

Performance Audit Report No. 37 (2014–15)

Management of Smart Centres' Centrelink Telephone Services

Introduction

3.1 Chapter 3 focuses on the Joint Committee of Public Accounts and Audit (JCPAA) review of Australian National Audit Office (ANAO) Report No. 37 (2014–15), *Management of Smart Centres' Centrelink Telephone Services*, Department of Human Services (Human Services). The chapter comprises:

- an overview of the report, including the audit objective and criteria; audit conclusion; and audit recommendations and agency response
- Committee review
- Committee comment

Report overview

Audit objective and criteria

3.2 The objective of the ANAO's audit was to assess the effectiveness and efficiency of Human Services' management of its Centrelink telephone services.

3.3 To form a conclusion against the audit objective, the ANAO adopted the following high-level criteria:

- Human Services offers customers effective telephone services in relation to a range of quality indicators, for example, wait times and the accuracy of information provided;
- Centrelink call services in Smart Centres are managed efficiently; and
- Human Services effectively monitors and reports on the performance of Smart Centres' Centrelink telephone services.¹

Audit conclusion

- 3.4 The ANAO concluded that Human Services is 'making progress in its transition to revised service delivery arrangements for Centrelink services through Smart Centre and self-service initiatives.' However, Human Services continues to face challenges in managing a significant volume of customer telephone calls.²
- 3.5 Human Services internally monitors the performance of its Centrelink telephone services against a range of 'useful, albeit traditional call centre metrics'.³ While these key performance indicators (KPIs) are an aid to assessing performance at an operational level, 'they provide a more limited basis for assessing customer outcomes and the success or otherwise of the Smart Centre concept' (where telephony and processing work is blended).⁴ The ANAO concluded there would be merit in Human Services examining its existing internal KPIs and their fitness for purpose in the Smart Centre environment.
- 3.6 While the single externally reported average speed of answer KPI for Centrelink telephone services is 'relevant and reliable, it is not complete and merits review'.⁵ In particular, the single externally reported KPI does not provide insight into the range of customer experiences, including the length of wait time that most customers can expect to experience, or the 'common customer experience' of 'call blocking' where a customer, attempting to call, hears an engaged tone because the line has reached capacity and cannot accept more people into the queue, and 'call abandonment' where a customer hangs up before their call is answered by a service officer.⁶

1 Australian National Audit Office (ANAO), Audit Report No. 37 (2014–15) *Management of Smart Centres' Centrelink Telephone Services*, p. 12.

2 ANAO, Audit Report No. 37 (2014–15), p. 13.

3 ANAO, Audit Report No. 37 (2014–15), p. 85.

4 ANAO, Audit Report No. 37 (2014–15), p. 85.

5 ANAO, Audit Report No. 37 (2014–15), p. 85.

6 ANAO, Audit Report No. 37 (2014–15), pp. 13–14, 85.

Audit recommendations and agency response

3.7 Table 3.1 below sets out the recommendations for ANAO Report No. 37 and the agency's responses.⁷

Table 3.1 ANAO recommendations, Audit Report No. 37 (2014-15)

1	To help deliver improved services across all customer channels and a more coordinated approach to the management of call wait times, the ANAO recommends that the Department of Human Services establish a pathway and timetable for implementation of a coordinated channel strategy.
	Human Services response: <i>Agreed.</i>
2	To maintain the integrity of the Quality Call Listening (QCL) process and improve the level of assurance on the quality and accuracy of Centrelink telephone services, the ANAO recommends that the Department of Human Services applies the QCL framework to all staff answering telephone calls, and reviews the potential impact of gaps in the implementation of QCL.
	Human Services response: <i>Agreed.</i>
3	To clarify the service standards that customers can expect and to better reflect customer experience, the ANAO recommends that the Department of Human Services review Key Performance Indicators for the Centrelink telephony channel, in the context of the implementation of a coordinated channel strategy.
	Human Services response: <i>Agreed, with qualifications.</i>

Committee review

3.8 Representatives from the ANAO and Human Services gave evidence at the Committee's public hearing on Thursday 20 August 2015.

3.9 The Committee focused on the following matters regarding the ANAO report findings and evidence provided at the public hearing:

- Management of customer call wait times
 - ⇒ Transition to digital service delivery
 - ⇒ Impact of other service delivery channels on call wait times
- Performance measurement and reporting
 - ⇒ Internally reported performance metrics
 - ⇒ Externally reported average speed of answer key performance indicator.

⁷ For details of Human Services' response to the ANAO's recommendations, see ANAO, Audit Report No. 37 (2014-15), pp. 89-92.

Management of call wait times

- 3.10 The ANAO noted that telephone calls are ‘one of the most common ways’ that customers contact Human Services.⁸ In 2013–14, 56.8 million calls were made to Centrelink telephone lines and, of these:
- 20.8 million calls were answered by a service officer
 - 13.7 million calls received a ‘busy’ tone and were unable to enter the network (‘call blocking’)
 - 17.8 million calls were ended by the customer hanging up after entering the Interactive Voice Response (IVR) system, which provides pre-recorded information (this number includes customers whose inquiry is answered by the IVR system and customers who abandon their call without having their issue resolved)
 - 7.8 million calls were abandoned by the customer hanging up while waiting in the queue to speak to a service officer (‘call abandonment’).⁹
- 3.11 In 2013–14, the average length of time a Centrelink customer spent waiting on the line for a service officer to answer their call was 16 minutes and 53 seconds.¹⁰ The 2013–14 data examined by the ANAO indicated that, on Centrelink’s 10 highest-utilised phone lines:
- ‘36 per cent of calls were answered within 10 minutes’
 - ‘around half of calls were answered within 20 minutes’
 - ‘30 per cent of callers waited more than 30 minutes’ for their call to be answered. The ANAO noted this was a significant deterioration from the previous year when only 15 per cent of callers waited more than 30 minutes.¹¹
- 3.12 Table 3.2 below outlines the data collected by the ANAO on answered calls by time intervals for the 10 highest utilised Centrelink telephone lines. These 10 telephone lines accounted for around 70 per cent of answered Centrelink telephone calls in both 2012–13 and 2013–14.¹²

8 ANAO, Audit Report No. 37 (2014–15), p. 25.

9 ANAO, Audit Report No. 37 (2014–15), pp. 34–5.

10 ANAO, Audit Report No. 37 (2014–15), p. 80.

11 ANAO, Audit Report No. 37 (2014–15), p. 41.

12 ANAO, Audit Report No. 37 (2014–15), p. 41.

Table 3.2 Answered calls by telephone line and time interval

Telephone line	Less than 10 mins %		10 to 20 mins %		20 to 30 mins %		More than 30 mins %	
	2012 -13	2013 -14	2012 -13	2013 -14	2012 -13	2013 -14	2012 -13	2013- 14
Disability, Sickness and Carers	37	26	27	17	22	24	14	34
Employment services	42	18	23	18	21	19	15	45
Families and Parenting	41	48	23	19	20	16	16	17
Indigenous	46	27	19	15	26	26	10	33
Older Australians	39	29	28	19	22	24	12	29
Youth and Students	33	18	21	10	24	14	22	58
Income Management— BasicsCard After Hours	97	2	2	6	0	1	0	0
Income Management— BasicsCard Inquiries	90	9	9	9	1	3	0	0
Tip off line—Centrelink	99	1	1	1	0	0	0	0
Participation Solutions	42	21	21	15	15	18	23	52
Total of top 10 telephone lines	42	22	22	16	20	17	15	30

Source ANAO, *Audit Report No. 37 (2014–15)*, p. 41.

3.13 The ANAO found that the average call wait times for Centrelink telephone services are 'very much at the upper end of contemporary service delivery standards' when compared to other service delivery organisations (discussed below).¹³ Further, the ANAO reported that, while data indicated that Human Services had met its overall target for all its customer telephone services in the last two years (including Medicare and Child Support), the more detailed results for Centrelink telephone services showed an increase in the average speed of answer from well under 16 minutes in 2012–13 to 16 minutes and 53 seconds in 2013–14.¹⁴

3.14 The ANAO report found that 'a consequence of high average wait times is that around 30 per cent of calls are abandoned by customers before the reason for the call is addressed.'¹⁵ The ANAO also found that customer satisfaction with Centrelink telephone services is falling and 'access to call centres' (which includes ability to enter the network and call wait times) has been the largest cause of customer complaint over the past three years, comprising 23.5 per cent of all complaints about Centrelink services in 2013–14.¹⁶

13 ANAO, *Audit Report No. 37 (2014–15)*, p. 56.

14 ANAO, *Audit Report No. 37 (2014–15)*, p. 17.

15 ANAO, *Audit Report No. 37 (2014–15)*, p. 56.

16 ANAO, *Audit Report No. 37 (2014–15)*, p. 45.

Transition to digital service delivery

3.15 The ANAO report noted that ‘a key plank’ in Human Services’ approach to reducing its call wait times is to transition customers from managing transactions and resolving issues through telephone channels to using self-service digital and online channels.¹⁷

3.16 Deputy Secretary Service Delivery Operations Group, Mr Grant Tidswell, confirmed that Human Services’ strategy is to reduce call wait times by reducing the overall volume of calls:

But our aim absolutely is to answer more calls with a lower average speed of answer. What we would like to do is take out the volume. I talk about 40 per cent of the volume [of calls] being of a simpler, more general inquiry type, and we would like that to be handled in a digital channel.¹⁸

3.17 Mr Tidswell advised the Committee that reducing call volumes by transitioning customers to self-service and digital channels would allow Smart Centres to prioritise resources to calls from customers with more complex or urgent inquiries:

... what we are working hard at is to reduce that unmet demand and provide more digital alternatives for people to self-serve. ... What we are trying to do is build things better and better so people do not have to talk to us on the phone. What we then want to do is ensure that, where they do need to talk to us, it is at the more complex end.¹⁹

3.18 Mr Tidswell advised the Committee that, so far, Human Services has been successful in encouraging customers to utilise digital channels:

We have over 80 per cent of our customers now using our online applications. We have extraordinary growth in the mobile app capability, so people can report their earnings through the mobile app; they can make their Medicare claim through the mobile app; they can tell us a whole range of things.²⁰

3.19 However, the ANAO found that, although there has been a significant increase in the number of digital transactions, the transition of customers to digital channels had not led to a decrease in call volumes:

Both online transactions and the use of mobile apps have increased strongly over the past three years ... However, the

17 ANAO, Audit Report No. 37 (2014–15), p. 53.

18 Mr Grant Tidswell, Deputy Secretary, Service Delivery Operations Group, Human Services, *Committee Hansard*, Canberra, 20 August 2015, p. 6.

19 Mr Tidswell, Human Services, *Committee Hansard*, Canberra, 20 August 2015, p. 2.

20 Mr Tidswell, Human Services, *Committee Hansard*, Canberra, 20 August 2015, p. 2.

growth in digital transactions has not reduced the demand for call services as anticipated.²¹

3.20 Mr Tidswell admitted that 'transaction volumes are increasing across the board.'²² Asked why their expectations for a reduction in call volumes from moving to digital service delivery had not been met, Human Services highlighted a number of contributing factors:

- the extent of unmet demand in the telephony channel – as more customers access services online, customers who previously could not enter the channel can do so
- technological factors – for example customers having the ability to automatically redial one of the department's telephony queues which generates a large number of call attempts
- increased complexity of the payments and supplements the department provides which can result in people contacting the department several times through multiple channels.²³

3.21 The ANAO report suggested that call volumes have continued to increase because 'unreliability and difficulty of using some digital applications' is driving customers to call. As the ANAO noted, 'international experience indicates that some 40 per cent of calls to contact centres are now made because of a failed self-service interaction.'²⁴

3.22 There was interest in whether Human Services accepted that problems experienced by customers in its digital channels might be increasing call volumes and call wait times. In response, Mr Tidswell admitted there were issues with digital services when they were introduced; however, he suggested this was to be expected and it would be a gradual process to resolve these issues:

We have done some recent research on the use of mobile apps and customer experience. We get some really good results from the experience. There is no doubt about it – in the early days we did not have the capability sorted through as well as we could, but we improve it and improve it and improve it ...

I do not think you can introduce these things – and it happens in the marketplace as well – when you have got a legacy system and approach. You cannot expect it all to go perfectly.²⁵

3.23 Mr Tidswell noted that Human Services does not have a target number of calls it expects to be made as a result of failed self-service interactions. However, he confirmed the number of phone calls made on that basis is

21 ANAO, Audit Report No. 37 (2014–15), pp. 53–54.

22 Mr Tidswell, Human Services, *Committee Hansard*, Canberra, 20 August 2015, p. 7.

23 Human Services, *Submission 3*, Answer to Question on Notice, p. 5.

24 ANAO, Audit Report No. 37 (2014–15), pp. 53–54.

25 Mr Tidswell, Human Services, *Committee Hansard*, Canberra, 20 August 2015, p. 8.

expected to decline over time as Human Services moves to providing customer service through multiple channels, including over the phone, in person and through digital services:

I would expect it to decline as we get better and better capability and smarter ways of connecting. I think increasingly we are learning by doing, absolutely, and working through the approaches. There are some people that struggle – there is no doubt about it. They struggle with password resets and getting all that stuff sorted out ... So, at the end of the day, probably our shift will be less about inquiry load in our smart centres and more about multiple contact. The agent of the future might be dealing with some inbound telephony, might be doing some outbound, and might be handling three or four clicks to chat as they are helping people resolve their issues, concerns and inquiries.²⁶

- 3.24 The Committee noted that it is significantly cheaper for Human Services to fund an online customer transaction compared with a telephone transaction.²⁷ Human Services was asked about the restraints on creating a clever and innovative digital strategy at the user interface to ensure that as many customers as possible will use digital channels. Mr Tidswell informed the Committee that the main restraint on Human Services' digital strategy is the age of the payment systems it relies on:

One of the things, and we have alluded to this already in evidence provided, is the payment engine we rely on. It was built in the 1980s with 1980s settings. It was state-of-the-art then, and it had this ability to ripple across all the things that went on ... The aim is to build a best-of-breed capability that is fit for the digital world. I think everybody in service delivery, no matter whether they are public or private, is challenged ... And any of us with legacy capability and legacy systems are behind the pack in that sense.²⁸

- 3.25 Human Services informed the Committee that, to address these issues, in July 2015 it introduced a seven-year Welfare Payments Infrastructure Transformation (WPIT) program, which over time will improve efficiency and deliver benefits such as:

- an 'improved and enhanced progress of claim inquiry capability'
- a virtual assistant to assist customers on the website to get the information they are looking for and finalise their inquiry within that channel

26 Mr Tidswell, Human Services, *Committee Hansard*, Canberra, 20 August 2015, p. 9.

27 Mr Angus Taylor MP, JCPAA, *Committee Hansard*, Canberra, 20 August 2015, p. 7.

28 Mr Tidswell, Human Services, *Committee Hansard*, Canberra, 20 August 2015, p. 7.

- giving customer service staff the ability to see a full view of a customer's history and therefore better assist with inquiries to prevent customers from needing to make multiple inquiries.²⁹
- 3.26 Human Services informed the Committee that, by its completion, the WPIT program will save customers time and effort:
- ... the new system will be focused on the customer and take full advantage of real-time data monitoring and analysis to deliver significant benefits to government, taxpayers and welfare recipients. It will save customers time and effort by offering smarter and easier online end-to-end services and will streamline processes and make it easier for customers to interact with the department online.³⁰
- 3.27 As to when the benefits of the WPIT program will be delivered, Human Services advised the Committee that customers 'will start to see some of the benefits of the WPIT programme in the first 18 months', including 'the introduction of digital in-channel customer support and the ability for customers to monitor the status of their claims in real-time.'³¹
- 3.28 The ANAO report noted that in October 2012 Human Services entered into a five year contract with Telstra for telephone services, which had the potential to reduce call waits times or alleviate the impact of wait times on customers.³² Mr Tidswell confirmed that Telstra would be delivering the new telephone platform and that he hoped it would occur by the end of 2015. The platform is intended to better capability to manage peaks and troughs in demand:
- That platform is going to give me extraordinary capability. It will give me 15,000 handsets in one single contact centre, in which I can shift work and move work around. I have a single uniform workforce scheduling capability and workforce distribution capability, so that is going to give me the ability to move work and activity around the country to manage the peaks and troughs better.³³
- 3.29 The Committee requested information on what measures Human Services has taken to improve the productivity of its existing call centre workforce. Human Services responded:
- The department has cross-skilled staff in both processing and telephony to maximise the number of staff available in peak
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29 Mr Tidswell, Human Services, *Committee Hansard*, Canberra, 20 August 2015, pp. 6–7.

30 Human Services, *Submission 3*, Answer to Question on Notice, p. 5.

31 Human Services, *Submission 3*, Answer to Question on Notice, p. 5.

32 ANAO, Audit Report No. 37 (2014–15), p. 53.

33 Mr Tidswell, Human Services, *Committee Hansard*, Canberra, 20 August 2015, p. 6.

periods. Training and support materials also help ensure staff are equipped to provide customer outcomes in a timely manner.

The department is undertaking a number of activities to optimise the number of staff available to undertake telephony and maximise flexibility, particularly during peak periods. These include focusing on real time management of demand by moving staff between processing and telephony, limiting off-phone activity and the introduction of further training support to strengthen performance.

In addition, permanent ongoing APS3/4 positions have been advertised.³⁴

- 3.30 The ANAO report noted that, at the time of its audit field work, Human Services did not have a coordinated channel strategy covering all channels including telephone and digital channels. The ANAO recommended that Human Services establish a pathway and timetable for implementation of a coordinated channel strategy to help deliver improved services across all customer channels. In its response to the ANAO's recommendation, Human Services advised that it was currently documenting a coordinated channel strategy.³⁵
- 3.31 The Committee inquired about Human Services' progress in establishing a coordinated channel strategy and whether the strategy would be released publicly. Human Services advised the Committee that the channel strategy was 'going through final clearance processes' before being provided to the Secretary and Minister for clearance. Human Services will 'consider making the document publicly available after it has been cleared by all of the key stakeholders.'³⁶

Impact of other service delivery channels on customer call wait times

- 3.32 The Committee was interested in exploring other factors that might be driving the large volume of customer inquiries made through Centrelink telephone channels. The ANAO concluded that 40 per cent of calls to contact centres are now made because of a failed self-service interaction. The ANAO report found this a noteworthy trend given the expectations of improved service delivery and efficiencies offered by self-service channels.³⁷ The ANAO remarked that:

One of the most interesting things about this audit for us was this nexus between performance and reliability of alternative channels

34 Human Services, *Submission 3*, Answer to Question on Notice, p. 6.

35 ANAO, Audit Report No. 37 (2014–15), p. 55.

36 Human Services, *Submission 3*, Answer to Question on Notice, p. 2.

37 ANAO, Audit Report No. 37 (2014–15), p. 54.

and the impact that poor performance on that side can have on telephony service ... This is not just a problem for the department; it appears to be an international phenomenon.³⁸

- 3.33 There was interest in exploring with Human Services complaints received by some Committee members that staff at a number of physical Centrelink service centres have been reluctant to assist customers with inquiries and have been advising customers to use online services instead. Human Services advised that physical service centres are continuing to handle a large number of customer inquiries and that wait times are reasonable:

... in our face-to-face settings our wait times have never been better. This July, our average wait time for social security and welfare work was about 10 minutes. To receive a Medicare inquiry was about seven minutes. Last financial year, we handled about 24.5 million contacts in those service centres.³⁹

- 3.34 Human Services also advised that service centre staff are assisting customers to learn and use digital services. The aim of providing this assistance is to reduce customers' need to visit a physical service centre:

In the front of those service centres we are greeting people as they come in, triaging to the right service officer and, increasingly, sitting them down at computers that we have in the service centres to show them how to use the digital applications ... We are shifting some of the effort that used to be staff assisted effort to customers themselves, and then customers, we hope, are able then to do it on their own devices, or at a school or library or in a community setting, at their convenience, in their time.⁴⁰

- 3.35 Asked about changes in staffing levels at physical service centres over time and whether this might have an impact on the number of customer inquiries that can be handled at those centres, Human Services provided the total number of employees (including ongoing, non-ongoing, intermittent and irregular employees) in its Service Centres delivering Centrelink and Medicare services. Table 3.3 below sets out the information provided.

38 Dr Tom Ioannou, Group Executive Director Performance Audit Services Group, ANAO, *Committee Hansard*, Canberra, 20 August 2015, p. 10.

39 Mr Tidswell, Human Services, *Committee Hansard*, Canberra, 20 August 2015, p. 2.

40 Mr Tidswell, Human Services, *Committee Hansard*, Canberra, 20 August 2015, p. 2.

Table 3.3 Total number of ongoing and non-ongoing employees (including Intermittent and Irregular employees) in Service Centres

	As at 30 June 2013	As at 30 June 2014	As at 30 June 2015	As at 31 July 2015
Number of employees	12,179	11,431	10,681	10,733
Percentage of total Human Services workforce	34.0%	32.9%	30.6%	30.6%

Source *Human Services, Submission 3, Answer to Question on Notice, p. 3.*

3.36 Human Services informed the Committee that, since 30 June 2013, the number of service centres has been reduced from 463 at 30 June 2013 to 376 at 31 July 2015 and ‘this has primarily been a result of the expansion of the one-stop shop approach to increase the range of services available from a single location and reduce the cost and duplication of service delivery.’ Human Services noted that the percentage of staff working in face-to-face service delivery has ‘remained stable, noting the overall reduction in the number of Service Centres.’⁴¹

3.37 The Committee noted that information provided to Centrelink customers in written correspondence is sometimes inconsistent, or in conflict, with other information and correspondence sent by Human Services to the customer. The Committee queried whether this could be causing confusion and therefore driving customers to call Centrelink’s telephone lines. Human Services responded that it is working to improve the clarity of its written correspondence; however, its ability to reduce the amount of correspondence it sends is constrained by legislative requirements to send correspondence in a number of circumstances:

By law, where we have made a decision to change things, we are required to notify that individual about what has occurred. We are working hard, however, to try to develop the capability so we do not get those letters that are difficult to understand. We have had a big program of work not only to reduce the snail mail approach and provide more email correspondence but also to make the letter content more understandable and readable and to improve our ability to provide advice to people when things have changed.⁴²

3.38 Human Services acknowledged that written correspondence is a driver of customer demand for telephone services; however, transitioning customers to online and self-service channels is the key to reducing call volumes:

41 Human Services, *Submission 3, Answer to Question on Notice, p. 4.*

42 Mr Tidswell, Human Services, *Committee Hansard, Canberra, 20 August 2015, p. 4.*

One of the things we are really conscious of – and you have alluded to it – is one of our wicked problems, which is our correspondence and how it drives demand ...

What we are really trying to do is take some demand out of the system and showcase ways in which people can do the work themselves. Social media helps. We can promote that 'this is the way you do things moving forward'.⁴³

Performance measurement and reporting

Internally reported performance information

- 3.39 Internally, Human Services monitors a range of KPIs for Centrelink telephone services (some incorporating targets), which Human Services refers to as 'performance metrics'. Internal performance metrics include:
- Number of successful calls (calls that are able to enter the network)
 - Number of answered calls (calls that enter the network and are answered by a service officer)
 - Number of abandoned calls (calls that are abandoned by hanging up after a customer has entered the network but prior to being answered by a service officer)
 - Average speed of answer (the average time a customer waits on hold before their call is answered by a service officer)
 - Average handle time (the average time a service officer spends handling an individual call after answering it including speaking to the customer, time on hold and completing any after call work).⁴⁴
- 3.40 The ANAO report noted that Human Services does not have a concrete way of measuring and reporting on the level of First Contact Resolution or First Call Resolution.⁴⁵ First Contact Resolution is where an issue is resolved by the first service officer who takes the call, thereby avoiding the time and cost involved in transferring the customer to another service officer. If a call does need to be transferred, the goal becomes First Call Resolution where the customer's issue is resolved by the time the customer ends the call.⁴⁶

Externally reported performance information

- 3.41 In 2012–13 and 2013–14, Human Services used an 'average speed of answer' as its sole key performance indicator (KPI) for external reporting

43 Mr Tidswell, Human Services, *Committee Hansard*, Canberra, 20 August 2015, p. 6.

44 ANAO, Audit Report No. 37 (2014–15), pp. 75–76.

45 ANAO, Audit Report No. 37 (2014–15), p. 77.

46 ANAO, Audit Report No. 37 (2014–15), pp. 70–71.

on its combined telephony services (including Centrelink, Medicare and Child Support). From 2014–15, Human Services will report on Centrelink, Medicare and Child Support telephony performance separately in its annual report. The ANAO stated ‘this development will provide improved transparency of the performance of Centrelink’s telephony services.’⁴⁷

3.42 Separate targets have now been set for Centrelink, Medicare and Child Support telephone services (discussed below). The average speed of answer KPI set for Centrelink telephone services includes a target that ‘the average length of time a customer waits to have a call answered is equal to or less than 16 minutes.’⁴⁸

3.43 The ANAO report found that implementing an average speed of answer KPI addresses a significant aspect of telephony performance; however, it does not create a complete picture of the broader customer experience in engaging with Centrelink telephone services:

... as a single measure of a service user’s telephone experience, the KPI is far from complete, as it does not provide an overall picture of Centrelink’s telephony performance. For instance the average speed of answer KPI provides limited information on the variability in wait times experienced by customers.⁴⁹

3.44 The ANAO report suggested it would be useful for Parliament and the public to have a broader range of information on Centrelink telephony performance, including the number of calls unable to enter the network (‘blocked’) and the number of calls abandoned by the customer hanging up:

To gain a more complete picture ... it is desirable for Parliament and other stakeholders to have information about the broader customer experience. For instance, the ANAO estimated that in 2013–14 around 30 per cent of calls that entered the network were abandoned and 13.7 million calls were blocked.⁵⁰

3.45 The Committee asked Human Services whether using an average speed of answer as its sole externally reported KPI for Centrelink telephone services might not give a full picture of performance. The Committee pointed to the fact that reporting on the average speed of answer does not

47 ANAO, Audit Report No. 37 (2014–15), p. 80.

48 Human Services, *2015–16 Corporate Plan*, p. 24.

49 ANAO, Audit Report No. 37 (2014–15), p. 81.

50 ANAO, Audit Report No. 37 (2014–15), p. 81.

incorporate the millions⁵¹ of customers who hang up or are blocked from entering the network, or experience wait times much longer than the average. In response, Human Services admitted that the KPI for Centrelink telephone services does not address the range of customer experiences; however, the target incorporated into the KPI reflects government resourcing:

The 16-minute key performance indicator is the measure by which we are assessed in terms of our high-level performance target for the department and we are resourced accordingly by government to achieve that target. Last financial year, for the social security and welfare lines, which include the Centrelink lines ... the average speed of answer was 15 minutes and 40 seconds. In that sense, you are right: averages are averages and there will be ones on the right and the left of that bell curve. Our aim is to try and work within those parameters.⁵²

3.46 The ANAO formally recommended that Human Services review its KPIs for Centrelink telephone services⁵³ and Human Services agreed with qualifications to that recommendation. In its response to the recommendation, Human Services stated it 'believes that the current KPIs provide a sound and comprehensive set of metrics for Centrelink telephony'.⁵⁴

3.47 At the public hearing, Human Services defended the average speed of answer KPI for Centrelink telephone services as representing one of the most important considerations for Centrelink customers:

We think that the provision and having a metric that is about average speed of answer as our key performance driver is one of the most important things for our customers. We would like to do better than that, but it is challenging given the complexity of social security and welfare work and activity and the policy settings ... But I would argue that it is a transparent measure – it is there for everyone to see. It is published in the PBS, we have delivered on it, we are funded to deliver on it and its gives you the full suite.⁵⁵

3.48 Asked whether it was 'happy' with the single externally reported KPI in its current form, Human Services confirmed:

51 In 2013–14, 13.7 million calls were blocked from entering the network and 7.8 million calls were abandoned before being answered. See ANAO, Audit Report No. 37 (2014–15), pp. 34–5, 41.

52 Mr Tidswell, Human Services, *Committee Hansard*, Canberra, 20 August 2015, p. 1.

53 ANAO, Audit Report No. 37 (2014–15), p. 84.

54 ANAO, Audit Report No. 37 (2014–15), p. 84.

55 Mr Tidswell, Human Services, *Committee Hansard*, Canberra, 20 August 2015, p. 2.

We are ... The envelope for us is that we get a level of resourcing and that resourcing is based on a set of metrics and capability. We are meeting that, and this is, in a sense, in our targets and approach.⁵⁶

Comparison with other service delivery performance arrangements

- 3.49 The ANAO report found that the 16 minute target incorporated into the average speed of answer KPI for Centrelink telephone services is 'significantly above the separate targets recently set by Human Services for Medicare and Child Support telephone services.' The target average speed of answer for Child Support telephone services is equal to or less than three minutes, and the target for Medicare telephone services is less than or equal to seven minutes. The ANAO noted there was no documented rationale for the difference in targets for Centrelink, Medicare and Child Support.⁵⁷
- 3.50 The Committee queried why such different average speed of answer targets have been set for Centrelink, Medicare and Child Support telephone services. In response, Human Services explained the decision related to the amalgamation of the three agencies into the single Department of Human Services, and that social services had the largest demand:
- Again, this is all part of the whole story of amalgamation, and we are still on that journey. So we have separately, and quite appropriately for transparency purposes, broken out the social security and welfare, as we call it, in the PBS, and then the health measures and child support measures – and they have largely been the historical settings that have been in place. But there is no doubt about it: the big demand is on the social security and welfare side. That is the more complex policy setting, and that is where people continue to want to ring us ...⁵⁸
- 3.51 The ANAO report also noted that the target average speed of answer for Centrelink telephone services of less than or equal to 16 minutes is 'very much at the high end compared to a number of other government and private sector organisations that deliver services via telephone.'⁵⁹
- 3.52 As to what other organisations had been compared with Centrelink telephone services, the ANAO advised that a variety of organisations had been considered and the target average wait time for Centrelink services was at the higher end of what was observed elsewhere:
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56 Mr Tidswell, Human Services, *Committee Hansard*, Canberra, 20 August 2015, p. 3.

57 ANAO, Audit Report No. 37 (2014–15), p. 15.

58 Mr Tidswell, Human Services, *Committee Hansard*, Canberra, 20 August 2015, p. 3.

59 ANAO, Audit Report No. 37 (2014–15), pp. 43–44.

At page 43 of the report is table 2.4 which sets out some of the other organisations we looked at. We also looked at an international benchmarking study ... We looked at a variety of other large organisations – Australian organisations and a couple of international organisations, in the UK and the US governments ... We concluded that, overall, the department's performance was at the higher end of what we observed elsewhere. The waiting times were at the higher end of what we observed elsewhere.⁶⁰

3.53 Table 3.4 below sets out the timeliness targets used by a selection of other organisations providing customer telephone services.

Table 3.4 Timeliness performance measures of a selection of organisations

Organisation	Performance Measure
Department of Human Services	
■ Centrelink	Average speed of answer of less than or equal to 16 minutes
■ Child Support	Average speed of answer to less than or equal to 3 minutes
■ Medicare—Public	Average speed of answer of less than or equal to 7 minutes
Australian Taxation Office	
■ General inquiries	80 per cent of calls answered within 5 minutes
■ Tax practitioners	90 per cent of calls answered within 2 minutes
Department of Immigration and Border Protection	85 per cent of calls answered in less than or equal to 10 minutes
Government of Canada—Canada Revenue Agency	Calls answered in less than or equal to 2 minutes
United Kingdom Government—Her Majesty's Revenue and Customs	Focuses on measuring the percentage of successful calls
United State Government—Inland Revenue Service	Average speed of answer performance measure in 2013 was less than or equal to 15 minutes
Westpac Banking Group	Various measures. Up to 90 per cent of calls answered in less than or equal to 90 seconds. Westpac advised that it is planning to reduce to 90 per cent of calls answered in less than or equal to 60 seconds

Source ANAO, *Audit Report No. 37 (2014–15)*, p. 43.

3.54 Mr Tidswell disputed whether the volumes and types of inquiries handled by other organisations could properly be compared with the types of inquiries received by Centrelink telephone services, and noted that proper comparative work would require examination of average handle time and inquiry complexity:

But I do disagree with the inference ... that they deal with a similar sort of inquiry load. Qantas has a relatively simple inquiry line, unless you have lost your luggage and you have some dramas ... Quite often we deal with quite complex inquiries.

Sometimes people ring us in great distress. There are complex things, there might be multiple payments involved and you might be separating from your partner, and sometimes those calls can take a considerable period of time. To do some proper comparative work, you need to look at average handle time and complexity of calls to get a sense.⁶¹

- 3.55 The ANAO report noted that the Australian Taxation Office has a target KPI for its general inquiries telephone line of '80 per cent of calls answered within five minutes'.⁶² There was interest in this type of measurement as a potential alternative to the average speed of answer KPI for Centrelink telephone lines. Human Services explained that it previously utilised a similar KPI – that a certain number of calls be answered within a certain number of minutes. However, that KPI had since been abandoned in an effort to improve customer service by allowing customers the option to wait on the line to be answered rather than deliberately blocking a large number of calls from entering the network:

Some years ago we had similar metrics, and it was an easy thing, in my view, to achieve those metrics ... we effectively did that by blocking access to our telephony system. We basically stopped people from getting in the queue and protected our service measures What we have done is given more access to people to enter the queue and we give them messages – such as how to do this online or how to serve yourself or you do not need to ring us now – to give people a sense that it is not critical or urgent. People do hang on and, in that instance, if it is an urgent inquiry we will resolve it.⁶³

Committee comment

Management of customer call wait times

- 3.56 The Committee is of the view that the high customer call wait times are likely to persist until either Human Services is resourced to meet the high demand for Centrelink telephone services⁶⁴ or, alternatively, the level of demand for telephone services is reduced by customers moving to self-service and digital channels.

61 Mr Tidswell, Human Services, *Committee Hansard*, Canberra, 20 August 2015, p. 4.

62 ANAO, Audit Report No. 37 (2014–15), p. 43.

63 Mr Tidswell, Human Services, *Committee Hansard*, Canberra, 20 August 2015, p. 4.

64 Human Services advised that it would require an additional 1,000 staff at a cost of \$100 million per year in order to reduce its average speed of answer to 5 minutes. See ANAO, Audit Report No. 37 (2014–15), p. 90.

- 3.57 The Committee is pleased that Human Services is committed to reducing the volume of calls made to Centrelink telephone lines, and therefore wait times, by expanding its digital service delivery as an alternative means for customers to resolve issues. It is encouraging that there has been a high uptake of digital and online services, and that service centre staff are assisting and educating customers in the use of digital channels.
- 3.58 Unfortunately, however, it appears that the initial transition of customers to online and self-service channels is creating more calls to Centrelink's telephone lines rather than reducing the volume of calls. The Committee notes that this is consistent with international experience and is of the view that there will still be people continuing to seek face to face interactions.
- 3.59 In view of the fact that Human Services has admitted that there have been issues with customers using digital channels⁶⁵, and as this may be driving demand for telephone services, the Committee strongly encourages continued effort by Human Services to analyse and develop strategies to address customer satisfaction with the quality and reliability of all services.
- 3.60 The Committee further suggests that Human Services consider options for further learning from the experience of other large service delivery organisations in the public and private sectors which provide customer service through multiple channels, including telephone, online and self-service channels. The Committee does acknowledge that the compatibility of these experiences is limited due to the complexity and uniqueness of the services delivered by Human Services.
- 3.61 Effective staff training within Centrelink is also of interest to the Committee. The Committee is of the view that Human Services should increase training for staff to deliver the Smart Centre concept.

Recommendation 4

The Committee recommends that the Department of Human Services report back to the Joint Committee of Public Accounts and Audit, within six months of the tabling of this report, with information on how it has increased training for staff to deliver the Smart Centre concept and the level of training experience.

Performance measurement and reporting

- 3.62 The Commonwealth Performance Framework requires all Commonwealth entities to collect information to monitor, assess and report their

65 Mr Tidswell, Human Services, *Committee Hansard*, Canberra, 20 August 2015, p. 8.

performance. A structured and integrated performance system allows government agencies to make informed adjustments to their service delivery arrangements as needed. Good performance information should drive actual 'real time' performance improvements as well as support external scrutiny.

- 3.63 The Committee notes that this performance information will be improved by the new Welfare Payment Infrastructure Transformation.

Recommendation 5

- 3.64 **The Committee recommends that the Department of Human Services report back to the Joint Committee of Public Accounts and Audit, within six months of the tabling of this report and then on an annual basis, on the implementation of the Welfare Payment Infrastructure Transformation and the subsequent impact this has had on real time performance measuring, management and service delivery.**

Internally reported performance information

- 3.65 The Committee notes that Human Services monitors and internally reports the performance of its Centrelink telephone services against a range of KPIs, some of which include targets. However, the Committee notes the ANAO's finding that they provide a limited basis for assessing customer outcomes and the success or otherwise of the Smart Centre concept.⁶⁶
- 3.66 Accordingly, the Committee supports the ANAO's conclusion that there would be value in Human Services examining its existing internal KPIs and considering if they are fit for purpose in the Smart Centre environment.⁶⁷ For example, the Committee suggests that Human Services consider whether its measurement of average handle time (being the average time a service officer spends handling an individual call, including speaking to the customer, time on hold and completing any after-call work) needs review, given the additional processing work Smart Centre staff are now undertaking in order to resolve customer inquiries.
- 3.67 In this context the Committee considers it important that, where possible, Human Services include targets for its KPIs. Targets help to set clear expectations of desired standards and facilitate management oversight. Targets can reflect the expectations of management and the public, or they can be informed by external benchmarks or prior trends in performance.

66 ANAO, Audit Report No. 37 (2014–15), p. 77.

67 ANAO, Audit Report No. 37 (2014–15), p. 85.

- 3.68 The Committee also recommends that Human Services examine ways of broadening its suite of KPIs. This will give a better picture of the quality, effectiveness and efficiency of Centrelink telephone services. Specifically, the Committee recommends that Human Services investigate gathering performance information for:
- the number of customer inquiries resolved by the first contact officer a customer speaks to ('First Contact Resolution') and the number of customer inquiries resolved within their first call to Centrelink telephone services ('First Call Resolution'). The Committee notes that a key goal of the Smart Centre concept is to provide a more efficient service to customers at the first point of contact rather than an inquiry being handled by multiple staff members.
 - the proportion of customers that resolve their inquiries by receiving information from the Interactive Voice Response (IVR) system, which provides pre-recorded information over-the-phone to customers. The Committee notes that in 2013–14 around 40 per cent of customer calls ended while the customer was in the IVR system. It is concerning that Human Services does not have data to indicate how many of these calls ended because the customer resolved their inquiry or hung up for other reasons.⁶⁸ The Committee is of the view that the effectiveness of the information provided by the IVR system and the success or otherwise of the IVR system as a whole can only be determined if its performance is properly monitored.

Recommendation 6

- 3.69 **To ensure that internal key performance indicators are relevant and fit for purpose in the Smart Centre environment and for online service delivery, the Committee recommends that the Department of Human Services:**
- **examine the completeness and appropriateness of its existing internal key performance indicators**
 - **develop appropriate targets for existing internal key performance indicators wherever practical**
 - **investigate, with a view to adopting, additional key performance indicators – including:**
 - ⇒ **'First Contact Resolution' and 'First Call Resolution' information**
 - ⇒ **performance information relating to the Interactive Voice**

68 ANAO, Audit Report No. 37 (2014–15), pp. 77–78.

Response system – including information relating to the numbers of and reasons for resolved and unresolved calls

- **report back to the Joint Committee of Public Accounts and Audit, within six months of the tabling of this report, on its progress in implementing this recommendation.**

Externally reported performance information

- 3.70 Centrelink telephone services are a core part of Human Services' business and are of significant ongoing interest not only to the Committee but also to the Parliament and the wider community. Accordingly, the Committee believes there is a strong interest in more complete and publicly available data on the performance of Centrelink telephone services.
- 3.71 Human Services publicly reports its performance for Centrelink telephone services against only one KPI – which measures the average length of time a Centrelink customer waits to have their call answered. This externally reported KPI includes a target average wait time of less than or equal to 16 minutes. The Committee acknowledges that this KPI and incorporated target is relevant and useful as, to a certain extent, it demonstrates the level of access that Centrelink customers have to a service officer.
- 3.72 However, the Committee is concerned that, by publicly reporting against only one KPI for Centrelink telephone services, Human Services is not giving a complete picture of its performance. The goal of providing telephone services to Centrelink customers is not solely to enable access to a service officer but also to provide a timely, accurate and accepted resolution to their inquiry.
- 3.73 Furthermore, the current KPI is not a helpful indicator of many customers' experiences. This includes lengthy wait times, commonly receiving a busy tone, being unable to enter the network ('call blocking'), and/or hanging up before their issue has been resolved ('call abandonment'). The lack of public information on such issues hinders better management of customer expectations. Making such information available may also increase awareness of the large challenges faced by Human Services in this area.
- 3.74 Accordingly, the Committee recommends that Human Services externally report a broader range of KPIs for Centrelink telephone services.

Recommendation 7

- 3.75 **To improve transparency and better inform customer expectations, the Committee recommends that the Department of Human Services publicly report a broader range of key performance indicators (and their associated targets) for Centrelink telephone services – which should at least include all current internal performance indicators and any additional indicators adopted as a result of Recommendation 6.**

Frequency of externally reported performance information

- 3.76 The Committee is of the view that publicly reporting against KPIs for Centrelink telephone services only once per year in the Human Services annual report is not sufficient for Parliament and the public to understand and consider ongoing performance.
- 3.77 Accordingly, the Committee sees merit in Human Services publishing more regular updates on its performance against its KPIs for Centrelink telephone services, possibly on Human Services' website, in addition to its annual report.

Recommendation 8

- 3.78 **To improve transparency, the Committee recommends that the Department of Human Services publish performance information more frequently against its key performance indicators for Centrelink telephone services.**

