

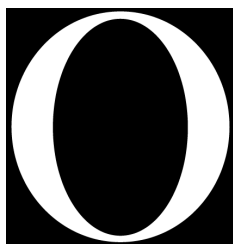


**Commonwealth
and Taxation
Ombudsman**

**Own motion investigation into
Australian Taxation Office (ATO)
complaint handling**

Report under section 15 of the *Ombudsman Act 1976*

July 2003



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Ombudsman

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EXECUTIVE SUMMARY

1. The Commonwealth Ombudsman is also the Taxation Ombudsman. The investigation of complaints is an important aspect of the accountability arrangements that apply to the Australian Taxation Office. The Ombudsman usually asks a person who experiences a problem or difficulty concerning tax administration to contact the ATO. If the matter cannot be resolved at that point the Ombudsman may investigate as a last resort. Hence it is essential that the ATO complaint-handling system is responsive to complainants and able to deal effectively with taxpayers' concerns.
2. This report assesses the ATO's current approach to complaint-handling by both the ATO Business Lines and the ATO's specialist complaints unit, ATO Complaints. I have examined the ATO's progress in implementing the recommendations made in my 1999 interim report, *Complaints Handling in the Australian Taxation Office*, and the ATO's current performance against the criteria of the Ombudsman's *Good Practice Guide for Effective Complaint-handling*.
3. Central to my interim report was the recommendation that the ATO should adopt a consistent system of complaint record-keeping and reporting. Unfortunately, the ATO has made only limited progress towards the development of a consistent complaint management system across the ATO. In part, the ATO has attributed this delay to the extraordinary demands placed upon it by the introduction of the new tax system. I also note that the ATO is currently actively considering the move to a single ATO-wide complaint-handling system, and I have recommended that this be implemented as soon as practicable.
4. I have also made a number of recommendations in relation to how I believe the ATO might benefit from the introduction of a relationship-management approach to complaint-handling. In particular, I have recommended that the ATO develop a best practice strategy for improving its relationship with taxpayers within the complaints context. I have suggested that, in developing such a strategy, the Commissioner of Taxation consider the role of key client management and alternative dispute resolution within, or alongside, the role of complaint-handling.
5. I also note the ATO's past poor performance against some of those of its Charter service standards that most directly relate to complaints, and have recommended that the ATO further investigate the reasons behind this past poor performance. I have repeated my earlier recommendation that the ATO develop a flexible service standard for the resolution of a complaint.

6. In all, I have made six recommendations, as follows:

- R1. That the ATO develop a strategy for implementing best practice “relationship management” within complaint–handling across the ATO, including the:**
- **further development of a complaint–handling process that incorporates elements of key client management; and**
 - **further development of Alternative Dispute Resolution as an element of, or in partnership with, ATO complaint–handling.**
- R2. That ATO Complaints and the Business Lines collaborate to further develop a:**
- **system of alerts for possible future complaints, whereby Business Lines are responsible for informing ATO Complaints of the likelihood of any significant increase in future complaints from any new or revised operations;**
 - **more co-operative approach to dealing with systemic issues raised by complaints, including a central point for the follow-up of significant systemic matters; and**
 - **quality assurance strategy for complaint–handling at all levels, including consideration of random performance audits.**
- R3. That the ATO adopt a consistent complaint-recording system, capable of tracking complaints, as soon as practicable.**
- R4. That the ATO should investigate the past poor performance and more recent improvement in relation to correction of administrative or clerical errors to determine what action, if any, is required to ensure more effective complaint resolution.**
- R5. That all Business Line staff be reminded of the importance of promptly responding to complainants, consistent with the ATO’s service standards and commitment to an effective complaint–handling system.**
- R6. That the ATO develop service standards in relation to complaint resolution, including provision for an extension of time where warranted.**

7. In relation to the *Good Practice* criteria, my investigation has highlighted both strengths and weaknesses in the ATO’s approach to complaint–handling. I have made no recommendations in response to this, but have suggested a number of ways in which ATO performance against the *Good Practice* criteria might be improved. These are:

- providing complainants with detailed particulars of the steps taken to resolve their complaints;
- providing complainants with better explanations of the reasons behind decisions;
- providing complainants with an opportunity to provide any additional information or comments prior to the finalisation of a complaint;
- development of an on-line complaint form;
- full contact details for ATO Complaints in *TaxPack*;
- developing and maintaining a centralised database for systemic issues; and
- reinstating the Officer ID policy.

PART 1: THE INVESTIGATION

Background

1.01 In 1993, the Joint Committee of Public Accounts issued *An Assessment of Tax*, a report on an inquiry into the Australian Taxation Office (ATO) that recommended the establishment of a charter of rights for taxpayers. In December 1996, the Australian National Audit Office, in a report on client service in the ATO, recommended that the ATO implement an effective complaint–handling service.

1.02 The ATO responded to both reports by developing the Taxpayers' Charter, setting out taxpayers' rights and obligations and a statement as to the service statements that taxpayers should reasonably expect from the ATO.

1.03 An integral part of these new developments was the establishment of the Problem Resolution Service (PRS) as an approachable and helpful internal complaint–handling service, operating independently from the ATO's main business areas (the Business Lines). In 2001, the PRS changed its name to ATO Complaints.

1.04 Between 1997 and 1999, as part of a systematic review of agency internal complaint–handling mechanisms, my office conducted an investigation into the operation of the PRS. The rationale behind that review process was that good complaint–handling is an integral part of good public administration.

1.05 The Commonwealth Ombudsman is also the Taxation Ombudsman. The Ombudsman's role in relation to the Australian Taxation Office (ATO) is to deal with complaints impartially and effectively; to investigate complaints where appropriate; and to seek fair outcomes, appropriate remedies and to more generally promote improved administration.

1.06 People who experience a problem or difficulty concerning tax administration should generally first contact the ATO. If the issue cannot be resolved at that point the Ombudsman may become involved. Hence, the Ombudsman acts as an agency of last resort in handling those complaints.

1.07 Within this framework of handling complaints, it is essential that the ATO's complaint–handling arrangements are the best that they can be. For the Ombudsman to refer taxpayers seeking to have their concerns addressed to the ATO, the Ombudsman and taxpayers must have full confidence that the ATO's complaint–handling system is responsive and can deal effectively with complaints.

1.08 In July 1999, I provided to the Commissioner of Taxation my interim report, entitled *Complaints Handling in the Australian Taxation Office (Interim Report)*. The report provided an overview of the complaint–handling arrangements the ATO had in place, and offered seven broad recommendations. In my covering letter to the Commissioner for Taxation of 9 July 1999, I noted my intention to 're-examine the [ATO complaint–handling] arrangements in more depth and from a wider perspective'.

Scope

1.09 The ‘wider perspective’ I referred to in 1999 was the need to assess not only the PRS, but also the ATO Business Lines, who deal with the great majority of complaints. The object of our current investigation was to examine both the ATO Complaints’ and Business Lines’ complaint–handling practices and procedures, as measured against the recommendations of my *Interim Report* and *Good Practice Guide*,¹ and the interaction between ATO Complaints and the Business Lines as part of the ATO’s overall complaint–handling mechanism.

1.10 Of particular concern was the role of ATO Complaints in co-ordinating and monitoring ATO complaint–handling, and especially in identifying systemic issues in order to improve the overall level of service provided to Australian taxpayers by the ATO (in line with recommendation 2 of my *Interim Report*).

Methodology

1.11 To date, the investigation has involved:

- examination of complaints about the ATO received by my office;
- analysis of ATO Complaints and Business Line complaint–handling documentation, guidelines and training material;
- examination of a sample of ATO Complaints and Business Line complaint records covering all levels of complaint;
- discussions with the Assistant Commissioner and other staff of ATO Complaints; discussions with the relevant Business Line staff (generally members of the ATO Complaints Network); attendance at meetings of the Complaints Forum; attendance at the ATO Production (ATOP) Complaints Conference (6 February 2002);
- assessment of ATO guidelines and practice against the recommendations of my 1999 *Interim Report* and the *Good Practice Guide*;
- consideration of the Commissioner of Taxation’s response to my preliminary views (as provided in a draft paper); and
- further discussions with senior ATO officers in relation to my draft paper.

¹ Commonwealth Ombudsman, *A Good Practice Guide for Effective Complaint–handling*, (2nd Edn), Canberra, 1999.

PART 2: ATO PERFORMANCE AGAINST THE INTERIM REPORT

2.01 I made seven broad recommendations in my 1999 *Interim Report*.² I have set these recommendations out below, arranged under thematic headings, for discussion of what progress the ATO has made in implementing the recommendations, as well as for discussion of their effectiveness. I have also noted any new issues arising under those headings and have made recommendations accordingly.

The Strategic Role of ATO Complaints

1999 Recommendation 1: The ATO should reinforce the developing role of [ATO Complaints] in relation to strategic improvement of complaints handling, including relationship building and cultural change.

1999 Recommendation 2: [ATO Complaints] role should encompass the following co-ordinated management functions:

- *Monitoring the quality of complaints handling at all levels;*
- *Analysing all complaints data to identify trends and systemic issues; and*
- *Assisting the [Business Lines] in developing solutions to systemic issues, so as to maximise the value to the ATO of regular analysis of complaints information.*

2.02 My 1999 report noted that ATO Complaints did not handle as many complaints as was initially envisaged, but had rather moved towards ‘an educative function, helping the Business Lines to understand the value of complaints and assisting them to manage complaints and report appropriately on them’.³

2.03 My office supported these developments, and my 1999 report recommended that the ATO continue to reinforce the more strategic role of ATO Complaints.

2.04 In particular, I recognised that ATO Complaints had an important role to play in building effective relationships between the ATO and taxpayers and in bringing about effective cultural change within the ATO, and recommended that this role be reinforced within the ATO. In my view, an emphasis on relationship management is central to effective complaint–handling. I also outlined three areas that I believed ATO Complaints should manage: quality assurance of all ATO complaint–handling; analysis of trends and systemic issues; and assisting Business Lines in dealing with systemic issues.

² See 1.08 above.

³ Commonwealth Ombudsman, “Complaints Handling in the Australian Taxation Office: Interim Report”, July 1999, p.9.

Relationship Building and Cultural Change

ATO Complaints and Relationship Building

2.05 The 1999 Interim Report noted that the relationship between the ATO and taxpayers often had an impact on the nature and incidence of taxpayer complaints. I recommended that ATO Complaints had an important role to play in encouraging the ATO to use complaint–handling as an integral part of its overall relationship–management strategy.

2.06 The relationship between the taxpayer and the ATO is defined by the Taxpayers' Charter, which 'sets out the way the Tax Office conducts its dealings with [the taxpayer]', and 'helps set in place the relationship we [the ATO] seek with the community in performing our task'.⁴ The Charter does this by outlining a set of principles and standards to which the ATO is committed in its dealings with taxpayers.

2.07 In particular, the ATO is committed to:

- informing taxpayers of their rights, obligations and entitlements under the law;
- fair treatment of taxpayers and the fair and professional use of the ATO's powers;
- treating taxpayers as individuals and recognising a taxpayer's individual circumstances;
- providing high levels of service and support to taxpayers; and
- treating complaints seriously and learning from them.

These Charter commitments are supported by service standards, which set out what level of service taxpayers can expect in their dealings with the ATO.

2.08 The Taxpayers' Charter has been widely accepted amongst taxpayers as a useful and informative document upon which they can rely to measure ATO performance.

2.09 Since 1999, the Taxpayers' Charter and the importance of maintaining good relations with the taxpayer – “relationship management” – have become key planks in ATO training and rhetoric, with ATO Complaints and the Complaints Network among the Business Lines having played an important role in supporting and promoting both.

2.10 For example, an induction course for new ATO officers run by ATO Complaints stresses the importance of “living the Charter” – that is, encouraging officers to see the Charter as informing every aspect of their work.⁵ Similarly, all training in relation to complaint–handling encourages officers to see the restoration of a potentially damaged relationship with the taxpayer as one of the primary objectives of good complaint–handling.⁶

⁴ *The Taxpayers' Charter*, pp.4-5.

⁵ Australian Taxation Office, “A Framework for Community Confidence”, PowerPoint presentation used by PRS staff during induction of new ATO staff.

⁶ See for example, Australian Taxation Office, “A Framework for Community Confidence”, PowerPoint presentation used by PRS staff during induction of new ATO staff; ATO Intranet Complaint Management site; Australian Taxation Office (Individual Non-Business, Client Complaints Network), *Procedures for Stream Co-ordinators*, 10 May 2001, p.4.

2.11 However, it is clear that the reception of the Taxpayers' Charter within the ATO has not been consistent, with some officers and areas – even those where “relationship management” is central to the function of the group – still having some way to go before they can be described as effectively “living the Charter”.

2.12 For example, the ATO Complaints Assurance report for January to June 2000 noted that ‘the ATO still has a way to go in improving the way we provide basic services to clients despite several attempts in the last two years to address client impact more systematically’.⁷ In its response to my preliminary views, the ATO informed me that failure to deliver service in accordance with service standards continues to be one of the principal causes of complaint.

2.13 That there is room for improved relationship-management within ATO complaint-handling would seem to be confirmed by ATO complaint statistics, which indicate that more than two-thirds of the complaints managed and resolved by ATO Complaints last financial year were either fully or partially upheld. This suggests that almost two-thirds of complaints that escalate to ATO Complaints could have been resolved at an earlier stage by a Business Line complaint resolver. Although I acknowledge that these represent only a relatively small proportion of complaints overall (approximately 5%), I would suggest that a complaint-handling system that was better informed by the concept of relationship-management would not allow so many complaints to escalate unnecessarily.

2.14 Another matter that arises out of this consideration of “relationship management” is the possible role of Alternative Dispute Resolution (ADR) within, or alongside, the ATO's internal complaint system. In many complaints to this office and those identified during our examination of ATO complaint records, it is clear that the ATO's relationship with the taxpayer has deteriorated – sometimes considerably – while ever the complaint remains unresolved, and often beyond. In some cases the taxpayers have become significantly alienated from the Tax Office.

2.15 ADR aims to resolve disputes while enhancing the existing relationships. I understand that the ATO has developed a policy in relation to the possible uses of ADR within ATO operations, although there have been relatively few instances of its application in practice. I believe that there is considerable scope to further develop and apply this policy in relation to ATO complaint-handling.

2.16 An ATO Complaints report of 2001 noted that, although there had been considerable improvement in complaint-handling across the ATO, there was a risk that the complex structure of the organisation itself interfered with the taxpayer's ability to have his or her complaint resolved, and was accordingly damaging the ATO's relationship with the taxpayer:

We are concerned that with the current business line structure that the onus of how a taxpayer gets their issue dealt with by the ATO rests with the taxpayer as opposed to the ATO taking responsibility for client ownership. Or in other words, the taxpayer should not need to understand the internal structure of the ATO to get their matter dealt with.⁸

⁷ Australian Taxation Office, *Complaints Assurance Report, January to June 2000*, p.1.

⁸ Australian Taxation Office, *Taxpayer Complaints Assurance Report, Jan to June 2001*, p.2.

2.17 When dealing with individual complaints, the tendency within the ATO has been to treat the taxpayer as a disjointed collection of his or her taxable parts. For example, a taxpayer might well be liable for income tax, the superannuation surcharge, fringe benefits tax and PAYG, as well as having a HECS debt and an existing tax debt which is being repaid under a payment arrangement. Collectively, these can be seen as separate aspects of the taxpayer’s relationship with the ATO. A change to the taxpayer’s individual circumstances, or changes to some part of the tax system, may have a separate and different impact on each of these aspects of the taxpayer’s relationship with the ATO. If a taxpayer complains about any one of these aspects, he or she expects the ATO to take a comprehensive approach – that is, to consider how any change will impact upon each of the other aspects and on the relationship as a whole, and to take action, make decisions, or provide advice accordingly.

2.18 From the record of complaint to this office, and indeed from the ATO’s own record of complaint, it would seem that the Tax Office has not always been able to deliver this comprehensive complaint service. In the example above, only rarely would one tax officer be across, or even able to identify, the different aspects of the taxpayer’s complaint. Given the nature and complexity of tax law, this is hardly surprising. However, in my view, such a situation can all too easily lead to delay, inconsistent advice, and the failure to address all of the complaint issues raised.

2.19 By contrast, it should be noted that some areas within the ATO are organised directly around the management of more comprehensive relationships with particular classes of taxpayer. I believe examination of the approaches employed by these areas could provide useful lessons for the application of elements of “relationship management” to ATO complaint–handling.

2.20 Most notable is the work of the Large Business and International Business Line (LB&I), which deals with “large” taxpayers (that is, groups/enterprises with a turnover greater than \$100 million). To better manage its relationships, LB&I has developed a “market stratification strategy”, which identifies key clients, each of whom is supported by a Key Client Manager on a one-to-one or one-to-several basis. Non-key clients are supported by the relevant LB&I segment team. LB&I is currently working with Small Business (SB) to develop a “Middle Market Strategy” for clients in the \$10 million to \$100 million range.

2.21 In practice, LB&I has a role in relation to all of their clients’ interactions with the ATO, including those that relate to other Business Line activities (such as BAS processing, or payments of refunds). Where the client complains about action that is the responsibility of another Business Line, the relevant LB&I group or key client manager will refer the complaint to the relevant Business Line, and, to some extent, case manage resolution of that complaint.

2.22 Another similar functional grouping within the ATO is the Tax Practitioner Group within Personal Tax (PTax), which provides a dedicated and focused point of access for Tax Agents. There is within the group a Complex Case Resolution Service to assist with the resolution of complex complaints raised by Tax Agents. Similarly, the Complex Activity Statement Team within ATO Production Management (ATOP) works to case manage difficult BAS and IAS cases through the ATO systems. Superannuation (SPR) also apply a “key client” strategy with respect to the large superannuation funds and other key superannuation organisations.

2.23 In my view, there is scope for the Commissioner to consider whether elements of these “relationship management” approaches might be used to develop a best practice model that could be applied more broadly to complaint–handling throughout the ATO. I understand that the ATO is currently exploring options in relation to adopting a Client Relationship Management system across the ATO. I would encourage the Commissioner to consider how such a system might also assist in providing a more comprehensive complaint management system than that which currently exists.

ATO Complaints and Cultural Change

2.24 In 1999, I recommended that, alongside relationship building, the then PRS could play a strategic role in effecting cultural change within the organisation.

2.25 In May 1999, the Commissioner of Taxation launched “A New Tax Office for a New Tax System”. This new office was to combine both the traditional role of “protecting the revenue” with a more extensive role in assisting taxpayers to meet their obligations under the self-assessment system and within the rapidly changing environment of tax reform.

2.26 Some areas of the ATO – generally those more closely connected with tax reform and the New Tax System – have quickly adapted to the new style and focus on customer service, whilst other, often more traditional areas of the ATO, appear to have been slower to adopt this approach. In its final report into mass-marketed tax effective schemes (in February 2002), the Senate Economics References Committee referred to ‘tensions between an older regulatory culture of enforcement and deterrence, and a newer culture of cooperation and dialogue in the ATO’.⁹

2.27 Increasingly, the ATO has become aware of the need to better manage communication within the organisation – particularly in relation to improving communication between Business Lines – as a means of improving its ability to effectively respond to the needs of taxpayers.

2.28 With specific reference to complaint–handling, it is encouraging to see the operation of the ATO Complaints Forum – a regular meeting of ATO Complaint Co-ordinators (Business Lines and ATO Complaints). The openness of the discussions and free exchange of views, the debate about new ideas and processes, and the passing of information about different aspects of ATO operations, makes the Forum a useful model for cross-Business Line communication. All Business Lines should recognise the intrinsic value of regular and appropriate attendance at Forum meetings.

2.29 In 1999, I recommended that ATO Complaints could play a strategic role in relation to effecting cultural change within the organisation. I now believe that the sort of culture change required here goes well beyond the ability and resources of ATO Complaints. In this sense, it is encouraging to see that the ATO has created a Business Line to focus on ATO relations – internal and external – of which ATO Complaints forms a part.

⁹ Parliament of the Commonwealth of Australia, *Inquiry into Mass Marketed Tax Effective Schemes and Investor Protection: Final Report of the Senate Economics References Committee*, February 2002, p.23.

R1. Recommendation

That the ATO develop a strategy for implementing best practice “relationship management” within complaint–handling across the ATO, including the:

- **further development of a complaint–handling process that incorporates elements of key client management; and**
- **further development of Alternative Dispute Resolution as an element of, or in partnership with, ATO complaint–handling.**

Co-ordinated Complaint Management

2.30 The 1999 *Interim Report* outlined three areas which I believed ATO Complaints should manage and/or oversee: quality assurance of all ATO complaint–handling; analysis of trends and systemic issues; and assisting Business Lines in dealing with systemic issues. This was consistent with ATO Complaints’ move away from complaint–handling (except in relation to escalated cases) towards complaint management.

2.31 Although ATO Complaints still see themselves as primarily concerned with complaint management,¹⁰ I believe that there has been significant progress in only one of the three areas my 1999 report identified, namely the analysis of trends and systemic issues. So saying, I believe there may be scope for improving the ways in which that analysis is used.

Quality Assurance of all ATO Complaint–handling

2.32 There is still no consistent measure of quality assurance across all ATO complaint–handling, except if a complaint is conveyed to a Business Line via the Complaints Hotline or is escalated to ATO Complaints (approximately five to ten percent of all complaints).

2.33 This is due, in no small part, to the lack of a single or consistent complaint–recording system. It is almost impossible to conduct efficient and consistent quality assurance across a multitude of recording systems. It is hoped that the proposed single system will better allow ATO Complaints to implement my earlier recommendation.¹¹

2.34 ATO Complaints has had an opportunity to conduct some quality assurance in relation to calls to the Complaints Hotline and complaints managed by ATO Complaints. Certainly ATO Complaints has commented on inadequacies in Business Line complaint–handling at the lower levels, particularly in relation to the failure of Business Line resolvers to make contact with complainants within adequate timeframes.¹² However, these have not been part of an overall ATO strategy of quality assurance with respect to complaint–handling.

¹⁰ See ATO Minute, AC Clare Nairn to All Business Lines, “Strategic direction of Complaints Management”, c. January 2002.

¹¹ See 2.47-2.65 and 4.40-4.48 below for a more detailed discussion of ATO complaint recording systems.

¹² “Failure to call-back” issues have become something of a regular feature of ATO Complaints’ monthly (now fortnightly) reports. As a result, ATO Complaints has introduced a change of work practices (see 2.73-2.75 below).

2.35 I would also note that ATO Complaints has only rarely conducted random performance audits of Business Line complaint-handling. In my view, quality assurance, including performance audits, is an invaluable means of identifying possible inadequacies in practices and procedures, as well as providing useful feedback (both positive and negative) to Business Line resolvers.

2.36 I understand that more recently, a working group has been established within the ATO Complaints Forum to establish quality assurance measures that can be used across all Business Lines. I also understand that, to some extent, progress here will be dependent upon the implementation of a uniform complaint management system. I would encourage those working on the development of the complaint management system to consider building into it automatic quality assurance measure and processes.

Analysis of Trends and Systemic Issues

2.37 In 1999, I was critical of the apparent absence of any regular analysis and reporting on trends and systemic issues. This is no longer the case, with a number of areas within the ATO – most notably ATO Complaints and the Business Line National Complaint Co-ordinators – providing regular reporting on complaint trends and systemic issues. I believe a move to a single complaint management system will assist significantly the analysis and reporting on systemic issues across all Business Lines.

2.38 Although there has been an improvement in the analysis of trend and systemic issues, I believe that the ATO could put this information to better use. It is widely recognised that complaints provide valuable information about an organisation's performance and the expectations of its clients. Complaint information can also be used as an early warning mechanism for future problems, and any complaint analysis should be designed to be both constructive as well as descriptive. I believe the ATO should take a more systematic approach to translating complaint analysis into action plans for improving aspects of tax administration.

Assisting Business Lines to deal with Systemic Issues

2.39 In 1999, I expressed my concern that, although ATO Complaints had identified as many as one hundred systemic issues, the ATO could not provide my office with sufficient information as to whether or not these issues had been addressed and effectively remedied.

2.40 It would appear that the ATO has only recently begun to focus methodically on addressing systemic issues across the ATO. The ATO attributes this to the impact of implementing tax reform and A New Tax System and the overwhelming demands that this placed upon ATO resources. To some extent, the process of implementation itself involved responding to and addressing the more immediate systemic problems thrown up by the new tax system, such as the need to simplify the BAS.

2.41 More recently, the Commissioner has commenced some major new initiatives to improve tax administration. In March 2002, he launched the “Listening to the Community” program, which aims to produce an easier, cheaper and more personalised system of tax administration. In my view, this initiative is producing some valuable outcomes, such as the development of on-line services for small businesses and tax practitioners, more user-friendly Running Balance Account statements, and a review of the ATO’s traditional approach to penalties. The ATO has also commenced an examination of “administrative irritants”, which aims to quickly address those issues that cause irritation to taxpayers when dealing with the ATO.

2.42 I would suggest that most of the initiatives identified by the “Listening to the Community” and the “Administrative Irritants” programs have also been readily identifiable from complaints received by the ATO over the last several years.

2.43 There would be value in the ATO adopting a centralised point for monitoring significant systemic issues that arise from complaints. It is my office’s observation that although ATO Complaints receives good co-operation from the various Business Lines’ complaint co-ordinators and resolvers concerning individual complaints, the level of response that ATO Complaints has received from Business Line management concerning systemic matters falls short of what is desirable. Accordingly, addressing systemic issues has often been left entirely to individual Business Lines, even where there may be cross-Business Line issues involved. Consistent with the ATO’s new emphasis on communication, I believe a more co-ordinated approach to addressing systemic issues would be valuable.

2.44 Towards this end, I believe the Complaints Network and Forum provides a useful model for how cross-Business Line co-operation can assist in identifying and dealing with systemic issues arising from complaints. For example, the Client Account Management (CAM) National Complaints Co-ordinator recently attended the ATO Production (ATOP) complaints conference (a meeting of ATOP complaint co-ordinators), in recognition of the close relationship between these two Business Lines. This type of co-operation is an encouraging sign.

2.45 A recent example provides evidence of both improvement as well as the need for continued improvement in relation to remedying systemic issues. An error was identified in the calculation of approximately four hundred thousand PAYG accounts. The area concerned quickly put together a task group to develop a response which focussed on informing those taxpayers affected and providing them with an appropriate remedy (interest payments on overpaid amounts). Prior to the public release of the ATO’s response, my office was consulted, both for advice on the adequacy of the measures proposed, and by way of alerting us to the possibility of future complaints. In my view, the ATO’s actions in this regard were exemplary.

2.46 However, it is worth noting that the area concerned had not consulted or informed ATO Complaints about the issue, and needed to be reminded of this by my officers. In my view it should be automatic that any area that identifies a possible cause of future complaints should inform ATO Complaints about the issue.

R2. Recommendation

That ATO Complaints and the Business Lines collaborate to further develop a:

- system of alerts for possible future complaints, whereby Business Lines are responsible for informing ATO Complaints of the likelihood of any significant increase in future complaints from any new or revised operations;
- more co-operative approach to dealing with systemic issues raised by complaints, including a central point for the follow-up of significant systemic matters; and
- quality assurance strategy for complaint-handling at all levels, including consideration of random performance audits.

Recording and Reporting Complaints

1999 Recommendation 3: The ATO should ensure that complaints handling record-keeping and reporting procedures are consistent throughout the organisation to ensure that complaint information is used to maximum effect to identify opportunities for improved performance and client service.

1999 Recommendation 4: The ATO should redesign its reporting requirements to ensure [Business Line] accountability in identifying complaints at all ... levels, and reporting on the identification of, and action on, systemic issues.

Complaints Recording

2.47 In July 1999, I noted that, '[ATO Complaints] and the Business Lines have separate and apparently inconsistent [complaint] reporting arrangements' and expressed my concern that these arrangements did not 'provide adequate and consistent performance and accountability information across the ATO'.¹³

2.48 In particular, I noted that only complaints managed by ATO Complaints (or approximately five per cent of all ATO complaints) were being recorded in any detail, and that, accordingly, 'This severely affect[ed] the ATO's ability to determine whether complaint information [was] being used to maximum effect to improve performance and client service'.¹⁴

2.49 It was for these reasons that I recommended that the ATO adopt consistent complaint-recording procedures throughout the organisation.

2.50 It is disappointing, therefore, to report that, after three years, the ATO has not yet adopted a consistent complaint-recording system. As noted earlier (with respect to that ATO's actions on systemic issues), this is in no small part attributable to the demands placed upon the ATO as a result of the implementation of tax reform.

¹³ Commonwealth Ombudsman, "Complaints Handling in the Australian Taxation Office: Interim Report", July 1999, p.10.

¹⁴ Commonwealth Ombudsman, "Complaints Handling in the Australian Taxation Office: Interim Report", July 1999, p.10.

2.51 Certainly the current recording systems do provide more useful trend and systemic data than was the case in 1999, although there is room for improvements in the quality and accuracy of the data being maintained.¹⁵ However, a uniform complaint management system should have the capacity to record complaints in greater detail and to consistently track complaints through the ATO, thus ensuring that the ATO can more fully report on and achieve its Charter commitment of treating complaints quickly and effectively.

2.52 The evidence obtained from our examination of ATO complaint records indicated that, in many cases – and even in cases recorded as a taxpayer’s first complaint to the ATO¹⁶ – the taxpayer had already raised his or her concerns previously with the ATO before the matter was satisfactorily resolved.

2.53 This is not to deny the good efforts and efficiency of individual ATO officers. In my view, the lack of a single detailed recording system is a major contributor to the inefficiencies within the complaint–handling system as a whole. Without the ability to link a complainant to an earlier and/or pre-existing complaint, ATO complaint resolvers are effectively operating in isolation, relying almost entirely on the complainant’s explanation and without the benefit or knowledge of what action might already have been taken to resolve the complaint. This also requires the complainant to repeat his or her complaint each time he or she contacts the ATO, a frustrating requirement that may further damage the relationship.

2.54 For example, although every caller to an ATO Call Centre can be given a reference number, the use of these numbers is ‘not encouraged because they are not accessible by other areas within the [Tax] Office and are largely ineffective within the Call Centres’.¹⁷

2.55 If the ATO is to maintain a system that allows, and, in some cases, requires, the escalation of complaints, it is important to ensure that as much detail as is necessary can be passed on to the subsequent complaint resolvers. In my view, most of the current ATO complaint-management systems are inadequate for the resolution of escalated complaints.

2.56 Similarly, the lack of complaint details and the inability to link a complainant to an earlier record of complaint often means that complaints about how the earlier complaint has been handled can rarely be satisfactorily investigated.

2.57 The lack of a single complaint-recording system has also thrown up examples of cases where several ATO officers have been working on the resolution of a complaint independently and unaware of each other’s efforts. The potential for confusion and further complications in such cases, not to mention inefficiency, is obvious.

¹⁵ See 4.41-4.49 below for a description of the current systems.

¹⁶ That is, the old Level 1 complaint.

¹⁷ Emailed response from Small Business to Commonwealth Ombudsman Investigation Officer, 1 August 2001.

2.58 The inability to track a complaint through the ATO – that is, to identify quickly where an individual complaint is in the process at any given time – has also hindered the ATO’s ability to resolve quickly and effectively complaints. This has at times been a particular source of frustration for Ombudsman investigation officers, when faced with the need to determine what action has already been taken in relation to a complaint before deciding whether or not an investigation by my office is warranted.

2.59 It should be noted that the ATO is aware of these problems. During the course of this investigation, nearly every ATO Complaints Network member we spoke to emphasised the need for a single complaint-recording system to adequately support an effective complaint–handling system across the organisation.

2.60 Similarly, it is encouraging to note that the proposal for a single complaint–handling system is advancing. As of December 2002, the TDMS project has been workshopped to identify what features need to be included in the adapted system and should come into operation over the course of 2003.

2.61 It is also encouraging to note that the ATO is exploring the possibility of a Client Relationship Management (CRM) approach across all aspects of the ATO’s systems, including complaint–handling. In the November 2001 draft Business Plan for a single complaint-recording system, the benefits of such an approach are clearly stated:

The major advantage of a CRM product is that it would allow the ATO to track and analyse all taxpayer interactions, including complaints. CRM would be of great benefit to the ATO, as it would assist in building a clearer picture of taxpayer expectations, of shortcomings in our products and service delivery and would provide an early alert to trends and issues within the community. This would allow the ATO to become pro-active in managing taxpayer expectations and interactions.¹⁸

It would seem that such an approach is highly desirable and would better bring the ATO towards meeting its objective of building effective relationships with taxpayers.

Complaints Reporting

2.62 The ATO has had considerably more success in implementing the fourth recommendation of my 1999 report, in relation to Business Line reporting on complaints at all levels and systemic issues. All Business Lines now provide regular (generally monthly) assurance and/or governance reports on complaints at all levels. These reports also generally include some discussion of systemic issues raised and addressed in the course of the reporting period.

2.63 Despite this, I do not believe this reporting is capturing all complaints received by the ATO. As I understand it, the ATO cannot assure the accuracy of its complaint statistics for Business Line managed complaints. From our discussions with ATO Complaints Co-ordinators, it is also clear that there was a degree of under-recording of complaints throughout the ATO. I understand that recent reminders to staff have increased the level of such recording.

¹⁸ Australian Taxation Office, *One Complaint–handling System for the ATO*, 22 November 2001, p.12.

2.64 Our investigation has also identified a divergence of views throughout the ATO as to what in fact constitutes a complaint. Some complaint handlers felt that there was a distinction between a “formal complaint” and the taxpayer who was simply dissatisfied with some element of the ATO’s service. I would note that that latter view is contrary to the official position of the ATO, namely that a complaint is any expression of dissatisfaction with an ATO product or service.

2.65 Although a single complaint-recording system will go some way to addressing these problems, to be fully effective it must be accompanied by adequate training and a commitment, at all levels across the ATO, to identifying and recording all complaints received.

R3. Recommendation

That the ATO adopt a consistent complaint-recording system, capable of tracking complaints, as soon as practicable.

Service Standards and the Role of the Business Lines

1999 Recommendation 5: The ATO should continue to reinforce with [Business Line] staff the need to meet the Service Charter standards in relation to customer service.

1999 Recommendation 6: The ATO should continue to reinforce with [Business Line] staff their direct responsibility for complaint resolution in relation to [Business Line managed] complaints and that specific service standards be developed to apply to this activity.

1999 Recommendation 7: That [ATO Complaints] continue to monitor the level of unresolved complaints [managed by ATO Complaints] and the completion rate of [such] complaints and to seek ways to improve its performance in these areas, including setting a more realistic interim performance standard for completing [such] complaints.

2.66 In my 1999 report, I noted that the Business Lines’ failure to meet the ATO’s customer service standards in relation to refunds, objections and return processing, was an obvious cause of complaints. For this reason, I recommended that the importance of meeting these service standards be reinforced amongst ATO staff.

2.67 It would appear from the Commissioner’s 2001-02 annual report that performance against the Taxpayers’ Charter standards has steadily improved. Most notably, the ATO has performed very well (i.e. above ninety percent compliance) against eleven of the eighteen standards reported.¹⁹

¹⁹ See Commissioner of Taxation, *Annual Report 2001-2002*, p.70.

2.68 However, it should be noted that performance in one critical area with regards complaints – namely response to general correspondence – has seen a significant decline when compared with the period 1997-2000.²⁰ Any delays in responding to letters of complaint are certain to exacerbate the existing complaint. I am aware that the ATO is currently conducting a review of its correspondence management systems. It is hoped that this review will have a positive impact on the ATO's ability to better meet its own standard for response to general correspondence, and particularly in responding to letters of complaint.

2.69 I am also concerned about the ATO's poor past performance in relation to the correction of clerical or administrative errors. The timely correction of administrative or clerical errors is an integral part of an effective complaint-handling system. The existing standard requires that such errors will be amended within fourteen days. However, in 2001-02, this occurred in only 64.1% of cases.²¹ Although this is a marked improvement on earlier years, it is still low, and again constitutes a common cause of frustration to complainants. I am informed that in the six months to December 2002, the performance against this standard in the ATO's high transactional areas was running at over 82%. I still believe, however, that the ATO should investigate the reasons for the past poor performance and more recent improvement in relation to correction of administrative or clerical errors to determine what action, if any, is required to ensure more effective complaint resolution.

2.70 I understand that the recent review of the Taxpayers' Charter has recommended a move away from the earlier absolute standards to a more aspirational approach. I believe this should assist the ATO in better managing taxpayer expectations and will hopefully have a positive impact on the management of complaints.

2.71 Apart perhaps from the service standard relating to correction of clerical or administrative errors, the only other Charter standard that directly relates to complaints is the 7-day response time. Since 1998-1999, the ATO has recorded a one hundred per cent compliance rate on this standard, but only in relation to complaints managed by ATO Complaints. From our examination of a sample of such complaint records, this would appear to be accurate. However, it is worth noting that the Charter does not limit the application of this standard to ATO Complaints alone. In relation to Business Line managed complaints, it would appear that ATO performance against this standard is considerably lower.

2.72 Accordingly, it appears that the ATO has not made significant progress in implementing the sixth recommendation of my 1999 report. Although the Business Lines have developed relatively consistent internal performance standards – most notably that a taxpayer should be contacted within three days of making a complaint – they have also consistently failed to meet these standards.

²⁰ See Commissioner of Taxation, *Annual Report 2001-2002*, p.70 and Commissioner of Taxation, *Annual Report 1999-2000*, p.48.

²¹ See Commissioner of Taxation, *Annual Report 2001-2002*, p.70.

2.73 Indeed, in 2001, the ATO had to develop a new interim level of complaint to deal with the increasing failure of Business Lines to promptly contact complainants. In such cases, the Business Lines' failure to contact the complainant within the three days specified by the ATO Complaints Hotline led the complainant to telephone the Hotline again. Rather than treating the complaint as one requiring an ATO Complaints' Case Manager, as would normally have been the case, it was again referred to the Business Line for resolution.

2.74 In response to the growing incidence of these repeat complaints being received by the ATO Complaints Hotline, ATO Complaints has developed a new streamlined process for escalating complaints within the Business Lines. This involves quickly bringing the repeat complaint to the attention of more senior officers so that it can more appropriately be dealt with in the Business Line.²² In my view, the new approach is consistent with the notion that the Business Lines have primary responsibility for complaint–handling and that the role of ATO Complaints is to assist taxpayers in having their complaints dealt with by the appropriate person as well as providing internal but independent review of the Business Lines' decisions and actions as required.

2.75 It is too early to comment on the success or otherwise of this new approach, but my office will continue to closely monitor the progress of these developments over the coming year. I would also add that this new approach deals only with the small minority of complaints that arrive at the Business Lines via the ATO Complaints Hotline. It is difficult to believe that the Business Lines' past failures to respond adequately to complaints that arrive via the Complaints Hotline would not have similarly been reflected in relation to complaints arriving via their own call centres. I suspect that too many taxpayers are not having their complaints handled in line with the Charter standards, and believe the ATO should be taking steps to address this problem as a matter of some priority.

2.76 The other matter that arises from the discussion of service standards and complaints relates to a standard for resolving complaints. In 1999, I noted that no such standard appeared to exist for Business Line managed complaints, and that the standard that did exist for ATO Complaints (an interim standard of resolution within 20 working days) was unrealistic. Accordingly, I recommended that realistic service standards be set for resolution of complaints at all levels of the ATO.

2.77 The ATO's current position is that there are no public standards for the resolution of complaints, although some Business Lines set an internal standard of 28 days. Generally, all Business Lines and ATO Complaints include information concerning unresolved complaints in their regular complaints/governance reports. This is particularly the case for complaints managed by ATO Complaints that are over 60-days' old.

²² See ATO Minute, AC Clare Nairn to All Business Lines, "Strategic direction of Complaints Management", c. January 2002.

2.78 I still believe that Taxpayers' Charter should include a standard against which all complaint resolution can be measured, and I am encouraged by those Business Lines that have adopted internal measures for complaint resolution. I would add that such a standard need not be absolute, but rather could have within it a provision for a negotiated extension of the standard where warranted, such as exists in relation to ATO responses to written enquiries and determination of objections. A taxpayer should have no grounds for additional complaint provided he or she is kept well informed of the progress being made on the complaint, and can remain satisfied that all appropriate actions are being taken.

R4. Recommendation

That the ATO should investigate the past poor performance and more recent improvement in relation to correction of administrative or clerical errors to determine what action, if any, is required to ensure more effective complaint resolution.

R5. Recommendation

That all Business Line staff be reminded of the importance of promptly responding to complainants, consistent with the ATO's service standards and commitment to an effective complaint-handling system.

R6. Recommendation

That the ATO develop service standards in relation to complaint resolution, including provision for an extension of time where warranted.

PART 3: ATP PERFORMANCE AGAINST GOOD PRACTICE

3.01 This section of my report measures ATO performance against the criteria set out in my *Good Practice Guide*.²³ As in 1999, the approach I have taken is to assess whether ATO practice reasonably meets the criteria. As such, it does not have to meet every part of each criterion.

3.02 The Senate report into *The Operation of the Australian Taxation Office* stated:

... no system of training, guidelines and supervision can be expected to be fool-proof and ... instances will arise, *and continue to arise*, where officers will act in breach of expected levels of conduct towards taxpayers.²⁴

This is as true of complaint–handling as of any other aspect of an organisation’s operations. However, as the Senate Committee went on:

It is essential when mistakes do occur that the ATO takes responsibility for any breach of conduct and does not resile from pursuing the measures necessary to remedy inappropriate behaviour and prevent its likely recurrence.²⁵

3.03 In considering ATO practice, I have examined both my own office’s complaint records concerning the ATO and ATO complaint records examined during the course of this investigation. I have also indicated examples of how the ATO might improve performance against the relevant criterion. I have not formulated these as recommendations, but as suggestions of the types of changes the ATO might consider in the interest of continuous improvement.

The Elements of Good Practice

3.04 The *Good Practice Guide* describes the essential elements of an effective complaint–handling system and provides a model that can be used as a reference for agencies seeking to implement or develop their own complaint–handling systems.

3.05 The *Guide* identifies a number of features which are essential to any effective complaint–handling system:

- There must be strong **commitment** for the complaint–handling system throughout the organisation.
- It must be **fair** and appear to be fair to both the complainant and the subject(s) of the complaint.
- It must be **accessible** and well publicised.
- It must be **responsive** to complainants in that it is able to provide a full, impartial and speedy investigation of their concerns and provide appropriate remedies when warranted.

²³ Commonwealth Ombudsman, *A Good Practice Guide for Effective Complaint–handling*, (2nd Edn), Canberra, 1999.

²⁴ Parliament of the Commonwealth of Australia, *Inquiry into the Operation of the Australian Taxation Office: report of the Senate Economics References Committee*, March 2000, p.16 (my emphasis).

²⁵ Parliament of the Commonwealth of Australia, *Inquiry into the Operation of the Australian Taxation Office: report of the Senate Economics References Committee*, March 2000, p.16.

- It must be **effective** at two levels, firstly as a means of addressing individual complaints and secondly as a review mechanism for identifying systemic faults or improving service delivery in general.
- There must be **accountability** for the system. This is typically achieved by publishing information about the system and reporting on complaint information received.²⁶

Commitment

3.06 Commitment is the keystone to any effective complaint–handling system. This means strong support for complaint–handling at all levels of the organisation, from the top down, and an organisational culture that acknowledges the client’s right to complain and recognises complaints as a valuable source of feedback on service quality and the effectiveness of programs and policies.

3.07 Commitment can be measured by reference to the place of complaints within the corporate structure and governance of an organisation and the existence of specialist staff, training and procedures in relation to complaints.

3.08 In 1999, I noted the establishment of the then PRS within a line reporting directly to the Office of the Commissioners as ‘a clear indication of executive commitment’.²⁷ Although ATO Complaints has now moved to a new Business Line, it still reports regularly to one of the Second Commissioners, as well as to the First Assistant Commissioner responsible for the ATO Relations Business Line.

3.09 The ATO also has in place specialist staff in each of the Business Lines and in ATO Complaints, whose role is to monitor and manage complaint–handling within their areas of responsibility. These complaint co-ordinators and managers form the Complaints Network and meet regularly in the Complaints Forum. There are also specific complaint resolvers within the Business Lines, who deal with escalated complaints as they arise.

3.10 All ATO staff receive some training on the place of complaints within the Taxpayers’ Charter and on the rudiments of good complaint–handling. Each of the Business Lines has developed complaint–handling procedures relevant to the particular business of the area concerned and largely consistent with general ATO complaint–handling policies. These procedures and those of ATO Complaints are well documented and readily accessible to all ATO complaint handlers.

3.11 Complaint reporting is now a regular feature of all Business Line and ATO governance reports, and suggests that, overall, the ATO does recognise the potential for complaints to provide valuable intelligence and feedback on the quality of ATO services and policies.

²⁶ As in 1999, I consider the other criteria included in the Australian Standard, namely resources, visibility, assistance, charges, remedies, data collection, systemic and recurring problems, and review, are covered within the elements identified here.

²⁷ Commonwealth Ombudsman, *A Good Practice Guide for Effective Complaint–handling*, (2nd Edn), Canberra, 1999, p.16.

3.12 All of these factors support the view that the ATO is generally committed to effective complaint–handling. However, I would note the views expressed in some ATO complaint reports and by some members of the ATO Complaints Network that suggest that the commitment to good complaint–handling at all levels across the ATO is unequal, and ranges across the spectrum, from poor to very strong commitment.²⁸

3.13 Noting the need for continued improvements in ATO complaint–handling, I welcome the recent paper from ATO Complaints, which sets out the goal of complaints being handled as “core business” within the ATO, as well as outlining an action plan on how to bring this about.²⁹ In part, this introduces a shift towards a more streamlined and integrated escalation process, which should quickly and effectively bring the complaint to the person best able to address the matter. These reforms, now being implemented, reflect the Commissioner of Taxation’s continuing commitment to improving and revising the ATO’s work practices and procedures in an attempt to improve service delivery.

3.14 The Commissioner of Taxation has recently recommitted to the idea of “one plus one” – that is, if a tax officer cannot resolve a taxpayer’s complaint in the first instance, rather than simply passing them on to anybody else, the officer should make contact with other tax officers on behalf of the complainant until he or she can identify the person who can resolve the complaint. In my view, this is a commendable policy for instilling in tax officers a sense of individual and collective commitment to effective complaint–handling.

3.15 Given the significance of these developments, I will monitor the implementation of these new processes with interest.

Fairness

3.16 A fair complaint–handling system will be transparent, impartial, confidential and capable of providing appropriate remedies.

Transparency

3.17 Transparency requires a complaint–handling system to be open, well-publicised, and easily understood by all those involved in the complaints process.

3.18 The degree of complexity within the ATO structure and organisation does not make for a readily transparent complaint system. Indeed, during the Complaint Forum meeting in November 2001 and again at the ATOP Complaints Conference in February 2002, it was apparent that many capable and experienced complaint handlers and co-ordinators were not fully aware of some of the liaison measures in place between Business Lines and Call Centres – a pivotal part of effective complaint–handling and escalation within the ATO system.

²⁸ See, for example, Australian Taxation Office, “Individual Non-Business: Client Complaints”, February 2001.

²⁹ Australian Taxation Office, Ms Clare Nairn (AC, ATO Complaints) to all Business Lines, “Strategic Direction of Complaints Management”, [c. February 2002], pp.3-6.

3.19 Although the ATO does publicise its complaint system well, it would appear that some complainants are unaware that contacting ATO Complaints will, in most cases, return them to the Business Lines they have otherwise been dealing with. For example, during an assessment of ATO Complaints Hotline staff, 6 out of 10 Customer Service Representatives (CSRs) failed to explain the complaint process to the taxpayer.³⁰ Similarly, the ATO Complaints' survey results for the year 2000 indicated that most taxpayers do not distinguish between complaints managed by Business Lines or ATO Complaints, noting that 'from their perspective we are (and should be) one ATO'.³¹

3.20 Similarly, the use of Call Centres makes the notion of "contacting the officer you were dealing with" something of a nonsense. In most cases, the taxpayer is at best aware only of the Deputy Commissioner in whose name a notice or letter has been issued, and who will never be directly contactable via the telephone numbers provided to the taxpayer.

Impartiality

3.21 Impartiality requires that each complaint will be treated, and will be seen to be treated, in an unprejudiced fashion. The complaint system should not be biased in favour of either the client or the organisation, but rather will ensure that each complaint will be considered on its merits and with an open mind.

3.22 It is important that all officers being asked to reconsider their own decisions do so as objectively as possible, providing a full explanation of both the processes and reasons for their decision on the reconsideration. If an officer feels that he or she cannot provide a reasonably fair and objective reconsideration of his or her own action or decision, or believes the complainant is less likely to accept the outcome of such a reconsideration, the matter should be passed to an officer who has had no previous dealings with the case.

3.23 Although I endorse the approach of suggesting that complainants first approach the officer they have been dealing with, there are instances where this is not appropriate. In most such cases – for example, where the complaint is about the behaviour of the officer in question or where it involves misconduct or impropriety – the ATO has in place procedures to deal with these (generally direct escalation to the officer's manager or to ATO Complaints).

3.24 However, the place of Call Centres within the ATO complaint process has meant that in some cases escalation will in fact result in the complaint returning to the original decision-maker, giving a rather false sense of escalation, and often resulting in further dissatisfaction from the taxpayer. As I noted above, it is important that officers in such cases should provide as full an explanation to the complainant as possible so as to allay any concerns they may have about the impartiality of the review.

³⁰ Australian Taxation Office, *Problem Resolution Service – Mystery Shopping Report*, March 2001.

³¹ Australian Taxation Office, *PRS Survey Results Summary, January-December 2000*, [c. January 2001], p.1.

3.25 As I noted in 1999, ATO Complaints was set up as a separate unit within the ATO, independent of the main Business Lines, and therefore able to provide a degree of impartial review of Business Line decisions in relation to complaints managed by ATO Complaints. Although resolution of such complaints is still largely the responsibility of the Business Lines, ATO Complaints' Case Managers oversee that resolution, and can escalate the complaint if they are not satisfied with the Business Line's response. From our examination of ATO Complaints records, it would appear that this oversight generally provides an effective independent review of Business Line complaint resolution.

Confidentiality

3.26 Complainants have the right to expect that any information they provide to support their complaint will be treated with appropriate confidentiality, and that the ATO will only require information that is necessary for the resolution of the complaint.

3.27 ATO staff have access to the various complaint–handling systems on a “need to know” basis. This is particularly so with ATO Complaint's PRESTO system. To February 2002, there have been no reported breaches of confidentiality of the PRESTO system.

3.28 Taxation legislation contains strict secrecy provisions, and the ATO has a strong commitment to maintaining confidentiality of taxpayer information. However, the ATO should continue to maintain vigilance in relation to privacy and confidentiality. During an assessment of the ATO Complaints Hotline, the ATO monitor terminated at least one of the calls when a Customer Service Representative (CSR) risked breaching another taxpayer's privacy.³² Similarly, my office has received instances where CSRs have demanded information to which they have no right under privacy legislation.

3.29 Both ATO Complaints and the ATO Business Lines have the capacity to handle matters from anonymous complainants, and have procedures in place for handling such complaints.

Capacity to Provide Appropriate Outcomes - Remedies

3.30 A complaint system that cannot provide appropriate and consistent remedies cannot be described as either fair or effective.

3.31 In 1999, I reported that it was not possible to comment on the appropriateness of remedies for Business Line managed complaints, as these did not appear to be reported or recorded. I was satisfied that remedies for complaints managed by ATO Complaints were being recorded and appeared to remain relatively consistent.

3.32 I can now report that remedies can be recorded for all levels of complaints, and would appear to be generally appropriate. However, our examination of ATO complaint records indicates that, too often, the ATO provides (or at least records) what in my opinion is an inappropriate remedy, or in fact no remedy at all.

³² Australian Taxation Office, *Problem Resolution Service – Mystery Shopping Report*, March 2001.

3.33 To some extent, the problem lies with some of the ATO's current complaint-recording systems. Nevertheless, it is important for staff to be reminded of the need to provide and record effective remedies where appropriate. This requirement is central to achieving a consistent and effective complaint-recording system across the ATO.

3.34 Fairness in a complaint system requires the provision of generally consistent remedies. In my view, there are too many instances of some complainants receiving appropriate remedies from the ATO while other complainants in almost identical situations do not.

Capacity to Provide Appropriate Outcomes - Reasons

3.35 Finally, a fair complaint-handling system will provide the complainant with the reasons for the outcome of his or her complaint.

3.36 From our examination of ATO Complaints' records, I am satisfied that taxpayers are generally provided with adequate explanations of the outcome of their complaints. I am not satisfied that this happens (or at least is adequately recorded) in the case of Business Line managed complaints. Looking more broadly, I would suggest that there is considerable scope for improvement in the way the ATO provides reasons for any decisions it makes, including decisions in handling taxpayer complaints.³³

3.37 I would also note the following from the *Good Practice Guide*:

It is good practice to advise clients of the decision you **intend** to make in relation to their complaint, and invite them to provide any additional information which they feel might be relevant to your decision.³⁴

In our experience, this practice is only rarely followed in the ATO.

3.38 More generally, there are some in the ATO who believe that it is more effective to simply get on and resolve the complaint than to spend time explaining the processes to the complainant. To some extent this is true. Moreover, tax law and administration can at times be extremely complex and difficult to explain. However, tax officers should not forget that they are employed to serve the public, and that taxpayers have a right to know how their tax affairs are being administered. In this sense, tax officers should provide more information rather than less, and always make the offer to provide further information or explanations should the taxpayer require it.

3.39 In response to my preliminary views with respect to these issues, the ATO responded that, "It would seem impractical to do this [i.e., advise complainants of a decision with respect to the complaint prior to making it] in every instance given the nature and levels of some complaints". I accept that there will be complaint cases where it would not be necessary to provide this level of advice about impending decisions, or where in fact the matter can be effectively resolved in the course of a single telephone conversation with the complainant.

³³ The quality of ATO explanations has been a regular theme of my office's reporting for several years now. See for example, Commonwealth Ombudsman, *Annual Report, 1997-98*, 1998, p.56; Taxation Ombudsman, *Activities 2000-2001*, 2001, pp.8-9, 22, 26-28.

³⁴ Commonwealth Ombudsman, *A Good Practice Guide for Effective Complaint-handling*, (2nd Edn), Canberra, 1999, p.26.

3.40 However, in those instances requiring consideration of more complex issues, I would suggest that providing the complainant with an opportunity to comment on the intended decision and provide any additional information is an effective means of providing natural justice and avoiding the likelihood of further complaint. I have agreed to have ongoing discussions with the ATO with respect to this issue to help identify areas of ATO complaint–handling where this practice might be improved.

Accessibility

3.41 An accessible complaint–handling system is one that complainants are aware exists and are encouraged to use. It is also a system that clients can easily recognise and use.

3.42 As I noted in 1999, the ATO has made considerable efforts to publicise its complaint–handling system, to ensure that taxpayers have a variety of access points into the system, and to ensure that taxpayers with special needs are not disadvantaged.

3.43 However, as I have already noted,³⁵ the growing complexity of the tax system and the consequent complexity of ATO structures and administration would appear to be working against a “user-friendly” complaint–handling system.

3.44 The number of complainants to my office who had not yet availed themselves of the ATO Complaints’ service remains relatively high (approximately 44 per cent of all ATO complaints my office receives).³⁶ This suggests that yet further work should be done to publicise, and to encourage the use of, ATO Complaints.

3.45 One area for possible improvement concerns the place of ATO Complaints on the ATO website, *ATOassist*. There is no direct link to ATO Complaints from the *ATOassist* homepage, nor is it easily found by searching.³⁷ It is now possible to lodge complaints via email, although it appears that this is not widely known in the community. One obvious improvement would be the inclusion of a standard complaint form on *ATOassist*. This would help taxpayers to frame their complaints, to provide as much information as necessary, and so better assist the ATO in handling and resolving complaints. It would also provide another point of access to the ATO complaint process, in addition to telephone, letter and facsimile

3.46 Another point to note is the inconsistent contact details provided for ATO Complaints in *TaxPack* since 1998. Each year, a different set of contact details have been provided: a telephone number in 1998; a telephone and Freefax number in 1999; a telephone number and postal address in 2000; and then telephone and Freefax numbers and a postal address in 2001 and 2002. By way of making the ATO complaint system as accessible as possible, it would appear that *TaxPack* should contain full contact details for ATO Complaints, including an email address for complaints to be made electronically.

³⁵ See 2.16-2.17 and 3.18 above.

³⁶ See Taxation Ombudsman, *Activities 2000-2001*, 2001, p.2.

³⁷ In March 2002, “ATO Complaints”, “ATO-Complaints” and “PRS” drew no results. “Problem Resolution Service” retrieved only one document: a press release from 1997 announcing the launch of the service.

Responsiveness

3.47 Responsiveness involves the handling of a complaint once received, including such things as: recording of the complaint; considering all of the issues raised and how best these might be handled; making decisions about the complaint in a timely fashion; and informing the complainant and any relevant staff of those decisions.

Recording

3.48 I have already dealt with this issue in some detail.³⁸ There is, in my view, an urgent need for a consistent complaint-recording system across the ATO that would allow for the tracking of complaints as they are escalated and/or transferred through the organisation. Without such a system, the ATO cannot adequately meet its Charter commitment to responsive (“quick and effective”) complaint-handling.

Identification of Issues

3.49 Both ATO Complaints and the Business Lines now have in place relatively thorough and consistent complaint-handling guidelines and procedures that emphasise the need to identify and address complaints.

3.50 However, on the basis of complaints handled by this office, it would appear that too often ATO complaint-handling has not identified and addressed all of the issues raised by the complainants, thus tending to generate further complaints.

3.51 Complaint handlers should be careful to first check with complainants just what issues they are raising and what sort of expectations the complainant might have. Too often, in our experience, this has not happened within the ATO, as indicated by the increasing incidence of repeat complaints.³⁹ Complaint handlers should also be careful to again check with the complainant on resolution of the complaint to ensure that they have covered all of the issues raised in the complaint. Thoroughness is what is required.

3.52 Where the complaint handlers cannot themselves resolve an issue – for example, where they do not have adequate authority to make a decision they feel should be made – they should refer the complaint to somebody who can.⁴⁰

Timeliness

3.53 As I noted in my earlier discussion of Service Standards,⁴¹ there are no public timeliness standards applied to complaint resolution, although some Business Lines have adopted internal standards (generally 60 per cent of complaints resolved within 28 days).

3.54 In my view, the ATO should look to adopt a general timeliness standard for complaint resolution, noting always of course the need to maintain a degree of flexibility for those cases that cannot be resolved within such standards.

3.55 So saying, I am satisfied that the ATO is monitoring the timeliness of most of its complaint-handling, and is striving to provide increasingly prompt complaint resolution.

³⁸ See 2.47-2.65 above.

³⁹ See 2.74 above.

⁴⁰ This is reflected in the idea of “one plus one”.

⁴¹ See generally 2.69-.2.78 above.

Informing the Complainant

3.56 It is important to inform complainants as to what has been done with their complaint and why. As noted above,⁴² the ATO should provide to complainants more comprehensive information about the outcome of their complaints. This may prevent further complaints and can better ensure that all of the complaint issues have been appropriately addressed.

Effectiveness

3.57 A complaint–handling system must be effective for both clients and the agency, and accordingly must be able to measure that effectiveness in meaningful ways.

From the Taxpayer’s Perspective

3.58 ATO Complaints maintain data about the proportion of complaints managed by them that result in findings in favour of the taxpayer, although I have not seen any detailed analysis of this data. I do not believe that Business Lines assess the extent to which complaints are resolved in favour of complainants (except crudely via escalation statistics).

3.59 ATO Complaints also conduct *ad hoc* surveys of complainants to assess levels of satisfaction. More recently, ATO Complaints used an ATO professionalism survey to gather useful feedback on complaint–handling. In my view, these are worthwhile initiatives.

From the ATO’s Perspective

3.60 One of the key measures for effective complaint–handling from an agency’s perspective is the capacity of the system to identify and remedy systemic issues.

3.61 I am confident that the ATO’s current complaint–handling system can provide effective information on systemic weaknesses. Since 1999, the ATO has made considerable progress in being able to identify systemic issues as they arise from complaints.

3.62 However, an effective complaint–handling system can also provide an effective means for remedying systemic weaknesses and for charting the extent to which measures are working to improve those weaknesses. Although the ATO has made some progress in this area – I would point to the systemic issues databases managed by some Business Line complaints co-ordinators, as well as the meetings of, and systemic issues lists maintained by, the ATO Complaints Forum – I am less convinced that the ATO has yet managed to fully utilise this information to adequately address the weaknesses identified.

3.63 As noted earlier,⁴³ I believe the ATO needs to focus on ways of improving its response to systemic issues that cross Business Lines and issues that are common to more than one Business Line by developing more collaborative approaches to systemic issues. The maintenance of a centralised database of systemic issues might be one way of advancing this aim.

⁴² See 3.38 above.

⁴³ See 2.37-2.43 above.

Accountability

3.64 An accountable complaint–handling system is open to scrutiny by clients, government and agency staff. Generally, this can be measured by reference to an agency’s complaint reporting.

3.65 As noted earlier,⁴⁴ reporting of complaints has improved across the ATO since my 1999 *Interim Report*, with all Business Lines as well as ATO Complaints providing regular governance reports on complaint–handling. However, the quality and accuracy of all Business Line reporting suffers as a result of the inadequacies of the complaint–recording systems currently in place and, in some instances, by the lack of commitment on the part of some staff and managers.⁴⁵

3.66 The *Good Practice Guide* also notes the importance of reporting against set standards.⁴⁶ I have already commented at some length on the weaknesses I perceive in the ATO’s service standards and performance on complaint–handling, and have made recommendations accordingly.⁴⁷

3.67 A more practical area where the accountability of the ATO complaint–handling system might be improved concerns the use of officer IDs. When any ATO officer has any contact with a taxpayer, the officer should provide sufficient information to the taxpayer to allow them to be identified. Clearly, if the actions of an officer are to be examined, it is necessary for the complaint handler or manager to be able to identify the officer concerned.

3.68 Generally, a full name and telephone extension number should suffice, although I accept that there may be some circumstances when another form of identification is used (for example, a first name and telephone extension number). The ATO has a policy on officer IDs, but it appears to have fallen into disuse. The reinstatement of this policy would provide a very practical improvement to the accountability of all ATO operations, including ATO complaint–handling.

Summary

3.69 The criteria discussed in this section highlights both strengths and weaknesses in the ATO’s approach to complaint–handling. I suggest that the ATO take note of those criteria where my report indicates the need for improvement. In particular, I draw attention to those practical steps I have identified which the ATO could take to improve performance against specific criteria. These include:

- providing complainants with detailed particulars of the steps taken to resolve their complaints;
- providing complainants with better explanations of the reasons behind decisions;
- providing complainants with an opportunity to provide any additional information or comments prior to the finalisation of a complaint;

⁴⁴ See 2.62 above.

⁴⁵ See 2.63 above.

⁴⁶ Commonwealth Ombudsman, *A Good Practice Guide for Effective Complaint–handling*, (2nd Ed), Canberra, 1999, p.49.

⁴⁷ See 2.66-2.78 above.

- development of an on-line complaint form;
- full contact details for ATO Complaints in *TaxPack*;
- developing and maintaining a centralised database for systemic issues; and
- reinstating the Officer ID policy.

3.70 I believe that these suggestions, together with the recommendations in Part 2 of this report, should serve to form the basis for significant improvement of ATO complaint–handling.

APPENDIX A: THE ATO COMPLAINT–HANDLING SYSTEM

4.01 This section of my report is concerned with providing a description of the ATO’s complaint–handling operations as the ATO itself describes them. This section does not offer any of my views or opinions about the nature of those operations. It should also be noted that the ATO complaint–handling system has, over the course of the investigation, undergone considerable change.

General

4.02 Complaints are generally defined in ATO complaint–handling literature as an expression of dissatisfaction with an ATO service and/or product.⁴⁸ The same literature generally also notes that a complaint is also ‘an opportunity to restore a damaged relationship’.⁴⁹

4.03 The underlying philosophy of the ATO’s complaint–handling operations continues to be that the Business Lines are primarily responsible for any problems that arise in their areas of control, and therefore are primarily responsible for resolving complaints. As I noted in 1999, this is consistent with the recommendations outlined in the *Good Practice Guide*.

The Role of the Business Lines

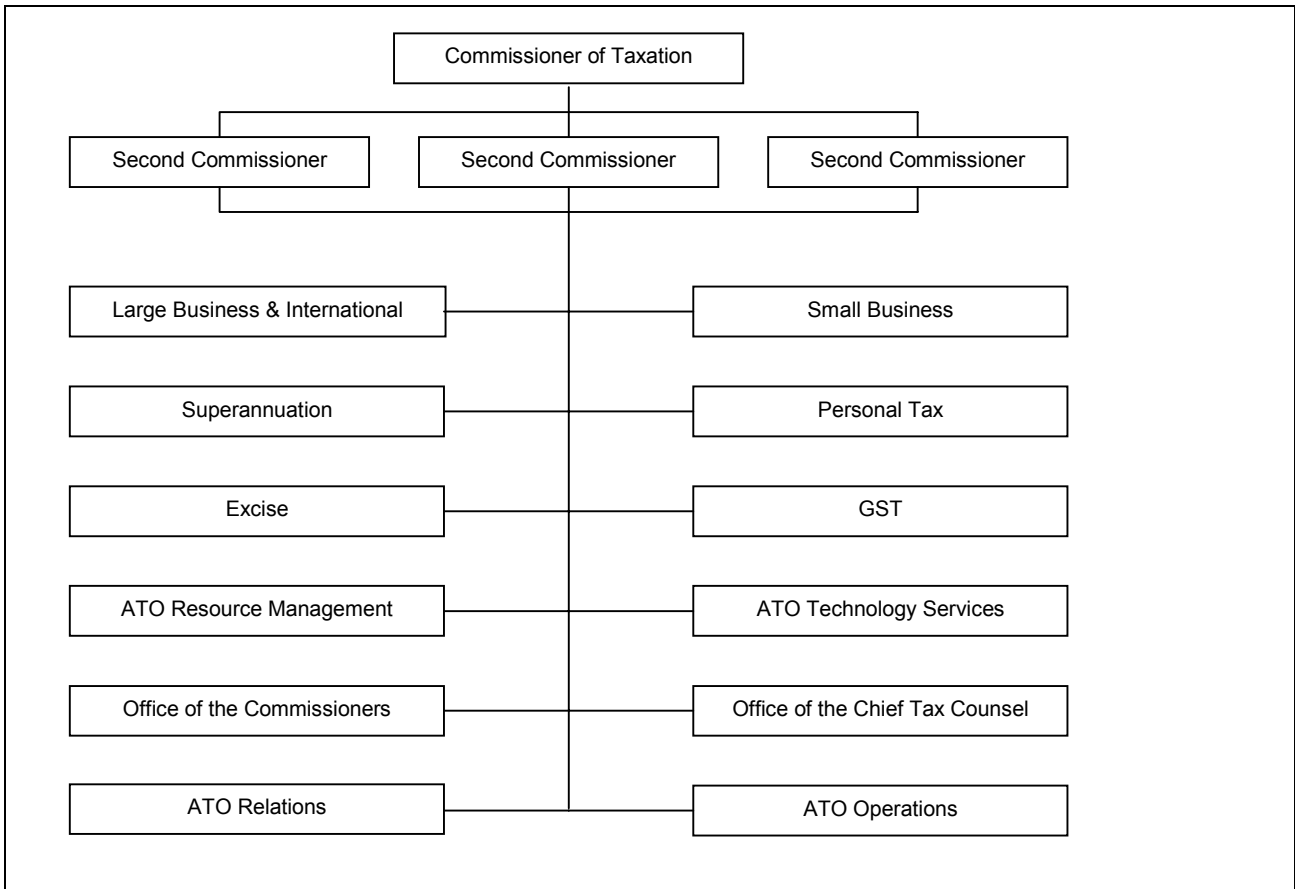
4.04 The ATO is primarily responsible for the administration of Commonwealth taxation legislation and the collection of most of the Commonwealth’s revenue. As the Commonwealth has moved towards a self-assessment system of taxation – that is, where the taxpayer is increasingly responsible for the accuracy of his or her own taxation assessment – the ATO has increasingly taken on the role of providing accurate and timely information to taxpayers (and tax agents) to ensure that they can comply with the law. The ATO also administers some other non-taxation legislation, such as the *Superannuation Guarantee Charge Act 1992*.

4.05 For these purposes, the ATO is organised into divisions known as Business Lines, operating under four statutory officers: the Commissioner of Taxation supported by three Second Commissioners. The Business Lines focus on a type of taxpayer, such as small business and large business; a type of tax, such as excise and goods and services tax; or an aspect of internal support, such as information technology and financial support (see Figure 4.1 below).

⁴⁸ See for example, Australian Taxation Office (Superannuation), *SPR Complaints Resolver Procedures*, p.3.

⁴⁹ See for example, Australian Taxation Office (Small Business), *SB Complaints Handling Guide*, p.11.

Figure 4.1 ATO Structure Chart



4.06 As noted above (4.03), the ATO’s approach to complaint–handling gives the main Business Lines primary responsibility for handling complaints about their areas of business.

Individual Complaint Resolution

4.07 The taxpayer who is dissatisfied with some element of the ATO’s service is encouraged to first complain directly to the tax officer with whom they have otherwise been dealing. In this sense, most tax officers are potential complaint handlers.

4.08 In practice, the first point of complaint for most taxpayers will be a Customer Service Representative (CSR) within an ATO Call Centre. The CSRs operate from scripts provided to them by the relevant Business Lines to assist them in dealing with the issues about which the taxpayer might be calling. Ideally, these scripts, along with a degree of access to ATO systems, should allow the CSRs to deal with most straightforward complaints.

4.09 If the complainant continues to be dissatisfied, or if the tax officer initially complained to cannot otherwise resolve the complaint, the complaint should be escalated to a higher level within the Business Line, generally the tax officer’s supervisor or manager. Collectively, these complaints are referred to as Business Line managed complaints.

4.10 If the complaint is still unresolved after escalation within the Business Line, the complainant should be referred to ATO Complaints (for treatment as an impartial review) and reminded of his or her formal review rights. If the complaint escalates to ATO Complaints, the relevant Business Line Complaint Co-ordinator will be informed and will nominate as Resolver an officer from the Business Line who has not yet had any involvement with the complaint (see 4.26-4.32 below).

4.11 In response to my request for all procedural, policy and training manuals for Business Line complaint handlers, I was provided with material from Business Lines. These indicate that nearly all Business Line officers receive training on how to handle complaints according to the ATO's complaint system.

4.12 In training, ATO officers are reminded of the importance of: listening to complainants; using clear and simple language; getting expert advice; not making promises that cannot be kept; ensuring prompt replies; keeping the complainant informed of the progress of his or her complaint; and keeping adequate records. They are also reminded of the role of the Taxpayers' Charter in setting measures against which taxpayers can judge ATO service.

4.13 There is also an increasing emphasis in ATO policy and procedural material on the importance of good relationships with taxpayers and the role of complaint-handling in restoring the relationship between the ATO and the taxpayer.

Strategic Complaint Management

4.14 The Business Lines are also responsible for collecting and analysing complaint data from their areas of business to identify common issues complained about, developing trends, possible areas of weakness, and systemic issues and possible systemic solutions (where applicable).⁵⁰ This work is generally the responsibility of the National Complaints Co-ordinator for each Business Line.

4.15 Although some Business Lines have now established systemic registers/databases for recording and monitoring ongoing issues/complaints within the Business Lines, this has not yet become a consistent practice throughout the ATO.

The Role of ATO Complaints

4.16 In August 1996, the ATO Management Board decided to establish an independent complaints handling mechanism within the ATO as part of the implementation of the Taxpayers' Charter. This decision was given effect to in 1997.

4.17 In the Taxpayers' Charter explanatory booklet, "If you are not satisfied", ATO Complaints (the then Problem Resolution Service) is described as 'independent from our main business areas ... an approachable, helpful complaints handling service which has been set up to help resolve your problems. They will ensure that your complaint or request for assistance is considered by the right person'.⁵¹

⁵⁰ I consider systemic issues to be those issues that might effect more than one person – for example, a systems error that will impact upon a class of taxpayers, or an ambiguous expression or phrase within a publicity document that could potentially mislead a number of taxpayers – or those issues that may continue to affect the same person over time – for example, an incorrect flag on an individual's account.

⁵¹ "If you are not satisfied", *The Taxpayers' Charter: Explanatory Booklet 8*, 1 July 1997, p.2.

4.18 The ATO Complaints' Case Manager's Handbook identifies the purpose(s) of ATO Complaints in the following terms:⁵²

- to provide a single point of entry for all complaints managed by ATO Complaints;
- to develop mechanisms for effective complaint–handling;
- to recover damaged relationships with taxpayers;
- to help change ATO culture, with a particular focus on gaining greater acceptance of taxpayers' rights;
- to assist in improving community perceptions of the ATO;
- to analyse feedback information relating to ATO relationships with the community;
- to identify and help develop solutions to systemic issues; and
- to establish processes for client feedback.

4.19 Accordingly, ATO Complaints' role has two broad aspects: Individual Complaint Resolution and Strategic Complaint Management.

Individual Complaint Resolution

4.20 Through its National Case Managers,⁵³ ATO Complaints is involved in individual complaint resolution, although it accepts that the primary responsibility for complaint–handling rests with the Business Lines: 'The model of complaints handling adopted by [ATO Complaints] has balanced community and Government expectations that complaints will be subject to independent review, with the prima facie ownership by business lines of complaints that fall within their area of responsibility'.⁵⁴

4.21 When a taxpayer telephones the ATO Complaints Hotline, he or she is answered by ATO Complaints Client Service Representatives (CSRs) at the national Call Centre in Penrith. These officers categorise the calls as either Business Line managed complaints, complaints for ATO Complaints, or by other identification, such as "feedback" and inquiries.

4.22 Where the matter can be remedied for the individual, it will be treated as a complaint, and logged accordingly on either the Call Centre Support System (CCSS) or on the ATO Complaints system (PRESTO) as appropriate. Where there is apparently no remedy for the individual – for example, where the complaint is about legislation – it is treated as "feedback", and registered as such on CCSS.

⁵² Australian Taxation Office, *Problem Resolution Service Case Manager's Handbook*, September 1998, pp.i-ii.

⁵³ I understand that ATO Complaints Case Managers are now known as Complaints Co-ordinators. As the title "Complaints Co-ordinator" also applies to heads of the Business Lines' Complaints Network, for ease of reference, I will continue to use "Case Manager" throughout this report.

⁵⁴ Australian Taxation Office, *Problem Resolution Service Case Manager's Handbook*, September 1998, p.iv.

4.23 If the complainant has not yet contacted the relevant Business Line and is unable or unwilling to contact the Business Line themselves, the complaint will generally be logged on CCSS (including complainant details) as a Business Line managed complaint. This automatically generates an email message to the relevant Business Line mailbox, the address of which is dependent upon the issue raised in the complaint. The mailboxes are monitored by Business Line Complaint Co-ordinators responsible for specific issues. (See “The Role of the Business Lines”.)

4.24 If the complainant has already contacted the Business Line or the ATO Complaints Hotline once, the CSR will escalate the complaint by again forwarding it as above (see 4.23), although this time flagging the need for escalation within the Business Line. This will continue until the Business Line indicates to the complainant that it can take no further action on the matter.

4.25 If the complainant again contacts the Complaints Hotline expressing dissatisfaction with the way in which the Business Line has resolved the complaint, the complaint will be forwarded to ATO Complaints. There are also some instances where the complaint will automatically be treated in this way, namely where:

- the complaint is about a Manager or Director;
- the taxpayer is threatening to go to the media;
- the problem is an ongoing or recurring one; or
- there has been a breach of privacy or confidentiality which indicates a potential systemic issue.⁵⁵

4.26 When a complaint has been identified as one that should be handled by ATO Complaints, the CSR logs the complaint on the PRESTO system.⁵⁶ The Director of Complaint Management regularly monitors all new complaints and allocates the complaint to an ATO Complaints Case Manager. The Case Manager is responsible for contacting the complainant to confirm the complaint issues, and for informing the relevant Business Line Complaints Co-ordinator, who is responsible for nominating a Business Line Resolver.

4.27 The Case Manager and Resolver determine a Case Plan to resolve the complaint. In some instances, the Case Manager may choose to take only a limited overview role, depending upon the issues raised in the complaint. This gives the Business Line considerable autonomy in handling the complaint. Typically, this occurs with relatively straightforward complaints, for example, where the ATO has not met a service standard, or has made a clearly identifiable error.

4.28 In other cases, the Case Manager may actively investigate the complaint, using the Business Line Resolver to gather information and provide technical advice. In all cases, the Case Manager is responsible for monitoring the progress of the case, and for moving the case to resolution.

⁵⁵ Email from ATO Complaints to Ombudsman Office, “Our Changed Process”, 18 March 2002.

⁵⁶ The following outline of procedures comes from pp.2-14 of the *Problem Resolution Service Case Managers Handbook*, September 1998.

4.29 In the course of resolution, both may contact the complainant to gather further information or to keep them informed of the progress of the investigation/review. Both the Case Manager and Business Line Resolver are required to keep the PRESTO record of the complaint up-to-date.

4.30 When the Business Line Resolver decides that the complaint is resolved, the Case Manager reviews the case in order to be satisfied with the proposed Business Line response. If the Case Manager is satisfied the response is appropriate, the Business Line can move towards finalisation. If the Case Manager is not satisfied with the Business Line response, the outstanding issues should be raised with the Business Line. If the Case Manager is unable to reach agreement with the Business Line, the issue must be escalated for further consideration.

4.31 When agreement has been reached with the Business Line about the appropriate response, the matter can be finalised. If the complaint is not upheld, or only partially upheld, ATO Complaints is responsible for communicating with the complainant. Where the complaint is fully upheld, either ATO Complaints or the Business Line can inform the complainant, although the ATO Complaints Case Manager should review any text before it is issued, to ensure it meets ATO Complaints' standard of complaints handling.

4.32 Upon finalisation, the ATO Complaints Case Manager is responsible for ensuring that any systemic issues identified are either actioned within the Complaints Management stream to the extent that is possible, or reported to the Review, Analysis and Systems stream. These issues are typically referred to the appropriate Business Line for further consideration. The Case Manager is also responsible for ensuring the Business Line is provided with useful feedback regarding issues arising from the complaint.

Strategic Complaint Management

4.33 One of the documents ATO Complaints uses in training new ATO staff refers to the importance to an effective complaint–handling system of “using the learning”.⁵⁷ Towards this end, a significant part of ATO Complaints' role is the collection and analysis of strategic complaint information.

4.34 Statistics about Business Line managed complaints are provided regularly – in most cases monthly – to ATO Complaints from the Business Lines. Statistics are also compiled on the Business Line managed complaints and feedback that the ATO Complaints Call Centre receives.

4.35 From this data, ATO Complaints prepares a fortnightly report for the ATO Executive. These reports indicate the numbers of complaints received at the various levels, provide a brief outline of the more common issues complained about, and comment on developing trends, possible areas of weakness, and identified systemic issues and solutions (where applicable). This is particularly so in relation to complaints managed by ATO Complaints.

⁵⁷ Australian Taxation Office, “A Framework for Community Confidence”, PowerPoint presentation used by PRS staff during induction of new ATO staff.

4.36 ATO Complaints surveys some complainants to obtain qualitative information on the service the complainant has received. In March 2002, ATO Complaints used the ATO-wide Professionalism Survey to gain information on community perceptions of complaint-handling by the ATO. The results of that survey are currently being analysed within the ATO. Internally, feedback on ATO complaint-handling is provided through the Complaints Network and through regular meetings of the Complaints Forum.

4.37 ATO Complaints plays an important role in fostering the spirit of the Taxpayers' Charter throughout the ATO. This involves an educational, monitoring and review role, and close co-operation with the current Charter Review team.

4.38 As of December 2001, ATO Complaints is the key liaison point between my office and the ATO. The Assistant Commissioner for ATO Complaints and my Special Tax Adviser meet regularly to discuss current complaints and investigations, as well as other more general issues relating to complaint-handling.

4.39 Finally, ATO Complaints Systems maintains PRESTO, the ATO Complaints case management system, and is currently working on the design and adaptation of a single complaint-management system to be used across all ATO Business Lines and all levels of complaint (see "Complaint-Management and Recording Systems" below).

Complaint-Management and Recording Systems

4.40 As already noted above (4.39), the ATO has no single complaint-management or recording system. In the ATO "Concept Brief" for a single system, the authors acknowledged that they did not know how many separate systems are used across the ATO for managing complaints, but estimated that there are probably '10 or more'.⁵⁸

4.41 Records of Business Line managed complaints are maintained independently by Business Lines on a range of systems across the ATO (such as LOAT, CCSS, and CWMS/DWMS). I also understand that there are some local systems within some Business Lines.

4.42 All complaints managed by ATO Complaints are recorded on the same system (PRESTO) across all Business Lines.

4.43 The most widely used system in the ATO is LOAT.⁵⁹ LOAT was developed within Small Business to record Business Line managed complaints and to provide data to enable regular reporting on trends and complaint issues. It was not designed to be a case-management tool and it is not especially useful in tracking individual complaints.⁶⁰ Complaints are recorded on LOAT only after resolution. There is no specific field for entering complainant details, and in many instances the record merely notes the issue complained of, the nature of the resolution, and the number of related complaints for any given day or period. The Small Business, ATO Production, Excise, Individual Non-Business, and GST Business Lines currently use LOAT for Business Line managed complaints.

⁵⁸ Australian Taxation Office, *Concept Brief: One Complaints Handling System for all ATO*, 8 May 2001, p.3.

⁵⁹ LOAT stands for "Level One and Two", the earlier categorisation of Business Line managed complaints.

⁶⁰ Australian Taxation Office, *Concept Brief: One Complaints Handling System for all ATO*, 8 May 2001, p.3.

4.44 The Superannuation Business Line and some streams within the GST Business Line use CWMS/DWMS (Correspondence Workflow Management System)⁶¹ to record and manage Business Line managed complaints. Unlike LOAT, CWMS does allow for recording and searching by complainant. Similarly, CWMS can be used to track individual complaints over time. However, the system was not designed for complaint–handling and it is accepted that it has a limited use in this function.

4.45 CCSS (Call Centre Support System) is used by the ATO Complaints Call Centre to record Business Line managed complaints. Unlike LOAT, CCSS does allow for recording complainant details. However, like LOAT, CCSS cannot be used to track or record the progress and resolution of any particular complaint.⁶²

4.46 The “Concept Brief” for a single complaint–management and recording system of May 2001 indicates that the desired outcome is a system that ‘would have capability to track complaints from their origin and thus allow for a timely understanding of the causes of complaints to [the] ATO’. Some of the important features of the proposed system include:

- multiple entry points for complaints;
- collaboration across Business Lines to resolve issues;
- auto-checking for pre-existing issues and complainants;
- auto-checking for outstanding issues;
- enhanced reporting capabilities; and
- integrated recording and tracking of systemic issues.⁶³

4.47 This “Concept Brief” has been further advanced by a draft Business Case, which notes that:

The development and implementation of a single complaint–handling system will allow the ATO to uphold [the] Charter values [namely, the commitment to treating complaints seriously and learning from them, and the commitment to dealing with complaints quickly and effectively] by having a coordinated and efficient approach to intelligence gathering and complaints handling, allowing accelerated response time for identified issues and for complaints to be tracked through any escalation process.⁶⁴

4.48 I understand that the ATO is currently working to adapt an existing ATO system – the Technical Decision-Making System (TDMS) – to serve as a uniform complaint recording and management system, with the aim of implementing in stages this year (2003).

Service Standards and Complaints

4.49 ATO Service Standards, including those relating to complaint–handling, are set out in the pamphlet, “The Service Standards you can expect from us under the Taxpayers’ Charter”. The standards most relevant to complaint–handling (both directly and indirectly) are set out in Table 4.1 (below).

⁶¹ DWMS is an earlier version of CWMS.

⁶² Australian Taxation Office, *Concept Brief: One Complaints Handling System for all ATO*, 8 May 2001, p.3.

⁶³ Australian Taxation Office, *Concept Brief: One Complaints Handling System for all ATO*, 8 May 2001, pp.4, 5-6.

⁶⁴ Australian Taxation Office, *One Complaint–handling System for the ATO*, 22 November 2001, p.6.

4.50 There are also specific public standards for Excise clients.⁶⁵ Those relating to complaints – namely the correction of administrative or clerical errors, and general response times – are as per the general standards (see Table 4.1 below). I understand that the ATO now also has service standards in relation to Activity Statements.⁶⁶

4.51 The standards noted in Table 4.1 are the service standards to which the ATO has committed publicly. I understand, however, that for performance purposes the standards are somewhat more detailed, and in some cases, different and/or qualified.

4.52 For example, it is generally expected that a complainant will be contacted by an ATO officer tasked with resolving the complaint within three days of the complaint being made. This is a considerably higher service standard than the seven days quoted as part of the Taxpayers' Charter.

4.53 Similarly, for internal purposes, some ATO documents suggest that sixty percent of complaints will be resolved within 28 days.⁶⁷ The Taxpayers' Charter gives no indication as to the time within which a taxpayer can expect his or her complaint to be resolved. The 28-day complaint resolution standard might, however, be implied from the service standards in relation to complaints (7 days) and remedying errors (14 days).

Table 4.1 ATO Service Standards Relevant to Complaint-handling

	Service	Standard
Complaints	ATO contact	Within 7 days
	Remedy ATO clerical/administrative error	Within 14 days of error being identified
Telephone Enquiries	Normal response	Within 2 minutes
	High demand response	Within 5 minutes
Written Enquiries	ATO request for further information	Within 14 days
	ATO response	Within 28 days
	Negotiation of ATO extension	Within 14 days
Over-the-Counter Enquiries	Normal attendance	Within 10 minutes
	High demand attendance	Within 15 minutes
Objections and Requests for Amended Assessments	ATO request for further information	Within 14 days
	ATO decision	Within 56 days ⁶⁸
	Negotiation of ATO extension	Within 14 days

⁶⁵ Australian Taxation Office, "The Service Standards you can expect from us under the Taxpayers' Charter: 1999/00 Excise".

⁶⁶ See Australian Taxation Office, "Service Standard Achievements [as at 30 November 2001]" (<http://www.ato.gov.au/content.asp?doc=/content/corporate/charter.htm&page=224>).

⁶⁷ See for example, Australian Taxation Office (Individual Non-Business), *Analysis of Level 1, 2 & 3 Taxpayers' Charter Complaints*, December 2000 (Bi-annual report), p.2.

⁶⁸ Within 28 days in the case of an Objection against a Ruling.