Management of Smart Centres' Centrelink Telephone Services — Follow-up

Department of Human Services

Canberra ACT

21 February 2019

Dear Mr President
Dear Mr Speaker

In accordance with the authority contained in the *Auditor-General Act 1997*, I have undertaken an independent performance audit in the Department of Human Services. The report is titled *Management of Smart Centres' Centrelink Telephone Services — Follow-up.* 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

Grant Hehir
Auditor-General

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

Audit team
Jacqueline Hedditch
Tara Rutter
Barbara Das
Steven Favell
Emily Drown
David Brunoro

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Summary and recommendations

Background

1. The Department of Human Services (Human Services) delivers payments and associated services on behalf of partner agencies, and provides related advice to government on social welfare, health and child support delivery policy.[1] Through its Social Security and Welfare Program, Human Services delivers payments and programs that support families, people with a disability, carers, older Australians, job seekers and students.[2] In 2017–18, Human Services delivered $112.4 billion in social security payments to recipients.[3]

2. Human Services offers a variety of service delivery options to customers including face-to-face services for Centrelink and Medicare in service centres[4], as well as telephony and digital services. In 2017–18, Human Services received approximately 17 million visits to service centres and handled approximately 52 million calls for Centrelink, Child Support and Medicare Program services.[5] In 2017–18, there were also 49.1 million Centrelink transactions for digital and self-service.[6]

3. In 2017–18 the Average Speed of Answer[7] for calls to Centrelink was 15 minutes and 58 seconds against a target of less than or equal to 16 minutes.[8]

Rationale for undertaking the audit

4. This audit is to follow up on recommendations made in Auditor-General Report No. 37 of 2014–15 *Management of Smart Centres' Centrelink telephone services*.[9] The Joint Committee of Public Accounts and Audit (JCPAA) has shown interest in performance reporting relating to Centrelink telephony, specifically recommending more complete and publicly available data on the performance of these services. The Community Affairs Legislation Senate Committee also maintains ongoing interest in call wait times and performance reporting. There is regular media interest in the call wait times experienced by Centrelink customers.

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1   Department of Human Services*, 2017–18 Annual Report,* p. 7, available from https://www.humanservices.gov.au/sites/default/files/2018/10/8802-1810-annual-report-web-2017-2018.pdf [accessed November 2018].

2   ibid., p. 36.

3   ibid., p. 36.

4   Human Services has 349 service centres across Australia.

5   Department of Human Services*, 2017–18 Annual Report,* p. 190, available from https://www.humanservices.gov.au/sites/default/files/2018/10/8802-1810-annual-report-web-2017-2018.pdf [accessed November 2018].

6   ibid., p. 31

7   Human Services defines the Average Speed of Answer as the average length of time a customer waits to have a call answered through the department's telephony services.

8   Department of Human Services*, 2017–18 Annual Report,* p. 23, available from https://www.humanservices.gov.au/sites/default/files/2018/10/8802-1810-annual-report-web-2017-2018.pdf [accessed November 2018]

9   Auditor-General Report No. 37 2014–15 *Management of Smart Centres' Centrelink Telephone Services.*

Audit objective and criteria

5.   The objective of the audit was to examine the extent to which Human Services has implemented the recommendations made by the Australian National Audit Office (ANAO) in Auditor-General Report No. 37 of 2014–15 *Management of Smart Centres' Centrelink Telephone Services*; as well as Human Services' performance against call wait time and call blocking[10] metrics.

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

- Human Services has implemented a channel strategy that effectively supports the transition to digital service delivery and the management of call wait times.

- Human Services has implemented an effective quality framework to support the quality and accuracy of Centrelink telephone services.

- Human Services has implemented effective performance monitoring and reporting arrangements to provide customers with a clear understanding of expected service standards.

7.   The audit did not include an examination of Smart Centres' processing services, other than the processing that is done as part of the telephone service; or Smart Centres' Medicare and Child Support telephone services.

8.   The audit did not directly follow up on the implementation of the JCPAA recommendations. However, the audit considered the intent of the JCPAA recommendations and their relationship with the original ANAO recommendations.

Conclusion

9.   As at November 2018, Human Services has fully implemented one and partially implemented two of the three recommendations made in Auditor-General Report No. 37 of 2014–15 *Management of Smart Centres' Centrelink Telephone Services*. Human Services performance against the Average Speed of Answer Key Performance Indicator (KPI) has remained largely stable since the previous audit.

10.   In response to the recommendation in the previous Auditor-General report, Human Services has developed two channel strategies. The first was not effectively implemented. Human Services is currently developing mechanisms to support the implementation of the revised strategy. The transition to digital service delivery and the management of call wait times are supported by individual projects within the department.

11.   Human Services has effectively applied the department's Quality Framework to Centrelink Smart Centres' telephony staff supporting the quality and accuracy of telephone services.

12.   Human Services telephony program has appropriate data and largely effective internal performance reporting for management purposes. External reporting does not provide a clear understanding of the overall customer experience.

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10   A call is 'blocked' when the caller hears a 'busy' signal and cannot enter the telephone network.

Supporting findings

Managing call wait times and supporting digital service delivery

13.   In late 2016 Human Services developed the *Channel Strategy 2016–19,* however the strategy was not used to guide decision-making activity across the various channels. A revised channel strategy was endorsed in June 2018 that more clearly articulates initiatives that will be completed and how these link to the strategy's key objectives of reducing preventable work, increasing digital take up, and improving customer experience and staff engagement. Governance and reporting arrangements have not yet been fully implemented and it is too early to assess the effectiveness of the revised channel strategy.

14.   Human Services does not have appropriate mechanisms in place to monitor and report on the effectiveness of its transition to digital services, with only one high-level performance measure in place. The measure, which is the percentage increase in the total number of interactions conducted via digital channels compared to the previous year, does not examine the effectiveness, intended outcomes or the impact on other channels of the shift to digital services across the department. Human Services has identified a need to improve indicators in this area and is working to address these limitations.

15.   Human Services has developed a strategy to assess the benefits to its telephony services made under its Telephony Optimisation Programme. Although the strategy details the management, metrics, targets and reporting for each sub-project, the current benefits realisation approach does not clearly articulate how each individual sub-project contributes to the Programme's overall objectives and key performance measures. This potentially hinders prioritisation of future telephony improvement activities. The Telephony Optimisation Programme remains underway and Human Services intends to assess its impact on the management of call wait times and increased call capacity at the end of 2018 and again in mid-2019.

16.   Human Services has undertaken an evaluation of its pilot program to test whether use of an external call centre provider was feasible to increase call capacity. Additional resources have been allocated following the evaluation, which found the model was effective and comparable to the department's telephony service delivery workforce. The direct impact this approach has had on the number of busy signals and call capacity is unclear due to a range of other factors influencing these outcomes, such as seasonal variations, other policy changes, and impacts from the Telephony Optimisation Programme projects.

Quality and accuracy of Centrelink telephone services

17.   Quality assurance activities for Centrelink Smart Centres' telephony services are undertaken in accordance with the Human Services Quality Framework. There are largely effective quality assurance mechanisms in place to support the consistency of service and information provided to customers, except that not all required evaluations are currently completed and calibration activities have not been applied consistently across all sites.

18.   The Quality Call Framework and the Quality On Line processes apply to all staff who provide Centrelink telephone services regardless of staff classification, employment status or work type. Human Services is actively exploring options to further improve quality processes, such

as a pilot currently underway to trial Remote Call Listening evaluations. Monitoring and analysis of quality assurance activities occurs regularly within Smart Centres and at the strategic level to inform continuous improvement activities.

Performance monitoring and reporting

19.   Human Services collects appropriate performance data for internal operational management of its telephony services. Performance information is regularly reported to Smart Centre management and used to identify local performance trends, adjust resource allocation and consider staff development needs. Human Services' Executive receive performance reporting to inform monitoring against call wait times and call blocking to support achievement of the external Average Speed of Answer Key Performance Indicator. Reporting to Executive does not provide full insight into the overall customer experience – such as the time spent waiting before customers abandon calls or the number of calls answered within specified timeframes. This information would support Human Services to continue improvements in the telephony channel and the transition to digital services.

20.   Human Services' external reporting of telephone service performance is not appropriate as it is does not provide a clear understanding of the service a customer can expect. The Average Speed of Answer Key Performance Indicator does not consider the various possible outcomes of a call such as abandoned calls. Human Services has undertaken several reviews of its performance metrics, however it has not yet identified and finalised its preferred set of updated metrics. Therefore, it has only partially implemented recommendation three of Auditor-General Report No. 37 of 2014–15. No changes have yet been made to external performance information to provide a clearer understanding of the service experience a customer can expect.

21.   External reporting on the performance of Centrelink telephony services remains limited to annual reporting of the single Average Speed of Answer Key Performance Indicator within the department's Annual Performance Statement.

Recommendations

Recommendation no. 1 **Paragraph 2.14**	The ANAO recommends that Human Services further develop implementation plans and monitoring and reporting arrangements to provide its executive with a holistic view of the effectiveness of the Channel Strategy to support the transition to digital service delivery and assist with the management of call wait times. **Department of Human Services response:** *Agreed*
Recommendation no. 2 **Paragraph 4.32**	Human Services finalise its review of Key Performance Indicators and implement updated external performance metrics for the 2019–20 Portfolio Budget Statement. **Department of Human Services response:** *Agreed*

Summary of entity response

22.   The proposed audit report was provided to the Department of Human Services, which provided a summary response that is set out below. The full department response is reproduced at Appendix 1.

> The Department of Human Services (the department) welcomes this report, and considers that implementation of its recommendations will enhance the delivery and management of telephony and digital services by reducing preventable work, increasing digital take-up and improving customer experience and staff engagement.
>
> The department agrees with the Australian National Audit Office's (ANAO's) recommendations and has commenced the work necessary to implement them. The Department has implemented improvements to monitoring and reporting arrangements, which will provide the Department's executive leadership team with enhanced visibility of progress in delivering its digital transformation strategy. In addition, the Department is currently reviewing performance measures relevant to telephony services, including consulting with relevant stakeholders. Any changes are expected to be in place to support the 2019-20 Portfolio Budget Statement.

Key messages from this audit for all Australian Government entities

23.   Below is a summary of key messages, including instances of good practice, which have been identified in this audit that may be relevant for the operations of other Commonwealth entities.

Policy / program implementation

- To maximise the benefits of internal strategies and improvement initiatives, entities should demonstrate clear follow through on endorsed strategies. This includes appropriate implementation planning and regular monitoring and reporting to the executive to maintain visibility of action.

Performance and impact measurement

- Entities should develop performance criteria that address the accountability needs of the Parliament and the public and that are relevant, reliable and complete.

- Entities should clearly describe the method of measurement or assessment for each performance criteria in the corporate plan.

Audit findings

1. Background

Introduction

1.1   The Department of Human Services (Human Services) delivers payments and associated services on behalf of partner agencies, and provides related advice to government on social welfare, health and child support delivery policy.[11] Through its Social Security and Welfare Program, Human Services provides social security assistance through various payments and programs to assist families, people with a disability, carers, older Australians, job seekers and students.[12] In 2017–18, Human Services delivered $112.4 billion in social security payments to recipients.[13]

1.2   Human Services offers a variety of service delivery options to customers including face-to-face services for Centrelink and Medicare in service centres[14], as well as telephony and digital services. In 2017–18, Human Services received around 17 million visits to service centres and handled around 52 million calls for Centrelink, Child Support and Medicare Program services.[15] In 2017–18, there were also 49.1 million Centrelink transactions for digital and self-service.

1.3   Figure 1.1 shows the total number of calls received by Human Services under Program 1.1 Services to the Community – Social Security and Welfare since July 2014.

Figure 1.1:   Total number of calls received by Human Services under Program 1.1 Services to the Community — Social Security and Welfare
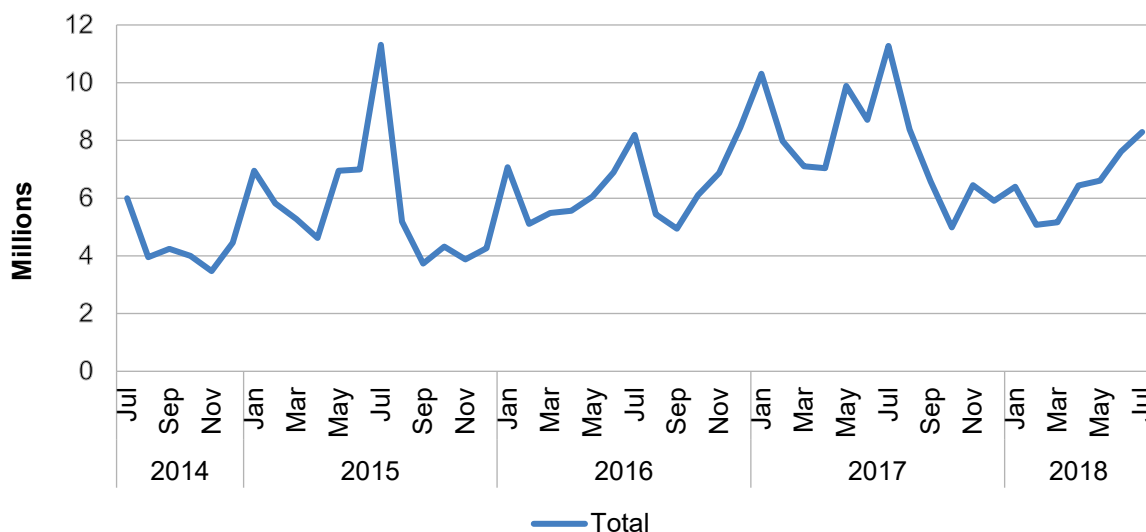
Source: ANAO analysis of Human Services data.

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11   Department of Human Services*, 2017–18 Annual Report,* p. 7, available from https://www.humanservices.gov.au/sites/default/files/2018/10/8802-1810-annual-report-web-2017-2018.pdf [accessed November 2018].

12   ibid., p. 36.

13   ibid., p. 36.

14   Human Services has 349 service centres across Australia.

15   Department of Human Services*, 2017–18 Annual Report,* p. 190, available from https://www.humanservices.gov.au/sites/default/files/2018/10/8802-1810-annual-report-web-2017-2018.pdf [accessed November 2018].

1.4   In 2017–18, the Average Speed of Answer[16] for calls to Centrelink was 15 minutes and 58 seconds against a target of less than or equal to 16 minutes.[17] Table 1.1 shows that since Auditor-General Report No. 37 of 2014–15 *Management of Smart Centres' Centrelink Telephone Services* (the previous ANAO audit)[18], the average speed of answer has remained largely stable.[19]

Table 1.1:   Results against the Average Speed of Answer KPI target

Financial Year	Result	Target
2014–15	15 minutes and 40 seconds	≤ 16 minutes
2015–16	15 minutes and 9 seconds	≤ 16 minutes
2016–17	15 minutes and 44 seconds	≤ 16 minutes
2017–18	15 minutes and 58 seconds	≤ 16 minutes

Source: Human Services Annual Reports.

Previous scrutiny

1.5   The ANAO previously reviewed Centrelink telephone services in Auditor-General Report No. 37 of 2014–15 *Management of Smart Centres' Centrelink Telephone Services*, tabled in May 2015. The ANAO concluded that Human Services had established a soundly based quality assurance framework for Centrelink telephone services, however this should be extended to all relevant staff to improve the overall level of assurance. The ANAO further concluded that the Department's target Key Performance Indicator (KPI) relating to Average Speed of Answer does not clearly indicate what service standard customers can expect due to the distribution of actual wait times around the 'average'. The audit recommended that Human Services:

1. establish a pathway and timetable for the implementation of a coordinated channel strategy to help deliver improved services across all customer channels and a more coordinated approach to the management of call wait times;
2. apply the Quality Call Listening (QCL) framework to all staff answering telephone calls, and review the potential impact of gaps in the implementation of the QCL; and
3. review Key Performance Indicators for the Centrelink telephony channel to clarify the service standards that customers can expect and better reflect the customer experience.

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16   Human Services defines the Average Speed of Answer as the average length of time a customer waits to have a call answered through the department's telephony services.

17   Department of Human Services*, 2017–18 Annual Report,* p. 23, available from https://www.humanservices.gov.au/sites/default/files/2018/10/8802-1810-annual-report-web-2017-2018.pdf [accessed November 2018].

18   Auditor-General Report No. 37 2014–15 *Management of Smart Centres' Centrelink Telephone Services.*

19   Department of Human Services*, 2016–17 Annual Report,* p. 19, available from https://www.humanservices.gov.au/sites/default/files/2017/10/8802-1710-annual-report-2016-17.pdf [accessed September 2018];
Department of Human Services*, 2015–16 Annual Report,* p. 178, available from https://www.humanservices.gov.au/sites/default/files/8802-1610-annualreport2015-16.pdf [accessed September 2018];
Department of Human Services*, 2014–15 Annual Report,* p. 13, available from https://www.humanservices.gov.au/sites/default/files/documents/8802-1510-ar2014-15.pdf [accessed September 2018].

1.6   Human Services agreed to recommendations one and two and agreed with qualifications to recommendation three, noting that the department estimated that to reduce the KPI to an average speed of answer of 5 minutes, it would require an additional 1000 staff at a cost of over $100 million each and every year.[20] Human Services did not address the review of the KPIs in its response to the recommendation.

1.7   Human Services provided updates to its Audit Committee against the implementation of the recommendations. Reporting against recommendations one and two was completed in 2016. The Channel Strategy received in principle endorsement from the Minister in September 2016 and the Quality Call Framework was launched in August 2016 and was progressively implemented. Reporting against recommendation three was completed in September 2018 advising that KPIs and customer satisfaction have been considered as part of the DHS Telephony Review.

1.8   The Joint Committee of Public Accounts and Audit (JCPAA) Report No. 452 *Natural Disaster Recovery; Centrelink Telephone Services; and Safer Streets Program* considered Auditor-General Report No.37 2014–15 and made a further five recommendations relating to Smart Centres. These recommendations covered:

- increased training to undertake blended processing and telephony tasks in the Smart Centre context (supported by Human Services);

- the implementation of the Welfare Payment Infrastructure Transformation (WPIT)[21] and its impact on performance measuring, management and telephony (supported with qualification);

- reviewing internal Key Performance Indicators (KPIs) (supported);

- public reporting on a broader range of KPIs (supported with qualification); and

- more frequent publishing of performance information for Centrelink's telephone services (not supported).[22]

1.9   The full JCPAA recommendations can be found at Appendix 2.

Updates to telephone services since the previous audit

1.10   In 2016, Human Services reviewed the department's telephony operations (DHS Telephony Review). The review identified that customers experience high call wait times; high rates of busy signals (due to call blocking parameters to manage high incoming call volumes); and high rates of calls transferred or left unresolved (25 per cent to 30 per cent). The review made seven recommendations aimed at simplifying telephony operations and improving performance measurement.

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20   Auditor-General Report No. 37 of 2014–15 *Management of Smart Centres' Centrelink telephone services* https://www.anao.gov.au/work/performance-audit/management-smart-centres-centrelink-telephone-services.

21   Welfare Payment Infrastructure Transformation is a seven-year program designed to improve access to digital services. This program is now referred to as Delivery Modernisation.

22   Joint Committee of Public Accounts and Audit (JCPAA) Report No. 452: Natural Disaster Recovery; Centrelink Telephone Services; and Safer Streets Program. https://www.aph.gov.au/Parliamentary_Business/Committees/Joint/Public_Accounts_and_Audit/Reports_Nos_24-50/Report.

1.11   In early 2018, Human Services initiated the Telephony Optimisation Programme (TOP) to action the recommendations made in the review. The TOP consists of a portfolio of 16 projects operating across four tranches intended for full implementation by June 2020.[23]

1.12   In October 2017, Human Services engaged an external provider as part of a pilot program to provide an additional capacity of 250 staff for telephony services. The two-year contract is worth $53 million.

Rationale for undertaking the audit

1.13   This audit is to follow up on recommendations made in the Auditor-General Report No. 37 of 2014–15 *Management of Smart Centres' Centrelink telephone services*. The JCPAA has shown interest in performance reporting relating to Centrelink telephony, specifically recommending more complete and publicly available data on the performance of these services. The Community Affairs Legislation Senate Committee also maintains ongoing interest in call wait times and performance reporting. There is regular media interest in the call wait times experienced by Centrelink customers.

Audit approach

Audit objective, criteria and scope

1.14   The objective of the audit was to examine the extent to which Human Services has implemented the recommendations made by the ANAO in Auditor-General Report No. 37 of 2014–15 *Management of Smart Centres' Centrelink Telephone Services*; as well as Human Services' performance against call wait time and call blocking metrics.

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

- Human Services has implemented a channel strategy that effectively supports the transition to digital service delivery and the management of call wait times.

- Human Services has implemented effective performance monitoring and reporting arrangements to provide customers with a clear understanding of expected service standards.

- Human Services has implemented an effective quality framework to support the quality and accuracy of Centrelink telephone services.

1.16   The audit did not include an examination of Smart Centres' processing services, other than the processing that is done as part of the telephone service; or Smart Centres' Medicare and Child Support telephone services.

1.17   The audit did not directly follow-up on the implementation of the JCPAA recommendations. However, the audit considered the intent of the JCPAA recommendations and their relationship with the original ANAO recommendations.

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23   The original programme plan included timeframes for Tranche 3 to be completed by June 2019 — however project reporting in July 2018 documented a delay to the commencement of Tranche 3 activities from August 2018 to January 2019.

Audit methodology

1.18   The major audit tasks included:

- analysis of Human Services' performance data and performance reporting methodologies;

- an examination of the department's files and documentation relating to the management of Smart Centres' Centrelink telephony services;

- site visits to a number of Smart Centres to observe operations; and

- interviews with Human Services managers and staff involved in the management of Smart Centres and the development of the channel strategy, both in Canberra and across the national network.

1.19   The audit was conducted in accordance with ANAO auditing standards, at a cost to the ANAO of approximately $372,136. The team members for this audit were Jacqueline Hedditch, Tara Rutter, Barbara Das, Steven Favell, Emily Drown and David Brunoro.

2. Managing call wait times and supporting digital service delivery

Areas examined

This chapter examines the extent to which Human Services has implemented a channel strategy, in accordance with Recommendation One of Auditor-General Report No.37 of 2014–15, and Human Services' mechanisms to monitor the transition to digital service delivery and initiatives to increase call capacity.

Conclusion

In response to the recommendation in the previous Auditor-General report, Human Services has developed two channel strategies. The first was not effectively implemented. Human Services is currently developing mechanisms to support the implementation of the revised strategy. The transition to digital service delivery and the management of call wait times are supported by individual projects within the department.

Area for improvement

The ANAO has made one recommendation aimed at ensuring implementation plans and monitoring and reporting arrangements are developed and actively used to better assess the effectiveness of the channel strategy.

Has Human Services effectively implemented a coordinated Channel Strategy?

In late 2016 Human Services developed the *Channel Strategy 2016–19,* however the strategy was not used to guide decision-making activity across the various channels. A revised channel strategy was endorsed in June 2018 that more clearly articulates initiatives that will be completed and how these link to the strategy's key objectives of reducing preventable work, increasing digital take up, and improving customer experience and staff engagement. Governance and reporting arrangements have not yet been fully implemented and it is too early to assess the effectiveness of the revised channel strategy.

2.1   The previous Auditor-General report found that, at the time, Human Services did not have a detailed channel strategy. The ANAO recommended that, to help deliver improved services across all customer channels and a more coordinated approach to the management of call wait times, Human Services establish a pathway and timetable for the implementation of a coordinated channel strategy.[24] Human Services agreed to the recommendation.

2.2   Human Services defines its four distinct customer channels for Centrelink services as:

- in-person — face-to-face communication with local staff;
- by telephone — speaking to staff at Smart Centres, not limited by geographical location;
- digital — accessing information or reminders or submitting claims, details or documents online, via mobile apps or by phone self-service technology; and

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24   Auditor-General Report No. 37 of 2014–15 *Management of Smart Centres' Centrelink Telephone Services.*

- in writing — letters and hard copies of claim documents and information.

Channel Strategy 2016–19

2.3   In late 2016 Human Services finalised the *Channel Strategy 2016–19.* The strategy was intended to provide a clear path forward to support the shift towards digital service delivery as the primary mode of interaction with customers. It was also intended to outline 'how staff-assisted channels would support the shift to digital delivery'. The strategy included three broad strategic priorities for service improvements:

- 'connected services — provide a consistent and integrated experience as customers move across touchpoints;

- efficient services — provide efficient and cost effective ways to deliver services; and

- personalised services — know, connect with and enable customers by providing a personalised experience based on their circumstances.'[25]

2.4   The *Channel Strategy 2016–19* was a high-level document, which identified customer groups, existing channel use, current strengths and inhibitors for each of its channels.

2.5   Box 1 shows future directions outlined within the *Channel Strategy 2016–19* for telephony and digital services.

Box 1: Channel Strategy 2016–19 Human Services' directions for digital and telephony services
Digital services strategies:

Digital services strategies:

- increase available digital services with more end-to-end services and digitise all high-volume transactions;
- improve staff digital capabilities and data and analytics capabilities;
- build a digital platform and open eco-system;
- understand barriers to digital take-up; and
- provide a circumstance-driven experience for customers.

Telephony services strategies:

- proactively set customers on a pathway (for example, connect to employment services);
- support customers' digital service use; and
- support customers with particular needs, e.g. those with language or complex needs.

Collectively, the telephony strategies were to lead to a gradual move towards outbound contact and reduce inbound telephony.

Source: ANAO analysis of Human Services documentation.

2.6   Human Services did not develop a detailed implementation plan to support the *Channel Strategy 2016–19* and the strategy was not used to guide decision-making activity across the various channels in a manner that supported a more coordinated approach to the management of call wait times. For example, a Channel Strategy Alignment Checklist was developed to support prioritisation

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25   Human Services Channel Strategy 2016–19.

of projects aligned to the channel strategy, however Human Services advised the ANAO that this checklist was not used.

2.7 The *Channel Strategy 2016–19* required that progress reports against the strategy be provided quarterly to the department's Customer Committee and annually to its Executive Committee.[26] No dedicated progress reporting was undertaken against the *Channel Strategy 2016–19*, however Human Services did report against a number of individual projects and initiatives that supported the channel strategy objectives.[27] Human Services advised the ANAO that overarching channel strategy reporting was not undertaken due to the October 2017 decision to revise the channel strategy.

Revised channel strategy (2018–onwards)

2.8 A revised Channel Strategy was endorsed by the Secretary in June 2018. Human Services advised the ANAO that the revised strategy was prompted by significant changes across the organisation and in other major programs such as the Welfare Payment Infrastructure Transformation (WPIT), which is now known as Delivery Modernisation.

2.9 The revised strategy is intended to provide a greater focus on outcomes and more clearly identify specific initiatives required to progress the strategy. Human Services' Corporate Plan 2018–19[28] states that the Channel Strategy provides a roadmap for delivering more connected, efficient and personalised services through a multi-channel approach to service delivery.

2.10 The revised strategy is in two documents, the Channel Strategy Narrative and the Initiatives Roadmap.

- The Channel Strategy Narrative positions the strategy amongst Human Services' other significant ongoing strategic developments[29], identifies the main levers for improving service outcomes and presents the key objectives, which are:
    - reduce preventable work[30] to optimise staff-assisted touchpoints;
    - increase digital uptake to support the department's transformation agenda; and
    - improve customer experience and staff engagement.
- The Initiatives Roadmap identifies a large range of service improvement initiatives that support the achievement of each objective. The initiatives are categorised according to

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26 The Executive Committee membership is at the SES Band 3 level, including the Secretary.

27 The Channel Strategy 2016–19 identifies the following critical objectives:
- Deliver on the objectives in the department's Corporate Plan
- Deliver on Government objectives
- Improve the experience for customers and third parties interacting with our services
- Reduce the cost of service delivery; and
- Ensure the department possess a flexible delivery capability.

28 Department of Human Services, *2018–19 Corporate Plan*, p. 17, available from https://www.humanservices.gov.au/sites/default/files/2018/08/12637-1807-corporate-plan.pdf [accessed September 2018].

29 This includes the Enterprise Transformation Framework, Enterprise Service Design and the Customer Experience Strategy.

30 Preventable work may include activities that customers are able to self-complete or customers attempt to self-complete but are unable and require assistance.

whether they contribute to developing capability, are new, or a refinement of existing service approaches.

2.11   The ANAO's comparison of the *Channel Strategy 2016–19* with the revised Channel Strategy found that the revised Channel Strategy documents more clearly articulate the initiatives that will be completed under the strategy, such as individual projects within the telephony channel and as such improves integration of projects and initiatives.

2.12   In July 2018, Human Services informed the ANAO that it was developing entity level governance and reporting arrangements for its new Channel Strategy Narrative and Initiatives Roadmap. Between July 2018 and December 2018, monthly reporting was provided to the Service Delivery Operations Group Executive (SES Band 3). In December 2018, a decision was made to utilise existing governance arrangements to provide entity level oversight of the Channel Strategy. This will include reporting to the Enterprise Transformation Committee and monthly reporting to the Executive Committee.

2.13   Human Services advised the ANAO in February 2019 that it has commenced development of a benefit assessment and prioritisation approach for the revised Channel Strategy to determine which initiatives will proceed.

Recommendation no.1

2.14   The ANAO recommends that Human Services further develop implementation plans and monitoring and reporting arrangements to provide its executive with a holistic view of the effectiveness of the Channel Strategy to support the transition to digital service delivery and assist the management of call wait times.

Department of Human Services response: *Agreed.*

2.15   *In addition to the governance and reporting arrangements that have been in place throughout the development and since the endorsement of the Channel Strategy, from January 2019, monthly reports on the Channel Strategy will be provided to the Executive Committee. The Executive Committee provides advice and assurance to the Secretary on major transformation activities to ensure coordinated delivery of the Department's transformation ambition. Reporting to Executive Committee will include progress against implementation milestones for the key projects under the Channel Strategy programme. Oversight of progress against detailed implementation plans will occur at project level.*

Does Human Services have appropriate mechanisms in place to monitor and report on the effectiveness of its transition to digital service delivery?

> Human Services does not have appropriate mechanisms in place to monitor and report on the effectiveness of its transition to digital services, with only one high-level performance measure in place. The measure, which is the percentage increase in the total number of interactions conducted via digital channels compared to the previous year, does not examine the effectiveness, intended outcomes or the impact on other channels of the shift to digital services across the department. Human Services has identified a need to improve indicators in this area and is working to address these limitations.

2.16   In 2015–16, Human Services implemented the current Key Performance Indicator (KPI) to monitor its progress towards increasing Centrelink customer self-service through digital channels. The KPI tracks the number of Centrelink customer interactions completed in the year through digital tools[31], with a target of increasing these by, or greater than, five per cent compared to the previous year.

2.17   Internally, the KPI is reported against quarterly to the Executive Committee. Externally, the KPI is reported against annually within the department's Annual Performance Statements.

2.18   Table 2.1 outlines Human Services' performance against its digital services KPI.

Table 2.1:   Centrelink performance against the digital service KPI for the period 2015–16 to 2017–18

	2015–16	2016–17	2017–18
Number of interactions completed via digital channels	141.2 million	148.6 million[a]	149.8 million
Percentage increase from previous years	21.3	5.3	6.6
Target	≥5%	≥5%	≥5%
Result	**Met**	**Met**	**Met**

Note a: The number of interactions that are included in the calculation vary between financial years. This reflects the change in digital service offerings and how the customer is required to interact with the platform resulting in a varied number of total interactions.

For calculating the 2017–18 result, the number of interactions in 2016–17 was revised to 140.5 million. The methodology for calculation of interactions remains the same.

Source: Human Services' Annual Reports (2015–16 to 2017–18) and Human Services documentation.

2.19   As shown in Table 2.1, Human Services has met its target for the last three years. The number of interactions Human Services includes in the calculation for the achievement of digital service level standards is updated each year to reflect changes to the way that some information is presented within the digital channels.

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31   The digital channel is comprised of online, mobile apps, online letters and phone self-service (customer use of the Centrelink Interactive Voice Response (IVR) technology, for example, to report earnings).

2.20   Human Services has identified limitations with its digital service KPI. In particular, that it does not provide information about:

- customer behaviours in and across channels such as;
    - quality of the digital experience (is it simple, intuitive, provides end-to-end service)
    - drop-out points in digital including cause and effect
    - what prevented use of digital (what is getting in the way of digital adoption)
- quality of and return on investment from new or improved digital services and products; and
- staff attitudes to digital services including capability, confidence and advocacy.

2.21   Accordingly, increased take-up under this performance measure does not necessarily represent a reduced need for staff resources, improved efficiency or an improved customer experience and therefore does not provide insights into the impact of the digital transition target on call wait times.

2.22   The annual variation in the calculation for the achievement of digital service level standards and the above limitations are not clearly articulated in the Annual Performance Statements.

2.23   In July 2018, the department's Enterprise Transformation Committee noted that work was being undertaken to address these limitations by developing and implementing new measures of the suitability and effectiveness of digital service delivery and investigating options for a new digital business model. Human Services expects to commence implementation of a new suite of digital measures from July 2019.

Does Human Services have an evaluation strategy in place to assess the extent to which outcomes have been achieved through the changes to its telephony services?

Human Services has developed a strategy to assess the benefits to its telephony services made under its Telephony Optimisation Programme. Although the strategy details the management, metrics, targets and reporting for each sub-project, the current benefits realisation approach does not clearly articulate how each individual sub-project contributes to the Programme's overall objectives and key performance measures. This potentially hinders prioritisation of future telephony improvement activities. The Telephony Optimisation Programme remains underway and Human Services intends to assess its impact on the management of call wait times and increased call capacity at the end of 2018 and again in mid-2019.

Human Services has undertaken an evaluation of its pilot program to test whether use of an external call centre provider was feasible to increase call capacity. Additional resources have been allocated following the evaluation, which found the model was effective and comparable to the department's telephony service delivery workforce. The direct impact this approach has had on the number of busy signals and call capacity is unclear due to a range of other factors influencing these outcomes, such as seasonal variations, other policy changes, and impacts from the Telephony Optimisation Programme projects.

2.24   While the Channel Strategy sets out the desire to shift to digital as the primary channel for Centrelink customers, telephony remains an important and heavily utilised channel option. Human

Services continues to invest in improvements to the telephony channel and increase resourcing. As such, it is important that Human Services evaluate key initiatives to understand their effectiveness as well as impact and relationship on the transition to digital services.

Telephony Optimisation Programme

2.25   In 2017, Human Services reviewed the department's telephony operations (the Telephony Review). The review identified a number of telephony issues experienced by customers including: high call wait times; high rates of busy signals (due to call blocking parameters to manage high incoming call volumes)[32]; and high rates of calls transferred or left unresolved (25 per cent to 30 per cent). The review made the following recommendations aimed at simplifying telephony operations and improving performance measurement:

- dramatically simplify the operation;
- plan and manage to true workloads;
- establish the right objectives and metrics;
- build an aligned and engaged organisation;
- strengthen the provision, support and use of enabling technologies;
- fundamentally improve how new work is incorporated; and
- effectively communicate performance.

2.26   In early 2018, Human Services initiated the Telephony Optimisation Programme (TOP) to action the review recommendations.[33] The TOP consists of a portfolio of 16 projects[34] operating across four tranches intended for full implementation by June 2020.[35] As at January 2019, the majority of initiatives for the TOP were in-progress. (See Appendix 4 for further detail.)

Benefits realisation

2.27   The TOP is intended to deliver increased call capacity, achieved via a number of interconnected project deliverables. As shown in Figure 2.1, the Programme Management Plan indicates that the TOP "will result in the reduction of complexity overheads[36] inherent to the telephony management arrangements, facilitating the receipt of more calls."

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32   A call is 'blocked' when the caller hears a 'busy' signal and cannot enter the telephone network.

33   Some project work under the Telephony Optimisation Programme commenced in 2017 prior to the formal establishment of the program.

34   The Programme Management Plan originally included 14 projects and has been amended to include 16 projects to reflect the addition of another project after commencement.

35   The original program plan included timeframes for Tranche 3 to be completed by June 2019 — however reporting in July 2018 identified in a delay to the commencement of Tranche 3 activities from August 2018 to January 2019. No updated completion date was stated in the exception report.

36   Complexity overheads represent a range of systemic and structural operating issues, such as complicated workforce management practices and large numbers of queues, which impact the efficiency of Human Services' telephony operations.

Figure 2.1: Telephony Optimisation Programme — intended outcome
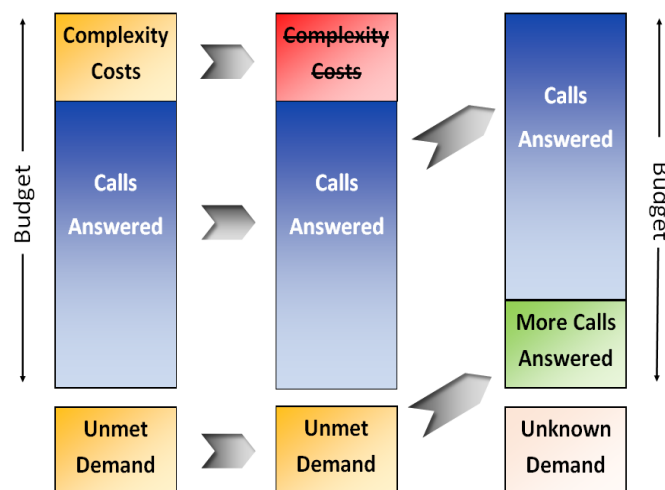
Source: Human Services' documentation.

2.28 To assess the TOP, Human Services has developed a Benefits Realisation approach, which includes a Benefits Realisation Plan and associated Benefit Profiles. Seven expected benefits have been identified, which align to and replicate the wording of the recommendations from the Telephony Review (outlined in paragraph 2.25). Each benefit profile details management, metrics, targets and reporting activities. The TOP plan outlines the criteria that Human Services will use to measure the overall performance of the programme. The five criteria and their associated key performance measures are:

- improved public narrative — the number of times and how often Human Services telephony performance is negatively reported in the media.

- Programme and Project staff satisfaction — staff indicate an average of three or higher satisfaction ratings against a range of survey questions.

- reporting and monitoring — the Programme meets the reporting and monitoring timeframes in 90 per cent of instances.

- deliverables align with Project requirements — Project deliverables are assessed as meeting Project requirements at each end of tranche review.

- Human Services' call capacity — Human Services' call capacity has increased and is trending upwards.

2.29 With the exception of improved public narrative and call capacity, the criteria outlined in the program plan are primarily focussed on reporting against milestone achievement.

2.30 The Benefit Profiles consider individual projects rather than the overall Telephony Optimisation Programme. The Benefit Profiles for each project do not clearly articulate the expected flow on impacts towards increasing Human Services' call capacity. For example, one benefit measure is the total percentage increase in the number of customers enrolling for a voiceprint, with a target of 10 per cent in the first year and incremental increases of 5 per cent each year for four years. However, this benefit profile does not consider what effect an increase in

voiceprint enrolment may have on the broader telephony operations, or the resulting impact on call capacity.[37]

2.31   Human Services advised the ANAO that, when the benefit measures are considered in the context of overall telephony performance reporting, it considers it will have sufficient information available to assess the impact of the TOP on call capacity and the staff capacity freed up for reinvestment in improved service levels.

2.32   According to the TOP Plan, Human Services intends to measure the increase in call capacity at the end of Tranche 2 (31 December 2018) and Tranche 3 (30 June 2019). The results for Tranche 2 will be included in the Programme Benefits Realisation Report for Quarter 2 2018–19 which Human Services expects to finalise in late February 2019.

Increased resourcing for telephony

2.33   In response to Recommendation Three of the previous Auditor-General report[38], Human Services noted that the department estimated that to reduce the KPI to an average speed of answer of 5 minutes, it would require an additional 1000 staff at a cost of over $100 million each and every year.

2.34   Human Services advised the ANAO that while this response was accurate at the time of the previous audit, it has since shifted to a resourcing model that allows for the allocation of work to staff from both telephony and processing queues. At times, staff may be directed towards processing claims, which reduces the number of calls that can be received. As such, Human Services advised that the level of staff allocated to telephony fluctuates and so there is not a direct relationship between staff numbers and the expected impact on the average speed of answer.

2.35   As at December 2018, there were about 6900 Human Services staff with skill tags relevant for work in Smart Centres. This includes ongoing, non-ongoing and Irregular and Intermittent Employees. These staff may undertake telephony activities, processing activities or a mix of both, depending on their skill tag.

2.36   In October 2017, Human Services engaged an external provider (Serco) as part of a pilot program to provide an additional capacity of 250 staff for telephony services. The purpose of the pilot program was to test a different service delivery approach and increase overall call centre capacity. The two-year contract is worth $53 million. Operations at the Melbourne-based Serco site commenced with Serco staff taking generalist calls.[39] In mid-2018, Serco increased to 400 equivalent staff and workers began taking calls for job seeker payments and services.

2.37   Human Services engaged an external provider to undertake an evaluation of the outsourcing arrangements. This evaluation was done in two phases aimed at considering:

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37   The Telephony Review identified that enhancements to the Interactive Voice Response or front end of the telephony operations would reduce handle times due to the time saved verifying a customer's identity.

38   Recommendation Three: To clarify the service standards that customers can expect and to better reflect customer experience, the ANAO recommends that the Department of Human Services review Key Performance Indicators for the Centrelink telephony channel, in the context of the implementation of a coordinated channel strategy.

39   Generalist calls are defined as relating to Basics Card; Earnings; MyGov and telephone and email address updates.

- whether the outsourcing arrangement was feasible, particularly as it required external personnel to access Human Services systems (December 2017); and

- how well the arrangement was working (January 2018).

2.38   Part one of the evaluation found that Human Services could work with a commercial supplier to increase overall call centre capacity. Part two found that the outsourced delivery model is effective and comparable to the department's telephony service delivery workforce.

2.39   In March 2018, Human Services provided the outcomes of this evaluation to the Government seeking approval for implementing expanded outsourcing arrangements. This approach involved expanding operations with Serco as well as engaging additional suppliers of telephony services. Subsequently, in April 2018, the Minister for Human Services announced a further 1000 call centre staff would be employed from an outsourced provider. In May 2018, the Government allocated $50 million to Human Services to further improve service delivery and target call wait times. These funds were not tied to outsourcing arrangements.

2.40   In August 2018, the Government announced a further 1500 call centre staff would be employed through outsourcing arrangements to answer Centrelink telephone calls. The total staff employed under outsourcing arrangements will be 2750, with the final outsourcing arrangements expected to be operational by the end of April 2019.

Impact of increased resourcing on calls answered and call blocking

2.41   There are a number of factors, such as seasonal factors and policy announcements, which influence the overall volume of calls and therefore the incidence of call blocking. This also includes the range of initiatives implemented under the TOP.

2.42   In August 2018, the Minister for Human Services stated that since their introduction in October 2017 Serco staff had 'already answered more than two million calls and helped reduce busy signals on Centrelink phone lines by almost 20 per cent'.[40]

2.43   The ANAO analysed the number of calls that entered the telephone network[41] and the incidence of call blocking for the last two financial years. Figure 2.2 shows this analysis.

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40   M Keenan MP, (Minister for Human Services), 'Improving Customer Service at Centrelink', media release, 8 August 2018.

41   Calls which enter the network are categorised as 'successful'. These calls enter the IVR however may or may not progress through the IVR or be answered by a Service Officer.

Figure 2.2: **Number of calls that enter the network (successful); busy signals per month and percentage of busy signals as a proportion of all successful calls**
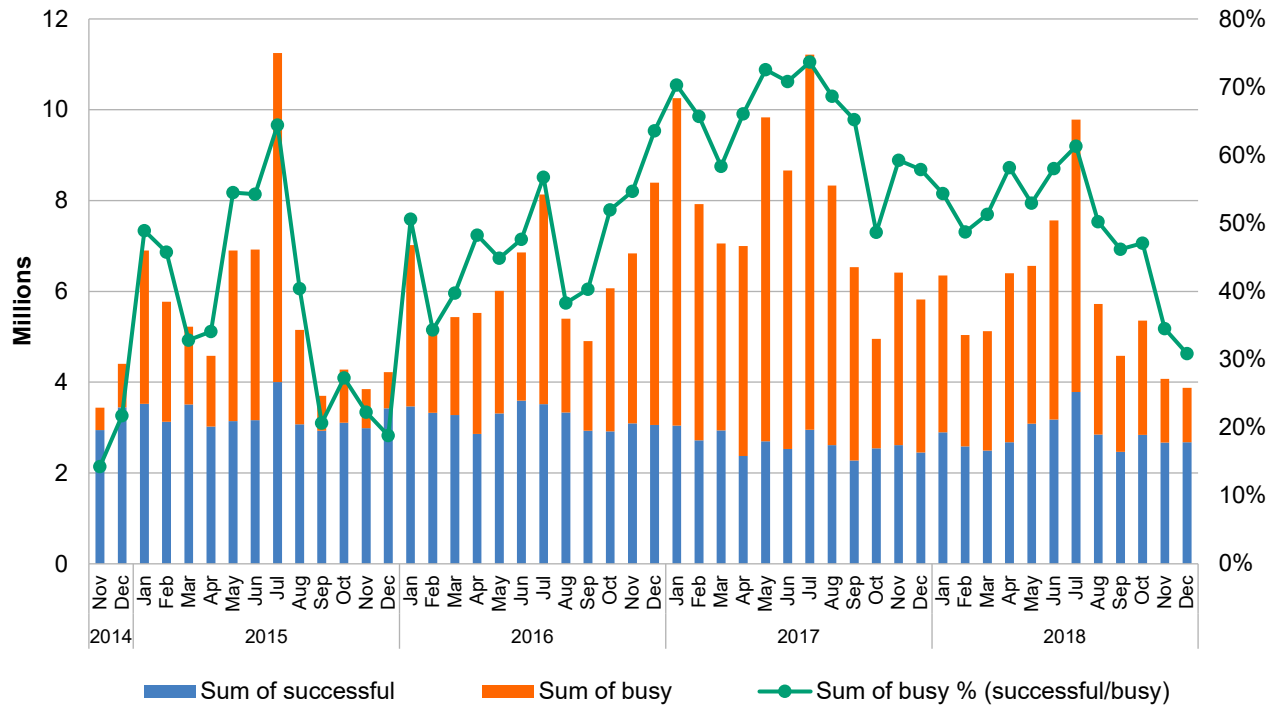
Source: ANAO analysis of Human Services' data.

2.44   Figure 2.2 shows that the number of busy signals fluctuate throughout the year and has continued to fluctuate since the introduction of the outsourcing arrangements in October 2017.

3. Quality and accuracy of Centrelink telephone services

Areas examined

This chapter examines the extent to which Human Services has implemented an effective quality framework to support the quality and accuracy of Centrelink telephone services, in accordance with Recommendation Two of Auditor-General Report No. 37 of 2014–15.

Conclusion

Human Services has effectively applied the department's Quality Framework to Centrelink Smart Centres' telephony staff to support the quality and accuracy of telephone services.

Areas for improvement

The ANAO suggests that Human Services progress work to implement a risk-based approach to determining the number of quality call evaluations required per Service Officer, under the Quality Call Framework, to direct resources at Service Officers at a higher risk of making errors.

The ANAO also suggests that Human Services implement calibration and Aim for Accuracy exercises more consistently across all sites and programmes.

Are quality assurance activities undertaken in accordance with the department's quality framework?

Quality assurance activities for Centrelink Smart Centres' telephony services are undertaken in accordance with the Human Services Quality Framework.

3.1   Human Services implemented its Quality Framework (the Framework) in September 2013. Entity wide application of the Framework was examined in greater detail in Auditor-General Report No. 10 of 2018–19 *Design and Implementation of the Quality Framework.*[42] That audit concluded that while the Framework strengthened quality arrangements in service delivery operations (such as the Smart Centres), where it has been comprehensively implemented, there had been lower levels of implementation elsewhere in the department.

3.2   The Framework defines quality as 'ensuring Government outcomes are achieved as intended and that we are meeting our published service commitments to customers'. The aim of the Framework is to mandate a consistent and integrated approach to delivering quality services.

3.3   Quality Strategy Action Plans are used to identify the tasks and initiatives required to implement the framework elements. The Smart Centres Division Quality Strategy Action Plan (the Plan) provides a structure for each Smart Centre region to consistently monitor and improve quality and continuous improvement activities. The Plan set out four quality standards, as seen in Box 2, to guide how Smart Centre staff will provide effective and high quality services. A set of performance indicators has been developed to determine how each standard will be achieved.

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42   Auditor-General Report No. 10 of 2018–19 *Design and Implementation of the Quality Framework.*

Box 2: Smart Centres quality standards
Access — Our customers receive a consistent and timely service.
Accuracy — Customer payments and records accurately reflect customers' known circumstances.
Customer solution — Each staff member acts to meet the customer's presenting needs, including their need to manage self-service.
Policy intent — Our staff understand and can explain how the relevant policy is intended to operate and will escalate challenging cases.

Source: Human Services documentation.

3.4   The Framework sets out the expectations for high quality service delivery across the department and includes six quality elements: Accountability; Quality Processes; Issues Management; Capability; Culture; and Reporting.

3.5   To achieve the requirements of the Plan and ensure quality assurance mechanisms align to the elements of the Framework, the department revised and implemented the following quality initiatives within Smart Centres:

- redesigned the Quality Call Listening (QCL) program, which was in place during the previous audit, to reflect the introduction of blended work.[43]
- refined the Quality On Line (QOL) process, which is a decision monitoring and checking system that uses a sampling algorithm to select processing activities for checking.

3.6   The ANAO examined the Quality Call Framework and Quality On Line processes and supporting documentation for alignment and consistency with the six elements of the department's Quality Framework. The ANAO's analysis found that quality assurance activities undertaken within Smart Centres are consistent with the six quality elements and undertaken in accordance with the Framework.

Are effective quality assurance mechanisms applied to ensure the consistency of service and information provided to customers?

There are largely effective quality assurance mechanisms in place to support the consistency of service and information provided to customers, except that not all required evaluations are currently completed and calibration activities have not been applied consistently across all sites.

The Quality Call Framework and the Quality On Line processes apply to all staff who provide Centrelink telephone services regardless of staff classification, employment status or work type.

Human Services is actively exploring options to further improve quality processes, such as a pilot currently underway to trial Remote Call Listening evaluations.

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43   One of the key components of the Smart Centre concept is to blend telephony and processing work to increase flexibility in the deployment of staff. This approach involves staff being cross-trained in both types of work and being used flexibly depending on work priorities and their skills.

Quality Call Framework

3.7   The ANAO's previous audit found inconsistencies in the application of the (then) Quality Call Listening Framework (QCL). Specifically, it was found that the QCL was not applied to Irregular or Intermittent Employees[44]; the required number of call evaluations per Service Officer was low; and participation in the calibration exercise[45] by quality evaluators was also low.[46] The ANAO previously recommended that the department should review these potential gaps in the implementation of the Quality Call Listening Framework and apply the Quality Call Listening framework to all staff answering telephone calls.

3.8   In 2017 Human Services implemented the Quality Call Framework (QCF) to replace the previous Quality Call Listening Framework. The QCF applies to a number of business groups within the department including Health and Aged Care; Integrity and Information; and Smart Centres within Service Delivery Operations. Within Centrelink Smart Centres, the QCF applies to all telephony staff, including Irregular and Intermittent Employees and those Service Officers who engage in outbound calls who were previously excluded from the Quality Call Listening framework.

3.9   The QCF is used to measure the quality of the interaction between departmental staff and customers. The QCF has two main measures:

- 'Quality Customer Experience' which measures staff interaction with customers; and
- 'Quality Customer and Government Outcomes' which measures adherence to procedure and processes.

3.10   The two measures are further broken down into five standards, and each standard has a series of elements against which calls are assessed to define aspects of a quality call (see Figure 3.1).

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44   Irregular or Intermittent Employees are sometimes also known as casual employees. Under the *Public Service Act 1999*, this category of employment may include one-off short term tasks that do not fit within a specified term or task; duties that need to be performed on an intermittent basis where there is no regular pattern of work; or being on call or on a relief roster.

45   The purpose of calibration activities is to ensure that evaluators are consistently and accurately applying the framework when assessing calls.

46   Auditor-General Report No.37 2014–15, *Management of Smart Centres' Centrelink Telephone Services,* p. 22.

Figure 3.1: **Quality call standards**

Quality Customer Experience	Customer Service	1. Verbal Communication is clear and logical 2. Customers are actively listened to 3. Customers are treated in a professional manner
	Contact Resolution	1. Calls are handled efficiently from beginning to end 2. Customers' circumstances are understood and customers' are provided with tailored and connected information 3. Staff have an understanding of payments, programmes and services administered by the department
	Quality Information	1. Decisions, and review and appeal rights are explained to the customers 2. Information provided is accurate 3. Staff take ownership of the contact
Quality Customer and Government outcomes	Departmental Instructions	1. Customers privacy and secrecy is maintained 2. Appropriate actions are taken when family and domestic violence concerns are identified 3. Staff transition capable customer to an appropriate self service channel. 4. Customers complaints, compliments or suggestions are managed and recorded as per departmental policy and guidelines
	Processing Accuracy	1. Required updates are made in accordance with departmental policy and guidelines or branch resources.

Source: ANAO analysis of Human Services documentation.

3.11   Human Services has developed a departmental Quality Call evaluation form that is intended to be used consistently by all Quality Checkers. Call quality is assessed as either 'met' or 'not met' against the above five standards. Failure to meet any of the five standards results in the quality of the call evaluated as 'not met'. There is no scoring guide and checkers use their individual judgement to assess calls. This has led to some inconsistencies in the interpretation and use of the standards to assess calls for quality across different Smart Centres.

Application of the Quality Call Framework

3.12   Service Officers employed on an ongoing basis are required to have nine calls evaluated per quarter. The Operational Blueprint states that the number of calls evaluated can be varied with approval from the National Manager to no fewer than three calls per quarter, per Service Officer. The sample size for Irregular and Intermittent Employees (IIEs) is reduced to five calls per quarter. In October 2018, changes were made to policy to allow National Managers greater autonomy in applying variations to the number of required evaluations per Service Officer.

3.13   At a national level six types of variations were approved for Smart Centres in Quarter 4 2017–18 and Quarter 1 2018–19. Variations include reductions for IIEs and partial unavailability due to leave or scheduling to other tasks and increases to support learning and development. Despite variations being approved at a national level, there is no visibility of approved variations across Smart Centre sites. As such, both Human Services and the ANAO have identified an ongoing risk relating to adhering to variations — either too few or too many evaluations may be completed for a Smart Centres Service Officer. Smart Centres recently introduced a variation workbook which is provided to managers at an operational level to give greater and more timely access to centralised variations data.

3.14   Table 3.1 shows that across the three quarters from October 2017 to June 2018 less than 100 per cent of required evaluations were completed. Team leaders interviewed advised the ANAO that they did not always manage to complete call evaluations due to competing priorities.

Table 3.1:   Number of Quality Call Framework evaluations completed for Smart Centres

Quarter	Required evaluations	Completed evaluations	Percentage of required evaluations completed
Quarter 2 2017/18	37,137	34,945	94.1
Quarter 3 2017/18	36,946	36,442	98.6
Quarter 4 2017/18	40,475	38,480	95.1

Source: Human Services internal document.

3.15   Quality Checkers assess calls through one of two methods:

- side-by-side listening (calls are assessed in real time through use of dual head sets); or

- via call recording.

3.16   Call recording was introduced at the end of 2017 and has been implemented at all sites where the required telecommunications infrastructure is available. Call recording allows Quality Checkers to listen to calls at a later time and to pause, replay and flag sections of the call. Human Services is currently piloting a Remote Call Listening approach to evaluations. Under this pilot, calls are evaluated by a Quality Checker in a different geographical location and with no direct relationship to the Service Officer. Outcomes from phase one of the Remote Call Listening pilot suggest that using call recording improves Quality Checkers' ability to apply the policy, practices and procedures. During audit fieldwork, team leaders indicated that Remote Call Listening leads to the identification of more errors and greater consistency in the assessment of staff performance. Smart Centres' Performance Reports support this feedback, indicating that recorded calls identify more errors than side-by-side listening.

Calibration process

3.17   The QCF includes a calibration process to ensure quality call evaluations are conducted consistently across Quality Checkers. During the calibration exercise, all accredited Quality Checkers listen to the same imitation call and assess it against the QCF criteria. The calibration exercise results show the level of variation in the application of quality call standards and are intended to be used to support business teams to facilitate continuous improvement activities to provide more consistent outcomes. Each business team is required to undertake a calibration exercise every six months, with each Quality Checker required to participate in at least one calibration exercise annually. Human Services has not fully implemented calibration processes in the Smart Centres Division within the requirements as only one Divisional calibration activity has been conducted since the implementation of the QCF in 2017 with a participation rate of 38 per cent. Some branches within Smart Centres Division conducted additional analysis of results from this calibration activity.

Quality On Line

3.18   Quality On Line (QOL) is the decision monitoring and checking system applied to transactions completed within Centrelink Service Delivery. For telephony, QOL will assess processed work activities that affect customer payments for accuracy before they are completed. This ensures

that customers receive the correct payments. Unlike the QCF there is no set number of checks as the number of telephony transactions subject to QOL will vary depending on the proficiency of staff as defined under the QOL sampling policy (see Table 3.2 below).

3.19   QOL Checkers[47] review a sample of processing activities completed by Service Officers, which may be as a result of a call, to identify potential errors and return errors with feedback to the Service Officer for correction. Errors identified through QOL are defined as either critical or non-critical errors.[48] Critical errors are 'returned' to the Service Officer for correction. Non-critical errors are 'released' with feedback to the Service Officer. Non-critical errors may require further work or improvements for next time, however they do not impact on delivery of the correct outcome for the customer.

Application of QOL checking

3.20   Human Services applies a risk-based approach to QOL checking. As shown in Table 3.2, a Service Officer's proficiency level is set based on their experience in processing the type of work as well as their correctness rate. There are three proficiency levels for staff: learner, intermediate and proficient.

Table 3.2:   Quality On Line proficiency levels and sample rates for Service Officers

Proficiency level	Description	Sample rate of activities (%)	Minimal correctness rate (%)
Learner	New staff or existing staff who have moved to processing work in a new benefit, system, or have little experience in the work type	100	<85
Intermediate	Staff who have achieved a correctness rate of 85%–94.9% in the relevant system(s) and benefits(s)	25	85–94.9
Proficient	Staff who have achieved 95% correctness retain the relevant system(s) and benefits(s)	2	95

Source: Human Services' National Quality On Line Standards.

3.21   A number of automated QOL reports are available. Results can be selected at an officer level or for a Smart Centre or region. Each Service Officer has access to view their own work and run reports for themselves. National QOL reports are generated each month and provide a high-level

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47   A QOL Checker is responsible for undertaking QOL checks in accordance with Human Services' Centrelink 'Getting it Right — Minimum Standards' and the 'Four Pillars of Payment Correctness'. QOL Checkers must have appropriate business and technical knowledge in benefit areas they will be checking. Service Officers must complete a certification process to become a QOL Checker.

48   Critical errors occur when any of the four payment correctness pillars are not met; non-critical errors are procedural errors that are identified against the GIR Minimum Standards.

report of results for all QOL assessments completed. Results from these reports are also included in the Smart Centres Performance Reports, which include a range of performance and quality results over a settlement period.[49]

3.22   Table 3.3 outlines the QOL results for Smart Centres over 2016–17 and 2017–18.

Table 3.3:   Smart Centres' Centrelink Quality On Line results

Year	Employment type	Number of activities processed	Activities QOL checked	Percentage of activities telephony QOL checked (%)	QOL correctness results (%)
2016–17	Irregular and Intermittent Employee	1,680,949	491,603	29	94
	Non-ongoing	283,496	153,347	54	90
	Ongoing	7,312,071	735,673	10	95
2017–18	Contractor	13,712	13,421	98	92
	Irregular and Intermittent Employee	1,158,356	282,459	24	95
	Non-ongoing	151,114	109,999	73	94
	Ongoing	7,190,261	883,042	12	96

Source: ANAO analysis of Human Services' data.

3.23   Human Services target for QOL is 95 per cent. For 2016–17 the target was not met for Irregular and Intermittent Employees or non-ongoing staff. There has been an improvement in results for 2017–18 with only non-ongoing employees falling short of the target at 94 per cent and contractors at 92 per cent.

Aim for Accuracy

3.24   Human Services undertakes processes to ensure the integrity and reliability of quality checking activities completed through QOL. Since the beginning of 2017, Human Services has been deploying the Aim for Accuracy tool across programs (including Age Pension and Family Tax Benefit) and will replace the previous 'Check the Checker' process that was in place at the time of the previous audit. As Aim for Accuracy is still to be implemented across all programs, there is limited reporting currently available. Initial reporting of Aim for Accuracy within the Family Tax Benefit payment indicates that 26 per cent of activities were incorrectly returned or passed but not returned during initial quality checking processes, demonstrating that the process is identifying continuous improvement opportunities as intended. Given the high rate of non-compliant results for this activity, there is scope for recommendations to be more targeted and more consistent deployment of the Aim for Accuracy process across all programmes.

3.25   Human Services initial recommendations arising from initial Aim for Accuracy results include increasing awareness of the errors identified by QOL checkers and ensuring activities are fully

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49   A settlement period is a four-week period. Settlement periods to not correspond to calendar months and are used for scheduling and reporting purposes.

checked and feedback is complete. Recommendations are addressed at the operational level and have not been escalated to the strategic level.

Transition to Quality Management Application

3.26   Human Services advised the ANAO that the department is currently replacing the Quality On Line system for Centrelink processed activities. As programmes transfer to the new Process Direct system[50], quality checking will occur using a new software tool called the Quality Management Application (QMA).[51]

3.27   Using the QMA system, errors are not returned to the accountable Service Officer for correction. Rather, errors are corrected by Quality Management Officers (QMO) during the checking process. However, feedback is provided to the Service Officer following the identification of an error. As errors are corrected by QMOs at the time of identification, a proposed benefit of the QMA system is that it will reduce customer wait times for claims to be processed. As Service Officers are not required or provided the opportunity to correct their previous mistakes there is a potential risk that they may continue to make similar errors. The ANAO considers it is important that Human Services continue to ensure Service Officers receive appropriate feedback and training, informed by QMA results, to minimise repeated errors and support continuous improvement.

Are the results of quality assurance activities monitored and analysed to inform continuous improvement?

Monitoring and analysis of quality assurance activities occurs regularly within Smart Centres and at the strategic level to inform continuous improvement activities.

Service Officer coaching and improvement

3.28   Quality results are used at an individual Service Officer level to support performance and quality improvements. Coaching and development opportunities vary between staff who are ongoing, non-ongoing and Irregular and Intermittent Employees. Ongoing and non-ongoing staff are provided with ten hours of learning and development time per settlement period, however there is no formal coaching scheduled for contractors or Irregular and Intermittent Employees. Individual Smart Centres make provisions to support Irregular and Intermittent Employees with coaching as required, however this varies between sites and sometimes between teams within the same site. Interviews with staff and site leadership indicated a broad range of capabilities across the team leader cohort in terms of coaching and development of staff. This variation presents a potential risk that the coaching and development requirements of Irregular and Intermittent Employees are not adequately addressed.

3.29   In late 2017, as part of the Telephony Optimisation Programme, Human Services undertook the Queue Rationalisation Project.[52] One goal of the Queue Rationalisation Project was to reduce

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50   Process Direct is an IT system used within Human Services to process claims. It is currently being rolled out across the organisation.

51   Payment types that are currently using the QMA function in Process Direct for new claims include: Austudy and Youth Allowance; Farm Household Allowance; Status Resolution Support Services; Carer payment and Carer Allowance; Age Pension; Jobseekers; and Community Support Programme/Assurance of Support.

52   The Queue Rationalisation Project resulted in a reduction of main business lines and skill tags from 141 skills to 8 skill tags.

the number of main business lines and increase end-to-end servicing for customers. This resulted in changes to the required capabilities and expectations of all Services Officers, including Irregular and Intermittent Employees, answering telephone calls. Where previously Service Officers were only trained for particular types of queries relating to their business line, they are now expected to make all attempts to fully resolve a customer's query. While Human Services advised that Irregular and Intermittent Employees primarily work on less complex payment lines, they are still required to meet these increased expectations, although without the formal coaching they may have fewer opportunities to consolidate skills.

3.30   Human Services has not established a performance target for quality call evaluations across all groups of employees. In February 2018, Human Services implemented a 95 per cent target for all quality activities for Irregular and Intermittent Employees. As at November 2018, this target has not yet been implemented for all employee types. The absence of a consistent target may have implications for identifying and delivering staff training, as it relies on individual smart centres or team leaders' discretion in determining when a Service Officer requires additional support or training.

Strategic monitoring

3.31   Human Services has several groups in place to provide strategic monitoring of quality issues. At a departmental level, a Quality Council was implemented in March 2016. The Terms of Reference for the Quality Council state that its broad role is to ensure engagement in quality activity across products and services at operational levels. The Quality Council has the relevant authority to direct programs of work to address issues affecting quality and to provide information and advice to other branches in the department on the management of matters regarding quality as required. The Quality Council consists of 15 National Managers from across the department and meets every two months.[53]

3.32   In 2017, Human Services introduced a Productivity and Quality (P&Q) Manager role into each Smart Centre to support the implementation of a consistent approach to managing performance. P&Q Managers meet monthly to discuss performance, productivity and quality in the context of development and continuous improvement opportunities within the Smart Centres network. P&Q Managers also meet regularly with the leadership teams within Smart Centres.

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53   The Quality Council is examined in further detail in Auditor-General Report No. 10 of 2018–19 *Design and Implementation of the Quality Framework*.

3.33   Quarterly QCF reporting identifies the top five most common errors for Smart Centres. Figure 3.2 shows the most common errors identified through call evaluations since the implementation of the QCF in the first quarter for 2017–18. The five most common element error categories are Digital Streaming; Call Management; Complete Solution; Privacy and Secrecy; and Information Accuracy.[54]

Figure 3.2:   Top five element errors by count for the period July 2017 to July 2018
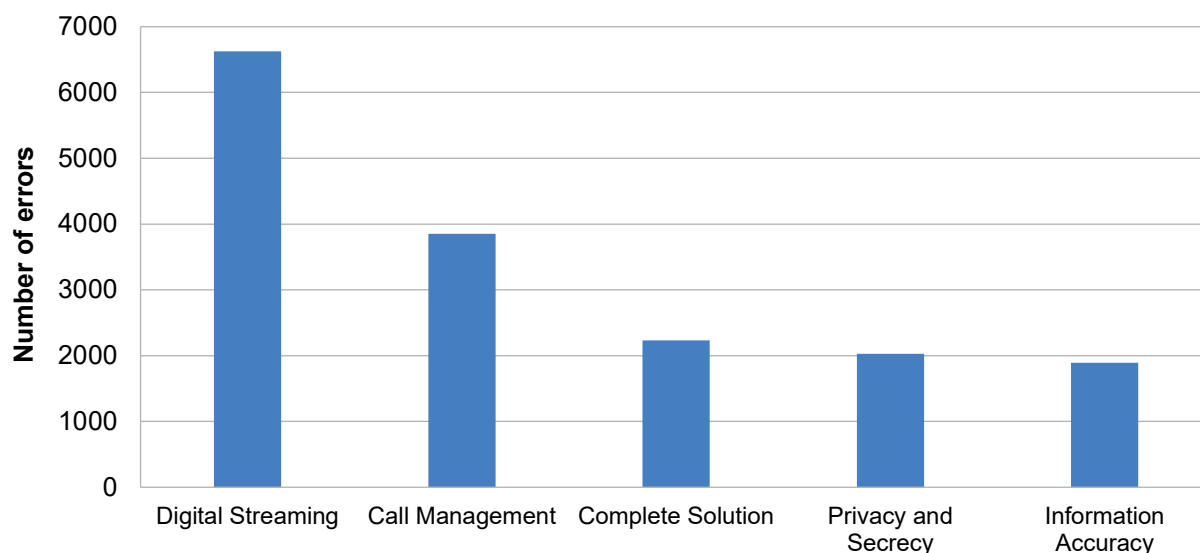
Source: ANAO developed from Human Services' data (Quarterly Framework Report Dashboard).

3.34   The ANAO's review of Quality Council minutes identified that the top element errors are considered by the Quality Council. Consistent with the role and authority set out in the Quality Council Terms of Reference, action items are identified and assigned to responsible officers for resolution. Some items have been resolved while others remain in progress.

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54   The Quality Call Framework Guidelines provides the following definitions of errors:

- *Digital Streaming* is transitioning capable customers to an appropriate self-service channel.
- *Call management* is handling each customer contact efficiently from beginning to end.
- *Complete solution* is understanding a customer's circumstances and providing tailored and connected information.
- *Privacy and secrecy* is handling customer information in accordance with the *Privacy Act 1988* and the secrecy provisions in legislation administered by the department.
- *Information Accuracy* is providing accurate information to the customer.

4. Performance monitoring and reporting arrangements

Areas examined

This chapter examines the extent to which Human Services has reviewed and implemented effective performance monitoring and reporting arrangements to provide customers with a clear understanding of expected service standards, in accordance with Recommendation Three of Auditor-General Report No. 37 of 2014–15.

Conclusion

Human Services telephony program has appropriate data and largely effective internal performance reporting for management purposes. External reporting does not provide a clear understanding of the overall customer experience.

Area for improvement

The ANAO has made one recommendation aimed at Human Services finalising its review of Key Performance Indicators and implementing updated external performance metrics.

Does Human Services collect appropriate telephone services performance data for internal management?

Human Services collects appropriate performance data for internal operational management of its telephony services. Performance information is regularly reported to Smart Centre management and used to identify local performance trends, adjust resource allocation and consider staff development needs. Human Services' Executive receive performance reporting to inform monitoring against call wait times and call blocking to support achievement of the external Average Speed of Answer Key Performance Indicator. Reporting to the Executive does not provide full insight into the overall customer experience– such as the time spent waiting before customers abandon calls or the number of calls answered within specified timeframes. This information would support Human Services to continue improvements in the telephony channel and the transition to digital services.

4.1   Human Services uses a range of performance reports at the national and local Smart Centre level to help manage workloads and drive individual service officer performance.[55] These reports are used regularly and form a significant component of operational management.

4.2   The Channel Operations Facility[56] maintains a real time view of a number of performance metrics across the department to monitor the impact of business changes and service interruptions in all channels (telephony, digital services and face-to-face) and to all Human Services programs. The Channel Operations Facility provides real time management of Smart Centres including

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55   The Joint Committee of Public Accounts and Audit made a recommendation (Recommendation 6) relating to internal performance indicators in JCPAA Report No. 452 *Natural Disaster Recovery; Centrelink Telephone Services; and Safer Streets Program*.

56   The Channel Operations Facility (COF) provides a real time view of the status of Human Services' service delivery performance. The COF provides an immediate measure of business impacts and service interruptions. The COF will also triage and escalate incidents in line with Human Services' Operational Incident Management Framework.

workforce and demand management and analysis with the aim of ensuring telephony and processing services meet agreed targets. For example, in August 2018 the Channel Operations Facility redirected Service Officers from processing to inbound telephony to support high call demand resulting from a drought relief funding announcement.

4.3   Individual Smart Centre leadership teams use performance reports to improve site and individual performance. Some Smart Centres also develop their own tailored performance reports to assist in these activities.

4.4   As a result of the recent introduction of call recording, Human Services is now able to examine call types and demand drivers, such as the impact on call demand from customers with queries from letters they received.

Understanding the customer experience

4.5   Human Services' telephony service provider[57] collects data to inform performance monitoring. The Workload and Performance Information Branch within Human Services is responsible for extracting, collating, cleansing, analysing, calculating and reporting on performance information including the Average Speed of Answer KPI. There are a number of limitations relating to the data that is received by Human Services and the way that this data is reported on.

4.6   Human Services does not receive or store individual call level data for analysis and reporting. Human Services receives the majority of its data aggregated in 15-minute blocks. Human Services advised the ANAO that it receives data in an aggregated format for two main reasons. Firstly, aggregating key data tables in 15-minute blocks is consistent with and supports workload management and scheduling. Secondly, the amount of data Human Services is able to receive from the telephony service provider is limited due to Human Services' data storage capacity. Human Services has advised the ANAO that it is considering options to expand its data storage capacity and allow for receipt of more detailed information, such as moving to a 'data lake environment'[58], however this work has not yet been formalised.

4.7   Although Human Services does not receive or store individual call data, it does have access to other aggregated information that is used for performance and other ad hoc analysis to understand some aspects of customer services. Human Services also has access to disaggregated data that could be used to further understand and report on the customer experience, however this data is not used in regular reporting. This disaggregated data includes time spent waiting before a customer abandons a call, and the proportion of all wait time that relates to abandoned calls. It also includes the number of calls answered within specified timeframes[59] (for example, the number of calls answered within one to five minutes) which provides a greater level of detail than the average speed of answer.

4.8   Utilising this data would enable Human Services to better understand a wider range of customer experience metrics such as the wait time experienced by customers prior to abandoning

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57   Telstra is Human Services' current telephony service provider.

58   A data lake is a storage repository that holds a vast amount of raw data until it is needed. While traditional data warehouses are hierarchical and store data in files or folders, a data lake uses a flat architecture to store data. A data lake is a low cost storage option for large amounts of data.

59   Human Services is able to identify and report on a range of timeframes.

a call[60] and aggregated service level standards such as the number of calls answered within specified timeframes. Regularly analysing and reporting against a wider range of customer experience metrics may enable Human Services to better target resourcing; further tailor IVR messaging to customers; and provide a clearer linkage back to initiatives under the channel strategy to support the shift to the digital delivery as the primary mode of interaction and reduce overall demand on telephony systems.

4.9   As detailed further at paragraph 4.30, Human Services is implementing a new internal reporting mechanism in the form of a Balanced Scorecard which includes existing and new metrics.

Has Human Services developed appropriate external performance indicators to measure telephone services performance and which reflect customer experience?

Human Services' external reporting of telephone service performance is not appropriate as it does not provide a clear understanding of the service a customer can expect. The Average Speed of Answer Key Performance Indicator does not consider the various possible outcomes of a call, such as abandoned calls.

Human Services has undertaken several reviews of its performance metrics, however it has not yet identified and finalised its preferred set of metrics. Therefore, it has only partially implemented Recommendation Three of Auditor-General Report No. 37 of 2014–15. No changes have yet been made to external performance information to provide a clearer understanding of the service experience a customer can expect.

4.10   Human Services included nine KPIs within its 2018–19 Corporate Plan related to the Social Security and Welfare Program, delivered under Human Services' Centrelink master program.[61] Of the nine KPIs, one — the Average Speed of Answer — directly relates to Centrelink telephone services. The Customer Satisfaction KPI provides an overall view of customer satisfaction across all social security and welfare services provided by Human Services, of which telephone services is one component.

4.11   Human Services defines the Average Speed of Answer as the average length of time a customer waits to have a call answered through the department's telephony services. This is calculated by dividing the total time customers waited for their call to be answered by the total number of calls answered by Service Officers. Human Services has used an Average Speed of Answer of less than or equal to 16 minutes as its target for external reporting purposes for telephone services since 2012–13.[62]

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60   A call is abandoned when a caller hangs up after the call has entered the network.

61   Department of Human Services, *2018–19 Corporate Plan*, pp. 22–24, available from https://www.humanservices.gov.au/sites/default/files/2018/08/12637-1807-corporate-plan.pdf [accessed September 2018].

62   In both 2012–13 and 2013–14, Human Services reported against this KPI using data averaged across all its programs (Centrelink, Medicare and Child Support). From 2014–15 Human Services began reporting Centrelink, Medicare and Child Support telephony performance separately. Prior to 2012–13 Human Services used a service level metric.

4.12   A customer may experience one of several possible outcomes when attempting to contact Centrelink telephone services. The Average Speed of Answer KPI does not capture information for all the possible outcomes such as blocked calls, abandoned calls, or time spent in the Interactive Voice Response (IVR).[63] The focus of the Average Speed of Answer KPI is solely on calls that enter the network and are answered by a Service Officer. Appendix 4 outlines the possible outcomes of a call to the Families and Parenting Line.

4.13   Blocked calls are those calls which receive a busy signal and are unable to enter the network due to the maximum queue size being reached. Figure 4.1 shows the number of blocked calls compared to calls entering the network (reaching the IVR) since the 2014–15 financial year.

Figure 4.1:   Call blocking compared to calls entering the network
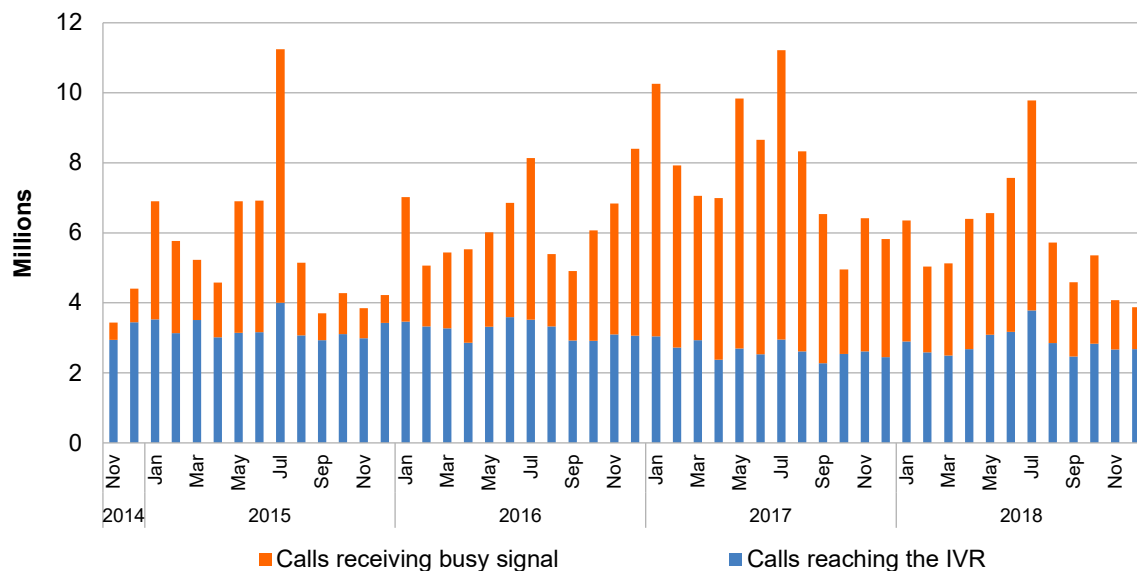
Source: ANAO analysis of Human Services' data.

4.14   Figure 4.1 shows that although the total number of calls per month varies significantly, and that the calls per month for the first half of 2018 was lower than the monthly average for 2017, the number of calls reaching the IVR remains relatively constant. Call volumes to be managed by Human Services therefore remain relatively constant also.

4.15   If a caller reaches the IVR they may still abandon the call before speaking to a Service Officer. This may occur because the customer's query has been resolved in the IVR or that the customer does not wish to / cannot wait any longer. Similar to blocked calls, abandoned calls are not reflected in the calculation of the Average Speed of Answer, as the call does not reach a Service Officer. The proportion of answered to abandoned rates remain largely stable, with about 20 to 25 per cent of calls abandoned before speaking to a Service Officer. However, there is no information available regarding whether a customer's query has been resolved in the IVR and the time spent to reach resolution; or if the customer passes through the IVR, the time customers spend waiting without having their query resolved.

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63   Customers may abandon a call before speaking to a Service Officer for a number of reasons. This may include the customer's query being resolved in the Interactive Voice Response (IVR) or that the customer does not wish to / cannot wait any longer. However, Human Services does not collect data to analyse why abandons may occur.

4.16   The Average Speed of Answer calculation commences from the point the caller leaves the IVR and enters the queue, not the point at which the call enters the network. While this approach to calculating the Average Speed of Answer KPI is commonly used within the call centre industry, it is typically expected that call centres use the Average Speed of Answer KPI in conjunction with other KPIs. Further, other call centres may not report externally on their Average Speed of Answer or have the same public interest in their KPI.

4.17   Some calls may be double counted in the Average Speed of Answer calculation, as calls transferred internally between queues are counted as separate calls with separate wait times.[64] While Human Services has advised that the recent queue simplification project has reduced the rate of transfers and therefore the impact of double counting should be reduced, this may still influence the reliability of the reported result.

4.18   Further, there is a wide range of answer speeds for each Centrelink telephone queue and as such, the average across all queues does not provide a clear indication of the variety of wait times a customer may expect. Figure 4.2 shows the variance of wait times across individual queues, sorted descending by the greatest number of calls entering each queue.

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64   Human Services advised that this occurs as a result of the business rules in place within the telephony system to ensure that calls that are transferred keep their wait time rather than being placed at the back of the queue.

Figure 4.2: **Average Speed of Answer by queue type for 2017–18 — sorted descending by number of calls entering the queue**
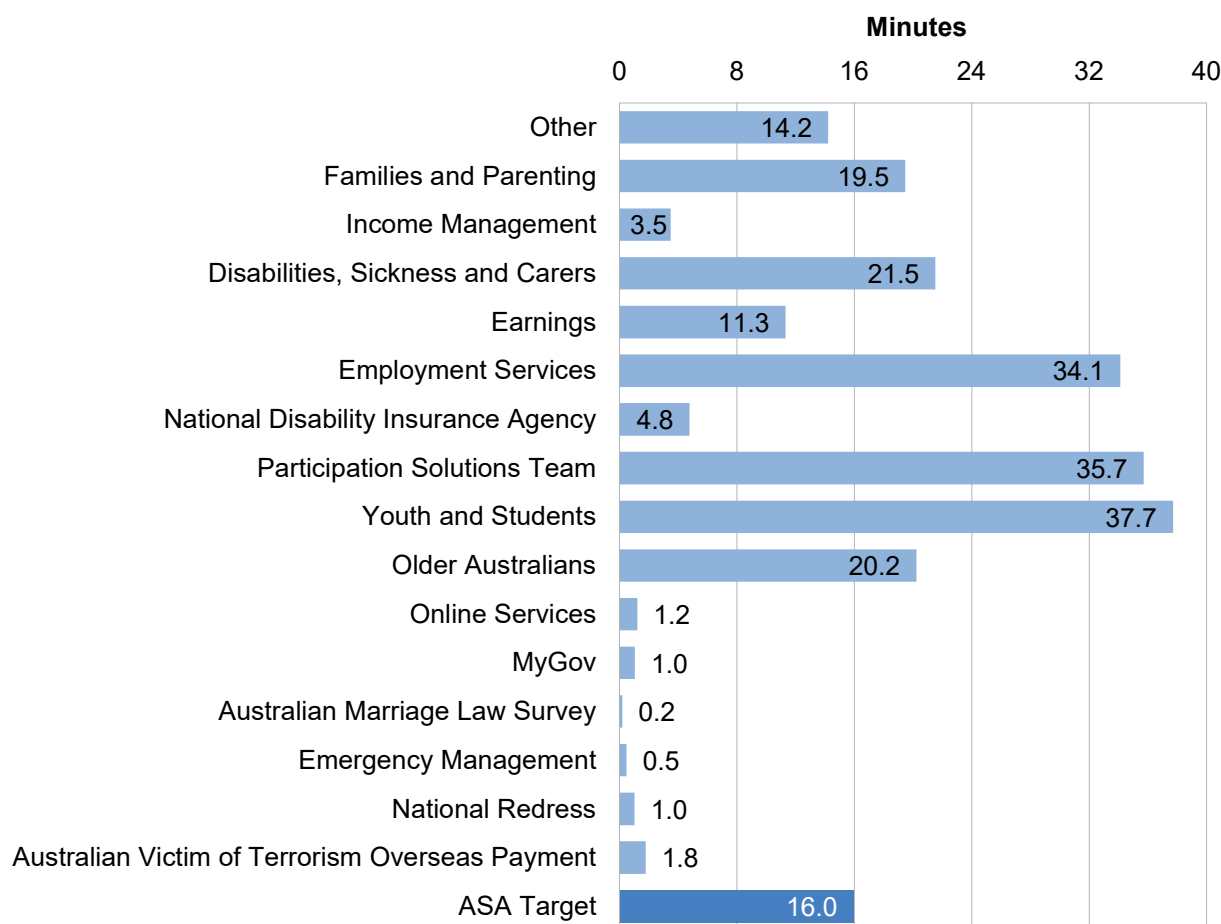
Source: ANAO analysis of Human Services data.

4.19 As shown in Figure 4.2, three queues have an average speed of answer above thirty minutes. The high number of calls answered in the 'Other' category reduces the average speed of answer across all queues down to close to the target of less than or equal to 16 minutes.

Relevance, reliability and completeness

4.20 The ANAO assessed Human Services telephone service performance criteria for relevance, reliability and completeness. The basis for this assessment is drawn from the characteristics of 'good' performance information as defined by the Department of Finance.[65] It is also consistent with the ANAO's assessment approach used in the Annual Performance Statements audit series.[66] In assessing whether Human Services performance information is relevant, reliable and complete,

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65 Department of Finance, *Quick reference guide — Resource Management Guide 131: Developing Good Performance Information*.

66 Auditor-General Report No. 58 of 2016–17 *Implementation of the Annual Performance Statements Requirements 2015–16.*

Auditor-General Report No. 33 of 2017–*18 Implementation of the Annual Performance Statements Requirements 2016–17.*

the ANAO focused on the KPIs for Social Services and Welfare. See Appendix 6 for further detail.

Relevance

4.21   The performance measure for Average Speed of Answer is mostly relevant as it clearly indicates who will benefit; addresses a significant aspect of Human Services' activities and relates to the entity's purpose; but is only partly understandable to the Parliament and other stakeholders. Parliament and the public may not be aware that the time that is counted as part of the Average Speed of Answer commences after the Interactive Voice Response (IVR) and once a call enters the queue to talk to a Service Officer, rather than from when it enters the network.

Reliability

4.22   Human Services' internal Performance Measure Record sets out the calculations, definitions and data arrangements relating to the achievement of KPIs. Using Human Services' methodology for calculating the KPI, the ANAO replicated previous years' results and produced the same, or largely similar, results.[67] This analysis demonstrates that the KPI is verifiable over time and provides a baseline for tracking performance against the metric. However, the methodology applied to the calculation of the KPI is not transparent and does not allow for a clear interpretation of results, undermining the overall reliability of the KPI.

4.23   A consultancy review of Human Services' KPIs completed in March 2018 similarly commented that:

> the average [speed of answer] result is unlikely to allow clear interpretation and that the performance measure does not consider the impact of call blocking activities or disclose these activities in the Annual Performance Statements. Accordingly, the measure may not be free from bias or reliable.[68]

4.24   A subsequent Internal Audit report presented to Human Services' Audit Committee in July 2018 identified opportunities for Human Services to improve the transparency and auditability of the measure records supporting results against the Average Speed of Answer KPI. The audit specifically noted that Human Services has not documented known data limitations and assumptions that may affect the outcome of reported performance results.

Completeness

4.25   To assess completeness, the ANAO has considered which external KPIs are relevant to telephony services and might provide a basis for a reader to make an assessment of the overall performance of those services.[69] Other than the Average Speed of Answer KPI, Human Services externally reports a Customer Satisfaction KPI in their Corporate Plan, which provides insights across the Social Services and Welfare master program broader than just telephone services. Human Services' internal data for customer satisfaction is broken down by program and by channel.

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67   There was a minor variation between the reported results and ANAO calculation for the 2014–15 financial year. The ANAO calculation produced a result slightly lower than the reported result. Human Services advised that there was a change in telephony systems and so were unable to determine a reason for the variation, however this was likely due to a change in the number of telephony queues.

68   Department of Human Services *Portfolio Budget Statement Performance Measure Review.*

69   Given the objectives and scope of this audit, the ANAO has not undertaken a full assessment of completeness across all KPIs presented in Human Services' Corporate Plan.

However, the external KPI is presented as an aggregate across all channels (including digital and face-to-face) and as such does not provide direct insights relevant to the telephony channel.

4.26   To provide readers with a better understanding of both quality and speed with which telephone services are being provided, the department may wish to consider disaggregating the customer satisfaction information in its Corporate Plan and Annual Performance Statements.

Reviews of performance information

4.27   In the previous Auditor-General report, the ANAO recommended that, to clarify the service standards that customers can expect and better reflect the customer experience, Human Services review Key Performance Indicators for the Centrelink telephony channel, in the context of the implementation of a coordinated channel strategy.[70] Human Services agreed to the recommendation with qualifications, stating that (at that time) the department considered that the current KPIs provided a sound and comprehensive set of metrics for Centrelink telephony (the full response to the recommendation is provided at Appendix 2).

4.28   Since the previous Auditor-General report, Human Services has conducted a number of reviews of Centrelink telephony Performance Indicators and the KPI, as well as broader departmental KPIs. In the past 18 months, Human Services has engaged several external service providers to review departmental and telephony specific performance metrics. The findings and recommendations of these reviews have been largely consistent and similar to the findings and recommendations of internally conducted reviews. Of particular note, a Review of Service Delivery Operations KPIs, undertaken in July 2016 but not progressed, made eight recommendations with four directly relevant to Centrelink telephony services: adopting a Service Level Standard including; using a busy signal percentage measure internally to contribute to access effectiveness; reporting First Contact Resolution for all channels; and a customer effort score. This work was placed on hold pending the Telephony Review, which considered the Review of Service Delivery Operations KPIs. The Telephony Optimisation Programme adopted and implemented the recommendations from the Review of Service Delivery Operations KPIs.

4.29   The Executive Committee agreed to retain the Average Speed of Answer KPI for the 2018–19 financial year Annual Report and noted that the department intends to look to mature work on other measures that can complement the Average Speed of Answer as the telephony measures.

4.30   Human Services advised the ANAO that it is currently reviewing KPIs across the department including internal and external telephony KPIs. As part of this review, Human Services is implementing updated internal reporting mechanisms in the form of a Balanced Scorecard, which it is using to compare performance with other organisations in the call centre industry. The Balanced Scorecard includes existing and new metrics that Human Services advised will support the development of external KPIs.

4.31   Human Services has advised that in order to change the performance metrics outlined in the Portfolio Budget Statements, it is required to consult with and reach agreement with a number

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70   Auditor-General Report No.37 2014–15 *Management of Smart Centres' Centrelink Telephone Services*
       https://www.anao.gov.au/work/performance-audit/management-smart-centres-centrelink-telephone-services

of stakeholders including the Department of Finance, the Department of Social Services and the Minister for Human Services.

> ## Recommendation no.2
>
> 4.32   Human Services finalise its review of Key Performance Indicators and implement updated external performance metrics for the 2019–20 Portfolio Budget Statements.
>
> **Department of Human Services response:** *Agreed*.
>
> 4.33   *The Department is currently reviewing the telephony Key Performance Indicator, and will be recommending that changes be implemented in the 2019–20 Portfolio Budget Statement.*

Does Human Services regularly publish telephone services performance information?

> External reporting on the performance of Centrelink telephony services remains limited to annual reporting of the single Average Speed of Answer Key Performance Indicator within the department's Annual Performance Statement.

4.34   Human Services reports annually against the Average Speed of Answer KPI contained in its Annual Performance Statement. The Average Speed of Answer KPI is the sole externally reported performance metric against Centrelink telephone services.

4.35   In its Report No. 452 *Natural Disaster Recovery; Centrelink Telephone Services; and Safer Streets Program*, the Joint Committee of Public Accounts and Audit (JCPAA) recommended that, to improve transparency, Human Services publish information more frequently against its key performance indicators for Centrelink telephone services.[71] Human Services did not support this recommendation. Human Services advised that:

> 'increasing frequency of reporting of the department's current main measure, Average Speed of Answer, would not improve the transparency of departmental performance, as the annual measure accounts for peak demand periods and events such as emergencies. Wait times will vary on a daily, weekly and monthly basis as the Department manages its day-to-day business.'[72]

4.36   The JCPAA also recommended that Human Services publicly report a broader range of key performance indicators (and their associated targets) for Centrelink telephone services. In September 2016, Human Services supported this recommendation with qualifications, noting that the department was reviewing existing KPIs. Human Services has not made any changes to the range of KPIs publicly reported.

4.37   Human Services provides monthly reporting to the Minister for Human Services in the form of a monthly dashboard, which includes telephony metrics as well as face-to-face and processing information. Following the introduction of the outsourcing pilot in October 2017, Human Services provided the Minister with a Service Delivery Comparison Report, which outlines performance of

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71   JCPAA Report No. 452: *Natural Disaster Recovery; Centrelink Telephone Services; and Safer Streets Program* https://www.aph.gov.au/Parliamentary_Business/Committees/Joint/Public_Accounts_and_Audit/Reports_Nos_24-50/Report

72   Human Services Executive Minute on Joint Committee Public Accounts and Audit Report 452.

the outsourced telephony provider compared to internal staff against key performance measures. As the pilot has concluded, Human Services no longer provides this comparison report.

4.38   Human Services also provides some performance information relating to telephone services through the Senate Estimates process. In 2017, Human Services agreed to provide standard telephony data in the form of the Telephony Report, which includes reporting against the number of answered, abandoned and busy signals as well as the Average Speed of Answer KPI against several queues. Human Services provides the Telephony Report through the Senate Estimates process on an ongoing basis.

Grant Hehir
Auditor-General

Canberra ACT
21 February 2019

Appendices

Appendix 1   Entity response

Australian Government
Department of Human Services

Our Ref: EC18-002113

Secretary
Renée Leon PSM

Mr Grant Hehir
Auditor-General
Australian National Audit Office
GPO Box 707
CANBERRA ACT 2601

Dear Mr Hehir

Thank you for providing the Department of Human Services (the Department) with the opportunity to comment on the Australian National Audit Office's (ANAO) proposed audit report *Management of Smart Centres' Centrelink Telephone Services Follow-up.*

The Department agrees with the ANAO's recommendations and has already commenced work to address these.

Attachment A to this letter details the overall response to the proposed report and to the ANAO's recommendations. Attachment B provides the Department's suggested changes to the text of the report.

Yours sincerely

Renée Leon
27 January 2019

PO Box 7788, Canberra Business Centre ACT 2610 | Phone (02) 6223 4411 | www.humanservices.gov.au

Appendix 2   Auditor-General Report No.37 of 2014–15 Recommendations and Entity Response

Recommendation No. 1

To help deliver improved services across all customer channels and a more coordinated approach to the management of call wait times, the ANAO recommends that the Department of Human Services establish a pathway and timetable for the implementation of a coordinated channel strategy.

Department of Human Services' response: *Agreed*

Recommendation No. 2

To maintain the integrity of the Quality Call Listening (QCL) process and improve the level of assurance on the quality and accuracy of Centrelink telephone services, the ANAO recommends that the Department of Human Services applies the QCL framework to all staff answering telephone calls, and reviews the potential impact of gaps in the implementation of QCL.

Department of Human Services' response: *Agreed*

Recommendation No. 3

To clarify the service standards that customers can expect and to better reflect customer experience, the ANAO recommends that the Department of Human Services review Key Performance Indicators for the Centrelink telephony channel, in the context of the implementation of a coordinated channel strategy.

Department of Human Services' response: *Agreed with qualifications*

Summary of entity response

The Department of Human Services agrees with ANAO recommendations 1 and 2 and agrees with qualifications to recommendation 3. The department considers that implementation of recommendations 1 and 2 will further assist in the management of Centrelink telephony services.

The department has already commenced documenting its channel strategy to reflect the work already in place. Additionally, the department is developing a new Quality Call Framework which will enhance the informal and formal mechanisms already in place.

The department currently meets its agreement with Government through its Key Performance Indicator (KPI) for telephony which is answering calls within an average speed of answer of 16 minutes. The KPIs that the department has across all its services and channels are dictated by the funding available for the department to meet its obligations. The department has estimated that to reduced the KPI to an average speed of answer of 5 minutes, it would need an additional 1000 staff at a cost of over $100 million each and every year. The transformation of the department's services over the past three years has been profound. In accordance with the Government's agenda on digital services, customers now have a greater range of ways to do their business with the department. For some customers, the predominant method of contact is now online. This trend will increase as the department builds more online capability and the Welfare Payment Infrastructure Transformation (WPIT) programme will shape the future of delivery for the department for the next decade.

Appendix 3 Joint Committee of Public Accounts and Audit (JCPAA) Report No. 452 Recommendations and Entity Response

Recommendation 6

To ensure that internal key performance indicators are relevant and fit for purpose in the Smart Centre environment and for online service delivery, the Committee recommends that the Department of Human Services:

- examine the completeness and appropriateness of its existing internal key performance indicators
- develop appropriate targets for existing internal key performance indicators wherever practical
- investigate, with a view to adopting, additional key performance indicators — including:
- 'First Contact Resolution' and 'First Call Resolution' information
- performance information relating to the Interactive Voice Response system — including information relating to the numbers of and reasons for resolved and unresolved calls
- report back to the Joint Committee of Public Accounts and Audit, within six months of the tabling of this report, on its progress in implementing this recommendation.

Department of Human Services' response: *Supported.* The department is currently reviewing its existing internal key performance indicators (KPIs).

Recommendation 7

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

Department of Human Services' response: *Supported with qualification*. The department will consider whether it would be appropriate to publicly report a broader range of key performance indicators (and their associated targets) for Centrelink telephone services following the completion of the review referred to in recommendation 6 above.

Recommendation 8

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

Department of Human Services' response: Not supported. The department currently reports on performance through the annual report and does not support publishing performance more frequently. The existing measure of average speed of answer is an annual measure and factors the operating environment (peak demand periods) into the annual expectation. For example, wait times will vary on a daily, weekly and monthly basis as the department manages its day-to-day business and responds to seasonal peaks such as end of year reconciliations and natural disasters.

Accordingly, there will be times in the year where telephony performance will be above the published annual standard and other times at which it will be below the annual standard.

Appendix 4 Telephony Optimisation Programme

The following table sets out the 16 projects encompassed under the Telephony Optimisation Programme (TOP) and their status as at 31 January 2019.

Status key:

✓ completed

↑ underway and on schedule

↓ behind schedule

✗ not started

Project name	Planned outcome	Start	End	Status
Centrelink Smart Centre Queue Rationalisation	• Simplified call queue and skills structure • Simplified Auxiliary code structure • Queue Governance Framework	Tranche 1 30/10/17	Tranche 2 31/12/18	✓
Genesys Workforce Management Optimisation (Part A)	• Time Off Manager implemented • Historical workforce management data (non-call effort) uploaded • Mobile access to GWFM implemented	Tranche 1 30/10/17	Tranche 3 30/9/19	↓
Flexible Routing Strategy	• Centrelink Agent proficiency implemented	Tranche 2 1/4/18	Tranche 2 31/12/18	✓
Genesys Workforce Management Optimisation (Part B)	• Non-voice distribution implemented • Multimedia implemented • GWFM expansion • Training Manager implemented	Tranche 3 1/1/19	Tranche 4 30/06/20	✗
Verint Self Assessment	• Service Office Self Assessment implemented	Tranche 3 1/1/19	Tranche 3 30/09/19	✗
Verint Automated Quality Monitoring	• Automated Quality Monitoring implemented	Tranche 3 1/1/19	Tranche 3 30/09/19	✗
Call Resolution and Customer Effort Metrics	• Post call survey implemented	Tranche 1 30/10/17	Tranche 1 30/3/18	✓
Voice Biometric Redesign	• Refined registration process deployed • Increase use of IVR authentication	Tranche 1 30/10/17	Tranche 3 30/3/19	↑
Customer Contact Summary	• Customer contact history information system implemented	Tranche 2 1/4/18	Phase 1:TBC Phase 2: TBC	↑

Project name	Planned outcome	Start	End	Status
IVR Refresh	• Contact centre end-to-end testing capability enhanced • IVR infrastructure and application architecture reviewed and enhanced as required	Tranche 2 1/4/18	Tranche 4 30/06/20	↓
Balanced Scorecard Redesign	• Redesign the Balanced Scorecard • Support international benchmarking of DHS performance • Establish a new PBS KPI measure for progression by DHS	Tranche 2 1/4/18	Tranche 2 30/12/18	✓
Voice Biometric Expansion	• Voice biometrics expanded to Medicare and Child Support	Tranche 3 1/1/19	Tranche 4 30/6/20	✘
IVR personalisation	• Personalised servicing within IVR deployed and progressively expanded • Web Service Description Language (WSDL) data updates to improve information management between applications in the telephony environment	Tranche 3 1/1/19	Tranche 4 30/06/20	✘
IVR One Number	• Single entry point 'one number' for IVR menus implemented	Tranche 3 1/1/19	Tranche 3 30/11/19	✘
Outbound engagement strategy	• Integrated outbound customer contact capability deployed	Tranche 3 1/1/19	Tranche 4 30/06/20	✘
Medicare Simplification Project	• Reduce the number of inbound queues and deliver a simplified skill structure • Removal or alignment of predefined after call work across Medicare queues • Review and recommend further Medicare telephony optimisation projects for consideration	Tranche 2 1/4/18	Tranche 3 30/9/19	

Source: ANAO, based on Human Services TOP Programme Management Plan.

Appendix 5   Example call flow in the Families and Parenting Line

Example of call flow – Families & Parenting
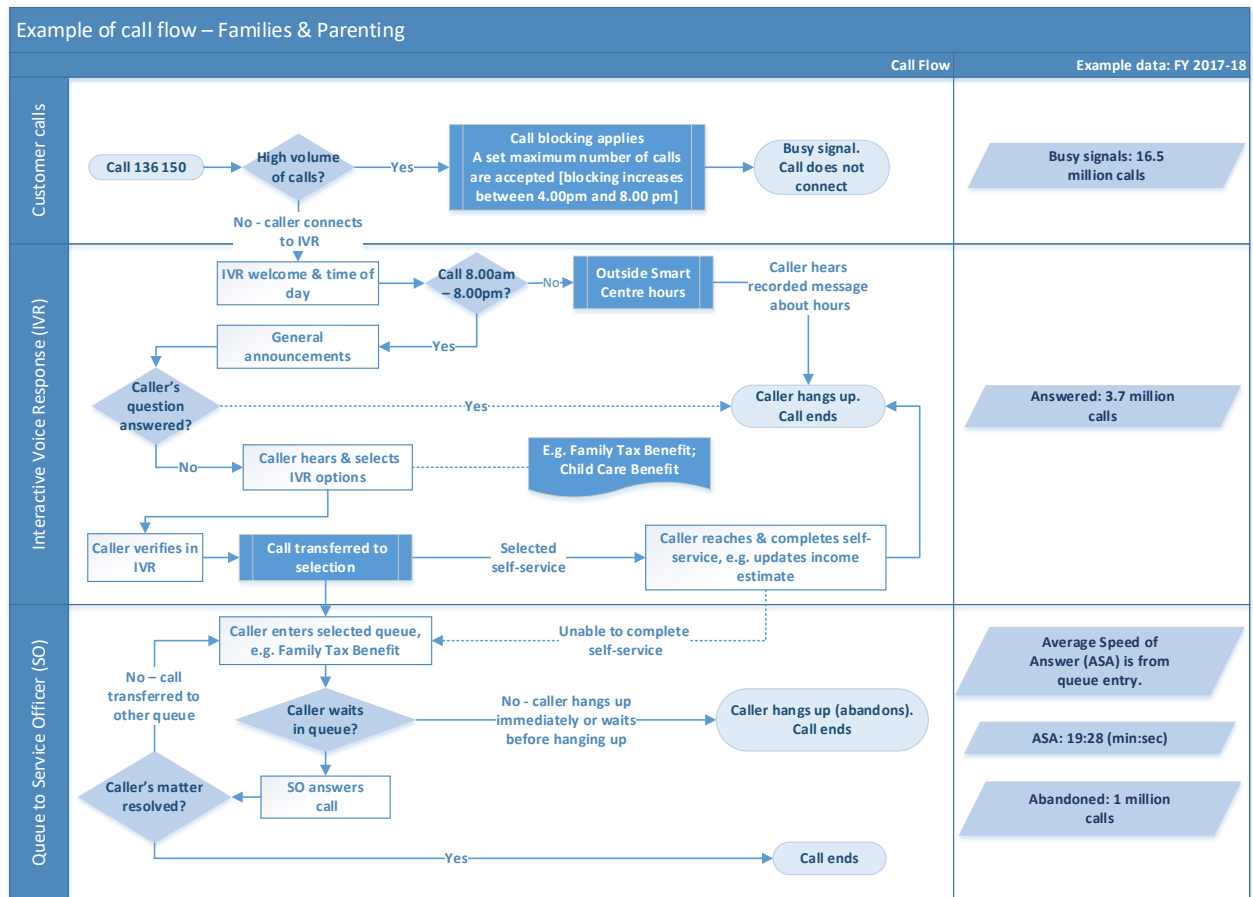
Source: ANAO analysis of Human Services documentation.

Appendix 6 ANAO criteria for the assessment of the appropriateness of performance information

Achievement of telephony service level standards: Average wait time — the average length of time a social security and welfare customer waits to have a call answered through the department's telephony services.

Criteria		Characteristics	Explanation	Assessment
Individual assessment	Relevant **A relevant performance criterion assists users' decision making in regard to an entity's progress in fulfilling its purpose.**	**Benefit** *The performance criterion clearly indicates who will benefit and how they will benefit from the entity's activities.*	The performance criterion should explain who will benefit from the activity and how the recipient benefitted.	The criterion clearly states who the beneficiary is. It is not explicit how the customer will benefit from the average speed of answer being met.
		Focus *The performance criterion should address a significant aspect/s of the purpose, via the activities.*	The performance criterion should assist significantly in informing whether the purpose is being achieved, and the attribution of the entity's activities to it is clear.	The average speed of answer metric addresses part of the entity's purpose.
		Understandable *The performance criterion should provide sufficient information in a clear and concise manner.*	The performance criterion should be stated in plain English and signal the impacts of activities to inform users.	The principle of an average speed of answer is mostly understandable, however the basis on which the metric is calculated is unclear (which impacts reliability).

Criteria	Characteristics	Explanation	Assessment
Reliable **A reliable performance criterion allows for reasonably consistent assessment of an entity's progress in fulfilling its purpose.**	**Measureable** *The performance criterion should use and disclose information sources and methodologies that are fit for purpose.*	The performance criterion should be capable of being measured to demonstrate the progress of fulfilling the purpose. This includes documenting a basis or baseline for measurement or assessment, for example a target or benchmark.	The continued use of an average speed of answer metric allows for tracking of results over time. Human Services has assigned a target. The methodology for calculation is not fit for purpose as it does not clearly demonstrate progress of fulfilling the entity's purpose.
	Free from bias *The performance criterion should be free from bias and where possible, benchmarked against similar activities.*	The performance criterion should allow for clear interpretation of results and provide an objective basis for assessment.	The methodology for calculating the average speed of answer is not publicly available in Human Services' performance reporting and therefore the measure is not transparent to the parliament or public. The average speed of answer metric does not provide a fully objective basis for assessment as it does not provide any information on the quality or effectiveness of services. As such, it does not enable clear interpretation among external stakeholders.

Criteria		Characteristics	Explanation	Assessment
Overall assessment	Complete [a] *Performance criteria allow for the overall assessment of an entity's progress in fulfilling its purpose to inform users' decision-making.*	**Balanced** *The performance criteria should provide a balanced examination of the overall performance story.*	The performance criteria should reflect a balance of measurement types (effectiveness and efficiency), bases (quantitative and qualitative) and timeframes (short, medium and long-term).	As a single metric for performance against telephony services, the average speed of answer is not balanced. It does not provide any information on the quality or effectiveness of services. There is no qualitative information.
		Collective *The performance criteria should collectively address the purpose.*	The performance criteria should demonstrate the extent of achievement against the purpose through the activities identified in the Corporate Plan.	The average speed of answer is the only metric directly related to the performance of Centrelink telephony services. The other metrics against the Centrelink program provide little additional insight into the performance of telephony services. Combined with the other metrics across the entity the overall package of KPIs goes some way to addressing the entities achievement of purpose.

Note a: Given the objectives and scope of this audit, the ANAO has not undertaken a full assessment of completeness across all KPIs presented in Human Services' Corporate Plan.

Source: Auditor-General Report No.58 2016–17 Implementation of the Annual Performance Statements Requirements 2015–16 and ANAO analysis.