

Balancing the risks

Own motion investigation into the role of agencies in providing adequate information to customers in a complex income support system

**Report under section 35A of the
Ombudsman Act 1976**

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TABLE OF CONTENTS

EXECUTIVE SUMMARY	1
<i>Issues relating to the provision of information to customers in a complex income support system</i>	1
<i>Conclusions</i>	3
<i>Recommendations</i>	6
1. BACKGROUND	9
<i>Introduction</i>	9
<i>Background to investigation</i>	9
<i>Aims of investigation</i>	10
<i>Focus and scope of investigation</i>	10
<i>How we conducted the investigation</i>	11
<i>Agency responses</i>	12
2. OPERATING ENVIRONMENT	13
<i>'Self-assessment' system</i>	13
<i>Statutory limitations on review, and comparison with other 'self-assessment' systems</i>	16
<i>Changing role of Government and the public sector</i>	18
<i>Risks and the balance of responsibilities</i>	22
3. NEW SERVICE DELIVERY INITIATIVES	25
<i>Shift in Centrelink position on the provision of information</i>	25
<i>Life events model</i>	27
<i>One main contact</i>	28
<i>Centrelink letters</i>	29
<i>Use of Information Technology</i>	34
4. OTHER ISSUES	37
<i>Complexity of legislation</i>	37
ATTACHMENT A	39
TRANSACTIONS WHICH TRANSFER A HIGH LEVEL OF RISK TO CUSTOMERS	39

ATTACHMENT B	48
<i>CENTRELINK'S USE OF INFORMATION TECHNOLOGY</i>	48
ATTACHMENT C	56
<i>'BALANCING THE RISKS' DISCUSSION PAPER: SUMMARY OF COMMENTS FROM AGENCIES</i>	56
ATTACHMENT D	60
<i>'BALANCING THE RISKS' DISCUSSION PAPER: SUMMARY OF COMMENTS FROM TRIBUNALS AND COMMUNITY ORGANISATIONS</i>	60
ATTACHMENT E	64
<i>'BALANCING THE RISKS' WORKSHOP: SUMMARY OF DISCUSSION</i>	64

ABBREVIATIONS

AAT	Administrative Appeals Tribunal
ACOSS	Australian Council of Social Service
AGS	Australian Government Solicitor
APS	Australian Public Service
ARO	Authorised Review Officer
ATO	Australian Taxation Office
BLA	Batched Laser Advice
CEO	Chief Executive Officer
CDA	Child Disability Allowance
CSDA	Commonwealth Services Delivery Agency
CCPS	Compensation Claims Processing System
CDDA	Compensation for detriment caused by defective administration
DETYA	Department of Education, Training and Youth Affairs
DEWRSB	Dept of Employment, Workplace Relations & Small Business
DFaCS	Department of Family and Community Services
DHAC	Department of Health and Aged Care
DIST	Department of Industry, Science and Tourism
DSP	Disability Support Pension
DSS	Department of Social Security
DVA	Department of Veterans' Affairs
ESD	Electronic Service Delivery
FAO	Family Assistance Office
FTI	Family Tax Initiative
FTP	Family Tax Payment
FIS	Financial Information Service
HIC	Health Insurance Commission
IT	Information Technology
IVR	Interactive Voice Response
MAB	Management Advisory Board
MIAC	Management Improvement Advisory Committee
NCSMC	National Council for Single Mothers and their Children
NSA	Newstart Allowance
OLA	On Line Advice
SSAT	Social Security Appeals Tribunal
UK	United Kingdom
WRC	Welfare Rights Centre

EXECUTIVE SUMMARY

1. This report is based on an investigation of the role of agencies in providing adequate information to customers in a complex income support system. The report analyses the legislative and procedural system that agencies implementing income support programs operate; discusses the factors affecting the environment in which agencies and their customers operate; identifies the risks that customers face in dealing with the system; considers new service delivery initiatives agencies such as Centrelink are implementing; and makes recommendations for further improvements to reduce the risks customers face when seeking income support.

Issues relating to the provision of information to customers in a complex income support system

Problems in obtaining adequate information

2. Some of the major issues arising from complaints about the implementation of social welfare programs relate to the adequacy of information which agencies, such as Centrelink, provide to their customers or potential customers about entitlements. Clients raise a wide variety of issues relating to the information they receive. These include problems with information about potential eligibility for payments, information about decisions that the agencies make, and information about changes to legislation which might affect their payments.

3. Complaints are often made to us in the context of the person discovering, some time after the relevant event, that they have suffered financial loss because, in their view, the agency failed to give them adequate information about a possible entitlement, or adequate information about a decision on an existing entitlement.

Limited avenues to obtain a remedy for errors

4. The issue of adequate information is crucial in the context of an increasingly complex, highly targeted welfare system, because it determines not only the degree to which people understand decisions, or potential entitlements, but it also directly affects their ability to seek a remedy for errors through mechanisms such as administrative review. Clients are aggrieved when they find that they have to bear the consequences of an agency's errors because they did not discover the errors in time to obtain arrears of lost entitlements through the administrative review process, and cannot be compensated for their financial loss.

Factors determining the context in which information issues arise

5. An investigation of the role of agencies such as Centrelink in providing adequate information to customers in a complex welfare system needs to canvass a range of factors which determine the context in which the issue arises. They include the 'self-assessment' principles which we believe underpin the welfare system administered by agencies such as Centrelink; the increasing complexity of the legislation they are required to administer; changes in the public sector; the relationship between an agency and its customers; risk management principles; statutory limitations on administrative review mechanisms; and the framework for providing remedies for defective administration.

Agencies should take measures to ensure individuals receive their correct entitlement to income support

6. As we understand it, one of the Government's main aims in providing a welfare system is to provide a safety net for members of the community who need income support at a particular stage or for a particular period in their lives. The Government establishes a set of rules in the relevant legislation to define as precisely as possible what circumstances are envisaged and what requirements must be met for people to receive income support within the Government's policy of mutual obligation.

7. We believe it is reasonable to assume that the Government's policy objective is that all those people who meet the requirements of the rules, including accompanied obligations, are able to be aware of what is required to receive the support envisaged. We acknowledge that agencies such as Centrelink undertake a number of measures to provide people with information about relevant entitlements, and to assist them to obtain the most appropriate income support for their circumstances. The focus of our investigation is based on the principle that Government agencies have an obligation to take reasonable measures to ensure that those members of the community that the Government envisages as eligible for income support should receive it, after satisfying the appropriate eligibility requirements.

8. In our view, improvements in this area will not lead to any widening of the safety net in a manner not envisaged by Government. Indeed, it is vital to inform welfare recipients clearly and unambiguously of the mutual obligations that they must meet: for example in order to ensure continued income support from Newstart Allowances. They will still only result in people obtaining the correct amount of income support, no more, that their circumstances would have entitled them to under the legislation, if they had known what payment to claim, or had not been dissuaded from pursuing a claim, or querying a rate of payment, because of inadequate information.

Focus on front end measures which enable customers to deal effectively with a complex income support regime

9. Our investigation focused on what we term the front end measures that agencies such as Centrelink take and are proposing, to ensure their customers receive sufficient information to enable them to deal effectively with the income support regime, and to receive the support they would be entitled to under the legislation, for example:

- steps to improve the format of notices and the information contained in them;
- proposals to offer a range of electronic service delivery facilities, such as enhanced Interactive Voice Response (IVR) at call centres, and enhanced Internet capabilities, to enable easier, quicker access to information about services and payments;
- the introduction of a 'one main contact' model which aims to give customers a more effective, personalised service and offer holistic solutions to their needs; and
- a long term strategy to adopt a 'life events' model of service delivery in which the agency takes responsibility for obtaining the necessary information from customers to determine all the appropriate forms of assistance for their circumstances.

Relation to back end measures for dealing with financial loss resulting from defective administration

10. Our investigation also raises issues which arise when people do fall through the income support safety net, notwithstanding measures taken to assist them at the front end. These issues, particularly those relating to how agencies deal with financial loss which results when people fall through the net as a result of defective administration, are taken up in a discussion paper on compensation mechanisms we issued in March 1999¹, and are the focus of a subsequent report under section 35A of our Act titled *To compensate or not to compensate*².

Conclusions

11. The position from which we consider complaints gives us valuable insights into how problems occur, and what remedies can and should be provided to individuals. It also informs our view on broader systemic issues

¹ *'To compensate or not to compensate? That's the question.....But what's the answer?'* Discussion paper, issued March 1999.

² *'To compensate or not to compensate? Own motion investigation of Commonwealth arrangements for providing financial redress for maladministration'*. Report issued under section 35A of the Ombudsman Act 1976, September 1999.

relating to the way Commonwealth agencies provide services and make decisions, and on ways of improving those functions. This investigation has highlighted the problems customers face and led to recommendations for agencies to adopt strategies which will enable customers to deal effectively with the income support system and obtain their correct entitlements under the legislation.

12. The legislative and procedural system which agencies such as Centrelink operate in implementing income support legislation requires customers to take a high level of responsibility for knowing what form of assistance is appropriate to claim, and when to question or seek review of a decision. The system transfers an unreasonably high level of risk to the customer, who is often least able to manage that risk.

13. One of the major factors contributing to the high level of risk borne by customers is the quality of information about decisions and entitlements, as well as about the way the system relating to claims, decisions and review rights operates. The provision of adequate information about possible entitlements, about the basis of decisions and about review rights is crucial for the customer to be reasonably equipped to deal with the system.

14. In our view, there is a marked inequity in the level of safeguards provided to customers having to deal with a welfare system based on 'self-assessment' principles, or requiring the high level of vigilance it does. There is a need to achieve a greater balance in the risks and responsibilities taken by the service delivery agency, compared to those taken by its customers, in the system it operates.

15. Changes in the public sector, which include a greater focus on customer service in the delivery of Government programs, and a move to the contestability of service delivery, have created an environment which has put pressure on agencies to adopt active strategies which reduce the level of risks currently borne by the customer.

16. Centrelink has unveiled a new service delivery strategy, known as the 'life events' model, which shows a significant shift towards the agency taking responsibility for ensuring it has all the relevant information from a customer to make accurate decisions about the most appropriate forms of income support available under the legislation. The new service delivery model comprises a number of incremental steps and is based not only on the increased use of information technology in the delivery of programs, but also on a cultural shift to provide a more personalised service which aims to find holistic solutions for a customer's needs.

17. Many of the front end measures being implemented by Centrelink show potential for significantly improving the quality and means of providing information to the agency's customers, thereby reducing the risks they face in dealing with a complex income support system. These proposals are positive and provide scope for significant improvement in the delivery of

income support programs to the community. In the long term, those improvements are also likely to provide cost benefits to Government, because they should reduce the costs involved in agencies dealing with and fixing administrative errors.

18. We believe one of the key elements of Centrelink's new service delivery model will be the implementation of expert or rulebase computer systems to ensure that customers receive the correct and appropriate form of assistance in terms of how their circumstances fit the Government's income support legislation.

19. We believe it is important for agencies such as Centrelink and its client departments to continue to monitor the implementation of these strategies, and to assess their effectiveness not only from their own perspective, but also from the customers' perspective.

20. It remains crucial, in our view, for agencies to take the responsibility for ensuring that customers are not disadvantaged by the complexity of rules underpinning programs which may be packaged in a more user friendly manner.

21. Organisations such as ours can also play a useful role in providing feedback to Centrelink on the further development and implementation of the new service delivery model. We will establish a mechanism for regular meetings between Centrelink and the Ombudsman's office to discuss issues arising from the implementation of the new service delivery model, and to enable us to provide feedback to Centrelink on the implementation.

22. Measures to improve service to customers and to reduce the risks they bear will be only partially effective, and ultimately only partially constitute good public administration or best practice, if they are not established in concert with a flexible and effective approach to providing remedies for financial loss customers suffer if they still fall through the income support safety net because of agencies' actions.

Recommendations

23. The investigation has resulted in a number of recommendations, which include practical suggestions for further improvements to the way agencies such as Centrelink provide information to customers; and broader recommendations relating to Centrelink's development of the 'life events' service delivery model.

Recommendation 1

We recommend that agencies such as Centrelink develop and implement strategies to reduce the risks borne by customers, within the framework outlined in the MAB-MIAC guidelines on risk management.

(See paragraphs 2.32 - 2.38)

Recommendation 2

We recommend Centrelink provide additional information to customers by:

- **developing a pool of dot points which provide additional generic information about the nature of assets and income assessments, for use in its batched laser advice (BLA) letters;**
- **including a statement in BLA letters which notify customers of a decision based on asset and income assessments, that the customer must take the responsibility for ensuring they are satisfied the assessment is correct; and**
- **developing a pool of information paragraphs to provide more detailed information about factors such as assets and income assessments in on line advice (OLA) letters.**

(See paragraphs 3.21 - 3.28)

Recommendation 3

We recommend that the section on the back of standard notices about customers' rights be amended to provide clearer information about review rights, and also information about how to complain to Centrelink, in line with information contained in Centrelink's website.

(See paragraphs 3.29 - 3.33)

Recommendation 4

We recommend Centrelink, in consultation with client departments, undertake a pilot project or study to explore the business case for issuing notices across a range of payments on a periodic basis, rather than after each action or decision.

(See paragraphs 3.34 - 3.37)

Recommendation 5

We recommend client departments include information technology ‘impact statements’ in policy proposals for new income support programs. Such statements should include an assessment of how well new programs can be accommodated into the agency’s computer based systems, or what upgrading of systems is required. They should also indicate what testing or other work has been or should be undertaken to minimise the likelihood of ‘system glitches’.

(See paragraph 3.46)

1. BACKGROUND

Introduction

1.1 The Commonwealth Ombudsman is an independent statutory officer whose role is to consider complaints from people who believe they have been adversely affected by the defective administration of Commonwealth agencies. The office of the Ombudsman was established by the Commonwealth *Ombudsman Act 1976*. The Ombudsman:

- investigates complaints where appropriate;
- aims to resolve complaints in an impartial and effective way and achieve fair outcomes;
- seeks appropriate remedies;
- promotes improved administration by Commonwealth agencies;
- gives priority to complaints:
 - which are the most serious;
 - which raise systemic problems in the delivery of government services;
 - where there is no other appropriate means of redress to solve the problem for that person; and
 - where we are likely to achieve a useful result.

1.2 The Ombudsman is authorised to investigate, of his own motion, any action relating to a matter of administration by a Commonwealth agency, regardless of whether he has received a complaint about it. Such investigations are known as 'own motion investigations'.

1.3 Where the Ombudsman believes an agency has acted defectively he can recommend remedial action, but he has no power to overturn the agency's action. He relies on persuasion to effect a remedy. While it is the Ombudsman's job to recommend a remedy in appropriate circumstances, it is up to the agency to provide one.

Background to investigation

1.4 The own motion investigation on which this report is based arose from our investigations of individual complaints raising the issue of the adequacy of information provided to customers seeking income support, and in particular, the detailed consideration of whether we should recommend that agencies such as Centrelink should pay compensation for financial loss that clients have suffered as a result of defective administration. We have

presented detailed arguments recommending compensation in a wide variety of complaints where we felt agencies had unreasonably failed to provide their customers adequate information.

1.5 Our recommendations for compensation have met with variable success. It was clear that in many cases, we and agencies such as Centrelink and its client departments have disagreed on what responsibilities agencies should take for providing information to their customers, and in what circumstances they should provide a remedy for failing to do so. We therefore felt we should investigate at a broader, systemic level, the role of Centrelink and its client departments in providing adequate information to customers in an increasingly complex welfare system.

Aims of investigation

1.6 In undertaking this investigation the Ombudsman sought to:

- assess the overall adequacy of how agencies such as Centrelink implementing social welfare programs provided customers with adequate information, particularly in relation to information about potential eligibility for payments, about decisions they make, and information about changes to legislation which might affect their payments;
- promote a wider discussion of the issues relating to the provision of information to customers in the welfare system; and
- to make practical recommendations for improving the provision of information, which might assist customers to deal more effectively with the complex legislative and procedural system they face when seeking to obtain income support from the Government.

Focus and scope of investigation

1.7 Our investigation has focused on the work of Centrelink, as it is the agency which administers and delivers the widest range of income support programs to the community on behalf of client departments, which include the Department of Family and Community Services (DFaCS - formerly DSS), the Department of Education, Training and Youth Affairs (DETYA), the Department of Employment, Workplace Relations and Small Business (DEWRSB), and the Department of Health and Aged Care (DHAC). Centrelink has a huge customer base and handles an enormous number of transactions; its Chief Executive Officer, Ms Sue Vardon, has stated that the agency distributes more than a third of the Australian National budget through the Government services it delivers.³ The decisions it makes and the way it deals with its current and prospective customers seeking assistance

³ The Australian Financial Review, 9-10 May 1998, p61

from those programs provide the best illustration of issues relating to the provision of adequate information to customers.

1.8 We decided that another agency which implements income support programs, the Department of Veterans' Affairs (DVA), would not be a major focus of the investigation. The reason is that it deals with a smaller customer base, and its programs are more narrowly defined. Also, special factors such as the role of ex-service organisations in assisting DVA customers, have meant that our experience has been that the level of problems associated with provision of information is much lower than that which occurs with Centrelink's programs and its customers. Nevertheless, DVA is involved in implementing income support programs, and its own experiences and perspectives provide useful insights into the issues we are considering. We have therefore drawn on DVA examples and experiences in our report in relation to the issues under consideration.

1.9 We should also add that although they have arisen most frequently from complaints about Centrelink, the issues which form the basis of this investigation are applicable across public administration, particularly where services are provided direct to the public.

How we conducted the investigation

1.10 In August 1998 we issued a discussion paper titled *Balancing the risks*⁴ on the main issues relating to the provision of information to customers in the welfare system. We sent the paper to relevant agencies, tribunals and community organisations, seeking their comments on the issues. Attachments C and D of this report summarise the responses we received.

1.11 We also invited relevant agencies to a workshop we held in Canberra on 22 April 1999 on the issues canvassed in our discussion paper. The workshop provided a useful opportunity to discuss the issues at a broader level, and to seek further views about some of the strategies we had put forward in our paper. We have listed the participants and summarised the main issues arising from the workshop at Attachment E of this report.

1.12 Following the workshop, we undertook further discussions with Centrelink to obtain current information about the initiatives it was implementing, both in the short and long term, as part of its overall strategy of effectively delivering the programs of its client departments, and improving its services for its customers.

1.13 This report takes into account the written responses we received to our discussion paper, the comments made at the workshop, as well as further information we obtained from our discussions with Centrelink.

⁴ *Balancing the Risks. Providing information to customers in a self-assessment income support system*. Discussion paper, August 1998.

Agency responses

1.14 Most agencies agreed that changes in the role of the Government and the public sector such as the increased focus on customer service and the likelihood of contestability of service delivery were driving changes in the way agencies such as Centrelink were delivering programs on behalf of their client departments. Centrelink confirmed that these were major factors underpinning some of the strategies it had developed and was implementing.

1.15 Agencies also highlighted the importance of cost effectiveness as a factor in the development of strategies to assist customers. Government wanted not only an increased focus on customer service, but also a service delivery model which could be delivered more effectively and efficiently in terms of costs, whether by the public sector, or outsourced to private providers.

1.16 Most agencies agreed that complexity of legislation and increased targeting of social welfare programs created a difficult environment for ensuring that customers received all appropriate forms of assistance. They also agreed that issues relating to the provision of information were linked to the wider issues of what level of responsibility agencies should take in their dealings with their customers, and what measures there were in place for when things went wrong.

2. OPERATING ENVIRONMENT

2.1 In our discussion paper, we put the view that customers dealing with agencies administering income support programs are doing so in an environment subject to increasing complexity and change. We believe it is important to reiterate some of the factors shaping the operating environment of agencies, and highlight some of the problems that both agencies and their customers face in that environment.

'Self-assessment' system

2.2 We have traditionally held the view that agencies implementing social welfare programs such as Centrelink, and the then DSS, operated a 'self-assessment' system⁵. We believe the characteristics of the system are important to consider in any discussion of how customers are affected by the provision of information, what risks they bear, and whether or not there are adequate safeguards for them.

2.3 In our view the current system which agencies administering beneficial legislation operate is one in which:

- the individual is responsible for inquiring about eligibility and entitlements, and indeed for asking the right questions about them;
- the individual is responsible for making a claim, and knowing which form of assistance to claim; and
- the onus is on the individual for requesting a review of a decision within a statutory time frame, even though they may have no or insufficient information to suggest that a decision may have been incorrect.

2.4 Agencies such as Centrelink provide people with a range of information and assistance, but in a number of significant aspects the operating environment relies on 'self assessment' by claimants. A person must generally submit a claim for a specific pension, benefit, or allowance to establish their eligibility and entitlement to be paid, or to initiate variations in payments. It is generally not sufficient for persons to supply information of their particular circumstances at any given time, in the expectation that an agency will determine which payment they are entitled to receive at that time, or in the future.

2.5 Agencies such as DSS and Centrelink have traditionally argued that they do not have the resources to be more pro-active in determining the eligibility or needs of customers, and that it would be too onerous a responsibility for them to do so. In their view, Government legal advice has

⁵ For example, see '*Clients Beware: Issues relating to Oral Advice*', Report issued under section 35A of the *Ombudsman Act 1976*, December 1997, pp13-14

clearly indicated that they do not have strict liability for giving advice about all possible entitlements; they have the responsibility to provide a level of service based on what is 'reasonable' and, under the common law, not negligent. Thus, when a person makes enquiries about payments, particularly about possible entitlements, it is the person who usually must take the responsibility for asking the right questions about their eligibility or entitlement, in the context of a system where they usually have the least knowledge of the rules governing a particular payment.

2.6 We accept that in line with its Strategic Directions (1997-2002) document and its Customer Service Charter, Centrelink expects its staff to be customer focused, and therefore to provide whatever information a customer or potential customer appears to require. But the difficulty is that it is only with the benefit of hindsight that we know exactly what information was required by the customer. In those circumstances, agencies such as DSS have traditionally borne no responsibility for any failure to provide the required information. This is illustrated in case study 1 in Attachment A.

2.7 Another feature of the 'self-assessment' system is that customers who receive a decision about the grant or rejection of a claim, or a decision about the rate of payment, must decide whether to seek a review of that decision. It is reasonable to expect that customers make their own decision about exercising review rights. But the problem arises when the information about the decision, which may be based on complex legislation, is insufficient for the customer to realistically assess whether they should query the decision. The onus is on them to exercise their review rights, although they may not be in a position to know they should do so, as case study 2 in Attachment A shows.

2.8 Cases have occurred where the legislation operated in such a complex way that a customer received no information about the way a payment was made to alert them to the possibility of seeking a review. For example, pensioners whose payments are subject initially to the Australia-UK Social Security Agreement, may see their payments change when they become subject solely to the Australian pension legislation, rather than the Agreement. The change in their entitlement results from their time of permanent residence in Australia, rather than any other specific change of circumstances related to income, for example. Unless they are informed by Centrelink about the way their entitlements might change after the passage of time, or unless Centrelink itself had a system in place to review their entitlements after a particular period of residence, they would have no way of knowing that they should query their pension rate at a particular point.

2.9 In the past, a significant number of pensioners paid under the UK Agreement missed out on receiving a higher rate of pension for some time (in many cases a number of years), because they received no information about the different rules, and DSS at the time had no effective system in place to review their entitlements when they became eligible under Australian

pension rules. The pensioners always had the right to seek a review of their entitlements, but because of lack of information about how the legislation operated, had no basis on which to do so. Centrelink now has procedures in place to ensure it undertakes reviews of entitlements under these complex rules, after the relevant period of residence in Australia. But unfortunately, the Government rejected our recommendation that pensioners disadvantaged by the previous DSS arrangements be compensated for the entitlements they would otherwise have received⁶.

2.10 DFACS has said that DSS traditionally did not accept our characterisation of the income support system as one operating under 'self-assessment' principles. DSS had argued that if it were a true 'self-assessment' system, it would involve the customer in applying the qualification rate for payments to their own individual situation, and assessing their rate. The assessment would be accepted by the agency, and be subject to random audits and similar compliance mechanisms, as in the tax system. DFACS agreed with DSS that the income support system was not 'self-assessment' in that sense. DFACS also pointed to measures which indicated customers did not usually have to take all the responsibility for knowing what payment to claim, including: combined forms for related payment types, assistance provided by Centrelink staff for customers to decide what payments are the most appropriate to claim, and provisions in the Social Security Act which allow certain claims for inappropriate payments to be treated as a claim for the correct payment type.

2.11 DFACS agreed, however, with DSS's view that the system required a customer to be 'vigilant' in monitoring what was happening to their Social Security payments, and asking questions if their rates change, or do not change after they have notified a change in circumstances.

2.12 We recognise that the income support system does not require a customer to apply the rules to their own circumstances and assess their rates. We agree that the tax system places the onus on the tax payer not only to provide correct information about income, but also to claim deductions provided by the legislation, and that the ATO accepts the information provided by the taxpayer as the correct basis for an assessment, subject to random audits and other compliance measures. We also acknowledge that there are measures in place in the income support system to assist customers.

⁶ In 1995 we investigated a number of complaints from pensioners who had been underpaid by DSS because it had continued to pay them under the Australia-UK Social Security Agreement, after they became residentially qualified to receive their pension under the Australian legislation. DSS should have treated their UK pension entitlement as 'income' and paid them a higher rate of pension, but it continued to deduct their UK entitlement from their Australian pension. We recommended that all pensioners affected be paid the difference between the incorrect rate they had received, and what they would have been entitled to receive under Australian legislation. The Government decided in April 1997 not to approve our recommendation.

2.13 But our experience with customers in the welfare system, usually at a point when things have gone wrong, informs our view that the legislative regime which establishes the social security system still requires the customer to take a very high degree of responsibility for knowing how that system operates, and what steps to take or questions to ask in order to receive the most appropriate form of income support and the correct rate of payment. In that regard, because the onus is on the customer or potential customer, we still believe that there are significant elements of ‘self-assessment’ in the system.

2.14 It seems to us that DFACS’s acknowledgment of the need for customers to be vigilant in the legislative system Centrelink operates may not be so radically different from our own view about that system. We venture that both views are based on recognition that the legislation requires the customer to take the responsibility for certain actions or steps to secure their entitlements or have them checked through the administrative review mechanisms. Whether we call it ‘self-assessment’ or ‘customer vigilance’, the point we have traditionally made as a result of our experience in dealing with complaints is that the level of vigilance required of customers in an increasingly complex system having the characteristics we described is unreasonably high, and places an unfair burden on them, given that the legislation provides very few safeguards when things go wrong.

Statutory limitations on review, and comparison with other ‘self-assessment’ systems

2.15 If a person wishes to appeal against a decision by Centrelink, they must do so within 13 weeks of the decision in order to obtain any arrears back to the date of the original decision. This statutory limitation applies even if a person had no basis for knowing they should seek a review because of inadequate information about the decision. In the cases mentioned above, of the pensioners under the UK Agreement who became eligible for pensions under Australian pension rules, they were not even notified of a specific decision they could realistically question, but the same statutory limitation still applied.

2.16 Case study 2 in Attachment A highlights the problem of a customer receiving sufficient information about complex financial assessments to alert her to the fact that she might need to query the assessment. Centrelink has told us it is not convinced that additional detailed information about complex financial assessments will necessarily assist a customer to know there is a basis to query the decision or to seek a review. In the assessments of income from superannuation funds, as illustrated in case study 2, there were so many different rules, and new funds coming into existence, that Centrelink did not believe additional details would be meaningful to the customer in terms of providing the necessary ‘alert’ for a review. Centrelink acknowledged however that from the customer’s perspective, there could be a problem

given the complex nature of assessments of not knowing that there was a basis for querying the decision, and that the problem could be compounded by the 13 week statutory limitation for seeking review in order to be able to get full arrears of any underpayment which resulted from an error in the original decision.

2.17 Also, for most pensions and benefits there are no provisions in the Social Security Act for Centrelink to backdate payment before the date of a formal claim, even if a person discovers they received incorrect advice about eligibility which meant they might have been entitled to payments when they made the enquiry, but were dissuaded by the incorrect advice from lodging a claim. In such cases, claims for any payment forgone must be dealt with under rules relating to compensation.⁷ While this situation is clearly in accordance with the rules, it contrasts with the provisions for Centrelink to assess and recover debts from its customers. Centrelink can recover debts up to six years old, and the debt can commence from the time the customer could reasonably have become aware of the overpayment. Clients to our office frequently remark on the contrast between the provisions for appeals and payment of arrears, and those for the recovery of debts.

2.18 In our report on oral advice⁸, we contrasted the level of safeguards provided to customers of agencies such as Centrelink, with those provided to customers in the tax environment. The tax environment acknowledges some of the difficulties which customers face, and has adopted a number of strategies which provide safeguards for customers and a more equitable set of provisions for challenging decisions. One of the major features of the tax system is that the legislation enables taxpayers to lodge objections to their assessments for up to four years past, and to recover overpayments of tax made in those years; similarly, if the ATO discovers an error in an assessment up to four years past, it can amend assessments and collect underpaid tax or refund overpaid tax to the taxpayer. In our view, there is a marked inequity in the level of safeguards provided to customers having to deal with a welfare system based on 'self-assessment' principles, or requiring the high level of vigilance it does.

2.19 DFACS has reiterated the view put to us by DSS that the underlying assumptions about entitlements and obligations are very different in the legislative regime establishing the tax system from those in the regime establishing the income support system. It recorded DSS's view that the tax system related to the collection of money *from* citizens, money seen as theirs at the time of collection, whereas the social security system is about the provision of money *to* citizens from community coffers. Under the tax regime, a person is entitled to keep all the income they have earned except for

⁷ See report on compensation mechanisms, 'To compensate or not to compensate?', for further discussion and recommendations on this issue.

⁸ Ibid., pp16-18

the amount that the tax law requires the person to contribute to community coffers and authorises the tax office to collect. The principles underlying the tax regime have developed in a complex historical and legal context, which includes concepts such as 'no taxation without representation'. Because of that context, there is a political imperative for Government to provide safeguards to ensure it only collects the correct amount of tax.

2.20 DFACS has explained that under the social security regime, a person has the right to claim income support from community coffers, but the Government will decide in accordance with rules ratified by parliament under what circumstances a person will receive it, and how much. The Government may offer information and assistance to those people seeking income support, but in DFACS' view, if a person is underpaid or misses out on obtaining income support, and their situation cannot be remedied through the statutory review process, there is not the same political imperative for the Government to provide additional safeguards, or a remedy.

2.21 The obligations of Government and individuals appear to be more balanced in the regime established under tax laws than they are in that established under the income support laws, because of the historical context outlined above. DFACS has noted that although the underlying assumptions in the two regimes are different, it was not suggesting there may not be other, moral, arguments for establishing a greater balance in obligations in the income support regime. We believe there is indeed a moral argument for redressing the imbalance in obligations in the income support regime. Government income support programs have now operated for a number of decades, and the community has come to expect that if a person meets the requirements of the rules, then the Government will in fact ensure they obtain the correct amount of income support. The tax laws give the average punter an even chance of getting the result they are entitled to, but the same may not be true of the income support laws, where it is equally important as a moral principle that the system be seen to operate fairly and reasonably.

Changing role of Government and the public sector

2.22 The Secretary of the Department of Prime Minister and Cabinet, Mr Max Moore-Wilton, has spoken⁹ about the significant developments taking place in public administration in Australia. He has indicated that one of the major issues is the changing role of Government in the community, and how the public sector is adapting to that changing role. Some of the factors that Mr Moore-Wilton has highlighted as being relevant to the discussion of that issue are:

⁹ Speech 'Developments in the public sector and the implications of the new Public Service Bill', Institute of Public Administration NSW Division, 6 March 1998

- the diminishing size of government activity;
- changes in core activities, and the separation of policy from service delivery functions;
- contracting out of service delivery;
- contestability of service provision;
- changing community expectations;
- greater focus on customer service and client service charters;
- focus on risk management.

2.23 Centrelink is in fact a product of the rapid and radical changes which have been occurring in the Government sector. It has told us that the way it delivers its services, and its strategies for service delivery in the future are strongly influenced by the range of factors outlined above. We therefore believe it is important to comment on the main ones we consider affect the environment in which the agency and its customers operate.

Customer expectations and customer service

2.24 There have been significant changes in community perceptions about what services Government provides, and the way they are provided. Mr Moore-Wilton has spoken of the tensions that exist between increasing community expectations, and the decreasing resources available to meet them. There was a sense, he has said, of the community being less tolerant of mistakes made by the public sector in delivering Government services, to a degree which did not seem to apply to the private sector. We see this in the range of complaints seeking compensation for errors, or some other punitive action against the agency, or even the officer who is claimed to have committed the error.

2.25 At the same time, one of the major aspects of the Government's public sector reforms has been to focus on a customer service approach to the delivery of services. Initiatives such as the establishment of the service delivery agency, Centrelink, and the Government's decision requiring departments and agencies to develop customer service charters, are part of these reforms. The customer service approach directly influences the way agencies do business with their customers. We have previously reported on the problems associated with the provision of oral advice, but there is no doubt that this quick and informal way of doing business is preferred by the

majority of Centrelink's customers¹⁰, for example, and indeed of those approaching our office¹¹.

2.26 A recent report by the Management Advisory Board/ Department of Industry, Science and Tourism (MAB/DIST), *Quality in Customer Service in the Australian Public Service*,¹² highlighted how an effective customer service environment in an organisation can lead not only to obvious increased customer satisfaction, but also to cost savings, increased staff morale, more effective delivery of services and greater overall efficiency. The report also highlighted some of the factors which could inhibit the provision of quality customer service, one of the main ones being the complexity of legislation that an agency had to administer. The issue of complexity of legislation is discussed further in chapter 5.

Contestability of service delivery

2.27 Mr Moore-Wilton suggested in his speech that one of the major changes in the Government's role in the community was that it saw itself as focusing on strategic leadership and establishing regulatory frameworks, but that it no longer saw the actual delivery of services as a crucial function. There could well be Government agencies which specialised in the delivery of services, but they would do so by applying business principles to their operations, and it was likely that in the future they would increasingly need to compete with private sector organisations in delivering Government programs.

2.28 The employment services market has already been completely opened up to private sector providers, with the Government's Employment National competing as a business with the private providers. Perhaps the most significant development in the move towards opening the market for service delivery was the establishment of Centrelink. In an article in the Australian Financial Review in May 1998, Centrelink's CEO, Ms Sue Vardon, was quoted as stating that she expected to be in a contestable market for the delivery of these services within 3-5 years. The article indicated that one of Ms Vardon's major tasks, therefore, was the development of attributes and qualities which would give Centrelink the 'business edge' in any competitive market. In Ms Vardon's view, the development and ownership of 'superior information technology and IT-based 'decision support systems' ', was a crucial factor which might enable Centrelink to maintain a competitive edge in an open market for the delivery of Government services.

¹⁰ Centrelink advised us that its Customer Call Centres, which handle telephone enquiries for the agency, handled over 18 million calls in 1998.

¹¹ In 1997/98, the Ombudsman's office received about 89% of its enquiries and complaints orally. Annual report, p 38.

¹² 'Quality in Customer Service in the Australian Public Service', Report by MAB/DIST, November 1997

2.29 Ms Vardon also commented that Centrelink's ability to win and maintain business in a competitive market would depend not only on maintaining the edge in intellectual property and IT, but also in becoming more efficient, reducing costs, and in improving customer service standards. Her views reflect broader government thinking that competitive tendering and contracting out of service delivery will lead to greater efficiencies, and will sharpen competition to provide quality customer service. It is still too early to test this thesis, but these views are an important example that agencies can and should reassess the way they interact with their customers, and devise strategies to improve decision making and information provision. Centrelink has told us that the issue of customer satisfaction about the measures it is implementing to improve its service standards is crucial in the context of a likely contestable environment for the delivery of Government services.

Cost effectiveness

2.30 A major element of the Government's approach to the delivery of their programs and services is that they should be delivered in a cost effective manner. The Government has specifically required agencies to examine its systems and programs and to assess ways in which they could be implemented or delivered more cost effectively, including by outsourcing. The issue of cost effectiveness is one which has led to reforms such as the separation of service delivery agencies from the Government's core functions of policy and regulatory development. In terms of the issues being discussed in this report, it is not only relevant to the range of specific measures adopted by agencies to deliver services effectively. The issue is also relevant to broader issues such as the cost effectiveness of restrictive legislative and administrative provisions to deal with the consequences of errors, or the cost effectiveness of maintaining an inflexible approach to what happens when things go wrong and customers suffer financial loss.

2.31 We believe that if agencies adopt measures which improve the quality of information they provide to customers, and which aim to ensure they make correct decisions about customers' entitlements, then cost benefits will result in the long term. The benefits should generally flow from a reduction in agencies' costs of having to deal with and fix administrative errors. They should also flow from a potential reduction in certain types of appeals made to tribunals such as the Social Security Appeal Tribunal (SSAT), or certain types of complaints dealt with by the Ombudsman's office. The average cost per application finalised by the SSAT in 1997/98 was \$731, with 12,861 decisions being finalised in that year.¹³ We have estimated that it costs our office \$800-900 to investigate a complaint. While we believe these figures indicate that administrative review can be provided in a cost effective manner, they nevertheless also indicate that review costs are a significant cost

¹³ See the SSAT's website, www.ssat.gov.au

element in the total cost of the administrative decision making process. Measures which aim to improve the quality of information provided to customers, and the quality of decision making, may reduce these additional costs.

Risk management

2.32 One of the other major factors in public sector reforms outlined by Mr Moore-Wilton is the increasing focus on risk management principles in implementing Government programs. The Management Improvement Advisory Committee (MIAC) and the Management Advisory Board (MAB) published in 1996 their Guidelines for Managing Risk in the Australian Public Service¹⁴. The report applies the principles of risk management established in the Australian/New Zealand Standard for Risk Management¹⁵ in the context of the Australian Public Service (APS).

2.33 According to the guidelines, the management of risk is an integral part of the APS reform program. It aims to equip managers and staff to achieve optimum outcomes, which include the more effective delivery of government programs, higher standard of customer service, and improved capacity to manage in the face of competing obligations. The process of risk management is relevant both for introducing significant change at all levels of an agency, as well as when making day to day decisions.

2.34 The guidelines outline the steps in managing risk, which include identifying the risks; analysing the risks; assessing and prioritising the risks; and treating the risks. Treatment of risks encompasses a number of strategies, such as avoiding, reducing, accepting/retaining and transferring the risk. Options for treating risk need to be evaluated in terms of the effect of the particular option on the program, the agency or the client. The guidelines indicate that the strategy of transferring risk, which should involve allocation of the risk 'to the party which can exercise the most effective control over those risks'¹⁶, raises major ethical and policy issues. The report acknowledges that we have expressed concern about transferring risks unfairly to customers who are in a poor position to accept them, and that this is a genuine concern.¹⁷

Risks and the balance of responsibilities

2.35 As the MAB-MIAC report has indicated, we have expressed concern on a number of occasions, including in annual reports and in our report on oral

¹⁴ 'Guidelines for Managing Risk in the Australian Public Service', MAB-MIAC Report No. 22, October 1996

¹⁵ AS/NZS 4360:1995

¹⁶ Op. cit., p31

¹⁷ Op. cit., p31

advice issues, that the 'self-assessment' elements of the legislative regime which agencies such as Centrelink are required to operate, unfairly transfer a high level of risks to its customers. Centrelink's customers include a significant number of people who are least able to reasonably accept or exercise 'effective control' over those risks. A range of factors may lead to this situation, including: the fact that a large percentage of Centrelink's customers rely on its payments as the main, or only source of income support; the fact that customers are less able to understand or indeed to comply with the increasingly complex rules such agencies implement; and the processing systems they use. In addition, within Centrelink's customer population there are significant groups with special needs, or who are particularly vulnerable, and are thus even less able to reasonably bear the risks associated with the complex system they deal with: they include indigenous Australians in remote areas, frail aged persons, persons with intellectual or psychiatric disabilities, persons with limited knowledge of English, and those with low education and literacy levels.

2.36 In our view, there is a need to achieve a greater balance in the risks and responsibilities taken by the service delivery agency, compared to those taken by its customers, in the system it operates.

Recommendation 1

We recommend that agencies such as Centrelink develop and implement strategies to reduce the risks borne by customers, within the framework outlined in the MAB-MIAC guidelines on risk management.

2.37 Shifting the risks to customers who are least able to control or manage those risks is not only unfair, it may also not be a cost effective way of doing business. Agencies are likely to have increased actual costs in dealing with problems caused by customers' difficulties in dealing with the complex income support regime. And there may be political costs if the level of problems remains high and has a negative impact on agencies' ability to provide an efficient service. It makes good business sense for agencies to use their expert knowledge and technical systems to reduce the high level of risks that customers bear, and thus reduce the costs associated with fixing the problems that inevitably arise.

2.38 In the workshop we held on the issues canvassed in our discussion paper, one of the views put forward was that agencies had traditionally interpreted the MAB-MIAC guidelines as limiting their consideration of risk to the level of risk borne by the agency, not the level of risk borne by its customers or clients. In our view, the Government's reforms requiring agencies to have a greater customer service focus in the delivery of their programs and services means it is reasonable to expect that the concept of risk management should now encompass the issue of assessing and managing the risk borne by an agency's customers. We believe this approach is encompassed by the general tenor of the MAB-MIAC guidelines, particularly

as they highlight the important ethical and policy issues relating to the transference of risks.¹⁸

2.39 One of the major factors contributing to the high level of risk borne by customers is the quality of information about decisions and entitlements, as well as about the way the system relating to claims, decisions and review rights operates. We have provided detailed information on some of the problems which customers face because of the way information is provided, including case studies, in Attachment A. Attachment A also includes information about the way the AAT has viewed the issue of providing information about decisions.

2.40 From our experience of investigating complaints, the main types of transactions which transfer a high level of risk to customers include:

- decisions based on complex financial assessments where the customer relies on the agency to make the correct assessment, but does not have sufficient information about the decision (even though the notification of the decision meets legislative requirements) to know that there might be a basis for seeking a review;
- customers who may not know about the full range of entitlements appropriate to their circumstances, and who reasonably rely on the expertise of Centrelink to advise them about all possible entitlements, but discover that because they did not ask the right questions, they were not advised about a relevant payment, and under the legislation cannot make a retrospective claim;
- the complexity of some programs are so great that customers find it difficult to comply with all the requirements, or know how the rules work to ensure they receive the correct entitlements; and
- situations where information provided by the agency about complex programs does not adequately cover all the rules or characteristics of the program, with a resulting high risk that customers miss out on eligible entitlements.

¹⁸ Op. cit., p31

3. NEW SERVICE DELIVERY INITIATIVES

Shift in Centrelink position on the provision of information

3.1 On a number of occasions we have put to DSS and Centrelink our view that they had a responsibility to provide their customers with sufficient information about decisions, and reasonable information about the range of possible entitlements, so that customers had a reasonable basis for making informed decisions about what payments to claim, or whether to question a decision. We had put our views in the context of having concluded from the circumstances of individual cases we had investigated, that the agency's failure to do so was unreasonable and that it should compensate customers for the resulting financial loss. We understood that there was no legal obligation for the agency to take such action in a number of the cases we were pursuing. But our view was that in the context of the agency's expertise on its programs and the information it had available to it, as well as the complexities of the legislative regime, it was reasonable to expect the agency to have taken some initiative in providing more adequate information, or alerting customers to possible entitlements.

3.2 DSS and Centrelink have traditionally advised us that they agree they have a general responsibility in terms of good will and best practice, to provide customers with as much information as possible about programs, entitlements, and changes to legislation affecting existing customers. Centrelink has in the past stressed that particularly in relation to the issue of information about possible entitlements, it does not generally have a strict obligation to provide information about possible entitlements unless specific questions are asked. It tries to be as helpful as possible in accordance with the principle of aiming to provide good service. But the agency does not hold itself out as inviting claims from people who may be entitled, but who do not specifically ask about their entitlement. Any failure to do so would not, in Centrelink's view, be grounds for compensation if financial loss resulted.

3.3 Centrelink has also maintained the view that when there are significant changes to legislation which might affect existing recipients of payments, it aims to disseminate information generally on such changes, but it would be too onerous a responsibility to have to advise each client indicated individually of amendments to the legislation. The agency aims principally to identify from its records those customers who will be affected by changes, assess their entitlements under any amended provisions of the Act, notify them of any new decision, and inform them of their review rights.

3.4 Centrelink has traditionally used program based publications such as *Age Pension News, Update* (sent to Newstart recipients), or *You and Your Family*, to provide general information about changes to legislation. These publications usually indicate that people may make further enquiries or seek more detailed advice from Centrelink itself. The agency may also implement

a targeted mail out program to advise customers of impending changes to legislation, particularly in relation to the income and assets test, where customers might have the opportunity to consider various options which might minimise the effect of such changes. For example, in around mid-1997 Centrelink implemented a targeted mail out of information sheets to customers who might be affected by changes to superannuation assessment rules coming into force from September 1997. These mail outs gave customers the opportunity to discuss the rules in more detail with Financial Information Service (FIS) officers of the agency.

3.5 We acknowledge that the agency uses a variety of means to disseminate information about its programs, including about changes to legislation to existing customers. But our investigation of complaints shows that there are many instances where customers are still unreasonably bearing the risk because information provided is inadequate for them to make informed decisions.

3.6 We believe that given Centrelink's position of strength in terms of having the expert knowledge about its programs, its ability to disseminate information to a wide audience, and the information technology systems it has to deliver its programs, that it should explore more actively initiatives to reduce the risks that its customers are bearing in their dealings with the agency.

3.7 Our discussion paper outlined a number of strategies we felt could redress the imbalance in terms of level of risk which we believe existed at that time in the relationship between the agency and its customers. These were based on our experience of complaints we had investigated, on our understanding of the views DSS and Centrelink had put forward about their roles and responsibilities, and their position on the specific issues we had raised in complaint reports about the provision of information.

3.8 The comments we received on our paper, the issues we discussed in our workshop, as well as further discussions we held with Centrelink, have indicated a significant shift by Centrelink in its position, in particular on the level of responsibility it had in its relationship with its customers and the way it should deliver its services. We believe Centrelink's earlier views followed more closely the traditional views of DSS, which seemed informed more from the perspective of management of government revenue than from a customer service perspective. The views currently being put forward by Centrelink reflect a recognition that the agency needs to take greater responsibility for ensuring that its customers not only receive good quality service, but also that they receive the correct and appropriate payments under the legislation for their circumstances.

3.9 Centrelink has told us that its own creation as a 'first stop shop' for a range of Government services has required a new approach to the delivery of these services and products which works from the customer's perspective; it requires an approach which integrates the range of products coming to the

agency from a number of client departments, and which delivers a tailored package to the customer. Centrelink's ability to deliver the programs of its client departments in a cost effective manner as well as at a high level of customer service would be crucial to the agency's continued existence in any contestable environment.

Life events model

3.10 In late 1998 Centrelink's CEO announced proposals for a radically different model of service delivery, which was based on the principle of taking greater responsibility for ensuring the customer was provided with all appropriate services and payments according to their circumstances. We obtained further information from Centrelink about the new model and the main initiatives Centrelink was proposing to implement as part of it.

3.11 A significant feature of Centrelink's proposed changes in the delivery of its services is the 'life events' model. The premise of this model is that the customer's responsibility will be to come to Centrelink with a knowledge of their circumstances and a willingness to present an honest account of who they are, their financial circumstances and their needs. The model reflects a position that the customer is not expected to know what questions to ask, or the full range of entitlements or services available. Centrelink's responsibility will be to ensure that it seeks out and records the customer's circumstances and then determines all of the potential services and entitlements it can offer the customer.

3.12 The new service delivery model represents a significant shift in the way that agencies such as Centrelink will deal with their customers, and has the potential to reduce substantially the level of risks that customers currently bear in the income support system. We recognise, however, that it is a long term strategy, with the agency currently aiming for full implementation by June 2005. Its implementation is based on a number of assumptions relating to rapid growth in the use of information technology in the community, such as the Internet, by 2001. It is also based on a significant number of incremental and interconnected changes within the agency relating to the way information is provided and decisions are made, customers' access to information, and the way the agency approaches its customers. These changes in turn are based on significant expenditure on enhanced computer based systems, electronic service delivery and other service 'infrastructure' measures, and staff training, to deliver the level of accurate decisions about available services and entitlements which the proposed model envisages.

3.13 Many of the incremental steps being taken towards the full implementation of the 'life events' model also provide significant scope for improving the quality of service to customers and reducing the risks that they currently bear. Some of them also relate closely to the strategies we outlined in our discussion paper for reducing risks. We will discuss the initiatives in this chapter.

One main contact

3.14 One of the major initiatives planned by Centrelink as part of its longer term strategy of adopting the life events model is the 'one main contact' model. Centrelink has aimed to have at least one team in each customer service centre operating in accordance with this model by July 1999, and to have implemented the model nationally by the end of 1999.

3.15 Centrelink has told us that surveys, focus groups and value creation workshops indicate its customers consider that their top priorities for the type of service they receive from Centrelink are: to be considered as individuals, to have their specific needs recognised, and for Centrelink to provide holistic solutions. The one main contact model aims to better meet those customer priorities, as well as achieve general improvements to the agency's service standards. It is a form of case management which aims to enable officers to take a more active and personalised role in assessing a customer's needs and providing all appropriate services to meet those needs.

3.16 Most standard customer enquiries will still be dealt with over the telephone by call centre staff, but customer service officers will be part of a multidisciplinary team which will focus on the major transactions. The one main contact model aims to ensure customers do not have to provide information more than once; that they receive consistent and comprehensive advice; and that decisions are more consistent and of a higher quality. It also aims to provide staff with greater control over their work, a more professional relationship with customers, and improved development opportunities. A major principle underpinning this model, which has been trialed successfully in Victoria, is that the officer will take greater responsibility for ensuring that the agency obtains all relevant information from the customer and provides correct advice about all appropriate payments and services. In this sense the one main contact model encompasses in the medium term crucial elements of the long term life events strategy.

3.17 We believe the one main contact model provides scope not only for significant improvements to service standards, but also for reducing the level of risks that customers currently bear. In the context of a more personalised, professional relationship with customers, officers may be more likely to provide customers not only the necessary guidance about appropriate payments, but also to explain where necessary how the income support system works, and what responsibilities the customer must still take in dealing with it.

3.18 It seems to us that successful implementation of this model will depend on a number of factors, including the successful implementation of other initiatives, such as enhanced systems for decision making, automated facilities to retrieve information about payments and other means of electronic service delivery. We also believe crucial factors will be the level of

training provided and the management support given to officers. Nevertheless, we acknowledge that it represents a major step in the shift of emphasis which Centrelink is undertaking towards a customer perspective approach to service delivery.

Centrelink letters

3.19 Centrelink has told us it has over 7 million customers and that it issues over 80 million letters annually to them¹⁹. Most are computer generated advices (batched laser advice - BLA) on the basis of actions taken by staff leading to a computer systems change to a customer's payment. Staff also have access to an on line advice (OLA) system for producing individually tailored letters. If a Centrelink officer carries out a computer activity in relation to a case, and does not suppress the BLA generated automatically by the computer, the customer will receive a computer generated letter, and may also receive an on line advice letter from the Centrelink officer, possibly providing contradictory information. Customers whose payments change regularly, such as those in casual employment, may get many letters over a relatively short period, each one reflecting a specific action but none necessarily giving an overview of what has occurred.

3.20 Centrelink's BLA letters have traditionally been created from some 9,000 standard paragraphs linked to the main computer system, with 'relevant' paragraphs flagged according to the action undertaken. This is why letters often do not read fluently, or paragraphs do not appear to relate to each other well. The current approach of full text letters is based on an income support system which was less complex and more stable, and when people's circumstances changed less often than they do now.

New letters project

3.21 Centrelink has been working on a major project to improve the format and contents of its letters, and introduced new versions of its BLA letters in June 1999. The new type of letter abandons the traditional concept of full text letters for most notifications. It is based on the premise that the main piece of information customers want is the actual amount of payment they will be receiving. They want the most important information about their payment to be clear and concise, and do not want to be overwhelmed by too much complex detail. They want the information in a format which is easy to see and read.

3.22 The new letter presents the crucial information about payments at the beginning, in a format similar to an account statement: the payment amount includes the components making up the total payment. Any immediate payment which is different from a continuing payment rate is highlighted

¹⁹ In Centrelink's website, www.centrelink.gov.au, the figures given in 'Centrelink at a glance - some facts and figures', are: 7.8 million customers, and 84 million letters sent annually.

first in bold. The information explaining the payment, or changes to it, and other crucial information is presented under the heading **Important Information**, and appears in dot point format. Centrelink has reduced the pool of 9,000 standard BLA paragraphs to approximately 3,000 information 'dot points'. We understand the computer systems changes that have occurred in relation to this project will make it easier for Centrelink to delete and add information 'dot points' according to need. The letters also contain information about how to contact Centrelink if there are questions, and an advice in bold to read the back of the letter, which contains information about customers' obligations and rights.

3.23 We believe the new format BLA letters have the potential to greatly improve the way Centrelink notifies customers about payment rates and provides basic information about entitlements. In our view, the new concept reflects the perception that the community no longer uses or relies on the traditional forms of written communication to the extent that it used to. It prefers to receive information quickly, usually orally or visually. The new letters enable customers to see the most important payment information quickly, and to then go over the other information presented in dot point form.

3.24 Centrelink is also reviewing the information paragraphs available for OLA letters, with the aim of improving the quality of information provided in individually tailored letters. It has reduced the total number of OLA paragraphs, and has changed some of the wording to make information as clear and concise as possible.

Information about decisions

3.25 In our view, issues relating to whether customers receive sufficient information about decisions will remain even with the new format BLA letters, and improved OLA letters. In case study 2 we raised the issue that Ms S did not have sufficient information about her assessment to alert her that there was an aspect of the decision that she should query with Centrelink, and if necessary seek review. We indicated that decision letters, particularly those which inform customers about assessments under the income or assets tests, should provide additional information about the basis of the calculations, and not just the total amount assessed. This is a view shared by tribunals such as the SSAT and the AAT.

3.26 Centrelink has told us that the current computer systems do not provide for more detailed information about complex financial assessments to be generated for standard letters, as we or the tribunals would wish: this would require a reconfiguration of the systems. If that is the case, we believe Centrelink should at least develop a set of standard or generic 'dot point' paragraphs which provide customers with some additional information about the nature of assets and income assessments. If the current computer systems only enable information of a more generic nature to be provided,

then we also believe notices about financial assessments need to contain a standard statement that financial assessments are complex and the customer must take the responsibility to ensure they are satisfied the decision is correct.

3.27 We recognise that providing additional information about a decision, particularly about income and assets assessments, will not guarantee that a customer will recognise when they should seek review of the decision. Given the complexity of many of the rules, it is of course possible that customers may still not understand the basis of decisions and may therefore not be in a position to make an informed decision whether to seek review, even if they have additional information about the nature of the assessment. But it seems to us that the greater flexibility to amend and add information paragraphs in the new letters provides some scope for Centrelink to give customers more information than they currently receive, even of a more generic nature. This may reduce the risk borne by the customer, even if by way of forewarning them that, provided with the information in the notice, they must take responsibility for having the assessment checked and if necessary exercising their review rights.

3.28 Centrelink's work on improving the quality of OLA paragraphs gives the agency an important opportunity to develop OLA information paragraphs which provide customers receiving individually tailored letters more detailed information about factors affecting their case, such as assets and income assessments.

Recommendation 2

We recommend Centrelink provide additional information to customers by:

- **developing a pool of dot points which provide additional generic information about the nature of assets and income assessments, for use in its batched laser advice (BLA) letters;**
- **including a statement in BLA letters which notify customers of a decision based on asset and income assessments, that the customer must take the responsibility for ensuring they are satisfied the assessment is correct; and**
- **developing a pool of information paragraphs to provide more detailed information about factors such as assets and income assessments in on line advice (OLA) letters.**

'Back of page' information: review rights and obligations

3.29 Our office deals with a large number of complaints, particularly those made by telephone, where we find ourselves explaining to people their review rights, and how the review mechanism operates, as well as their obligations to notify Centrelink of relevant changes in circumstances. This information is usually found on the back of notices. In many cases people are aware of their rights and obligations, and want to discuss the decision with us, or express their unhappiness about it. But often customers have not really

taken much notice of the information on the back of Centrelink's letter, because they have understandably focused on the decision itself. From our experience of dealing with a large number of telephone complaints about Centrelink, we have noticed that many customers do not really understand important features of the income support system such as the way the review system works, and in particular, the importance of seeking review within the statutory 13 week time period in order to have any new decision effective from the date of the original decision under review.

3.30 Centrelink has told us that from its work on the new letters project, it is aware that information contained on the back of computer generated letters can be overwhelming, although it includes important information about a customer's obligations and rights required by the legislation. For some payment programs, such as family payments, there can be as many as 36 different versions of back page information. Depending on the particular payment, information about obligations can be lengthy, particularly when it is combined with definitions of terms such as 'Income' and 'Assets'. We are aware that Centrelink has been considering ways of making the information about obligations more concise, and support such an initiative.

3.31 We acknowledge that the information about review rights meets the legal requirement of the *Administrative Appeals Tribunal Act 1975*. But we believe the information could be expressed more forcefully, and clearly. Although the section titled 'Your Rights' does warn of the consequences of not seeking review within 13 weeks, in our view, the phrase '...you can only get back payment of ... from the date you ask.', which appears in standard decision notices, may not be the most effective way of explaining the consequences of not seeking review in that time frame. The information about rights contained in Centrelink's website, for example, explains more clearly how the review system works, and the limitations on obtaining back payment to the date of the original decisions. We believe Centrelink's standard letters should provide the same level of information.

3.32 Given that the section on rights is at the end of the back page of the letter, and is sometimes overlooked, we believe it should be highlighted more boldly.

3.33 The current versions of the back of computer generated letters do not appear to give any information about contacting Centrelink initially if there is a problem; they simply state that a customer can contact the Ombudsman if they wish to complain about Centrelink's actions. This is of course true. But if Centrelink has been highlighting to us the importance of its greater focus on customer service in delivering income support programs, then it is reasonable to expect that it openly provides an effective avenue for customers to raise problems and make complaints. Centrelink's website, as well as its Customer Service Charter, indicates that a customer should try to resolve a problem or complaint with Centrelink first, but can also contact the Ombudsman. We believe Centrelink's standard notices should contain

information about its Customer relations telephone line in the same way that its website and Customer Service Charter do.

Recommendation 2

We recommend that the section on the back of standard notices about customers' rights be amended along the following lines:

IMPORTANT - YOUR RIGHTS

Our decisions can be based on complex rules. ***If you do not understand a decision made by Centrelink or think it is wrong, you should contact us as soon as possible.*** We will check the facts and explain the decision. If you still do not agree, you can ask for an Authorised Review Officer (ARO) to look at it. The ARO is an officer who has no previous involvement in your case, and if the decision is wrong, the ARO can correct it. The ARO can also tell you how you can appeal to the Social Security Appeals Tribunal (SSAT) if you still do not agree. Both the ARO review and the SSAT appeal are free.

REMEMBER: If a decision is found to be wrong, you may be paid any money Centrelink owes you. ***But to get the full amount owed to you, you must ask for the decision to be reviewed within 3 months of being told about it.*** Otherwise you can only be paid from the date you asked for a review.

If you have concerns about your personal information...

If you wish to complain about Centrelink's actions, please talk to our Customer Service staff, or telephone our Customer Relations line on 1800 050 004. If you cannot resolve the problem, you can contact the Commonwealth Ombudsman whose '1300' number is in the phone book.

Other approaches to issuing letters

3.34 One of the issues which arose from our discussions with Centrelink about the new letters project was that although the new letters would provide benefits for customers in terms of format and content, the fact that letters would still generally be generated in the traditional way after each action resulting in a computer change to payments, meant that Centrelink would still be faced with issuing an enormous (and increasing) number of letters each year. Given other developments in customer service that we discuss in this report, such as one main contact, and electronic service delivery, Centrelink raised the issue that there may be scope for a more radical rethinking of the way payment changes and other decisions are notified in letter form.

3.35 Centrelink has indicated that the *Social Security Act 1991* does not formally require that a notice of a decision must be given to an affected person. The Act provides, however, that full arrears can be payable if no notice is given. The agency felt that there could be scope for adopting a risk management approach and issue notices in a consolidated account format periodically, say quarterly or six monthly or even annually. Such a statement

would give a summary of all the actions or decisions over the preceding period.

3.36 Centrelink acknowledged that there were a number of issues to consider in relation to such a proposal. They include that periodic account style advices might suit some payment types or groups of customers more than others, generally those subject to fewer adjustments. Centrelink would need to consider, with relevant client departments, the impact such a proposal might have on specific customer groups, for example, the frail aged. Also, it may be that this approach to issuing letters is likely to work best in concert with proposed developments in electronic service delivery, including access to payment information through Integrated Voice Response (IVR) and other electronic service delivery facilities. Centrelink would also need to consider with relevant client departments the impact of periodic notifications on the issue of arrears. For example, if a customer is notified of a decision, the statutory provision to seek review commences from the date of notification, as does the 13 week limit on obtaining full back payment.

3.37 Such a radical departure from the traditional approach of sending out a notice after each decision does raise a number of issues, some of which relate to broader issues of the management of Government revenue. But we believe the concept merits further consideration, not only in the context of providing information to customers in a more efficient and effective means, but particularly in the context of cost effectiveness of different approaches to issuing notices to customers. Additional costs associated with backpayment as a result of the review period commencing from notification which occurs well after an actual decision, are likely to be offset by savings as a result of significantly decreased numbers of letters being issued.

Recommendation 3

We recommend Centrelink undertakes, in consultation with client departments, a pilot project or study to explore the business case for issuing notices across a range of payments on a periodic basis, rather than after each action or decision.

Use of Information Technology

3.38 We acknowledge that Centrelink has devoted considerable resources to developing new and enhanced computer based systems to enable it to undertake an enormous range and volume of transactions at an increasingly complex level. Centrelink's CEO, Ms Sue Vardon, has emphasised the important role information technology will play in giving Centrelink a competitive advantage in any contestable market for the delivery of government services. Ms Vardon has referred in particular to 'IT-based decision support systems' in which the computer does a lot of the analysis necessary for customers to make informed choices between a wide range of

employment and government benefit options.’²⁰ Our further discussions with Centrelink have highlighted the range of developments being undertaken in information technology in order to make more consistent decisions, to provide more comprehensive information, and to improve customers’ access to agency information and their own records. We summarise the main elements of these developments below, and discuss them in further detail in Attachment B.

3.39 Centrelink’s website contains an extensive range of information about the range of services the agency offers, and the current rate of Internet enquiries is 1.6 million per annum²¹. The agency is developing facilities for interactive business via the Internet. Once issues such as security and customer identification are resolved, Centrelink aims to expand the range of services it provides via the Internet to include interactive transactions.

3.40 Centrelink is trialing other initiatives in electronic service delivery (ESD), including multi-media phones and website TV.

3.41 The automation of a range of services provided by call centres, based on an enhanced IVR capacity, is a major part of Centrelink’s ESD strategy. The automation of transactions via IVR has the potential to provide customers quicker access to certain types of information, reduce call centre queues and failed access rates, and enable call centres to provide improved links to customer service centres.

3.42 Centrelink’s improvements to its computer systems architecture such as the implementation of ‘Common Platform’, aims to provide a more efficient service by reducing the duplication of data entry and the actions required of officers to amend customer records.

3.43 Initiatives such as on-line claims for Newstart and Youth Allowance ensure that Centrelink asks the necessary questions of a customer to enable a claim to be finalised and entitlement to be assessed. The on-line claims facility indicates Centrelink is taking significant steps before full implementation of the life events model to reduce the level of risks customers face in dealing with the agency.

3.44 An important element of the life events service delivery model will be Centrelink’s use of expert or rulebased computer systems to ensure it obtains the relevant information from customers to assess and correctly determine the most appropriate payments and services.

3.45 Centrelink’s ESD initiatives aim to complement the agency’s move through the one main contact and life events service delivery model towards providing an improved, more personalised customer service, and taking the

²⁰ The Australian Financial Review, 9-10 May 1998, p61

²¹ See Centrelink’s website: ‘Centrelink at a glance - some facts and figures’.

responsibility for ensuring customers obtain the appropriate services and payments according to their circumstances.

Impact of policy proposals on IT requirements

3.46 In our discussion paper we mentioned that many of the income support programs, or their interrelationship, are so complex that it has been difficult for Centrelink to develop and implement computer based systems to handle the necessary transactions without major ‘glitches’ occurring. These have in turn affected the timely payment of entitlements to customers. We suggested that an important consideration in the development of new policies and programs or changes to programs, might be an assessment of how easily they can be accommodated into the agency’s computer based systems, or what work is required to upgrade those systems so that new rules can be applied with the minimum level of problems, or ‘system glitches’. We maintain the view that it would be advantageous for agencies which develop legislative and policy proposals for programs which will be delivered by Centrelink, to include information technology ‘impact statements’ in such proposals.

Recommendation 4

We recommend client departments include information technology ‘impact statements’ in policy proposals for new income support programs. Such statements should include an assessment of how well new programs can be accommodated into the agency’s computer based systems, or what upgrading of systems is required. They should also indicate what testing or other work has been or should be undertaken to minimise the likelihood of ‘system glitches’.

4. OTHER ISSUES

Complexity of legislation

4.1 Our 'Balancing the Risks' workshop, and further discussions we had with Centrelink, have highlighted the tension occurring between the pressure to simplify programs so that they are more 'user friendly' for customers, and the tendency for program rules to become more complex as they reflect government policy to target income support programs more precisely to those sections of the community the government considers should have priority to receive assistance.

4.2 It seems to us that steps are being taken to simplify some aspects of the income support programs that Centrelink delivers so that they are more clearly identified with sets of circumstances experienced by sections of the community. In that regard, some of the measures appear to be forerunners of the principles relating to the life event model the agency is aiming to adopt. The Youth Allowance which came into effect from 1 July 1998 is an example of a common payment, subject to a range of rules, for people under 25 who are either studying or seeking employment. The parenting payment is another example of a common payment which covers two different previous income support programs. We understand the Government's proposed family assistance measures announced in the 1999/2000 budget aim to simplify assistance programs for families by introducing three main family assistance payments (Family Tax Benefit Parts A and B, and Child Care Benefit) to replace a total of 12 separate payments which existed previously.

4.3 DFACS has also told us that it is proposing amendments to the Social Security legislation to consolidate some of the technical rules which are common to different payments, including those relating to date of effect of determinations, information gathering, notification requirements, and offences. Although the amendments do not substantially change the rules for payments, they aim to make the legislation itself easier to navigate and understand.

Specialised assistance centres

4.4 Centrelink has told us that some of the Government's policy initiatives in the area of income support and assistance will mean the agency will provide centres of specialised assistance within its general network. It gave the example of the proposed Family Assistance Office (FAO), announced in the 1999/2000 budget, which will deliver family assistance measures provided for in the Government's tax reform package. The Government proposes to establish the FAO from July 2000 as a separate entity not only within Centrelink, but also within the ATO and the Health Insurance Commission (HIC): DFACS will be the purchaser of service delivery from those agencies.

4.5 Proposals such as the FAO highlight, in our view, the tensions that exist between strategies being implemented by Centrelink as part of moving to the life event model (whereby it offers the customer all appropriate services and payments according to their circumstances), and new policy initiatives introduced by the Government which may mean a greater specialisation or segmentation of Government income support programs.

4.6 Centrelink is taking a number of initiatives leading up to the implementation of the life event model to reduce the risks borne by customers in a complex welfare system. At the same time, it must also deal with new Government policy initiatives such as the FAO, which may add an additional layer of complexity to an already complex system. From our experience, the danger is that such new initiatives may shift the risks back to the customer and lead to customers falling through the income support safety net that Government policy envisages as applying in the community.

4.7 We believe Centrelink needs to be aware of the risks posed by new initiatives such as the FAO in the context of its own service delivery model, to ensure that the risk is not shifted back to the customer. Strategies for dealing with the effects of such initiatives are all the more important if the initiatives include providing people with a choice about how they will receive assistance, and through which organisation. If assistance for a general section of the community such as families is to be offered by different organisations, including those such as the ATO which have traditionally been involved in extracting revenue from taxpayers, then those organisations will need to have strategies in place to communicate with each other, to ensure that customers do not miss out on assistance the Government has intended. Customers must be able to make informed choices about options available to them if they are not to fall through the safety net.

4.8 Although a range of measures is being adopted to simplify assistance programs and to align them more closely to 'life events', it also seems clear to us that the rules within particular programs are becoming more complex, as part of the policy to target income support. Case study 4 in Attachment A highlights the problems that occur when the rules are so complex that it is difficult for customers to know what they must do to receive their correct entitlements, or difficult for Centrelink to explain clearly the steps customers must take to ensure they receive correct entitlements. It remains crucial, in our view, for agencies to take the responsibility for ensuring that customers are not disadvantaged by the complexity of rules underpinning programs which may be packaged in a more user friendly manner.

ATTACHMENT A

TRANSACTIONS WHICH TRANSFER A HIGH LEVEL OF RISK TO CUSTOMERS

A.1 In our discussion paper 'Balancing the Risks', we set out a number of examples of situations and case studies where we felt the legal framework and administrative strategies that agencies such as DSS were operating transferred a high level of risk to customers. We provided comments on the issues that the case studies raised. We have set out the case studies again, with a summary of our comments, to give an indication of how we came to our views about the level of risk being borne by customers in the welfare system.

Making the right claim and asking the right questions

Case study 1

Complaint

A community legal centre made a complaint on behalf of Mr T about the refusal of the Commonwealth Service Delivery Agency (CSDA), which administered DSS's income support programs in the transition period before the formal commencement of Centrelink, to pay compensation for the economic loss he suffered as a result of DSS's failure to reinstate his Newstart Allowance (NSA) or pay him an alternative payment after DSS cancelled NSA in January 1992.

Background

Mr T was receiving NSA and applied for Disability Support Pension (DSP) in June 1991. A Commonwealth Medical Officer assessed in October 1991 that Mr T had a combined impairment of 40%. The department decided in November 1991 to grant DSP, but payment of DSP did not commence. In late January 1992 Mr T received a letter stating that NSA was cancelled because he would be paid DSP, but the department still did not commence paying DSP. The reason for cancellation was incorrect, and should have been that he was medically unfit for full-time work as he had claimed DSP; the letter also did not advise Mr T of his review rights.

In March 1992 DSS conducted a home visit to assess whether Mr T was working from home. DSS rejected his DSP in April 1992 on the basis of the field officer's report that Mr T was working and had a continuing ability to work. Mr T appealed the decision about the refusal of DSP and the decision was upheld by the SSAT in November 1992. Mr T received NSA again from December 1992. Mr T claimed DSP again in December 1995, and was granted DSP on appeal to the SSAT in May 1996.

Compensation Issues

When he sought review of the decision to reject his claim for DSP, Mr T stated that he had made numerous enquiries at DSS about assistance, given that his NSA was cancelled in January 1992, and he had been 'promised' DSP. His solicitor also wrote to DSS in May 1992 saying that he had advised Mr T to 'urgently contact your offices as to a review of the decision to discontinue DSP or to seek assistance in obtaining benefits appropriate to his position.' and 'We would greatly appreciate it if you would arrange for one of your case workers to look at Mr T's situation as a matter of urgency to ensure that he can obtain the appropriate payment without delay.' In addition the Welfare Rights Centre (WRC)

indicated at a SSAT hearing in September 1992 that a WRC representative had visited DSS with Mr T a few weeks before the hearing to assist him to claim some form of income support, but DSS failed to assist him.

The legal centre claimed compensation on behalf of Mr T for economic loss suffered in the period February 1992 to December 1992, on the grounds that DSS failed to notify Mr T of his review rights when it cancelled NSA in January 1992, that it failed to take action when Mr T made enquiries about entitlements after February 1992, and that it failed to respond to the solicitor's letter of May 1992. The CSDA rejected the claim for compensation on grounds of legal liability. It stated that the incorrect reason for cancellation did not amount to negligence; there is no evidence of Mr T making enquiries to DSS about his entitlements; it was reasonable to assume that Mr T would contact the office and thus there was no need to reply to the solicitor's letter; and that if Mr T did contact DSS it was likely that this was about DSP, and not about alternative payments. The CSDA included in its reasons for rejecting compensation the statement: *'It was the failure of Mr T to claim a more appropriate payment, ie Special Benefit that caused him the financial loss.'*

Outcome

Unfortunately the lack of evidence of Mr T's contacts with DSS and his claimed enquiries about assistance has made it difficult to argue that Centrelink should reconsider compensation. At present there is a lack of specific independent evidence of Mr T seeking assistance from DSS, as the WRC file which might corroborate such a claim cannot be located. We have therefore decided not to pursue the complaint further at this stage, but may reconsider the matter if additional evidence becomes available.

A.2 The above case highlights dramatically how the legislative framework within which agencies such as Centrelink operate can shift the onus onto the customer. In this case, the customer was a man with very little English, and who the SSAT eventually determined was eligible for the DSP because of 'brain damage, cognitive impairment, and loss of stereopsis'. Yet when the CSDA considered Mr T's claim for compensation, its view was that Mr T caused his own financial loss because he did not claim the appropriate payment. It seems that the agency effectively shifted all the onus, and thus the risk, onto a man who was in a very poor position to bear that risk because of his reliance on income support, his lack of knowledge of English, and his health problems.

A.3 Centrelink has told us that since that time there have been significant developments in the awareness and skills of officers in handling claims. It has implied that if the above situation occurred now, Centrelink staff would act differently and the problem would not occur. We would hope so, and the new service delivery model Centrelink is implementing will test that assumption.

Decisions based on complex financial assessments

Case study 2

Complaint

Ms S was 63 years old and worked part-time as a shop assistant. She was old enough to apply for the age pension, and lodged a claim in February 1994.

Ms S met with a DSS Financial Services Information (FIS) officer to consider her circumstances. He calculated that her small wage income, along with income deemed from two work-based superannuation funds, took her over the income limit to receive any age pension. DSS sent her a notice notifying her of the total income it calculated, the decision she was not entitled to any pension, and information about her review rights.

In November 1994 Ms S's personal financial adviser noted that one of her two superannuation funds should have been exempt from income test calculations. She lodged a new claim: DSS admitted it previously had made an error and began paying her age pension. DSS refused to pay Ms S arrears of age pension to February because she had not sought a review within three months of the date of the incorrect decision.

Ms S sought compensation for the loss of pension payments as well as concession entitlements from February to November, on the basis of legal liability, because DSS had wrongly calculated her income and she had relied on its advice. AGS advised DSS that there was no legal liability to compensate because a statutory right of review existed, and Ms S should have exercised this right within three months of the decision for arrears to be paid.

Investigation

The exemption of one of the superannuation funds was based on a little known section of the Act. Even DSS's local financial expert was unaware of it. Ms S certainly could not have been expected to know of it. DSS's rejection notice simply stated the sum of its income calculations, and did not provide any information about the possibility of certain funds being exempt. Accordingly, Ms S was not provided with the crucial information that could possibly have alerted her to the fact that an error had been made. She relied on the advice of DSS's financial expert, and had no logical reason to request a review of the decision.

Conclusions

We recommended that DSS pay compensation under the Compensation for detriment caused by defective administration (CDDA) scheme, because there had been an unreasonable lapse in administrative procedures. We argued that because DSS had not given Ms S sufficient information to alert her to the possibility of an error, it was not reasonable for DSS to avoid paying compensation by invoking the statutory bar on the payment of arrears. In our view, DSS's reliance on review rights which proved meaningless, given the information Ms S had about the decision, led to an unfair consequence.

Outcome

DSS responded that its listing of the total amount of superannuation income was a reasonable notification of the information it based its assessment on. DSS stated that it would not be 'publicly defensible' to compensate Ms S because the error was not particularly special or unusual enough for the CDDA scheme to apply.

We asked DSS to reconsider, emphasising the point that Ms S never received the essential information from DSS relating to the incorrect decision to make her review rights meaningful. DSS responded that it saw no grounds to apply the CDDA scheme given that Ms S had had the right to seek a review of the decision.

A.4 The above case highlights the inequality of the relationship between the customer and an agency like Centrelink, and the disproportionate risk that the customer bears in their dealings with the agency.

A.5 Centrelink promotes itself as having the necessary knowledge and systems in place to make assessments and decisions about eligibility for income support payments. It also acknowledges that many of the rules relating to matters such as income assessments are complex. In our view, given this, it is reasonable that customers rely on Centrelink to have the necessary knowledge and systems to make correct assessments of their entitlements. In situations such as the one Ms S faced, crucial information about how certain superannuation funds were exempt from the income test was not provided in the decision. The legislative framework expected Ms S to take the responsibility for seeking a review within the statutory time limit to obtain arrears, in a situation where she could not reasonably have known there might be a basis for her to seek a review. We believe that framework and the lack of information provided in the notification unfairly transferred the risk to her.

Information about other entitlements

Case study 3

Complaint

Ms N received Child Disability Allowance (CDA) on behalf of her son. When he turned 16 in May 1992, DSS ceased paying CDA. Ms N contacted DSS to query why the CDA had ceased. Although DSS restored CDA and basic family payment (because her son was a full-time student and was not eligible for Austudy), it did not advise Ms N that her son could claim Disability Support Pension (DSP). It was not until July 1994 that Ms N discovered by chance that her son could claim DSP. DSS paid DSP from July 1994, and Ms N sought arrears of DSP to when her son became eligible at 16. DSS rejected her claim for arrears on the grounds that it had no legal obligation to advise Ms N generally of possible alternative entitlements for her son, and she did not ask specifically about her son's eligibility for DSP when he turned 16.

Investigation

DSS claimed that it sent Ms N a 'Child 15' review letter in late February 1992; the review contained information about possible ongoing entitlement to CDA and Family Payment, as well as an invitation to discuss with DSS possible ongoing entitlement to other DSS assistance, such as DSP. DSS said this was standard practice. Ms N was adamant she had never received the review, and DSS could not provide a copy of it. Although DSS was adamant its computer system would have generated a review for Ms N, it eventually conceded that there were systems problems around the time the review letter was claimed to have been sent, and that it was likely that it was not sent.

DSS had decided after obtaining advice from the AGS that it did not have any legal obligation to invite a claim for DSP in this case; it also decided that its failure to invite a claim was not an 'unreasonable' failure to comply with existing administrative procedures, and thus did not fall within the guidelines of the CDDA scheme. DSS's view was that it did not hold itself out as inviting claims from persons who did not seek specific advice about their entitlements, and that there was some onus on customers to seek such advice.

Conclusions

We concluded that Ms N's contact with DSS after CDA was stopped in May 1992 did comply with the onus DSS placed on customers to seek advice about entitlements. Ms N did not specifically ask about DSP eligibility because she did not know about that particular payment. It seemed clear DSS was made aware that her son had turned sixteen, and in the context of her query, we felt that DSS's failure to inform Ms N of the possible DSP payment for her son constituted an unreasonable lapse of administrative procedures. We asked DSS to reconsider its decision not to pay compensation.

Outcome

DSS disagreed that Ms N's query about why the CDA payments had ceased could be considered an enquiry about other types of payments which might be available for her son. DSS confirmed its view that Ms N would have had to enquire specifically about other types of payment. In the absence of evidence that she had done so, DSS did not believe there were sufficient grounds to pay compensation under CDDA.

A.6 The issue of lost entitlements caused by problems associated with the crossover from CDA to DSP had been raised regularly in complaints to us, and in the administrative review system at both the SSAT and AAT level.

A.7 It appears that in recognition of the problems highlighted by cases like the one above, DSS implemented a more comprehensive strategy in late 1994 whereby it automatically sent an advice to parents of CDA children 2 months before the child's 16th birthday, which included information about potential eligibility for DSP, and the need to make a claim.

A.8 Certainly this was a significant positive step. The main issue that case study 3 raises, along with other complaints we have dealt with about the crossover from CDA to DSP, is the unfair onus that has been placed on the customer to ask the *right* questions about eligibility for payments. In Ms N's case, DSS believed that her queries to the department in May 1992 were not specifically about alternative payments, and that DSS was thus not legally obliged to advise her about DSP. Ms N has told us that she is at a loss to know what more she could have done in a situation where she did not know about the existence of other payments, and where her query was made in the reasonable expectation that DSS, with its expertise and specialist knowledge, would clarify the reasons for the CDA ceasing, as well as provide her with any relevant advice about other entitlements.

A.9 Our concern was that the legislative framework unfairly transferred the risk to the customer, by expecting the customer to know the workings of a complex system of payments, and know what specific questions to ask before

it, the agency, might accept some level of responsibility in its dealings with the customer. The legal onus was exacerbated by the agency's failure to implement a customer focused strategy before 1994.

Complying with the requirements of a complex system

A.10 Sometimes the legal rules relating to a particular program, and the agency's strategies that have been developed to deliver the program, are so complex that it is increasingly difficult for customers to comply with the rules, or to know how they work in order to ensure that they obtain the income support they are actually entitled to under the legislation.

A.11 In our Annual Report 1996-97,²² we highlighted that the legislative framework for calculating entitlements for Family Payment was so complex, that many customers missed out on entitlements when there was a decrease in their income, but were faced with an overpayment when there was an increase in their income which they could not easily notify within the requirements of that framework. This problem applied particularly to self-employed people because of the uncertainty of fluctuating incomes, and delays before tax assessments are finalised.

A.12 We understand that problems such as this are being addressed in the new family assistance initiatives announced in the 1999/2000 budget, which will significantly simplify the family assistance payments, as well as compliance requirements.

Information about complex programs

Case study 4

Complaint

We received two similar complaints about the Family Tax Initiative (FTI). The clients said they had received letters from DSS which stated they could obtain the new FTI payment through one of two means, either as a fortnightly amount paid on top of the family payment they received from DSS, or through the tax system. Both elected to receive it through the tax system, only to find that as they had not earned sufficient taxable income they could not receive the benefit through the tax system. They then claimed the payment through DSS, but there was no provision for DSS to pay arrears of the payment. They claimed the initial letter from DSS about their payment was misleading, and that they should be compensated for the amount they would have received if they had obtained the payment through DSS.

Investigation

We looked at the rules relating to the FTI, which the government introduced in January 1997. If a person received the higher rate of family payment, they could receive additional FTI assistance through the Family Tax Payment (FTP) paid by DSS. This was a defined amount depending on the number and ages of children, and was paid in addition to the fortnightly family payment. Initially, DSS granted the FTP to all persons on the higher rate of family payment, in the first payment of 1997. Its letter notifying

²² Annual Report 1996-97, pp121-122

them of the payment advised that they could elect to receive the payment through the tax system, and they should notify DSS if they wished to do so.

Under the tax system, the payment was made indirectly, by increasing the threshold (depending on age and number of children) at which tax became payable. Both clients received sole parent pension from DSS, and under existing rules obtained a tax rebate; this meant that if the pensioners only received DSS pensions or payments in a tax year, they were not liable to pay tax. As the two clients were not paying any tax because of the rebate scheme, they were unable to get any additional FTI benefit through the tax system. They could, however, obtain the additional assistance if they received it as FTP through DSS.

We examined the standard letter which DSS sent to both clients. The opening paragraph contained the following:

The Family Tax Initiative provides support for families by increasing their tax threshold called Family Tax Assistance, or as fortnightly payment through social security for low income families, called Family Tax Payment.

We concluded the letter indicated people could receive equal benefit through either scheme, but it did not warn that a person might not get the full benefit if they chose to use the tax system. We wrote to Centrelink, which had taken over the responsibility for DSS payments, indicating our view that the letters were misleading in not providing an adequate warning about how benefits could be affected by using the tax system.

Outcome

Centrelink responded by saying that while the letters in January 1997 did not provide such warnings, its publication *You and Your Family*, which it sent to all recipients of family payment in November and December 1996, did contain more detailed information about the Family Tax Initiative. This included a warning that persons who elected to receive the payment through the tax system might receive less than they could through the social security system. Centrelink's view was that its customers should have read the letter of January 1997 together with the earlier publication in making their decision. For this reason Centrelink was not prepared to compensate the clients.

A.13 This case highlights the problems which can arise when Centrelink has to implement a complex program which, in this case, actually encompasses two very different legislative regimes. There is no doubt that Centrelink provided detailed information about the Family Tax Initiative in its *You and Your Family* publication. But its letter of January 1997 shifted the risk heavily to its customers by failing to reiterate the crucial warning about the possible consequences of using the tax regime. Given the complexity of the FTI rules, we believe it is understandable that people would not have realised that they should refer back to the *You and Your Family* publication when they received the letter, or would not have recalled all details of the information in that publication.

A.14 We believe that the letter notifying people of their entitlement, and the two different methods available to claim benefit, should have included enough information to alert them to the crucial features of the two regimes. Even if DSS felt it was not practicable to provide detailed additional information in its letter, it could have added one additional sentence along

the lines of 'You should read the information about the Family Tax Initiative in the 1997 issue of *You and Your Family* before you decide': this would have reduced substantially the risk borne by the customer by giving them an appropriate warning or reminder that they needed to consider other issues before choosing which method to use.

A.15 We understand Centrelink was concerned that people might have been missing out on FTI payments. Together with the ATO it undertook a project to identify customers and taxpayers who were not receiving FTP but who may have been eligible, and adjusted its strategies to be able to identify and then advise on a monthly basis those customers who may be entitled to receive the FTP.

A.16 It is significant that in this case Centrelink and the ATO, recognising that there were concerns about people missing their entitlements, were able to use their position of strength in terms of expert knowledge and information technology, to identify and then target those people who might benefit from Centrelink's FTP. The agencies used their expertise to reduce the risk that people previously had to bear, of missing out on the full benefit of the Family Tax Initiative.

AAT comments about information on decisions

A.17 The AAT, in its decision N97/1227²³, has made some important comments on the way DSS provided information about its decision to a customer. In this particular case, the AAT found that DSS did not properly notify Ms McAllan of two different, albeit related decisions which affected her entitlement to Family Payment. The AAT found that because of the way the notification did not clearly distinguish between the two decisions, Ms McAllan reasonably assumed that she was not entitled to any family payment for her eldest son because the family's income was too high. In fact, as she discovered well after the 13 week review period which would have allowed arrears to be paid, she was still entitled to receive family payment for her son. The AAT determined that DSS's notification to her did not clearly indicate that there were two decisions, or the specific reasons for those decisions. In this case, the AAT accepted that Ms McAllan did not understand that a second decision was involved, and that the letter did not provide sufficient information for her to understand the main reasons for the decisions, and thus to decide whether to exercise a right of review. The AAT decided that the letter was not a notice of decision for the purposes of the Social Security Act, and that family payment could be reinstated from the date the previous incorrect decision took effect.

A.18 Although this case relates to specific problems associated with the way DSS explained two different decisions, the AAT's comments about the need for departments to provide sufficient information about decisions, are

²³ F McAllan and Secretary, Department of Social Security. 1997

pertinent to our discussion. The AAT indicated that it was important for the department's notice to

include enough information for the recipient to understand what the main reason for the decision is...This information is required so that a reasonable person in similar circumstances to those of the recipient is in a position to decide whether or not to exercise their right to seek a review. ...the system of social security payments provided for in the Act, including the system of Family Payments, is complex. It is difficult for an average person to understand the intricacies of the law and the procedures followed by the Respondent [DSS].

A.19 The AAT's comments suggest, in our view, that in an operating environment where there is a statutory limitation restricting the receipt of full arrears to cases where a customer has sought review within 13 weeks of the decision in question, service delivery agencies need to consider how to improve the information they provide about decisions, so that the review rights customers have are meaningful.

ATTACHMENT B

CENTRELINK'S USE OF INFORMATION TECHNOLOGY

Internet

B.1 Centrelink's website provides comprehensive information about its programs and services. Features of the website include:

- detailed information about the range of services offered, grouped under headings describing relevant situations or sets of circumstances, rather than under individual program names, eg. *'For retired people or people planning retirement'*, *'For job seekers'*, *'For families'*, *'For young people'*, and *'For people in special circumstances'*;
- access to the agency's publications, including the facility to download copies;
- information about new initiatives and services, such as new payment arrangements from 1 July 1999;
- information about payment rates for income support programs;
- facility to subscribe to 'Internet News';
- facility to request Centrelink to contact customer by telephone;
- information about customers' rights, Customer Service Charter and Centrelink's Strategic Directions; and
- links to other relevant sites, including those of client departments.

B.2 The agency's website is a major feature of the initiatives Centrelink is undertaking in the field of electronic service delivery. At present the website is largely an information facility, but Centrelink is also developing facilities for interactive business via the Internet, which may ultimately lead to customers being able to lodge claims and other information (for example about changes in circumstances) via the Internet. Major issues which need to be resolved in this regard are the security of data, and user identification and information authentication. Developments in this field reflect generally the shift in the community from using the Internet primarily as a static information tool, to using it as an interactive business tool.

B.3 Centrelink is currently trialing a facility known as WebPO, whereby customers register with Centrelink and receive their own private 'post office box' on Centrelink's website. This enables them to receive Centrelink letters electronically. Once customers have registered, Centrelink sends them an ESD identifier, and a Personal Identification Number (PIN). If the customer has an Email address, Centrelink will advise the customer by Email when there is a letter in their WebPO post box. The customer has three working days to

read the letter (which will be confirmed from WebPO transaction logs); if this does not occur, Centrelink will print the letter and send it via Australia Post.

B.4 The trial is being conducted amongst tertiary students in South Australia who receive Youth Allowance. This segment of Centrelink's customer base has a high expectation of being able to do business with the Government via the Internet. Initial responses indicate that the trial group views the facility very favourably. In our view, the WebPO concept provides the agency with significant scope for reducing the volume and associated costs of sending notices and letters (and other printed information) in paper form, and at the same time offering customers a more convenient option for receiving letters and information from the agency.

B.5 As issues of security and customer identification are resolved, Centrelink should be in a position to expand the range of services available via the Internet to include access to a customer's records and payment information, and ultimately to provide the capacity for interactive transactions. These facilities will also give customers access to the organisation 24 hours a day. While this will provide greater flexibility for customers, the agency must of course be in a position to respond quickly to electronic transactions. The nature of the Internet is such that there will be a high expectation of a quick response to any transaction, whether it is accessing payment information (not requiring an additional Centrelink action), or an interactive transaction requiring a specific action and possible advice or notice from Centrelink.

Multi-media phones and website TV

B.6 Other initiatives being developed in ESD include the use of multi-media phones, and website TV. Multi-media phones have touchscreen capacity, and would enable a number of links to various agencies and organisations, covering Commonwealth and State Governments, to be provided. Centrelink will be trialing a project in Western Australia in 1999 to install multi-media phones in a range of locations. Locations are yet to be decided, but it is expected that there may be particular interest in this form of ESD in regional and more remote areas. We understand that the facility will include links to State Government bodies. Centrelink will undertake the trial over a year to obtain detailed data about the extent of use in different areas, and customers' views about the facility.

B.7 Centrelink also believes there is capacity to expand Electronic Service Delivery through the use of website TV. This facility will enable consumers to use televisions to access the Internet and Email services. It is expected to be available in Australia by late 1999, and it is expected prices will drop rapidly once the market is established (in the way VCR prices have dropped significantly). Website TV will provide an alternative means of access to the Internet for those who essentially want Internet and Email access, rather than the full facilities of a PC.

Call centres and call centre automation

B.8 One of the major forms of ESD which Centrelink will be enhancing is Interactive Voice Response (IVR), which is the system we are becoming increasingly familiar with when we pay bills or undertake banking by phone, or call large organisations. This facility is an important part of the agency's aim to enhance the capacity of call centres to deal with the enormous volume and range of calls effectively, and provide a more effective link to Centrelink's customer service centres.

B.9 Centrelink's initial aim in enhancing IVR is to enable certain types of transactions currently being handled by call centres to be dealt with in an automated form. Centrelink has told us that basic questions about payments and status of processing payments, and simple notifications of changes in circumstances, such as change of address, currently account for a significant proportion of calls to call centres. Centrelink proposes to use IVR to allow customers to access their records (using security measures such as PIN numbers and access codes, in a way similar to that being trialed in the WebPO project), and obtain basic information about matters such as current payments, and the status of processing of payments.

B.10 Centrelink believes there is enormous scope for further automation of transactions via IVR, although this will depend on a number of factors, including further development of automated identification and authentication mechanisms, further modifications to the agency's computer systems, and customers' views about the effectiveness of the IVR facility. Information which customers could potentially obtain via IVR might include more comprehensive information about payments such as advances, or repayment of debts. Ultimately, IVR could also encompass more complex transactions such as providing employment activity test information.

B.11 We understand Centrelink's aims in using enhanced IVR also include reducing call centre queues and failed access rates, and enabling call centre staff to deal more effectively with more complex enquiries, and to provide an active link to the functions of customer service centres, for example in creating an electronic file for customers which becomes the basis of an on-line claim (which we discuss below). It is too early to know whether IVR will achieve this, or simply open latent demand for other types of calls which customers have kept to a minimum because of call centre queues. We recognise that the further development of IVR as part of Centrelink's new service delivery model depends on a number of factors, and would need to occur in incremental steps. Nevertheless, we believe IVR can play a major role in initially providing a particular type of information to customers more efficiently, and ultimately alternative access to a greater range of the agency's business.

B.12 Centrelink has told us that other initiatives it is undertaking to improve the effectiveness of call centres include increasing call centre staff numbers and enhancing call centre training programs. Centrelink is also

planning two specialist call centres in Maryborough (Queensland) and Port Augusta (South Australia) to provide more specialist services to rural Australia.

B.13 Other measures which are already in place include the issuing of receipts to existing customers when a transaction takes place. The receipt enables the customer to confirm that a discussion took place, and the agency records the main issues. Call receipts are still only provided to existing customers, rather than to potential customers making enquiries. As we indicated in our report on oral advice issues²⁴, even if the main subject of a call is recorded, it is often difficult to know what exactly to record, as a crucial issue often only becomes evident with the benefit of hindsight. Nevertheless, this facility does represent a positive feature of call centre service.

General issues relating to Electronic Service Delivery

B.14 Centrelink's initiatives in electronic service delivery raise a number of issues. It seems clear to us that ESD initiatives are not means to themselves; they are directly linked to and fit with the broader strategy of shifting the general responsibility from the customer to the agency in terms of ensuring people get the correct and appropriate advice, payments and information. They rely heavily on the successful implementation or trials of particular facilities. They are also predicated on estimates that there will be significant increases in availability and use of such facilities such as the Internet, website TV and multi-media phones by 2000/2001. Given the size of Centrelink's customer base, and the socio-economic profile of significant sections of it, the issue of providing an extensive, accessible network of electronic service delivery facilities through Government or community centres is therefore crucial to the further development of media such as the Internet for providing information and other services to a wide audience.

B.15 Centrelink has told us that an important aspect of this strategy is that different segments of the electronic service delivery model will need to have broad consistency of functionality to operate successfully in the long term; that is, information and business available through multi-media phones for example, will generally need to match that available over the Internet.

B.16 The range of Centrelink's ESD measures is so extensive, and certain facilities are still dependent on developments in technology as well as consumer use, that it is inevitable the features outlined above will be introduced incrementally, and that some will feature more prominently as aspects of the ESD model than others.

B.17 Given Centrelink has over 7 million customers, it is reasonable to expect that traditional methods of dealing with them, for example by phone, in writing and through personal contact, will be a major feature of the

²⁴ Op. cit., p64

agency's work for some time to come. We therefore believe it is still important for Centrelink to consider more extensive use of other means of providing information about its programs and changes to legislation, such as radio, and community organisations or agents. Ethnic radio programs, for example, reach a high percentage of members of their target communities, and could be an effective means of disseminating general information in languages other than English. Community organisations and agents can be particularly effective for improving service delivery in rural or regional Australia, and we understand Centrelink is continuing to develop options in this area, which it aims to complement with initiatives in electronic service delivery, and other forms of specialised assistance, such as the specialist call centres serving rural and regional Australia we mentioned above.

B.18 But the rate of change in the information technology arena is rapid, and the increases in use of the Internet as a communication and business tool are significant. Even allowing for the proportion of income support households which will not have personal ownership of PCs or Internet connections, there is significant scope for the Internet, for example, to play a major role in and to effect major improvements in customers' dealings with the agency.

B.19 We believe it is important, however, that Centrelink closely monitors the implementation of the various components of its electronic service delivery model to ensure that they complement the moves towards improved and more personalised service provided by the one main contact and ultimately the life event model. We also believe it is important for Centrelink to ensure that customers who do not have access to the various facilities which enable ESD, or who are unable to use them for other reasons, are not disadvantaged.

Systems architecture: common platform

B.20 One of the major developments in Centrelink's computer systems architecture has been the implementation of what is known as Common Platform. As we understand it, Common Platform sets up a series of IT 'clusters' which deal with a particular function, for example, clusters dealing with address and other identifying information; clusters dealing with details of children; clusters which cover different pensions and allowance rate calculators.

B.21 The Common Platform is a means of enhancing the interconnection of various data bases by placing them 'online', meaning that the different 'clusters' can interact with each other. This means that if an officer inputs data and completes an action in one 'cluster', this action will 'ripple' over to other clusters and will lead to an automatic amendment of a record, including those of a partner. If for some reason the system cannot effect an immediate amendment, it creates an 'activity' (akin to listing an outstanding action on the officer's computer 'diary') which alerts the officer to follow up

the particular issue. For example, if a customer receives DSP and has a partner receiving Partner Allowance, and the customer provides information about an increase in income, the computer system will immediately update the DSP record and assessment, as well as the partner's Partner Allowance record. If for some reason it cannot, it will create an 'activity' for the officer to follow up.

B.22 We are aware that there have been problems with these enhancements to the system, particularly around mid-1998 partly as a result of the complexities of initiatives in employment programs. Nevertheless, it seems the Common Platform feature is able to reduce the duplication of data entry and of the actions required of officers to ensure customer records are properly amended after the agency receives relevant information. This feature can thus enhance the capacity of the agency to undertake more quickly and efficiently the enormous number of tasks it deals with daily. It can also provide other benefits to customers such as reducing the incidence of overpayments caused by delays in processing income information from a customer in relation to a partner's entitlement. It seems to us generally a significant example of using information technology to provide a more efficient and reliable service which will benefit both the customer and the agency.

Expert or rulebase systems

B.23 A development which we believe will be important to the successful implementation of the life event model will be Centrelink's use of expert computer based decision support systems to assess information provided by customers and determine the most appropriate payments and services for the customer. Given the range of programs Centrelink administers and the complexity of legislation involved, it would be difficult for a Centrelink officer to take the responsibility for providing complete and accurate advice about a range of assistance according to a person's circumstances, unless they could rely on expert computer systems to assess the customer's circumstances against the legislation.

B.24 Peter Johnson, Director of SoftLaw Corporation, indicated in a paper given in November 1998 that rulebase systems (as he prefers to call what the agency generally refers to as expert systems)

are simply another means of automating logic. They automate the structural logic of sets of rules (such as legislation)...Rulebase systems can reliably model complex or intricate sets of rules. They can automate the process of investigating those rules, asking appropriate questions of the user to find out whether the facts required exist in the immediate case. They can apply the rules to determine a conclusion: whether the

*legislation applies. They can explain which rules apply: how the legislation covers or excludes the immediate case.*²⁵

B.25 The Department of Veterans Affairs (DVA) uses a rulebase system, known as the Compensation Claims Processing System (CCPS), to administer claims for pensions payable to veterans or their widows to compensate them for service-related illness, injury and death. As we understand it, the rulebase system guides the officer through the complex legislation and other processing requirements. Its establishment enabled DVA to have a single officer process claims, instead of claims having to go through five separate decision stages as was previously required. CCPS achieved for DVA an 80% productivity improvement in its first full year of operation.

B.26 In our view, the implementation of rulebase systems by Centrelink will be a very important element in the agency's strategy of ensuring that customers receive the correct and appropriate form of assistance in terms of how their circumstances fit the Government's programs. We do not believe, however, that rulebase computer systems provide a magic solution to the problems that customers face in dealing with a complex welfare system. In our view, they can be effective only if they operate in concert with other important measures, such as the shift in focus of officers to one of seeking holistic solutions to a customer's needs, as reflected by the one main contact model. Rulebase systems also raise new issues which Centrelink needs to address, such as how they are set up to deal with the outcomes of administrative review. But given the complexity of legislation and range of programs being implemented, reliable rulebase computer systems which enable the officer to make accurate and consistent decisions in a complex legislative environment are an important factor in the successful implementation of the agency's life event service delivery model.

On-line claims

B.27 Centrelink has told us that some interim measures it is introducing, while not fully encompassing computer based expert systems, use Information Technology to provide a more efficient and reliable service to customers. For example, Centrelink announced recently that it aimed to have a facility available nationally by July 1999 which enables claims for Newstart and Youth Allowance to be lodged electronically, or on-line. When a customer makes an enquiry relating to these allowances either by phoning a call centre or visiting a customer service centre, Centrelink obtains preliminary details verbally and creates an electronic file for the customer. The Centrelink officer asks a series of 'trigger' questions about a customer's circumstances which indicate the form of assistance required, and books an

²⁵ *'Electronic Service Delivery: Achieving Accuracy and Consistency in Complex Transactions'*. Peter Johnson, paper presented to the National Conference of the Institute of Public Administration Australia, Hobart, November 1998, pp7-8

interview. At the interview, the Centrelink officer sights relevant documentation, checks the details of answers given to questions, inputs any additional information into the electronic file, and prints out a copy of the claim for the customer to sign, as well as an assessment of the customer's entitlement. Centrelink is then able to arrange the relevant information seminar for the customer.

B.28 In our view, although this concept is still program based, it does indicate that the agency is taking significant interim steps before full implementation of the life event model to reduce the level of risks customers face in dealing with the agency. It is also a good example of how different parts of Centrelink's overall customer service strategy are interconnected. The on-line claim lodgement facility is linked to the aim of the one main contact model to provide a more personalised service which meets the customer's needs more effectively. And that aim is supported by the ability of call centres, for example, to set up the initial electronic file which forms the basis of the improved service being offered by the customer service centre.

B.29 Centrelink has told us this facility, known broadly as Accessing Assistance, has a number of advantages. It allows the customer to give details verbally to Centrelink, and this reflects the way customers prefer to deal with the agency. Centrelink officers input the required information and customise the on-line claim to fit the customer's circumstances; this generally reduces the size of the claim form substantially. The customer does not have to repeat all the details provided, even if the customer moves off and back on assistance, as they are stored on the customer's electronic file. The concept provides for a quicker, simpler finalisation of a claim after relevant documentation has been sighted and recorded. The on-line facility ensures the necessary range of questions are asked to enable an officer to finalise the claim and then make an assessment of entitlement.

ATTACHMENT C

'BALANCING THE RISKS' DISCUSSION PAPER: SUMMARY OF COMMENTS FROM AGENCIES

C.1 In August 1998 we sent our discussion paper 'Balancing the Risks' to a number of relevant agencies and asked for their comments. The agencies were:

- Centrelink
- Department of Social Security (now Family and Community Services)
- Department of Employment, Education, Training and Youth Affairs (now Department of Education, Training and Youth Affairs; and Department of Employment, Workplace Relations and Small Business)
- Department of Health and Family Services (now Health and Aged Care)
- Department of Veterans' Affairs
- Department of Finance and Administration
- Department of Prime Minister and Cabinet
- Attorney General's Department

C.2 The main responses we received are summarised below.

Centrelink

C.3 The issues we raised are central to Centrelink's aim of providing high quality service to customers and its goal of becoming first choice for the delivery of government services. Centrelink was working towards a new service delivery model to achieve those aims: the new model is premised on the principle that Centrelink has responsibility for obtaining full information about customers' circumstances, and then for determining the full range of entitlements and services the customer is eligible for. The customer should not need to know what questions to ask, or what specific payment to apply for.

C.4 The new service delivery model, known as the 'life event' model, is also based on enhanced capabilities of IT to provide and obtain information and assess entitlements. Developments such as IVR and touchscreen technology are part of the transition to a service delivery model where customers have better and more reliable access to the agency.

C.5 The move to the life event model will also impact on the nature of Centrelink's agreements with its client departments, costs, staff resources and satisfaction, and future directions for Centrelink.

Department of Family & Community Services (DFaCS)

C.6 DSS did not traditionally agree with our use of the term 'self-assessment' system to describe the social security system. True 'self-assessment' would mean the customer having to apply qualification criteria and assess their own rate (with random audits accompanying this as in the tax system). But DSS conceded that customers had to be vigilant in watching what was happening to their payments: the customer had responsibility to ask questions about decisions, and rate changes.

C.7 DFaCS believes Centrelink staff do assist customers to decide what payments are most appropriate to claim. Also, there is flexibility in the Social Security Act to treat a claim for one payment as a claim for a more appropriate payment. DFaCS agrees there is a problem with the statutory limitation on payment of arrears, but this is a Government policy issue as DSS had unsuccessfully sought more flexibility in this area.

C.8 DFaCS felt the tax system relates to collection of money from citizens which is seen as theirs at time of collection. The social security system is based on the provision of community (taxpayers) money to citizens, and the underlying assumptions about entitlements and obligations were very different from those for the tax system.

C.9 DFaCS believed it was bound by the compensation principles applying on a whole of Government basis. But it was looking at measures to make the social security system simpler, and to minimise underpayment and failure to claim.

C.10 DFaCS commented that in regard to the issues of information about decisions, it was aware Centrelink was trialing new formats of letters with clearer, more concise information. It also felt that information on review rights met the legislative requirements, and that Centrelink staff were encouraged to take a wide view of a customer's query as constituting a request for review.

C.11 DFaCS also commented that it and Centrelink were actively pursuing the introduction of expert computer systems to the maximum extent as soon as practicable.

Department of Health and Aged Care (DHAC)

C.12 DHAC shared our concerns that complexity of legislation was an inhibiting factor in the provision of quality customer service.

C.13 The department was committed in the provision of a high level of client service, and was dependent on a number of agencies including

Centrelink in achieving that goal. It was particularly interested, therefore, in the relationship it had with Centrelink through its Service Level Agreement.

Department of Education, Training and Youth Affairs (DETYA)

C.14 DETYA acknowledged there can be significant consequences to customers if they are not adequately informed of their rights and obligations in regard to income support decisions. It provided examples of the more flexible provisions in the non-statutory Abstudy scheme for the review of entitlement decisions.

C.15 DETYA felt the issue of the interface between Abstudy and Youth Allowance should be a priority concern so that the scheme most advantageous to the customer's individual circumstances could be offered.

C.16 DETYA felt we should not limit our focus just on current delivery arrangements through Centrelink, as future service delivery models or agencies may be different; this might be particularly relevant in relation to considering the appropriate balance of responsibility between customer and agency.

Department of Veterans' Affairs (DVA) (informal comments provided by operational area)

C.17 DVA has had to focus for some time on issues related to customer service given the political power of the veterans client group.

C.18 DVA has wrestled for some time with the issue of how much information to provide about decisions. It can provide detailed explanations in letters, but also more simple explanations. Its procedures and computer systems have enabled it to provide highly tailored advices of decisions following eg. Disability Compensation decisions. Computer systems changes will also enable more highly tailored Income and Assets decision notices to be provided.

C.19 DVA is using computer based expert systems, for example CCPS in the disability compensation area. This has combined five levels of investigation and decision making into one level. Other areas such as income support have also adopted expert systems for decision making. Both areas have moved to a single point of contact principle, and have one officer undertaking service delivery for all aspects of an enquiry, claim, and assessment. This approach aims to address the issue of the department taking a greater level of responsibility for ensuring its customers get the full information about the range of benefits, and decisions about what is most appropriate. DVA aims to support the single point of contact principle with the establishment of a single electronic information base in the Compensation Division. The department also proposes to make the information base available on the Internet for access by customers and agents

C.20 DVA is undertaking a pilot trial which will allow potential customers to test their basic eligibility for Income Support and Disability Compensation

benefits via the Internet: claim forms can be compiled from the answers which can then be sent to the department for assessment.

C.21 DVA believes the legal responsibility still rests with their customers to ask the questions, fill out the right form and seek review, but changes it has been and will be undertaking aim to assist the customer in their dealings with the department:

- DVA is ensuring that customers deal with the minimum number of staff, who have the delegation and training to give advice and make decisions;
- staff decision making is being supported by computer based expert systems which ensure consistency of decision making and help get the right answer as quickly as possible;
- staff are also supported by computer based Knowledge Information systems that allow answers and decisions on a wide range of subjects to be given quickly and confidently;
- computer based systems are being extended to the public through the Internet to allow true 'self assessment'; and
- other information initiatives such as the DVA Fact Sheet strategy and 'You and Your Pension' booklet are making up to date information available to customers and potential customers.

ATTACHMENT D

'BALANCING THE RISKS' DISCUSSION PAPER: SUMMARY OF COMMENTS FROM TRIBUNALS AND COMMUNITY ORGANISATIONS

D.1 We sent the discussion paper to the following tribunals and community organisations and asked for comments:

- Social Security Appeals Tribunal (SSAT)
- Administrative Appeals Tribunal (AAT)
- Welfare Rights Centre (WRC)
- Australian Council of Social Service (ACOSS)
- National Union of Students
- Australian Pensioners and Superannuants Federation
- National Council for Single Mothers and their Children (NCSMC)
- Dads against Discrimination (Australia)

D.2 A summary of the main comments follows.

Social Security Appeals Tribunal (SSAT)

D.3 The complexity of legislation is a major factor affecting the quality of decision making as well as customers' understanding of decisions. The SSAT used examples from the legislation governing family payments, as well as disability support pensions, to illustrate its view of how complexity of legislation increases the risks customers bear.

D.4 Strategies for reducing risks could include targeting particular groups of customers reaching a certain age which might make them eligible for a different payment.

D.5 Greater exchange of data with the ATO regarding family payments, for example, could lead to fewer people missing out on entitlements.

D.6 Centrelink needs to ensure that customers are fully aware of the reasons for decisions so that they have a sound basis for assessing whether to seek review. Information about review rights needs to be comprehensive but clear.

Administrative Appeals Tribunal (AAT)

D.7 The AAT supports the view that agencies need to improve the way they provide information to customers, and need to take greater

responsibility for adverse financial consequences resulting from inadequate or inaccurate information.

D.8 The AAT agrees that complexity of legislation is a problem, and wonders if there is scope for the streamlining of payments: in addition to improving customers' understanding of the legislative framework, this would also make primary decision making simpler, and may reduce the need for and costs associated with subsequent review.

D.9 The AAT believes the primary decision notice should provide sufficient information to enable customers to make an informed decision about whether they should question the decision: there needs to be sufficient information about the factual basis or reasons for the decision and it should appear in the main body of the decision letter.

D.10 Information on review rights should be more prominent and the 13 week statutory limit for obtaining full back payment needs to be explained more clearly. The current position of review information at the end of the back of letters may mean customers were not fully aware of their review rights and the statutory time frame.

D.11 Clearer information on the complexity of the welfare system, and customers' responsibilities in dealing with it may reduce the level of risk if it is combined with better provision of information about the basis of the decision and review rights.

D.12 If agencies continue to maintain they are not responsible for advising customers about the range of possible entitlements, they should highlight the onus which is placed on customers. But it is preferable for agencies to take greater responsibility for providing better information to customers or potential customers, and getting decisions right.

D.13 The AAT is generally optimistic about the potential for information technology to streamline the processes for applying for income support, and for assisting the customer to obtain the most appropriate benefits.

D.14 The AAT notes that although clearer written information may assist customers to understand decisions, there is increasing reliance on the provision of oral information, and this reasonably reflects the provision of a broad range of services to people with varying levels of literacy and diverse linguistic backgrounds. The AAT believes more effective provision of oral advice may significantly reduce the level of risks customers bear.

D.15 The AAT believes there is a need to promote greater awareness amongst staff and customers of the CDDA scheme. The tribunal is concerned that the CDDA guidelines may be being interpreted too narrowly, along principles of legal liability. A restrictive approach to schemes such as CDDA does not promote excellence in administration. The legislation prevents payment of full arrears where review is sought outside the statutory limit, but organisations responsible for delivery of services and administration of

benefits should bear greater responsibility for compensating customers for loss as a result of poor administration.

D.16 The AAT agrees there is some inequity in the capacity of agencies to pursue overpayments and in the limitation on arrears. It believes the tax regime is fairer with a 4 year time frame for lodging objections as well as overpayments being raised.

Welfare Rights Centre (WRC)

D.17 WRC agrees that a self assessment system operates for a group which is particularly vulnerable and disadvantaged, and that an additional factor which disadvantages this group is the extremely complex social security legislation.

D.18 Centrelink should implement strategies to reduce risks for customers. WRC believes current decision notices provide only basic information about decisions and customers are often unable to reasonably identify errors or a basis for questioning the decision. The 13 week limit for seeking review to be entitled to full arrears is a restrictive factor.

D.19 Clearer information is needed not only about review rights, but also how they work; and it needs to be more prominent in notices. Centrelink staff must not discourage queries about decisions leading to reviews.

Australian Council of Social Service (ACOSS)

D.20 There are tensions between Government's emphasis on improving customer service, and a system predicated on entitlements under legislation: this has an impact on the assignment of risk between the service provider (eg. Centrelink) and the client.

D.21 The greater focus on customer service in the income support arena is a positive step. But any new service delivery model must strive to get it right for the customer who depends on income support

D.22 Community input to ACOSS suggests many people find the social security system extremely complex, and are often unsure of the basis of decisions. This suggests the need for changes to the legislative and procedural frameworks to avoid confusion or providing insufficient information.

D.23 ACOSS supports a generic claim form for customers to provide information and for the agency to determine the appropriate payment. It believes the 13 week review limitation for full back payment is too restrictive and should be increased.

D.24 ACOSS supports mechanisms for increasing accountability for correct decision making. Significant resources are used to detect fraud, but it is not clear what steps are taken to monitor the quality of decision making, and minimise underpayments, when the onus appears to be on the customer to detect mistakes and challenge decisions.

D.25 ACOSS supports clearer explanations of decisions, and information on how review rights work. It believes agencies need to give more careful consideration of the capabilities of computer systems to meet the demands and time frames of new initiatives, and to alternative means of disseminating information.

National Council of Single Mothers and their Children (NCSMC)

D.26 NCSMC believes there are insufficient safeguards in the current welfare system, particularly given the vulnerability and special needs of many groups. At present, customers are in a dependent relationship with Centrelink, and have no choice about whether or not they deal with the agency.

D.27 Centrelink justifies its compliance procedures by claiming checks assist clients to obtain their correct entitlement. In making such claims, Centrelink generates an expectation that the agency will also assist clients in ensuring not only that they are not overpaid, but also that they are not underpaid.

D.28 NCSMC agrees measures need to be taken to reduce the level of risks customers bear. Clearer information about decisions, and about review rights may reduce the risks. A checklist of questions for different programs may assist customers to obtain all relevant information or advice.

D.29 Customers need to be advised or warned about the way the income support regime operates: through posters, information on letters, or through other community workers.

D.30 Interactive IT is one means of increasing the likelihood that customers will obtain their correct entitlements, by leading them through the various options and rules.

D.31 NCSMC believes a cultural shift is required by service delivery agencies to give priority to assisting customers, and to take greater responsibility for when things go wrong.

ATTACHMENT E

'BALANCING THE RISKS' WORKSHOP: SUMMARY OF DISCUSSION

E.1 The following agencies participated in the workshop on 'Balancing the risks' issues, held in Canberra on 22 April 1999.

- Commonwealth Ombudsman's Office
- Centrelink
- Department of Family and Community Services
- Child Support Agency
- Attorney General's Department
- Australian Government Solicitor
- Department of Education, Training and Youth Affairs
- Department of Employment, Workplace Relations and Small Business
- Department of Health and Aged Care
- Department of Veterans' Affairs

E.2 The main issues discussed at the workshop were as follows.

E.3 The Ombudsman's Office put the view that it was important for people whom income support schemes are intended to assist have full access to them and are able to obtain full information about them. This is particularly important as many people targeted to receive support are not well equipped to access the schemes which are available.

E.4 There was a considerable challenge for agencies involved in administering income support programs to improve services to their customers. We acknowledged that agencies had made efforts to improve the provision of information to customers, but felt there was room for further improvement.

E.5 The greater focus on customer service in program delivery was a major driving force for agencies such as Centrelink, as was the likelihood of contestability in service delivery.

E.6 Cost effectiveness of measures to improve services to customers was an important issue. For example, it is likely to be more cost effective in the long term to invest in computer based expert systems and high quality staff training.

E.7 Targeting of income support payments leads to complex rules, and to people missing out because they do not claim the right payment.

E.8 Government agencies have traditionally viewed the concept of risk management as assessing the level of risk to the agency. The focus on customer service may require a shift in approach to include an assessment of risk to the agency's customers.

E.9 Centrelink's life event model seems to take a better approach in aiming to cover all appropriate forms of assistance for a customer at a particular life event. There are other strategies leading up to implementation of the life event model such as the one main contact model: they are based on the principle that Centrelink will take greater responsibility for the customer.

E.10 The issue of information provision is itself complex: different sections of the community react differently to different levels of information. More information will not necessarily better equip the customer to understand the decision or for knowing whether to seek review.

E.11 Centrelink is implementing other initiatives aimed at providing better information to customers, such as improved letters, electronic service delivery initiatives, better call centre service (including automation through IVR). Current IT systems do not provide for the level of information in letters that the tribunals want. It is important to have the infrastructure in place to back up any invitation, for example, for customers to contact the agency for more information about a decision or payment.

E.12 Other issues being considered by client departments such as DFACS include simplification of legislation.

E.13 Other sections of the community, such as veterans, have different and extensive support networks: they can more readily get assistance with explanation of decisions. DVA payments are generally fewer and less complex.

E.14 Centrelink is developing strategies which do include some of the suggestions we have made; it would be useful for our office to obtain further information about them. The workshop agreed that we would obtain further information on Centrelink's strategies relating to the life event model, and provide agencies with an opportunity to comment on our report before its public release.