

## EVALUATION IN CENTRELINK

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*“Evaluation is important for Centrelink because it helps us to learn how we must improve the way we work to achieve the outcomes expected of us by Government, client agencies and customers’”* (Sue Vardon, Centrelink CEO)

Centrelink, the Commonwealth’s service delivery agency, came into existence on 1 July 1997. It was created to be the Government’s “one-stop-shop”, providing improved access and quality to users of Government services. This was explicitly enunciated in the Second Reading Speech to the *Commonwealth Services Delivery Agency Bill*:

The clear principle underlying the concept of the Agency is the Government’s commitment to put the needs of people for high quality service delivery above the boundaries of Commonwealth departments and agencies.<sup>1</sup>

Centrelink was formally launched by the Prime Minister, Mr Howard, on 24 September 1997. He described it as “probably the biggest single reform undertaken in the area of service delivery during the past 50 years.”<sup>2</sup>

The creation of Centrelink also represented a significant reform in public administration. Centrelink is a statutory authority. As such, it is staffed under the *Public Service Act 1922*, and operates under the *Financial Management and Accountability Act 1997*. It is a core part of Government operations, and is expected to meet the highest standards of accountability. But, unlike departments of state, it has a statutorily-based Board of Management, appointed by, and accountable to, the Minister, and with statutorily-defined executive powers. The other two distinctive features of Centrelink’s governance arrangements are:

- ü first, that funding is derived from strategic partnership agreements with client agencies who purchase Centrelink services; and
- ü secondly, that it operates under purchaser/provider arrangements with among the largest services contracts in Australia.

Centrelink’s charter is prescribed in the enabling legislation:

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<sup>1</sup> <sup>1</sup>Second Reading Speech, House of Representatives, *Commonwealth Services Delivery Agency Bill 1997*, p. 2.

<sup>1</sup> <sup>2</sup>Hon. John Howard, Speech on launching Centrelink, 24 September 1997, quoted in *Centrelink Annual Report, 1997-98*, p. 3.

- (a) the provision of Commonwealth services in accordance with service arrangements, and doing anything included in the arrangements that is incidental, conducive or related to the provision of the services;
- (b) any functions conferred on the Agency under any other Act;
- (c) any functions that the Minister, by written notice given to the Chairman, directs the Agency to perform; and
- (d) doing anything incidental, conducive or related to the performance of any of its other functions.<sup>3</sup>

Under current service arrangements, Centrelink has a relationship with 9 Commonwealth Ministers, and about the same number of agencies. As well, there are relationships with State Governments for whom, for instance, Centrelink administers rental deductions for the State Housing authorities. Services are delivered to over 6 million customers in metropolitan, rural, regional and remote parts of Australia and overseas. Most services focus on the delivery of income security payments and employment related functions, although we also administer the Tasmanian and Bass Strait Freight Equalisation Schemes.

Centrelink is one of the largest business operations in Australia. The scale of operations is reflected in the following figures:

- ü administering in excess of \$45 billion annually - over a third of Commonwealth outlays
- ü 23,000 staff in over 400 locations, plus 23 Call Centres and a network of visiting services and community agents;
- ü 66 million letters sent to customers each year;
- ü 18 million telephone calls received in Call Centres each year;
- ü 400,000+ office appointments booked each month;
- ü 500,000 decisions relating to customers each week;
- ü 8.4 million on-line transactions each day; and
- ü 232 million payments each year.<sup>4</sup>

Small wonder, then, that the Chairman of the Centrelink Board described the implementation of Centrelink as “a large scale corporate merger with massive logistical, operational and planning dimensions.”<sup>5</sup>

On day 1, the staff of Centrelink were drawn from the operational networks of the then Departments of Social Security; and Employment, Education, Training and Youth Affairs. One of the major challenges has been, as the Chief Executive Officer, Sue Vardon, has said, “melding the people, systems and functions from two networks into a new and integrated agency.”<sup>6</sup> This is occurring at the same time as we manage the major cultural shift to a business- and customer-focussed organisation.

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<sup>1</sup> <sup>3</sup>*Commonwealth Services Delivery Agency Act 1997,*

<sup>1</sup> <sup>4</sup>*Centrelink Strategic Framework, 1998-2003,* p. 22.

<sup>1</sup> <sup>5</sup>*Centrelink Annual Report 1997-98,* p. 4.

<sup>1</sup> <sup>6</sup>*ibid.,* p, 18.

The goals we have set ourselves, to be achieved over the next five years, are:

1. to build partnerships with client departments that deliver the required results and provide value for money;
2. to increase customer and community involvement and satisfaction with services;
3. to create an environment where people in Centrelink are proud of their contribution and are making a difference;
4. to return an efficiency dividend to government;
5. to provide innovative and personalised solutions - consistent with government policy; and
6. to be first choice and benchmarked as the best practice in service delivery.<sup>7</sup>

Having managed the initial transition, Centrelink has now entered a consolidation phase, where the focus is on ensuring that we deliver services

- ü in accordance with contractual and legislative requirements, and client agency expectations;
- ü within the context of a customer service culture; and
- ü satisfy the highest expectations of public accountability and transparency.

The single key message underpinning the transition and consolidation phases of Centrelink is “quality”. Centrelink’s Quality First Policy was introduced in December 1997. Its principal elements include:

- ü ensuring that all our operations are customer driven;
- ü developing strong leadership throughout the organisation;
- ü establishing team based working arrangements to maximise involvement of our people in decision making;
- ü implementing an integrated customer service improvement planning and review cycle operating at all levels in Centrelink and linked back to the Strategic Framework;
- ü developing and implementing a strategic Balanced Scorecard approach to performance measurement, linked to recognition and reward as established in the Centrelink Development Agreement; and
- ü promoting a focus on performance improvement and the development of a culture that supports and fosters constant learning and innovation within the organisation at all levels.<sup>8</sup>

Centrelink’s Evaluation Strategy is derived from the Quality First Policy. The starting point for the development of the Strategy was the promulgation by the Department of Finance and Administration of new guidelines for evaluation in the Australian Public Service, as part of the move to accrual budgeting. In *Specifying outcomes and outputs: implementing the Commonwealth’s Accrual-based outcomes and outputs framework*, it noted that

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<sup>1</sup> <sup>7</sup>Ibid. p. 38.

<sup>1</sup> <sup>8</sup>Ibid. p. 89.

”evaluation remains a vital tool for assessing performance”<sup>9</sup>, and that “performance monitoring and evaluation are complementary elements of a sound performance management strategy”.<sup>10</sup> The Good Practice Principles for Performance Management, also promulgated by DOFA, suggest that

Ongoing performance monitoring and periodic evaluation are balanced and used appropriately; performance is monitored on a continuing basis and complemented by periodic evaluation, generally within at least a five year cycle.<sup>11</sup>

In accordance with these guidelines, the Audit Committee of the Board approved an approach to evaluation in Centrelink at its December 1998 meeting. This approach comprised the following elements:

- ü primary responsibility for performance monitoring rests with line managers;
- ü the Assurance and Assessment Group will support this by providing specialist advice and assistance, especially on methodologies for smaller evaluation activities;
- ü the Assurance and Assessment Group will also conduct a limited program of periodic evaluations, especially of activities which cross several organisational units, and where an independent examination is required.

The Evaluation Strategy has three strands:

- ü developing an evaluative culture within Centrelink;
- ü developing an evaluative capacity within Centrelink; and
- ü conducting a program of periodic evaluations.

Culture and capacity are being dealt with at two level: within Assurance and Assessment, where there is a Performance Assurance and Evaluation Team; and more widely throughout the organisation. The vehicle we are using is the development of handbooks - practical guides for managers and staff in how to conduct evaluations. Two types of evaluations are envisaged. The first we are calling project evaluations: small studies of local activities or initiatives which will be commissioned by the Area or local manager. Performance evaluations will deal with broader national initiatives, and may be commissioned either by the National Manager, the executive, or the Board. Periodic evaluations, as described in the DOFA guidelines, will come under the umbrella of performance evaluations. They will provide an independent assessment of the results of specific performance improvement strategies. This is particularly important in meeting the expectations and requirements of the accountability framework, to Government and to stakeholders.

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<sup>9</sup> *Specifying outcomes and outputs: implementing the Commonwealth's Accrual-based outcomes and outputs framework*, Commonwealth Department of Finance and Administration, 1998, p. 42.

<sup>10</sup> *Ibid.* p. 43.

<sup>11</sup> *Ibid.* p. 169.

While the principal aim of the handbooks is to provide guidance on the conduct of evaluations, they will serve other purposes. For example, they will form the basis of a quality assurance mechanism by which the standard of evaluation activity can be measured. They will also help ensure that such activity is focussed on Centrelink's business requirements. This is important because many of our staff see evaluation through the more traditional public sector lens of policy outcomes, which is now the responsibility of our client agencies - a significant mindshift for many of our staff, and also our vocal commentator community.

The strategies for the development of an evaluation capacity and culture are designed to support the objectives of Centrelink as a learning organisation. While the handbooks are being developed, for example, managers at local and national levels are working with us on a number of pilot exercises, testing the relevance and practicality of the guidance material. Linking evaluation with the strategic goals and existing organisational policies has been important in gaining support within Centrelink, because it is seen as a potentially important source of information for managers that can assist them in fulfilling their responsibilities and improve performance.

In summary, Centrelink's approach to evaluation must have a strongly pragmatic focus. Our business future depends on it. The Evaluation Strategy has been designed with the dual purpose of providing a reliable and credible means of assessing initiatives aimed at achieving business outcomes; as well as contributing to the accountability requirements. How we are doing - how the stakeholders and the client agencies perceive our performance, and how our customers experience our ability to deliver services to them - must be observed, evaluated and communicated if Australia is to have the Centrelink it deserves.