

Administration of Contact Centres

Australian Taxation Office

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Canberra ACT
26 November 2014

Dear Mr President
Dear Madam Speaker

The Australian National Audit Office has undertaken an independent performance audit in the Australian Taxation Office titled *Administration of Contact Centres*. The audit was conducted in accordance with the authority contained in the *Auditor-General Act 1997*. I present the report of this audit to the Parliament.

Following its presentation and receipt, the report will be placed on the Australian National Audit Office's website—<http://www.anao.gov.au>.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Ian McPhee', is positioned above the printed name and title.

Ian McPhee
Auditor-General

The Honourable the President of the Senate
The Honourable the Speaker of the House of Representatives
Parliament House
Canberra ACT

AUDITING FOR AUSTRALIA

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Abbreviations

ATO	Australian Taxation Office
BCM	Business Continuity Management
BSL	Business and Service Line
CAS	Client Account Services
CS&S	Customer Service and Solutions
CSR	Customer Service Representative
DHS	Department of Human Services
DIBP	Department of Immigration and Border Protection
FCA	Financial Counselling Australia
FECCA	Federation of Ethnic Communities' Councils of Australia
FTE	Full Time Equivalent
GAO	Government Accountability Office (United States)
HMRC	HM Revenue & Customs (United Kingdom)
IRS	Internal Revenue Service (United States)
IVR	Interactive Voice Response
NAO	National Audit Office (United Kingdom)
QA	Quality Assurance
SBIT	Small Business and Individual Taxpayers
SMART	Script Manager and Reference Tool
SMS	Short Message Service
TIS	Translating and Interpreting Service (operated by DIBP)

Summary and Recommendations

Summary

Introduction

1. The Australian Taxation Office (ATO) is responsible for administering Australia's taxation and superannuation systems. In 2013–14, it collected \$321.7 billion in net revenue from taxpayers, incurred operating expenses of \$3.6 billion and had around 23 600 employees.¹ One of the ATO's goals is to provide a contemporary and tailored service to its clients, recognising that 'people expect convenient and accessible service in their dealings with a contemporary service organisation'.² Providing a highly accessible service is important given the revenue raising and superannuation responsibilities of the ATO.

2. The ATO primarily engages with its clients in the following ways to meet their information needs: by telephone, including self-help automated response calls and using free call 1300 numbers from any fixed local telephone line; by correspondence; in person at ATO shopfronts; or online.³ Over recent years, almost half of the contact that clients have had with the ATO was telephone contact.⁴ The majority of these incoming calls to the ATO's contact centres are via the general information line, with separate contact numbers established for specific client groupings, such as taxation practitioners or Indigenous Australians.⁵ In determining how to engage with clients, the ATO typically first develops the content to address their information needs for each distinct issue, and then decides how to disseminate this information through each of the four main communication channels outlined above.

3. As a major channel for clients to contact the ATO, it is important that contact centres provide a high level of client service. While they handle a range of contacts, such as correspondence, they mainly respond to telephone calls. In 2013–14, there was an increase of over 200 000 calls to around 8.2 million calls offered (that is, the number of calls made to the ATO) compared to 2012–13.

1 ATO, *Annual Report 2013–14*, pp. iii–vi.

2 ATO, *ATO Strategic Intent—Reinventing the ATO*, May 2014, p. 9.

3 Online services allow members of the public to access a range of information and services from an agency's website.

4 In 2013–14, 46 per cent of contacts were via telephone, including self-help automated response calls.

5 Indigenous clients, primarily those living in remote communities, can call a separate Indigenous helpline. Where the ATO writes to a client requesting information, such as regarding debts or superannuation, any associated calls may also be directed to a dedicated 1300 number.

Around 7.7 million calls were answered in 2013–14, compared to around 7.0 million in 2012–13.⁶

4. The ATO currently operates its own contact centres, as well as using three commercial providers⁷, to respond to calls to its general information and tax practitioner 1300 telephone numbers. The outsource providers deliver most of the ATO's 'surge' capacity to handle calls during the peak tax period from July to October. The ATO centres are in eight locations, with the outsource centres in five locations—all of which are based in Australia. These 13 centres operate as a single, virtual contact centre, with incoming calls directed to the next available customer service representative (CSR) wherever they may be located.⁸ On the basis of call complexity, some calls cannot be resolved at the initial point of contact and may need to be escalated to other more qualified staff for a response. In 2013–14, the ATO contact centres handled 3.5 million calls (including escalated calls) while the outsource providers handled 4.5 million calls (including some calls that were subsequently escalated).⁹

5. The ATO's eight contact centres and arrangements with outsource providers in the remaining five centres are managed by the ATO's Customer Service and Solutions business and service line (BSL). A number of other BSLs also provide telephony services to the public, including the Client Account Services, Debt, Superannuation, and Private Groups and High Wealth Individuals BSLs. The ATO refers to these as 'boutique' contact centres. The calls handled by these centres are more specialised or are in response to letters sent to clients by these BSLs. These BSLs may also make outbound calls in relation to campaigns that they are conducting.

Audit objective, criteria and scope

6. The objective of the audit was to assess how effectively and efficiently the ATO managed contact centres as part of its overall service delivery

6 To help manage workloads when call volumes are high and wait times for calls to be answered are extended, the ATO may block some calls (that is, callers will receive an engaged tone) or callers may be offered the option of a call back when their call reaches the front of the queue or at another time. There were around 500 000 such calls in 2013–14.

7 These three commercial providers are: Serco Australia Pty Ltd; Stellar Asia Pacific Pty Ltd; and Datacom Connect Pty Ltd.

8 To enable calls to be directed to contact centre staff who are skilled to answer callers' enquiries, callers select from a number of menu options using the ATO's interactive voice response (IVR) unit.

9 These calls do not total the incoming calls at paragraph 3 because calls that are escalated from the outsource centres to ATO centres are counted both as calls handled by the outsource centres and the ATO centres.

strategy. To form an opinion against the audit objective, the ANAO adopted the following high-level criteria:

- contact centres are effectively integrated with other ATO client communication channels, such as the online and on-site channels;
 - contact centres are supported by effective business and administrative arrangements;
 - contact centres provide a high level of client service; and
 - contact centres are managed efficiently.
7. The audit principally focused on the ATO's handling of incoming telephone calls by contact centres.

Overall conclusion

8. The provision of high quality and accessible services to clients underpins the ATO's promotion of compliance with Australia's extensive systems of taxation and superannuation. A key component of the ATO's approach to engaging with clients is its network of 13 contact centres that, in 2013–14, handled 10 million inbound telephone calls¹⁰—representing almost half of its 20.7 million client contacts in that year.¹¹ While the ATO is aiming to make online contact with clients the preferred communication channel by 2020, contact centres are likely to remain an important channel for large numbers of clients in the absence of any action to reduce the demand for these services.

9. Contact centres are a major communication channel for clients to contact the ATO and have generally been managed effectively. Overall, the arrangements established for telephone contact provide clients with ready access to a broad range of call services, with the handling of inbound calls resulting in relatively high levels of overall client satisfaction over many years.¹² The ATO has generally sound organisational arrangements to manage calls, although an overarching client communication channel strategy is yet to

10 These calls include those answered through local call 1300 numbers (7.7 million), as well as interactive voice recognition calls (2.3 million). The remaining 54 per cent of ATO client contacts in 2013–14 were via: correspondence by letter and fax (30 per cent); through the ATO's website (22 per cent); and through the agency's shopfronts (2 per cent).

11 Most call services are provided through the ATO's contact centres. While these centres primarily provide inbound call services, they also provide other contact services such as replies to correspondence.

12 More than 70 per cent of respondents to ATO contact centre satisfaction surveys have expressed satisfaction with the level of service provided by these centres over the past three years.

be established. While not being in a position to readily demonstrate the efficiency of its contact centre operations, there is evidence to indicate that the ATO has achieved value for money from the use of outsource providers and it has also maintained a strong focus on monitoring and reducing the costs of its own contact centres.

10. Until 2012, the ATO had a distinct client communication strategy in place covering the four key channels—contact centres, correspondence, online and shopfronts. This strategy has not been updated or replaced since reaching its nominal expiry date in 2012. While a draft digital strategy was prepared in July 2014 for online services, this strategy focuses on the ATO's digital presence and does not provide or reference a detailed plan for the provision of high quality and accessible services through other channels, including call services. Accordingly, there would be merit in the ATO developing a strategy that more fully encompasses all service channels and provides a plan for transitioning to the preferred online channel environment. As the management of the four service channels is assigned to a number of groups and BSLs across the organisation, there is also scope for the ATO to adopt organisational arrangements that better support the coordinated delivery of client engagement services across the channels.

11. To efficiently handle call volumes and effectively address the needs of clients, the ATO directs calls to staff with relevant skills and knowledge. In general, calls of a specialised nature are handled by ATO contact centres, with the more straightforward calls increasingly being directed to outsource providers. Outsourcing has been particularly effective in enabling the ATO to manage significant fluctuations in call workloads, particularly during 'Tax Time' from July to October each year. The ATO has also made effective use of technology, including in managing periods of high call volumes, such as providing opportunities for callers to receive a call back when their call reaches the front of the queue.

12. As well as relatively high levels of overall satisfaction with contact centres, client satisfaction surveys indicate reasonably high levels of satisfaction across most of the major elements of service, including the time taken to resolve a query (84 per cent in 2013–14) and the overall quality of information provided (86 per cent in 2013). The main exception has been a reasonably significant level of dissatisfaction with call waiting times, with only 57 per cent of respondents

satisfied with the length of waiting times in 2013–14.¹³ At present, the ATO's call answering service commitment for its general information line only relates to Tax Time. Using service commitments that measure the extent to which the ATO meets call wait times throughout the year would better enable it to manage call wait times and enhance client satisfaction.

13. In recent years, the ATO has taken a number of steps to improve the efficiency of its contact centre operations. These steps have included changes to the skill levels of contact centre staff and better support for CSRs to improve first contact resolution rates (that is, the percentage of calls resolved by the CSR who first answers the call), with the ATO reporting a first response resolution rate of around 80 per cent over the past two years. These results need to be viewed with some caution, however, as not all calls included in the rate have been satisfactorily resolved. For example, calls that cannot be answered because a caller is unable to establish proof of identify are treated as being resolved when, from the client's perspective, the matter has not been resolved as they need to call again. As well as improving its measurement of first contact resolution rates, there is scope for the ATO to implement a consistent methodology for calculating call handling costs.¹⁴

14. To improve the ATO's management of contact centre operations, the ANAO has made two recommendations aimed at better coordinating the management of the four key client communication channels, including contact centres, and improving reporting of contact centre performance.

Key findings by chapter

Role of Contact Centres in Australian Taxation Office Service Delivery (Chapter 2)

15. Contact centres are an integral part of the ATO's service delivery strategy. They mainly handle incoming calls from individual taxpayers, superannuants and tax agents. As indicated in paragraph 3, the volume of incoming calls handled by the ATO contact centres continues to increase,

13 The average wait time for general telephone enquiries was 134 seconds in 2013–14.

14 The ATO has used different approaches to calculate call handling costs of the main centres managed by the Customer Service and Solutions BSL, and it does not calculate the cost of calls handled by the 'boutique' centres.

similar to the experience of other large organisations.¹⁵ Despite this increase in call demand, the ATO's aim is for online—rather than contact centres—to be its preferred channel to interact with clients.

16. In this light, the ATO has introduced a number of initiatives to increase the take-up of online services and so moderate the growth in the volume of incoming telephone calls. These initiatives include:

- increasing the number of transactions that a client can complete online;
- requiring tax agents to undertake transactions online, rather than over the telephone with the assistance of a contact centre CSR, where this option is available; and
- encouraging clients to register for an ATO online account through the *myGov* online portal that is managed by the Department of Human Services, where they can obtain information on their dealings with the ATO, such as progress in the processing of their annual income tax return or perform a number of transactions, such as advising of a change of address.

17. The ATO is also taking steps to reduce the need for clients to contact the ATO. These include helping clients more easily meet their taxation reporting obligations¹⁶ and the use of so-called 'natural systems', that is, systems such as financial accounting software that businesses use to meet many of their taxation obligations.

18. While the ATO is developing a digital service delivery strategy, this strategy does not include a detailed plan outlining how the ATO will meet its objective of increasing the take-up of online services and integrate services efficiently and effectively across all channels—not just digital services. It is important that the ATO's channel strategy outlines further improvements to

15 An Australian Government Information Management Office (AGIMO) survey of e-government services (that is, services provided through the Internet and by telephone) reported that, while the use of e-government services had remained stable between 2008 and 2011, with two-thirds (65 per cent) of respondents using e-government services in 2011, the use of the telephone had also increased from 30 per cent to 38 per cent between 2009 and 2011. AGIMO, *Interacting with Government—Australians' use and satisfaction with e-government services*, 2011, p. 4.

16 For example, the ATO introduced a *myTax* application in 2014 to reduce the administrative demands for compliant individuals with relatively straightforward taxation returns by pre-filling the tax return using information already held by the ATO and asking the taxpayer to confirm or amend this information.

the performance of call services, particularly given the likely continued importance of this communication channel for the foreseeable future.

19. As the management of service delivery channels is currently assigned to a number of groups and BSLs across the ATO, no single BSL is responsible for ensuring that the delivery of service is seamless and consistent and for managing an overall ATO channel strategy. While the ATO has commenced consolidation of some service delivery functions¹⁷, there would be benefit in exploring options to better coordinate the delivery of services.

20. As the entry-point to online services, the ATO's website needs to help facilitate the take-up of online services and, as the ATO's future preferred service delivery channel, be managed as a key part of the ATO's service delivery arrangements. While some improvements were made to the website in 2013, further opportunities exist to assist clients to more easily locate the information that they are seeking, for example, providing stepped-through guidance in obtaining answers to questions, without having to call the ATO for assistance.

Operation of Australian Taxation Office Contact Centres (Chapter 3)

21. A key challenge for most contact centres is the appropriate streaming of calls—that is directing the caller to a CSR that is best qualified to respond to the caller's issue. The ATO has sound processes in place for directing calls based on the caller's selection from a menu of options about the nature of the matter for which they are seeking assistance. In the medium term, there is greater scope for the ATO to use voice recognition technology to more quickly and accurately direct calls within the organisation.

22. To enable calls to be directed to CSRs with the requisite level of capability, the ATO operates a tiered skilling model. As part of this model, subject areas are grouped into three tiers based on the level of complexity of the subject, with staff allocated to a tier based on their capability. A review of ATO contact centres in 2012 by an external consultant found that this model was more effective than a call handling model based on individual taxation or superannuation subject matter levels.

17 In 2014, the ATO merged the various areas that were responsible for forecasting client demand into a single area.

23. Depending on subject matter expertise, tier classification and other considerations, CSRs are grouped into specific call handling teams within a contact centre. These teams typically have between 15 and 17 CSRs, including team leaders, which is slightly higher than industry standards.¹⁸ The number of teams within a centre varies, depending on workloads at different times of the year and other factors, such as skill levels within the ATO. Some of the ATO centres are relatively small and, while there is scope to consolidate centres, some centres already have a single manager and shared support staff, which reduces the extent of potential savings.

24. The ATO has taken a number of measures to help contact centre staff respond to calls, including a scripting and referencing system called the Script Manager and Reference Tool (SMART). This system, which the outsource providers have indicated provides appropriate support to contact centre staff, gives a step-by-step guide to answering queries from clients. The ATO also monitors calls in real-time and can take timely remedial action to respond to unexpected increases in call demand, such as blocking calls if the wait times are excessive.

25. The ATO's approach to forecasting call demand is in line with industry practice, with long-term forecasts initially prepared and subsequently refined and used to determine staff scheduling requirements. While the ATO's call demand forecasting is relatively accurate, the accuracy is less for escalated calls. As noted earlier, in 2014 the ATO consolidated client forecasting capability for all contact types (calls, online, in-person and in writing) in the Customer Service and Solutions BSL to achieve greater consistency in forecasting and to generate efficiencies.

26. To support and oversee the operation of the outsource providers, the ATO has appointed support staff, set call volume answering and service output targets, incorporated financial performance incentives and regularly reviews provider performance. Service credits (deductions against the next monthly invoice) are imposed where a provider fails to meet service targets

18 The average number of agents per team leader or supervisor is reported as 13.1 in Dimension Data's *2013/14 Global Contact Centre Benchmarking Report*, p. 145.

and a contract can be terminated where a provider consistently fails to meet specified 'critical' service levels.¹⁹

27. The ATO has implemented sound arrangements to monitor and review the quality of call handling in the 13 main contact centres. However, the number of calls reviewed each month (around three calls per CSR per month)²⁰ is much less than for industry generally²¹ and of other agencies examined by the ANAO. The extent of these differences suggests that there may be scope for the ATO to increase the number of calls reviewed for each CSR each month, bearing in mind the likely benefits to the quality of call handling and the cost of undertaking the additional reviews. There is also scope to include escalated calls to the 'boutique' centres in the contact centre review arrangements to provide greater assurance regarding the quality of call handling across ATO operations.

Performance of Australian Taxation Office Contact Centres (Chapter 4)

28. The ATO commissions research organisations to conduct a number of client surveys each year that provide information on ATO contact centre performance against the ATO's service commitments, including monthly contact centre satisfaction surveys. The surveys indicate that, in 2012–13, between 80 and 90 per cent of respondents were satisfied with the helpfulness of ATO staff, and around 75 per cent of respondents were satisfied with the level of accuracy of the information provided. Over 70 per cent of respondents were satisfied with how the ATO kept clients informed and with the professionalism of ATO staff.

29. Arrangements implemented by the ATO to meet the needs of the diverse range of clients who seek assistance from the organisation on a day-to-day basis include encouraging clients from non-English speaking backgrounds to use the Translating and Interpreting Service (operated by the Department of Immigration and Border Protection) and a dedicated helpline

19 In 2013–14, a relatively small proportion of contract payments was deducted as service credits from the three providers (a total of \$81 959 in deductions—\$57 077 for six quality credits and \$24 882 for three escalation credits—or 0.2 per cent of the total contract payments of \$46.5 million).

20 Where a CSR has met quality assurance requirements for three consecutive months, only one call may be reviewed in the following two months. Contact centres may also undertake local assessments, particularly where a CSR has not met the national quality assurance requirements.

21 Dimension Data's *2013/14 Global Contact Centre Benchmarking Report* indicates call quality review rates of 10.2 for experienced agents and 18.7 for new agents.

for Indigenous clients—primarily targeted towards those clients from remote areas. The annual cost to the ATO of providing translation services to its clients is around \$2.5 million. In 2013–14, there were 61 261 calls requiring language assistance, which equates to around \$41 per call. There were also 24 359 calls answered by the Indigenous helpline in 2013–14. The community organisations consulted by ANAO considered that the arrangements established by the ATO generally work well, but that there was scope for some improvement.²²

30. The ATO does not have a consistent methodology for calculating the cost of its main contact centres and does not calculate the cost of calls handled by its ‘boutique’ centres. To help identify opportunities to further improve the efficient operation of contact centres, there would be merit in the ATO developing a consistent approach for calculating call handling costs across all of its contact centres. However, using information provided by the ATO, the combined average costs per call handled by the eight contact centres managed by the Customer Service and Solutions BSL (including the cost of the Translating and Interpreting Service and direct frontline support costs) were calculated as \$23.50 in 2012–13 and \$22.35 in 2013–14. The cost per second of calls handled by the ATO contact centres was higher than the cost of calls handled by the outsourced providers (around three cents a second, compared to around two cents a second for the outsourced providers in 2013–14).²³ However, part of this difference is explained by the higher seniority of ATO staff required to handle the more complex calls taken or supported by the ATO contact centres and other factors, such as the outsource centres’ higher rate of escalation or transfer of calls to more qualified staff for resolution than ATO centres (21 per cent for the outsource centres compared to 12 per cent for the ATO centres in 2013–14).

31. To improve efficiency and client satisfaction, the ATO has implemented arrangements to increase first contact resolution of calls. The setting of first

22 Since many people from culturally and linguistically diverse backgrounds have difficulties dealing with government agencies, feedback provided to the ANAO stressed the importance of the ATO’s staff taking sufficient time to understand and respond to their enquiries. This feedback also emphasised a need for improved mechanisms for establishing the identity of Indigenous clients to be developed and for the Indigenous helpline to be able to respond to simple superannuation enquiries at first contact, without having to escalate them to other staff who may not have an awareness of Indigenous issues.

23 In making these direct comparisons, direct call handling costs are used. In the case of the ATO costs, including the cost of ATO call handling staff and after-hours support as well as 97 per cent of the regional administration costs. In the case of the outsourced centres, frontline outsourced costs are used. These call handling cost metrics are also based on time, rather than calls, because some calls are first answered by an outsourced centre and then escalated to an ATO centre.

contact resolution improvement targets would provide insights into the effectiveness of these arrangements. Using the ATO's current methodology for calculating first contact resolution rates, first contact resolution for its 13 main contact centres increased from 77 per cent in 2012–13 to 79 per cent in 2013–14.²⁴ Outsourcing the handling of around 58 per cent of calls has also helped the ATO to manage varying call workloads, such as for Tax Time, and represents an effective use of resources whereby the outsourced centres handle the less complex calls and the ATO centres handle most of the more complex calls. Retaining a significant in-house capacity mitigates the risk to the ATO of outsourcing and provides scope to increase this capacity, if needed.

32. In terms of non-financial measures of performance, the ATO has two service commitments related to the timely provision of telephone services, reflecting the level of service that the ATO considers it can provide having regard to available resources. These are to:

- answer 80 per cent of general telephone enquiries from taxpayers within five minutes during the peak July to October Tax Time period; and
- answer 90 per cent of telephone enquiries from tax practitioners within two minutes.

33. The restriction of the first of these commitments to Tax Time was introduced in 2013–14. As a result, the ATO does not measure its performance in relation to responding to general telephone enquiries from taxpayers outside of Tax Time. In contrast, the 10 other organisations examined by the ANAO had measures that applied throughout the year and typically the measures provide for the majority of calls to be answered within two to three minutes. The ATO almost met the general commitment (79 per cent) in 2013–14 and met the 90 per cent target for tax practitioner enquiries.

34. While it is pragmatic to set service commitments having regard to available resources, client surveys and complaints data revealed significant dissatisfaction, despite the ATO meeting, or almost meeting, its service commitments. For this reason and to promote better practice, there would be merit in the ATO developing performance standards that reflect reasonable

²⁴ As noted at paragraph 13, these resolve rates do not provide an accurate measure of first contact resolution from the client's perspective.

call wait times for its business and benchmarking its performance in answering calls in a timely manner against measures used by comparable organisations.

Summary of agency response

35. The ATO's summary response to the proposed report is provided below, while the full response is provided at Appendix 1.

The ATO welcomes this audit and considers the report supportive of our overall approach to managing contact centres.

The audit acknowledges the progress made and strategies underway to achieve channel shift in line with whole-of-government policy.

The audit communicates a view that all client interactions should be managed by the same area within the ATO to ensure consistent service provision and we agree that this comment should be further explored.

While finding the ATO's approach to managing contact centres to be generally effective, the ATO acknowledges that the audit identifies a number of opportunities for improvement in our operations.

Recommendations

Recommendation No. 1

Para 2.27

To help deliver seamless, consistent and efficient services across all communication channels and to increase the take-up of online services, the ANAO recommends that the ATO:

- (a) develops an overarching cross-channel strategy that details how the ATO plans to transition to an improved online service environment, while also continuing to provide and improve the performance of other service channels;
- (b) adopts organisational arrangements that better support the coordinated delivery of services; and
- (c) further develops its website to better support the delivery of online services.

ATO response: *Agreed.*

Recommendation No. 2

Para 4.47

To help identify opportunities for further efficiency improvements in the operation of contact centres, the ANAO recommends that the ATO develops a consistent approach for calculating call handling costs, including the cost of telephony handling by its 'boutique' contact centres.

ATO response: *Agreed.*

Audit Findings

1. Introduction

This chapter provides background information on the Australian Taxation Office and the operation of its contact centres, and also outlines the audit approach and structure of the report.

Background and context

1.1 The Australian Taxation Office (ATO) is responsible for administering Australia's taxation and superannuation systems. It seeks to build confidence in its administration by helping people understand their rights and obligations, improving ease of compliance and access to benefits, and managing non-compliance with the law. In 2013–14, the ATO collected \$321.7 billion in net revenue from taxpayers, incurred operating expenses of \$3.6 billion, and had around 23 600 employees.²⁵

1.2 The ATO's mission is to 'contribute to the economic and social wellbeing of Australians by fostering willing participation in our tax and superannuation systems'.²⁶ One of the ways that the ATO seeks to do this and to also help clients obtain the information they need is by endeavouring to provide a 'convenient and accessible' service to its clients in line with the community's expectations of a contemporary service organisation.²⁷

1.3 The ATO engages with its clients in a number of ways, as summarised in Table 1.1. It also uses the print and digital media to inform the community about taxation changes and how to communicate with the agency, as well as calling and writing to clients about their taxation and superannuation affairs. In determining how to engage with clients, the ATO typically first develops the content to address their information needs for each distinct issue, and then decides how to disseminate this information through each of the four main communication channels.

25 ATO, *Annual Report 2013–14*, pp. iii–vi.

26 ATO, *ATO Strategic Intent—Reinventing the ATO*, May 2014, p. 2.

27 *ibid*, p. 9.

Table 1.1: ATO inbound service dealings with clients (2012–13 and 2013–14)

Channel	Details	Number	Percentage of total contacts in 2013–14
On call (telephone)	Over the telephone, through free 'local call' 1300 numbers to access ATO products and services from anywhere in Australia.	Around 7.7 million inbound telephone calls answered in 2013–14, an increase of around 700 000 calls from the 7 million calls answered in 2012–13.	39%
	Interactive voice recognition self-help calls.	Around 2.3 million self-help automated response calls, compared to 2.6 million calls in 2012–13.	7%
In writing	Direct correspondence by letter and fax.	Around 6 million inbound correspondence in 2013–14, compared to around 5.8 million in 2012–13.	30%
Online	Online services allow members of the public to access information and a range of services from an agency's website. ATO clients can update their details, examine the progress of income tax returns and, using <i>SuperSeeker</i> , review their superannuation accounts and, among other things, find lost super.	Around 4.5 million uses of online services in 2013–14, compared to over 3.2 million uses in 2012–13.	22%
On-site	In person at ATO shopfronts around Australia.	Around 403 000 shopfront visits in 2013–14, compared to around 439 000 visits in 2012–13.	2%

Source: ATO.

Note: Table 1.2, later in this section, provides additional information on the number of calls offered, answered, abandoned and blocked.

1.4 Around 46 per cent of all inbound client contacts delivered through ATO service channels in 2013–14 were through ATO contact centres—accessed over the telephone, through seven dedicated information lines²⁸, the ATO

28 These seven lines are for enquiries from individual taxpayers, businesses, registered tax professionals, non-profit organisations and persons calling from overseas, or are enquiries about superannuation or access to online services. ATO, available from <<http://www.ato.gov.au/About-ATO/About-us/Contact-us/Phone-us/>> [accessed 10 Feb 2014].

switchboard, a 24 hour self-help automated response line or a number of other dedicated telephone lines for issues such as the lodgement of complaints.²⁹

1.5 The ATO is increasingly seeking to provide an integrated customer service framework that facilitates the use of online and automated self-help services, where possible, and provides access to ATO officers when needed. It encourages taxpayers and other clients to make use of its online services, such as for lodgement of income tax and goods and services tax returns. The Taxpayers' Charter sets out the manner in which the ATO will conduct itself when dealing with taxpayers, including offering taxpayers a professional service and assistance.³⁰

ATO contact centres

1.6 Contact centres are an essential part of the service delivery frameworks of all large organisations. While such organisations have a number of channels through which their customers can access their services, including increasingly through online access to services, the telephone remains a major channel for client contact with government service agencies. As shown in Table 1.1, in 2013–14, 39 per cent of client contact with the ATO was from inbound phone calls and seven per cent was from self-help automated response calls.

1.7 Contact centres handle a range of contacts, such as correspondence, but mainly respond to telephone calls. Contact centres and inbound telephony services are managed by the Customer Service and Solutions (CS&S) business and service line (BSL). However, a number of other BSLs also provide telephony services to the public, including the Client Account Services, Debt, Superannuation, and Private Groups and High Wealth Individuals BSLs. The calls handled by these 'boutique' centres are more specialised or are in response to letters sent to clients by these BSLs. These BSLs may also undertake outbound calls in relation to campaigns that they are running.

1.8 The ATO currently uses staff in its own contact centres, as well as three commercial providers—Serco Australia Pty Ltd, Stellar Asia Pacific Pty Ltd and Datacom Connect Pty Ltd—to respond to calls to its general information

29 The ATO received 1327 complaints in 2013–14 relating to telephone and electronic access.

30 ATO, *Taxpayers' Charter: What you need to know*, June 2010, p. 4.

and tax practitioner 1300 numbers. The ATO centres are in eight locations and the outsource centres are in five locations.³¹

1.9 The outsource providers supply most of the ATO ‘surge’ capacity to handle calls during the peak tax period—‘Tax Time’—from July to October. In Tax Time 2013, the ATO’s CS&S managed contact centres handled 42 per cent of calls and the outsource providers handled the remaining 58 per cent of calls.³²

Call volumes

1.10 Additional information on the number of inbound calls to the ATO over the three years from 2011–12 to 2013–14 is provided at Table 1.2. There was an increase of around four per cent (over 200 000) in the number of calls offered³³ in 2013–14, after being relatively stable at around eight million calls a year in the previous two years. The number of calls answered in 2013–14 was higher than in the previous two years, with the number of blocked calls increasing considerably in 2013–14 compared to the previous year, reflecting an ATO business decision to block calls rather than have callers wait for an extended period.³⁴

31 Customer Service and Solutions staff were located in Parramatta and Penrith in New South Wales; Chermside and Upper Mount Gravatt in Queensland; Burnie in Tasmania; Melbourne and Moonee Ponds in Victoria; and Perth in Western Australia. Outsource centre staff were located in Parramatta in New South Wales; Maroochydore and Varsity Lakes in Queensland; Burnie in Tasmania; and Box Hill in Victoria.

32 The share of calls handled by the outsource providers were as follows: Serco 37 per cent; Stellar 14 per cent; and Datacom 7 per cent.

33 Calls offered are the number of calls made to the ATO that are not blocked. Calls are usually put into a queue until their call can be answered by the next available operator. Some callers may not wait for their call to be answered—these are classified as ‘abandoned’ calls.

34 During exceptionally high demand periods, the ATO implements call-blocking, during which incoming calls receive a recorded message, noting that the ATO is currently experiencing a high level of call demand and requesting that they call back at another time. Callers do not have an option to leave a message about their enquiry. It is likely that blocked calls will include calls from some clients that were blocked on more than one occasion before their call was successfully answered.

Table 1.2: Inbound calls to the ATO (2011–12 to 2013–14)

Inbound calls	2011–12	2012–13	2013–14
Calls offered	7 972 274	7 891 523	8 228 506
Calls answered	7 025 944	6 968 951	7 651 782
Calls abandoned	946 330	922 572	576 724
Calls blocked (Not included in calls offered)	289 977	356 920	623 881
Percentage of calls offered that were abandoned	11.9%	11.7%	7.0%
Calls blocked as a percentage of total calls (offered and blocked)	3.5%	4.3%	7.0%

Source: ATO.

Notes: The figures for 2011–12 and 2012–13 are not the same as those shown in the ATO's annual report for those years because the annual report figures included calls that were escalated to other ATO officers as separate calls. From 1 July 2013, the ATO adopted full industry service methodology for call metrics, which does not treat such calls as separate calls.

The figures in this table are for the ATO as a whole. The figures for 2013–14 exclude incoming calls from the Telephone Interpreter Service from November 2013 to June 2014, calls from ATO shopfronts and other calls to the ATO (356 957 calls offered, 325 845 calls answered and 31 112 calls abandoned), which are included as incoming calls in the ATO's 2013–14 annual report. This is to provide consistency with figures for 2011–12 and 2012–13, which did not count these calls as incoming calls.

The numbers of calls answered by the mainstream contact centres operated by the 13 CS&S contact centres, as distinct from the ATO as a whole, were 6 052 588 in 2011–12, 5 692 137 in 2012–13 and 6 234 794 in 2013–14. For consistency with earlier year figures, the 2013–14 figures again exclude 325 845 calls from the Telephone Interpreter Service from November 2013 to June 2014, calls from ATO shopfronts and calls to the ATO switchboard.

1.11 The larger percentage of calls that were blocked and an increase in the number of calls answered in 2013–14 has contributed to a significant reduction in the number of abandoned calls in that year.

1.12 To help manage call waiting times for ATO clients when call volumes are high and reduce the number of abandoned calls, the ATO established an automatic call-back facility to all contact centre sites in June 2008. This facility allows callers to leave their name and contact number and hang up instead of remaining in the queue. Callers maintain their position in the queue and receive a call back when a customer service representative (CSR) becomes available. If the client answers the call, he or she will be provided with the option to accept the call and, upon acceptance, will be transferred to a CSR. The ATO also offers the caller the option of a call-back at a later time. The caller then receives a system generated phone call at the caller's selected time.

Service types

1.13 There are a number of ways that a person can call the ATO to obtain information about tax and superannuation matters, including general information lines, self-help services and information services targeted at certain demographics. The ATO also provides a complaints hotline.

Information lines

1.14 Calls to the information lines may be handled and finalised by CSRs or, if they cannot be handled by these staff, by staff in the relevant BSLs or the outsource centres. Although contact centre staff are in 13 different locations, the 13 centres are operated as a single, virtual contact centre, with calls being directed to the next available CSR, wherever they are located.

24 hour self-help service

1.15 The self-help automated response telephony service is available to taxpayers 24 hours a day and seven days a week. There are separate support lines for businesses and individuals. These services allow taxpayers to complete a variety of tasks, including: checking their income tax return; lodging tax refund claims or short tax returns; ordering forms or publications; and setting up payment arrangements. Most self-help services use a speech recognition system to help guide callers to the information they are seeking.

Services for diverse populations

1.16 The ATO uses the Translating and Interpreting Service, operated by the Department of Immigration and Border Protection, to assist non-English speakers and provide them with the option to speak to an ATO officer in their preferred language. The service also provides guidance and advice for new migrants who may have a limited understanding of the Australian taxation system. A specialist telephone helpline for Indigenous Australians covering a wide range of income tax matters is also provided.

1.17 Taxpayers who are deaf, hearing impaired or have speech impediments can access a national relay service, which allows taxpayers to type and read an entire conversation via a TTY (teletypewriter) or internet relay.

Complaints hotline

1.18 Where callers have a complaint about the ATO, they can call the ATO complaints hotline. These calls are answered by specially trained staff in the contact centres and, if they cannot be resolved at that point, are referred to specialist complaints handling staff in the relevant areas of the ATO.

International perspective

1.19 In relation to the performance of revenue (taxation) agencies' call services in other countries, two recent audits that have examined aspects of contact centre performance.

United States

1.20 In December 2013, the United States Government Accountability Office (GAO) released an audit report reviewing the performance of the Internal Revenue Service (IRS) in processing tax returns in the 2013 tax filing season and its ability to provide efficient and effective services to taxpayers. The tax filing season is when the IRS processes most tax returns through services that include telephone, correspondence and website assistance for tens of millions of taxpayers. The GAO found that, although the IRS was able to process more tax returns electronically and had expanded its website services, it was unable to cope with the demand for telephone and other correspondence services. The percentage of callers who received assistance was 76 per cent in 2010, and this dropped to 68 per cent in 2013. The average time taxpayers waited for their calls to be answered had progressively increased from 8.6 minutes in 2008 to 15.5 minutes in 2013.

1.21 The GAO recommended that the IRS develop a strategy that re-defines the telephone and correspondence services that are required, based on an assessment of demand and resources. The GAO also recommended that the IRS take steps to better balance demand for services with available resources.

United Kingdom

1.22 In December 2012, the National Audit Office (NAO) in the United Kingdom reviewed whether Her Majesty's Revenue and Customs (HMRC) was able to achieve value for money in its customer service and support for taxpayers. It specifically focused on the HMRC's performance in handling telephone calls. HMRC's customers include individuals, businesses, tax agents, charities and benefits claimants. Most customers contact HMRC by phone, with many also using the HMRC's website to locate information or to file tax returns.

1.23 In 2011–12, HMRC received 79 million calls from taxpayers and, of these, 74 per cent were answered, while in 2010–11 HMRC received 122 million telephone calls of which 48 per cent were answered. Despite this improvement, the NAO found that call waiting times could be significantly reduced. The average call waiting time had increased from 107 seconds in 2009–10 to 282 seconds in 2011–12. The NAO recommended that the HMRC set a target

for the percentage of calls answered within a specified time and consider setting targets to monitor: the quality of advice for complex queries; performance in resolving queries at first contact; website functionality; and face-to-face contact.

Previous audits and reviews

Previous audits

1.24 The ANAO conducted a performance audit of the then Department of Social Security's teleservice centres operations in 1995–96 (Audit Report No. 9 1995–96 *Teleservice Centres*). It then released a guide and accompanying handbook on the operation of contact centres in December 1996, which was informed by the earlier audit.³⁵

1.25 An ANAO audit of ATO shopfronts in 2010–11 (Audit Report No. 50 2010–11, *Administration of Tax Office Shopfronts*) found, among other things, that, shopfronts provided a range of services to the public that were being delivered effectively. The audit did, however, note a high level of unanswered calls to the Indigenous hotline.

Previous reviews

1.26 In November 2012, the Joint Committee of Public Accounts and Audit, in its report on its annual hearing with the Commissioner of Taxation in September 2012³⁶, noted the ATO's response to anecdotal evidence from the general public and constituents of slow response times when interacting with government agencies via the telephone.

1.27 The Commonwealth and Taxation Ombudsman, in his annual report for 2012–13, also reported on some matters affecting contact centres, including the quality of information provided to ATO clients by contact centre staff. For example, some taxpayers who received larger than expected income tax refunds as a result of a systems error contacted the ATO and contact centre staff incorrectly advised that the refunds were accurate. The Ombudsman

35 The guide and accompanying handbook have since been discontinued.

36 Joint Committee of Public Accounts and Audit, Report No. 434: *Annual Public Hearing with the Commissioner of Taxation—2012*, Canberra, 2012, pp. 6–7.

reported that clients should be able to rely on information provided by contact centre staff.³⁷

Audit objective, criteria, scope and methodology

Audit objective and criteria

1.28 The objective of the audit was to assess how effectively and efficiently the ATO managed contact centres as part of its overall service delivery strategy.

1.29 To form an opinion against the audit objective, the ANAO adopted the following high-level criteria:

- contact centres are effectively integrated with other ATO service channels, such as the online and on-site channels;
- contact centres are supported by effective business and administrative arrangements;
- contact centres provide a high level of client service; and
- contact centres are managed efficiently.

Audit methodology

1.30 During the course of the audit, the audit team visited a number of the ATO's contact centres, including outsource centres. As part of benchmarking the ATO's services with those of other organisations, the audit team also met or spoke with representatives from a number of centres operated by other government agencies and the private sector.³⁸

1.31 The audit team also:

- examined policy documents, guidelines, procedures and operational documents;
- interviewed staff in the contact centres and in relevant offices in the ATO;

³⁷ Commonwealth Ombudsman, *Ombudsman 2012–13 Annual Report*, p. 56.

³⁸ The other centres were operated by the Department of Human Services, Department of Immigration and Border Protection, Qantas and the Westpac Banking Group.

- analysed operational data on contact centres, including the cost of the centres and average call handling costs;
- listened to calls or recordings of calls to determine how well they were handled;
- met with commercial organisations operating four ATO outsource centres³⁹; and
- consulted with key external stakeholders to discuss issues relating to the ATO's management of its contact centres.

1.32 The audit had regard to the industry standards for contact centres issued by the Australian Teleservices Association. These standards have five categories of criteria, which are broken down into 41 sub-categories to define the processes, policies and procedures that need to be in place to allow a contact centre to achieve its goals. The five high-level categories are: planning; infrastructure and environment; people; process; and achievement and performance.

1.33 The audit was conducted in accordance with the ANAO audit standards at a cost of approximately \$312 000.

Report structure

1.34 The structure of the report is outlined in Table 1.3:

Table 1.3: Structure of the report

Chapter	Overview
2. Role of Contact Centres in Australian Taxation Office Service Delivery	Examines the role of contact centres in the ATO's service delivery approach and their integration with other service channels.
3. Operation of Australian Taxation Office Contact Centres	Examines the operation of the ATO's contact centres, including the extent to which they are supported by business and administrative arrangements.
4. Performance of Australian Taxation Office Contact Centres	Examines the level of service provided by, and the efficiency of, ATO contact centres.

Source: ANAO.

39 The outsource centres were located at Parramatta in Sydney, Box Hill in Melbourne, Varsity Lakes on the Gold Coast and Maroochydore on the Sunshine Coast.

2. Role of Contact Centres in Australian Taxation Office Service Delivery

This chapter examines the role of contact centres in the ATO's service delivery approach and their integration with other service channels.

Introduction

2.1 One of the goals of the ATO is to provide a 'contemporary and tailored service' to its clients, recognising that 'people expect convenient and accessible service in their dealings with a contemporary service organisation'.⁴⁰ Providing a highly accessible service is important, given the ATO's revenue raising and superannuation responsibilities. In those cases where clients cannot readily obtain information about their taxation obligations, there is a risk that they will fail to comply with their obligations and taxation revenues will be less than they should be.

2.2 A guide released in 2006 by the Australian Government Information Management Office (AGIMO) in the Department of Finance, emphasised the importance of agencies having a strategy in place to manage service delivery to their clients through the most appropriate channel. The guide noted that the benefits of a channel strategy include:

- the alignment of customer needs, services, channels and agency priorities;
- improved cost efficiency of service delivery across multiple channels;
- seamless, integrated and consistent delivery of services across channels; and
- informed and prudent future channel investments.⁴¹

2.3 The ANAO examined the ATO's service channel strategy and the role played by contact centres in reducing the need for clients to contact the ATO, as well as the ATO's management of service delivery.

40 ATO, *ATO Strategic Intent—Reinventing the ATO*, May 2014, p. 9.

41 (Then) Department of Finance and Administration—Australian Government Information Management Office, *Delivering Australian Government Services—Managing Multiple Channels: A guide for the strategic assessment and development of service delivery channels*, April 2006, p. 6.

Service channel strategy

2.4 The ATO interacts with its clients through a number of channels, with these channels and their relative importance summarised earlier in Table 1.1 (in Chapter 1). As indicated in Table 1.1, calls to the ATO accounted for almost half of client interactions with the ATO in 2013–14.

2.5 The ATO has stated that its aim is for online to be the preferred channel to interact with clients and, when escalation or direct contact is necessary, it will offer different kinds of personalised services (for example call-backs, web-chat where a website user can ask a question and receive an answer, personal appointments or case conferencing).⁴² The ATO is developing a digital service delivery strategy. However, unlike the previous channel strategy that reached its nominal expiry date in 2012, the digital strategy does not meaningfully cover all channels. Nor does it provide, or link to, a detailed plan about how the ATO will meet its objective of making online services the preferred channel, or how to integrate services efficiently and effectively across all channels. An overarching channel strategy would assist the ATO to articulate how it intends to transition to an improved online service environment, while also continuing to provide and improve the performance of all service channels.

2.6 While online services are likely to continue to grow, on-call (telephone) services provided by contact centres are likely to remain the preferred method of interacting with the ATO for a large proportion of clients for the foreseeable future, unless the ATO takes other action to reduce the demand for call services. This is reinforced by:

- an AGIMO survey of e-government services (which it defined as services provided through the Internet and by telephone), which reported that, while the use of e-government services had remained stable between 2008 and 2011, with around two-thirds (65 per cent) of respondents using e-government services in 2011, the use of the telephone had also increased from 30 per cent to 38 per cent between 2009 and 2011⁴³; and
- ATO data shows that, while the take-up of online services is increasing, so are the numbers of calls to the ATO. The overall number of inbound

42 ATO, *ATO Strategic Intent—Reinventing the ATO*, p. 9.

43 AGIMO, *Interacting with Government—Australians' use and satisfaction with e-government services*, 2011, p. 4.

telephone calls to the ATO increased from around 8.0 million in 2011–12 and 2012–13 to around 8.2 million in 2013–14 (see Table 1.2).⁴⁴

2.7 To substantially improve the take-up of online services and so reduce the strong reliance on contact centres, the ATO will need to make it easier for its clients to use online services. In this context, the ATO's draft Digital Strategy indicates that:

It is expected that direct contact will only be required in exceptional circumstances ...

Unnecessary phone interactions for simple routine enquiries will be eliminated or replaced with online options, freeing up our telephony staff to deal with more complex enquiries ...

Direct telephony support will be provided for priority services at times that meet client demand (e.g. evening and weekend access for individuals during Tax Time).⁴⁵

2.8 The ATO has started to advise tax practitioners that they will need to undertake some activities (such as change of address), where they are able to do so, through the online tax agents' portal. This approach recognises that, while the ATO aims to provide a high level of service for tax practitioners, it is increasingly difficult to absorb the associated cost in a constrained resource environment.⁴⁶ This approach also recognises that some tax practitioners require more than simple encouragement to change the way that they have operated in the past. One way of increasing the take-up of online services is to limit the level of on-call assistance to those enquiries or transactions that can be completed online. The ATO is also working with the Department of the Treasury to seek government support for legislative change that will allow the Commissioner to direct the use of digital channels, although any such changes would need to be managed carefully.

44 The 2013–14 data exclude other calls from the Telephone Interpreter Service, from ATO shopfronts and calls to the ATO shopfronts for consistency with earlier year figures. Part of the increase was due to a reduction in the number of abandoned calls (345 848) between 2012–13 and 2013–14.

45 Draft ATO Digital Service Strategy, July 2014, p. 12.

46 The ANAO observed calls where tax agents were advised of the new requirement that they undertake some transactions online. Some of these agents displayed a level of frustration, indicating that they were not aware of this requirement, although the ATO has progressively been encouraging agents to use electronic channels over the previous two years. The ATO has advised that it recognises that transitioning from call services to online service will generate some frustration for clients who are being directed to online services and feel they are receiving less access to call services.

2.9 An effective channel strategy is one that helps ATO clients readily meet their taxation and superannuation obligations. For some clients, contacting the ATO by telephone will be the most effective option. Clients who use the ATO's online services may also wish to call the ATO to clarify information. While continuing to take steps to increase the take-up of online services, it is important that the ATO continues to provide a high level of customer service through its contact centres, and this needs to be recognised in an overarching ATO channel strategy.

Improving online services

2.10 Increasing the take-up of online services and thereby reducing the demand for call services requires a comprehensive set of measures to make it easier for clients to complete their transactions or obtain the information they are seeking online.

2.11 The ATO's website is often the first place that people will visit to obtain information about taxation or superannuation requirements. As the entry-point to online services, it needs to be organised in such a way that it helps facilitate the take-up of online services and be managed as part of the ATO's service delivery arrangements. However, based on monthly surveys of clients who have called the ATO, 44 per cent of clients who called between July 2013 and March 2014 indicated that they had accessed the ATO website before calling. This suggests that the number of calls is likely to have been less had these callers been able to obtain the information they needed online.

2.12 While major changes were made to the website in 2013, there is scope to further improve the accessibility of information on the website. Opportunities for improving the ATO's website include:

- making it easier to locate answers to questions (for example, by providing a tool similar to that used by CSRs to help them respond to client enquiries (see paragraphs 3.26 and 3.27 in Chapter 3) to enable clients to 'drill down' through a series of menus to obtain answers to their questions;
- stating requirements in plain English and giving examples; and
- providing online support (for example, web-chat services).

2.13 In 2013, the ATO increased the number of transactions that could be completed online. In addition to obtaining information on the progress of returns, clients can now update their details online, make payment

arrangements, display their memberships of superannuation funds and transfer money between superannuation funds. The ATO has also taken some steps to make it easier for clients to use online services. For instance, in May 2014, the ATO integrated its online services with *myGov*, which is an online portal managed by the Department of Human Services that provides online access to a growing range of government services.⁴⁷ To encourage greater take-up of ATO *myGov* accounts, the portal is being promoted by contact centre staff and is a requirement for some services, such as online lodgement of income tax returns.⁴⁸ Users of the ATO's *myGov* account can obtain information on a number of matters, such as progress in the processing of their annual income tax return, or perform a number of transactions, such as a change of address.

2.14 From 2015, the ATO also plans to use the *myGov* online inbox, a central and secure inbox where users can receive messages from *myGov* services, to send clients online letters, statements and other types of important information. The mailbox will enable the ATO to reduce the amount of correspondence it currently sends by mail and to quickly send clients confirming information while they are speaking to a CSR. This, in turn, could reduce further calls to the ATO to clarify correspondence clients have received.⁴⁹

Reducing the need to contact the ATO

2.15 Most clients contact the ATO because of a need to comply with a taxation or superannuation requirement. These contacts may include the lodgement of an income tax return or a business activity statement, or be in response to a letter from the ATO in relation to a taxation audit or where the ATO is seeking information from the client. In such instances, there may be a need for the client to clarify these requests or provide requested information.

2.16 The ATO is examining ways of reducing the need for clients to contact the ATO. For example, from 2014 the ATO's new *myTax* application can reduce

47 As at October 2014, these services included: Medicare, Centrelink, ATO, Child Support, National Disability Insurance Scheme, the Department of Veterans' Affairs and personally controlled e-health records. Available from <<https://my.gov.au/mygov/content/html/about.html>> [accessed 9 October 2014].

48 Individuals who lodge their taxation returns electronically in 2014, using the ATO's new *myTax* application or its *e-tax* application, first need to create a *myGov* account or add the ATO services to their existing *myGov* account.

49 Where the ATO sends letters to the *myGov* online inbox, it will send emails or SMS (Short Message Service) text messages to the clients advising them that a message has been sent to the online inbox, for example, to confirm simple transactions made online by the contact centre.

the burden for compliant individuals with relatively straightforward taxation returns by pre-populating the tax return using information held by the ATO and asking the taxpayer to confirm or amend this information. The ATO estimates that there are around 1.5 million taxpayers for whom the *myTax* application would be suitable. As noted at paragraph 2.13, the ATO is also increasingly making it easier for clients to obtain information or transact their business online.

2.17 In this regard, the ATO is seeking to use ‘natural systems’, that is, systems such as financial accounting software that businesses use, to make it easier for clients to meet many of their taxation reporting obligations. As part of the ‘standard business reporting’ arrangements, the ATO is working with accounting software developers to promote the development of ‘one touch payroll’ in their software, which would enable businesses to perform all payroll transactions (payment of wages or salary, tax instalments and superannuation contributions) at the touch of a button.⁵⁰ Paying all ATO employee-related obligations together as part of normal payroll transactions would avoid the need for businesses to provide separate returns to the ATO (at differing reporting periods). Businesses would also be better positioned to manage their ATO obligations, ultimately reducing defaults on payments to the ATO and to superannuation funds. This would, in turn, avoid the need for businesses to contact the ATO to obtain agreement to payment plans and other remedial measures.

2.18 As part of its strategy for using natural systems to help businesses to meet many of their taxation and superannuation reporting obligations, the ATO is also exploring the development of a common chart of accounts. This would facilitate annual reporting in accordance with accounting standards and reporting for taxation and superannuation purposes. If successfully implemented, these steps would also help to reduce the need for taxpayers to contact the ATO.

ATO’s management of service delivery

2.19 Aligning customer needs, services, channels and agency priorities as well as providing a seamless, integrated and consistent delivery of services across channels requires agencies to have an integrated approach to managing

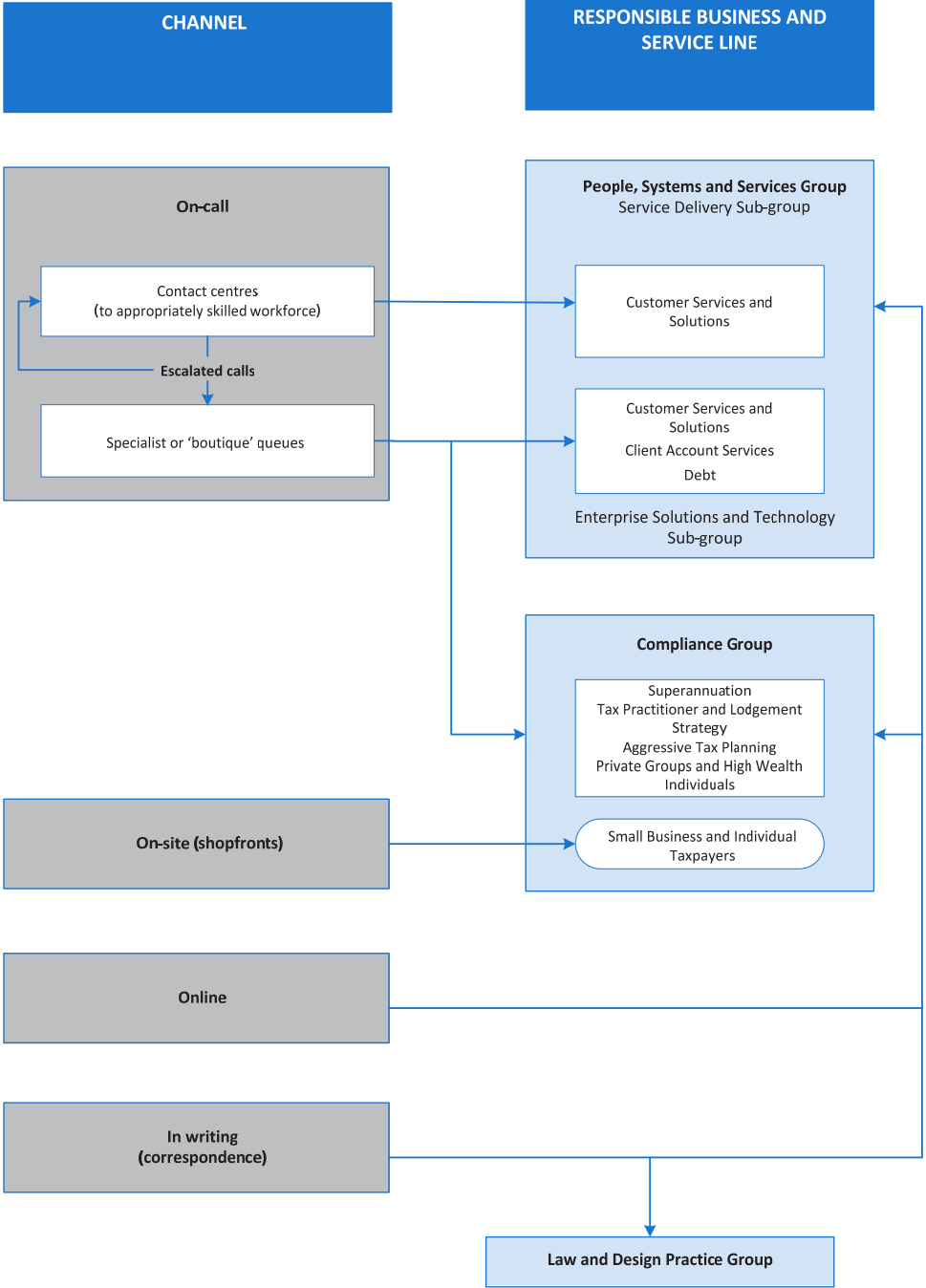
50 Standard business reporting is a quicker and simpler way to prepare and lodge reports to government, including the ATO, directly from business software.

their various service delivery channels. These service delivery challenges require clear levels of responsibility and arrangements that promote effective and efficient service delivery.

2.20 Currently the management of service delivery channels is allocated across a number of groups and business and service lines (BSLs) in the ATO, as shown in Figure 2.1. As a result of the allocation of responsibility across the ATO for the various service delivery channels, there is no single BSL with responsibility for: ensuring that the delivery of service is seamless and consistent; and managing the ATO's channel strategy. However, cross-channel service improvements are considered by a Service Improvement Steering Committee, which is chaired by the Second Commissioner, People Systems and Services Group. This committee meets bi-monthly.

2.21 The current service delivery arrangements have also led to a duplication of responsibilities, for example, in service delivery workforce planning. The ATO has commenced the consolidation of some of these functions and, in 2014, it merged the various areas that were responsible for forecasting client demand into a single unit. It is also considering merging other functions, including service delivery workforce planning.

Figure 2.1: Organisational responsibility within the ATO for service delivery channels



Source: ANAO analysis of ATO data.

2.22 Supporting shopfronts presents similar issues to supporting on-call services. The ATO has, therefore, given preliminary consideration to the future of shopfronts and where management responsibility for these might best be located within the office. In particular, consideration is being given to locating the shopfronts in shared facilities with other agencies. For this reason, it has deferred further consideration of possible changes to the management of shopfronts within the ATO. In the event that shopfronts were to be located in shared facilities with other agencies, it will be important that the ATO management arrangements support the effective delivery of services by the shopfronts to ATO clients, consistent with the service delivery of other channels.

Conclusion

2.23 While the ATO interacts with its clients through a number of channels, its stated aim is for online to be the preferred channel. In this light, the ATO is developing a digital service strategy, although the strategy does not cover all channels. An overarching channel strategy would assist the ATO to transition to an online service environment, while also continuing to provide and improve the performance of other service channels—in particular call services. Such a strategy would enable the ATO to assign responsibility for the overall management of service delivery channels. Presently, the management of service delivery channels is assigned to a number of groups and BSLs, with scope for the ATO to adopt organisational arrangements that better support the coordinated delivery of client engagement services across all channels.

2.24 Notwithstanding the increased take-up of online services, the number of calls to the ATO is also increasing. It is expected that call services provided by contact centres will continue to be the preferred method of interaction for a large proportion of clients for the foreseeable future, unless action is taken to reduce the demand for call services. The ATO, therefore, needs to continue to deliver a high level of service through its on-call channel, while taking steps to increase the take-up of online services by improving accessibility and ease of use for clients.

2.25 The ATO is endeavouring to reduce the need for clients to contact the ATO in an effort to decrease the volume of calls. It is making it increasingly easier for businesses to obtain information or complete transactions through natural systems, such as financial accounting software.

2.26 As the entry-point to online services, it is important that the ATO's website helps facilitate the take-up of online services. Improvements were made to the website in 2013, however further scope exists to assist clients to more easily locate the information they are seeking.

Recommendation No.1

2.27 To help deliver seamless, consistent and efficient services across all communication channels and to increase the take-up of online services, the ANAO recommends that the ATO:

- (a) develops an overarching cross-channel strategy that details how the ATO plans to transition to an improved online service environment, while also continuing to provide and improve the performance of other service channels;
- (b) adopts organisational arrangements that better support the coordinated delivery of services; and
- (c) further develops its website to better support the delivery of online services.

ATO response: *Agreed.*

2.28 *A long-term channel strategy will help connect the broader programs being managed across the ATO. A clear and supported channel strategy will assist the ATO in achieving the desired longer term channel shift goals. Specifically:*

- (a) *a formal cross channel strategy would allow all parts of the ATO to contribute in a coordinated fashion with clear and visible outcomes, demonstrating progress;*
- (b) *current organisational arrangements could be assessed to determine any other service-delivery elements that could be joined or at the least best practice approaches shared; and*
- (c) *the ATO website continues to be a focus area, recognising that this is a key deliverable to support the organisational channel shift goals.*

3. Operation of Australian Taxation Office Contact Centres

This chapter examines the operation of the ATO's contact centres, including the extent to which they are supported by business and administrative arrangements.

Introduction

3.1 Managing contact centres in a large organisation, such as the ATO, is a complex undertaking, with contact centre CSRs required to respond efficiently and effectively to a broad range of enquiries from ATO clients around Australia. The level of call demand will also fluctuate, depending on the taxation and superannuation obligations of ATO clients at different times of the year. For instance, a peak period for the ATO in terms of call demand for individual taxpayers is July to October of each year, when taxpayers are expected to lodge their annual income tax returns.

3.2 In this context, the effective operation of contact centres⁵¹ requires the ATO to:

- have a service model that enables calls to be directed to CSRs with the necessary skills to respond to the specific issues;
- have an appropriate organisational structure under which call services are delivered;
- be in a position to manage workload by accurately forecasting the number of calls that are likely to be received and tailor resources to meet expected call demand;
- have arrangements in place to support staff to efficiently and effectively respond to queries from callers;
- provide effective oversight of outsource providers;
- have arrangements in place to determine whether a quality service is being provided;

51 ANAO analysis, based in particular on Australian Teleservices Association Contact Centre Standards and Accreditation documentation.

- have arrangements in place to respond to incidents that adversely affect business continuity; and
- have implemented measures to promote the health and wellbeing of staff working in contact centres.

Call handling service model

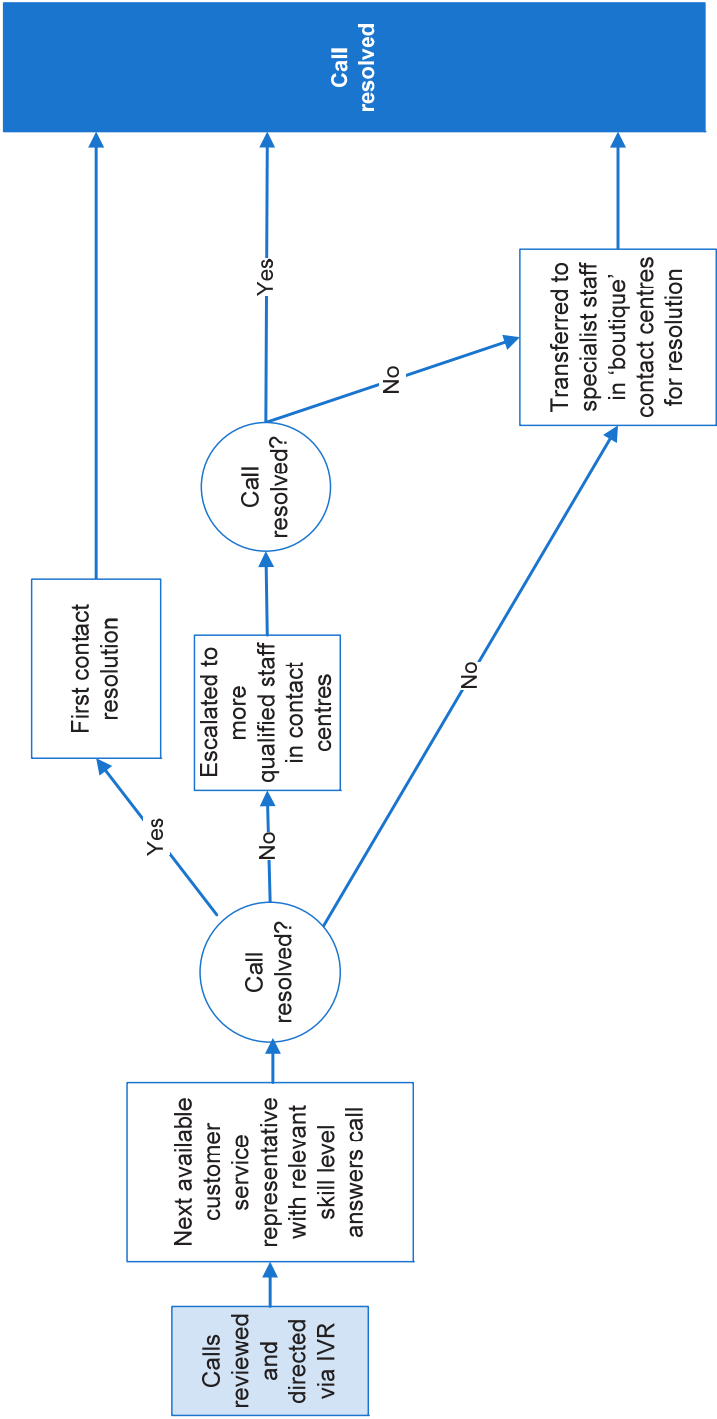
3.3 When a person calls the ATO, they are asked to select from a number of options in the ATO's interactive voice response (IVR) unit.⁵² This is to enable the call to be directed to a contact centre staff member who is skilled to answer the caller's enquiry. Some calls may still need to be directed to other CSRs, either because the nature of the enquiry may require more specialised support or because a call concerns a number of different matters, some of which the initial CSR is not qualified to answer.

3.4 More complex calls are escalated or transferred to specialists in contact centres operated by individual BSLs. The ATO refers to these centres as 'boutique' contact centres.⁵³ In some cases, the contact centre CSR will speak to the CSR to whom the call is being escalated. Where this is not possible, the call may be put into the relevant queue to be answered by the next available operator. A CSR can also register details of an enquiry into the ATO's customer relationship management system and arrange for an appropriately skilled officer to call the person back at a later time. These are termed 'non-phone escalations'. The process for handling incoming calls is depicted in Figure 3.1.

52 For example, a person calling the ATO's Personal Infoline is first asked to choose from a number of options, including to press: 1—for tax file number enquiries, to obtain a sequence or reference number for *eTax* or to update personal details; 2—for enquiries about the progress of a tax return, help completing an income tax return, including *eTax*, or higher education loans; and so on.

53 Calls to these boutique centres are termed 'plus one' calls because they are handled by a BSL after first being handled by a contact centre.

Figure 3.1: Process for handling inbound calls to the ATO



Source: ANAO analysis of ATO data.

Note: Escalation and transfer of calls may include non-phone escalations (see paragraph 3.4).

3.5 A key challenge for most contact centres is the appropriate streaming of calls—that is directing the caller to a CSR that is best qualified to respond to the caller’s issue. IVR menu-based systems have a limited capacity to do this, with the ATO investigating the use of voice recognition technology, where the system recognises words spoken by the caller, to more accurately direct calls.

3.6 In the meantime, the ATO has introduced voice recognition technology to assist with caller identification, called ‘Voiceprint’.⁵⁴ While this can improve caller identification, and as a result reduce the time required to identify callers, it is not currently being used to direct calls to customer service representatives.⁵⁵ The United Kingdom’s tax administration also introduced a similar system in December 2013. It uses speech recognition to determine the caller’s requirements and provide the most appropriate response or direct the call to a suitable adviser. Such a system may reduce the need for calls to be escalated, because the call would automatically be channelled to the CSR with the necessary skills. The ATO is considering the merits of these types of systems.

3.7 Following a substantial investment in new technology over recent years, calls to ATO contact centres can be directed to the next available CSR, whether they are located in an ATO or an outsourced centre. The ATO’s network architecture also provides the capacity for the ATO to use its infrastructure to support the call services of other agencies. In this regard, the ATO has entered into an arrangement with AUSTRAC (the Australian Transaction Reports and Analysis Centre) to provide call services. The outcomes from this arrangement have the potential to provide useful information for other agencies considering the joint provision of call services.

Organisational structure of contact centres

Size and composition of call handling teams

3.8 As outlined earlier, the ATO contact centre network consists of 13 centres, eight of which are ATO operated centres and the remaining five are

54 The voice recognition software asks taxpayers to repeat a phrase to prove their identity. The system verifies that the voice matches the voiceprint provided for a particular tax file number.

55 The Department of Human Services’ (DHS’) smart centres use voice recognition technology to assist with call direction. However, research undertaken by the Federation of Ethnic Communities Council of Australia (FECCA) found that many community members cited frustration that automated telephone systems used by DHS are often unable to recognise the full range of accents of clients attempting to access them. FECCA, *Multicultural Access and Equity: Perspectives from culturally and linguistically diverse communities on Australian Government service delivery*, June 2014, p. 59.

outsource centres. When a call is received, it is directed to the next available CSR in any of these centres with the required skills, as indicated by the caller's IVR selection. There were 1206 ATO full-time equivalent (FTE) staff answering calls in 2013–14 (compared to 1157 FTE in 2012–13).⁵⁶

3.9 Typically, CSRs are grouped into different call handling teams within a contact centre, each with between 15 and 17 CSRs, including team leaders. The size of these teams is slightly higher than the average number of agents per team leader or supervisor (13:1) in Dimension Data's Global Contact Centre Benchmarking Report.⁵⁷ The largest of the ATO operated centres visited during the audit had nine teams and the smallest had four teams.⁵⁸ These centres are supported by a team that quality assures calls as part of the national quality assurance process and provides training, coaching and service consultancy support to staff handling calls. Contact centre management includes an attendance manager, whose role includes: negotiating staff rostering; helping to reduce unplanned leave; and addressing the work-related health issues of staff on long-term sick leave.

3.10 The outsource centres have a similar structure to the ATO-operated centres, but the number and size of their teams vary greatly, depending on the number of calls that they are expected to handle at different times of the year. For instance, outsource centres handle most of the increase in calls arising from the Tax Time income tax return lodgment period from July to October each year. One of the centres indicated that it will have between 16 and 18 teams during Tax Time and another centre around 13 teams. At other times of the year, they have smaller numbers of teams.

3.11 The size of a team needs to have regard to the level of support required for individual team members, both in responding to calls and in addressing development needs. The number of teams in a centre also has to have regard to the overhead costs involved, including management and quality development. Some of the ATO's centres are relatively small, with five or six teams, and there may be scope to consolidate some smaller centres to save costs. However,

56 While the outsource providers are not required to provide staff numbers to the ATO, the ATO estimates there were around 500 FTE staff in the outsource centres in 2013–14, compared to around 700 FTE in 2012–13.

57 Dimension Data, *2013/14 Global Contact Centre Benchmarking Report*, p. 145.

58 For instance, the number of call handling teams at the ATO centres visited in May and June 2014 were: Chermside—four teams; Docklands—five teams; Upper Mount Gravatt—six teams; Moonee Ponds—seven teams; Parramatta—seven teams; and Penrith—nine teams.

for these centres, some management overheads are allocated across more than one centre⁵⁹ and the ATO advised that these centres also have experienced staff, many with skills in specialised areas. These factors may reduce the extent of potential savings.

Tiered skilling model

3.12 The ATO uses a tiered skilling model, in which subject areas are grouped into three tiers based on the level of complexity.⁶⁰ Each CSR would be expected to have an understanding of routine matters within the subject areas. However, other matters require more specialised knowledge and these calls must, therefore, be answered by CSRs who have the requisite knowledge. Under the tiered skilling model, each CSR has an approved skills requirement to respond to certain calls, with each section of the explanatory material ‘badged’ with the skill set relevant to the call type/skill requirements.

3.13 A May 2012 review of the ATO’s contact centres by an external consultant, discussed in paragraph 3.23, found that the tiered skilling model was more effective than a call handling model based on individual taxation or superannuation subject matter levels. It found that the tiered skilling model reduced costs⁶¹, improved customer experience due to a lower percentage of transfers and provided greater flexibility in staff rostering. While finding that the tiered skilling model was effective, the external consultant recommended that the ATO continue to prioritise and align existing specialist and complex calls, review the routing of calls and further broaden its skill model. The ATO has responded to the review’s recommendation to align specialist contact centres by migrating the Small Business and Individual Taxpayers BSL’s ‘boutique’ telephony work to the CS&S BSL in March 2014 and is planning also to transfer the telephony work of the Tax Practitioner Lodgement Strategy BSL to the CS&S BSL.

3.14 The ATO also conducted an internal review of the contact centre service model in 2013, which recommended improving the consistency of its service

59 For example, the ATO’s centres at Upper Mount Gravatt and Chermside in Brisbane are managed jointly, as are its centres at Docklands in Melbourne and Burnie in Tasmania.

60 For example, Tier 1 skills for individual taxpayer issues include topics such as registrations, payment summaries, ‘where’s my refund’ and tax file numbers, while Tier 2 issues also include more specialised topics such as rental properties, foreign income and capital gains tax.

61 The review estimated that separating calls into product groupings would be 12 per cent more expensive to operate than the tiered skilling model, although it found there was some room for improvement in the design of the model at that time.

outcomes by reducing skill gaps.⁶² The ATO has now updated the skills and training required by staff in order to meet service levels and refined the skills configurations of its telephone service model. The ATO explored six options with varying skilling configurations.⁶³ The configuration that has been adopted by the ATO is shown at Figure 3.2. Under this model, CSRs are skilled in one or more of the business, debt and individuals taxation modules or one or more of the superannuation modules.

62 Customer Service and Solutions BSL, *CS&S Service Model Review, 2013–14*, p. 3.

63 In considering these options, the ATO applied the following criteria: the ability of the estimated full-time equivalent staffing of each option to meet estimated call demand; the efficiency of each option in handling calls; the escalation or transfer of calls; attrition; replacement costs; and training costs.

Figure 3.2: ATO tiered skilling model (as at September 2014)

CS&S Managed Contact Centres					Complaints and Compliments
Tier 3 (CS&S Specialists)	Business	Debt	Individuals	Superannuation	
	Specialists	Specialists	Specialists	Specialists	
Tier 2	<div>ATO</div> <ul style="list-style-type: none">• Pay As You Go Accounts• GST• Excise• Security Assessed Clients• EFT Payments	<div>ATO</div> <ul style="list-style-type: none">• Self Help Dropouts• Debt Letter Responses• Debt Payment Arrangements• Security Assessed Clients	<ul style="list-style-type: none">• Families• Pay As You Go Advice• First Home Savers• Security Assessment Clients	<ul style="list-style-type: none">• Super Co-contribution Superannuation Holding Accounts• Special Account SuperChoice Surcharge• TaxPack• Self-Managed Super Fund• Electronic Data• Security Assessed Clients	Specialist or 'boutique' contact centres managed by other business lines
	<div>OUTSOURCE</div> <ul style="list-style-type: none">• Pay As You Go Accounts	<div>OUTSOURCE</div> <ul style="list-style-type: none">• Self Help Dropouts• Debt Letter Responses• Debt Payment Arrangements			
Tier 1	<div>ATO</div> <ul style="list-style-type: none">• Registrations• Business Activity Statement• EFT Payment Hotline	<ul style="list-style-type: none">• Simple Debt Calls	<ul style="list-style-type: none">• Client Updates• TaxPack and eTax• Tax Evasion Referral Centre• Wickenby	<ul style="list-style-type: none">• Super Co-contribution• Super Guarantee• Superannuation Holding Accounts• Special Account Super Choice	
	<div>OUTSOURCE</div> <ul style="list-style-type: none">• Registrations• Business Activity Statement		<ul style="list-style-type: none">• Client Updates• TaxPack and eTax	<ul style="list-style-type: none">• Super Co-contribution• Super Guarantee• Superannuation Holding Accounts• Special Account Super Choice	

Source: ANAO adaptation of ATO data.

Workload management

3.15 A major challenge for any organisation with a large network of contact centres is to prepare credible forecasts of call demand, to ensure that it has adequate available resources to handle these calls and roster available staff. It is also important to have regard to the requirement for CSRs to have regular breaks for occupational health safety considerations.

Forecasting call demand

3.16 The ATO has a Forecasting Unit, which is responsible for developing forecasts of call demand. Long-term (12 to 24 months) forecasts of call demand are initially prepared. These are then refined, with medium-term (three to six months) and short-term (one week to nine weeks) forecasts subsequently prepared. The long-term forecasts assist in resource planning, including identifying any resource gaps and determining annual resource allocations for the contact centres, as well as the recruitment and training of staff, both in the ATO operated contact centres and the outsource contact centres. The short-term forecasts are used in the scheduling of staff.

3.17 The ATO recognises that many calls are generated in response to the actions that it takes (such as letters to clients or the legal obligations of clients). To help manage and accurately forecast call demand, CS&S is consulted about changes the ATO proposes to make, particularly where clients will be advised of the option to call the ATO. As part of this process, BSLs are required to complete a telephone clearance form, which outlines the change involved, the importance of the change and the process to be followed. Within CS&S, the Forecasting Unit is primarily responsible for assisting in determining the resource implications of, and resource planning for, ATO campaigns.

3.18 The ATO consolidated its forecasting functions across the service delivery sub-group in early 2014. Prior to this, the Forecasting Unit only prepared forecasts of call demand and visits to shopfronts. BSLs, such as Debt, Client Account Services, Small Business and Individual Taxpayers, and Tax Practitioner and Lodgment Strategy, prepared their own forecasts. The consolidation of forecasting functions is expected to lead to greater consistency in the way in which forecasting is carried out and to some efficiencies by bringing together the capability that previously existed in the different areas.

3.19 In 2013–14, the number of Tier 1 calls offered was close to the number of calls budgeted for the mainstream contact centres.⁶⁴ However, the number of escalated calls was different to the budgeted levels, with the number of Tier 2 calls received (3.36 million) being 13 per cent higher than budgeted (2.97 million) and the number of Tier 3 calls received being 21 per cent lower than budgeted (307 773 compared to 387 392 calls). For all tiers (that is the number of Tier 1 calls received plus the number of calls escalated to Tiers 2 and 3), the number of calls (8.8 million) was five per cent higher than forecast (8.4 million) calls.⁶⁵ The ATO refines its demand forecasts during the year as more accurate information becomes available.

Scheduling of contact centre staff

3.20 Call demand forecasts are used to prepare detailed work management plans down to the officer level for ATO contact centre staff. Outsource centres are also provided with details of the numbers of calls that they are expected to handle. It is then the responsibility of the outsource centres to schedule staff to meet the specified numbers of expected calls.

3.21 The ATO uses a proprietary workforce management software product to help manage its contact centre workforce. Restrictions and requirements, such as expected call loads, average handling times and staff leave can be entered into the system. The ATO will then produce a demand and resourcing profile in 15 minute increments for a four week period, designed to support the forecast workload (prepared by the Forecasting Unit). The available resources of the outsource contact centres (dependent on the agreed workload capacity for each centre) are factored into these workforce management calculations.

3.22 The ATO's 2011 Enterprise Agreement requires an employee and their manager to agree on the employee's regular hours within the bandwidth specified in the Agreement (7.45 am to 6.15 pm) to enable the ATO to meet its 8:00 am to 6:00 pm client service window. In accordance with this agreement, staff preferences from the preferential rostering system are added directly into the workforce management system by staff and are applied to the required

64 There were variations in the monthly forecast levels during the year, with the number of Tier 1 calls higher than forecast for Tax Time 2013 and lower than forecast for most of the remainder of the year.

65 Around 38 000 of these calls related to calls taken by the Small Business and Individual Taxpayers BSL, which transferred to CS&S in March 2014. As calls by tier include escalated calls, the total numbers of calls shown here are higher than the number of calls actually answered.

resourcing profile to calculate coverage levels. The system can be used to produce a four-week schedule, four weeks in advance, to determine coverage. This provides time for negotiations between management and staff in each contact centre to fill any gaps in service provision and achieve full coverage. If required, for example because of unplanned leave or other staff needs, the schedule can be altered up until the day before it is operational.

3.23 The Enterprise Agreement provides that, in reaching an agreement about an employee's regular hours, the needs of both the employee and clients should be considered and that a manager can require an employee to work all or part of their regular hours. However, in practice, the ATO does not require an employee to work a certain number of hours to meet gaps in service provision. Instead the ATO relies on negotiating with staff to change their preferences. The ANAO was advised by some ATO contact centre managers that this process was time-consuming and that some staff consistently declined to change their preferences (mainly relating to late shifts). A 2012 review of the ATO's contact centres by an external consulting firm also found that the ATO's current preferential rostering arrangements inhibit the optimal utilisation of staff.⁶⁶ There would be merit in the ATO reviewing its current rostering arrangements to help ensure the optimal utilisation of contact centre staff.

Real-time management of calls

3.24 The real-time management of calls for the ATO contact centre network is undertaken by a CS&S unit based in Melbourne. The unit has visibility of the whole contact centre network.⁶⁷ This visibility means that CS&S can initiate real time responses to issues, including:

- initiating call-backs to clients;
- call blocking services for certain queues;
- changing the skills settings of some staff in the system, so as to increase the number of staff who are available to handle specified calls;

66 The 2012 review incorrectly assumed that the rostering problem was caused by the ATO's Enterprise Agreement and, therefore, recommended a change to the agreement. As the agreement does enable the ATO to roster staff to meet agency requirements, and the ATO does not consider the issue to be a significant constraint on its operations, no further action was taken to respond to the recommendation.

67 The visibility includes: all calls coming into the ATO; the current wait time for each call queue; the current service levels for each call queue; available resourcing; the status (on call, available, on break, in meetings or on leave) of all CSRs at any point in time; and current schedule adherence at all levels (by ATO, centre and individual).

- cancelling non-phone activities, such as training and team meetings;
- recording new IVR messaging; and
- publishing messages on social media or the ATO's website.

The ATO's performance in handling calls is discussed further in Chapter 4 (paragraphs 4.18 to 4.29).

Call handling support

3.25 Contact centre staff require appropriate call handling support to efficiently and effectively respond to calls. To support CSRs, the ATO provides access to a number of support tools and support staff. CSRs also develop their skills and knowledge through coaching by experienced staff members and all staff members must undergo intensive training prior to answering calls.

Call handling support tools

3.26 CSRs have access to an internal scripting and reference system called the Script Manager and Reference Tool (SMART). This system was introduced in 2010 and provides a step-by-step guide to addressing queries from callers. It includes questions to ask callers to help ensure that the correct information is provided in response to queries. SMART also provides links to the ATO website, advice on when to transfer a call to a specialist, definition of key words and information on current ATO campaigns. It is the primary response tool for contact centre staff, with records of all contacts with clients then being recorded in the ATO's customer relationship management database.

3.27 ATO contact centre staff are expected to use SMART to ensure that they are following correct procedures and providing the correct information, although, given the extensive experience of some ATO staff, they may be able to answer some queries without rigidly using SMART. To support more conversational interactions with clients, the ATO is also currently reviewing how to reduce bureaucratic language in SMART scripting. In this regard, SMART has a facility for contact centre staff to provide feedback on the guidance provided and these comments are reviewed and, where necessary, SMART is modified.

3.28 Outsource providers also use SMART, with these providers advising the ANAO that it was an effective support tool and, when CSRs followed the scripts and used SMART, the quality of calls was higher. The use of SMART

also helped to ensure that calls were escalated correctly, if it was outside the designated skill set of the CSR initially assigned the call.

3.29 The ANAO listened to 109 calls and observed CSRs using SMART to help guide their responses to callers, where necessary. Some CSRs reported favourably on the ease of using SMART, while others indicated that learning how to navigate SMART was one of the most critical skills to be acquired by new staff.

Call handling support staff

3.30 The number of internal call escalations and transfers has been reduced since the introduction of 'floor walkers' in contact centres. Floor walkers are experienced CSRs, who provide real time assistance to CSRs on the phone with clients, before a call is transferred.⁶⁸ The outsource centres also have floor walker arrangements in place, similar to the ATO centres. Floor walkers assist in resolving the interaction at the first point of contact by helping the CSR respond to the issue and identifying any skill requirements that need to be addressed.

3.31 CS&S also has a number of areas that are responsible for activities such as maintaining SMART and managing strategic projects to improve call handling across the entire contact centre network.

Training of contact centre staff

3.32 The training of CSRs in the ATO's eight mainstream contact centres is conducted by CS&S and the training packages reflect the ATO's tiered skilling model. Although CS&S has responsibility for the business training of CSRs, corporate training, such as induction or other corporate-wide training, is overseen by the ATO's Learning and Development Branch. 'Boutique' contact centres operated by other BSLs manage and conduct training for their own staff. However, the ATO advised that many staff who are employed in the 'boutique' centres have had previous experience in the mainstream centres.

3.33 Each ATO managed centre visited by the audit team advised that it conducts its own training, having regard to the needs of centre staff. The ATO noted that, while some shared training across contact centre sites was undertaken, this was generally not feasible because of the differing skills

⁶⁸ Floor walking now forms part of standard Australian Public Service (APS) 3 duties for ATO staff, and these staff can therefore be called on to provide escalation support.

requirements of each centre at any one time, even though some centres may be closely located and use the same training material. CSRs have also reported that training, particularly for new recruits, is unduly time intensive and could be undertaken more efficiently. Training for new recruits is mainly classroom based, which can take a number of weeks, and includes oversight by experienced staff and monitoring of the recruits' performance to determine the progression of their skills development. There is scope for the ATO to review the manner in which training is delivered to CSRs.

3.34 Outsource providers are responsible for training their staff and have discretion in the training packages delivered. All providers have been supplied with the ATO training packages and are expected to base their sessions on these packages. Where a new skill requirement is introduced, the ATO will provide trainers. It is then the provider's responsibility to train their staff. The ATO has also previously considered developing a test environment for the training of its staff, which would involve using systems with 'dummy', rather than 'live' data, but this initiative has not been progressed. Such a system would have the advantage of enabling trainees to become familiar with the systems they will use in responding to caller enquiries (mainly SMART and the customer relations database). It could also assist in quickly addressing skills development needs of staff. If developed, the system could be made available both to ATO and outsource centre staff. There is also scope for the ATO to work with outsource providers to identify other possible improvements to the training provided to all contact centre staff.

Management of outsource service providers

3.35 As outlined earlier in paragraph 1.8, the ATO has outsourced the handling of a large proportion of calls (around 58 per cent in 2013–14) to three service providers, with the aim of helping manage the telephony workload, particularly to deliver seasonal peak workloads. The contracts with each provider are for an initial period of five years, commencing in 2012, but can be extended for two additional periods of one year each. The contracts also specify the locations of the outsource contact centres (all located in Australia) and provide initial forecasts of the number, type and average handling time of the calls to be handled in the first two years of the contracts as a basis for initial planning. In outsourcing some of its call handling to the three providers, the ATO has sought to establish a competitive framework that mitigates the risks involved with a single provider. The total cost of the contracts was \$35.3 million in 2012–13 and \$46.5 million in 2013–14.

3.36 The ATO has put in place a number of arrangements to support and oversee the operation of the outsource providers, including:

- appointing a manager of outsource operations in the CS&S BSL;
- appointing ATO relationship officers for each outsource centre, who act as the main points of liaison between the outsource centres and the ATO; and
- having regular performance review meetings, including weekly performance reviews, monthly commercial reviews, quarterly joint business reviews⁶⁹ and annual performance reviews.

3.37 Outsource providers are contractually obligated to meet agreed requirements and to follow the performance management framework specified in their contracts. There is an expectation that the providers will meet the ATO service commitments of answering calls from tax practitioners within two minutes and calls from the general public within five minutes (the latter commitment now only applied during Tax Time). However, the ATO does not measure the providers' performance against these commitments, because calls are answered by the next available operator, and not on a centre-specific basis. The providers are also expected to meet another four service levels that are clustered into two groupings:

- **Call answering service level:** this has a focus on the outsource provider having a sufficient number of skilled staff available to handle the number and blend of calls specified by the ATO; and
- **Service output service levels:** these service levels include call quality, client satisfaction and call escalation. They are designed to provide assurance of the overall quality of services being provided on behalf of the ATO.

3.38 If outsource providers fail to meet a service level set by the ATO, a penalty—a service credit—will be deducted against the next monthly invoice. Furthermore, if a provider consistently fails to meet critical service levels, the ATO can invoke termination provisions.⁷⁰ The four service levels in these two

69 The joint quarterly business reviews examine the performance of the centre against key performance indicators and the skills of centre staff.

70 Clause 46(3) of the contracts with providers sets out circumstances in which the ATO can give notice of termination. This provision allows the ATO to terminate a contract if a provider does not meet:

- (i) any of the critical service levels for three or more consecutive months or five or more service levels on a non-consecutive basis in any 12 month period during the term of the contract; or
- (ii) all critical service levels for two or more consecutive months or three or more non-consecutive months in any 12 month period during the term of the contract.

clusters, related service requirements and critical levels are outlined in Table 3.1, together with details of the providers' performance against the measures in 2013–14.

Table 3.1: Performance of outsource providers against contracted service targets (2013–14)

Service level	Service target	Critical service level	Average performance of providers against service target (2013–14)
Call answering service level			
Call answering	From April 2014, the ATO and outsource service providers have an agreed capacity estimate, based on four-monthly forecasting, leading to a confirmed purchase of a number of calls by tier four months before the delivery period.	15 per cent or more below the agreed call capacity.	The number of calls answered was 0.03 per cent higher than committed between April and June 2014, when the new arrangements were operational.
Service output service levels			
Call quality	90 per cent of calls must reach quality service standards.	75 per cent or less of calls meet quality service standards.	93.7 per cent (18 161 calls of 19 390 calls sampled)
Client satisfaction	80 per cent of customers must be satisfied with the service provided.	65 per cent or less of customers' expectations were met or exceeded.	Overall satisfaction rate of 89.1 per cent (based on responses of 1564 respondents to seven questions).
Call escalation	95 per cent of calls must not be incorrectly escalated.	85 per cent or less of sampled calls being escalated correctly.	96.3 per cent of sampled calls (2752 calls of 2858 calls sampled, where not incorrectly escalated).

Source: ATO.

3.39 For the call answering service level, the contractual agreements with the outsource providers are primarily based on the number of calls answered. At the commencement of each contract, the ATO managed call delivery to the outsource providers through multiple queues and each outsource provider established their own queue. However, this became difficult to manage as was the commitment of call numbers to each provider. For this reason, in April 2014, after a trial period from July 2013, the ATO introduced a single queue for

each call type from which calls are now allocated to each provider, depending on the availability of the next available operator. As part of this arrangement, four months before the service period, the ATO provides the outsource provider with a statement of requirement or 'long-term forecast' of the calls the ATO anticipates that it will be asking the provider to handle. Within two weeks of receipt of this forecast, the provider must respond to the ATO in writing specifying the number of calls it estimates it will be able to answer by call type. The ATO and the provider will then agree on the number of calls that the provider will be expected to answer in the service period.

3.40 The final number of calls to be purchased by the ATO ('confirmed purchase') is determined four weeks before the service period.⁷¹ A provider can be charged a service credit if unable to: provide the agreed workload capacity; or answer the number of calls in the confirmed purchase; or consistently and accurately answer calls in their daily forecasts. For the first three months of the new call volume handling arrangement, no service credits were charged.

3.41 The measurement of the service output service levels has been set having regard to the relative importance of the services provided. Call quality is measured against call quality requirements, such as the service delivered by the CSR and correct and complete use of the ATO's process and procedures. As part of the revised contractual arrangements introduced in April 2014, the ATO also strengthened the service credits for the service output service level measures shown at Table 3.1. Monthly reports are prepared both by the ATO and the provider to assess performance and determine the service credits that are to be applied. A total of \$81 959 (\$57 077 for six quality credits and \$24 882 for three escalation credits), or 0.2 per cent of the total contract payments of \$46.5 million, was deducted as service credits from the three providers in 2013–14.

3.42 The ATO's revisions to the performance framework for outsource providers have strengthened the performance incentives for outsource providers, but will require continued oversight to provide assurance that high levels of performance are being achieved.

71 Late changes after the four-week confirmed purchases can also be agreed.

Quality assurance

3.43 The ATO has implemented a National Quality Assurance Framework that covers the quality of services provided by contact centres. Under this national framework, calls are randomly selected for review by a quality assurance (QA) team in the CS&S BSL. These national QA assessments are supplemented by local QA reviews of calls, which are selected and managed by individual contact centres. These local assessments are used by the centres to further monitor their performance and in the development of CSRs. They may also be used to provide further information on the performance of a CSR who may have been assessed as not meeting QA criteria. The results of these local assessments are not collated nationally.

3.44 Each of the three outsource providers applies the same QA process as the ATO, with the national assessments being undertaken by ATO staff. In addition to QA reviews conducted by the ATO, outsource centres perform their own local QA reviews.⁷² As with the ATO centres, these are used as part of the centres' own assurance processes and help to identify where additional training of staff may be needed.

3.45 Having ATO staff undertake national QA assessments provides the ATO with assurance over the quality of call handling by the outsource providers. The ATO is, however, considering requesting outsource providers to also undertake national QA assessments. This carries a risk that less reliance could be placed on the results of the assessments. Any involvement of outsource providers in undertaking national QA assessments would need to be carefully managed to ensure that the integrity of the results is not compromised. For instance, the ATO could only use the outsource centres to help increase the number of QA assessments that are carried out and restrict the outsource centres' assessments to calls handled by ATO centres, to avoid potential conflicts of interest.

3.46 To assist in the quality assurance of calls, all calls are recorded. In some instances, the computer screens accessed by the CSRs are also captured so that the handling of calls can be reviewed in their entirety. The process for assuring calls handled by contact centres as part of the national quality assurance arrangements is summarised at Table 3.2.

72 One of the outsource providers advised that it locally quality assures up to eight calls per CSR each month, with at least one session conducted live side-by-side. Another provider advised that it locally assures three calls per CSR each month and the other advised that it locally assures two calls each month.

Table 3.2: Process for quality assurance of calls under the National Quality Assurance Framework

Element	Description
Selection of calls for sampling	<p>A sample of calls is randomly selected for quality assessors to evaluate as part of the assessment process. The CS&S quality assurance management team receives four daily datasets—each from the ATO and outsource centres. Two datasets have 1000 randomly selected cases with call audio. The remaining two datasets have randomly selected calls with screen captures, which account for 10 per cent of extracted calls.</p> <p>The ATO does not stratify the calls to be sampled by call type. However, because calls are assured for each CSR, there is an implicit stratification of calls.</p>
Selection of calls to be assured for each CSR	<p>Filters are used on the datasets to select three calls per CSR each month that were handled within the previous five days.</p> <p>Where a CSR has been performing well for three months with a 100 per cent rating they are assessed on a 'differentiated evaluation' pattern. This consists of one call evaluation per month for two months; followed by the standard three calls evaluation every third month for as long as the 100 per cent rating is maintained. The ATO estimates that around 30 per cent of CSRs are on the differentiated evaluation pattern at any one time.</p>
Assessment of calls	<p>Assessors measure each call against 10 evaluation criteria, covering the three key areas of service, quality and cost. When grading the call handling, assessors consider four overarching principles as outlined by the Quality Coaching Program: overall customer and ATO satisfaction; customer expectation met; follow-up contact by customer; and consistent and complete service. Not all four overarching principles need to be met in order to pass an evaluation. Instead of evaluating calls on the basis of each principle, assessors are required to take into account the overall circumstances of the customer and impact on the customer and ATO against the entirety of the call.</p>
Calibration of assessments	<p>To ensure that calls are assessed consistently and accurately, the ATO selects four calls each month for calibration. Assessors review the calls and discuss the results of their assessments so that any differences in the outcomes of the assessments can be discussed and a consensus reached.</p>

Source: ANAO analysis of ATO information.

3.47 The results from the evaluation outcomes are rated, as shown in Table 3.3, and form the basis of coaching and feedback sessions between team leaders and CSRs. Assessors are not directly involved in providing feedback to CSRs. Team leaders review the evaluations and determine whether the CSR requires further coaching, as well as recognising and rewarding superior performance. As part of the national quality assurance arrangements, 40 985 calls (21 544 for ATO centres and 19 441 outsource centres) were reviewed in 2013–14, of which 5.5 per cent (2273 calls) did not meet required standards.

Table 3.3: Quality assurance evaluation outcomes and percentage met (2013–14)

Grading	Definition	Percentage met		
		ATO	Outsource	Overall
Gold	Superior service	0.1	0.1	0.1
Silver	Great service	3.1	2.2	2.7
Met standard	Service meets standards expected	56.1	50.8	53.6
Met standard—coaching required	Service meets standard—but coaching will improve service in the future	23.2	25.0	24.1
Met standard—Immediate coaching required	Service meets standard due to low risk or impact—but coaching will improve service in the future	12.7	15.6	14.1
Standard not met	Service does not meet and standard improvement required	4.8	6.4	5.5

Source: Data as presented in the CS&S Quality Coaching Annual Report 2013–14, ATO.

3.48 To assess the appropriateness of the coverage of the ATO’s quality assurance of calls, the ANAO compared the numbers of calls selected by the ATO for QA review for each assessor with two government and two large private sector contact centres (as shown in Table 3.4 on the following page) and with comparable information in Dimension Data’s *2013/14 Global Contact Centre Benchmarking Report*.

Table 3.4: Comparison of contact centre quality assurance processes

Contact centres	QA process
Australian Taxation Office	Three recorded calls per CSR each month.
Department of Human Services	No recording of calls, only live side-by-side QA. Four calls per CSR every four weeks, except for new CSRs where eight calls per CSR are assessed every four weeks for the first six months.
Department of Immigration and Border Protection	Ten calls per CSR each month, with five recorded calls and five live side-by-side reviews.
Qantas	Average of four recorded calls per CSR each month.
Westpac	Average of six recorded calls per CSR each month.
Dimension Data’s <i>2013/14 Global Contact Centre Benchmarking Report</i>	Average of 10.2 calls for experienced CSRs and average of 18.7 calls for new CSRs.

Source: ANAO.

3.49 In comparison to the other organisations listed in Table 3.4, the ATO reviewed the lowest number of calls per CSR each month. It is also reviewed considerably fewer calls per CSR than the average globally in 2013–14 (10.2 for experienced agents and 18.7 for new agents).⁷³ There may, therefore, be merit in the ATO examining the number of calls reviewed each month to satisfy itself that it is obtaining adequate assurance on the manner in which calls are handled. In considering increasing the number of calls reviewed, the ATO would also have to bear in mind the cost of undertaking the additional reviews and the likely benefits to call handling quality.

3.50 The ATO conducts monthly analysis of the QA results against each of the 10 evaluation criteria, with more detailed monthly analyses being conducted from February 2014. The highest criteria failures over the past year were in regard to the ineffective use of system information and procedures and providing incorrect or incomplete information. The key trends identified in the monthly reports attribute this to CSRs not completing details in the ATO case management system and a lack of efficiency in the use of SMART scripting. This emphasises the need for the use of the case management system and SMART scripting to be an ongoing feature of the training of CSRs.⁷⁴ In order to improve the efficiency of SMART, the ATO has updated a range of scripts including: providing more detailed information on large entities; correcting the step-by-step procedures; and removing conflicting information.

3.51 The ‘boutique’ contact centre operations undertaken by a number of BSLs in the ATO conduct their own QA reviews, although these are not consolidated with the results of reviews of the ATO’s eight main contact centres. The criteria used by the ‘boutique’ centres also differ from those used by the contact centres.⁷⁵ The sample of calls quality assured by boutique centres is also small. In 2013–14, one centre assessed a maximum of 50 calls per quarter and another assessed 246 calls for the year. With such small sample sizes and different criteria, it is difficult to establish accurate trends and to compare the quality of call handling between boutique centres and the eight ATO-operated centres. To provide a complete assessment of the quality of call handling at the

73 Dimension Data, *2013/14 Global Contact Centre Benchmarking Report*, p. 74.

74 The ATO has since provided assistance to CSRs in determining those fields that should be completed in the case management system.

75 The ‘boutique’ centres use nine evaluation criteria and five ratings ranging from ‘very high’ to ‘not aligned’. The approach used by contact centres differs in that it sets out 10 evaluation criteria with specific outcomes and a ratings system that allows CSRs to receive further coaching before being failed for a call.

ATO, there would be merit in escalated calls to the boutique telephony centres being included in the contact centres' quality review processes.

3.52 The aim of the calibration of assessments⁷⁶ is to ensure that the quality of calls is assessed consistently by assessors in each of the ATO operated and outsource contact centres.⁷⁷ However, only 68 per cent of reviews in 2013–14 were initially assessed consistently, with assessors then discussing why their assessments differed in the remaining 32 per cent of reviews. With regular calibration of assessments, it would be reasonable to expect that a higher percentage of reviews would have been assessed consistently (for example, over 80 per cent). There would, therefore, be merit in the ATO examining the reasons for the relatively low level of consistent assessments, with a view to significantly increasing the accuracy of initial assessments over time.

Business continuity management

3.53 The ATO's Business Continuity Management (BCM) framework categorises its emergency response into three levels, which are dependent on how critical each function is to the ATO. Highly critical functions must be actioned within four hours; critical functions must be actioned within three days; and other important functions need to be resolved within four to seven days. Contact centres are categorised as highly critical functions of the ATO.

3.54 The ATO has established a separate unit to manage its business continuity and emergency management arrangements. The unit was established in response to internal and external reviews that recommended a single, centralised ATO-wide BCM framework. Instead of focusing on specific business areas of the ATO, such as contact centres, the unit focuses on effectively containing threats to identified organisational functions.

3.55 In the event that a contact centre site reports an incident to the BCM unit, an appropriate response framework is to be activated, the incident graded by severity and managed under the framework. On resolution of the incident a post-incident review is to be completed with recommendations for future learnings and to mitigate any potential risks. For instance, in August 2013, maintenance work on the ATO's telephony workload management system unexpectedly resulted in 80 per cent of inbound calls being incorrectly routed

76 The calibration process is outlined in Table 3.2.

77 There were 20 calibration sessions, involving 735 assessors, conducted in 2013–14.

and/or disconnected for approximately three hours. BCM procedures were activated and the post-incident report recommended a number of changed procedures to mitigate the risk of future incidents from maintenance work.

3.56 Business continuity of contact centres is assisted by having 13 contact centres. If a contact centre is unable to manage its workload due to an incident, calls are automatically directed to the other contact centres. This occurred in 2010 during the Brisbane floods, which affected the operation of the two contact centres in the city. As part of a response, the ATO can also mobilise and re-deploy staff members from other BSLs to answer calls through the ATO telephony network.

3.57 The BCM unit arranges for simulations to be conducted each month to prepare for a range of potential emergencies that may arise. Such simulations generally cover incidents that have a broad effect on the ATO, and can include contact centres. In December 2012, a simulation involved testing contact centre staff members answering debt queries from people calling the Department of Human Services' National Emergency Call Centre. While the ATO procedures were generally considered to be effective, some changes were identified. The ANAO examined the BCM Steering Committee minutes from the past 12 months and found that the Committee regularly monitored post-incident reports, including of simulated incidents.

Health and wellbeing of staff

3.58 The occupational health and safety of contact centre staff needs to have regard to the intense and repetitive nature of contact centre work. Comcare's *Call Centres—A Guide to Safe Work*, published in January 2012, provides guidance on how to address potential hazards in a contact centre environment and supports the *Work Health and Safety Act 2011* (Cth). The guide categorises health and safety hazards of contact centres into three groups:

- nature of the work—computer-based work and working postures;
- work organisation—work and people management; and
- work environment—rest areas.

3.59 The ATO has implemented a number of measures to help ensure the health and safety of its staff, against each of the categories identified by Comcare. All staff are required to take regular breaks, including scheduled lunch and morning/afternoon tea breaks and regular short self-managed breaks

from screen-based work. The ATO has also installed software on all computers that monitors computer usage and guides staff on when to take breaks.

3.60 As part of the ATO induction process, all staff undergo a one hour work health safety training session and, upon completion, take a short assessment. The session includes a safe workstation setup, how to report a health and safety issue in the work area, an overview of emergency procedures and introduction to first aid and anti-harassment officers. Managers complete a separate work health safety training session.

3.61 The ATO also provides additional health and safety support through its 2011 Enterprise Agreement. All ATO employees are entitled to a health and wellbeing allowance each financial year to maintain their health and fitness. In an effort to support a healthy work life balance and family commitments, as noted at paragraph 3.22, the ATO has also agreed not to roster contact centre staff outside the hours of 7.45am to 6.15pm.⁷⁸

3.62 As noted at paragraph 3.9, each ATO contact centre has an attendance manager who helps to manage staff on long-term sick leave and unplanned absences. Staff absences and compensation claims are slightly higher in contact centres than for the ATO as a whole. On average, in 2013–14, CS&S staff took 17.91 days personal leave per FTE, compared to 15.38 days per FTE for the ATO as a whole. Also, in 2013–14, there were accepted claims for compensation from 1.3 per cent of CS&S staff (16 accepted claims), compared to 1.18 per cent of all ATO staff (244 accepted claims).⁷⁹ This was a reduction from 30 accepted claims in 2011–12 and 22 accepted claims in 2012–13.

3.63 The ANAO visited six ATO contact centres and four outsource centres across three states in Queensland, New South Wales and Victoria. The ATO centres were open plan, with each CSR having their own (height adjustable) desk surrounded by a partition and a large, lockable cupboard to store personal belongings, and a breakout room.⁸⁰ The ANAO also observed that

78 This is outlined in the 2011 ATO Enterprise Agreement as part of the Client Service Window—Meeting obligations for 8am to 6pm service to clients, p. 61.

79 The numbers of claims lodged in 2013–14 were 25 for CS&S staff and 388 for all of the ATO.

80 One centre had undergone refurbishment in the previous 12 months.

ATO contact centre staff were provided with good quality headsets and that ambient noise was minimal.⁸¹

Conclusion

3.64 The framework implemented by the ATO for handling and escalating calls is generally sound and has regard to the nature and complexity of calls. One of the main challenges for contact centres is to direct calls to CSRs with the appropriate skills to respond to the caller. Currently, this is done by requiring callers to select from different options in the IVR menu. In the medium term, however, the ATO may be able to more accurately direct calls through the use of voice recognition technology.

3.65 To support contact centre staff to effectively and consistently respond to calls, the ATO has implemented a number of measures, notably the SMART scripting and referencing system. CSRs also develop their skills and knowledge through coaching by experienced staff members and all staff members must undergo intensive training prior to answering calls.

3.66 Managing call centre workloads requires detailed forecasting of call demand. The ATO prepares long-term forecasts, which are subsequently refined and used to determine staff scheduling requirements. While the ATO's call demand forecasting is relatively accurate, the accuracy is less for escalated calls. The consolidation of forecasting functions across the ATO in early 2014 for all contact types (calls, online, in-person and in writing) has brought together the capability that previously existed in the different areas. This is expected to lead to greater consistency in the way in which forecasting is carried out and to some efficiencies.

3.67 Outsourcing of call handling provides considerable flexibility for the ATO to meet peak demand while maintaining service levels at a reasonable cost. The ATO's revisions to the performance framework for outsource providers have strengthened the performance incentives, but will require continued oversight to provide assurance that high levels of performance are being achieved. There is scope for the ATO to work more closely with the outsource providers to improve some work practices, for example in the training of staff.

81 However, at one outsource centre the number of staff being accommodated was relatively large because of a need to increase staffing levels for Tax Time, resulting in little physical space between CSRs and a noticeable level of background noise.

3.68 The ATO has generally sound arrangements in place to monitor the quality of incoming calls. However, to provide a complete picture of all incoming calls to the contact centres, there would be merit in escalated calls to the boutique telephony centres being reviewed as part of the contact centres' quality review processes. The ATO could also consider increasing the number of calls reviewed each month, bearing in mind the additional costs involved and likely improvements to call handling quality.

4. Performance of Australian Taxation Office Contact Centres

This chapter examines the level of service provided by, and the efficiency of, ATO contact centres.

Introduction

4.1 As a major communication channel for ATO clients to contact the ATO, contact centres are required to provide a high level of service overall, and contribute to the achievement of the following ATO service commitments:

- *helpful and accurate*: the ATO helps clients by providing accurate information they can rely on and understand;
- *easy to deal with*: the ATO makes it easy for clients to access the services and information they need;
- *timely*: the time taken in dealing with the ATO is acceptable to clients;
- *informed*: the ATO informs clients of what they need to do and informs them of the status or delays; and
- *professional*: the ATO is professional, treats clients respectfully and courteously and is knowledgeable in its dealings with them.⁸²

4.2 While the large number of clients that contact the ATO each year presents challenges in meeting established service commitments, the ATO has established a number of processes to respond to these challenges and to position it to provide an appropriate level of client service.

4.3 The ANAO examined the results of a number of client surveys that are conducted by research organisations on behalf of the ATO each year in assessing the performance of the ATO's contact centres against the ATO service commitments. They comprise a 'call centre satisfaction survey' and surveys of the perceptions of ATO clients and of tax practitioners. The ANAO also listened to a number of calls at both the ATO and outsource centres to help form an opinion on the quality of service provided by the contact centres.

82 ATO service commitments for 2015, ATO, available from <<https://www.ato.gov.au/About-ATO/Access,-accountability-and-reporting/Our-commitments-to-service/Current-year-commitments-to-service/>> [10 October 2014].

4.4 Until 2013, a number of different client perceptions surveys were conducted, but these were combined into a single survey in 2014. The report of this survey is expected to be published in December 2014. The ATO did, however, provide the ANAO with responses to the consolidated survey for the quarter ending March 2014 and these results are included in this report. A total of 956 responses to the survey were received for this quarter. Of these, 265 respondents were asked questions related to their calls to the ATO (inbound call channel).⁸³ These comprised 134 businesses, 100 individuals and 31 tax agents. The results of these responses, which are directly relevant to client perceptions of the service delivered by ATO contact centres, presented a generally favourable picture of the level of service provided by the ATO. The results of the consolidated survey for the March 2014 quarter showed that:

- around 72 per cent of respondents were satisfied or very satisfied with the overall quality of service received from the ATO and around 11 per cent were dissatisfied or very dissatisfied; and
- around 68 per cent considered that the service provided was better or much better than they had expected and 13 per cent considered that the level of service was worse or far worse than expected.

Helpful and accurate call services

4.5 Responses in ATO client surveys that relate to the helpfulness and accuracy of the call services provided by contact centres are summarised in Table 4.1 and paragraph 4.6 (on the following pages). In most instances, these responses indicate that around 90 per cent of clients were satisfied with the helpfulness of ATO staff. However, respondents were less satisfied with the accuracy of the information provided (around 75 per cent) and the ATO officers' previous understanding of their interactions with the ATO (around 60 per cent).⁸⁴ In this regard also, as noted at paragraph 1.27, the Commonwealth Ombudsman in his annual report for 2012–13 reported on matters affecting the quality of information provided to ATO clients.

83 Other callers were asked questions based on their use of other channels or experience with other ATO services, such as taxation audits.

84 Each interaction with a client is recorded in the ATO's client relationship management database. A CSR would need to examine these interactions to understand the client's previous interactions with the ATO.

Table 4.1: Annual survey micro business perceptions and professionalism results for 'helpful and accurate' criteria (2012 and 2013)

Criterion	Percentage of respondents agreed	
	2012	2013
Small to Medium Enterprise Perceptions Surveys		
The ATO offers service and assistance to help businesses to understand and meet their tax obligations. ¹	88	- ²
The ATO is not concerned about service, only about collecting taxes. ¹	31	- ²
I don't feel comfortable asking the ATO when I need help with my business tax problems. ¹	26	25
ATO staff are really helpful. ¹	90	89
ATO Professionalism Surveys³		
Satisfied that I now have a better understanding of the issue I recently discussed with the ATO.	64	75
Satisfied that the visit/phone call from the ATO Officer has improved my understanding and ability to accurately meet my tax obligations.	67	67
The ATO Officer addressed in full the issues I raised.	73	73
The experience has helped me to feel more confident to approach the ATO if I have issues in the future.	72	73
The ATO Officer worked through any concerns the officer or I had.	72	71
The ATO Officer had a good understanding of my previous interactions with the ATO.	63	60
The ATO Officer delivered consistent and accurate information.	75	74

Source: ATO survey data.

Note 1: These questions were asked of all survey respondents, not only those that had telephone contact with the ATO.

Note 2: Question not asked in 2013.

Note 3: Professionalism surveys were conducted twice a year. The data shown are for May of each year.

4.6 These findings were consistent with the latest results of the 2014 consolidated survey.⁸⁵

85 The March quarter response to the phone module of the 2014 single survey indicated high levels of satisfaction with: the reliability of information provided by ATO officers (75 per cent), the knowledge of staff about the matters they were discussing (82 per cent), and the respondent's ability to understand the information provided (82 per cent).

4.7 One external group of taxation and management accountants that was consulted in the course of the audit reported that, while ATO contact centres generally perform well, there is often a lack of consistency between CSRs in the level of helpfulness. Based on feedback from its members, this group advised of a particular lack of consistency in the CSRs' willingness to agree on suitable debt repayment arrangements, with some CSRs displaying a willingness to consider other payment arrangements and others being inflexible in this regard.

4.8 As outlined earlier, the audit team listened into 109 calls and found that CSRs were generally helpful in their approach.⁸⁶ In some instances, callers were unable to satisfy proof of identity requirements and a full explanation could not, therefore, be provided. Through their responses, most callers indicated that they were satisfied with the manner in which their call had been handled, while not necessarily accepting the outcome (for example, they might have accepted the accuracy of information provided, but they may have been seeking an alternative response).

'Easy to deal with' call services

4.9 Contact telephone numbers for the ATO are available in the telephone directory and on the ATO's website. The hours of operation of the contact centres are from 8:00 am to 6:00 pm, local time, Monday to Friday (except public holidays). These hours are slightly longer than the 'standard' business hours of 9:00 am to 5:00 pm, but increasingly the public is expecting longer hours of operation from business (some businesses now operate 24 hours a day services), and this may ultimately flow on to government agencies.⁸⁷ The ATO has recognised this change in caller demand and has responded by providing a 24-hour a day self-help line. In 2013–14, there were 4.7 million calls to the self-help line (compared with 2.4 million calls in 2012–13. In 71 per cent of these calls, callers were able to complete their enquiry without referral to a CSR (66 per cent in 2012–13).

86 The audit team listened to calls at the following centres: *ATO managed centres*—Penrith and Parramatta in New South Wales; Docklands and Moonee Ponds in Victoria; Upper Mount Gravatt and Chermside in Queensland; *Outsource centres*—Parramatta in New South Wales; Box Hill in Victoria; and Varsity Lakes and Maroochydore in Queensland.

87 Some government agencies already provide longer hours of operation. For example, the Department of Human Services, which receives a far larger number of calls than the ATO, receives calls for some transactions between 8:00 am and 8:00 pm (rather than 8:00 am to 5:00 pm for other transactions) and some centres work longer hours. See <<http://www.humanservices.gov.au/customer/contact-us/phone-us>>, [accessed 15 June 2014].

4.10 The ATO has now implemented an arrangement where appointments are made to call small business owners after hours, in recognition of the fact that this is a more convenient time for many of them. From October 2014, the ATO has been piloting a web-chat service for small business clients accessing information via its *Small Business Assist* online tool.⁸⁸ In the longer term, to increase accessibility and better meet the needs of its clients, the ATO may need to consider further expanding options for after-hours service provision.

4.11 As an indication of client satisfaction with the ease of dealing with ATO call services, 79 per cent of respondents to the March quarter phone module of the 2014 consolidated survey agreed that the ATO and its staff were easy to deal with and nine per cent disagreed with this. From other surveys, one area with lower levels of satisfaction in dealing with ATO call services is in relation to transferred calls. In the 2012 and 2013 surveys of micro business perceptions and professionalism, 64 per cent of respondents considered their call transfer experience to have been efficient and 70 per cent agreed they were transferred to someone who could help them. This indicates that there is scope to improve call transfer processes and practices.

Communicating with clients from diverse backgrounds

4.12 The ATO has arrangements in place to meet the needs of the diverse range of clients that seek assistance from the office on a day-to-day basis. Clients from non-English speaking backgrounds that require language assistance are encouraged to use the Translating and Interpreting Service (operated by the Department of Immigration and Border Protection), or to seek the assistance of family or community representatives. In 2013–14, there were 61 261 calls reported as requiring language assistance, compared to 46 277 calls in 2012–13. The cost to the ATO in using the Translating and Interpreting Service was \$2.5 million in 2013–14, which equates to around \$41 per call. In addition, since a large proportion of individual taxpayers use a tax practitioner to lodge a tax return (74 per cent in 2012–13), many clients from non-English speaking backgrounds can also be expected to lodge their returns with the help of a tax practitioner.

88 Commissioner of Taxation, *Deregulation—balancing our service delivery and regulatory roles in a real time environment*, address to the Council of Small Business of Australia National Small Business Summit 2014, 8 August 2014, p. 7. Available from <<https://www.ato.gov.au/Media-centre/Speeches/Commissioner/Commissioner-s-address-to-COSBOA-National-Small-Business-Summit-2014/>>, [accessed 12 August 2014].

4.13 The ANAO consulted the Federation of Communities' Councils of Australia (FECCA) about the adequacy of services provided by the ATO.⁸⁹ FECCA advised that, based on the feedback that it had received from users of government services, the ATO performed better than most government agencies in the level of service provided to people from culturally and linguistically diverse backgrounds. The ATO is reasonably proactive in using various channels (including the FECCA newsletter) to inform clients of their reporting obligations. However, given that many people from culturally and linguistically diverse backgrounds have difficulties dealing with government agencies, it is important that ATO staff take the time needed to understand and respond to their enquiries. FECCA indicated that this does not always occur.

4.14 As outlined earlier, the ATO also operates a helpline for Indigenous Australians, primarily targeted towards those living in remote communities. The Indigenous helpline currently operates out of four shopfronts in Alice Springs, Darwin, Townsville and Perth, with back-up provided by the shopfronts in Brisbane and Hobart. All staff who handle calls to the Indigenous helpline must first have completed cross-cultural training, with the Alice Springs office having developed a cross-cultural awareness training package specifically for this purpose.

4.15 The ANAO has previously reviewed the ATO's administration of the Indigenous helpline (as part of Audit Report No. 50 2010–11, *Administration of Tax Office Shopfronts*). This audit found that there was a high level of unanswered calls to the Indigenous helpline. As shown in Table 4.2, the number of calls handled by the helpline has more than doubled in the past two years, indicating a significant improvement in the level of service provided. While 12 per cent of calls offered were abandoned in 2013–14, the ATO advised that most calls are abandoned within the first 30 seconds because callers cannot wait for any significant length of time for their calls to be answered due to the high costs involved.⁹⁰

89 FECCA is the peak, national body representing Australians from culturally and linguistically diverse backgrounds.

90 The ATO advised that people who call from remote communities may be using a community telephone or a DHS (Centrelink) community agent may be calling on the client's behalf. Community telephones often use a satellite telephone or a shared landline. Callers also use mobile telephones.

Table 4.2: Calls received by the Indigenous helpline

	2011–12	2012–13	2013–14
Calls offered	10 254	23 606	27 619
Calls answered	9 188	19 068	24 359
Calls abandoned	1 066	4 538	3 260

Source: ATO.

4.16 Financial Counselling Australia (FCA) reported positively on the service provided by Indigenous helpline staff, once Indigenous clients are able to satisfy proof of identity requirements. However, FCA advised that it is frequently difficult for Indigenous clients to satisfy proof of identity and they cannot, therefore, receive a response to their enquiry over the telephone. In addition, Indigenous Australians may be known by several different names (for example, Aboriginal name, 'skin name', tribal name and birth name) and English may be their third or fourth language. Agencies, such as Centrelink and the ATO, may also hold different identifying information for Indigenous clients, including names, employment history and dates of birth. FCA is seeking improved mechanisms for establishing the identity of Indigenous clients to be developed. Indigenous clients often require the help of a support service to assist with amending incorrect information held by the ATO, which is usually completed by mail and can take a considerable amount of time. The 'Voiceprint' technology mentioned at paragraph 3.6 may be of particular benefit to callers to the Indigenous helpline.

4.17 FCA also considers that it would be easier for Indigenous clients to engage with the ATO if the Indigenous helpline were able to respond to simple superannuation enquiries at first contact, without having to escalate them to other staff, who may not have an awareness of Indigenous issues.

Timely provision of call services

ATO service commitments

4.18 The ATO has the following two service commitments related to the timely provision of telephone services:

- answer 80 per cent of general telephone enquiries from taxpayers within five minutes during the peak July to October Tax Time period; and

- answer 90 per cent of telephone enquiries from tax practitioners within two minutes.⁹¹

4.19 Until 2012–13, the ATO aimed to answer 80 per cent of general enquiry calls within five minutes throughout the year. This was changed for 2013–14, at the time that the ATO adopted a set of ‘service commitments’ following a review of all ATO performance standards. There is now no service commitment on the timely answering of calls for the eight months of the year outside the Tax Time period. The ATO advised the ANAO in June 2014 that it restricted its service commitment for general enquiry calls to Tax Time because of resource constraints. While acknowledging that the ATO has taken this decision based on available resources, it is reasonable to expect that the service commitment for the general enquiry line would apply throughout the year, and not just part of the year, in line with generally accepted industry practice.

4.20 A number of factors can influence the ATO’s ability to meet call wait times. For instance, as indicated at paragraph 1.10, where call waiting times are likely to be extended, the ATO ‘blocks’ calls, and asks clients to call again at a later time, on the basis that callers are more likely to prefer calling again than remaining in a queue. While blocking calls will reduce average wait times, clients are inconvenienced in having to call again. Similarly, wait times are reduced when callers elect to have a call back when their call reaches the front of the queue.⁹²

4.21 The ATO’s performance in relation to the service commitment timeframes for inbound telephone calls over the past three financial years is outlined in Table 4.3. It shows the percentage of calls answered within the general enquiry and tax practitioner service timeframes where a call is answered. It does not include calls that are blocked or where a caller abandons the call. The table shows that, based on the revised metrics applied from 1 July 2013 that exclude escalated calls, the ATO has largely met and maintained its service commitments for answering calls from tax practitioners,

91 Calls from tax practitioners are handled by the same CSRs who answer calls from individual taxpayers, as calls are directed based on a skill set and not on client segmentation. However, tax practitioners call the ATO on a dedicated line, which enables the ATO to prioritise how quickly these calls are answered.

92 This is more convenient for callers because they do not have to wait on the phone until their call reaches the front of the queue. When a caller elects to receive a call-back and then hangs up, the time of the call wait is measured to the time that the caller hangs up.

but did not meet the commitment for answering general enquiry calls in 2011–12 and 2012–13.⁹³

Table 4.3: ATO performance in meeting contact centre service commitment timeframes (2011–12 to 2013–14)

Enquiry Line Measure	Target (%)	Year		
		2011–12 (%)	2012–13 (%)	2013–14 (%)
Telephone general enquiries answered within five minutes ¹	80 ²	70	68	79
Tax practitioners service phone enquiries answered within two minutes ¹	90	90	89	92

Source: ATO.

Note 1: The figures for 2011–12 and 2012–13 are not the same as those shown in the ATO's annual report for those years because the annual report figures included calls that were escalated to other ATO officers as separate calls based on the methodology used at the time.

Note 2: The 80 per cent service commitment in 2013–14 is only during the peak July to October Tax Time period.

4.22 From a customer perspective, it is preferable for calls to be answered within the specified timeframes, without recourse to the blocking of calls. Taken in isolation, response times only provide a partial indication of the ATO's ability to answer calls in a timely manner. To provide a more complete picture of the ATO's performance in answering calls in a timely way, the ATO is also proposing from the 2013–14 financial year to include in its annual report the total number of calls that are blocked and abandoned. These calls provide an indication of the extent to which the ATO is not meeting client demand. As shown earlier in Table 1.2 in Chapter 1, blocked calls as a percentage of total calls received (offered and blocked) increased from 3.5 per cent in 2011–12 to 7.3 per cent in 2013–14, while abandoned calls as a percentage of total calls offered declined from 11.9 per cent in 2011–12 to 7.1 per cent in 2013–14. The increased numbers of blocked calls contributed to a significant reduction in average wait times in 2013–14 for general enquiries, compared to the previous two years, as shown in Table 4.4.

93 However, the targets would have been met using the previous methodology for calculating incoming calls that counted an escalated call as a new call.

Table 4.4: Average wait times (2011–12 to 2013–14)

Enquiry line	Duration of wait (seconds)		
	2011–12	2012–13	2013–14
Telephone general enquiries	203	211	134
Tax practitioners service enquiries	31	39	32
Indigenous helpline	36	75	25
Complaints hotline	106	70	70

Source: ATO.

4.23 It is reasonable for service commitments to reflect the level of service that the ATO can expect to provide, having regard to available resources. However, as the ATO increasingly encourages clients to transact their business online where they can do so, rather than over the telephone, it is considering tailoring its timeliness service commitment to the level of complexity of the call, rather than to individuals or tax practitioners. In this event, calls requiring ATO support would be answered more quickly than calls that could readily have been resolved online.

Other timeliness performance measures

4.24 Responses to the ATO client surveys that relate to the timely handling of calls to the ATO are summarised at Table 4.5. While most callers who were surveyed indicated that they were satisfied with the time taken to resolve queries, only around half of survey respondents in 2012 and 2013 and 57 per cent of respondents in 2014 were satisfied with the time taken to reach a representative, that is the time taken to reach a representative met or exceeded their expectations.⁹⁴ Furthermore, call centre satisfaction surveys indicated that 27 per cent of respondents in 2012–13 and 20 per cent of clients in 2013–14 considered that the time taken to reach a service representative needed improvement.

⁹⁴ Also, 65 per cent respondents to the phone module of the consolidated perceptions survey for the March 2014 quarter agreed that the amount of time taken in their dealings was acceptable to them, while 17 per cent disagreed.

Table 4.5: Annual survey results for ‘timely provision of call services’ (2012 to 2014)

Criterion	Percentage of respondents agreed		
	2012	2013	2014
Call Centre Satisfaction Surveys			
Satisfied with time taken to resolve query	79	82	84
Satisfied with time taken to reach representative	47	50	57
Dealt with one representative only	75	77	78
ATO Professionalism Surveys			
The ATO Officer handled your issue in a timely fashion	72	74	- ¹

Source: ATO survey data 2012 to 2014.

Note 1: The professionalism survey was not conducted in 2014.

4.25 Complaints to the ATO also relate to perceived excessive wait times for calls to be answered. In 2012–13, four per cent of complaints (964 of 26 061 complaints) were triggered or generated by poor phone access and six per cent of complaint issues (2083 of 35 924 complaint issues) related to poor phone and electronic access.⁹⁵ There were fewer complaints relating to access in 2013–14, when three per cent of complaints (652 of 23 950 complaints) were triggered or generated by poor phone access and five per cent of complaint issues (1533 of 32 856 complaint issues) related to poor phone and electronic access. This indicates that some complaints were unlikely to have arisen had the complainant been initially able to contact the ATO in a timely manner, and that the level of dissatisfaction with the wait time was sufficiently strong as to prompt the caller to lodge a complaint. It reinforces the view that, for some clients, having ready access to ATO contact services is considered important.⁹⁶

4.26 Where their expectations are not met, it may be more difficult for ATO clients to comply with their taxation and superannuation obligations. This has the potential to adversely impact on the ATO’s ability to achieve its business outcomes. Research conducted by the ATO in 2012 found that clients that participated in 12 group discussions ‘accepted that they were likely to have to

⁹⁵ A single complaint can raise more than one issue.

⁹⁶ The ATO does not have a published service commitment for its timeliness in answering calls to the complaints hotline, although in practice it seeks to answer these calls within two minutes. Where complaints cannot be resolved at first point of contact, it aims to get a complaints officer to contact the complainant within three working days. The ATO’s service commitment in relation to its handling of complaints is to respond to 85 per cent of complaints within 15 business days.

wait for at least some time, and were willing to wait to receive the information they required'. It also found that:

opinions on what was considered an acceptable wait time varied considerably across respondents, from around 5 minutes to around 20 minutes. Beyond this was seen to be an unreasonable time to wait.⁹⁷

4.27 As a matter of better practice, the ATO's call response measures should also have regard to the measures adopted by other large organisations, particularly as a way of benchmarking the performance of its contact centres. The ANAO reviewed the timeliness response performance measures of a selection of government and non-government organisations, both in Australia and overseas. It found that, while there was variation in the grade of service targets, a typical response time for the organisations examined is for a majority of calls to be answered within two or three minutes (see Table 4.6 on the following page).⁹⁸

97 Chantlink, *ATO Service Commitments*, 22 June 2012, p. 70. Research conducted for HMRC in the United Kingdom in 2013 also indicated that HMRC customers expected maximum wait times for an adviser of five minutes. *HMRC Research—Understanding quality of service from a customer perspective*, TS-BMRB Report, May 2011, p. 32.

98 The target average wait time for calls from Centrelink clients in Table 4.6 was the longest of the targets identified. Its targets reflect, among other things, the very high call demand from Centrelink clients and the fact that the Department of Human Services (DHS) does not have a general policy of blocking calls as a means of limiting wait times. The DHS contact centres (called 'Smart Centres') are the largest in Australia. In 2012–13, DHS handled around 59 million calls about Centrelink, Medicare and Child Support services (DHS Annual Report for 2012–13, p. 38). The DHS advised the ANAO that wait times can be extended, and it only blocks calls when its telephony system would otherwise become overloaded or at the end of a day when it is clear that calls will not be answered within the remaining service window for that day.

Table 4.6: Timeliness response performance measures of a selection of other organisations

Organisation	Performance measure
Department of Human Services	
• Centrelink	Average speed of answer ≤ 16 minutes
• Child Support Agency	Average speed of answer ≤ three minutes
• Medicare Australia	
Public	Average speed of answer ≤ seven minutes
Providers	Average speed of answer ≤ two minutes
Pharmaceutical Benefits Scheme authorities and e-health providers	Average speed of answer ≤ 30 seconds
Department of Immigration and Border Protection	85 per cent of calls answered ≤ 10 minutes
Government of Canada—Canada Revenue Agency	Calls answered ≤ two minutes
Qantas	Calls answered ≤ three minutes
United Kingdom Government—Her Majesty's Revenue and Customs	Focuses on measuring the percentage of successful call attempts
United States Government—Inland Revenue Service	Average speed of answer performance measure in 2013 ≤ 15 minutes
Westpac Banking Group	Various, up to 90 per cent ≤ 90 seconds, but is reducing this to 90 per cent ≤ 60 seconds

Source: ANAO analysis.

Keeping clients informed

4.28 Recent ATO surveys have revealed relatively high levels of satisfaction with the overall quality of information provided and in keeping clients informed throughout their dealings with the ATO. The 2013 call centre satisfaction survey found that 86 per cent of respondents were satisfied with the overall quality of information provided. Further, the 2013 ATO professionalism survey found that 73 per cent of respondents were satisfied that the ATO officer had kept them informed through the process. Most recently, the March quarter response to the phone module of the 2014 consolidated survey found that 80 per cent of respondents considered the ATO had kept them informed of the actions required to be taken. Nonetheless, there is some room for improvement. For example, the consolidated survey revealed that only 55 per cent of respondents were satisfied with the information provided about the status of their requests or any delays. Further, as discussed

in paragraph 4.11, the service area with lower levels of satisfaction in dealing with ATO call services is where calls are transferred.

Professional call services

4.29 Similar to the other call service commitments, responses in the ATO client surveys that relate to the professionalism displayed by contact centre staff, also show generally high levels of satisfaction. In particular, the ATO professionalism surveys provide client satisfaction levels against nine ‘Characteristics of Professionalism’ in the form of mean scores given on a one to five satisfaction scale. These results, which are shown in Table 4.7, indicate that respondents considered that there was a relatively high level of professionalism with all nine specified characteristics.

Table 4.7: Characteristics of professionalism scores (2010–13)

Criterion	May 2010	Nov 2010	May 2011	Nov 2011	May 2012	Nov 2012	May 2013
Willingness to explain rights	4.11	4.00	4.00	3.92	3.82	4.04	4.01
Sufficient understanding of issue	4.06	4.06	3.83	3.73	3.55	3.87	3.87
Understood needs	4.10	3.84	3.88	3.75	3.58	3.88	3.86
Staff fair, reasonable and unbiased	4.23	4.07	4.05	3.93	3.81	4.04	4.04
Communicated clearly	4.15	3.98	4.05	3.95	3.87	4.04	4.09
Respectful and courteous	4.41	4.30	4.24	4.20	4.12	4.25	4.27
Willingness to follow matter through to conclusion	4.11	3.84	3.91	3.84	3.58	3.94	3.94
Assisted to best of ability and within law	4.18	3.97	4.00	3.90	3.71	4.02	4.04
Result fair and reasonable	4.18	3.91	3.95	3.81	3.61	3.91	3.94

Source: ATO professionalism surveys 2012 to 2013.

Reporting on the performance of ATO contact centres

4.30 As well as information obtained on client satisfaction with the services provided through ATO contact centres, the ATO monitors and reports on broader performance information.⁹⁹ There is also a range of organisational arrangements for reporting this performance.

4.31 At a strategic level, a Telephony Reference Group, chaired by the CS&S BSL, and including representatives of all relevant BSLs, meets and addresses all inbound and outbound ATO telephony capabilities and helps to facilitate information sharing across BSLs. This group has overseen the transfer of other BSL contact centres into the CS&S-managed contact centres.

4.32 At an operational level, CS&S holds monthly meetings with BSLs for which it provides services. It also provides each BSL with detailed quarterly reports on service delivery insights from contact centre operations, which are tailored to the requirements of each BSL.¹⁰⁰ In this context, CS&S reports to BSLs on the results of ATO campaigns, such as in relation to aggressive tax planning or the obligations of people moving overseas. Meetings are held with each BSL to discuss issues arising from the quarterly reports and any necessary follow-up action. For example, at a meeting with the Small Business and Individual Taxpayers (SBIT) BSL in May 2014, CS&S agreed to analyse a number of matters, such as the reasons for the escalation or transfer of calls and the scope for these calls to be handled by CS&S.

4.33 The ATO has also implemented an information system that disseminates performance information at various levels (including the contact centre, team and individual) via a series of ‘dashboard’ reports from the ATO’s contact centre information system. These reports cover key aspects of contact centre operations, including call data, staff availability and call handling. Dashboard reports are digitally available to contact centre management and executive staff and provide both overall and drill-down performance metrics (from all contact centres, down to individual contact centres and individual CSRs). Dashboard reports are available for both internal and outsourced contact centre sites and are updated twice each day. Contact centre managers

99 Other performance reported is conducted in respect of outsource providers, as discussed in Chapter 3, and efficiency, as discussed later in this chapter.

100 In addition to statistical telephony data, these reports include information on identified client service delivery issues, quality issues, client satisfaction survey results and complaint issues, what clients are saying about the ATO on social media and clients’ use of other channels.

advised that they use the dashboard reports to monitor contact centre performance and help address any performance issues. One outsource manager said that the dashboard reports, while useful, would be more helpful in day-to-day management of the contact centre if the reports were updated more regularly than twice each day.

Call handling efficiency

4.34 Call handling efficiency is measured by the cost of handling calls. This, in turn, is influenced by factors, such as average handling time (that is, the average time taken by a CSR to answer caller enquiries) and the ease with which CSRs can access the information needed to respond to client enquiries.

4.35 The estimated overall cost of managing the ATO's 13 main contact centres and other CS&S service delivery activities are shown in Table 4.8. The combined average costs per call for the thirteen CS&S-managed contact centres was \$23.50 in 2012–13 and \$22.35 in 2013–14.¹⁰¹ The cost per second of calls handled by these contact centres is, however, higher than the cost of calls handled by the outsource providers (around three cents a second, compared to around two cents a second for the outsource providers in 2013–14).¹⁰² This difference is, in part, explained by the higher seniority of ATO staff required to handle the more complex calls taken or supported by the ATO contact centres. This cost also does not take into account other factors, such as the higher rate of transfers for outsource centres than ATO centres (21 per cent for the outsource centres compared to 12 per cent for the ATO centres in 2013–14), because most CSRs in the outsource centres are only skilled to take less complex (Tier 1) calls.

101 Costs used in these calculations are \$133 779 080 for 2012–13 and \$139 341 650 in 2013–14. All frontline costs, other than the cost of staff handling correspondence, are included. Frontline support costs included in these calculations comprise regional administration (97 per cent), and other frontline support costs. The numbers of calls answered by the CS&S and outsource centres were 5 692 137 in 2012–13 and 6 234 794 in 2013–14.

102 In making these direct comparisons, direct call handling costs are used. In the case of the ATO costs, this includes the cost of ATO call handling staff and after-hours support as well as 97 per cent of the regional administration costs. In the case of the outsource centres, frontline outsource costs are used. These call handling costs also use time, rather than calls, because some calls are first answered by an outsource centre and then escalated to an ATO centre.

Table 4.8: Cost of running the ATO's 13 main contact centres and other service delivery activities (2012–13 and 2013–14)

Service Delivery Activities	2012-13 \$	2013-14 \$
Frontline services—contact centres		
ATO contact centre staff ¹	70 982 605	64 533 186
Correspondence handling staff	2 348 464	610 921
Outsource contact centres ²	37 564 670	48 472 035
Translating and Interpreting Service	1 918 725	2 383 240
After hours business support	0	646 792
<i>Total frontline services</i>	<i>112 814 464</i>	<i>116 646 174</i>
Frontline support		
Regional administration	8 143 887	7 381 629
Forecasting and call and resource planning	3 537 862	3 313 777
Quality assurance	1 624 006	1 486 515
Business process support	2 408 818	2 371 159
Technology support	1 757 923	1 833 372
Complaint handling	660,708	784,910
Other frontline support costs ³	5 424 191	6 356 484
<i>Total frontline support⁴</i>	<i>23 557 395</i>	<i>23 527 846</i>
Other ATO-wide service delivery expenses		
Business continuity management	915 328	946 333
Other service delivery expenses	6 120 659	6 514 308
<i>Total other service expenses</i>	<i>7 035 987</i>	<i>7 460 641</i>
Total⁴	143 407 847	147 634 660

Source: ATO.

- Notes:
1. Includes labour hire and the cost of staff transferred from SBIT in March 2014.
 2. Includes ATO support staff, such as the contract manager and relationship manager, working with the outsource centres. Excluding these costs, the outsource costs were \$35 306 369 in 2012–13 and \$46 494 936 in 2013–14.
 3. These costs include most senior management expenses, some of which do not relate to contact centres.
 4. Differences in totals are due to rounding. These total expenses do not include other attributed overhead expenses, such as the contact centres' shares of property expenses.

4.36 There is scope for efficiency improvement if average handling times and the amount of after-call work can be reduced¹⁰³, provided that any reductions in average handling times are not at the expense of call resolution rates or quality (as caller enquiries that are not resolved may result in the caller calling again and, as a result, overall call handling costs will increase). The average times for the ATO-managed centres to handle calls is longer than for the outsource centres (699 seconds compared to 568 seconds respectively in 2013–14), but this again reflects that the outsource centres handle a much larger proportion of calls of lower complexity (Tier 1), which can be expected to be shorter.

4.37 While the ATO has detailed financial information on the cost of operating the 13 main contact centres, as shown in Table 4.8, it does not have a consistent approach for measuring frontline service and frontline support costs from year-to-year. In particular, the ATO has not adopted a consistent approach to specifying the overheads, such as contract and relationship managers, that should be included in the cost of outsource contact centres.

4.38 In addition, the ATO has not established an approach to collect comprehensive and consistent information on the cost of call handling of the ‘boutique’ centres operated by other BSLs. Some BSLs provided estimates of the direct cost of call handling, while others advised that they did not have estimates of the cost of handling calls.¹⁰⁴ There was also a wide disparity in the costs per call these BSLs provided, raising questions about the reliability of the calculations. The ATO subsequently advised the ANAO that these estimates should not be relied upon. There would be benefit for the ATO, working through the Telephone Reference Group, to establish a consistent methodology for calculating the cost of call handling across all telephony areas. This would assist the ATO to identify opportunities for efficiency improvements.

4.39 Notwithstanding potential improvements to costing call services, the ATO has taken a number of steps to improve call handling efficiency. One measure has been an attempt to maximise the number of calls that are resolved

103 In 2013–14, 46 per cent of CSR time was spent in actually talking to a caller, 14 per cent of time was spent in other actions while a caller was on-hold, 13 per cent of time was spent in after-call work and the remaining 27 per cent of time was spent completing non-phone escalations, correspondence work, learning and development, coaching, complaint resolving and floor walking support.

104 For example, based on estimates of the amount of time spent by staff on inbound telephony work, the Indirect Tax BSL calculated that its average staff costs per call to be \$8.80 in 2012–13 and \$8.98 in 2013–14. This contrasted with similar calculations for Debt BSL of \$19.81 in 2012–13 and \$19.99 for 2013–14. The Superannuation and Client Account Services BSLs advised that they did not have estimates of the cost of handling calls.

at the first point of contact (referred to as ‘first contact resolution’). Referring calls unnecessarily to other CSRs, rather than resolving the call at the first point of contact, not only provides an inferior service to the customer, but also increases costs. To help improve first contact resolution rates, the ATO and the outsource providers use ‘floor walkers’ (more senior staff in contact centre teams as discussed in Chapter 3), who can quickly help CSRs answer calls without having to escalate calls to other CSRs. CSRs can also consult more specialised advisory staff by telephone before escalating calls. The ATO has also been examining opportunities to refine the tier handling procedures to enable more work to be undertaken at the Tier 1 level, enabling more calls to be resolved at first contact.¹⁰⁵

4.40 Available data provided by the ATO indicate that resolution rates increased slightly over the past two years for the eight ATO-managed contact centres, from an average of 80 per cent in 2012–13 to 81 per cent in 2013–14. If the five outsource centres are included, resolution rates increased from 77 per cent in 2012–13 to 79 per cent in 2013–14. This compares favourably with the first contact resolution rate of 73 per cent for 2013–14 in Dimension Data’s *2013/14 Global Contact Centre Benchmarking Report*.¹⁰⁶ The ATO data do not, however, provide an accurate position on first contact resolution rates. The reported resolution rates are for the percentage of calls answered that did not involve the assistance of a service consultant, a transfer or a non-phone escalation. This is not necessarily the same as first contact resolution because a CSR may consult with a service consultant during the call, but from a customer perspective this call would still be first contact resolution. Similarly, a call may not involve the assistance of a service consultant, a transfer or non-phone escalation, but may not be resolved from a caller’s perspective if, for example, the caller cannot establish proof-of-identity and is advised to call back.¹⁰⁷ There would be merit in the ATO developing a methodology for calculating first contact resolution data that reflects first contact resolution from the client’s

105 For example, in December 2013, the ATO conducted a two-week pilot to determine whether simple debt Tier 2 topics could be answered by Tier 1 trained staff with no debt experience, with the aim of increasing first contact resolution and answering debt calls more effectively. The trial was deemed to be successful and the ATO is now working to implement this revised approach. In some cases, it will also be clear from a CSR’s background that they will have the knowledge and skills to handle some matters, when previous ‘badging’ would not have permitted them to do so. The ATO has, therefore, been reviewing where ‘debadging’ may be appropriate.

106 Dimension Data, *2013/14 Global Contact Centre Benchmarking Report*, p. 58.

107 Calls where the caller cannot establish proof-of-identity are considered resolved under the ATO’s current approach to measuring resolution rates.

perspective and also developing performance targets for first contact resolution.¹⁰⁸ This data could then be used to help inform service outcomes and identify opportunities to improve first contact resolution.

4.41 The ATO's decision to outsource much of its call handling has also helped to manage varying call workloads and call complexities. This is because the outsource centres handle most Tier 1 calls and calls from workload peaks, such as the annual surge in calls during Tax Time, while the ATO centres handle most of the more complex calls. This is an efficient use of resources, as the commercial operators are well placed to recruit and train staff for short-term placements to handle more straightforward calls, because of the lower average cost per second of calls (see paragraph 4.35), while the more experienced ATO staff are better placed to handle the more complex calls. At the same time, retaining a significant in-house capacity helps to mitigate the risk to the ATO of outsourcing and provides scope to increase this capacity, if needed.

4.42 In order to realise further efficiencies, the ATO has been reviewing the operation of the more specialised 'boutique' centres operated by many BSLs to determine whether to integrate some of these function into the mainstream contact centres. As noted in paragraph 3.13, the telephony services of the SBIT BSL were integrated into the mainstream centres in March 2014.

4.43 The audit team visited a Debt 'boutique' contact centre in Melbourne, where a CSR sometimes had to wait for calls because of the unpredictable demand for these more specialised services. While this may indicate scope for further rationalisation of these specialised services, in a number of BSLs, staff handle both telephony and other work¹⁰⁹ and the relatively small number of calls requiring specialised skills in these BSLs may not justify their integration into the mainstream centres.

Conclusion

4.44 It is important that contact centres provide a high level of service, to support taxpayers' compliance with tax obligations and other objectives of the ATO. Based on the results of a number of client surveys conducted for the

108 As mentioned at paragraph 1.23, the NAO also recommended that the HMRC consider developing a performance target for first contact resolution.

109 For example, Client Account Services BSL (CAS) estimated that only around four per cent of staff time was assigned to telephony work. In 2013–14, CAS received 307 395 calls, of which 12 per cent were escalated calls from the CS&S contact centres. The remainder were direct calls in response to CAS-initiated enquiries to clients.

ATO each year, overall, there has been a high level of satisfaction in terms of providing helpful and accurate call services, being easy to deal with, keeping clients informed and professionalism. Notwithstanding these results, timeliness remains an issue, with only around half of the respondents surveyed in 2012 and 2013 being satisfied with the time taken to reach a CSR.¹¹⁰

4.45 Despite this level of dissatisfaction, the ATO has generally met and maintained the less challenging service commitment on the timely answering of calls over the last three years. In this regard, the service commitment for the ATO's general information line currently only extends to Tax Time, with no service standards applying to the remaining eight months of the year. There would be merit in extending the commitment to other times of the year. Further, wait times only provide a partial indication of the ATO's ability to answer calls in a timely manner. The ATO regularly blocks calls, which will result in a lower average wait times. Blocking calls does, however, inconvenience clients because they have to call back at another time, although this may be preferable to waiting in a queue for an extended period. To provide a more accurate perspective of wait times, from 2013–14 the ATO proposes to report on the total number of calls that are blocked and abandoned. There would also be merit in the ATO including in its annual reports to the Parliament more detailed information on its timeliness in answering calls.

4.46 Currently, the ATO does not have a consistent approach to specifying the type of activities to include in estimates of call handling costs, including for frontline services and frontline support activities. Nor does it have information on the cost of calls handled by its 'boutique' contact centres. Developing a consistent approach for calculating call handling costs, including the cost of telephony handling of its 'boutique' contact centres, would help the ATO to identify opportunities for further efficiency improvements. The ATO could also develop a methodology for calculating first contact resolution data that better reflects first contact resolution from the client perspective, and use these data to help inform service outcomes and identify opportunities to improve first contact resolution rates.

110 Further, in 2012–13, six per cent of complaint issues (2083 issues) concerned poor phone and electronic access, and five per cent of complaint issues (1533 issues) related to poor phone and electronic access.

Recommendation No.2

4.47 To help identify opportunities for further efficiency improvements in the operation of contact centres, the ANAO recommends that the ATO develops a consistent approach for calculating call handling costs, including the cost of telephony handling by its 'boutique' contact centres.

ATO response: *Agreed.*

4.48 *The ATO and specifically Customer Service and Solutions continue to look for opportunities to achieve efficiencies within the operation of our contact centres. Metrics continue to be reviewed in line with efforts to improve greater customer service; specifically call cost calculation metrics to be used consistently across all telephony areas. Through the Telephony Reference Group, it is recommended that a single metric be tested and then adopted.*



Ian McPhee
Auditor-General

Canberra ACT
26 November 2014

Appendices


Appendix 1: Australian Taxation Office Response

GED
12 NOV 2014
9.30



Australian Government
Australian Taxation Office

Second Commissioner of Taxation


Ms Barbara Cass
Group Executive Director
Performance Audit Services Group
Australian National Audit Office
GPO Box 707
CANBERRA ACT 2601

Dear Ms Cass

Thank you for your letter dated 17 October 2014 and for the opportunity to provide comments on the proposed report on the Administration of the Australian Taxation Office's Contact Centres.

The Australian Taxation Office (ATO) agrees with the two recommendations as presented in the section 19 report.

Attached is the ATO response to recommendations (Annexure 1) and summary of our comments to be included in the report (Annexure 2).

I would like to thank the Australian National Audit Office audit team for the cooperative and professional manner they have adopted in working with us on this matter. I look forward to continuing the good working relationship developed in this performance audit.

If you require further information on this matter, please contact Anika Chadha, Assistant Director, Customer Service and Solutions on (02) 9354 3053.

Yours sincerely



Geoff Leeper

10 November 2014

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