

# **Creating a Responsible Service Delivery Agency:**

**Centrelink, Australia**

**Sue Vardon**

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#### **Introduction**

The business of Government has always been its service to, and relationship with, citizens and the community. The temporal element which changes is the environment in which government and society must function. If you look back a hundred years the environment for government in Canada and Australia was one of empire and nascent nationhood. Today it is one of globalization and the challenges of preserving national culture and priorities in the broader information society and the information economy.

The advent of the computer is such a defining technology that it has, is, and will continue to re-shape our industrial, economic and social landscape. The ripple effects are only beginning and will accelerate over the next two decades as the nature and scope of the convergence of information technology; telecommunications, broadcasting and entertainment media becomes clearer. It is against this backdrop that the public value of government will be tested along with - if you wish to express it more immediately and personally - the legacy which we, as leaders of contemporary public services, will leave.

As part of our international obligations, we brief a wide range of delegations on Centrelink- our operations and strategy. What is fascinating to me is that whether we are speaking to visitors from Australasia, North America, South America, Africa, the UK and Europe, or the Asia-Pacific region, the underlying themes which preoccupy Ministers, and their officials are virtually identical notwithstanding our very different political, social and institutional architectures. One of these themes is globalization and the operation of the market. It is the force of these pressures which has spurred competition which in turn has seen the re-structuring of economies and the press for government to be efficient and give value for money while at the same time be more responsive to the changing expectations of citizens, communities and customers.

My own view is that one of the key challenges facing the public sector is to achieve a synthesis between its traditional framework of providing public value and its new market environment. In saying this I have equally in mind policy and delivery processes. At this time in history the pressure points are on the delivery side because of issues of scale, customer service and more ready translation into a competitive and contestable market environment. But at the end of the day policy is also a process and the new configurations of technology will make this activity much more susceptible to global provision and in so doing will change the nature of the relationship between government and bureaucracy. This is a whole and tantalizing topic in itself which I don't propose to pursue here.

Peter Drucker says that business is about innovation and marketing. That maxim also applies to the business of government. But citizens' expectations of government go beyond this to the value of the systems and services whether social assistance systems; aviation safety; or official ethics. If we wish to keep functions in Government then we will need to continue to demonstrate unequivocally that they have value, viability and visibility. I include the latter because the pace of technology will make all our actions, whether as individuals, managers or leaders, more visible, more accountable and more open to comparison.

## **The Genesis**

I have a dream job - the opportunity to create and develop a new, modern public sector organization in Centrelink; moreover, one which is breaking ground internationally in being a multi-purpose service delivery provider operating under purchaser/provider arrangements. Before talking about what this involves I want to give a context for Centrelink.

The creation of Centrelink is one of the most significant changes in federal administration in Australia in the post-war period. Centrelink represents 25 percent of federal administration and distributes more than a third of the Australian national budget. It was created from the service delivery networks of the Departments of Social Security and Employment, Education, Training, and Youth Affairs. It is a large decentralized organization of 24,000 people, most of whom are located out of Canberra. It has over 400 customer service centres and call centres across Australia. These are complemented by as many visiting and mobile services. There are also extensive and specialized services for indigenous people and those of a migrant background. Creating a new organization in a country the size of Australia means communicating with people who are, for example, geographically closer to Bali than to Canberra. In this regard the use of satellite communications has been crucial. This question of providing service in the face of massive geography is of course one which Australians, Russians, Chinese, Americans and Canadians share a special affinity.

How did Centrelink come about? And how do we demonstrate public value both now and in the future? These will be the main preoccupations of this paper because the answers to these questions provide a key insight into a bold experiment by the Australian government in reforming services to the citizen and in giving effect to the principle of putting the needs of people for high quality service delivery above the boundaries of Commonwealth departments and agencies.

The aspiration of one stop shopping for government human services has been alive for many years but only recently in Australia has this dream become a reality. The Federal Government has created Centrelink as an innovation in public administration in Australia designed to produce more responsive and streamlined government services. It is a unique model of public administration in human services in the world. The Centrelink approach shifts the focus and direction of customer service from transactions and process to one which is centred on individuals and their needs.

Why did it happen now and not in previous years? There are probably three sets of drivers.

***First, the global changes to the public service, in particular:***

- *competition* - pressure to deliver a higher quality service at a competitive price;
- separation of purchaser from provider - in Australia, the traditional departments are moving to policy and standard-setting and contracting to both the public and private sectors;
- *responsiveness* - governments and communities have expressed concern at the rigidity of departmental structures and boundaries and the consequential impediments to a 'whole of government' approach. Citizens are expecting the same standards of personal service that have emerged in some parts of the private sector;
- *rising expectations* including that of demands for choice and better service are evident. Customers are not only demanding greater access to information but the ability to carry out transactions electronically, when they want to. Customer research for Centrelink points to personalized service as a major gap. Customers want their own case manager, whose name they know, whom they can contact when they need assistance. They don't want to be passed from officer to officer; and
- *volume of rapid technological changes and their effects*, coupled with the enormous number of government functions and services, make it necessary to supply services in a new way. Customer expectations are shaped by changes in technology eg. banks: Internet Banking, Multi-media ATMs; and airlines: E-tickets, Cashless Society, Interactive TV.

***Secondly, the reforms to the employment market place in Australia and the social security system:***

- the Australian Government decided to reform labour market assistance to focus on jobs outcomes and to provide choice to jobseekers about who would help them. The registration and referral aspects would be integrated in one agency. Employment placement services, both public and private, would be created; and
- social security outlays have been a major focus for savings through increased targeting of income support payments, tighter compliance measures, use of business process redesign and greater reliance on self-provision by individuals and their families.

***Thirdly, particular commitments at the time:***

- from Ministers and a Prime Minister determined to make access to government easier;
- from two Departmental Secretaries (Vice-Ministers) to create an independent or neutral agency rather than face the turf wars of one or the other taking over the whole project as part of their Department; and
- from the public servants in both Departments who responded positively to the challenge of implementing such a commonsense idea and giving a sense of purpose to the public service at a time when people were concerned about its future. As the Prime Minister has stated, the creation of Centrelink is, in administrative terms, probably the biggest single reform undertaken in the area of service delivery in Australia during the past fifty years. Rollout of the integration of services continues within the framework of the Government. It has proceeded to date within budget and with little disruption to existing services.

## **The Establishment of Centre-link**

The one stop shop was developed by merging functions and staff from the social security and employment Departments, with strong support from the Department of Finance. It has its own legislation proclaimed in July 1997 and is a Statutory Authority originally branded the Commonwealth Services Delivery Agency and now CENTRELINK.

We are governed by a board of seven members - two Departmental Secretaries or Vice-Ministers (ex officio), the Chief Executive Officer (CEO) and four members from the private sector. The Chairman is independent, with a background in both public and private sector management, and reports to the Minister for Social Security. The role of the Board is defined in legislation and is to:

- decide Centrelink's goals, priorities, policies and strategies; and
- ensure that functions are properly, efficiently and effectively performed.

Whilst we have a portfolio Minister, we have relationships with client Ministers when we perform services for their portfolios.

To give you an idea of what is at stake here for the Australian public, Centrelink is an agency with 23,700 staff (FTE), a budget of \$42 billion, making 300 million contacts per annum with over 5.1 million customers, processing 8.4 million on-line transactions per day with 78 different payments, from 432 sites (Customer Service Centres; Student Services Centres; Career Reference Centres; Call Centres; Area and National Support Offices; Youth Services Centres; Retirement Service Centres; Family Service Centres).

Centrelink operates by service agreements with Government Departments - it is not funded directly from the Treasury. The agreements are for one year (at this time) and the Departmental Secretaries (Vice-Ministers) reserve the right to find alternative providers if Centrelink cannot deliver to their expectations. We are looking forward to 3-year agreements soon. Presently, we do work for six Departments: Social Security, Employment, Education, Training and Youth Affairs, Health and Family Services, Veterans' Affairs, Primary Industry and Energy, and State Housing Authorities.

In addition to these, we are currently discussing contracts with the Tax Office, Department of Workplace Relations and Small Business, Department of Immigration and Multicultural Affairs, and Department of Transport and Regional Development.

A key element in the success of any purchaser/provider relationship is the building of a true partnership between the two organizations. This is particularly important in the case of Centrelink because the arrangements are new to both the purchaser and the provider. In addition, we are attempting to link the provision of Commonwealth Government services in a way which improves the efficiency and effectiveness of these services to the community and at the same time reduce the cost of service provision. Clearly this can only be achieved with the total co-operation of all parties.

***With our purchaser Departments, we have adopted a strategic partnership approach which comprises:***

- a formal agreement between the two partners. Essentially this is a contract about performance, and
- a range of other mechanisms which support our business relationships (For example, with the Department of Social Security, this includes joint involvement in product design, staff exchanges, co-ordinated advice on policy and operational issues and the same Minister).

***In our partnership with the Department of Social Security, the general proportioning of functions are...***

- policy development (Department 90 per cent, Centrelink 10 per cent). We provide policy feedback to the Department through statistics, research, feedback from customers and staff;
- product design (Department 50 per cent, Centrelink 50 per cent). Together we design the standards, public relations strategies, forms and so on that shape the service to be delivered; and
- service delivery style (Department 10 per cent, Centrelink 90 per cent).

Centrelink has a fluid organizational design at this stage. It is organized by customer segment groups rather than by adopting the titles of the client programs. The Segments are Youth and Students; Employment; Families and Children; Disability, Rural and Housing; and Retirement. These segment groups negotiate the 'how' with purchaser departments.

***Around the major internal strategies, we have created theme teams to ensure we meet our contractual obligations. These teams and their main functions are:***

- Customer Service - to help us listen to and understand our customers' needs and the things they value; conduct a biannual program of customer research; develop corporate customer focus initiatives; develop customer feedback mechanisms; and maintain the Customer Charter;
- Strategic - to focus and integrate Centrelink's activities through the development of key strategic drivers which will achieve the goals of the organization within its current and future market environment;
- Knowledge - to bring information and people together so that knowledge becomes a business enabler, which in turn gives Centrelink its competitive business edge. This information includes aggregated data from the processing systems used for performance measurement, cohort and trend information, as well as corporate data used in such areas as the financial and people management systems;
- Quality - to provide leadership in the ongoing development and promotion of Centrelink's Quality First Policy; and support Centrelink managers in implementing the Policy's key elements;

- Innovation - to promote and develop innovative ways of working; help develop the creative potential of staff; investigate and demonstrate the use of new and emerging technologies; co-ordinate the use of electronic service delivery channels; build strategic partnerships and alliances to assist Centrelink in becoming a premier information broker; and assist with the innovative management of a changing IT environment;
- Communication - to develop communication and marketing programs which support service delivery agreements; develop innovative solutions to customer information needs; provide forms and information products; manage and market Centrelink's Business Television network, Internet Site and Mailing List System; and undertake publishing and printing on behalf of Centrelink and its clients;
- People Management - to create an environment through people management policies and practices in which all staff are proud of their contribution and are making a difference;
- Gateway - to ensure that there is effective representation of the service delivery arm of Centrelink at the national level; provide information and products to the network; address physical and IT security and a number of cross-customer segment delivery issues, and provide a national focus for social work and Aboriginal and Torres Strait Islander Services;
- Social Work Services - to strengthen family and community support and build an attachment to the labour market for individuals, families and communities during periods of transition; and assist other Centrelink staff, client departments and community service providers to strive for excellence in the development and delivery of new programs and services;
- Finance - to ensure Centrelink's financial and purchasing policy requirements are delivered and met to the highest standards possible; and engender an awareness throughout the organization of Centrelink's responsibilities for financial management and accountability; and
- Budgets & Property - to support staff in budgets and property matters by securing funds for Centrelink and being accountable to its stakeholders; enable managers to access necessary funds; cost Centrelink services; and manage the property portfolio.

A business management unit negotiates for new business opportunities and manages the service agreements once they have been signed. Since the launch of Centrelink we have been approached by a number of organizations, both in the Commonwealth and State Governments, to deliver services on their behalf. We are exploring in excess of 40 new opportunities which range in size from \$50,000 to multi-million dollar business initiatives. We are proceeding with caution so as not to overload the organization until the infrastructure is consolidated and we do not jeopardize existing contracts. It is this unit which has taken on the challenge of calculating the cost and price of service delivery so that we can tender for additional work competitively.

Centrelink does not need to control business exclusively. We are experimenting with other relationships to ensure that the objective of one stop service delivery becomes a reality incorporating other levels of government where possible. We offer our sites for other

government agencies to outpost their workers and we outpost our own staff at other government sites. We also contribute to the funding of agents based in rural and remote Australia who work for many government departments.

Centrelink is positioning itself as a modern public sector agency which can deliver on reduction in cost and improvement in quality. It respects the legacy of its past but moves into the future with a lightened load of regulation and prescription.

### **Implementation Strategy**

The establishment of Centrelink has been a staged approach. The broad stages have been positioning ourselves to continue to operate smoothly, placing the Centrelink infrastructure, setting our strategic directions, developing our business plan, and developing our strategic plan.

From this we set about the task of operationalising the concepts and values into the day to day life of the organization. That is, to create a customer driven culture.

To this end, a new culture was identified for the organization, characterized by some of the following qualities:

**Table 1: Implementation Strategy**

We will not:	We will:	We will expect:
act judgmentally	offer an even handed approach and provide options	fairness
over restrict	create opportunities and work flexibly	enthusiasm and optimism
let rules drive us	explore and use common sense service solutions	innovation
use 'hidden agendas'	communicate openly and share knowledge	openness
focus on process	achieve efficient outcomes and results	achievement orientation
do what I say	do as I do	leadership
act directivity	share a common sense of direction	flexibility

To create a framework in which Centrelink can provide new, smoother and more satisfying paths between government and Australians, we talked with our customers, peak bodies and the general community. The aim was to make sure that we were creating an organization which people needed - not the kind of organization which we thought they needed.

#### ***Our Vision***

Centrelink's purpose is to provide exceptional service to the community by linking Australian government services and achieving best practice in service delivery. Our vision, which flows on from this, is clearly established. We aim to make a difference to the Australian community through responsive, high quality government services and opportunities, and by giving value for money.



***Centrelink's mission is to build a stronger community through:***

- providing opportunities for individuals through transitional periods in their lives;
- delivering innovative, cost effective and personalized services for individuals, their families and community groups;
- being an organization committed to quality;
- making best use of available dollars;
- listening to the community's ideas for giving better service; and
- building a quality relationship between customers and Centrelink.

**Creating a A Customer Driven Culture**

This was achieved through a number of strategies set out below.

***Demonstrating a Commitment to Customer Service***

The development of a customer service strategy has been one of the cornerstones for the creation of the new culture. We have introduced some practical ways to show our commitment in this area.

***In the Service Centres, we have introduced:***

- point of decision making (the initial customer service officer, who has contact with the customer, can make a final decision)
- the use of appointments
- customer service officers rather than administrative officers
- open office plans
- establishing teams
- extended open hours
- customer service teams (rather than a hierarchical structure)

***Call Centres have implemented customer-responsive solutions:***

- part-time staff for peak periods
- all staff answering phones at peak times
- increase accuracy of other systems
- special lines for particular payments

- review pattern of delivery programs
- increase training of Centrelink Call Centre staff
- a national platform

***In our correspondence:***

- direct mail using targeted newspapers and magazines
- less complex messages
- letters in other languages
- innovative design and different formats
- market research
- professional writers and designers
- 'lousy letters' project

***The Internet:***

- informed site
- updating facility to specific customers

***Role Modeling Behaviours and Driving Change***

An example of this has been the promotion of internal customer service. That is, to ensure our front-line customer service officers are provided with the best possible support, we have developed an Internal Service Statement. As well as outlining the expectations we have of each other, it provides guidelines on giving each other feedback. The aim is to improve continuously the services we provide to each other, and in turn, to Centrelink's customers.

## **Listening to our Customers**

A strong emphasis for us was placed on improving services to customers. Listening to our customers was a major aspect of our customer service strategy. This has been achieved through two major ways:

***Customer Charter***

We asked our clients about the standards of service that they needed and expected of us. From this, we developed a very short (two page) statement of customer service commitments and basic rights common to all our customers. Customer and community feedback also resulted in the inclusion of customer rights and responsibilities in the charter. It has become a basic reference document for our customers, community representatives and staff as well as a starting point for a range of initiatives designed to provide Centrelink with feedback on its performance against the commitments made in the charter.

### ***Value Creation Workshops***

By far the most significant initiative has been the introduction of 'Value Creation Workshops'. Our research for the charter found that the most important thing to customers, in terms of their perception of the quality of services from Centrelink, was that our interactions with them should be with helpful and friendly staff who cared about them and that we were easy to deal with. For many staff this presented a challenge. They were being told that we would focus on the customer and that the way they interacted with the customer, not just that they made accurate decisions on time, was important.

Over 200 of our Service Centres have participated in Value Creation Workshops which have been conducted around the country involving some 3,500 customers. This involves staff listening to groups of customers about their needs and expectations. Staff use this information to look at ways to improve services and develop an action plan for their Service Centre. As a result of the Value Creation Workshops, we were able to identify the top 10 things our customers wanted from us:

- personalized service,
- complete, accurate and reliable information that is easily understood,
- simplified processes and procedures (less red tape),
- skilled and knowledgeable staff,
- responsive service,
- confidence in the process to get results and the right answer the first time,
- caring staff with a positive attitude,
- service delivered where and when it is needed,
- being treated with respect and as an equal, and
- information kept confidential.

This feedback has led to Centrelink embracing the concept of personalized service, and I'll talk about this in just a minute.

### **Measuring our Performance as we go**

The Balanced Scorecard is a tool with which we can measure the overall health of the organization. It is used as a driver to implement and achieve change by translating our strategic objectives into a meaningful set of performance measures.

**As a business tool, the Balanced Scorecard has three clear objectives:**

- to report regularly to our stakeholders against the goals of Centrelink, in a simple yet meaningful way;
- to provide an internal feedback loop (learning tool) to be incorporated into the business of Centrelink; and
- to assist planning and improvement, problem solving, goal setting, monitoring, and reward and recognition both now and into the future.

The Balanced Scorecard will help us shift the way in which we use performance measures. It covers every one of our strategic goals, instead of just focusing on the financial aspect of the organization. It is inextricably linked with all our planning processes, includes a mix of drivers and outcomes and is simple. Centrelink's National Balanced Scorecard is relevant throughout the organization and we want all of our people to have a strategic focus. We are therefore encouraging teams to develop their own Local Scorecards, which are consistent with the National Balanced Scorecard but adapted to suit their specific needs.

Linking performance measures directly to management processes and strategic outcomes, gives Centrelink what it needs to be able to drive organizational change. This is why the performance measures within Centrelink's Balanced Scorecard are linked directly to the strategic goals of the organization:

**Table 2: Measuring Our Performance**

STRATEGIC GOALS	BALANCED SCORECARD KEY RESULT AREAS
1. Partnerships with client departments to deliver results, provide value for money and help customers towards financial independence;	Client Departments
2. Increase customer and community involvement and satisfaction with services and results;	Customer and Community Satisfaction
3. People in Centrelink are proud of their contribution and are making a difference;	Centrelink People
4. Return an efficiency dividend to Government;	over restrict
5. Innovative and personalised solutions -consistent with Government policy; and	Innovation
6. First choice and benchmarked as best practice in service delivery.	This goal will be achieved with the achievement of all the first five goals.

For each Key Result Area there is a hierarchy of Key Performance Indicators and associated measurements (refer to the Table below). These measurements will be aggregated to provide an indexed result for each of the goals to clearly identify outcomes for each stakeholder. The indicators not only show our short term performance but also the movement towards the achievement of our long term goals.

**Table 3: Measuring our Short Term Performance & Long Goals**

Key Result Area	Client Partnerships	Customer & Community Satisfaction	Centrelink People	Efficiency Dividend	Innovation
Key Performance Indicators	(Client Loyalty)	Responsiveness	Staff Loyalty	Efficiency Dividend(s)	Innovation Successfully Implemented
	Performance against Agreed Standards	Image	Staff Satisfaction	Price per Customer	Acceptance of New Services
	Relationships	Satisfaction	Recognition and Reward for High Level Performance	Indirect Ratio	
		Community Loyalty			

Centrelink's Balanced Scorecard is in the first stage of development and it will take time before we have the right mix of drivers and outcomes. A Balanced Scorecard delivery system is currently being developed and is due for release to the organization by mid 1998. The development of the delivery system is a time consuming process as many of the indicators in the Balanced Scorecard are being measured for the first time. Also at the beginning of the next financial year we will be going through a process of setting targets in consultation with our stakeholders which will be agreed to by the Board. Our strategic goals are set in response to the environment in which Centrelink operates, and our ability to deliver against these goals will dictate whether Centrelink survives in the long term.

***Recognizing and Rewarding Excellence***

Some ways in which we have demonstrated this include:

- promoting staff who have a high level of competence in customer service (ie, appointing customer service champions);
- providing a monetary bonus to staff for implementing a customer service improvement plan within every work team across the organization; and
- workplace agreements which provide for bonus payments to be made on the basis of performance.

We are still refining a recognition system but nothing beats the modeling by managers of noticing and complimenting good work or good tries. All managers are expected to model this behavior.

### ***Responding to Feedback for a Quality Relationship***

There is one other significant initiative in the area of customer focus and that has been the establishment of a range of feedback mechanisms for unsolicited customer comments, complaints or compliments. With the commitment to a Customer Charter, we needed mechanisms for customers to tell us what they thought of our service. The introduction of a freecall number, comment cards in Customer Service Centres and on our Internet site (at <http://www.centrelink.gov.au/>) have been well received by customers. This has led to a fifteen per cent reduction in complaints to the Ombudsman in the last quarter.

### ***Changing the Symbols and Names***

We have undertaken some significant changes in this area. For example:

- changing from administrative staff to customer service staff,
- new signage and logo for the organization, and
- new corporate wardrobe which suits a wider range of staff to project professional image.

### ***Strategic Outcomes***

We have set a demanding agenda with the customer at the core of our planning over the next five years: Making a difference to the Australian community through responsive, high quality government services and opportunities, and giving value for money.

**Table 4: Strategic Outcomes**

TIMEFRAME	FOR THE CUSTOMER	POSITIONING CENTRELINK
Within 18 months	Personalized service	Gain customer loyalty and get community involvement and respect for outcomes
Within 2-3 years	Help customers find solutions during periods of transition	As a virtual organization delivering quality services at a competitive price
Within 3-4 years	Centrelink as a key part of a community which finds solutions for customers	Premier broker of information and solutions and excellence in service
Within 5 years	Access to the full range of government services in one site consistent with the mission	Recognized internationally as a partner in global service development

### **Phase 1: Personalized Service**

As you can see from the above table, personalized service is our strategic driver for the next 18 months. Rather than being prescriptive about what this means, we are promoting concepts - not instructions - and expecting people to discover opportunities for personalized customer service at the local level.

At the national level one single initiative was taken to get the ball rolling. That initiative involved enhancing our telephone appointment system to enable Call Centre operators to book a call with an identified staff member in a Service Centre. Rather than just saying your

appointment is at 'Whyalla Service Centre at 2pm'we can now also say it is with 'Mary', 'John' or whomever is taking appointments on that day. Some Service Centres immediately started using this system, many others are following.

***Some examples of the successes at the local level so far are:***

Calling customers on the day before their appointment. Many Service Centres are doing this as a matter of course, often saving the need for an appointment once they have clarified what business the customer wants to conduct with us. There is the story of a customer who made an appointment in the Frankston Service Centre late one afternoon just when a staff member in the Centre was calling customers with appointments the following day. After a brief period the staff member realized the customer was still in the Centre on their mobile phone. The staff member went out to speak to him, established that he needed more papers than he could get for the next day and rescheduled his appointment when all his business was then concluded. Needless to say the customer was pleased with the rather prompt and efficient service;

The first time many customers would find out that they had an overpayment was when they noticed their payment had been reduced as the letter advising them of the recovery of the overpayment would often not reach them until after the event. Many staff are now phoning customers before the overpayment is raised and explaining the reasons for the overpayment. This is dramatically reducing the amount of angst for customers;

Family Payment customers are sent an end of year review letter and, if it is not returned by the deadline, they may have their payment cancelled. Understandably some customers do not recall receiving these letters and are surprised when their payments are cancelled. Again many Centres are now calling the customer before cancelling their payment and are often able to continue the payments rather than have them cancelled and then restarted;

Bringing a customer behind the counter: in our older style offices this was previously unheard of. In one office the number of interview desks is often inadequate for the customer traffic. The staff have decided to conduct interviews in the back office so that the customers can be seen in a more timely manner; and

Breaking down internal barriers: many offices ran on internal divisions of work between new claims, continuations and overpayment work. A number have adopted the model of having one staff member to do all this work. The paperwork no longer travels within the office with all the opportunities for it to go astray and for the customer to receive poor service as a result.

Our goal during this phase is, through the introduction of personalized service, to gain customer loyalty and get community involvement and respect for outcomes.

***New Enterprise Agreement***

Centrelink negotiated its first enterprise agreement with staff during 1997 with the primary aim of establishing an environment that would enable the personalization of service to our customers. The most important element of the agreement is the reform of customer service hours. Restrictions that existed under the Department of Social Security were removed with the introduction of potential flexibility outside a standard 8 hour opening.

Control of service delivery hours is now with the staff at individual service delivery outlets. Agreement to extend service delivery hours at an individual outlet will be a powerful demonstration of the changed customer service culture sweeping through the organization. The success of this approach was first demonstrated by the majority of our outlets agreeing to open on the recent public service public holiday between Christmas and New Year.

In addition to these office-wide initiatives, staff can now choose to make themselves available for customer appointments at any time. This complements the move towards more personalized service as customers are provided with far greater choice of the time of day at which they deal with us.

This will be crucial to achieve our aim to be on-line globally.

### ***Internal Communications***

Centrelink is committed to achieving effective communication within the organization, with customers and with other stakeholders. In order to achieve this goal, a key strategy will be to ensure that internal communication is effective so that staff will be encouraged and supported in their work.

Centrelink's business of delivering a dynamic service will require it to tailor its services to meet the needs and preferences of its customers. Centrelink must strive to ensure that its payments and services remain of a higher standard and are delivered more efficiently and conveniently than possible competitors can offer. Effective co-ordination, co-operation and communication across the organization will be vital in order to achieve the critical synergy for the organization to competitively meet its customers' demands.

The mission of our internal communication function is to carry out open, honest information sharing with and between employees while serving as an advocate for management thinking and actions, in turn leading to the achievement of business objectives. Our operations are based on strategic plans founded on business goals and staff needs as expressed through research, discussions and access to important corporate information.

### ***The goals of Centrelink's internal communication program are to support our strategic objectives by:***

- ensuring that within the organization there is a management-practices framework which promotes a clear and evolving corporate understanding of contemporary information needs staff and cost-effective options for delivering relevant information;
- supporting the efficient and effective delivery of relevant information by developing and maintaining:
  - appropriate media,
  - co-ordination and integration of corporate communication,
  - the availability of specialist expertise,
  - communication processes that support managers in their role,
  - communication across all levels of the organisation, and



- appropriate rules and guidelines on content;
- ensuring that appropriate communication channels are used to inform, influence and motivate as required; and
- ensuring that feedback mechanisms are open, available and encouraged.

***The benefits of effective internal communication for the organization include:***

- a common understanding of organizational values, objectives and direction;
- direction at the operational, customer service level to achieve the organization's strategies and deliver its programs;
- a clear understanding of roles and accountabilities;
- a fostering of a sense of teamwork and professional pride; and
- relevant and timely feedback to managers on customers, culture and processes.

The strategic management of internal communication centres around particular communication needs which are often unique. Hence, we focus on developing management practices and strategies based on the communication context, content requirements, security needs, media availability and cost.

***Centrelink is in the enviable position of having a broad range of media for internal communication. Broadly speaking these are:***

- telephone (one-to-one communication together with some telephone-conferencing capability, available to all staff);
- facsimile (one-to-one, with some broadcast capability from any fax; access is reasonably general);
- distribution of written or printed material (personal or general);
- electronic-mail systems (one-to-one, with broadcast capability from any terminal; available to all staff); and
- satellite television (broadcast capability, but from National Administration only; while some interactivity is possible through telephone and fax feedback, generally staff can access by receipt only).

Of course, effective face-to-face communication is an important foundation for the effectiveness and efficiency of internal communication media. For example, the Deputy Chief Executive Officer and I spend a lot of time 'on the road' speaking to large meetings of our staff to continuously emphasise and promote the values and new culture of our organization.

These media are all important tools in achieving the Centrelink strategic directions, especially in developing the identity, culture and 'brand value' of the new organisation; and improving operational decision making and business performance, thereby improving the quality, efficiency and innovation of customer services.

## **Employment Processes Redesign Project**

Another major initiative aimed at delivering more personalized services to our customers is the Employment Processes Redesign Project which will improve our interfaces with job seekers. The new process begins with a fundamental re-direction of staff effort away from low value activities such as high volume transaction processing to high value, multi-purpose customer contacts.

### ***The outcomes of the project include:***

- point of contact decision making. That is, staff will have the authority to complete a customer's business;
- once only provision of information by customers for all Centrelink needs;
- staff knowing the pattern of a customer's contact with Centrelink;
- reduced reliance on paper and forms with a focus on quality and data integrity;
- customer choice in 'mode of service' (eg, face to face, Kiosk, Call Centre etc); and
- structured contacts tailored to individual circumstances.

We will minimize the reliance on routine fortnightly forms lodgement to generate payments (with all the associated risks) and replace this with a focus on employment outcomes while maintaining program integrity in more structured and personalized customer contacts. In other words, high volume 'tick and flick' contacts are exchanged for less frequent but higher quality contacts. In our previous system, some jobseekers could go through the system for twelve months and never actually have a conversation with a staff member. Now every customer is guaranteed at least two personalized thirty minute contacts, with the majority of customers receiving four in twelve months. It is envisaged that the same staff member will see the customer on each of these occasions wherever possible.

The key driver behind the design is the use of customer profiling which allows Centrelink to focus on specific customer needs, primarily employment, while using other characteristics to ensure program integrity such as payment accuracy and job search efforts. Moving away from the 'one rule fits all' approach and personalizing our services has actually proved to be more efficient!

For the first time we have developed a model which integrates customer service and compliance. Where the traditional approach has seen a 'demarcation' between staff with a compliance versus customer service focus, we intend our customer contacts to achieve both objectives with the customer profile tailoring the emphasis of each contact.

### ***Introducing a Quality Framework***

We have developed a quality framework within the principles of continuous improvement and adopted a balanced scorecard approach to measuring progress. To the staff in Centrelink, quality means the continuous striving for the highest level of performance in all aspects of our business, with the focus on delighting our customers and stakeholders. Our overall strategic goal and,

therefore, quality goal is to be "First choice and benchmarked as best practice in Service Delivery".

Our quality journey is underpinned by a Quality First Policy which promotes a participative approach to the way day-to-day work is performed in order to maximize performance against our strategic goals - and thereby ensure our competitive edge in the market.

Quality assurance elements are in place, or are developing, with the biggest quality assurance issue being cultural in nature. We are moving from a hierarchical, controlling culture to one which is team-based and empowered. We have taken away the checkers checking checkers and replaced them with empowered teams that are mutually accountable for their work. The achievement of the latter takes time. Establishing the appropriate levels of risk management and empowerment is an important challenge for us all. We are currently developing a detailed Quality Assurance and Risk Management Strategy to underpin other Quality First elements.

## **Phase 2: Finding Solutions**

The second phase in achieving our strategic directions focuses on finding solutions, both for our customers and for the organization.

### ***For the Customer***

The elements of our core business are assessment, information, referral, payments and brokerage in human services. One of the major changes we face is that these functions which are now being performed by our staff will be revolutionized as we increase our IT capacity. Queues and counters- traditional symbols of public sector service delivery are fast disappearing. As significant components of public contact can be dealt with at greater convenience and less cost over the phone, or in future by remote, on-line access, direct public contact is becoming increasingly the domain for more value added services.

The next phase for Centrelink will include increasing the use of out of office direct service delivery. Some of the directions we are pursuing in this area include:

- the use of kiosks with Smart Card infrastructure. That is, kiosks in the public domain (located in public places and provided by a third party) that incorporate touch screen, telephone and Internet capabilities;
- in future customers should be able to lodge applications and access their own records, including personal information, at the kiosk. The kiosk can be a post-box for email letters and customers should be able to enter simple changes in their circumstances;
- Smart Cards will provide some exciting opportunities. Some of the telecommunication carriers are now looking at releasing a phone that incorporates Smart Card capabilities including the ability to store monetary values and personal customer information. Centrelink is looking to Smart Cards to assist in the delivery of child care assistance, emergency payments, replacing concession cards and in future possibly making direct payments to Smart Cards; and

- customer self-service on the Internet. We are looking at making all of Centrelink's services available to customers through the Internet. We are working with infrastructure providers to ensure that anything we deploy on the Internet can also be accessed through public kiosk networks that are starting to spring up in Australia.

It is not possible to predict all the opportunities that technology will present in the coming years. However, it is clear that expert systems combined with multi-media technologies (eg: interactive video) should ensure that we can develop systems that are easy for customers to use. Electronic lodgement of claims would be the first step and in time, I have no doubt that customers will be able to conduct full self-assessments.

We would also like to present a single view of all government benefits to customers, through a universal claim process. Rather than having customers making a claim for a specific benefit, as they do today, we want to have customers providing their circumstances to us so that we can identify all of the benefits to which they are entitled to across government agencies.

We will need to shift our core business, particularly that undertaken directly by our staff, into a more holistic approach to people with complex problems or to help people through the periods of transition through re-engineering the front end of service delivery over the next two years.

There is an anticipation by customers, government and the community in general that the services we deliver will be better than in the past. This factor, together with our complex product listing and the move towards expert systems, means that staff need to develop a new set of skills.

We will be emphasizing development in:

### **Table 5: Listening to Emphasize Development**

Listening	Listening to our customers and the community
Solving	Solving problems and developing opportunities
Respect	Mutual respect for our customers and for each other
Exploring	Exploring and putting in place innovative and cost effective ways to provide the right outcome
Integrity	Behaving with integrity and in an ethical manner

Staff has shown a willingness to change in order to better meet the needs of our customers. In this regard, because a number of new business opportunities are focused on the delivery of services to private sector business, we are in the process of establishing a customer segment team devoted to the delivery of services to small businesses. This will allow us to develop a team of people throughout Australia who understand the needs of small business and who will shape the delivery of Commonwealth services, delivered by Centrelink, to meet those needs.

Our ability to gain easy access to the community throughout Australia, together with an increasing reputation for efficient and effective service delivery focused on customer needs, have been key issues in attracting new business.

### ***For the Organization***

The focus for the organization in Phase 2 will be to continue to:

- reduce operating costs,
- undertake intensive training,
- improve the quality of our services, and
- streamline/re-engineer processes.

The overriding goal for Centrelink is to be competitive in dollar and quality terms.

We will move the organization to co-operative arrangements with business and the community, and do more work on job creation and poverty reduction.

### **Phase 3: Premier Broker and Service Deliverer**

Centrelink's goal in Phase 3 is very clear - to be the preferred supplier to Government at all levels - Commonwealth, State and Local.

For our customers, Centrelink will be a key part of their community which helps them find solutions during periods of transition.

The concept of being the premier broker came after discussion with some leading thinkers in IT.

We realized that as our services become accessible via the Internet, the functions now performed by customer service officers, will be attractive to human service workers in the non government sector and even private brokers who may hang up 'a shingle' advertising an ability to access Commonwealth Government services along with the new car and the shopping.

We need to reposition ourselves as the most credible brokers, on-line, all of the time globally. This is a challenge.

### **Conclusion**

I have attempted to set out the key changes that we have put in place in Centrelink to deliver on our promise to government, the community and our customers. What I have set out is only one way and there still lies ahead some major challenges if Centrelink is to reach all of its goals.

#### ***Some of these challenges are:***

- privacy and security issues. With the potential growth in the range of our customers, it is important that the integrity of customer data is maintained;
- staff engagement in a contestable environment. Contestability is a major issue. We have about 30 per cent customer loyalty. Whilst this may be of no concern to a monopoly provider, it is certainly of great concern to an organization whose client departments reserve the right to seek service elsewhere if we don't deliver. Staff need to fully

understand the imperatives of maintaining our share of the market by reducing cost and increasing quality to stay in business by maintaining ourselves as the preferred provider;

- Year 2000. A dedicated project has been underway throughout the organization and we are making good progress so far. Our plan is to have all compliance work completed shortly to allow for extensive testing;
- Inter-governmental co-operation. The different jurisdictions in Australia have begun work on developing a framework for the development of a single window to Australian Government services. This provides us with some future opportunities;
- the extent of our business development. There are some hard and challenging issues we are facing, such as how we deal with requests from the private sector to do business. We will do any business at any price? To what extent should there be an interface between the private and public services? Will we see a MacAflowancel;
- maintaining staff commitment. Keeping the change process going and the concept of a learning organization requires ongoing re-enforcement at all levels of the organization; and
- getting the cost and price right for our services. Within the market place we must be able to get our pricing structure right to ensure our competitiveness within a contestable environment.

Finally, what our citizens demand of us will also change over time as the information revolution gathers increasing momentum, as customers are given more control over the process and as the boundaries of the private and public sector blur. This leaves no room for any of us to be content with our achievements. Our ongoing and constant challenge will be to properly engage our citizens and deliver on their expectations for service provision.

In anticipation of the technological and institutional convergence that will occur with globalization, it is not surprising that the relationship between citizens, the community and government is an area which is receiving some debate in Australia on another frontier: whether or not we want to become a republic in next century. Clearly Australia is in a period of examining what nationhood represents and what form it takes which, at its most basic, is about the relationship that citizens want with government.

So perhaps the development of Centrelink, as an incarnation of a vision of contemporary public sector provision, fits somewhere within our nation's psyche. A nation which is asking important questions of itself and to which we, as the main provider of government services in Australia, need to be able to respond to.

Our ultimate survival will depend upon our ability to give expression to the form which moves us beyond the physical boundaries of our continent to position ourselves within the global market. For this reason, I am delighted to be able to share with you my own experiences of the excitement; the uncertainties and the potential as each of us stand poised on the threshold of a new century. I wish us all every success.

**About the Author:**

**Centrelink's CEO: Sue Vardon** spoke to a Canadian Centre for Management Development Armchair Session, as part of a week-long visit to Canada with the Conference Board of Canada in February 1998.

Sue Vardon has a distinguished career as a public sector manager. Educated in Sydney at the University of New South Wales, she commenced her career as the first community social worker employed by the local authority in New South Wales.

After six years in local government, she joined the New South Wales Department of Youth and Community Services, where she quickly rose to senior executive level. Her responsibilities included heading the Community Liaison Bureau, policy development and overseeing the regional operations of the department. After 10 years she was appointed to the South Australian Government as the Chief Executive Officer of the Department for Community Welfare (later the Department of Family and Community Services).

In 1993 Ms Vardon was appointed as South Australian Commissioner for Public Sector Employment, having also headed up the Office of Public Sector Reform, relinquishing this position to accept appointment as Chief Executive, Department of Correctional Services in South Australia. In this position she has introduced substantial reform into the correctional services system, reducing costs, developing a new corporate culture and a new management ethos based on improving customer service. In 1995 Ms Vardon was awarded the Inaugural Telstra Business Woman of the Year award.