



The Committee Secretary
Joint Committee of Public Accounts and Audit
PO Box 6021
Parliament House
CANBERRA ACT 2600

Dear Sir/Madam

Government response to JCPAA Report 452

I refer to the Joint Committee of Public Accounts and Audit's Report 452 – *Natural Disaster Recovery; Centrelink Telephone Services; and Safer streets Program; Review of auditor-General Reports Nos 24-50 (2014-15)*. In particular, I am responding to correspondence from the Chair of the Committee dated 18 April 2017 to the former Secretary of the Department of Human Services (the Department), Ms Kathryn Campbell. I have been asked to respond on behalf of the Department.

Please find enclosed an update from the Department of Human Services on the implementation of recommendations from the above report, in particular in relation to Recommendations 5, 6, 7 and 8.

Yours faithfully

A large black rectangular box redacting the signature of Kathy Stevens.

Kathy Stevens
Acting National Manager
Ministerial Coordination and Parliamentary

6 October 2017



Australian Government
Department of Human Services

EXECUTIVE MINUTE

on

**JOINT COMMITTEE OF PUBLIC ACCOUNTS AND AUDIT
REPORT 452**

Natural Disaster recovery; Centrelink Telephone Services, and Safer Streets Program,
Review of Auditor-General Reports Nos 24-50 (2014-15)

Pursuant to the response to Recommendation No. 5, of 18 September 2016, detailed below.

Recommendation No. 5

paragraph 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.

The Department of Human Services (the Department) supported this recommendation with qualification and advised that as the benefits realisation will occur upon deployment of each of the deliverables within the stages of the programme, the Department will report back to the JCPAA at the end of each tranche. Tranche One commenced on 1 July 2015 and was completed on 30 June 2017. Tranche 2 commenced on 1 July 2017 and will be completed on 30 June 2018.

An update on the Welfare Payment Infrastructure Transformation (WPIT) Programme at the closure of Tranche One is provided below for the benefit of the Committee.

1. Programme Overview

The WPIT Programme is a large scale business transformation that will change the way government delivers welfare payments now and into the future. The Programme is forecast to run over seven years (2015–2022) and will overhaul the Australian welfare payment system. It will modernise the delivery of welfare payments and services by simplifying business processes across face-to-face, phone and digital channels. The programme will position the Department to meet the evolving needs of the government and the community.

The Department is working closely with the Digital Transformation Agency (DTA) to ensure the Programme aligns with the Digital Service Standard. This includes using multidisciplinary teams, and adopting an agile and user-centred approach to designing and building services.

In the 2015–16 Budget, \$60.5 million net expenditure, over four years (the forward estimates period), was allocated to progress Tranche One. As part of the 2016–17 Mid-Year Economic and Fiscal Outlook, the Government invested \$313.5 million over four years, for Tranche Two.

2. Tranche One Overview

Tranche One of the WPIT Programme started on 1 July 2015 with core activities being delivered through to 30 June 2017. During Tranche One, the Programme focussed on business planning, scoping and design work for future tranches; delivering additional digital functionality for claimants, recipients and staff; engaging the Programme's major commercial partners; and establishing governance arrangements.

Tranche One of the Programme was completed successfully and the Programme has now commenced the second of its five tranches. Tranche One of the Programme was delivered through five projects:

- **WPIT Procurement** – procurement activities to source a Core Software Vendor (CSV) and establish a panel of Systems Integrators (SI);
- **Circumstance Change Monitor (CCM)** – an online 'Claim Tracker';
- **Online Customer Support (OCS)** – a new Virtual Assistant named 'Sam', launched on the Human Services website;
- **Improve Staff Digital Capability (ISDC)** – a simulation tool that improves staff digital capability, so the best level of service can be provided to all recipients and claimants; and
- **Circumstance Driven Customer Management (CDCM)** – the Payment Finder provides claimants the ability to find, estimate and compare payments and services they may be eligible for, based on their circumstances.

3. Capability and Benefits Delivered

Tranche One Digital Projects introduced digital enhancements to make services simpler for welfare recipients and more useable for the Department's staff. The Department began rolling out digital enhancements in 2016, delivering immediate benefits to citizens who access its services. This included:

- alignment of the Programme's digital service offering and business architecture with the Digital Transformation Agency's Digital Service Standard;
- implementation of strong governance structures and processes;
- selection of the Programme's major commercial partners;
- delivery of additional digital functionality to claimants, recipients and staff through Tranche One digital projects; and
- development of the first iteration of the Target Business Model, which will assist the Department to define the capabilities it will need in the future.

The Programme completed a series of activities to gain insights through the design and delivery phases and also inform product development. These activities included:

- co-design workshops and focus groups to collect insights regarding current and future state user experiences, data models and pain points to inform the WPIT Future State Business Design;
- validation sessions to review the future approach to targeted servicing, based on the analysis of citizen and service data;

- usability testing to learn how the product/process works from the users' perspective and how to improve it. It also allows for observation of individuals' reactions to targeted messaging as they are working through processes;
- in-depth user interviews, targeted towards users vulnerabilities or more complex circumstances to help inform the development of servicing strategies; and
- user testing to evaluate and test specific designs of a product or service for functionality and useability.

During Tranche One the Programme also implemented a number of design artefacts including:

- business frameworks (architecture) to structure and organise the development of business rules, processes and requirements – providing re-useable designs to support policy simplification and standardisation;
- current state business process analysis – this provided a view of the current business process. This was then used to identify simplification and automation opportunities for the future state;
- a business capability model to define the scope of business components that supports and enables the delivery of payments and services to welfare recipients;
- producing material for the Competitive Dialogue process that detailed the requirement for potential Systems Integrators to have the capability to deliver services that improve a user's digital experience;
- developing the Student Concept of Operations that was focused on automating processes and improving digital take up and the user experience, mostly for students, using the current available technology;
- developing the Target Business Model that articulated a future state, using new technology, where secure data exchanges with trusted delivery partners enable an omni-channel experience, straight through processing of claims and automating changes of circumstances; and
- working closely with the Australian Taxation Office and other government agencies to progress Single Touch Payroll Phase Two of sharing real time information with other government agencies.

3.5 Tranche One Projects

Of the five registered projects, four were focused on delivering additional digital functionality for claimants, recipients and staff, primarily on improvements to the student's online experience, and to other cohorts where possible.

3.5.1 Circumstance Change Monitor (CCM)

The implementation of the online 'Claim Tracker' reduces the number of enquiries from claimants by allowing them to track the status and progress of their claim. Processing improvements mean claims can no longer be submitted without all supporting documentation. This has reduced the number of claims being rejected due to insufficient documentation.

The 'Claim Tracker' can be used by Students, Carers and Age Pension claimants to more easily progress their claim on their online account through myGov or their Express Plus mobile app.

- Claimants are now able to see where their claim is up to. They no longer need to contact Centrelink to enquire about its progress.

- Claimants are provided with clear instructions on the information required to assess their claim prior to submission. This allows them to submit all of their information online, at a time that suits them, without attending a service centre.
- The claim process is now more streamlined for staff as they have the required information to process a claim without having to contact claimants. Consequently, the high rate of rejections, due to insufficient information being provided to the Department, has been reduced.
- The reduction in students calling to enquire about their claim has allowed departmental staff more time to work with other claimants who have complex needs and circumstances.

3.5.2 Online Customer Support (OCS)

OCS delivered a new Virtual Assistant named 'Sam', launched on the Human Services website for students, trainees and families. The Virtual Assistant is always available on either desktop or mobile devices, and will answer general queries from unauthenticated claimants in a conversational 'chat' with automated, pre-approved responses. The Virtual Assistant will help people remain in the digital channel.

3.5.3 Improve Staff Digital Capability (ISDC)

ISDC provided a range of initiatives that improve staff digital capability, assisting staff to support claimants and recipients finalise their claims within online channels. Service delivery staff have access to interactive simulation products that replicate Centrelink online transactions, enabling them to interact with online services in the same way welfare recipients do. This experience, from a welfare recipient's viewpoint, helps staff to better guide welfare recipients through their digital transactions and more easily resolve issues raised by individuals.

3.5.4 Circumstance Driven Customer Management (CDCM)

The redeveloped Payment Finder is a tool that makes it simpler for people to test their potential eligibility for payments before they make a claim. It tailors services to claimants and recipients by drawing on data from the Department and third parties to determine the most appropriate service offer. Claimants have the ability to find, estimate and compare payments and services they may be eligible for, based on their circumstances.

4. Transition

The Programme has now moved into Tranche Two. The focus of Tranche Two will be on developing new welfare payment processes and services, starting with \$3 billion in student payments that are administered and delivered each year.

Tranche Two of the WPIT Programme has four primary objectives:

- transform the delivery of student payments – processing of simple student claims will be automated, freeing up staff to work with welfare recipients who have more complex needs and circumstances;
- develop foundational capabilities – together with commercial partners, build the core system features required to support all welfare payments into the future;
- finalise future-state business and technology design – designing future options and steady state for welfare service delivery will be completed alongside the detailed design of the new ICT system that will support the approach; and
- prepare for Tranche Three.

Strategic design activities completed during Tranche One are informing the development of the JobSeeker Concept of Operations as part of the planning for Tranche Three.

Departmental Update on Recommendation Nos. 6 and 7 and Clarification of Departmental response to Recommendation No. 8 of 16 March 2017:

JCPAA Request for Departmental Update on Recommendations 6 and 7

The Committee notes that DHS will provide the Committee with an update in September 2017, following the completion of phase two of the Smart Centre environment and online service delivery Key Performance Indicator (KPI) review. As a component of that update, the Committee requests that DHS include information to the Committee on the Department's response to the review, including an implementation update for any recommendations made by the review.

Recommendation No. 6

paragraph 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 Response system—including information relating to the numbers of and reasons for resolved and unresolved calls*

and 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.

The Department **supported** this recommendation.

The DHS Telephony Review ("the Review") discussed in the Department's September 2016 and March 2017 responses to the JCPAA has now been completed.

The Department has examined the completeness and appropriateness of its key performance indicators and looked to expand the indicators wherever practical. The Department is working with its telephony vendor to upgrade its technology and data capture capability with the view to setting a quality of service indicator or metric over the course of this financial year.

Recommendation No. 7

paragraph 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.

The Department **supported this recommendation with a qualification.**

Steps to implement this recommendation were included in the Review, and the Department will progressively identify opportunities to do so over the next nine months in line with the Review's recommendations.

Recommendation No. 8

paragraph 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.

The Department **did not support** this recommendation.

JCPAA Request for Clarification on Departmental Response to Recommendation 8

The Committee again emphasises that recommendation 8 from report 452 addressed the entire range of KPIs relating to Centrelink telephone services, and not the single issue of average wait times, and requests that DHS specifically addresses the question of increased frequency of public reporting against KPIs in its response to the Committee.

As previously stated in March 2017, the Department continues to be committed to improving transparency and better informing citizen expectations. At this time, the Department does not consider it appropriate to publicly report a broader range of key performance indicators (and their associated targets) for Centrelink telephone services.

Increasing the frequency of reporting of the Department's current main measure, average speed of answer, would not improve the transparency of departmental performance, as the annual measure accounts for peak demand periods and events such as emergencies. Wait times will vary on a daily, weekly and monthly basis as the Department manages its day-to-day business.

As steps are taken to implement recommendation No.7, the frequency of reporting will be considered on a case by case basis to determine the suitability of providing periodic public reporting.

Caroline Edwards
A/g Secretary
Department of Human Services
September 2017