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JOINT COMMITTEE OF PUBLIC ACCOUNTS AND AUDIT

Department of Human Services

(Private)

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HOUSE OF REPRESENTATIVES

JOINT COMMITTEE OF PUBLIC ACCOUNTS AND AUDIT

Wednesday, 7 February 2018

Members in attendance: Senators Ketter, Smith and Ms Brodtmann, Ms Flint, Mr Gee, Mr Hart, Mr Hill, Ms Madeleine King, Ms Ley, Ms Marino.

WITNESSES

JACKSON, Mr Barry, Deputy Secretary, Department of Human Services 1

KELLY, Mr Craig, National Manager, Department of Human Services..... 1

RUFATI, Ms Jennifer, General Manager, Department of Human Services 1

TERRELL, Mr Kim, General Manager, Department of Human Services..... 1

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KELLY, Mr Craig, National Manager, Department of Human Services

TERRELL, Mr Kim, General Manager, Department of Human Services

RUFATI, Ms Jennifer, General Manager, Department of Human Services

Committee met at 08:47

CHAIR (Senator Smith): Happy new parliamentary year to you. Thank you for attending this private briefing of the Joint Committee of Public Accounts and Audit on the government response to recommendations 6, 7 and 8 of the committee's report 452. Committee members are interested in hearing from you about service delivery KPIs and the outcome of the department's telephony review. I remind everyone that this is a private meeting, and matters discussed are confidential to the committee under Senate standing orders. This private briefing is being Hansard recorded. Participants should be aware that evidence taken in private at the committee's initiation may later be published by the committee under section 11A of the Public Accounts and Audit Committee Act 1951. The committee will notify participants if it does resolve to publish the transcript of proceedings.

I now invite you to address the committee, and then we'll open it to questions and discussion. Would you like to make some opening remarks?

Mr Jackson: No, we are happy to go straight to questions if that suits. Thank you very much.

CHAIR: It does.

Mr HILL: Thanks for coming in. I suppose the context for this, at least from my point of view, is twofold: the Auditor-General's report, which is a couple of years old now, and the committee's consideration and response of it in the previous parliament—the inquiry that was done—but also, of course, the significant discussion through Senate estimates and elsewhere in the parliament about what appears to be in some cases stagnating but overall is still serious public concern about deterioration in performance—average call wait times having gone up again, and so on. I'll save torturing and wasting airtime on rereading the sad litany of statistics that again get repeated at Senate estimates, but I think that does form part of the context for our ongoing interest in the telephony review and the KPIs issue.

I've got a couple of areas of questioning, firstly, at the high level, around the WPIT—the Welfare Payment Infrastructure Transformation. In a couple of updates to the committee, back in September 2016 and the following one, we were told that tranche 1 would be completed by 30 June 2017. The most recent update mentioned that tranche 1 had been completed in December 2017. I'll telegraph my questions around WPIT because we don't have that much time. Why was it six months behind schedule? What would be the impact over the full seven tranches, which were initially telegraphed to be completed by 2022? Could the committee get a schedule of the full phasings of the tranches. Presumably, if you've said there are about seven, there's at least a high-level sense of the phasing chart for each tranche. What are the expected costs of each of the tranches or stages and the expected benefits of each stage? I'm trying to get an understanding of the context of where the current work, which is a little more detailed in the later submission, fits in.

Mr Jackson: This is a little awkward inasmuch as we don't have anyone from payment reform or WPIT here. We were of the belief, given the correspondence, that this was about telephony KPIs and performance—as the Deputy Secretary for Service Delivery Operations, with my general managers, I'm happy to talk about those. We're more than happy to take all of those questions on notice, if that suits, and have the appropriate person provide the answers, but unfortunately it is not my area of expertise.

Mr HILL: That'd be fine. I was just going on the plain reading of the submission you gave, which gave extensive advice around stage 1 of WPIT.

Mr Jackson: There was indeed, as part of that submission. But, as I said, we focused on the most recent letter, which specifically wanted to talk about moving towards a broader spectrum of KPIs.

Mr HILL: Sure. Let's take those questions as recorded. On the KPIs then—again, I'll telegraph the questions that I scribbled out when I was rereading it in the last couple of days. Can you let us know when the telephony review was completed, given the latest advice said it had been completed, and, secondly, a sense of what it said. Thirdly, what indicators does the review recommend be adopted in the future, given that was one of the points of it, from the committee's point of view at least? Fourth, which indicators does the review recommend be discontinued? Presumably there will be some change as a result of the review. Fifth, could the committee receive a copy of the review? Sixth, is there any progress on the first-call resolution issue? I think, if you piece together the department's responses and iterations, there was an acknowledgement that that is a good thing to do, in line

with the committee's recommendation, but some concern that the proxy measure used by the department was inadequate. Also, what's the department's view, in light of the review, on publicly reporting a broader range of KPIs? An example is average wait times, and I can go into that because I've reread the recommendation and I don't agree with the department's response that one measure annually per average gives any meaningful indication of system improvement and performance.

Mr Jackson: There's a range of subjects in there, so I'll do my best to cover them in the order that they were presented. The review has been completed. We are in the finalisation of the report to provide to the secretary in the minister's office. Obviously, we have a new minister coming through. Having said that, there were a number of key parts of the review that we were looking at, one of which was the actual structure of the telephony lines that we have. We have a very, very complicated system which has some 1,400 queue lines in it, and it causes a significant amount of frustration for people. One of the key recommendations was to simplify that body of work. We have, in the background, reduced some 140 queue lines in one of our particular payment lines down to about eight, which, in trial stages, has seen a reduction in transfer of calls from what was previously about 20 percent down to eight percent. That's a significant advantage for us to do that, so we're looking at now duplicating that across a range of other programs. We have been working closely with the CPSU on this particular piece of work, in the background. They are very supportive and the staff are very supportive. We are starting to see some benefits from that.

The report also looked at the skill tagging—how we track our staff and how we identify which staff should take which calls. That's part of the broader routing system that we use. The system also looked at the fact that we needed to be more sophisticated in some of the tools that we use which actually allow us to address a broader range of KPIs. We fully agree that the average speed of answer is not an appropriate single measure. It is an appropriate measure from the point of view of a suite of measures, and it is one that is used by the Department of Finance to assist us in our funding arrangements. But from a straight telephony call centre perspective, ASA is a very outdated single method—absolutely.

The things that we are looking at, and which we have indicated previously, are around first-contact resolution. Other data we're looking at is calls per operator per month and an average speed of answer divided by average handling time. It's an interesting fact—and this goes back to first-contact resolution—that if someone waits on the phone for 20 minutes, then spends five minutes on the phone and doesn't have their problem resolved, they tend to get angry. If someone waits for 25 minutes, spends 10 minutes on the phone and then has their problem resolved, they actually walk away quite satisfied—which is logical. That's a key thing that we're pushing towards.

Customer effort is another measure that we're looking at, which is sort of consistent with net promoter scores. That basically means how much effort a customer takes to get to us to have their question answered, and how likely a customer is to recommend using our website or calling us. We've done a lot of work around that, particularly on our website. We've redesigned the entire website and gone from a net promoter score where we were in the negative—zero is neutral—to where we are now quite high on the positive side of those things. So there was a lot of work around that. That has had the benefit of actually stopping calls coming in, because people find the information within the website.

First-contact resolution is an interesting one as well. Should someone ring us and we say, 'Unfortunately, you're not eligible for your claim,' in our mind that's resolved. In the other person's mind it may not be resolved, because they think, 'Well, I should have the claim granted.' So we are working through some of the machinations of that. And the other key component we're looking at as part of our KPIs is complaints and how many people complain. We know that about 20 per cent of the people complain because they don't like the answer they're given. There's probably not a lot we can do about that, unless it's through other reasons. But people do complain. The next 20 per cent is around, 'We waited too long,' and the likes of that.

We have recently—and I do say 'recently'—introduced a number of new technological advancements in working with our managed telephony supplier to allow us to do call recording so that we can actually understand what people are complaining about, what they're talking about and why they're ringing us. We've also introduced voice analytics, on top of that call recording. We can use very sophisticated tools to put keywords into the analytics and then work out why these people are ringing us. In the case of complaints, we now know that when we ask customers for additional information then our complaints will go up 20 per cent because they become upset that we've asked them for additional information. We also know that a large number of our recipients ring us with regard to, 'I've just got a letter; I don't understand,' or, 'I'm confused.' So we can do a lot of work around improving the quality of the letters that go out and how we can assist people to stop them from ringing, which is really what we need to do. A lot of the calls we get are not actually calls that are, 'I want to do something,' they

are inquiry calls as to: 'How does this work? I don't understand; I saw this on the paper,' et cetera. So we need to work on those.

Because we now have those tools—we've had them for only about three to four months—we are now able to create datasets around us to have legitimate first-contact resolution KPIs. Obviously, we need to stress test them, to make sure that we are getting the right information, but we do anticipate that by about June this year we will be able to recommend some additional KPIs coming into our performance.

Mr HILL: I'm mindful that we have a short amount of time, so I guess it was a check-in date. Will the secretariat be able to provide a transcript of the precise question so that we can get more detailed answers? I think that was a wander through. When was the review completed?

Mr Jackson: The review is still ongoing. The first part of the review was completed, I believe, back in May last year. There was a second review, that is, a health check, done just before Christmas—in November. A health check was done in November last year to see how we were progressing. That was particularly around the rebuilding of the cues in the background and the likes of that. I'm more than happy to provide more detail because it was a very extensive list of questions.

CHAIR: How many component parts are there to the review? When I hear about a review, I imagine a start date and finish date, but it sounds more like this might be—

Mr Jackson: There are multiple parts, but one part was looking at the actual configuration of our telephony system. It scares a lot of people. It's very, very complicated. As such, we need to simplify that. A lot of that's due to the legislation and the rules and processes that we have to work through. The second part of it was looking at KPIs, what are actually the best measures we should be using and developing a balanced scorecard for the department so that we can more frequently publish. The key issue is, if we weren't able to measure it, we weren't able to manage or report on it. We're now at the stage where we can start to measure these things.

The other part was about some performance targets that we should be looking at and benchmarking across what our service operator should be doing. It is then also looking at the contract that we have with our managed telephony service operator. That's due to come for an extension and then is required under the Commonwealth procurement rules to go to the market in about 18 months time or thereabouts. We need to start work now, given the size of it, to start preparing that documentation to go to market. It was a multifaceted review. As we got into it we thought, 'That's an interesting avenue to go down,' so we went down that hole.

CHAIR: On that point, if the current provider is not intending to reapply or retender for the contract, what's the incentive over the next 18 months to get the best out of them to make sure that your interests, the taxpayers' interests and the recipient's interests are maximised?

Mr Jackson: We certainly have no indication that they have no intention of rebidding. It is Telstra. The sheer size of what we do limits the market to some degree, although I do note that the ATO uses Optus as their provider and that there are some new players in the market. We have a high-level steering committee, which I and senior executives from Telstra attend to monitor. We're not seeing any degradation in service.

CHAIR: You're not seeing any cultural change?

Mr Jackson: No. It's actually worth noting that, before Christmas, the new secretary, Ms Leon, met with Andy Penn, the chief executive officer of Telstra. I was in that meeting with a couple of other senior executives too. Their commitment was real and genuine.

CHAIR: I have one or two questions, but I'll let others go first.

Mr HART: I found what you've said regarding the selection and development of new key performance indicators quite interesting, but one of the issues that is of concern to me is the recommendation by the Auditor-General with respect to publishing your performance against KPIs on a more regular basis. I'm struggling to understand the basis in which you've responded. You've stated that it's inappropriate to publish more often than that because there are peaks and flows within your work. Sometimes you'd be above or below the KPI. I don't see that as a valid reason for not publishing. Transparency as to how you're performing means we can celebrate that you're exceeding your KPI and that you can manage your workforce by having information that's clearly available to you. How otherwise do you allocate your resources? You have significant resources, as we've discussed this morning, available to you. Are there any other reasons as to why you're not reporting? I simply don't accept, with respect, the validity of your response.

Mr Jackson: With regard to having just the one KPI at the moment, which is the average speed of answer, I think those comments probably relate more to that in so much as that is very much a seasonal situation. January is a peak period for claiming, phone calls and the likes. As such, given that our KPI is an annual KPI that we have to

achieve, it would give a potentially false indication as to what the performance of the department was. When we expand that to bring in things such as first-contact resolution and the other KPIs that I was talking about, we are actively looking at the ability to report more frequently on them because we think, consistent with your point, there would be benefit in doing so. We're also looking at a number of other statistics that we can report on with regard to the number of people who have their call answered first time and the number of people who have their call answered on the day they ring, and some of those statistics are very encouraging. We're certainly keen to look at what we can. There's no resistance. We just didn't believe that, whilst there was just one, it was beneficial to do so.

Ms MARINO: Considering the changes you've made—and most of us have got call centres in our electorates—for practical purposes, what's changed for them, following the work you've done? What's different in, say, Bunbury, in my electorate, in the call centre?

Mr Jackson: I have a couple of points. We run a virtual network of call centres. So, while there's a call centre in Bunbury, there's one in Coffs Harbour and there are others in other areas. The work that those call centres receive is not specific to that area. It comes in nationally, so they could be dealing with a call that comes in from Perth.

Ms MARINO: Or, wherever.

Mr Jackson: Or, wherever. So there's absolutely no difference in the operating environment in each of these smart centres. What will be different are the changes to the queues, the skill tags and the reduced transfer rates. The operators will be seeing greater ability to handle one call that's come through. Equally, what we have seen is that there is greater resolution through those points.

Ms Rufati: What we've found, as we've consolidated the queues, and from one of the pilots were running at the moment, is that we are getting greater engagement from our staff. They're feeling greater satisfaction because they can resolve the whole call. We are getting better customer experience, which will then increase our first-call resolution. In relation to what Mr Jackson said, the calls are coming from across the Australian network, but as we simplify our call structure and queue structure we'll get better satisfaction and better customer resolution.

Mr Jackson: The other thing that we are seeing is that on certain lines the volumes of the calls are decreasing because people are able to find stuff online, or do it digitally, but the length of the calls is increasing. So the average handling time becomes longer, and that's primarily because those people who are ringing are ringing about more complex matters that need greater time to resolve it, so it's not just a general inquiry. That's some of the shift we're seeing with the various advancements we're putting in.

Ms MARINO: Thank you, Chair.

CHAIR: I am interested in the comment that you made that many calls are coming in because people are looking for a higher level of understanding about their payment, and it's not necessarily a specific query about their payment. This goes to the issue of the quality of information that's being sent to people. What has been done in regard to that piece of work to make sure that the traditional correspondence or the electronic correspondence is actually providing people with correct information? I have seen a variety of letters that sound lovely, but don't really provide you with much information that, as a parent or carer, I'd find particularly valuable. Is that within your scope of responsibility or does that sit outside your scope of responsibility, because, if it sits outside your scope of responsibility, surely that is a large area for improvement that will have a direct beneficial impact on what you are trying to remedy.

Mr Jackson: It does sit primarily within my area. The letters team, for want of a better phrase, sits within my area.

CHAIR: Primarily, meaning you have authority, or primarily because you have to?

Mr Jackson: Primarily, in so much as, we are responsible for their creation and sending them out. There is external influence through the policy agencies, on whose behalf we are often sending out these letters, but I think an important aspect of it that has been created in the last three to five months is that the department has appointed a chief citizen engagement officer. His main role is to—

CHAIR: It sounds a bit Orwellian, to be frank.

Mr Jackson: It's designed to—

CHAIR: The 'chief citizen engagement officer'?

Unidentified speaker: The CCEO.

Mr Jackson: I think they are looking for a new name for it. The concept of that is to actually do that—look at the letter from a recipient's perspective. As people who do this job all day long, we can read it and understand it—

although I must admit sometimes I read some of them and I still don't understand it—so part of that job is to then really stress test these letters from the point of view of whether they are going to provide the information that the recipient—

CHAIR: I don't want to be unkind, but we stress test letters in our office every day with a staff of three people.

Mr Jackson: We send 85 million letters out a year.

CHAIR: Yes, but they're not individual letters—there are not 85 million individual letters. You mentioned, I thought, 1,400 queue lines. But is it 140 queue lines that you have now devolved down to eight? Is that correct?

Mr Jackson: That was one particular payment line.

CHAIR: So how many different sorts of letters get sent?

Mr Jackson: That one I'd have to take on notice.

CHAIR: I'm imagining that some people would get more than one letter, because they might be in receipt of more than one benefit.

Mr Jackson: Correct. For example, we're about to send out, as part of the introduction of the new childcare subsidy program, about 1.2 million letters. They will be going out in the next few months. Again, you're right—some will receive one letter and some will receive two letters. Some of those letters will be different.

CHAIR: Sorry to interrupt, but I had lots of confidence at the beginning of the questions and I'm sort of losing it—a bit like Senate estimates. A proportion of the queries you're getting is about the quality of information people are getting by way of correspondence, whether that be traditional correspondence or email or whatever. But only now is attention and effort being put to making sure that that initial contact, the written form, is of suitable quality to inform people as best they can.

Mr Jackson: I think there has always been that QA system in place; we've just enhanced it. It certainly wasn't a case of things just going out. But, again, because we had the additional information, we're taking additional steps and enhancing what we are trying to achieve.

Ms MARINO: In your road testing of this, if it's about child care, is there ever an effort to perhaps pass it by the ordinary person in the street who is the person who is going to receive this to say, 'If you read this, do you understand what we mean and what we're saying here?' Often it's a practical way, if you like—to ask someone from the demographic of your target market to cast their eyes over it: 'Do you understand exactly what we are offering or what the rules are?' Is that how you stress test?

Mr Jackson: That is one of the suite of tools we use—user acceptance testing. We will bring in a focus group of, as you say, the people likely to receive that and get them to review the letters. It's actually very interesting. If you get six people in a room they'll read it six different ways. We also do the same thing when we are developing new computer screens for engagement. All of these things do go through the public and we get their feedback on all of them.

CHAIR: You understand the point we're making?

Mr Jackson: Absolutely.

CHAIR: I would be curious to understand that piece of the bigger puzzle you're trying to manage. What initiatives are being put around that initial correspondence contact?

Mr HILL: Also, some metrics on what you hope to achieve. Is there a percentage of the calls that you think could be cut out through writing things in clearer English? It's not deeply reassuring that the deputy secretary doesn't understand some of the letters the department sends out, I must say.

Mr Jackson: Excuse my being somewhat flippant with that, given the private nature of the conversation.

Mr HILL: I want to go back to the improvements piece. As I touched on at the start, the context, as we've seen over the last year, is deteriorating performance in average call wait times—quite significantly in some of the streams relating to unemployment benefits, disability benefits, sickness benefits, youth and student benefits, benefits for older Australians and so on. I think there were about a million calls abandoned, and 182,000 calls, at the last estimate, so far through that period took over an hour just to get answered. As a result of all of this work, what improvements to call wait times can be expected and by when?

Mr Jackson: That's a very complicated question. As I've mentioned, we're doing a number of things concurrently with regard to redesigning the queues and improving the clarity of what's on the website. The government has asked us to trial using 250 external additional call centre people, so we are unable, at this point in time, to clearly say which particular advancement or improvement will generate a particular number of calls or a

reduction in calls, primarily on the basis that there will be a cumulative effect of all the changes. We can't individually say, 'This particular initiative has generated those particular things, because they're all—'.

Mr HILL: So you don't have any targets at this point to improve those call wait times?

Mr Jackson: We are in discussions with the new minister as to what their views are on that particular issue and to get further guidance on that.

Mr HILL: I have one final question. We may put some more questions on notice, but you already have a fair few to respond to. In your introductory remarks, you mentioned some of the potential new measures you might be looking at, one of which was calls per operator per month and average speed of answer and resolution per operator and so on. How do you account for complexity in that?

Mr Jackson: What we do is compare like for like. Given that we are a virtual network, we will have people in Morwell and people in Bunbury answering calls from the same line. We are able—again, only recently through the introduction of Genesis workload management—to identify that call centre A is receiving X number of calls and the operators are taking so many per day. If centre B is taking the same number of calls times two, that allows us to look to see if there is something special that the second call centre is doing that makes them more efficient. Haven't we trained the people correctly in the first call centre? Or why are they less? Are there other issues? So we can then go in and say, 'Are there some problems?' If we've got like for like and someone is outperforming the other by 200 per cent, then we can either learn something from both or we can understand that there's some sort of fundamental problem behind it. We use the data in that way.

Mr HILL: I've spoken to a delegation of workers from the tax office who were very frustrated at the way these metrics have been rolled out there. For example, they believe that management has been using some quite unfair comparisons between APS staff and contractors. Their point was that the measures simply don't account for complexity. You've got lowly trained, lowly skilled casual contractors doing fairly routine stuff—and the error rate for lower trained staff, as you'd expect, is higher—and then you've got APS staff cleaning up the mess or doing the more complex things, who are being told that they're not being as efficient as staff doing far less complex things. I think it would be important for the committee to have confidence in those metrics—that they properly and fairly account for complexity.

Mr Jackson: I absolutely agree. We are very conscious of measuring like for like. It is worth noting that the private sector providers receive exactly the same training that our own staff do and are subject to exactly the same performance criteria as our staff are.

Mr HILL: We've asked a lot of questions, and I think this would be a topic of ongoing interest to the committee given the context. I would ask that, in your further responses, more detail is better. Some of the responses we've read here are cursory to say the least compared to the sort of detail that you do have behind them. I don't think we've seen improvement in the last two years since the audit was undertaken.

Mr Jackson: I apologise if that's the view. It is extremely complicated and so we—

Mr HILL: It's lovely people are interested in your work.

Mr Jackson: It is, and we're passionate about it.

CHAIR: The final question from Ms Flint.

Ms FLINT: Thanks, Chair. To recap, am I right in concluding that you're saying to us that just looking at the wait time alone is a very simplistic measure and that resolution is probably the key point here for customers and individuals who are contacting you, and that's what you'll be looking at with the new KPIs? Perhaps this is a question for you, Mr Chairman, or the committee secretary perhaps, rather than the department: are we going to have a report on these new KPIs? Will the department be coming back to us about their internal processes? I think you said those were going to be wrapped up in about June—looking at the new measurements and things?

Mr Jackson: We're aiming for June. We have to put it through the secretary and the minister and other due processes to have them formally adopted in that regard. But I see no reason why, when they are done, we could not provide a report back to this committee.

Ms FLINT: Do we know what the impact of better or more easily accessible information on the web is having on calls coming through?

Mr Jackson: We have some data on that. I don't have it with me, but we did see a significant number of people not going to the 'call us' page. This gave us an indication that they had found the information that they were looking for within the website. One of the other things we are doing, which I failed to mention before, is introducing a very short post-call survey. Basically, that is three very simple automated questions. I think they were along the lines of: did you have your problem resolved, would you recommend or are you happy—I can't

remember exactly what they are. They will, hopefully, commence in about three or four weeks time. That will give us a lot more broad data. We are getting far more sophisticated with it.

CHAIR: That brings us to an end. Thank you very much for making time to attend the private briefing this morning. The secretariat will be in contact with further questions from the committee.

Committee adjourned at 09:21