

**Our social security system under attack**

# **Centrelink & Medicare privatisation report**



**COMMUNITY & PUBLIC SECTOR UNION**

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November 2018

## Executive Summary

Australian society is underpinned by caring for and supporting people through the different stages of our lives. Over many generations, we have come together to build public institutions such as our social security system that are universal, accessible and guaranteed by governments. It's a critical part of what makes Australia a fair society and a great place to live.

Our community legitimately expects the Commonwealth Government to provide a properly resourced, transparent, humane and accessible social security system which supports people in our community as needed through key times of our lives. The delivery of these services is the role of the Department of Human Services (DHS) across Medicare, Centrelink and Child Support.

Over the past five years the Coalition Government has systematically attacked our social security system and the millions of Australians who rely on the system for help and support. This attack, which continues to cause significant damage to the institutions that provide that support, appears to be motivated by a neoliberal agenda that is hostile to the concept of Australians helping each other and instead wants to either dismantle our social security system or alternatively sell it off to private interests to turn a profit.

This attack has been launched in several phases:

- 1) Stigmatising ordinary Australians who access DHS services, through mechanisms such as robo-debt or referring to new mothers as "double dippers".
- 2) Slashing DHS's Budget and sacking thousands of permanent DHS staff with decades of knowledge and experience.
- 3) Cuts quickly impact on service standards and access, with backlogs for applications ballooning and customers struggling to get help from overstretched call centres and branches.
- 4) Reduced services caused by the Coalition's cuts are then used as an excuse to bring in profit-driven corporate interests through contract and labour hire arrangements.

The introduction of corporate interests in the delivery of DHS services is exacerbating service difficulties, making it harder for vulnerable people to access the services they need and to which they are entitled. At the same time, these corporate interests are maximising their profits by paying workers less in fewer rights and conditions.

## What's happened to DHS?

Over a period of years, the Government has run down the Department Human Services – staff numbers have been slashed, budgets have been cut and since 2017 the Government has inch by inch been seeking to privatise core elements of the Department's work.

YEAR	EVENT
2011	In July 2011 the Department of Human Services was created through the amalgamation of Centrelink, Medicare, Child Support and Commonwealth Rehabilitation Services.
2013-14	The Coalition Government began cutting DHS jobs and resources within a month of coming to power.  Ongoing staff levels across the public sector have been slashed, with 3,798 jobs cut from 33,857 in June 2013 to 30,059 in June 2018, representing a decline of 11.2 per cent.
May 2015	An ANAO investigation into Centrelink's telephone services found that to reduce the speed to answer calls to an acceptable level the Department would require 1,000 further staff <sup>1</sup> . The Government instead continued to cut jobs.
2015-2016	In the 2015-16 Budget, the Coalition determined that general government sector employment levels (excluding military and reserves) must be kept at or below 2006--07 levels (167,596). <sup>2</sup>  This decision created the Coalition's costly and illogical Average Staffing Level (ASL) cap. The policy means that regardless of funding levels or operational requirements, agencies are forced to have a maximum average staffing level equal to or below their 2007 staffing level.  The policy only applies to APS staff, however; private sector staff engaged under labour hire or other third party arrangements do not count towards the cap. In practical terms, this has meant that DHS and other agencies have to engage non-APS staff (for example labour hire workers and contractors) to maintain the workforce needed.
Mid 2016 – early 2017	The Government launched an aggressive campaign to gouge back Centrelink payments, reducing a layer of human oversight when raising debts in what was termed the <b>robo-debt saga</b> . Previously, experienced employees in compliance would manually check discrepancies in tax information and Centrelink records, but the new system removed this step and immediately sent out debt notifications.  Ultimately, it was found that one in six debts raised through this process were issued in error.

<sup>1</sup> Australian National Audit Office, 'Management of Smart Centres' Centrelink Telephone Services' 19 May 2015. Retrieved from <https://www.anao.gov.au/work/performance-audit/management-smart-centres-centrelink-telephone-services>

<sup>2</sup> Commonwealth of Australia (2016, May) 2016-17 Budget, Budget Paper No.4 Part 2: Staffing of Agencies. Retrieved from [http://budget.gov.au/2016-17/content/bp4/html/09\\_staff.htm](http://budget.gov.au/2016-17/content/bp4/html/09_staff.htm)

2016-2017	During 2016-2017, <b>55 million calls to Centrelink were blocked</b> with a busy signal <sup>3</sup> . This was up from 29 million in 2015-16, which represented an increase of nearly 90 per cent. <sup>4</sup> On top of that, there were 7 million abandoned calls.
November 2017	Since late 2017 there has been a significant escalation in the use of labour hire, with labour hire workers being engaged to undertake core DHS work and in areas that previously were staffed by ongoing employees.  Most significant of these labour hire contracts has been the engagement of 1,000 staff through labour hire company Adecco to undertake compliance work. <sup>5</sup>
2017-2018	In the 2017-18 Budget, the Government announced a pilot outsourcing project of <b>250 call centre jobs</b> under a two-year contract for \$53 million. On October 11, 2017 it was announced that the contract for that pilot project would be awarded to Serco to operate a call centre in Melbourne's Mill Park. <sup>6</sup>
January 2018	Between July 2017 and January 2018, a further 33 million calls to Centrelink were blocked with a busy signal. <sup>7</sup>  For the calls that did get through, wait times could be well over an hour. <sup>8</sup> 330,000 callers waited more than half an hour for their call to be answered, with 167,000 on hold for more than an hour. <sup>9</sup>
April 2018	The Government announced a <b>further 1,000 call centre jobs</b> to be provided through private providers.
August 2018	The Government announces a <b>further 1,500 outsourced call centre jobs</b> . Taking the total number of <b>outsourced call centre jobs to 2,750</b> .
September-October 2018	Labour hire employees are now being used in a range of areas of Centrelink, including Service Centres and Operations.
October 2018	Labour hire employees have been introduced in Medicare.

## What cuts and privatisation mean for the community and DHS services

<sup>3</sup> Stephanie Dalzell (2017, 26 October). ABC News Online. More than 55 million calls to Centrelink receive engaged signal in 2016/17, Senate Estimates hear. ABC News. Retrieved from <http://www.abc.net.au/news/2017-10-26/55-million-calls-to-centrelink-received-busy-signal-in-a-year/9086518>

<sup>4</sup> Noel Towell (2016, 21 October). Centrelink hangs up on 29 million calls, Senate estimates hears. Canberra Times. Retrieved from <http://www.canberratimes.com.au/national/public-service/centrelink-hangs-up-on-29-million-calls-senate-estimates-hears-20161020-gs7ecj.html>

<sup>5</sup> Doug Dingwall (2017, 22 November). Centrelink under fire for outsourcing 1000 jobs through labour hire. Canberra Times. Retrieved from <http://www.canberratimes.com.au/national/public-service/centrelink-under-fire-for-outsourcing-1000-jobs-through-labour-hire-20171122-qzqjwl.html>

<sup>6</sup> Nadine Flood (2017, 2 May). Federal budget 2017: More public service cuts will harm Australia and the government itself. Retrieved from <https://www.smh.com.au/opinion/federal-budget-2017-more-public-service-cuts-will-harm-australian-and-the-government-itself-20170502-qvx5ln.html>

<sup>7</sup> Doug Dingwall (2018, 7 March). More than 33 million Centrelink calls unanswered as DHS denies staffing problem. Canberra Times. Retrieved from <http://www.canberratimes.com.au/national/public-service/more-than-33-million-centrelink-calls-unanswered-as-dhs-denies-staffing-problem-20180307-h0x4up.html>

<sup>8</sup> Dan Conifer (2018, 23 January). Centrelink call wait times grow, with some clients waiting an hour on hold. ABC News. Retrieved from <http://www.abc.net.au/news/2018-01-23/centrelink-call-wait-times-ballooning/9351450>

<sup>9</sup> Australian Associated Press (2018, 2 March). More than 33m calls to Centrelink missed in the last year. Guardian Australia. Retrieved from <https://www.theguardian.com/australia-news/2018/mar/02/more-than-33m-calls-to-centrelink-missed-in-the-last-year>

In 2017-2018 alone the Department of Human Services processed:

- \$173.4 billion in payments;
- More than 3.3 million social security and welfare payments;
- More than 62,000 aged care claims; and
- More than 419 million Medicare services<sup>10</sup>.

However, DHS staff and customers know the standard of services has fallen significantly over the past five years and that DHS is an agency in crisis.

Ongoing cuts to jobs and budgets have taken their toll on services and the operation of all elements of the Department.

In 2017-2018:

- 48 million calls to DHS went unanswered;
- A further 5.3 million calls were abandoned as frustrated customers gave up on getting through;
- Of the calls answered, on average callers had to wait 16 minutes to have their call picked up, however it was much higher for many lines:
  - Disability, sickness and carers – 21 minutes
  - Employment services – 34 minutes
  - Families and parenting – 19 minutes
  - Older Australians – 20 minutes
  - Youth and students – 38 minutes
  - Participation – 36 minutes.<sup>11</sup>

These results are not surprising. It has been clear for some time that cuts are impacting on service standard and quality.

- There has been a blow out in processing times for the aged pension, with the stand processing time already 49 days and over 5,800 claims taking even longer than that<sup>12</sup>.
- For callers who do manage to get through, they can spend well over an hour waiting on hold.<sup>13</sup> In the seven months to January 2018, 330,000 people waited more than half an hour for their call to be answered, with 167,000 callers on hold for more than an hour.<sup>14</sup>
- Call wait times are the single largest cause of complaints made to DHS by customers.<sup>15</sup>
- Indigenous communities in remote communities can take more than a day to access telephony services.<sup>16</sup>
- Customer aggression has risen, with increasing numbers of DHS offices requiring permanent security guards.<sup>17</sup>
- In 2016, there were reports of impacts of the delays in payments for Austudy and Youth Allowance, resulting in extreme financial hardship and the deferment or abandonment of study.<sup>18</sup>

<sup>10</sup> Department of Human Services (2018). 2017-2018 Annual Report. Retrieved from <https://www.humanservices.gov.au/sites/default/files/2018/10/8802-1810-annual-report-2017-18.pdf>

<sup>11</sup> TD6 Telephony Report 201718 tabled at Senate Estimates on 25 October 2018 accessed at [https://www.aph.gov.au/Parliamentary\\_Business/Senate\\_Estimates/ca/2018-19\\_Supplementary\\_Budget\\_estimates/socialservices](https://www.aph.gov.au/Parliamentary_Business/Senate_Estimates/ca/2018-19_Supplementary_Budget_estimates/socialservices) (6 November 2018)

<sup>12</sup> Ibid

<sup>13</sup> Dan Conifer (2018, 23 January). Centrelink call wait times grow, with some clients waiting an hour on hold. ABC News. Retrieved from <http://www.abc.net.au/news/2018-01-23/centrelink-call-wait-times-balloon/9351450>

<sup>14</sup> Australian Associated Press (2018, 2 March). More than 33m calls to Centrelink missed in the last year. Guardian Australia. Retrieved from <https://www.theguardian.com/australia-news/2018/mar/02/more-than-33m-calls-to-centrelink-missed-in-the-last-year>

<sup>15</sup> Commonwealth Ombudsman (2016). 2015-16 Annual Report

<sup>16</sup> Australian National Audit Office (2015, May). Audit Report No.37: Management of Smart Centres' Centrelink Telephone Services.

<sup>17</sup> Marie Sansom (2015, 31 August). Centrelink staff deal with 24 aggressive incidents a day. GovernmentNews. Retrieved from <http://www.governmentnews.com.au/2015/08/centrelink-staff-deal-with-24-aggressive-incidents-a-day/>

<sup>18</sup> Hack (2016, 21 April). Centrelink payments delayed up to four months, students freakin out. Retrieved from <http://www.abc.net.au/triplej/programs/hack/students-waiting-four-months-centrelink-payments-delayed/7346960>

- DHS staff have also reported significant delays for carer's payments that have put vulnerable families in a desperate position
- In 2016–17, the department recorded 168,709 complaints about Centrelink services. Complaints have more than tripled, from approximately 53,000 in 2007. Much of that increase has occurred in the past three years.<sup>19</sup>
- Among complaints, most (28.2 per cent) were made by clients tired of waiting too long for claims, not receiving updates on their progress or needing to contact the agency multiple times to advance them. Third was difficulties with phone services, including complaints about hold wait times, engaged signals and call disconnections (16.2 per cent).

Whilst many of the measurable impacts on services relate to the work of Centrelink, the impact of budget and staffing cuts are felt across the whole Department. In Medicare and Child Support, for example, the impact of budget cuts and staffing caps has increased workloads and, combined with major ICT issues, had a significant impact on operations.

Instead of investing in the permanent staff required to address these problems, the Government has opted to privatise part of the Centrelink call network (with 2,750 private contract call centre staff) and increase their use of labour hire employees in Centrelink, and more recently in Medicare.

Privatising work is compounding service problems, while also replacing quality, secure jobs direct with DHS with insecure labour hire and contract work that provides inferior training, pay and working conditions.

The introduction of private contract call centres seems to be a cynical exercise aimed at reducing the time for a call to be answered, rather than actually reducing the time for a client's issue to be resolved or improving service delivered.

The CPSU conducted a recent survey of its members in DHS about the impact of privatisation on the work they undertake.<sup>20</sup> With nearly 1,300 DHS workers responding to the survey, the results demonstrate significant concerns about the impact of privatisation on services to the public.

- 80% report that the standard of services to the community are declining as compared with three years ago.
- Over 85% of staff are already seeing private call centre providers have a negative impact on service standards
  - 83% say these staff don't get the training they need.
  - 89% think clients often can't get the expertise they need from private call centre providers.
  - 85% of staff say they are fixing issues for clients that arise from private call centres.
  - 87% of staff say clients are often waiting longer to have their issue resolved because the private call centre providers can't fix them.
  - 72% of staff say the work of the private call centres isn't subject to the same scrutiny or checking as work undertaken by DHS staff.

Many DHS staff are reporting that private call centre providers are not able to complete any work for a client, they will simply answer the call and transfer the client to another business line staffed with permanent DHS employees.

*"No updates are being made on the system – they appear to just be taking calls to then transfer to fully trained operators, this then skews the statistics to show calls are being answered within the proposed KPI, however the customer has to then wait again to have any action taken".*

....

*"Customers often want more detailed information and these call centres cannot provide it so the customers are put through to normal DHS call centre staff and have to wait a long time anyway for their enquiries to be satisfactorily completed. Often, they are even more annoyed once they get through for having to wait twice and speaking to two different people to get their answers which does*

<sup>19</sup> Paul Henman (2017, 21 March). After the robodebt debacle, here's how Centrelink can win back Australians' trust. The Conversation. Retrieved from <https://theconversation.com/after-the-robodebt-debacle-heres-how-centrelink-can-win-back-australians-trust-74256>

<sup>20</sup> The survey was conducted from 29<sup>th</sup> August to 14<sup>th</sup> September

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*not make our organisation look very good at all. The only difference is that it is making the numbers of unanswered calls and timeliness figures look a lot better, which isn't the real story at all."*

.....

*"It seems that a high number of customers are being immediately transferred waiting in the queue for an hour, sometimes more to have their needs addressed. Some of these customers might be transferred two or three times"*

Clients are regularly being told that a claim is being processed, however are being incorrect information about eligibility, evidence and paperwork required and timeframes. The accounts of three staff as set out below are indicative of the experience of many DHS employees:

*"An issue that I am correcting on a regular basis, income estimates for Family Tax Benefit, incorrectly coded assets and incomes that incorrectly reduce and/or cancel a customer's payment"*

...

*"Customers are being told that your claim is in the process of being completed and you will receive payment within 2 days, this is just a lie (I have seen this too many times to count). In most of these cases I have had to contact customers and request more information in order to process their claim and they become upset and agitated due to the information provided previously."*

...

*"They often advise customers that they will be able to access something – eg advance/urgent payment etc and hand off for customers to DHS staff only to be told not eligible. This has led to an increase in customer aggression/dissatisfaction."*

The work that employees of DHS undertake is often complicated with very serious consequences for people's lives. One of the many significant decisions DHS can make in respect of an individual is to raise a debt. Yet this is one of the areas that the Government targetted for the use of labour hire employees, in part to deal with the workloads arising out of the robo-debt debacle.

One DHS employee reports:

*"Labour hire staff completing complex compliance reviews have resulted in significant errors and re-working cases multiple times to fix errors. This has led to dissatisfaction amongst customers."*

There are also legitimate concerns about what the use of third party provider arrangements means for data security and privacy. Handling social welfare claims is highly sensitive work, which requires extensive personal information to be shared. Private providers in this space are driven by profit motivations, not an overarching charter to deliver services that governs DHS itself. In addition, employees outside the APS are not subject to the same oversight, professional standards, training and accountability of APS employees.

Quite simply, the Government's privatisation measures mean that private companies are now making private profits off our social security system.

The CPSU is far from the only voice raising concern about Centrelink services being run down. Similar issues have been raised by a range of community groups. For example, St Vincent de Paul have called on the Government to keep Centrelink in public hands and improve its funding<sup>21</sup>. A recent Anglicare report detailed

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<sup>21</sup> St Vincent de Paul (2017, January). Media release – Government should not view Centrelink as a weapon of deficit reduction. Retrieved at [https://www.vinnies.org.au/page/News/National\\_Media\\_Releases/National\\_Media\\_Releases\\_2017/Government\\_should\\_not\\_view\\_Centrelink\\_as\\_a\\_weapon\\_of\\_deficit\\_reduction/](https://www.vinnies.org.au/page/News/National_Media_Releases/National_Media_Releases_2017/Government_should_not_view_Centrelink_as_a_weapon_of_deficit_reduction/)

the difficult experiences of Anglicare staff and clients in seeking access to entitlements through Centrelink.<sup>22</sup> National Seniors have also raised concerns about access to Centrelink services.<sup>23</sup>

## What it means for workers?

### A. What it means for insecure employees?

#### *No job security, less pay and fewer conditions*

The introduction of contract call centres, the increasing use of labour hire and expansion of casual employees means there are more and more employees undertaking DHS work with insecure employment. This means that its employees who have to bear the uncertainty about the availability of work and their ongoing employment. Given that these employees are generally not entitled to leave, the costs associated with illness and other unforeseen events which may prevent the performance of work, are being borne by workers and not the employer.

These employees generally have fewer rights and conditions and get paid less than their APS colleagues. Labour hire and contract call centre workers are engaged on different arrangements, often the award.

For example:

- An outsourced Serco worker doing Centrelink work earns, on average, \$17,500 less than a permanent DHS APS3 employee. But it costs taxpayers around \$10,000 per year more.<sup>24</sup>
- Call centre workers in Stellar, another provider of call centre services to DHS gross as little as \$20 per hour and get paid less than McDonald's workers.<sup>25</sup>

There are also real questions as to the classification level at which some of these private providers are engaging staff. For example, the for profit call centres undertaking Centrelink work seem to be hiring a substantial number of staff at the trainee level. New starters doing this work for the Department would be engaged at an APS 3 rate. A Customer Contact Trainee under the Contract Call Centres Award 2010 gets paid nearly \$19,000 per year less than the minimum an APS 3 employee is paid.<sup>26</sup>

Basically, these companies are increasing their profit margin by paying the workers less and by classifying the workers at the lowest possible payrate.

This is a cause of concern for both the workers affected and the DHS workforce as well.

*"I'm the private call centre employee expected to undertake the work of APS for less pay!"*

....

*"I find it very difficult to keep up morale knowing my contract ends soon and have no idea if I will be extended."*

....

*"During my discussions with many labour hire staff, I have found that they are casual staff, the majority of which are still applying for more stable work elsewhere."*

There is no good reason why a situation should be allowed where two workers can work side by side in the same role yet one has a lesser standard of employment protection or a lower rate of pay.

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<sup>22</sup> Teresa Hinton (2018, May). Paying the Price of Welfare Reform: The experiences of Anglicare staff and clients in interacting with Centrelink. Anglicare

<sup>23</sup> National Seniors Australis and Retirement Essentials (2018, June). The Centrelink Experience: From 'waiting, frustrating, hopeless' to 'helpful, friendly, positive'.

<sup>24</sup> Calculation based on the value of the DHS Serco contract and the number of positions that will be created and the difference between the annual salary of Customer Contact Office 1 under the Contract Call Centres Award 2010 and minimum pay rate of DHS APS 3

<sup>25</sup> <https://www.dailytelegraph.com.au/business/work/australian-taxation-office-call-centre-staff-get-paid-small-fries-even-less-than-mcdonalds-workers/news-story/a25c5748464054cd30ce537971bd4579>

<sup>26</sup> Calculation based on the value of the DHS Serco contract and the number of positions that will be created, Contract Call Centres Award and minimum pay rate of DHS APS 3

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While casual employees are directly engaged by the Department and therefore covered by the same industrial arrangements, they do not enjoy the same employment benefits or access to training and support. This has consequences for their work, for example casual employees do not get access to learning and development time to keep abreast of changes in benefits.

*"It's tough on the casuals"*

....

*"Casuals get treated disgracefully in our workplace as third-class workers"*

....

*"I am a casual and find it extremely difficult to get any support"*

....

*"Once the department finally gets a casual or intermittent staff member trained and finally feeling somewhat confident about their job, the contract ends or they are released. It blows my mind how much time and money must be wasted by the department."*

### **Less experience, support and training**

Insecure employees, be they private contractors in call centres, labour hire or casuals, have to undertake their role in a difficult environment. The social welfare system is incredibly complex, and in respect of some benefits in particular requires very specialist skills and knowledge.

Inevitably employees who are brought on will not hold the same level of corporate knowledge and experience as APS employees who have had longevity in their role. Particularly where these roles are off-site, such as the private contract call centre, and therefore they do not have colleagues around them with broader experience, it is very difficult for employees to learn and develop this knowledge and expertise on the job.

Furthermore, these forms of insecure work result in higher attrition rates. The private call centres in particular suffer from notoriously high attrition rates; where it is common for half of all staff to leave in any early twelve-month period. By contrast the overall attrition rate in DHS is 7.2%.<sup>27</sup>

The nature of the turnover in the private call centres, as well as the other forms of insecure work, make it harder for staff to build and maintain the expertise and knowledge they need to undertake this work.

In a recent survey of DHS workers:

- 83% of those surveyed believed employees in private call centres do not get the training and support they need;
- 65% of those surveyed believed casuals and labour hire do not get adequate training; and
- 58% of those surveyed believed casuals and labour hire do not get sufficient support.

DHS employees have said:

*"The private call centres are also put in a difficult spot, they lack training, lack knowledge"*

*"They need not only more training, but also monthly coaching"*

*"Because their turnover rate is so high and their training so short they can't give consistent information. You can't expect people that don't know the work to produce good work."*

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<sup>27</sup> Calculation based on data sourced from Table 28 and Table 63 in APS Employment Data 30 June 2018 release. The release is available at <https://www.apsc.gov.au/aps-employment-data-30-june-2018-release>.  
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*“Government workers have had longer exposure to the week so therefore less mistakes but even government workers make mistakes”.*

*“I am a casual and the learning process is massive. I am faced with different scenarios each day and I only have one area of work to deal with. It will be a long and challenging work environment till I feel confident to give quick and professional help to the customers.”*

*“I am concerned that they do not get support or have correct training and it is unsettling for the other workers.”*

*“Centrelink work is multi-layered and complex. All skills and knowledge are required to be a proficient operator. The training that casuals receive is very narrow in its scope. By not having broader knowledge, the service officers are not having the pertinent discussions necessary to fully service our customers.”*

*“Issue is the level of support permanent staff receive from Team Leaders is superior to Labour hire staff. “*

*“Private call centre staff but I am aware that they are only trained in a few very basic areas, and it seems that the level of training they receive in these areas is more basic than that given to APS staff.”*

### **Bad employment practices**

Workers engaged through third party private providers are less inclined to speak up about matters of concern to them as they understand that their employment is insecure. For example, for labour hire workers, the decision to request that they no longer be supplied to the workplace can be made by the host employer at any time.

The CPSU is aware of instances where private providers are harassing employees who access leave and threatening their job security. By using third party providers, this behaviour occurs removed from the Government and the Department – who are able to claim it is not their responsibility.

*“I do not like that if a labour hire employee has time off work due to ill health or caring responsibilities of any more than 3 days, their employment is no longer required.”*

The CPSU is also aware of instances where labour hire providers have pressured new employees to undertake unpaid training.

## **B. What it means for DHS employees?**

The impact of budget cuts, staffing cuts and privatisation has a pervasive impact on all aspects of DHS – Centrelink, Medicare and Child Support – and is a significant concern for DHS employees.

Permanent DHS employees are rightly concerned about the impact of these insecure working arrangements on their colleagues.

DHS employees surveyed overwhelmingly believe that these people should have the opportunity to be engaged as permanent employees with proper training and equal pay and conditions.

- 92% surveyed believe people undertaking core work for DHS should be permanent employees;
- 98% surveyed believe people undertaking core work for DHS should receive proper training and support from the Department
- 90% surveyed believe people undertaking core work should receive the same wages and conditions as DHS employees.

CPSU members in DHS recognise the difficult position these workers are put in. They are being asked to undertake difficult work without the same support structures or experience, while being paid less and with limited job security. Members have told us:

*“For the love of all that is holy - GIVE THEM PROPER TRAINING AND MAKE THEM PERMANENT”*

...

*“Everyone deserves guaranteed hours and location”*

...

*“I would like to see them hired on a permanent basis by the Department”.*

DHS employees also care deeply about the quality of the work they undertake. DHS employees see daily the impact on the community and the quality of services that these measures are having. DHS employees are therefore very concerned about the implications of the increasing privatisation of DHS.

DHS employees also hold legitimate concerns about the impact of these measures on their employment and workplaces.

- 84.40% of respondents believe the increasing “blended” workforce in DHS growing concern about job security
- 77.85% feel that it is having a negative impact on staff moral
- 66.69% believe that the “blended” workforce is de-skilling current DHS staff with 53.92% feeling the ‘blended’ work environment is providing less career opportunities.
- 48.42% of responded believed that it is a cause of greater staff turnover.

DHS employees also point to increased incidents of customer aggression and customer dissatisfaction and the toll that’s taking on staff. CPSU members have reported:

*“there’s been an increase in customer dissatisfaction and customer aggression”*

...

*“Customers are often irate because they get conflicting information and the permanent staff are put to undue stress having to deal with the customers a second & third time to resolve issues which could have been resolved in the first place”*

...

*“With the increase of customer aggression due to long wait times on phones and incorrect information, I have noticed that there are a lot of mental health issues arising amongst colleagues. This is of no fault to the casual and labour hire employees, they need work and will take it when it comes. They should be employed as full time or even part time ongoing where they would get the training and mentoring required to do the complex work”.*

## **APPENDIX: Feedback from DHS staff:**

### **Contract call centres – just answering and transferring calls**

“Private call centre staff do not have the level of training required to assist customers with complex issues. As such, customers are either transferred to DHS or attempts are made to resolve the customer's issues; often resulting in rework for DHS as the customer's full circumstances have not been adequately investigated. In short, the private call centres are very good at reducing average speed of answer and this seems to be the only measure that matters to our government.”

“From my experience work is not being completed by private call centres they are being used as an answering service”

“Customer said that every question she asked him, he had to had to go put her on hold and ask somebody else. The call took over an hour.”

“If there is any complexity to the report or any errors most APS3 SOs would find it easy to troubleshoot, but the private call centre workers will not complete the report and will transfer the call.”

“Most calls are transferred to other areas or customer is sent to a service centre”

“They appear to just be taking calls to then transfer to fully trained operators, this then skews the statistics to show calls are being answered within the proposed KPI, however the customer has to then wait again to have any action taken.”

“They seem to do not much other than transfer calls”

“The private call centres are usually just answering the calls and then placing callers back into queues to speak with a trained officer who can assist with the enquiry.”

“...answering phones and transferring calls because they can't deal with the enquiry, but the wait lines reduce.”

“All they are doing is transferring to incorrect queues”

“Calls get answered quickly but then customer are then transferred to queues where the wait times are still long.”

“Calls are being answered just to be answered then customers are transferred back into queue, can see this by the record”

“Negatively impacting the customer as they then have to wait for an appropriately trained staff member to assist them, placing further demand on our phone lines.”

“I just see a lot of call transfers to APS employees for simple work items”

“I have had calls transferred to me for changes of address and even updating a telephone number”

“I feel they are only there to answer calls so that Centrelink wait times for calls to be answered reflects well to the public, but the problem being that they transfer calls to Centrelink staff or send items to be actioned by Centrelink staff. So they may get answered more quickly sometimes but then total length of time on call has not improved at all.”

“Limited or no expertise in other DHS business outside of their focussed training which won't allow them to answer questions asked by customers about other topics without relying on the expertise of other Service Officers”

“Calls transferred after giving customers unrealistic promises.”

"I once had a Families and Parenting claim which we had all the information available to action and finalise for over 5 months. But on the customer's record there were no less than 9 other contacts made by that customer to Centrelink, with 7 of those being private hire contractors who seemingly ended up transferring the call among themselves."

"It seems that as long as the call get answered and the targets are met, it doesn't matter what service the customer receives after that."

"Even taking a message is often a problem as the staff are not fully trained, so they will make a claim urgent, even when customers income is over the limit and they won't be paid anything."

"Customer contacted outsourced Call Centre 12 times in one week to resolve a debt, call was transferred to incorrect teams multiple times, which meant long wait for the non-outsourced Call staff."

"It's all about the Minister being able to say that call wait times are down."

"The wait time when the customer waits on the phone for an APS officer is in excess of 45 minutes in general."

"I have heard many complaints from customers that say the call answered but the person did not know and had to be transferred".

"Customers are now saying they spend up to an hour on the phone AFTER their call is answered"

"Yes the customer's call may be answered quickly initially, but then they wait longer because they are transferred 2 or 3 times to speak to the right person."

"Customer calls call centre and the staff are unable to deal with customer issues so they put 'out of scope'. Nothing happens with the customer until they call again or attend a service centre."

### **Impact of outsourcing and privatisation on clients**

"Increased work, less time, angrier customer who have been left without income (in many cases for 6 months plus) to support their families. Try explaining the reasons for this to the client"

"I believe it is the customers who are suffering, and this is my biggest concern."

"I work in appeals, so I see issues every day. Wrong payments being approved. Wrong start dates."

"Basically, updates and information are coded incorrectly, resulting in wrong payments being delivered."

"Wrong advice been given, then they transfer the customer and customer is expecting the person answering the phone to fix the problem. Once the customer finds out we can't fix what the previous person has said we could the customer gets very upset about waiting 30 mins for nothing"

"I once had a customer who had been transferred 4 times between these private call centre workers before reaching myself where I was able to resolve and answer questions. This was not pleasant for the customer and is frustrating as I wish all customers received quality service in the first instance."

"They have told customers that work will be done within a specific timeframe/backdating will be possible without lodging claims."

"Private call centre staff are advising customers that they cannot ask for a review of a decision unless they provide additional evidence. This is blatantly incorrect and denying the customer their right to review a claim that was incorrectly allocated by a private call centre. This meant that a customer's claim took an extra 5 months to be completed."

## **Clients have multiple issues**

"They [labour hire staff] answer calls and transfer them to other areas to endeavour to meet the Government KPIs to answer calls within a certain timeframe. The problem with this is that, although the customer might be calling to primarily update their address, it is rare that they only have one task/question, and in the majority of instances, the private call provider then has to place the customer on hold, advise them to call back (using a different IVR) or arrange a call back. As such, we are not providing an end-to-end service for the customer."

"Customers generally call with multiple issues when they get someone on the phone. The problem with this is that customers ask other questions when calling to change/update their contact information, and agency staff would not have the level of training to complete these complex inquiries. This means re-working is required"

"Generally, most customers have more than simple things to be completed so customers normally get transferred to another area."

## **DHS work is complicated – even simple issues can have serious consequences**

"A simple change of address may have rippling effects on the client's other payments and eligibility. A change of address is not always a simple transaction. Did they own former home? has it been sold? are they now paying rent? Will they be buying another home? What have they done with the proceeds of the sale?"

"Overpayments are being raised by labour hire staff with little training on basic benefit qualification and eligibility. This is resulting in grievous errors"

"I have seen private call centre staff member complete claims that I needed years of training and knowledge to be able to complete correctly. It's not just about clicking and going through the motions if you don't have any knowledge on the payment or work you are doing as you won't be able to identify when it's wrong. It then comes back to us to fix but we also have to deal with the escalated customer aggression because it wasn't completed correctly the first time"

"But the latest update from management is that they are being trained in claims - the most complex work we have. This is APS4 classification work. They are also making outbound calls to jobseeker NCL customers telling them what they need to provide and booking their job agency appointments with incorrect information about what they need to do so these customers are being rejected incorrectly"

"The main issue is they do not have the broader experience properly assist customers as they do not understand the implications on other payments"

"I had a customer call 4 times to enquire why his payments had stopped 2 months ago. Instead of the contractor following office locator for directions on this particular processing work, the call was documented and nothing more. It wasn't until the customer went to the office to have his enquiry dealt with that his enquiry was escalated. Once his payment was restored, I called him to advise him of this. The customer cried on the phone and couldn't thank me enough for the call. He told me he was being evicted because he had not received his payment after he had called 4 times, and no one could help him."

"Dozens of potential customers are being assessed and told they don't qualify for payment when in fact they do!"

"All work is intertwined, such as impacts rates, dates, linked records & eligibility."

"Currently our Remote Indigenous Income Management customers are having their calls answered at first contact by Serco (1MP) contractors, as part of the Centrelink Call Centre Enhancement Pilot. Servicing these customers requires a high level of cultural awareness, sensitivity to Indigenous peoples and an extensive knowledge base of ALL Centrelink payment types and services, including Income Management. These customers require a holistic servicing approach and this level of servicing can only be provided by APS staff that are 'dual trained' in both the Indigenous queue and Income Management queue."

## Errors, causing rework

“Sometimes the wrong answers are given to customers.”

“Simple processing work, which is often found to be done incorrectly, needs correction, adds to customer frustration, financial costs to the tax payer, and ruins the reputation of the department”

“They don't realise the flow-on effects of incorrect updates or, alternatively, updates that should raise red flags for compliance purposes (bank updates etc.)”

“Part of my job now is to fix their mistakes and escalations”

“Customer feedback shows that their enquiries on the phone have not been completed accurately”

“Major issues arise from incorrect information being given to the customer.”

“Labour hire staff completing complex compliance reviews have resulted in significant errors and re-working of cases multiple times to fix errors and dissatisfaction amongst customers.”

“My sole job now is to fix errors on files, and the errors produce large overpayments which will then be written off - or the customer NOT informed it was 'our' mistake”

“They are supposed to be giving advice, unfortunately without the correct training, this advice is incorrect, often resulting in the customer experiencing unnecessary stress & hardship.”

“But they haven't fixed the issue. It's creating more work for us.”

“In the past as it is now - customers try to access services via phone - customers' needs are no different from the past to now - all customers seek complete accurate information including work/ entitlements and often reassessments of work incorrectly processed - they want to speak with someone with experience and knowledge who can get it right the 1st time”

“They are rejecting claims by mistake and not waiving the ordinary one week waiting period for customers with no money in their bank account, which delays payment and short changes the customers.”

“The stress and pressure for us to clean up the rework is impacting on our health and wellbeing.”

“Numerous cases of Changes of address being coded on customer record but not finalised until customer attends a Service Centre to find out what the problem is with his payments.”

“A common occurrence to have to take over a case started by a contract worker who has provided misinformation and completed a customer's income review incorrectly causing an incorrect debt outcome for the customers”

“Advice given to clients is often incorrect which causes confusion for clients because it sets up an expectation that cannot be met. For example, a client is told that their claim is ready for processing. When the call comes through and you've done all the checks, you then realise that the claim is not ready because not all the information has been received or correctly input. This causes a lot of stress for both processing officers and for the client”

“I have spoken to customers receiving Carer Payment who have been incorrectly advised by someone in a call centre as to what their respite allowances are, they have also been incorrectly advised what their obligations to advise Centrelink of any changes in their circumstances are. There are too many instances to advise specific dates and times but if I had to it would be daily.”

“Customers often call back confirming information they were given and when entering their record you can see that they did phone earlier that day and a contractor had entered their record. Often the information which has been given to the customer is incorrect and this causes a lot of frustration.

"We get so many callers that say they were given incorrect advice and have to call again. This is causing issues for customers as they are on the phone for hours. Also, it is clogging up our phone lines. If they got the correct information the first time they wouldn't need to continuously call back"

"Customers complain of not having their options explained to them and not being given correct advice."

"Contractor received call as customer got a text message about reporting correctly. There was a clear note on the record advising the service officer what to tell the customer if they were to contact. Rather than reading the note to the customer, they transferred the customer. The call was then received by another contract who then did the same thing - transferred the call. When I received the call I simply read the note to the customer and the transaction was done in less than two minutes. The customer had to be transferred twice and wait over an hour to be told something that could have been resolved at first contact."

"Private call centre staff have told income management card holders when they have contacted on a weekend that they are not able to transfer money from the income management account into their basics card. This was totally incorrect and resulted in the customer having no money until he contacted myself on Monday."

"Earnings have been coded incorrectly and have had to be fixed and in some cases this has caused debts for customers. Sometimes this also goes the other way and issues arrears to customers."

"A customer was advised that their payments were cancelled but could be restored easily and would be transferred to have this done. Customer then waited over an hour only to be told that their payments have been cancelled for well over 8 months and cannot be restored."

"They often advise customers that they will be able to access something - advance/urgent payment etc and then transfer the customers to be told they are not eligible. This leads to an increase in customer aggression/dissatisfaction."

"Pensioners given incorrect information about how circumstances are assessed and receiving incorrect payments as a result."

### **Impact on service centres**

"Customer ring and they can't help so are being told to attend office we are now experiencing up to 2 hours wait and we are experiencing more aggression"

"Anything too difficult they tell the customer to attend a service centre or they log an activity that sits in workload manager for weeks"

"Lots of incorrect information is given and a majority of the time the customer is sent into the office anyway"

"We've noticed that foot traffic in Service Centres is increasing"

"They often tell the customer to come into an office to get something updated as they can't do it over the phone"

"End result for the customer is they either do have their details updated, they are required to call back or visit a service centre to get the enquiry and or piece of work completed."

"Seems like they're just answering calls so that the wait times are down. Meanwhile the work for the customer doesn't get done, so the customer attends the office for a 2 hour wait by which time they angry which puts the front line staff in danger with customer aggression"

"Customers seem to be continually being advised to attend a service centre."

"Front of house staff have commented that they are noticing customers being advised to attend service centre to have work items completed"



“Customers are often told to come into a service centre to complete business that is supposed to be completed by specialist teams which are not available in a Service Centre”

“I just know the customer traffic has increased in Service Centres”

### **Additional calls on specialist teams**

“As a social worker I receive referrals from private call centres. They often refer to a social worker when a customer is in crisis. In the past a well-trained APS 3 or 4 staff member would be able to assist the customer and a social worker referral would not be required”

“Contractors are servicing remote Indigenous Communities, do not have an appropriate level of training to deal with the challenges of language barriers and alternate questioning techniques, and are not recognising why the customer is calling, often handing the customer off to the wrong area.”

“They have taken Indigenous Australian calls who have a language barrier, told them incorrect information, transferred them to incorrect areas and you get the call and there is over 20 contacts in 1 day and the customer is extremely frustrated and angry. All customers have individual needs and requirements and customer service needs to be provided to that customer. it is not a generic black and white processes for each and every call. Some customers you need to take time to explain things to a few times to ensure they understand. Other calls I have had customers have had their address updated incorrectly for example youth allowance customers living away from home, not being on the correct rate of payment or made to provide incorrect information.”

“This customer base already has multiple barriers and limited services to connect with Centrelink – it is not just because of their geographical remoteness. There is often only one phone in their community or outstation, no mobile phone reception, no internet.”