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Australian Government



Centrelink

giving you options

Mr Robert Baldwin MP
Chair
Joint Statutory Committee on Public Accounts and Audit
Parliament House
CANBERRA ACT 2600

Dear Mr Baldwin,

I am replying to your letter of 5 July 2005 in relation to the review of the Australian National Audit Office (ANAO) Audit Report no. 4, 2004-05: Management of Customer Debt. The Committee sought an update on projects associated with the ANAO recommendations which I am pleased to provide.

- **The Payment Integrity Strategy**

A Business Integrity Strategy has been finalised that incorporates the principles of debt minimisation agreed with the ANAO. This strategy provides a framework within which implementation options to improve business integrity activities are being developed. These developments will assist Centrelink in responding to the ANAO recommendation that 'Centrelink continue to improve communication flows between responsible teams and that we align debt risks to compliance and service delivery risks, enabling greater efficiencies in debt management activities'. With this in mind, I have placed overall responsibility for business integrity under one General Manager.

- **Developing an Output Measure for Debt Prevention**

Centrelink has been working with our major Purchasing Departments on this matter in the context of our Business Partnership Agreements noting the changes to the Administrative Arrangements Orders in October 2004. All agencies have agreed that the foundation principle for measuring prevention is the level of payment correctness. Through 2005-06, we will use our Random Sample Surveys to do this. During 2005-06, the utility of this measure will be assessed before finalising a formal prevention measure in our Business Partnership Agreements for 2006-07. We will continue to explore other potential measures.

Chief Executive Officer

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- **The Customer Satisfaction Project**

We have completed the key components of the 'Customer Experience Project' for customers incurring a debt.

- **Review of customer feedback**

In November 2004, we reviewed the effectiveness of letters in managing our relationship with customers through a survey of 119 customers. In June 2005 we surveyed a further 256 customers in terms of the broader debt process to better understand customer behaviour in terms of their emotional relationship with Centrelink. These surveys assessed the customer's willingness to engage with Centrelink in resolving the outstanding debt and perhaps preventing a further occurrence. The results point to the importance of managing this relationship well.

- **A review of the accuracy of debts raised by Centrelink staff**

This review was completed in the form of an Internal Audit. A number of issues were identified that point to differences in the effectiveness of debt raising strategies within Centrelink. We will be further reviewing the specific recommendations to develop the most appropriate response. These will be more broadly integrated into the Business Integrity Strategy and will also influence the redesign of our service delivery model.


- **The appropriateness of applying Debt Waivers throughout the Centrelink network**

At a policy level, the Department of Family and Community Services is giving consideration to raising the automatic waiver threshold which would significantly reduce the number of waiver decisions to be exercised by Centrelink staff.

A work plan for a review of current practices has been completed and I am making arrangements with our Internal Audit Team to initiate this in the context of our Audit plan. The availability of appropriately skilled staff will determine the specific timing of this activity. I expect to incorporate the findings of the 'Customer Experience Project' into this review.

I trust this provides you with sufficient background. I would be happy to provide further information through Mr Paul Conn, Acting General Manager, Business Integrity Division, telephone (02) 6208 8555.

Yours sincerely,


Jeff Whalan

Chief Executive Officer

Centrelink