

## 9. Lessons from Centrelink's formative years

This chapter reviews lessons from the Centrelink experience, which together span a significant range of questions about public management. Three themes permeate the discussion.

At one level, there are questions about designing the delivery of services that might best relate to particular types of agency. There are issues about Centrelink's organisational form and, as a solution to design questions, about how responsibilities are assigned and relationships between organisations determined.

Second, there are durable questions of public administration concerning governance, relationships among agencies, external relationships with society and the organisation of policy and implementation. The questions about delivery systems, organisational change and performance have been redefined in terms of customer focus and relationships and the role and significance of entrepreneurship and leadership in the external positioning of the organisation and the internal implementation of change.

Third, the role of the management and policy environments interacting with and influencing organisational change is identified because of the need to constantly respond to various agendas. The question of organisational positioning is conceived in terms of relations with the main stakeholders—client departments, the government and customers—and with regard to actively seeking an identity as a service delivery agency. In this, the role of entrepreneurial advocacy is important in an ambiguous environment with conflicting expectations for building support and legitimacy (Moore 1995).

### **Centrelink concept of delivery agency and government design**

Centrelink as a horizontally constituted delivery agency operating through distinctive relationships with departments is interesting in Australian terms and internationally because it brings to the fore departures from conventional bureaucracy, the value of the agency model and the organisational distinctiveness of Centrelink.

How is it valued by government?

### **Romancing the agency concept: how design decisions were made**

Centrelink was a product of the mid-1990s and a combination of personalities, agendas and opportunities associated with the election of a new government

committed to reform and savings. Existing policy options were cemented as a solution was sought for the problem of departments confronting a reformist government. The essence of the problem was summarised by Rowlands (2003:203–4) as being about rationalisation and cost:

[The] CES was seen by senior managers as moribund, a new government needed APS staff savings and the Department of Finance had long sought to have the two regional networks amalgamated: the alignment of these three factors alone meant that the change was inevitable...Achieving amalgamation of the CES with the DSS network was a major prize for Finance.

The relevant secretaries, Blunn and Hollway, engaged in pre-emptive action to meet the new government's expectations for staff savings in the Public Service for which the integration of two regional networks provided a solution.

The end was more obvious than the means. The second question was how to achieve these objectives in terms acceptable to the key bureaucratic actors, and again Rowlands (2003:205) captures the situation succinctly:

[N]either DSS nor DEETYA would be 'taken over' by the other and both would have a seat at the Centrelink board. Finance could readily recognise and support the purchaser–provider model. [The] strategy yielded savings for the new government in a way that accorded with Finance views about how government should be organised.

Further, the scheme could be seen as 'a new step in APS reform' that also had a 'positive aspect rather than risk being seen primarily in terms of staff savings' (Rowlands 2003:205).

Out of the convergence came first an organisation that was different from the standard international experiments with new-style executive agencies: a delivery model with organisational distinctiveness and agency features. The legacy of this convergence of mutual interests and the basis for the continuing debates about the responsibilities of purchasing departments and their delivery agency were a result of combining several models in Centrelink's *modus operandi* (Halligan 2004). The resultant issues appear at different points in this chapter.

It is worth noting the culture of the environment into which Centrelink emerged. The enterprise had to confront a range of potentially unrealistic expectations in a sympathetic but also potentially inhospitable environment. There was strong political support from Jocelyn Newman while she was the minister. At the bureaucratic level, DoFA was sold on the concept of one delivery system rather than two and the incorporation of purchaser–provider principles echoing the neo-liberal ideas then in circulation. Client departments, however, were still operating within the old school that had yet to come to terms with the agency concept, and the small policy department was anathema and difficult to

comprehend for those socialised in the art of running a traditional ministerial department. These factors provided the impetus for the bureaucratic politics that followed the entrance of an interloper. In other countries—Britain and New Zealand—the distinction between policy ministries and delivery agencies was generally applied, whereas Centrelink was the Australian exception. Despite the scale of its operation, which was based on work previously undertaken by departments, it was not accepted as a member of the departmental club.

As the remainder of the chapter indicates, however, the Centrelink concept of an agency has not only survived for 11 years, it has provided a range of insights about operating a large public organisation.

## Agency positioning for innovation and opportunities

The environment reflected a government reform agenda that was neo-liberal in character and market and private-sector focused, which, with specific policy agendas, imposed multiple disciplines on Centrelink. There were also constraints resulting from the ambiguity underlying the Centrelink concept and the potential conflicts among the different imperatives and stakeholders, discussed later. Such obstacles need not prevent the generation of opportunities if an agency can take advantage of its other attributes. Opportunities could be turned to advantage through advocacy and smart practices.

The new entrant had to define a role within the APS that had hitherto been centred primarily on ministerial departments, often with their own delivery capacity. As a large agency with the capacity to take policy initiatives, Centrelink was a challenge to policy-focused departments, which had experienced a contraction of their responsibilities. In terms of the positioning and legitimising of the agency, the core agenda was evolving the service delivery system, consolidating, protecting and enhancing the concept of the one-stop shop and expanding business through agreements with new clients.

In positioning itself, Centrelink sought to be entrepreneurial within the terms of its original mandate to become a one-stop shop. There are two strands to this question: being in a contestable position for core business and competing for business. A related issue was whether Centrelink was *the* Commonwealth delivery agency and should have comprehensive responsibilities for multiple delivery arrangements.

The original mandate was to provide services to purchasing departments in the areas of social security and unemployment, but Centrelink's character provided other bases on which to position itself within the Public Service. The positions advocated covered the one-stop shop, provider of choice and premier broker for the Commonwealth, the gateway for electronic communications and inclusive service delivery.

The advocacy of Centrelink's position was important for defining roles and registering its place. Several themes consistently promoted were: the holistic conception of the individual and how the service delivery agency should respond; intra-agency integration of responsibilities and the one-stop shop concept; dealing with numerous clients simultaneously; competing for work; pushing relevant policy agendas as a delivery agency; and provision of choice through channel management. Much depended on Centrelink's capacity to define long-term objectives and to move towards achieving them (Vardon 2003c).

Positioning is ultimately about the question of organisational survival, growth and adaptation. Centrelink managed to reflect the tenor of the time: reading and adapting to the general government agendas and projecting its relevance to the contemporary philosophy. In Centrelink's early years, the mantra of competition and choice reigned supreme for the government, and Centrelink's stance reflected this. For a time, there was a fixation on growing and performing because alternative public and private delivery options were perceived to exist as potential competitors for Centrelink's core business, and this had obvious implications for the agency's survival.

There was something of a turning point about the turn of the century when limits to fulfilling a comprehensive vision emerged from decision making within the executive branch. As the fashion moved from markets towards partnering, governance and whole of government, Centrelink, as a horizontally constituted agency, was again seeking new relations (for example, with communities) and to lead on associated agendas. There was a sense of evolution with time beyond advocacy of a distinctive position towards a significant role in setting policy agendas. Centrelink's relationships with agencies evolved towards a reciprocal collaboration of the type of capacity envisaged by Bardach (1998). At the same time, Centrelink's smart practices were in step with the broader reform agenda: policy competition in a period of marketplace analogies, cooperative alliances in a period of whole of government in the 2000s.

## **Environmental change and the impact of integrated governance**

Centrelink was able to adapt its approach to reflect policy directives and trends as they applied to delivery and at the inter-agency level, but it was not in a position to handle the changing broader reform agenda and the overall functioning of the public sector as new public management was subsumed and supplanted by integrated governance (Halligan 2006a).

Four dimensions were emerging in Australia's public administration in 2003, each embodying a relationship and designed to draw together fundamental aspects of governance: resurrection of the central agency as a major actor with more direct influence over departments; whole of government as the new

expression of a range of forms of horizontal coordination; central monitoring of agency implementation and delivery; and departmentalisation through absorbing statutory authorities and rationalising the non-departmental sector. In combination, these dimensions provided the basis for integrated governance and addressing performance improvement (Halligan 2006a).<sup>1</sup>

The integrating-governance model has parallels in other anglophone systems that were once exemplars of new public management, with broadly similar movements reflecting a desire to review and tighten oversight through restructuring and rationalising public bodies. There were parallels in Britain, where the themes of coordination and integration were apparent under Tony Blair and 're-aggregation' was prevalent by the mid-2000s as the reversal of agencification reached an advanced stage (Bogdanor 2005; Talbot and Johnson 2007).<sup>2</sup>

The Australian trends shifted the focus to some extent from vertical to horizontal by emphasising cross-agency programs and collaborative relationships, but vertical relationships also received reinforcement. The whole-of-government agenda had a centralising element in so far as central agencies, particularly the Department of the Prime Minister and Cabinet, were driving policy directions systemically and across the Public Service. The result was the tempering of devolution through strategic steering and management from the centre and a rebalancing of the positions of central and line agencies. Underlying the model was political control through strategic coordination under cabinet, control of major policy agendas, organisational integration and monitoring implementation of government policy down to the delivery level. The overall result was greater policy and program control and integration using the conventional machinery of prime minister and cabinet, central agencies and departments.

The agenda for resurrecting the comprehensive ministerial department was given formal recognition through the Uhrig review into the corporate governance of statutory authorities and office holders. The focus was on nominated agencies with relationships with and impacts on business, particularly in regulation and taxation, but also including the delivery agencies of the Health Insurance Commission and Centrelink. The Uhrig report (2003) was grounded in private sector experience and offered two alternatives: a board template with full powers delegated by the government and an executive management template. Many public bodies did not readily fit either (Halligan 2006a; Halligan and Horrigan 2006).

The post-Uhrig agenda has been for ministerial departments to have tighter and more direct control over public agencies. This in part was a move against the 'dangers imposed by bureaucratic proliferation' (Shergold 2004) with most public servants working for agencies, many with statutory independence, whereas departments of state employed only 22 per cent of the APS. The head of the

Public Service registered concern about opaque governance. 'If implementation is to be driven hard it is important that there be clarity of purpose, powers and relationships between Ministers, public servants and boards. Good governance depends upon transparency of authority, accountability and disclosure. There should be no doubts, no ambiguities' (Shergold 2004).

Departmentalisation, then, was encouraged as an option for absorbing statutory authorities and reclaiming control of agencies with hybrid boards that did not accord with corporate governance prescriptions. The most significant was the creation of a Department of Human Services as a small agency for strategically directing, coordinating and brokering improvements to the delivery of services and incorporating six agencies, including Centrelink, under its umbrella. Centrelink was then subsumed within a new parent department and portfolio in late 2004, before which CEO Vardon departed for a state government position. The aftermath is discussed in the concluding chapter.

The effect of integrated governance on Centrelink was substantial because all dimensions had an impact: the relationship to ministerial direction, stronger ministerial departments in relation to policy leadership and control over public bodies, enhanced central agency capacity for monitoring service delivery and implementation and the clarification of what constituted appropriate corporate governance (thereby striking out Centrelink's executive board). The whole-of-government agenda meant that Centrelink was no longer the distinguished innovator in horizontal initiatives because all agencies were now expected to participate actively in collaboration.

Two agendas, then, were operating: one addressed agency governance and ministerial accountability and the need to rebalance the Public Service by tempering the high levels of devolution, including the number of non-departmental organisations (Halligan and Adams 2004). There were also Centrelink-specific matters that addressed issues arising from conflicts identified earlier, such as the operation of a purchaser-provider relationship within the same portfolio, governance by board and minister and inter-departmental tensions.

## **Core relationships**

### **Redefining client relationships**

The inter-agency relationships centred on Centrelink suggest lessons about modes of interaction, process design and innovation and smart practices, and about evolving more collaborative inter-agency relationships and functioning as an agency that reflects integration by internalising otherwise separated responsibilities.

The consequences for inter-agency relationships of the influence of principal-agent principles included inter-agency conflict, micromanagement, differences over policy roles and high transaction costs. The purchasers and the provider eventually came to understand the limitations of this approach. There were tensions also in ministerial roles: 'Ministers as purchasers want low output prices and efficient, effective operation. As owners they would want to maximise revenue, invest in future capacity and set strategic directions' (Rowlands 2003:211). In the end, the question of transactions across organisational boundaries raises the issue of the original split between the DSS and Centrelink. Rowlands (2003) concluded that it was difficult to discern a point on the continuum between policy and administration at which the split could occur without a high level of activity across that boundary. This had implications for boundary spanning and choosing between either a conventional hierarchy or agencies to deliver services.

There was also the changing position of the key central coordinating agency, DoFA, which came to perceive the relationship in more formal terms and took issue with Centrelink's location and identity within the Family and Community Services portfolio as a separate service agency model or a traditional departmental model. That this type of relationship was problematic—the two parties were located within the same portfolio—was endorsed by the Uhrig review of corporate governance and was eventually resolved in the machinery of government shakeout in November 2004 by incorporating Centrelink within the finance portfolio.

Conflicts between models derived in part from the limitation of applying purchaser-provider principles when the purchaser and the provider were located within one portfolio. The 'hard rationalist' variant of new public management being prone to micromanagement processes (Gregory 2003) dominated much of the dealings between Centrelink and its main clients. Once a 'partnership' that was substantially adversarial was replaced with serious collaboration, the opportunities for confronting other questions expanded. The parameters and scope for entrepreneurial action were clarified in practice and the political realities of the operating environment—of being a key agency for the government—were explicit. The customer focus received prominence through the reformulation of the delivery model and refining relationships.

The organisation's smart practices produced more effective relations based on the value-chain conception of responsibilities and a more integrated alliance approach to the most important relationship, that between DFaCS and Centrelink.

## Customer-led service delivery

The main rationale for establishing Centrelink was improving the quality of service for those on income support and/or unemployed. A specialist service

delivery agency would operate horizontally to integrate services as a one-stop shop. The bottom line for such an agency was how it performed on service delivery.

Centrelink was able to produce a reformation in thinking about and delivering service through addressing two questions about customers. The first was the change from supplying diverse but individual government programs to a more holistic and integrated customer service. The second was to take the customer's point of view and to conceive of the relationship systematically. This required fresh thinking about a range of matters extending from the physical layout of offices and delivery systems to staff engagement and culture.

A third question of interest to stakeholders such as the government and departments was how to balance cost efficiency and quality of service for the customer. Were services and benefits to which customers were eligible an entitlement or something that they had to discover? The outcome could have important implications for how the customers were handled and the mode of delivery of services. Was the objective to emphasise cost-efficient channels or customer-effective ones? Innovative improvements in technology to support these services became imperative.

## Governance models

Centrelink's formal governance was depicted as idiosyncratic, unusual and ambiguous. The limitations of the model can be traced to the original decisions about the roles of minister and board, chair of the board and chief executive and the relationship between department and agency. In practice, however, Centrelink was able to work through the arrangements formally and informally. The Centrelink board contributed to the steering function and provided a buffer and an intermediary between the agency and the ministers. There was a close working relationship between ministers and Centrelink's chief executive, Sue Vardon. Given Centrelink's responsibilities for a major component of the budget, a direct relationship with its minister was to be expected, and there were regular policy changes and demands on Centrelink's capacity to deliver special assistance to people in need. There was also a general need to be highly responsive to government priorities. In these respects, Centrelink was responding like a department of state. This close and direct relationship also meant that the portfolio department was out-manoeuvred or bypassed on some matters.

These arrangements continued to work until a broader concern with corporate governance in the Commonwealth public sector surfaced. Then there was closer scrutiny of features that might be seen as anomalous to purist conceptions. The Uhrig review (2003) thought it was unusual for Centrelink to be under the *FMA Act* and be governed by a board. The report claimed that in order to strengthen the board's governance power under the original arrangements, the chairman

was deemed the chief executive for accountability purposes under the *FMA Act*. At the same time, Centrelink's CEO was the responsible head under the *Public Service Act*. This position of having two chief executives for accountability and governance purposes was seen to be anomalous (Uhrig 2003:45).

The composition of the board was also depicted as 'an idiosyncratic governance model', which derived from the original settlement that satisfied the key departments. 'Neither DSS nor DEETYA would be "taken over" by the other and both would have a seat at the Centrelink Board' (Rowlands 2003). This practice had positive and negative aspects. While allowing a greater sense of partnership and cooperation between the board and its client departments, the presence of the heads of two major clients on Centrelink's board was at odds with the concept and role of Centrelink as an organisation required to operate competitively and produce an annual efficiency dividend on its operations for the government. Furthermore, the parties accepted these arrangements as appropriate for developing strong partnerships between Centrelink and its core clients and improving the effectiveness of policy development, process design and service delivery.

Centrelink (along with the then Health Insurance Commission) was funded through purchaser-provider arrangements based on agreements with purchasing agencies to provide services for them. Uhrig (2003:46) observed:

While a funding arrangement does not in itself represent a mechanism of governance, there are issues of governance associated with these arrangements. The main issue for governance is the extent to which these arrangements affect the way those responsible for governing the organisation work towards ensuring its success.

The purchaser-provider model was intended to provide the portfolio department with leverage over agencies to ensure appropriate delivery of services, but that could not be ensured (Uhrig 2003). Ministerial priorities produced frequent changes in outputs that could not be captured by the purchaser-provider relationship and undermined the basis of the business agreements (Rosalky 2002).

The Uhrig review concluded that the cost of managing the purchasing agreement could not be justified. Most services delivered by Centrelink were within the departmental portfolio of its main purchaser and the desired leverage over price and service quality could be achieved by making Centrelink accountable directly to the minister (Uhrig 2003). With the new orthodoxy emphasising clarity and governance enforced by the imposition of one of two templates, the executive management template (rather than the board template) was seen as the inevitable option for Centrelink.

## Overall lessons and significance

### Responding to tensions and conflicts in models

A complex organisation with multiple stakeholders presents challenges to reconciling priorities and values. Each of the models identified in Chapter 1 for analysing different organisational imperatives offers a distinctive lens for examining conflicts between them. One model conceives of Centrelink as a customer-driven organisation responsive to recipients of its services and driven by customer relationships and satisfaction based on surveying and benchmarking. A second focuses on Centrelink's relationship with client departments as an agent and provider operating under purchaser-provider principles and expected to behave in specified quasi-contractual ways. The political management model derives from the political environment of an organisation that although subject to special governance arrangements is still directly or indirectly subject to political direction. Finally, there is the concept of an entrepreneurial organisation competing in the market to secure existing core work and seeking new business.

Reference was also made to Centrelink as a statutory authority that was subject to public service legislation and in many respects not much different from a department of state because of the centrality of public service principles. A large agency with extensive public interactions invariably attracts close scrutiny from external organisations, such as the Auditor-General, the Ombudsman and parliament.

The tensions between the client and customer imperatives were clear and expressed through the question of the cost of services (high quality or sensitive to the scarcity of resources) and the handling of customers—the strong customer focus of Centrelink versus the concern of the parent department, according to Rosalky, with 'accuracy, compliance, and assurance' (Husock and Scott 1999b).

A fundamental question for Centrelink, then, was how to respond to these multiple demands, particularly when they were in direct conflict. The incorporation of conflicting models in complex institutional design produces complications (Aucoin 1990). In the case of Centrelink, several models had to be reconciled, while other tensions remained as structural elements to be worked through. The models continued to have relevance and contributed to the ambiguity in Centrelink's environment. There were attempts to mitigate the environmental ambiguity through the reworking of several features.

The emphasis on partnerships facilitated more productive relationships, but the structural features of the original design meant that tensions remained and that energy had to be channelled into working through the resolution of issues as they arose. There were different interpretations about the relative importance of political and managerial dimensions as expressed through purchaser-provider principles, partnerships and political direction.

Purchasers and the provider came to agree about the limitations of the models related to the purchaser–provider arrangements. Centrelink's nature and financial information meant that it did not work from the point of view of the purchasing department. Centrelink had an issue with regard to its location within the Family and Community Services portfolio as to whether it was operating under a separate service agency or a traditional departmental model. The eventual judgment was that it was not a proper purchaser–provider relationship. Ministerial priorities changed frequently and could not be readily captured through a purchaser–provider relationship.

Centrelink's location and the requirements of public policy continued to constrain its potential to be entrepreneurial as an organisation. Despite different depictions of practice based on ministerial behaviour, Centrelink's self-image was not simply that of a department of state.

The resolution of several conflicts came through the Uhrig process (2003–04), which provided the opportunity for the government to strengthen the role of the minister in direction, oversight and implementation. Centrelink became even more explicitly an arm of government. The role of the department as policy leader and the place of Centrelink as an agent of purchasers were made unequivocal. Moreover, the oversight of the agency and its new parent department was expanded through its location under DoFA. This meant that the opportunities for entrepreneurial activity became muted and that the customer responsiveness agenda was increasingly subject to this nexus of expectations.

Centrelink passed through several stages after its formation as the CSDA in 1996. One can track the agency's movement through the stages as it pursued a developmental pathway while seeking to respond to its environment and most particularly government policy and directions. Finally, there was a period of consolidation. Centrelink, of course, was not a free agent when it came to responding to environmental challenges.

## The role of transformational leadership

Leadership is critical in organisational change involving major processes. Transformational change also requires the attributes of transformational leadership that must be worked through interactions with the external environment and building management capacity through internal management systems. In Centrelink's case, Vardon had a set of principles derived from Kotter (1996) as a basis for action and was able to create a sense of vision, communicate it to staff and seek alignments between the different elements.

The ability to combine high capacity and high responsiveness, depicted as key attributes of change, were apparent in Centrelink's case. There was external advocacy from a base set of values and imperatives about mission and purpose

and centred on improved delivery of customer service. The board and the CEO established clear strategic direction. These were built into an explicit plan of development for Centrelink (Vardon 2003c). Effective use was made of internal capacity—a product of scale of operation, the allocation of resources and strategic decisions about agenda setting—to produce and advance policy and service delivery ideas and innovations in public management.

The nature of and limits to transformation in a complex organisation are important questions for the study of public administration and the Centrelink case provides a range of lessons after its formative years of operation.

There are also specific lessons from the perspective of the chief executive about the timing of initiatives, the emphasis given to specific agendas and design questions (see Appendix 5; Vardon 2003c). These essentially cover models, roles and relationships and the handling of information.

## Centrelink's significance

Centrelink has operated now for 11 years. Counterpart organisations in other countries (for example, New Zealand and the United Kingdom), although not constituted quite like Centrelink, have been merged and reorganised. While Centrelink's genesis was influenced to some extent by international agencification, there had been other agencies with special features as part of Australia's long and creative tradition of creating different forms of statutory authorities and corporations (Wettenhall 2003, 2007).

The Australian variant was similar to the British executive agencies as a specialised delivery agency but otherwise different because it served multiple departments.

The politicians of the time recorded their intention to produce a historic innovation and the original design has now been demonstrated to offer durable features that could be reworked and finetuned to serve the government of the day.

As an example of integrated service delivery, Centrelink has received international recognition for its handling of responsibilities of numerous departments and across levels of government. Recently, Centrelink was joined by Service Canada as an agency relying on a similar model for delivering comparable services nationally.<sup>3</sup> Centrelink continues to see itself as a primary model of integrated service delivery.

Centrelink can claim to have realised the original objectives specified by the government. These were essentially to make services more accessible to citizens and to improve the efficiency of service delivery.

As a multi-purpose delivery agency available to take on work on behalf of other departments and agencies, Centrelink has been highly successful. It has expanded

from the several initial departments to 25 or more clients, including client agencies in the states and territories. Correspondingly, and also in response to new tasks required by the government, the range of products and services has more than doubled—from about 60 in 1997–98 to about 140 in 2000–01 (Hickey 2002).

Centrelink has been subject to a range of efficiency dividends imposed by the government as a condition of its operation as a statutory agency and as a consequence of its establishment as a merged body of several agencies. These funds are removed from the agency's budget allocation on the presumption that the operational efficiencies will be achieved in the coming year. This dividend increased progressively since the agency was established and was capped at a continuing rate of 10 per cent per annum of an agreed budget base. This cut was in addition to the continuing, standard efficiency dividend of 1 per cent per annum that was applied to all budget agencies.

Centrelink has also been subject to continuing IT outsourcing savings amounting to \$14.5 million in running costs and \$10.9 million in capital costs. All of these reductions have been applied to Centrelink's forward estimates of receipts. Centrelink reduced the cost of service delivery by approximately \$211 million from 1999–2000, rising to \$270 million by 2003–04, returned as efficiency dividends to the government. This resulted in cumulative savings to the budget of \$1.352 billion for the period 1997–98 to 2003–04 (DFaCS 2000:228).

Structural reforms of government organisation involving functional boundaries can leave public officials with the problem of how to bridge vertical separation and horizontal divisions. In Centrelink's case, the embedding of several models in its organisational imperatives led to debates about the division of responsibilities between the provider of services and the purchasing departments. The tensions between models also provided opportunities for advocacy of a distinctive agenda and employing smart practices in pursuit of public management innovation and inter-agency collaboration. Centrelink developed a new service delivery model and reformulated external relationships despite obstacles and the need to balance the several imperatives of customers, clients, competitors and politicians. Importantly, Centrelink was able to transcend relying on its own capacity within a competitive environment to develop inter-agency collaborative capacity with claims to thereby enhance public value.

Under Vardon's leadership, a major new entity was created out of existing delivery networks. The organisation evolved through a series of developmental stages and Centrelink's capacity was extended greatly as a multipurpose service provider.

## ENDNOTES

<sup>1</sup> The reasons for the shift from new public management are complex and involve internal (for example, shortcomings of reform initiatives) and external (for example, environmental threat from terrorism) factors (Halligan 2007a).

<sup>2</sup> New Zealand displays similar dimensions to Australia, including rationalising governance of non-departmental organisations (Boston and Eichbaum 2007).

<sup>3</sup> Service Canada was announced in 2005 and is being developed into an integrated network over three years (Tan 2007).