

Senate Finance and Public Administration Standing Committee
ANSWERS TO QUESTIONS ON NOTICE
BUDGET ESTIMATES – 28 MAY 2009

Human Services Portfolio

Department/Agency: Centrelink
Outcome/Output Group: Outcome 1, Output 1.1
Topic: What goes into the Centrelink Funding Model

Senator: Scullion
Question reference number: HS11
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Question:

HS11: Senator SCULLION—I wonder if you would provide on notice your analysis of, perhaps, the last four quarters. You obviously are going to do this modelling every quarter and I know you work with others on it, but would you provide something so we know what the model looks like and what sort of assumptions you have made—all those sorts of inputs. Why don't we make it over the last couple of quarters and if we require something more we will look at that later on.

Mr Pratt—We will take that on notice and give you a breakdown of what goes into the Centrelink funding model.

Senator SCULLION—And I would be interested to know how you measure some of those changes. Clearly, none of this is retrospective; it is all predictive modelling and you have to rely on other departments, but I am interested in whatever is in your area of responsibility. Would that be possible?

Mr Pratt—To some extent, yes.

Answer:

HS11: Centrelink is primarily funded through the Centrelink Funding Model (CFM) for service delivery.

Under the model, Centrelink's funding consists of 2 components:

- Infrastructure - the resources supporting service delivery, which are predominantly of a fixed or semi-fixed nature, and either have no, or an indirect relationship with changes in work volumes or customer numbers. The broad groups are Information Technology, Property, Depreciation, and National Support Office; and
- Transaction Variable - reflects activity within Centrelink's network, and has a direct and demonstrable relationship with demand (eg. number of claims). Funding for the Transaction Variable component of the CFM is based on the average costs per customer group and varies with the number of customers that Centrelink services.

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