GOVERNMENT WITHOUT BOUNDARIES – FENCES, FACES AND FICTION

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It’s a pleasure to be here to participate in this session and to share with you some of the current work that the National Office for the Information Economy (NOIE) has in train, to better understand how Australians want to access government services.

Today for the most part I’ll be drawing some lessons learnt from our current review of the information and services that the Australian commonwealth government provides to business. My apologies for the title - the “fences, faces and fiction” part of it, that is. I didn’t choose that. It does however turn out to be quite relevant to the topic today.

[slide] Our review of services to business has explored the issues shown here. We’ve explored barriers to innovation, not just technical but also organisational barriers and barriers of the mindset within agencies. We’ve also looked at the real expectations of our customers, along with what they do to draw our services together and along with what they would really like to do. Also in regard to both of these, we’ve looked at the “fiction”, i.e. how our own preconceptions hold up in the light of evidence and analysis. I’ve been told that including the word fiction means I can say whatever I like here today. I’ll hold the organisation to that!

The presentation is also not so much about new directions in channel management as it is about our first steps on the path to a channel management strategy for the commonwealth, one which will be informed by those of you here whose governments are already more advanced in your thinking – in particular I’m thinking of the UK’s recently published channel management strategy.

First of all it is necessary to provide some context to what I’m talking about today. I’ll keep it short because much more detail is available in our country report and also because this isn’t meant to be a lecture on Australian history and politics.

[slide] In brief, these are the features that shape our national approach to service delivery from government.

First of all, in common with some of the other countries here, we have a federal system with three layers of service delivery: from the commonwealth, the states and territories, and then local government.

We are a very large country. We have major population centres but we also have politically significant numbers of our population living in rural and remote areas.

Our infrastructure, and particularly our ICT infrastructure, is good and getting better, but geography works against us to a much greater degree than in more compact or more populated
countries. There is a great deal of nothingness out in the centre of Australia and there are people who are inconvenient enough to want to live there.

Balancing these factors, Australians are traditionally early adopters of new technology and our economy has performed well in a difficult period. We also love to talk, which is actually an important characteristic for the tale I’m about to tell you.

It’s also necessary as part of this to understand what have been some of the major drivers for our commonwealth government policy and hence for our service priorities over the last five years.

[slide] Over this time span two policy issues have dominated, certainly in terms of the changing shape of service delivery for the government. First of all there’s been the development of a new taxation system, a goods and services tax. For those of you, like New Zealand and Canada, who have also recently introduced goods and services taxes or VAT, isn’t it a lot of fun! It’s a tremendous thing to introduce into the environment.

We have also had a major redesign of employment and welfare services. These changes have taken place as the Australian information economy has grown and also against the background of the commonwealth government’s response to the growth of the information economy in the form of the Government Online Strategy.

[slide] The Government Online Strategy was effectively completed in December 2001 and with its completion there has been a moment for the National Office for the Information Economy and for the public service and government generally to evaluate research and to plan for the next phase, what comes next.

The activities I highlight are only a selection of the processes and directions which our agency, in conjunction with its key stakeholders, has been progressing this year, and it’s the adoption of the last approach that I’m mostly talking about today. Mostly I’m going to be focusing on channel management issues.

[slide] We have also put in place very recently indeed new governance structures, to help to facilitate the more collaborative or federated approach which we believe we need for the continued shift to e-government in Australia. In particular on the part of NOIE there has also been a renewed acceptance that there are many paths to government service delivery, not just the online channel.

[slide] Hence we come to the telephone. For the commonwealth a major path or channel for its services has been the telephone. Within the last decade, phone, or “call” as it’s generally called in the trade, has become a major service delivery channel for our customers. It’s in fact the major service delivery channel for business users of commonwealth services.

It’s also important not to be distracted by how long Alexander Graham Bell’s invention has been around. The current form of service delivered by government over the telephone could not happen without exactly the same ICT tools which have fuelled the growth of the web. In the commonwealth’s case, this has also been a service revolution that has been entirely steered at agency level. There has been no grand government telephone strategy, certainly no equivalent
of the Government Online Strategy. Until this year in particular, I have to admit, there hasn’t been a great deal of interest in that particular channel from NOIE as an organisation.

[slide] So why has the commonwealth government and Australia generally turned to telephones?

Efficiency has been a key factor, as agencies have been forced to deliver new programs, in particular the big-ticket items of the new taxation system, and new approaches to welfare and employment, at a reduced cost, or at least not at an increased cost. Call centre operations, telephone generally, are much cheaper than counter services, and in Australia much cheaper than having a very broad network of counter services.

There are also other factors involved. Telephones, fixed line anyway, and I will differentiate between fixed line and mobile services, are pretty well universal in Australian households and businesses. We have a very deep penetration of the telephone, so it’s a channel that can reach everyone and everyone has access to it. Bandwidth isn’t a problem either as you can deliver voice over the scratchiest of copper wires strung in the outback.

Call also benefits government by centralising a lot of the issues that can affect service delivery. Interpretation of rules, decision making, training, complaint handling – all this can be centralised and these can be some of the issues that dog more decentralised channels, even counter services.

There are other advantages. New services can be rolled out very quickly and I’ll give some examples of that later in the presentation.

It offers equity to the customers, both because of its availability and because you can provide other forms of equity through the telephone service as well. You can provide for disabled people, you can also provide alternative language services quite easily.

It also has the human factor, which is very important in the Australian government context. You have trained customer service operators who can exercise intuition, knowledge, interpretation and skill, which in many ways makes it an ideal service channel for very complex targeted programs.

[slide] Telephone has become a very large service medium for government – and I have to keep the surprise out of my face because, being new to this, every time we see a statistic we say “Gee whiz!” because there seems to be an awful lot of business handled over the telephone. But just how big call has become for the commonwealth government is illustrated by the statistic here. It’s a large figure even by world standards and it’s even more impressive still when you factor in the transactional nature of the service and the relatively low population base that we’re talking about.

The agency referred to on this slide is Centrelink and I say hello to my Centrelink colleagues here. I promised them that I would say very nice things about Centrelink.

Centrelink has 27 call centres networked across Australia. It has 4,000 staff working in them and it deals with a very large volume of the inbound calls that government deals with. In some ways, its counterpart in terms of business delivery, the Australian Taxation Office (ATO), is even more phone oriented than Centrelink. The ATO in fact no longer advertises physical
locations. If you need to see the tax office in person they will call you and tell you where to
turn up and hopefully if it all goes well you will appear at the other end.

[slide] Information and communications technology plays a major enabling role in the
telephone channel and telephone has also, in Australia anyway, spurred development in the
area of interactive voice response and natural language recognition and networking. The
computing requirements of distributed call operations such as those run by Centrelink have also
been a major driver for the upgrading of bandwidth by Australia’s major telecommunications
 carriers. This has been an incidental benefit of the use of telephone services by government
which has also benefited citizens directly by making it easier for them to access the internet in
many regional areas.

There are always unintended consequences when you have a dominant service channel and for
the Australian government this has included the issues that are mentioned on this slide.

There is potentially a distortion of investment by government into the dominant channel. There
is also an element of political rigidity about the solution. Every community that has had other
forms of industry removed or that is looking for an employment area wants a call centre and I
guess they are a very popular piece of government infrastructure to roll out to areas such as
that. So everybody wants a call centre and once it is established in an area it could literally be
worth the local politician’s job to try to get rid of it or change it.

Now these factors can lead, I think, to some fairly lazy thinking in the way that service delivery
is undertaken. In many cases, if government requires a new program the answer seems almost
to be automatic: you open a new hotline or you develop a new telephone service. It’s extremely
popular as a quick fix for problems – not without some justification, as you will see in a
moment.

[slide] I would also like to talk a little about the intermediation problem, which is about putting
the human between the customer and the desired service outcome. This certainly helps make
call centre operations work and it’s one of the chief advantages of the medium. But it can also
be a drawback, for the reasons which are raised here, and also because it can encourage a
mindset that doubts the customer’s capacity for self-service.

Call centre environments are also not always the best testing ground for good online
application design, as the program tends to be protected from real-world shocks. The analogy I
would draw here is that it is a little like designing a car, in the knowledge that if it breaks down
your expert pit crew is going to leap out of roadside bushes and fix the problem.

[slide] So there are some drawbacks and there are some vulnerabilities to the government’s
reliance on call centre operations.

It is cheaper than counter services but it’s still fairly expensive in the scheme of things. In
particular you need to have the infrastructure capacity and you also need a lot of highly trained
people to make it work. Here again this is where perhaps the government use of telephone
operations in Australia is quite different from the private sector operation. Most of it involves
the making of decisions, the imposition of rules or the granting of benefits. Mostly it needs to
be done by people who have a very good background in understanding those government rules
and applying them.
It also doesn’t deal tremendously well with government’s own self-created handicap of requiring regular returns or reporting for many of its programs, particularly in the area of taxation. This is the problem we talk about in terms of the “peaks and troughs” phenomenon. This means that at busy times of the year when everybody is required to report your call centre operation standards tend to drop off. At less busy times what tends to happen is that you may well be employing too many people. So it’s very difficult to balance the services and it’s not just a question of hiring a few more people to answer telephones because there is a fairly intensive training process involved.

It also tends to be too popular with politicians and it’s just as hard to change the mix in terms of the location of your call centres, the staff numbers, etc as counter services are, so it’s not a great improvement in terms of flexibility.

And it’s what I would describe as the 900-pound gorilla in the government’s cupboard. It just keeps growing. This compound growth rate of demand figure of 11% pa is taken directly from Centrelink’s operations but from what we have seen during our review process it applies fairly well across government. There is an enormous and continuing demand for more of this kind of operation.

[slide] How do we know all of this? Well, NOIE now has a much better idea of what’s going on in the telephone channel because earlier this year the agency was asked by the Prime Minister and Treasurer to review the provision of services and information to the business sector. This was spurred by service complaints that arose out of the implementation of the new tax system and goods and services tax which was mentioned earlier.

We have worked in the review process with the key stakeholder agencies, in particular with the Taxation Office, with Centrelink, with the Department of Industry and various other players who deliver services to business. We have used this opportunity not just to look at telephone services to business but also to explore some of the issues involved in adopting a channel management approach.

A key element of the review has been a direct survey of businesses, focusing on what small to medium enterprises, ie businesses that employ fewer than 20 people. I guess there is a feeling in government that larger organisations are more capable of dealing with information problems, regardless of where they come from, so we have been looking at the sector of business that has the most difficulty in providing the resources to access government information and services.

And what have we learnt?

[slide] We have learnt many things from this review; some have been rich and some of them I have already touched on in terms of our better understanding of how the channel is used. In many ways the flexibility of call centre operations was an eye opener for someone such as myself who has a background in online services, and I have for example worked extensively with the commonwealth government’s entry point programs such as fed.gov.au and australia.gov.au.

By flexibility I mean how quickly call centre operations can be adjusted to new programs or to environmental considerations. As an example of that I will use something that happened towards the end of last year. One of our major airlines, Ansett Airlines, collapsed very
suddenly one Friday. By the next day, Centrelink, the commonwealth government’s major service delivery organisation, was able to have a special telephone service available so that Ansett employees could gain immediate access to welfare benefits. Possibly the fact that there was an election campaign going on at the same time had something to do with the speed of the government’s reaction, but it is an example of how quickly you can get something up and running.

More recently, and perhaps more sadly, our Foreign Affairs Department was also able to respond very rapidly to the tragedy in Bali, by establishing a helpline for the relatives of those who had been involved.

Our learnings also involved re-thinking many of our preconceptions about our business customers. We found indeed that many of the preconceptions were wide of the mark. Business users in fact had a very sophisticated understanding of who in government was delivering what. What was thought to be the major problem when the review was initiated - that the users of government services didn’t know whom to talk to, where to find the services, were confused about who was offering what - didn’t turn out to be very much of a problem at all. In fact, as I said, there was a very high recognition of who was involved in what. Generally, people or businesses who were surveyed were able to very accurately identify whom they dealt with, what service they were accessing and how they went about getting it.

What we did find however was that most of the problems revolved around those individual services. Users want a quality, they want a timeliness of response, and they don’t want to wait too long at the end of a telephone queue.

[slide] As a result of the review and the survey we also have some very useful information on what our customers are doing to join up the separate channels of government information, and in many ways they are ahead of the game – at least ahead of our government.

The review showed a very strong correlation between prior web use and subsequent telephone contact. More than half of the survey sample of businesses that had used a government hotline, first used the relevant agency website. We are not quite sure, because the survey wasn’t able to go into so much detail, precisely what they did when they visited that website, but it was useful for us to know that in most cases our customers were accessing the online channel before they used the telephone channel.

There are clearly opportunities to use this information, both to divert demand from telephone, which is becoming an increasing issue for government as the size of that particular channel grows, but also to improve the quality of any subsequent telephone calls that still need to be made. Thus there are two elements to using this information. We can provide more services online and thereby hopefully remove the need for the telephone call. But if the telephone call is still needed then there is an opportunity to make it a better quality interaction between the agency and the customer.

We also found in the course of the review a number of agencies that were already taking advantage of the interrelationships between channels to improve their service delivery, and I mention Centrelink as a “best practice” example.
Centrelink uses feedback from its customer service operators in telephone call centres to identify the difficulties that customers are having with online information. Customers will often start a conversation by saying, “I was looking for this on your website but I couldn’t find it. Where is it?” Centrelink is able to use this feedback to channel back to improvements to the way that their website is structured. They also use it to refine that most notorious and enigmatic of communications channels from government (and perhaps the most old-fashioned), the letter. Letters seem to generate more calls to government seeking clarification than any other form of communication. One is tempted to conclude that the most useful letter to government clients in most cases would simply be one that said, “Call this number, we want to talk to you.” It’s extremely difficult to write a clear, precise letter to your clients.

Another very good example of an agency taking advantage of multiple channels of delivery is the Department of Workplace Relations which has recently overhauled both its ‘wage net’ website and ‘wage link’ telephone service. These are online and telephone services which provide wage-related information to employers so that they know what the entitlements of their employees will be.

Workplace Relations now allows employers to submit queries by e-mail. These can then be answered in a number of mediums in return. There is a fax-back service, there can be a return e-mail, or quite frequently it’s easiest to answer an e-mail with a return telephone call, because telephone calls tend to close off the query or the transaction much more easily than these other channels.

In doing this, in going to a multi-channel strategy, Workplace Relations has seen a significant drop in the number of direct telephone calls to the wage net line and it has also incidentally reaped benefits by more efficiently utilising the downtime of its call centre operators, to process requests via these other channels. So it’s getting a very high utilisation rate over the investment that it has put in to training people.

[slide] Where do we go from here?

We have found very strong evidence from these agency examples that the adoption of channel management principles would help to better guide government investment in service capacity; also that a number of actions which are listed here should flow from this adoption of channel management principles. There are smarter ways in which we can spread the value of our ICT investment.

[slide] In terms of issues for future work, our current and projected services are totally dependent on ICT. This isn’t always clearly understood by the policy developers and the service designers alike, and service providers are not always given the opportunity, nor indeed have the incentive, to suggest innovative and different approaches to service delivery early in the policy development process.

Working together towards a more holistic process, joining up the policy end and the service delivery end, can potentially deliver considerable benefits and also speed innovation within government in regard to what we’re talking about here today, and particularly speed the adoption of the online channel.
Channel management also isn’t going to mean simply replicating everything across many channels. Our government couldn’t sustain this financially and in any case it represents a diversion of resources away from the end users. It is one of those trade-off issues: how much money do you want to provide to your end users, how much money do you want to put into the service delivery layer that gets it there. Government is not necessarily in the business, as private enterprise is, of growing its customer base. We have a finite number of customers. If you’re delivering to them through one channel, then you have a certain amount of investment. If you’re doing it through two, three or four channels, then the investment tends to grow but you still have the same customer base. So there are efficiency questions which need to be considered.

I should also like to leave you with some concluding thoughts about where this exercise has got us to in Australia.

The government is playing catch-up because our customers already want to integrate across channels and we already have a lot of evidence, particularly from this review, that this is precisely what they’re doing in their offices. They are sitting there using their telephone while they have the particular agency website up on the screen, so they can pretty well see what the call centre operator sees as well.

We are also learning to exercise considerable caution in exporting some of our previous web-based thinking – which sounds odd, because NOIE has been in the web business longer than it’s been looking at the other channels, but that’s the case.

We are learning to exercise caution in exporting that thinking back to other channels. We need to respect the unique attributes or affordances of each of these channels when services are designed. There are some things that you can do online that you cannot do through the telephone channel and counter services.

We have also gained a much better understanding of what one particular group of our customers wants and perhaps how we can develop incentives to make them better users of online services. We have a great opportunity here. We know that potentially 60% to 70% of them are online before they use the telephone. If we can do something in that space to make it a better experience for them and to also provide better services for them.

Finally the review has raised some questions about some of the orthodoxies of government structure and government policy in programs in this day and age. The model that the commonwealth government has is one which was adopted in an era of efficiency-driven reform, based on the devolution of resources down to agency level. This model will probably need a re-think – certainly a re-think at minimum – if we’re going to move into an era of integrated services.

To achieve the full benefits of the new capabilities which ICT is offering us we are probably going to have to move away, as I said, from the current model of the budget being developed at agency level towards a model that is going to provide the opportunity for our government to spread investment in ICT across agencies for whole-of-government benefit.

We are also going to have to look at what we call the purchaser/provider divide, where government is divided into policy agencies and service delivery agencies. We will at least need
to provide bridges across that gap if we are going to get the policy development people and the service delivery people together; to be able to innovate and not simply to provide services along the lines that we have always used, and in this case to break out, if you like, the current use of telephone towards a more balanced situation, in particular to make better use of the online environment.

At this point I would ask if there are any questions.

Questions

Michelle d’Auray, Canada: Would you ever re-think then of joining Centrelink back up to the department?

Stephen Allen: That’s an issue which I guess is something for government to think about at a higher level. There have recently been some reviews of the way that welfare, and in particular employment services, is delivered by the Australian government.

One of the directions coming out of that is a desire to ensure, first of all, that there is a direct relationship between the funding that Centrelink gets and its performance, and also to provide the opportunity for agencies to seek services elsewhere. That actually is a recommendation from that particular review which government is a bit agnostic about. There are obviously a lot of advantages in having a single face to government but it is a question that is being thought about at the moment.

Keith Thurston: At this time we have a minute or so to take any general questions that you might have for the panel. If not, then I picked up on a couple of things that I’d like to ask each of the panellists to comment on quickly.

One is that Stephen Allen mentioned the issue of the separation of policy and service delivery. Obviously when you go to one-stop shopping or integrated service delivery it kind of walks you towards that issue.

Could I have each of the panellists’ thinking on that or what their country may be thinking along those lines – starting with Denmark.

Yih-Jeou Wang, Denmark: I think it is important to see the questions as a whole, to see the solutions and the policy build-up on the solutions as a whole. That’s the way we have been pursuing since 1994, to build a policy framework in order to have some goals stated as public policy and also to have this framework as a guideline for development throughout all the government agencies and different ministries.

Yitshak Cohen, Israel: The Israeli government has one strategic planning infrastructure system for all the agencies. It provides the citizens with a one-stop shop service to the public sector through the internet and we also have some 100 centres to help the people who do not have computers and the internet with call centres.

Keith Thurston: Is there any serious consideration for actually separating those functions?
Stephen Allen: As many of you would be aware, at commonwealth government level we have some separation. We do have a major service delivery agency, Centrelink, which delivers services on behalf of a number of agencies. Although it was originally intended to be a one-stop shop, there are still other agencies which deliver their own services or deliver through other mediums. I think this is an issue where the government continues to re-think what the mix ought to be for the future. It was very interesting through the process of the business hotline’s review, that each of the agencies that was still involved in its own call centre operations continued to see service delivery as a core function of that agency. They didn’t really feel that it was something that could be separated out and should be thought of entirely differently from the policy end of the process.

It was also interesting to see that they were prepared to mix up the final service delivery. Many of the agencies in the commonwealth operate their own call centres and the employees are public servants, mostly for reasons to do with the particular legislation concerning programs. You have to be a public servant to make decisions and to make rulings, for example, about taxation issues. Others were quite happy to accept that final layer of service delivery from the private sector and had outsourced. So it tends to be a bit of a “horses for courses” issue for our government. My own feeling is that over the next four or five years we are going to see some change in that mix but we are not necessarily going to see a radical change in the way that it is delivered.

Keith Thurston: In the US government I can say that we are going down the path of providing store fronts and integrated delivery on a web basis but there is no serious discussion about pulling out the other channels of service delivery from those functions that are responsible for it.