque payments are also used in some cases when customers attend Centrelink CSCs. Cash payments have been made in previous disasters,⁹¹ but are not a commonly-used payment option.

5.46 The possibility that cash may be required as a payment option is identified in FaHCSIA's *Guide to Social Security Law*, which states that:

Cheque or direct credit is generally the preferred method of payment, although there may be situations where this is not practical. In this event, cash payments may be made. Cash payments will only be made when it is determined that doing so will not create additional pressures within a community.⁹²

5.47 The guide further explains that for disaster payments such as AGDRP, the availability of cash to claimants may be an important option for them.

Explanation: If a disaster is of a sufficient magnitude to justify a ministerial determination to pay AGDRP, normal payment methods may be inappropriate. The provision of cash to victims of disasters can be important in providing a sense of regaining control of their lives, even if there is limited opportunity to spend it in the short term.⁹³

5.48 At the outset of Centrelink's response to the 2009 Victorian bushfires, the AGDRP was declared and payments were made by direct credit and cheque. On 9 February 2009⁹⁴ a cash payment option was made available and Centrelink made arrangements with the Reserve Bank of Australia to obtain and distribute cash to Centrelink staff at recovery centres in Victoria. Cash payments were available for both the AGDRP and IRS payments over the

⁹⁰ Section 55 of the *Social Security (Administration) Act 1999* provides for the AGDRP to be paid into a bank account except where the Centrelink CEO (as a delegate of the FaHCSIA Secretary) directs another method of payment.

⁹¹ The 1998 Katherine floods is an example where this occurred.

⁹² FaHCSIA, *Guide to Social Security Law* <http://www.fahcsia.gov.au/guides_acts/ssg/ssguide-2/ssguide-2.2/ssguide-2.2.1/ssguide-2.2.1.10.html> [accessed on 17 March 2010].

⁹³ *ibid.*

⁹⁴ On the morning of 9 February 2009, the Prime Minister announced in the media that disaster recovery payments would be paid in cash.

following four weeks, with a total of \$3.1 million being dispensed from 9 February 2009 to 5 March 2009 at 11 recovery centres in Victoria.⁹⁵

5.49 There are a number of risks associated with putting in place cash payment arrangements, such as:

- the physical security of staff and cash;
- the absence of the physical/electronic record of a cheque/EFT payment for compliance purposes; and
- the lack of staff familiarity with handling cash.

5.50 Procedures and forms for accepting cash deliveries and recording payments were developed and distributed to recovery centre staff in response to the decision to use cash payments. However, Centrelink's PIR of the Victorian bushfire response found that there were significant problems with how the procedures and templates were implemented during the disaster, including:

- cash and cheque payment procedures were not complied with in many instances; and
- there were inconsistencies and inadequacies in record keeping in relation to completing forms, cheque payments, reconciliations and other documentation related to the processing of the AGDRP.

5.51 Following the cessation of cash payments, Centrelink attempted to fully reconcile its cash payments. Centrelink advised the ANAO that its reconciliation shows a difference of \$41 950 (1.4 per cent of total cash payments made) between the cash handed out and the records held at each recovery site. While Centrelink advised that it is exploring options in regard to the best way to investigate the final difference, the record keeping practices identified in the PIR will make this task difficult, as:

- at one site, no evidence could be located for any of the cash deliveries and there was an inadequate trail of cash disbursements due to the site developing its own recording forms;

⁹⁵ Warragul, St Andrews, Wallan, Whittlesea, Diamond Creek, Healesville, Yea, Alexandra, Arthurs Creek, Myrtleford and Wandong.

- cash sheets recording start of the day and end of the day cash balances at sites could not be located for every day that emergency recovery sites were operating with cash payments;
- instances were identified where the amounts on start of day cash sheets did not correspond to previous day's end of day cash sheets; and
- there was only one site where the calculations for the cash amount at the start of the day less the cash payments made during the day equalled the cash balance at the end of the day.⁹⁶

5.52 A sample of AGDRP transactions reviewed for the PIR highlighted additional issues in relation to:

- staff not signing or countersigning cash distribution records; and
- discrepancies between site and Centrelink mainframe cash payment records.

5.53 The PIR also raises a number of issues in relation to the administration of cheque payments, including:

- cheque numbers not being recorded on claim forms;
- cheques with duplicate or incorrect numbers and incorrect mainframe coding resulting in payment files being rejected by the RBA;
- no checking to ensure that the staff listed on Authority registers were Centrelink staff and a lack of awareness by Centrelink's Treasury Team as to whether any checks had been undertaken at the sites; and
- unused cheques provided to staff during the bushfires still being outstanding.

5.54 The administrative deficiencies identified by the PIR reflect Centrelink's lack of preparedness for making cash payments. In the case of the bushfires, the resulting financial exposure was relatively low. Centrelink's preparedness for the possible future adoption of cash payments could be improved by undertaking a risk assessment, developing procedures for handling cash and training staff. Centrelink has subsequently developed and published cash and cheque handling procedures in its Emergency Response

⁹⁶ Centrelink, *Review of Emergency Response to Victorian Bushfires*, 8 October 2009, pp. 53-54.

Manual and on its intranet. Centrelink has advised that it will also be including these procedures in its *Community Recovery Training Package*.

5.55 Centrelink made and/or implemented a number of key decisions to support the direction and intention of the Australian Government during the response to the 2009 North Queensland floods and Victorian bushfires. These changes were made as a reaction to events that occurred in the early days of the disasters. The ANAO suggests that to improve preparedness for future disaster responses, Centrelink, in conjunction with FaHCSIA, undertake situational planning risk assessments. These can be used to identify circumstances where policy changes (such as changes to POI and payment delivery arrangements) may be required, and enable existing policies and guidelines to be modified to address issues and treatments for these changes (refer paragraph 6.50, Recommendation No.2).

6. Determining Eligibility for the AGDRP and Identifying Fraud

The chapter examines whether Centrelink developed appropriate guidelines to support staff processing claims to accurately assess the eligibility requirements for the AGDRP. It also considers the effectiveness of follow-up procedures implemented to identify and manage customer debt and fraud.

Introduction

6.1 Every disaster can present new or different challenges that require a response action. The eligibility criteria and guidelines for each disaster recovery payment are determined by FaHCSIA and signed off by the FaHCSIA Minister. The purpose of the payment is to provide immediate, one-off financial assistance to eligible people adversely affected by a major disaster.

6.2 Centrelink's role is to process the disaster recovery payments quickly and accurately. As discussed in Chapter 5, Centrelink has developed processes and procedures to allow for the processing of a large volume of claims in a short timeframe.

6.3 When providing financial assistance to customers during a disaster, Centrelink is required to take a flexible approach and respond rapidly to the needs of affected persons. Decisions are therefore made, and service delivery arrangements adopted, that increase the speed with which assistance is provided to customers. Such decisions also influence the risk of incorrect or potentially fraudulent claims.

6.4 The ANAO reviewed whether, for the 2009 North Queensland floods and Victorian bushfires, Centrelink had:

- developed appropriate guidelines to support staff processing claims to accurately assess the eligibility requirements for the AGDRP; and
- established effective follow-up procedures to identify and manage customer debt and fraud.

Overview of eligibility criteria and numbers eligible

6.5 The eligibility requirements and the guidelines for the AGDRP are necessarily broad to be inclusive of a large number of people affected by the

disaster. Table 6.1 includes the AGDRP eligibility guidelines for the 2009 North Queensland floods and Victorian bushfires.

Table 6.1

Eligibility requirements for AGDRP

Disaster	Eligibility Requirements
North Queensland floods (January /February 2009)	<p>A person was eligible for this assistance if, as a direct result of the disaster:</p> <ul style="list-style-type: none"> • they had been seriously injured; • their principal place of residence had been destroyed or had sustained major damage; • the person's principal place of residence was inaccessible for a period of 48 hours or more; or • the person is an immediate family member of an Australian killed, and was the first immediate family member to make a claim for the Australian Government Disaster Recovery Payment.
Victorian bushfires (February 2009)	<p>A person was eligible for this assistance if as a direct result of the disaster:</p> <ul style="list-style-type: none"> • if they were seriously injured; • the person was an immediate family member of an Australian who died in the bushfires, and was the first immediate family member to make a claim for the AGDRP; • their principal place of residence had been destroyed; • their principal place of residence had sustained major damage; • they were unable to return to their principal place of residence for a period of 24 hours or more, as a direct result of the bushfires. <p>The eligibility requirements were modified on 14 February 2009 to include the following:</p> <p>A person was eligible for this assistance if as a direct result of the disaster:</p> <ul style="list-style-type: none"> • they experienced psychological trauma; • their principal place of residence experienced a utility failure for a period of 48 hours or more. <p>The eligibility requirements were modified on 7 May 2009 to include the following:</p> <p>A person was eligible for this assistance if as a direct result of the disaster:</p> <ul style="list-style-type: none"> • they have the principal carer responsibility over a dependant child who has been adversely affected by the bushfires.

Source: AGDRP Policy Guidelines for the 2009 North Queensland floods and Victorian bushfires.

6.6 For the 2009 North Queensland floods and Victorian bushfires Centrelink paid a total of 93 041 customers approximately \$110 million in AGDRP. The breakdown in AGDRP between the two disasters is reflected in Table 6.2.

Table 6.2**AGDRP paid for the 2009 North Queensland floods and Victorian bushfires**

Disaster	Number of Payments	Total Amount Paid
North Queensland floods 2009	36 858	\$44 771 610
Victorian bushfires 2009	56 191	\$64 794 900

Note: 8 customers claimed, and were paid, the AGDRP for both disasters.

Source: ANAO analysis of Centrelink data.

Rejection of claims

6.7 In addition to the 93 041 AGDRP claims granted, 7467 (7.4 per cent of total claims) claims were rejected between February and September 2009. Table 6.3 shows that the majority of claims were rejected based on not meeting the eligibility criteria. This could include the principal place of residence not sustaining major damage or the claimant living outside of the disaster affected area.

Table 6.3**Reason for rejection of AGDRP claims**

Reason for Rejection	Number Rejected	Proportion of all Claims Rejected
Ineligible for AGDRP	5928	79.4%
Failed to provide information	1146	15.3%
Claim withdrawn	161	2.2%
Received precluding payment	82	1.1%
Proof of identity not provided	74	1.0%
No reason	59	0.8%
Does not meet age requirement	9	0.1%
Proof of eligibility not provided	8	0.1%

Source: ANAO analysis of Centrelink data.

6.8 Of the claims that were rejected, 73 per cent (5431) related to the North Queensland floods and 27 per cent (2036) related to the Victorian bushfires.

Guidelines for determining eligibility

6.9 Centrelink staff are expected to apply commonsense and discretion in determining eligibility for the AGDRP, and minimise any inconvenience to

applicants.⁹⁷ To assist processing staff in assessing the eligibility requirements quickly and accurately, FaHCSIA and Centrelink developed documented guidelines that included:

- definitions of key terms for eligibility, such as 'Adult', 'Child' and 'adversely affected';
- guidance on how to apply the assessment criteria to determining if a claimant was eligible for payment;
- the amount to be paid;
- scenarios providing examples of common types of reasons for claims; and
- flowcharts for staff to follow to determine eligibility for payment.

6.10 These guidelines were developed and promulgated for each of the individual disaster recovery payments available during the two major disasters. In addition to the documented guidelines, Centrelink developed maps of the affected areas. This assisted staff in interstate processing centres that were not familiar with the geographical location to determine if an applicant was living in the disaster affected area.

6.11 For the Victorian bushfires, the map was supported by a list of postcodes that could be used to identify customers that may have resided within the bushfire affected areas. In addition, one of the eligibility requirements for the Victorian bushfires was the loss of utilities, such as power, for 48 hours or more. To assist processing staff, Centrelink obtained reports from the local electricity company advising of where, and for how long, residences in the disaster affected areas had been without power.

6.12 For the 2009 North Queensland floods, a variety of information sources were used to assist with identifying the boundary of the affected area including: discussions within the ACCC regarding district weather and media reports; additional Shire reports of road closure, localised flooding, sewage backups and suburban inundations; and additional reports from the Bureau of Meteorology.

⁹⁷ Centrelink, *Statement of Principle, Internal Eligibility Guidelines for 2009 North Queensland Floods and Victorian Bushfires*, 2009, p. 2.

6.13 Figure 6.1 shows the map that Centrelink developed and promulgated to processing staff for the 2009 North Queensland floods. Areas that were within the 'blue line' were identified as being in the affected area eligible for AGDRP. People who lodged a claim for the AGDRP and lived outside the specified area had their claim rejected.

6.14 While Centrelink put significant effort into developing detailed guidance to support processing staff, one aspect of the guidelines that was difficult for staff to apply consistently related to determining a customer's eligibility if they lived outside of the disaster affected geographical boundary as defined by Centrelink. This introduced a risk that customers who claimed the AGDRP and lived outside of Centrelink's defined geographical boundary could be assessed inconsistently.

Defining the geographical area of eligibility for disaster recovery assistance

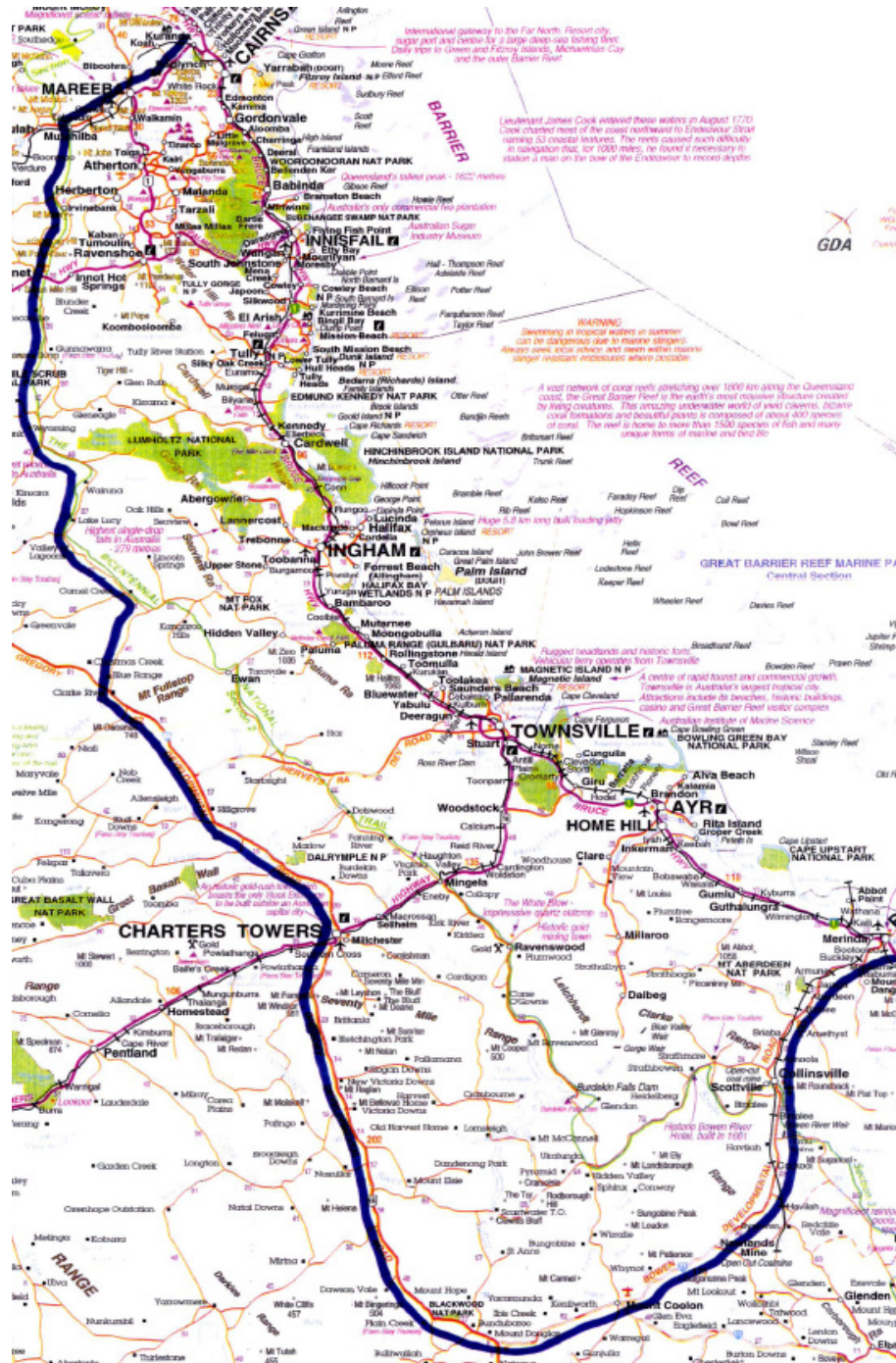
6.15 There are inherent difficulties with broadly targeting assistance in disasters where the disaster event does not have a uniform impact across a region. A broad regional targeting approach, such as the one used for the North Queensland floods, has the advantage of simplifying decision-making for Centrelink staff processing claims but creates a risk that:

- people living in the defined region who are not affected by the disaster will be granted the AGDRP; and
- people living outside the defined region who are impacted by the disaster will not be able to access the AGDRP.

6.16 The Social Security Appeals Tribunal (SSAT) 2008–09 annual report included a case study of a Centrelink customer who appealed their case to the SSAT regarding a rejected claim for AGDRP during the 2009 North Queensland floods. The SSAT set aside Centrelink's decision to reject the claim. The details of the case study are in Table 6.4.

Figure 6.1

Centrelink's map of the disaster affected area for the 2009 North Queensland floods



Source: ANAO adaptation of a map prepared and promulgated by Centrelink.

Table 6.4

Social Security Appeals Tribunal case study

<p>Australian Government Disaster Recovery Payment (AGDRP) – was the home in the disaster area?</p>
<p>The applicant lodged a claim for the AGDRP in respect of sewerage damage to his home which occurred because of flooding connected with Tropical Cyclone Ellie. His claim was rejected on the basis that his place of residence was not within the designated ‘disaster’ area for the purpose of the AGDRP.</p> <p>The SSAT considered the wording of the Minister’s Determinations which referred to the Far North and Far Northern Regions of Queensland. It noted that the Consultative Committee set up by the Australian Government’s Regional Development Network extended over an area of Far North Queensland which included the applicant’s home town. In addition, the Queensland Government’s Disaster Relief and Recovery Arrangements had specified local government areas affected by flooding to include the shire in which the applicant resided.</p> <p>In the absence of detailed information in the Minister’s Determination about the specific areas of Far North Queensland affected by the flooding, the SSAT concluded that the applicant’s home town was included in the area declared to be adversely affected by a major disaster. As the applicant’s principal place of residence suffered major damage, the SSAT decided that the applicant’s claim for the AGDRP should be accepted.</p>

Source: SSAT 2008-09 Annual Report, p. 48.

6.17 To help mitigate the risk of uncertainty over the disaster area for claims processing purposes, guidelines for staff processing claims need to be clear. The eligibility for AGDRP assistance is not necessarily guided by strict geographical boundaries, but by the exercise of judgement and the needs of people affected by the disaster. Therefore, in developing guidance for staff, Centrelink needs to include both boundaries of an affected area and broader considerations that may allow a person to successfully claim AGDRP despite not being within the geographically defined area.

Processing potentially ineligible claims

6.18 From the 15 February 2009, the NCCC instructed processing staff not to reject any claims for the AGDRP. Instead, claims being considered for rejection were sent to staff in North Queensland or Victoria for review to allow local knowledge to be applied.⁹⁸ For claims not approved after local review, Centrelink suspended processing those claims unless there were clear grounds for rejection, such as where a customer claiming the IRS was ineligible due to already being in receipt of an income support payment.

⁹⁸ Action items 1 and 2 of the Centrelink NCCC Minutes for 15 February 2009.

6.19 This arrangement remained in place until 17 March 2009 for North Queensland floods claims and 31 March 2009 for Victorian bushfire claims, after which time claims that had been flagged for rejection were assessed and processed.

6.20 By holding back claims that are flagged for rejection until after the peak demand processing period had ceased, Centrelink had the opportunity to reconsider the validity of the claim. Applying this process to future disasters would allow Centrelink to undertake additional checks to determine claim validity. The ANAO suggests that Centrelink consider including this advice in future disaster response guidelines.

Eligibility requirements applied to grant a customer AGDRP

6.21 The eligibility grounds for granting a claim were not recorded on Centrelink's emergency payment system during the 2009 North Queensland floods and Victorian bushfires. Instead, eligibility information was recorded as part of the customer's individual record. This means that it is both difficult and labour intensive for Centrelink to review statistical data on the reasons why customers were provided with payments across the population of successful claims.

6.22 Given that this data is a potentially useful source of information for developing and targeting future disaster payment policy, the ANAO suggests that Centrelink consider the feasibility of recording this information in its emergency payment IT system or in another more readily extractable form.

Effective follow up procedures

6.23 As discussed in paragraphs 5.30 to 5.55, the ANAO identified aspects of eligibility guidelines and service delivery arrangements that have the potential to increase the risks of customers incorrectly or fraudulently claiming payments. In making these decisions, Centrelink informed the ANAO that it took account of the need to balance the risks to government outlays against the circumstances of the disasters and their impact on people. Centrelink intended that the increased risks to payment integrity would be addressed in 'back-end' (that is post-event) payment integrity activities.

6.24 The ANAO assessed whether Centrelink had in place effective mechanisms to identify and investigate disaster recovery payments that had potentially been claimed fraudulently, in particular, whether Centrelink had a

risk based approach that targeted compliance activities towards significant risks that arise in delivering disaster recovery payments.

Debt recovery

6.25 A component of the quarterly BPA reports that Centrelink provide to FaHCSIA includes the number of disaster-related claims lodged, compared to the debts identified, raised and recovered. Table 6.5 provides a breakdown of debts for 2008 South East Qld Storms, 2009 North Queensland floods and the 2009 Victorian bushfires in 2008–09.

Table 6.5

Disaster recovery payment related debts identified in 2008–09

Event	No. of Claims Granted	No. of Debts	Per cent	Debts Raised
AGDRP				
South East Qld Storms–November 2008	15 533	16	0.10%	\$12 800
North Queensland floods– Jan/Feb 2009	36 562	3	0.01%	\$9 747
Victorian bushfires– Jan/Feb 2009	55 199	17	0.03%	\$122 200
Ex Gratia				
North Queensland floods–Jan/Feb 2009 Income Recovery Subsidy Payment	2 982	0	0	0
North Queensland floods–Jan/Feb 2009 Funeral/Memorial Assistance Payment	2	0	0	
Victorian bushfires –Jan/Feb 2009 Funeral/Memorial Assistance Payment	175	2	1.14%	\$6 000
Victorian bushfires—Jan/Feb 2009 Income Recovery Subsidy Payment	3679	1	0.03%	\$19 942

Source: Centrelink End of Financial Year report to FaHCSIA for 2008–09.

6.26 The data shows that compared to the number of claims granted, the number and size of debts raised is relatively small. Of the \$122 200 in debt raised for the 2009 Victorian bushfires, \$109 000 was generated from a single customer.

6.27 For the AGDRP, the majority of debts were generated from fraudulent activity, such as a customer using false or multiple identities to fraudulently claim a disaster recovery payment multiple times. For ex gratia disaster recovery payments, not being eligible for the payment was the major cause of debt.

Identifying and investigating potential fraud

6.28 The 'tip-off' system is used to allow staff and community members to alert Centrelink of any customers they suspect of making fraudulent claims for disaster payments. Centrelink's tip off system is a component of its fraud and compliance program and allows people to report a suspected fraud over the telephone via the Australian Government Services Fraud Tip-off Line, or online through the Centrelink website. Centrelink defines a tip-off as:

Allegations and/or information provided by members of the public about individuals who they believe are obtaining part or all of their Centrelink payment without disclosing complete and accurate details of their circumstances.

6.29 All suspected fraud reported by the public is recorded on the Tip-Off Recording System (TORS) and assessed by specialist teams who determine whether the tip-off should be further investigated. Staff who suspect a customer of fraudulently claiming a disaster payment can also use TORS to refer a case for further investigation. Centrelink received 355 community and staff tip-offs for the 2009 North Queensland floods and Victorian bushfires disasters.

6.30 Centrelink undertook further analysis to refine and identify cases for further investigation. This fraud analysis seeks to identify customers who are most at risk of inappropriately claiming a disaster recovery payment.

6.31 In total, Centrelink identified 304 cases for further investigation. As of February 2010:

- 78 flood cases and 59 bushfire cases were still being investigated;
- 121 cases had been completed with fraud identified;
- five cases had been brought before the courts;
- two matters are scheduled for hearings in the future; and
- 13 matters are being considered by the Commonwealth Department of Public Prosecution.

6.32 Of the cases that have been brought before the courts, one resulted in a 30 month jail term with a non-parole period of 15 months (this case also included numerous state offences). Another case resulted in a six-month suspended jail term with a 12 month good behaviour bond (Commonwealth charges).

6.33 Once the initial response phase for the 2009 floods and bushfires was over, Centrelink initiated payment integrity arrangements, such as identifying and investigating potentially fraudulent disaster recovery payments and undertaking debt recovery.

Risks to payment integrity

No signatures on claim forms

6.34 As discussed in Chapter 5 (paragraphs 5.42 to 5.44), Centrelink decided to accept and grant disaster recovery assistance claims without a signature on the claim form. Centrelink intended to follow up these claims after three to six months to check that payments had been made properly.

6.35 The payment integrity activities for the floods and bushfires, however, did not include a specific review of unsigned claims, as the information required to identify or refer such claims was not collected. Centrelink is, therefore, not able to provide assurance about the extent of any risks arising from processing unsigned claims.

Self-assessment by customers

6.36 Following the November 2008 South East Queensland storms, Centrelink and FaHCSIA agreed, for the first time, to adopt a self-assessment system to help streamline the claiming process. This involved placing an increased reliance on claimants' declarations in determining whether a claim met the eligibility criteria for the AGDRP. Centrelink adopted a similar approach for the 2009 North Queensland floods and the May 2009 South East Queensland and Northern New South Wales floods.

6.37 For each of these disasters the eligibility requirements for the AGDRP included damage to a person's main place of residence. One of the eligibility requirements for the North Queensland floods was:

A principal place of residence [was considered to have] suffered major damage when, as a direct result of the disaster ...at least one quarter [25 per cent] of the interior of the residence had been affected by flood waters.⁹⁹

6.38 Customers were able to self-declare that the damage had occurred and, in some instances, provide a signed self-declaration form. However, it can be difficult for a customer to accurately assess if their principal place of residence

⁹⁹ *Social Security (Australian Government Disaster Recovery Payment) Determination 2009 (No. 1).*

has been affected to the level specified in the eligibility criteria. A level of judgement is required to determine if at least one quarter of the interior of a residence has been affected by flood waters. As this can include damage to furnishings, household appliances and the structure of a house, the assessment of a percentage of damage can be difficult for a customer to self-determine.

6.39 It can also be difficult for Centrelink staff to determine if a customer has sustained major damage to their property. Centrelink does not send staff into the affected areas to assess property damage, instead relying on evidence from customers that they lived in an affected area and that their property had sustained major damage. Not all people who live in an affected area, however, will be eligible to receive the AGDRP as damage to property often does not occur uniformly in a disaster. For example, during flooding, the low-lying parts of a street may be flooded, while houses built on higher ground may remain unaffected.

6.40 To verify a customer's claim for the AGDRP, the ANAO observed that Centrelink staff who processed the claims for the May 2009 floods conducted desktop checks of the validity of a claim. This included reviewing online maps and asking a customer further questions.

6.41 Questions asked of customers included whether they had lodged an insurance claim to cover repairing the damage caused to the property or if they had reported the damage to the real estate agent managing the property. Customers claiming the AGDRP based on their principal place of residence being structurally unsound were required to provide evidence from an independent authority specifying that the residence had been declared unsound.

6.42 Table 6.6 provides a case study of a customer who claimed for the AGDRP during the 2009 North Queensland floods, based on one quarter of the interior of his residence being affected by flood waters.

Table 6.6**Case study of a customer who claimed for the AGDRP during the 2009 North Queensland floods**

Mr X claimed for the AGDRP on 12 March 2009. Mr X lodged the claim over the phone and advised that his principal place of residence had been damaged in the disaster, in particular:

- fences were knocked over;
- water came up on the patio and three couches were damaged; and
- water came up through the drains into laundry, shower and the carpeted area in the walkway near the lounge and the bedroom (customer estimates less than 25 per cent).

The claim was rejected by Centrelink on 20 March 2009 as less than 25 per cent of the principal place of residence was affected by flood waters.

Mr X appealed the decision on 24 March 2009, as he believed the decision was incorrect and the damage had not been fully assessed. He requested an assessor to inspect the property to accurately gauge the per cent of the damage.

An Authorised Review Officer contacted the customer on 7 April 2009 and set aside the original decision to reject the AGDRP.

Mr X was paid the AGDRP.

Source: Centrelink's APL system.

6.43 The necessarily broad nature of the eligibility requirements also creates a risk that people will claim incorrectly or fraudulently, especially if it is perceived that Centrelink does not conduct checks on the validity of the claim.

6.44 One of the themes that emerged from the quantitative research that the ANAO commissioned for the audit was the need for improved verification processes. Some participants expressed the view that 'the lack of identification may have led to some people who were not eligible for AGDRP claiming for it'.¹⁰⁰

6.45 After a disaster period has elapsed, Centrelink would benefit from undertaking further checks on the validity of AGDRP claims paid where the claim is based on a self-declaration by a customer. This could include reviewing a random selection of claims and requesting additional evidence to support a customer's claim of having sustained major damage to their property. The results from the review of claims could be used by Centrelink and FaHCSIA to:

- determine the extent of the risk that claims had been made fraudulently;

¹⁰⁰ ANAO Report on qualitative research to support the performance audit of Emergency Management and Community Recovery Assistance in Centrelink.

- review the eligibility requirements for future major floods and storms; and
- develop and refine the requirements for future disasters that provide adequate information for customers to be able to self-assess damage to their property and determine if they can validly claim for the AGDRP.

6.46 Centrelink's back-end payment integrity activities take a targeted approach to addressing some risks (such as multiple payments) associated with its payments and delivery methods. The payment integrity activities for the floods and bushfires, however, did not include a review of unsigned claims or target the risk created by relying on claimant self-declaration. This limits the level of assurance that Centrelink can provide on the validity of disaster recovery payments such as the AGDRP.

Recommendation No.2

6.47 To provide adequate assurance on the validity of claims paid for disaster recovery assistance, the ANAO recommends that Centrelink:

- undertake an analysis of the risks to payment integrity that arise from service delivery decisions (such as claimant self-declaration) taken during a disaster response; and
- address the risks identified in the analysis as either high or significant as part of its follow-up payment integrity activities.

Centrelink response

6.48 Agreed.

7. Monitoring and Review of Community Recovery Assistance

This chapter examines Centrelink's performance monitoring and reporting arrangements for the delivery of recovery assistance, including requirements under the BPA with FaHCSIA and external reporting through annual reports. It also considers the information gained through customer feedback mechanisms.

Introduction

7.1 Following the initial phase of a disaster response, Centrelink is required to undertake a number of monitoring and review activities. Monitoring and review arrangements have an important role in meeting accountability requirements and the continuous improvement process to support service delivery. The ANAO assessed the effectiveness of the monitoring and review processes for community recovery services, in particular:

- Centrelink reporting requirements under the BPA, including conducting regular PIRs of disaster responses and reporting the cost of community recovery assistance;
- the accuracy and consistency of the data used for management information including results reported in Centrelink's and FaHCSIA's 2008–09 annual reports; and
- the information gained through customer feedback mechanisms.

Reporting requirements under the Business Partnership Agreement with FaHCSIA

7.2 The BPA between Centrelink and FaHCSIA outlines clear governance and reporting arrangements, including the 'Disaster Preparedness and Recovery Protocol'. The protocol establishes the roles and responsibilities of Centrelink and FaHCSIA in responding to disasters.

7.3 One of FaHCSIA's roles is to set out the specific service delivery and reporting requirements for each disaster where funding is provided by Centrelink. The required standard of service delivery, performance monitoring arrangements and management include:

- quarterly performance and ad hoc reports;
- quarterly assurance processes;

- program management plans; and
- a PIR to be provided to FaHCSIA for each activation of AGDRP.

7.4 In addition, FaHCSIA and Centrelink meet quarterly to discuss performance under the BPA. FaHCSIA advised the ANAO that, over time, performance information provided by Centrelink had increased in response to FaHCSIA's requests and through Centrelink's own efforts.

7.5 FaHCSIA advised the ANAO that it was satisfied with Centrelink's performance under the BPA and that it has found the quarterly meetings to be a useful forum for raising and resolving issues.

Post-implementation reviews

7.6 Centrelink arranges for PIRs of the efficiency and effectiveness of its response to each disaster recovery effort. The PIR undertaken of Centrelink's response to Tropical Cyclone Larry, which occurred in March 2006, made a number of recommendations to improve the performance of Centrelink's community response.¹⁰¹ This report has influenced future responses, such as the establishment of processing centres out of the disaster area, arranging for senior level management in major disasters and the rostering of disaster recovery staff.

7.7 PIRs have not always been conducted in a timely manner. In April 2008, PricewaterhouseCoopers (PWC) conducted PIRs on a number of recovery response efforts.¹⁰² The PIRs identified several common issues across all disasters, and made recommendations to address these. Centrelink has implemented all the recommendations from these PIRs.

7.8 In April 2009, PWC conducted a PIR on the Victorian bushfire response efforts.¹⁰³ The PIR made 23 recommendations, which are consistent with the findings and recommendations made by the ANAO in this audit. Where relevant, the recommendations and findings from the PIR of the Victorian bushfire response have been included in this audit report.

¹⁰¹ *Post-implementation Review of Centrelink's Response to Cyclone Larry*, June 2006.

¹⁰² These were: Tasmanian and Victorian bushfires (December 2006); Western Australian bushfires (January 2007); Tropical Cyclones George and Jacob (March 2007); Gippsland floods (June 2007); Hunter and Central Coast floods (June 2007); Equine Influenza (August 2007); Queensland floods and storms (January 2008); and Mackay and Central Queensland floods (February 2008).

¹⁰³ This PIR also evaluated Centrelink's effectiveness in responding to other emergency events including the 2009 North and North Western Queensland floods.

Cost of community recovery assistance

7.9 When a disaster is declared and Centrelink is called upon to undertake community recovery activities, there are additional costs to the organisation that often need to be supplemented by government funding. This is because Centrelink is not funded to maintain a large latent staff capacity to be on call for disaster events. Rather, it draws staff away from their normal duties to provide community recovery assistance.

7.10 Centrelink maintains a centralised ‘event cost centre’ for its community recovery activities. Organisational costs incurred as a result of the administration of the AGDRP and ex gratia payments are charged to this cost centre.

7.11 The funding that Centrelink receives for community recovery assistance is normally negotiated and determined during and after disaster events and is based on the actual and expected effort incurred by Centrelink in relation to the activation and administration of AGDRP and ex gratia payments. The process for obtaining this funding occurs through a mutually agreed funding request, which is initiated by FaHCSIA and processed via the Department of Finance and Deregulation (Finance). This requires all parties to agree to the effort estimates included in the request. It is the responsibility of Centrelink to negotiate with both FaHCSIA and Finance, which occurred with both the North Queensland floods and Victorian bushfires.¹⁰⁴

7.12 Within its funding request, Centrelink seeks to recover costs it has incurred, such as salaries, travel and accommodation, asset purchases and sustenance for recovery centre staff. Centrelink also seeks funding for additional costs it expects to incur, such as costs associated with maintaining a presence at recovery centres, case management services, processing disaster claims and undertaking fraud reviews, where appropriate.

7.13 The amounts provided to Centrelink for its role in delivering community recovery assistance during the period 2005–06 to 2009–10 are shown at Table 7.1.

7.14 While the amount of funding identified in Table 7.1 reflects the additional cost to Centrelink of responding to emergencies through

¹⁰⁴ Since 1 July 2009, funding for Centrelink's departmental expenditure is coordinated through the Department of Human Services.

community recovery activities, it does not reflect the overall cost of administering the recovery effort. The full cost of community recovery exceeds the amounts shown in Table 7.1 for reasons including:

- some community recovery costs, including a total of \$0.9 million for the period 2005–06 to 2009–10, are absorbed by Centrelink;
- opportunity costs to business-as-usual activities arising from staff redeployment to assist with recovery activities are not included; and
- some local area costs are absorbed by Area Offices.¹⁰⁵

Table 7.1

Community recovery assistance funding for 2005–06 to 2009–10 (\$000)

Emergency	2005-06	2006-07	2007-08	2008-09	2009-10
Tsunami	453	182	131	-	-
Cyclones Larry & Monica	2 432	1 458	-	-	-
Middle East medical evacuees	-	520	-	-	-
Cyclones George & Jacob	-	303	59	-	-
Tas, Vic, WA bushfires	-	475	85	-	-
Central Coast, Hunter, Gippsland storms and flooding	-	-	5 664	-	-
Equine influenza	-	-	-	5 525	-
Qld floods	-	-	-	2 947	-
SE Qld storms	-	-	-	2 122	-
Nth Qld floods	-	-	-	3 782	-
Vic bushfires	-	-	-	16 132	14 520
Other (12 separate measures)	393	769	16	-	-
Total emergency assistance	3 278	3 707	5 955	30 508	14 520
Other disaster-related support					
National emergency call centre establishment	-	3 475	2 386	2 411	2 435
AGDRP – Introduction	-	2 199	291	-	-
Pandemic epidemic preparedness	-	546	2 879	-	-
Mobile servicing units	-	2 232	4 534	-	-
Total other disaster-related support	-	8 452	10 090	-	-

Source: Centrelink.

7.15 Centrelink has also been provided with additional funding for activities such as the establishment of the National Emergency Call Centre and the maintenance of ‘mobile servicing units’, which are used as an Australian Government access point for assistance in towns where community facilities are damaged or destroyed.

¹⁰⁵ Centrelink’s event cost centre is not intended to be used to record area costs such as the cost of clean-up due to disasters and freight and shipping costs.

Collection and reporting of disaster recovery payment information

7.16 Good data management and measurement practices include sound assurance arrangements, supported by standards and procedures. These provide a basis for the consistent and accurate collection, storage and retrieval of data for populating internal and external reports. Centrelink draws on multiple information technology (IT) systems to collect information and process disaster recovery payments. In particular, Centrelink has developed the Emergency Recovery Payment system (ERP) to administer emergency payments such as the AGDRP.

7.17 The ANAO reviewed the Centrelink's arrangements for the collection, storage and retrieval of data from ERP and the quality of the data. This included examining the extent to which FaHCSIA and Centrelink can rely on the data to accurately reflect performance for internal and external reports such as the annual report.

Collection of management information for reporting purposes

7.18 The ERP provides the flexibility to define different disaster recovery payments; allows for payment changes to be implemented quickly; and works with Centrelink's existing IT infrastructure and general payment system to process disaster recovery payments. While activity is recorded in ERP, the actual amount paid to customers is processed by Centrelink's general payment system.

7.19 The ANAO requested a data extract from the ERP for all AGDRPs made under the 2009 North Queensland floods and Victorian bushfires profile. The data extract was for the period from February 2009 to September 2009 and covered the 2008–09 and 2009–10 financial reporting years. In reviewing the data, the ANAO identified that the information on payment activities in ERP did not always align to the payment amounts processed in Centrelink's general payment system.

7.20 Centrelink advised the ANAO that:

During the course of assessing payments, there are instances where incorrect payment amounts are made; this is purely a result of human error. Once these

errors are identified, they are rectified to ensure that the customer receives the correct payment amount.¹⁰⁶

7.21 Centrelink further advised that the general payment system only allowed an AGDRP to be made in multiples of \$1000 or \$400.

7.22 Centrelink undertook an investigation into the anomalies in the AGDRP data as a part of the PIR for the Victorian bushfire response. The PIR highlighted concerns about data entry errors and discrepancies between payment amounts in different reports and reported that:

The quality of the information being used for reporting during the bushfires was not of a high standard, and in some instances the output in the reports was inaccurate, incomplete and misleading, and therefore could not be solely relied upon.

A number of issues have been identified which relate to the quality of the information used for reporting:

- all data records could not be located from the emergency recovery sites, therefore not all information has been captured and entered into the system
- manual data entry errors have led to miscoded claims and incorrect customer details
- data definition descriptions, which are used to describe the data reported, need to be more meaningful and useful to users (i.e. difference in internal report descriptors versus external report descriptors)
- in many instances data being extracted from the systems has not provided a complete picture of what has taken place. This is a result of insufficient information being retained, data entry errors and also the limited capabilities that Centrelink's system has in extracting data in meaningful formats for reporting purposes.

Comparison of data contained in the Centrelink and FaHCSIA 2008–09 annual reports

7.23 Centrelink and FaHCSIA include information on the delivery of community recovery assistance in their annual reports. The information provided includes details on each of the individual disasters responded to

¹⁰⁶ Centrelink advice, provided February 2009.

during the relevant financial year. Table 7.2 compares the amounts that FaHCSIA and Centrelink reported in their respective 2008–09 annual reports and shows that there were inconsistencies in the amounts reported for AGDRP and Funeral/Memorial ex gratia payments.

Table 7.2

Amounts reported in FaHCSIA's and Centrelink's 2008–09 annual reports

Payment	Centrelink	FaHCSIA	Difference
AGDRP (all disaster responses for 2008–09)	\$138 178 853	\$130 793 000	\$7,385,853
Funeral/Memorial 2009 Victorian bushfires	\$921 600	\$879 000	\$42 600
Funeral/Memorial 2009 North Queensland floods	\$10 000	\$ 11 000	\$1000

Source: ANAO analysis.

7.24 Centrelink and FaHCSIA informed the ANAO that the information included in their respective annual reports was drawn from different reporting systems. Centrelink provides FaHCSIA with financial information, which is recorded in FaHCSIA's financial reporting system.

7.25 FaHCSIA advised that the figure reported in its annual report reflects 'net' outlays, and is adjusted following the reconciliation of debts, overpayments, or returns from payments. Whereas Centrelink advised that it reported 'gross' outlays (that is without any adjustments).

7.26 The 2008–09 figures are the combined totals for 7 disasters, however, the difference in the amounts is primarily due to the 2009 North Queensland floods and Victorian bushfires as well as the 2008 South East Queensland storms. Table 7.3 provides a comparison of the amount the ANAO identified¹⁰⁷ as being paid in 2008–09 for the 2009 North Queensland floods and Victorian bushfires compared to the information provided by Centrelink and FaHCSIA.

¹⁰⁷ The ANAO's analysis is based on a data extract from Centrelink's ERP system.

Table 7.3**Comparison of AGDRP paid for the 2009 North Queensland floods and Victorian bushfires**

Analysis	2009 North Queensland floods	2009 Victorian bushfires
ANAO (for February 2009 to June 2009)	\$44 384 010.00	\$63 123 900.00
Centrelink's 2008–09 annual report	\$46 009 010.00	\$64 256 843.00
Centrelink's 'net' amount	\$44 497 413.72	\$62 016 892.56
FaHCSIA's 2008–09 annual report 'net' amount	\$44 506 813.72	\$62 018 692.56

Source: ANAO analysis.

7.27 Table 7.3 shows that after adjusting for net amounts there remain relatively small inconsistencies between the figures calculated by Centrelink, FaHCSIA and the ANAO. Further, the total amounts of AGDRP paid reported by Centrelink in its 2008–09 annual report do not accord with the AGDRP amounts of either \$1000 per adult or \$400 per child, indicating an error(s) in the source data.

7.28 With regard to the net amounts, Centrelink has advised that the small discrepancy that exists for the Victorian bushfires is due to the reconciliation of figures following the end of each month.

7.29 The PIR commenced in April 2009 and a draft of the report was provided to Centrelink in June 2009. However, the differences in the amounts shown in Table 7.3 demonstrate there is a risk that Centrelink has not addressed the PIR findings, and that the data in the ERP has not been completely corrected and adjusted.

Improving capture and reporting of data

7.30 The total amount of disaster recovery assistance paid in 2008–09 (including for the North Queensland floods and Victorian bushfires) as reported by Centrelink, was inconsistent with the payment policies; that is payments of either \$1000 or \$400.

7.31 In order to provide an assurance that data underpinning performance information is of an appropriate quality, standards need to be established for

the collection and accuracy of the data.¹⁰⁸ Given the ERP is currently the primary data source used to generate performance information, Centrelink could improve the overall quality of disaster recovery payment data by undertaking an assessment of the reliability of the data as the basis for demonstrating performance. This information can then be used to update the approach, standards and procedures for the collection, storage and use of data.

Annual reports

7.32 The purpose of the annual report is accountability, in particular to the Parliament.¹⁰⁹ Through undertaking an assessment of the reliability of data and implementing identified improvements, Centrelink's annual report could more accurately represent the agency's performance in delivering disaster recovery assistance. Further, to improve the clarity and consistency of publicly reported information, Centrelink and FaHCSIA should agree and report similar figures and, where necessary, note any material limitations on the quality of the data.

Recommendation No.3

7.33 The ANAO recommends that Centrelink assess the reliability of emergency recovery payment data and reports generated from its system(s), and update the approach, standards and procedures for the collection, storage and use of the data.

Centrelink response

7.34 Agreed.

Customer experience and feedback

7.35 For the 2009 North Queensland floods and Victorian bushfires, Centrelink processed 93 041 claims. These customer contacts provided a valuable opportunity to obtain customer feedback and identify areas for improvement. In relation to disaster recovery assistance, the main ways that Centrelink gathers this information is through its complaints handling and review mechanisms.

¹⁰⁸ ANAO, *Better Practice Guide - Annual Performance Reporting*, April 2004, p. 27.

¹⁰⁹ Department of Prime Minister and Cabinet, *Requirements for Annual Reports for Departments, Executive Agencies and FMA Act Bodies*, 17 June 2009, p. 2.

Complaints and compliments

7.36 Customer feedback can take the form of complaints, compliments and suggestions; and is provided to Centrelink through a range of mediums including phone, in person, online or by mail.

7.37 When a customer contacts the Customer Relations Unit (CRU) with feedback relating to an aspect of disaster recovery operations, Centrelink's established customer feedback resolution procedures are applied. During the 2009 North Queensland floods and Victorian bushfires, Centrelink received 13 compliments¹¹⁰ and 57 complaints¹¹¹ which were directly attributed to the delivery of AGDRP. Of the complaints, 39 per cent related to the North Queensland floods and 61 per cent to the Victorian bushfires. A breakdown of the top five customer complaints for each disaster is included in Table 7.4.

Table 7.4

Top five reasons for customer complaints

North Queensland floods		Victorian bushfires	
Reason	Per cent	Reason	Per cent
Decision Making	32%	Staff Knowledge and Practice	29%
Access to call centre	14%	Staff Attitude	14%
Mistake/Complaints Handling	14%	Disagree with legislation/policy	14%
Staff Knowledge and Practice	14%	Other	14%
Staff Attitude	9%	Access to call centre	11%
Disagree with legislation/policy	9%		

Source: ANAO analysis of Centrelink data.

7.38 Centrelink also received a further 45 complaints about various issues related to the disasters, with the majority (47 per cent) due to customers not being able to access Centrelink's call centres during the disasters.

¹¹⁰ Centrelink defines a compliment as an expression of appreciation/admiration from a customer or member of the public for an individual or team, a Call Centre, a Customer Service Centre or other Centrelink site, a Centrelink service, or Centrelink as an organisation.

¹¹¹ Centrelink defines a complaint as an expression of dissatisfaction or grievance about a Centrelink product or service. Complaints may be service-related, merit-based, policy related, or have elements of all three types.

7.39 The PIR of the Victorian bushfire response reported that:

Discussion with the processing staff ... identified that complaints/compliments received through alternative sources outside the [CRU] ... (such as [in] the processing centres) has not been recorded as complaints/compliments in the [Integrated Customer Feedback Database].

7.40 The PIR of the Victorian bushfire response also made the following recommendation:

Customer Relations Unit team determine what constitutes a customer complaint and provide clear guidelines to identify and record customer complaints. As part of capturing customer concerns, ensure that:

- (a) All customer complaints received through other channels outside the hotline such as at the processing centre and area level are recorded in a common database to achieve accuracy and completeness in the data.
- (b) All relevant fields in the CRU database should be completed and reviewed to identify future areas for improvement.[sic]

7.41 During the PIR of the Victorian bushfire response, a survey was conducted that tested the following statement with call centre staff:

When I received compliments/ complaints, I entered them into the Customer Relationship Database.

7.42 The results indicated that 50 per cent of respondents strongly disagreed with the statements indicating that not all customer complaints and compliments were recorded during the 2009 North Queensland floods and Victorian bushfires.

7.43 In 2008–09, the ANAO conducted an audit of Centrelink's Complaints Handling System.¹¹² The ANAO identified a risk that data in the Integrated Customer Feedback Database regarding the total number and types of complaints received by the agency was inaccurate, as not all complaints were being recorded in the database. The ANAO made the following recommendation, with which Centrelink agreed:

The ANAO recommends that Centrelink use the ICFD (or similar) as the central repository for all customer feedback to enable:

- better quality assurance coverage; and

¹¹² ANAO Audit Report No.22 2008–09, *Centrelink's Complaints Handling System*.

- accurate and complete records for internal and external reporting purposes.

7.44 While the number of complaints and compliments received by Centrelink during the 2009 North Queensland floods and Victorian bushfires was small, the PIR highlights the risk that the data is not complete as all complaints and compliments are not recorded in the ICFD. This indicates that Centrelink needs to undertake further work in order to fully implement Recommendation No. 3 from the 2008–09 Audit Report.

Review and appeals

7.45 Centrelink's review and appeals system provides the opportunity for mistakes in individual cases to be remedied. The information gained from the system can also inform broader process improvements for both administration and service delivery (including the application of legislation).

7.46 Access to Centrelink's review and appeals systems is a legislative right of Centrelink customers. The AGDRP is a payment made under the *Social Security (Administration) Act 1999* (SSA Act). Part 4 of the SSA Act prescribes that customers have a right, upon request, to have decisions reviewed by a Centrelink Authorised Review Officer (ARO). Centrelink policy includes another step in the process. This is the Original Decision Maker reconsideration, where the Centrelink staff member who originally made the decision reviews the case, before it is passed to the ARO. The SSA Act also prescribes external review processes by the Social Security Appeals Tribunal (SSAT) and the Administrative Appeals Tribunal (AAT).

7.47 For the IRS ex gratia payment, there is reliance on the executive power under the Constitution to authorise the making of the payment rather than a legislated scheme. However, the IRS policy provides for claimants to be given an opportunity to request that an Independent Review Officer (IRO) within Centrelink review a decision to reject a claim. In cases where an IRO affirms a decision to reject a claim, the case could be further referred to FaHCSIA for consideration as a special circumstance case.

7.48 Between 18 March 2009 and 5 February 2010, Centrelink had completed 457 requests to review a rejected claim for disaster recovery payments. Of these, 85 per cent were affirmed, 13 per cent were set aside and two per cent were withdrawn by the customer. Table 7.5 provides a breakdown of the total decisions reviewed by disaster and payment.

Table 7.5**Number of decisions reviewed by disaster and payment type**

Disaster	Payment	Decisions Reviewed
2009 North Queensland floods	Australian Government Disaster Relief Payment	262
	Ex Gratia – Income Recovery Subsidy	25
2009 Victorian bushfires	Australian Government Disaster Relief Payment	154
	Ex Gratia – Income Recovery Subsidy	16

Source: ANAO analysis.

Social Security Appeals Tribunal appeals

7.49 As at 5 February 2010, 28 cases had been appealed to the SSAT. Of these, the SSAT upheld 46 per cent of Centrelink's decision to reject the claims and set aside 46 per cent. The remaining seven per cent were withdrawn. The main reason (14 per cent) for the SSAT to set aside the original Centrelink decision to reject a customer's claim, related to the applicant living in a designated disaster area for the purposes of the AGDRP.

ANAO customer focus groups

7.50 As a part of the audit testing process, the ANAO commissioned an independent provider¹¹³ to undertake a qualitative research project to gain information and insights into the customer experience when claiming and receiving assistance from Centrelink following the 2009 North Queensland floods and Victorian bushfires. A total of 44 people participated in the research, which was conducted between 2 and 23 September 2009. The 44 participants were randomly selected customers who had claimed for the one or both of the AGDRP and IRS payments as a result of the disasters. The methodology involved four focus groups and 20 telephone in-depth interviews.

Key findings from the research

7.51 The research identified that all the participants were grateful, appreciative and highly supportive of the financial assistance provided to them following the disaster events. It was evident that they had not expected

¹¹³ ORIMA Research Pty Ltd.

or anticipated receiving such assistance—and the availability of the assistance was perceived as being significant in helping them to rebuild their lives and living environments. This was consistent with the compliments, which included a general theme that:

‘Centrelink was supportive to the community, especially the front-line staff at recovery centres where staff were very empathetic’.

7.52 Cash was the most preferred method of receiving disaster recovery assistance. However, some participants suggested that non-cash forms of assistance would have also been useful (such as food, clothing and hardware vouchers). These participants felt that using non-cash forms of assistance would have helped to reduce the perceived incidence of inappropriate access to the AGDRP. It was also acknowledged that such methods may be slower to be delivered and may not offer sufficient flexibility to meet individual needs.

7.53 Participants were satisfied with the claim process for the AGDRP and the services provided by Centrelink. Most participants’ ratings of overall satisfaction with the process ranged between seven and 10 (with 10 being the best possible rating).

7.54 In both North Queensland and Victoria participants advised that the following aspects of the AGDRP delivery process worked well:

- access to Centrelink staff in making a claim for payment;
- clarity and understanding of the forms / claim requirements;
- assistance provided by Centrelink staff to complete the claim form and process;
- service delivery by Centrelink staff, who were seen as kind, empathetic and helpful;
- promptness in receiving the payment; and
- smooth or efficient claim and payment processing, which meant customers did not need to have follow-up contact with Centrelink.

7.55 The feedback from the focus group was predominately positive. A majority of participants commented that the timeliness of payments was satisfactory.

7.56 In both North Queensland and Victoria there were some cases where the AGDRP delivery process was reported to have not worked well. These cases related to needing to reclaim—due to inaccurate initial advice on

eligibility, Centrelink's loss of claim forms, and a lack of timeliness in receiving payments.

7.57 For the AGDRP, participants in the ANAO commissioned focus groups and telephone interviews advised that the main way they found out about disaster recovery assistance was through word-of-mouth communication. One participant advised of finding out about the assistance through the media.

7.58 However, all participants of the focus groups commented that their awareness and understanding of the IRS was limited.¹¹⁴ Having knowledge and a clear understanding of the IRS was considered to be important—particularly among those participants who considered themselves to have been potentially eligible for, and in need of, the assistance but who did not submit a claim due to lack of awareness.

7.59 The main suggestions for improvement in the disaster recovery assistance services provided by Centrelink that were identified in the research were:

- a wider use of local mass media to advertise the availability of financial assistance—for example local television, newspapers and radio;
- better follow-up communications about the availability of the full range of assistance for disaster victims. For example, Centrelink could follow-up with AGDRP claimants to inform them of other payments (such as IRS) they may be eligible for after the disaster; and
- better verification processes to ensure that those receiving the assistance are eligible for it (refer Chapter 6).

¹¹⁴ This may, in part, have been driven by the IRS payment being announced several days after AGDRP payments had commenced.

Recommendation No.4

7.60 To improve customer awareness of the availability of disaster recovery assistance, the ANAO recommends that Centrelink:

- review its communication strategy to ensure that information on disaster recovery assistance is accessible to target audiences and responsive to the particular disaster situation; and
- reinforce key recovery messages for the time period that assistance is available so that information reaches community members when they are receptive.

Centrelink response

7.61 Agreed.

8. Update on Centrelink’s Response to Recommendation No.11 of Audit Report No.9 2003–04

This chapter examines the ANAO findings against Recommendation No.11 of Audit Report No.9 2003–04, Business Continuity Management and Emergency Management in Centrelink.

Introduction

8.1 In 2003–04, the ANAO completed Audit Report No.9 2003–04, *Business Continuity Management and Emergency Management in Centrelink* (2003–04 Audit Report) examining Centrelink’s BCM and EM framework and implementation. The audit found that Centrelink generally had an appropriate framework for BCM and EM, and that this effectively addressed the main elements of BCM outlined in better practice literature. However, it also found that there were a number of areas for improvement and made 11 recommendations, which were agreed to by Centrelink.

8.2 Recommendation No.11 of the 2003–04 Audit Report was not addressed in the 2008–09 Audit Report as it related to Centrelink’s community recovery activities, which were a focus of this audit. Accordingly, the implementation of Recommendation No.11 was examined as part of this audit.

Recommendation 11 of the 2003–04 Audit Report

Stakeholder engagement
<p>The ANAO noted the following issues in relation to Centrelink’s engagement with stakeholders on emergency management and community recovery:</p> <ul style="list-style-type: none">• there was not a consistent approach to the liaison between Centrelink and its State/Territory emergency counterparts throughout Centrelink’s Areas; and• the Emergency Management Team in National Support Office did not know what liaison had occurred across various Centrelink Areas, or what commitments or roles had been articulated in State/Territory and local level emergency response plans.
Recommendation No.11 of the 2003-04 Audit Report
<p>The ANAO recommends that Centrelink monitor and review its emergency stakeholder liaison and response planning at a national level, and implement relevant findings and recommendations, to ensure effective and consistent special and community emergency responses by Centrelink at the national, State/Territory and local levels.</p>

8.3 Centrelink has implemented Recommendation No. 11 of the 2003–04 Audit Report. Centrelink advised that in 2004, it arranged membership of several state and territory committees through its network of Area Recovery Mangers. Further, the Emergency Management Branch in Centrelink provided the ANAO with a list of state and local disaster management groups each Area is involved in and advised that it undertakes Area Emergency Contact meetings.

Integration with other levels of government

8.4 Centrelink’s community recovery assistance is only one aspect of a broader range of services provided to communities affected by disasters. State¹¹⁵ and local government organisations provide a range of disaster planning, response and community recovery services, including:

- state and district level committees that meet to plan for disasters;
- emergency response organisations (such as police, fire and ambulance services) that provide front-line disaster management and relief services; and
- recovery centres at which state and/or local government services and financial assistance is provided.

8.5 Centrelink’s capacity to provide community recovery services in a region affected by a disaster is dependant on access to up-to-date information on the disaster’s location, road closures and the location of recovery centres. It is therefore important that Centrelink coordinates and integrates its services with other levels of government where relevant.

Stakeholder engagement

8.6 Area Offices and the network of CSCs under their responsibility provide Centrelink with a link into state and local government emergency planning and responses around Australia. In particular, state and local relationships are an important determinant of Centrelink’s capacity to obtain information about disasters and integrate its services into local responses. Branches in Centrelink’s National Support Office also have a key role in engaging with state and territory governments.

¹¹⁵ In this chapter state refers to state/territory.

8.7 The quality of Centrelink's relationships with state and local governments at the Area Office level is influenced by its ability to meet with state and local government staff on a regular basis. This can be difficult to manage given that Area Offices often have to work with several different state government departments' regional administrations and local government committees.

8.8 The 2003–04 Audit Report identified that there was a lack of consistency in the liaison between Centrelink and state/territory emergency counterparts across the Centrelink Area network and that the National Support Office Emergency Management Team was not aware of the extent of contact across various Areas.

8.9 In response, Centrelink has advised that:

Liaison with state Recovery Managers commenced in early 2004. By August 2004 Centrelink had membership of the Community Services Ministerial Advisory Committee, Disaster Recovery Subcommittee (now the Australian Government Disaster Recovery Committee), the Victorian Department of Human Services community recovery committee and the Tas, SA and NT community recovery committees. The finding was resolved in August 2004.

8.10 The internal management aspects of Recommendation 11 have been more directly addressed by the Emergency Management Branch, which provided the ANAO with a list of each Centrelink Area and the state and local disaster management groups with which each Area is involved. It also provided agendas for Area Emergency Contact meetings that are coordinated by the Branch and bring together Emergency Coordinators from across the Centrelink Area Offices. These meetings provide a forum for discussion of emergency management issues including engagement with stakeholders.

Stakeholder engagement in North Queensland and Victoria

8.11 Centrelink has been fostering relationships with government agencies in Queensland and Victoria, including through membership of the Queensland State Community Recovery Committee and the Victorian Department of Human Services' Community Recovery Committee. Centrelink staff on the two state committees are senior executives from the Area network and provide a direct link to local Centrelink emergency responses in each state.

8.12 The effectiveness of the membership arrangement is, however, reliant on the availability and priorities of those Centrelink executives in an emergency. For example, Centrelink's representative on Queensland's Community Recovery Committee is from Area South West Queensland, and

was able to attend meetings during the North Queensland floods and pass on messages to Area North Central Queensland where the floods occurred. In contrast, the representative on the Victorian Emergency Recovery Committee is from Area North Central Victoria, and had conflicting priorities relating to organising the emergency response efforts in that Area during the bushfires.

8.13 Centrelink's PIR of the Victorian bushfire response recommended that the agency develop a relationship map incorporating the roles and responsibilities of Centrelink and other government agencies it works with. The incorporation of key contacts and communication processes in such a document would assist with managing disaster responses when Centrelink's state committee representative is occupied in Area responses to disasters or when command and control arrangements need to be centralised.

8.14 Centrelink advised that it is also a member of numerous regional and local level emergency management committees. During audit fieldwork, the ANAO visited Area North Central Queensland and was able to attend and observe the operation of a Townsville District Disaster Management Group meeting in Ingham and review flood-related communications reflecting Centrelink's integration with the Townsville Disaster District Community Recovery Committee. Area North Central Queensland advised that previous disasters have been an impetus for greater coordination at the local and state government levels and for Centrelink to be invited to be represented on, and participate in, such committees.

8.15 Interviews with Centrelink staff involved in the Victoria bushfires response indicated that there was engagement with committees in regional areas of Victoria where geographic distance and small population bases mean that a high level of integration is essential to providing normal services.

8.16 The ANAO met with, and received positive feedback from, state and local governments and non-government organisations about the role played by Centrelink in the North Queensland and Victorian disasters. Stakeholders indicated that Centrelink was professional and responsive in the support that it provided.

8.17 Stakeholders also advised that they are working with Centrelink to further develop their relationships by pursuing common priorities and more closely integrating front-line services where possible. Developing these linkages outside of disaster events will assist Centrelink preparedness and effectiveness when events occur.



Ian McPhee

Auditor-General

Canberra ACT

19 May 2010

Appendices

Appendix 1: The Department of Families, Housing, Community Services and Indigenous Affairs' response to the audit

While recognising that the recommendations of this report are specific to Centrelink, FaHCSIA acknowledges the key role it plays in developing disaster recovery policy to inform the service delivery of AGDRP and ex-gratia payments. FaHCSIA supports the recommendations in the ANAO Report and welcomes the opportunity to continue to work alongside Centrelink in improving the overall delivery of disaster recovery assistance.

FaHCSIA accepts the suggestion to improve its preparedness for the provision of ex-gratia assistance, noting the limitations of this given that ex-gratia payments are only considered after exhausting all existing options and are tailored to meet the impacts of a specific disaster situation. We also note that in doing so that ex-gratia payments do not have the same rights of appeal and debt recovery afforded to legislatively based schemes. (Paragraph 2.35/2.36)

As part of our ongoing work, FaHCSIA and Centrelink are developing policy and operational responses for a range of disaster situations for both AGDRP and ex-gratia assistance.

To ensure the integrity of the payment in a disaster situation, FaHCSIA is working with Centrelink to develop formal protocols for non-standard service delivery such as the delivery of cash payments, reduction in proof of identity requirements and acceptance of unsigned claim forms. (Recommendation 2)

FaHCSIA recognises the value of reliable data and reports to be generated from the Emergency Recovery Payment system as this is used by FaHCSIA to report on current assistance measures as well as inform future policy responses. We are supporting Centrelink in any changes that will improve data integrity. (Recommendation 3)

Both FaHCSIA and Centrelink have responsibilities to provide clear communication about the provision of disaster assistance to assist in the recovery of those affected. FaHCSIA is working with Centrelink to develop consistent messages through a variety of avenues for the life of the payments. (Recommendation 4)

As noted and suggested in the report, FaHCSIA has already improved its secretariat processes for both AGDRC and other committees it may be responsible for in the future by developing guidelines and templates for future use. (Paragraph 2.11) The AGDRC at the December 2009 meeting confirmed its current role and will consider its role subject to further reviews in 2010. (Paragraph 2.13)

Appendix 2: Members of the Australian Government Disaster Recovery Committee

Chair

- Department of Families, Housing, Community Services and Indigenous Affairs

Australian Government Members

- Attorney-General's Department
- AusAID
- Australian Bureau of Statistics
- Australian Customs Service
- Australian Federal Police
- Australian Taxation Office
- Bureau of Meteorology
- Centrelink
- Department of Agriculture, Fisheries and Forestry
- Department of Broadband, Communications and the Digital Economy
- Department of Climate Change¹¹⁶
- Department of Defence
- Department of Education, Employment and Workplace Relations
- Department of Environment, Water, Heritage and the Arts
- Department of Finance and Deregulation
- Department of Foreign Affairs and Trade
- Department of Health and Ageing
- Department of Human Services
- Department of Immigration and Citizenship

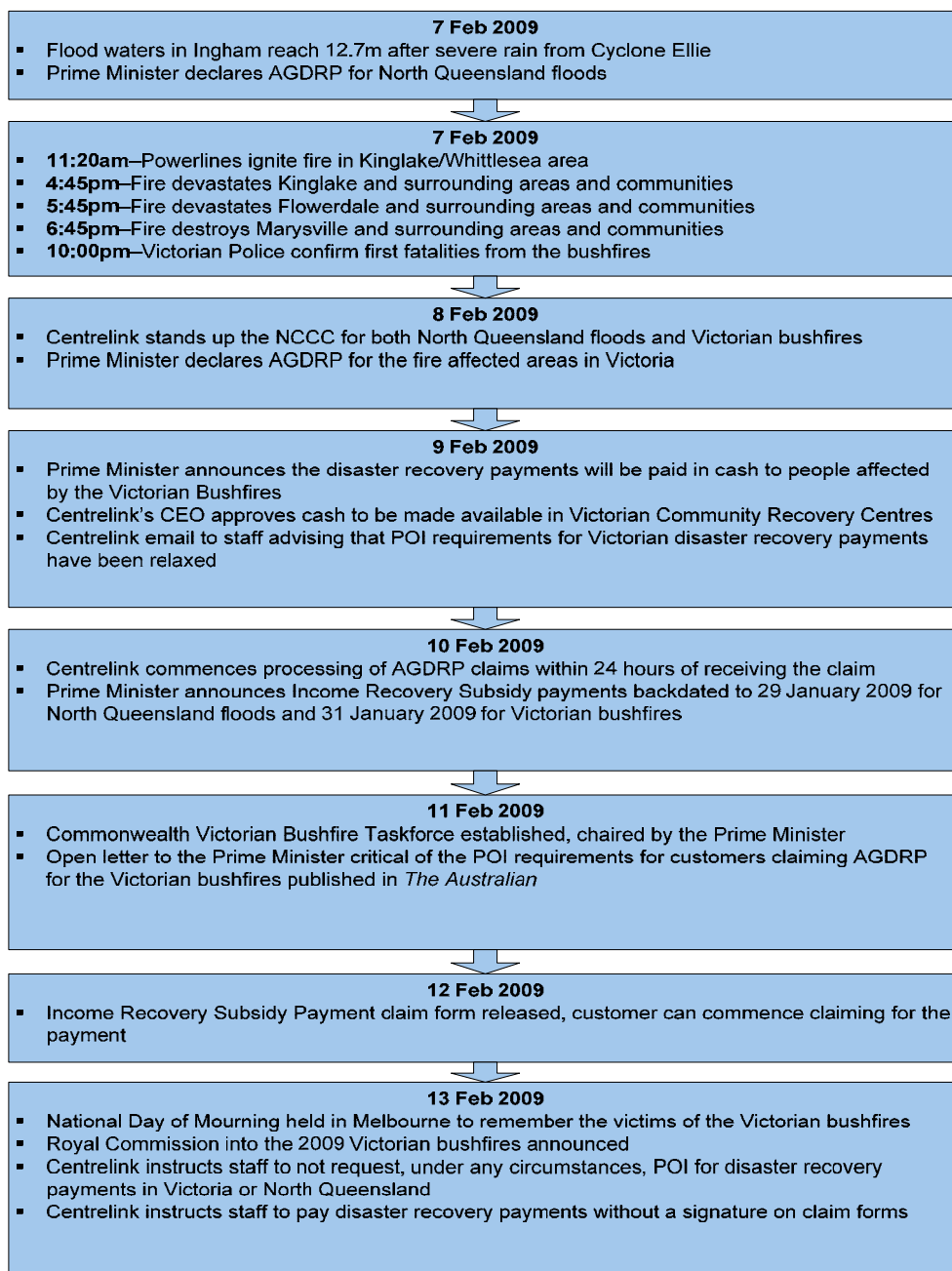
¹¹⁶ Now known as the Department of Climate Change and Energy Efficiency.

- Department of Innovation, Industry, Science and Research
- Department of the Prime Minister and Cabinet
- Department of Resources, Energy and Tourism
- Department of the Treasury
- Emergency Management Australia
- Geoscience Australia
- Medicare Australia

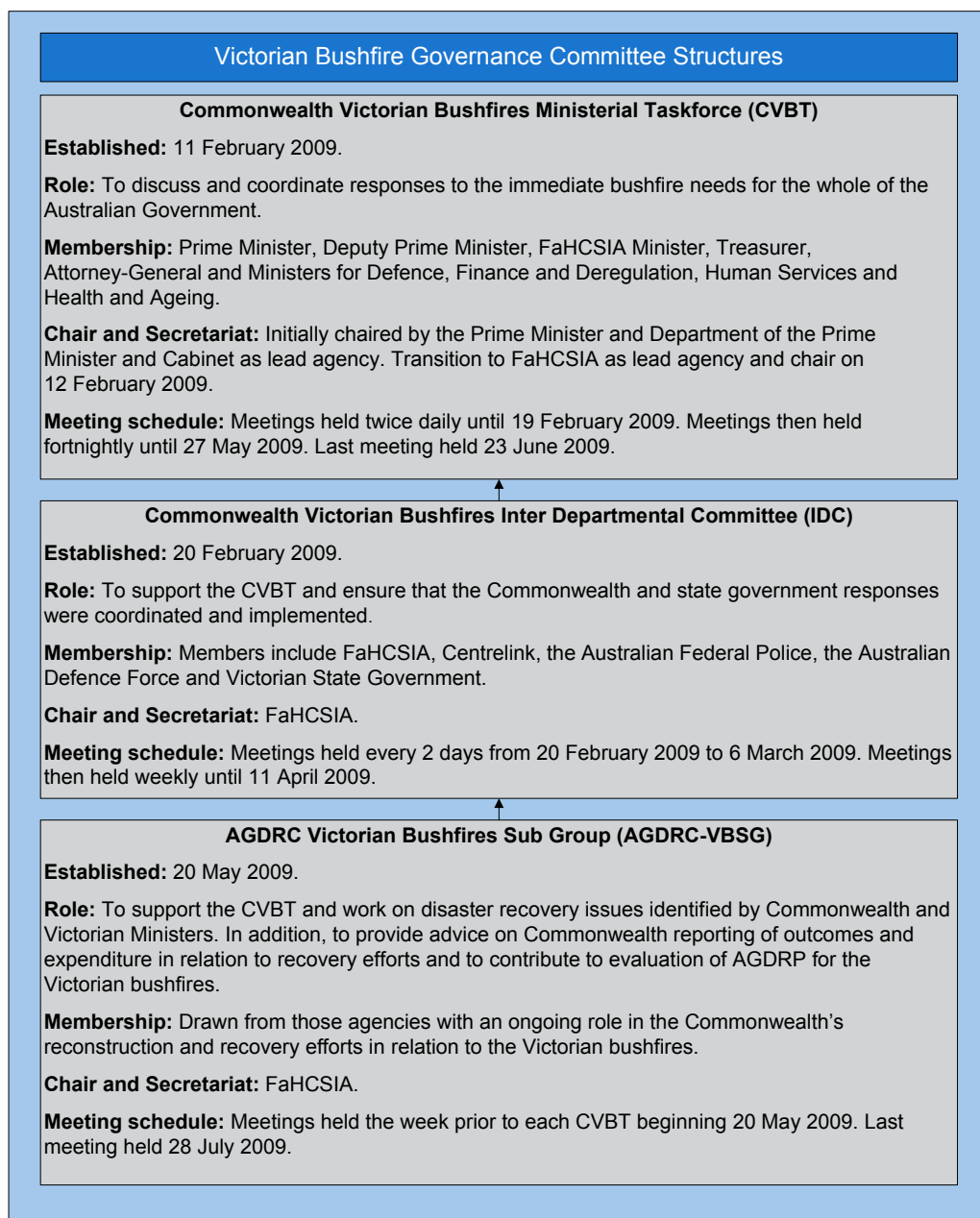
Other Members

- The Chair of the Community and Disability Services Ministers' Advisory Council (CDSMAC) Disaster Recovery Sub-Committee
- Co-opted members from other departments, agencies or non-government organisations

Appendix 3: Key events and decisions for the 2009 North Queensland floods and Victorian bushfires that related to Centrelink



Appendix 4: Australian Government governance committee structures for the Victorian bushfires



Appendix 5: Australian Government Disaster Recovery Payment activations for the period 1 December 2006 to 31 December 2009

Date	Event
December 2006	Tasmanian bushfires
December 2006	Victorian bushfires
February 2007	Western Australian bushfires
March 2007	Tropical Cyclone George
March 2007	Tropical Cyclone Jacob
June 2007	Hunter/Central Coast storms and floods
June 2007	Gippsland storms and floods
January 2008	Queensland storms and floods
February 2008	Queensland storms and floods (Mackay and Central QLD)
November 2008	Mumbai Crisis
November 2008	South East Queensland storms
January - February 2009	North Western Queensland floods
January - February 2009	North Queensland floods
January - February 2009	Victorian bushfires
May 2009	South East Queensland and Northern New South Wales storms and floods
September 2009	Samoa - tsunami
September - October 2009	Sumatra earthquake
November 2009	NSW Mid-North Coast floods
December 2009	Western Australia bushfires

Source: FaHCSIA Internal Review of AGDRP 2008, Centrelink Website & Disaster Assist Website

Appendix 6: Centrelink's Customer Charter Service Standards performance

Customer Charter Service Standards	Jul 2008	Oct 2008	Jan 2009	Apr 2009	Jul 2009	Oct 2009
Standard 1 – 70 per cent of customers' phone calls answered within 2 and a half minutes.	71.5%	71.4%	58.9%	47.6%	60.2%	91.0%
Standard 2 – The percentage of customers who report waiting longer than ten minutes in a queue when they come in to a Centrelink office.	38.3%	34.3%	40.7%	50.1%	39.5%	30.8%
Standard 3 – The percentage of customers who report that if a question cannot be answered immediately, that Centrelink gets back to them within an agreed time.	64.0%	77.1%	75.8%	73.1%	75.6%	79.7%
Standard 4 – The percentage of customers who report that we always behave in a way that upholds the Australian Public Service Code of Conduct and the principles of the Charter of Public Service in a Culturally Diverse Society.	94.1%	94.3%	95.9%	94.6%	94.9%	95.7%
Standard 5 – The percentage of customers who report that we work to match Centrelink services to their individual circumstances.	81.3%	85.5%	85.1%	83.5%	85.5%	88.0%
Standard 6 – The percentage of complaints resolved within 5 working days.	97.8%	97.1%	97.6%	94.3%	91.1%	97.5%
Standard 7 – The percentage of customers who report that we clearly explain our decisions to customers and tell them about their rights and responsibilities and what they need to do.	75.9%	82.2%	79.6%	79.2%	83.6%	84.3%
Standard 8 – The percentage of decisions reviewed by Authorised Review Officers (and answered in writing) within 28 days.	76.5%	81.4%	76.7%	64.8%	81.2%	87.3%

Source: ANAO analysis of Centrelink's Balanced Scorecard Reports.

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