

## Senate Standing Committee on Economics

### ANSWERS TO QUESTIONS ON NOTICE

#### Treasury Portfolio

#### Supplementary Budget Estimates

18 October 2012

**Question:** SBT 180-192

**Topic:** Call centres (ATO)

**Hansard Page:** Written

**Senator CAMERON asked:**

180. Has the ATO recently entered into a contracts for the provision of contact call centre services with Serco and Stellar for \$217million over 5 years; and with a third contractor, Datacom for an unspecified amount?
181. Why have these outsourcing arrangements been considerably expanded at a time when federal government agencies are being directed to reduce the use of contractors; and staff in other areas of the ATO are being made redundant?
182. What commitments have been made by ATO about the amount (volume) of work to be provided?
183. What obligation rests with the ATO to maintain that level of work if the demand reduces?
184. Will the ATO have to retrench current staff to meet its contractual obligations if demand reduces?
185. What are the anticipated calls numbers that will be handled by these providers?
186. How are the privacy and data security issues of Australian taxpayers accessing these services guaranteed?
187. Are the staff operating this service subject to the same requirements in relation to taxpayer confidentiality; browsing and quality of advice as ATO staff?
188. Do these labour hire staff receive the same level and quantity of training as ATO staff?
189. What arrangements have been made to ensure that these staff have access to good faith bargaining arrangements and genuine access to freedom of association?
190. What industrial instruments will apply to staff in these centres? How do those conditions compare to those of ATO staff doing the same work? (NB An ATO employee performing this work will earn a base salary of \$56,265 p.a.)
191. Are Australian taxpayers made aware that their enquiry is not being handled by a Public Servant in the ATO when their calls go to these centres?
192. Are Australian taxpayers aware that their confidential taxation and financial details are being provided to non-APS workers and firms?

**Answer:**

- 180.** Yes, the ATO has recently entered into contracts with Serco and Stellar, to the value of \$217 million, over five years. A third contractor, Datacom has been awarded a standing deed. This means they will not manage any work initially but may be called upon in the future if it is required. Details of these contracts are available on tenders.gov.au.
- 181.** ATO contact centres face significant challenges to manage the seasonality of ATO work. Historically, the ATO recruited a large number of temporary staff including labour hire and casuals to manage seasonal peaks. This approach resulted in the ATO bearing significant and repeated costs to recruit,

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train and manage this temporary workforce. By refreshing its outsource contact centre arrangements and outsourcing the majority of the workload peaks, the costs associated with this seasonal ramp up will no longer be attributed to the ATO and has been built into the costs for outsource services.

In doing so, the ATO is replacing one type of temporary contracted workforce (that is, labour hire) with another (that is, outsource) that provides a more cost effective, flexible and enduring solution to seasonality challenges. This allows the ATO to continue to provide effective service to the community. The volume of calls handled by temporary labour hire and casual staff during the 2012-13 tax time peak period was approximately 1.56 million. The ATO anticipates the increase in calls to its outsource provider to be approximately 1.44 million calls for same period in 2013-14. The new outsource arrangements will replace the need to recruit any temporary staff to support the 2013-14 Tax Time period as these calls will be handled by outsource providers.

- 182.** The ATO has an agreed per second workload with Stellar and Serco with a combined workload of 1.86 billion seconds for the 2012-13 financial year. This equates to approximately 36% of the workload volume the ATO is forecasting. The volume of work actually received by the ATO may vary, either up or down, from the current forecast. This may be as a result of new policy or transitioning work to alternative channels (for example, online).
- 183.** The contractual framework governing the outsource arrangements provides the ATO absolute discretion to make changes to the work being outsourced in the following ways:
- the volume-dependent pricing structure allows workload volumes to be increased or decreased depending on the ATO's needs
  - the ATO can temporarily or permanently reduce the scope of the work to be outsourced, including specific workload types
  - the ATO can terminate contracts for the convenience of the ATO, a standard mechanism in Commonwealth contracts.

While the ATO has the discretion to make these changes, they may come at a cost, either due to an increased workload cost or compensation to be paid to the provider.

- 184.** The new outsource arrangements replace one type of temporary workforce (that is, labour hire) with another (that is, outsourced). Should its call demand decrease, the ATO will seek to use the flexibility it has created in its contracts before considering any adjustment to current ongoing internal staff.
- 185.** The ATO has an agreed per second workload with Stellar and Serco with a combined workload of 1.86 billion seconds of work for the 2012-13 financial year. This workload contains a large number of high volume, low complexity calls generated through the tax time period. The workload per second agreement allows the ATO to prioritise and vary the call types that are outsourced which can in turn vary the number of calls answered.
- 186.** The ATO operates a fully integrated outsource contact centre in partnership with providers. All ATO systems, policies and procedures are replicated in the outsource environment. The privacy and security of taxpayers is guaranteed by the following conditions:

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- outsource staff must be Australian citizens and are subject to the same pre-employment integrity checks as ATO staff. They receive the same fraud awareness training and are bound by the same privacy, information and data security policy and guidelines as internal staff
- outsource providers must provide contact centre services from their own premises within Australia. These premises are physically secured in the same manner as ATO sites. This is assured by ATO inspectors on a regular basis
- outsource staff use ATO systems to do their jobs and there is no systems interface between ATO and non-ATO systems. As all access and changes to taxpayer records is logged, the ATO can run the same audit and reporting processes as it does with internal staff. Additionally, the ATO locks down systems to limit the ability of supplier staff to print or distribute information
- all calls answered by outsource staff are recorded and stored for five years. Each staff member's calls are assessed as part of the same quality assurance processes that apply to internal ATO staff
- the contracts mandate full compliance with ATO policy and practice. If providers do not comply, the ATO has powers under contract to address breaches including financial remedies, contract termination and removal and prosecution of supplier staff.

**187.** Yes, outsource staff are covered by the same policies as internal ATO staff in relation to the protection of taxpayers' privacy. They receive the same fraud awareness training, are subject to the same system controls and monitoring and can be prosecuted for breaches.

As with internal ATO staff, all calls answered by outsource staff are recorded for quality and coaching purposes. They are subject to the same quality assurance processes as internal staff. This ensures both the quality of information provided to the community and the security of taxpayer records.

Additionally, system controls allow all access and changes to taxpayer records to be tracked and monitored. Internal security and fraud processes monitor for inappropriate access by both internal ATO and outsource staff.

**188.** Yes, outsource staff receive the same training and participate in the same quality and coaching programs as internal ATO staff. This has been reflected in the consistent and comparable quality assurance performance of outsource staff.

**189.** The ATO governs the arrangements between outsource staff and outsource providers through its contracts. The contracts mandate that outsource providers comply with all Australian laws and legislation. This includes compliance to the requirements of the *Fair Work Act 2009* and all associated legislation. Outsource suppliers are required to provide periodic proof of this compliance.

**190.** Currently, outsource staff are subject to a number of industrial instruments including workplace and enterprise agreements as required by the law. Outsource contracts mandate compliance with industrial relations legislation ensuring the working conditions of outsource staff meet Australian standards.

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Outsource providers are contracted on a cost per second rate based on the workload they handle. Other than ensuring compliance with industrial relations law, the ATO does not stipulate, nor enquire, about the specific salary paid to outsource staff. In complying with Australian legal requirements, each outsource provider will pay their staff based on the specific industrial instrument covering their workforce.

- 191.** No. The ATO has expended great effort to ensure there is no disparity between how outsource providers and ATO staff operate. The ATO has set up and manages outsource contact centres to operate in the same way as those internal to the ATO. As outsource staff are bound by the same policies, legislation, and quality controls as internal staff, the ATO considers that it would unnecessarily confuse taxpayers to make them aware of the employment status of the person handling their call.
- 192.** The ATO has been utilising outsource contact centres for over five years. This is a matter of public record. Taxpayer records are not handed over to outsource suppliers. Providers have access to the ATO systems which are monitored by rigorous security controls.