



Australian Government  
Australian Taxation Office

# Australian Taxation Office Submission

## Inquiry into digital delivery of government services

September 2017

# Contents

<b>Chief Information Officer Foreword</b>	<b>3</b>
<b>ATO Digital strategy</b>	<b>5</b>
Stabilise and enhance technology	5
Improving identity and security	7
Build contemporary online tools and services	9
Extend our digital ecosystem to integrate with natural systems	11
Support the transition	15
<b>Working with our partners</b>	<b>16</b>
Whole-of-Government Digital Transformation	16
Digital Service Providers	17
Tax Professionals	17
<b>Building capability</b>	<b>18</b>
Digital Capability Uplift	18
Innovation Lab and Digital Innovation Capability	19
Digital Service Standard	19
ATO beta	19
ATO Community	20
Governance & ICT investment	20
Procurement of digital services and equipment	20
<b>Other related matters for consideration</b>	<b>22</b>
<b>Appendix – ATO Digital Program Industry Awards</b>	<b>23</b>

# Chief Information Officer Foreword

1. The ATO contributes to the economic and social wellbeing of Australians by fostering willing participation in the tax and superannuation systems. We recognise the value of delivering digital government services, not only to the community in making it easier to meet their obligations, but to government in benefits realisation and responsible use of public monies.
2. Our digital services must cater to a diverse client base with diverse needs. Our clients include over 20 million individuals, 2.9 million small businesses, 55,000 tax and BAS agents, 557,000 self-managed superannuation funds (SMSF), 850,000 trusts, 905,000 employers, 190,000 medium businesses and 1,400 large businesses and superannuation funds. Many of these clients have interactions involving registration, lodgement, reporting and payment and they fulfil these obligations either directly with us or via intermediaries.
3. The ATO has a long history of digital innovation and digital delivery. In 2004, we were the first revenue agency in the world to provide an online interface for tax professionals. Our continued success in delivering digital services is evidenced by the fact that over 6 million clients now interact with us online and over 3 million individuals use myTax to prefill and lodge their tax return. We also have over 1 million users consuming the ATO mobile app, over 3 million clients using our Voice Authentication solution and over 1.9 million clients being supported by our virtual assistant 'Alex'.
4. During late 2016 and early 2017 we experienced several unplanned system outages due to the hardware failure of our Storage Array Network (SAN). We recognise that this was disruptive and we are working with our providers to increase the resilience of our environments and to ensure that we meet the growing expectations of our clients.
5. Despite these outages and the associated challenges, we are currently delivering the best Tax Time performance in the history of the ATO, with more prefilling, higher volumes of returns and faster processing of returns and refunds than ever before. Our focus on 'digitisation' means that over 98% of individual income tax returns are now being lodged electronically and over 95% of those are being assessed and processed without any human manual intervention within the ATO.
6. We continue to work hard to expand the digital ecosystem to enable digital interactions from natural systems. Businesses and tax professionals are increasingly able to interact with us from within their business or practice management software. Banks, superannuation funds and other agencies are also connecting to us digitally. From humble beginnings, we now partner with more than 300 digital service providers (eg. software developers, payroll providers, banks, superfunds and agencies) and have released more than 200 application programming interfaces (APIs) thus enabling them to offer enhanced digital services to their clients.

7. We recently released our Corporate Plan 2017-18. This plan describes how we will serve Australians through effective and efficient administration of the tax and superannuation systems. The plan provides the framework to drive and monitor our day-to-day operational performance and the achievement of our longer term strategic intent.
8. Over the life of the plan, we will continue to:
  - focus on the client and staff experience
  - take steps to ensure we meet the challenges in the rapidly changing environment
  - put greater effort into our data and analytics, and
  - maintain and improve our technology and digital services.
9. The corporate plan clearly articulates our strategic priorities for the coming year. Of these priorities, the initiatives aligned to the ATO digital priorities can be grouped into the five focus areas:
  - Stabilise and enhance technology
  - Improve identity and security
  - Build contemporary online tools and services
  - Extend our digital ecosystem to integrate with natural systems
  - Support the transition
10. We will continue to work with our partners across the digital, economic and legislative landscape. We work in partnership with other government agencies such as the Digital Transformation Agency (DTA), Department of Human Services (DHS) and the Department of Industry, Innovation and Science (DIIS) who we rely on to provide services that integrate with ours. We will also work in partnership with tax professionals and digital service providers to enhance the digital services available to them.
11. The ATO's approach to managing digital project delivery governance leverages best practice methodologies, tailored and scalable to the ATO environment. Our procurement and contract management processes deliver savings, innovations and efficiencies and we continue to seek opportunities to improve these processes.
12. The ATO vision is to be a leading tax and superannuation administration known for our contemporary service, expertise and integrity. The successful delivery of digital services is essential in achieving this vision.

Ramez Katf  
Second Commissioner and Chief Information Officer  
30 September 2017

# ATO Digital strategy

## Stabilise and enhance technology

13. The ATO operates a complex computing platform and holds data securely for over 25 million clients and partners. There are multiple systems involved in any given digital interaction with a client. This complexity means we regularly have to take our current systems offline for planned outages, to maintain the systems, to fix issues and improve services.
14. The community increasingly expects to complete digital transactions in real time. In order to maintain the trust and confidence of the community, we need to ensure the technology upon which we, our partners and our clients depend on is secure and reliable. This is our first digital priority.

## Storage Area Network (SAN) outages

15. In late 2016, and early 2017, there were several unplanned systems outages that impacted our services following the hardware failure of our (SAN).
16. In June 2017 the ATO released the ATO systems report. The report outlines the ways we are ensuring stability, reliability and availability of our services to the community.

### Tax Time 2017

Despite the challenges of the past year, the ATO Tax Time 2017 performance has already exceeded any prior year. As at 21 September we have:

- pre-filled more than 78 million pieces of information in tax returns, up 2% from the same time last year
- finalised almost 7.5 million income tax returns, an increase of 5% from the same time last year
- issued more than 6 million refunds worth more than \$17 billion
- issued more than 7.1 million notices of assessment
- processed over 98% of individual income tax returns without any manual intervention.

## ATO Systems Improvement Program

17. In order to ensure the community can continue to access ATO digital services when and how they want, the ATO has made significant shifts in its strategy to strengthen the

delivery platforms that underpin our digital services. Building a world class infrastructure is the cornerstone element of the ATO IT strategy. To support this strategy, the ATO has an IT Systems Improvement Program with a specific focus on improving the availability of our top eight applications (key client-facing systems).

18. The program will strengthen the core IT platforms and improve their resilience through a concerted effort to simplify the underlying architecture by leveraging the ATO's investments in cloud platforms, sourcing program and modernising components of infrastructure.
19. As part of ATO IT Systems Improvement Program, we plan to refresh some of the core IT infrastructure assets to a more contemporary standard to reduce the inherit risk associated with legacy infrastructure failure. Although the Improvement Program is planned over a four year period, improvements in availability will be made progressively, and have already commenced.
20. The program will ultimately deliver the highest level of availability for business critical services such as the Practitioner Lodgement Service (PLS), Single Touch Payroll (STP) and SuperTICK. Our old hardware assets will be refreshed and will continue to be kept up-to-date as required, so that hardware and software do not become obsolete and introduce vulnerabilities.
21. As well as reducing the number and duration of unplanned outages due to better resiliency, the program will reduce planned maintenance downtimes.
22. Our first priority is Standard Business Reporting 2 (SBR2), the channel supporting PLS, STP and SuperStream. Over the next four years, we'll work to gradually improve the SBR2 platform to make it available 24/7 and further improve availability for our top eight platforms.

## Cloud Strategy

23. At present three of our top eight applications are available via cloud and are benefitting from improved availability. We are also working towards increasing the resilience of underlying legacy systems and infrastructure to further enhance the availability of our cloud enabled applications.
24. The ATO will continue to leverage cloud to improve the availability of key applications. The ATO is also working closely with the DTA to provide input on future Cloud policies or strategies.



### ATO services available via cloud

- Ato.gov.au
- ATO Online
- SBR2

## Improving identity and security

25. The ability to provide secure, fast and easy to use digital identification, authorisation and authentication services is vital to the success of delivering ATO digital services.
26. Fundamental to our role in administering the tax and superannuation system is the ability to be confident that we are:
- interacting with the person that owns the identity they are claiming to be (proof of identity)
  - verifying they are the owner of the same identity in subsequent interactions (proof of record ownership or authentication)
  - giving the right people access to the right information, both theirs and on behalf of others (authorisation).
27. Traditionally, these processes were time consuming, costly and often required a face to face interaction. As we move further into the digital landscape we have recognised the need to maintain a high level of security and integrity in our client register and all the systems that interact with it to support the community in meeting their obligations.
28. Increasingly, the risk of identity theft in online and digital interactions needs to be anticipated, analysed, monitored and mitigated as fraudsters become more sophisticated in their operations. The ATO has, and will continue to invest heavily in securing taxpayer information through robust identity, authentication and authorisation platforms. Below are some of the initiatives, projects and platforms that demonstrate how we have and are continuing to invest in improving digital identity services to increase the security of our information.

### The ATO is a large identity provider

- Over 775,000 new tax file numbers (TFNs) were issued in 2016-17
- There are currently more than 20 million active individual TFNs
- Over 855,000 new Australian business numbers (ABNs) were issued in 2016-17
- There are currently more than 7 million active ABNs

## Voice Biometric Authentication

29. Introduced in 2014, initially over the phone and later into the ATO app, taxpayers can choose to enrol their voiceprint as a secure, fast and easy way to verify their identity.
30. Over 3 million Australians have chosen to enrol their voiceprint with the ATO either on phone call or through the ATO app.
31. More than a third of all calls into our contact centre, that require us to identify who is calling, are verified using a voiceprint.
32. Voice authentication saves an average of 45 seconds per call (compared to manual proof of record ownership processes) and removes the need for clients to answer security questions to verify their identity in subsequent interactions.

## Cloud Authentication and Authorisation

33. Released in 2016, businesses can now interact with the ATO via their web-based software on tablets and smart phones, without needing an AUSkey.
34. In 2017, this is due to be expanded to enable registered training organisations with the Unique Student Identifier Program (Department of Education) to benefit from this streamlined experience.
35. Since the implementation of Cloud Authentication and Authorisation, the ATO has:
  - on-boarded 35 software developers
  - received over 24,000 client notifications of cloud software providers to enable cloud authentication (at 17 September 2017)
  - processed more than 8.6 million cloud transmissions.



## Manage ABN Connections

- 36. Released in April 2016, Manage ABN Connections allows individuals to connect ABNs they are authorised to act on behalf of to their myGov account. Clients can then use their myGov login details to access government online business services.
- 37. More than 180,000 clients have linked their ABN to their myGov credential.
- 38. Since June 2016, there have been over 720,000 authentications using Manage ABN connections.

## Relationship and Authorisation Manager (RAM)

- 39. In progress, the Relationship and Authorisation Manager (RAM) is a streamlined authentication and authorisation solution to improve the management of third party authorisations and access to government services.
- 40. The ATO is working in consultation with the DTA and DIIS to maximise the potential for reuse and further development of the RAM platform as part of the whole-of-government Trusted Digital Identity Framework (TDIF) currently in development.

## Build contemporary online tools and services

- 41. The community expects to interact with government using digital services, the way they interact with every other organisation. The ATO made delivering contemporary online tools and services a priority of our reinvention. Below are some examples of our commitment to this delivery.

### ato.gov.au

- 42. With more than 80 million visits a year, ato.gov.au is the ATO's largest digital platform. Over the past two years there has been a significant focus on transforming the site, making it easier for users to interact, transact and meet their tax and superannuation obligations.
- 43. All content has been reviewed, simplifying language and deleting old and duplicated content. A user feedback process has been implemented, improving our ability to measure user satisfaction and quickly identify opportunities for immediate action.
- 44. Over 5.8 million words were removed from ato.gov.au as a result of the review.

## ATO app

45. Introduced in 2013-14, the ATO app provides users with:

- digital tools and calculators including the ABN look-up service, business performance check, payment plan estimator, progress of their return, tax withheld calculator and super guarantee contributions and eligibility
- key lodgement dates
- the ability to report a concern about potential tax evasion
- information about their entitlements and obligations as individuals, in business and superannuation
- access to our ATO online services for individuals including myTax – the ATO's online lodgement program.

## myGov

46. The ATO joined myGov in May 2014, enabling individuals to link the ATO to their myGov account and access authenticated ATO Online services. Of the existing 12.3 million myGov accounts more than 6.2 million people are currently linked to the ATO (as at 31 August 2017).

47. Since March 2015, the ATO has sent over 31 million (as at 31 Aug 2017) items of correspondence to the myGov inbox, including Notices of Assessment and Statements of Account.

## myTax

48. myTax is the quick, easy, safe and secure way to lodge tax returns online. It is web-based, so users do not need to download anything to their computer. Tax returns can be lodged on any device (computer, smartphone or tablet). myTax pre-fills individual's data and takes less than 30 minutes to complete. myTax is updated annually and users can:

- print and review the tax return before it is lodged
- see a detailed breakdown of the estimated refund or debt
- find the information they need in a user-friendly deductions section.

## myDeductions

49. Released into the ATO app in 2015, this tool makes it easier and more convenient for individuals to keep income tax-related deductions all in one place. The tool can then be

used to upload the recorded information to pre-fill their myTax return or share data with their tax agents.

50. In December 2016, the tool was expanded and made available to sole traders. They are able to record expenses and income on the go and, from Tax Time 2017, can now use the upload functionality to fill their myTax return or send it to their tax agent.

#### Uptake of ATO digital services

- Over 6 million individuals are now using ATO Online Services
- Over 3 million individuals lodged via myTax in 2015/16
- Over 1 million users have downloaded the ATO app since its release

## Australian Business Register and Modernisation of Business Registers

51. The Australian Business Register (ABR) is a critical piece of economic digital infrastructure that provides registered business information for government and businesses operating in Australia.
52. Over 500 agencies consume information from the ABR. Current, accurate and digitally accessible ABR information is integral to establishing trust between businesses and instilling confidence that the marketplace is fair for all participants.
53. The ATO is participating in a program of work focused on improving business registration services. This is being managed under the National Business Simplification Initiative (NBSI), which the ATO is supporting.
54. The ATO is working in partnership with representatives from four other agencies (DIIS, the Australian Securities and Investment Commission (ASIC), Treasury and the DTA) to conduct user research into business registers and inform the development and testing of prototypes.
55. Consultation and user research of business registries is underway, with all aspects of the digital delivery to be consulted on and, where appropriate, co-designed with users and stakeholders.

## Extend our digital ecosystem to integrate with natural systems

56. In addition to offering digital services that are directly accessible by clients (eg. via our website or our mobile app) we are also continuing to expand the digital ecosystem by



enabling digital service providers (DSPs) to consume ATO digital services. DSPs include mobile app developers, software providers, payroll providers, banks, superannuation funds and other government agencies.

57. DSPs that join the digital ecosystem are able to offer their clients enhanced experiences in their 'natural system'. Businesses and tax professionals are thus increasingly able to interact with us from within their business software or practise management software. Banks, superfunds and government agencies can also talk to each other or to the ATO and can thus offer enhanced digital services to their clients.
58. The expansion of the digital eco system is possible because we leverage technologies such as Standard Business Reporting (taxonomy and technology) and application programming interfaces (APIs) that allow computers to 'talk' to computers.
59. We will continue to expand the availability of APIs as detailed in the section below, however this will be accompanied by the ongoing implementation of an Operational Framework that will provide more guidance and certainty for the DSPs participating in these digital eco systems.

#### **The ATO enables digital ecosystems**

- The ATO currently offers 237 application programming interfaces (APIs)
- The ATO works with 346 Digital Service Providers in our network
- Around 6.5 million TFNs were matched using the ATOs SuperTICK service in 2015-16
- There were more than 23 million digital interactions via the national SBR gateways in the 2016-17

### **Standard Business Reporting (SBR)**

60. SBR went live in 2010 with the intent to reduce the burden of regulatory compliance for Australian businesses. SBR includes a number of components – a common vocabulary for reporting ('taxonomy') and standards for digital message exchange and security – to reduce the amount of time a business needs to spend to compile, prepare and submit reports to meet government obligations.
61. SBR generated total savings in the order of \$1.2 billion for businesses and government in the 2015-16 financial year, and it continues to experience significant growth. There were over one million lodgements through the national gateway in 2015-16 (an increase of 90% from the previous year).
62. Many API services are SBR enabled. That is, they use a common taxonomy and technology standard.

## Application Programming Interface (API) development and release

63. APIs allow clients and DSPs to connect their software or systems directly to a range of digital services being offered by the ATO. Different APIs offer different services. Some send data out of the ATO. Some send data into the ATO. Some do both.
64. The ATO is at the forefront of API exposure and is significantly more advanced than other revenue agencies.
65. The exponential growth of e-commerce and the requirement for APIs to enable the services being offered to end users (eg individuals, businesses, agents, superfunds and other government agencies) by DSPs is an opportunity to use the natural systems of individuals and businesses to meet their tax and superannuation obligations by default.

## Single Touch Payroll (STP)

66. STP APIs are consumed by payroll or accounting software. This enables employers to report their employees' PAYG withholding and superannuation information to us directly from their accounting or businesses management software. From July 2018, employers with 20 or more employees will be required to use STP. Smaller employers will commence reporting via STP from July 2019. We have commenced the progressive delivery of APIs to support STP. Some software developers have already started consuming these APIs and are offering limited STP services to employers using their software.

## Practitioner Lodgement Service (PLS)

67. Practitioner Lodgement Service (PLS) APIs are consumed by practitioner software systems and they complement other APIs already used in practice management software to progressively improve how tax professionals interact with the ATO and the broader ecosystem. This enables agents to prepare and lodge returns, activity statements and schedules with the ATO.
68. PLS eliminates the need for tax professionals to work in multiple systems or channels and it thus eliminates duplication. PLS enabled practice management software will become the main electronic lodgement channel for tax professionals and is gradually replacing the old electronic lodgement service (ELS). ELS will remain during the period of transition to PLS, as a safety net to ensure tax professionals have access to our digital services.

## SuperStream

69. Introduced in 2011, SuperStream has transformed Australia's superannuation system, making it quicker and easier for employers to pay superannuation, giving fund members greater visibility and control over their superannuation holdings, and providing efficiencies



for super funds. The program has also helped the government improve employer compliance with superannuation obligations and offer more tailored services to individuals.

70. SuperStream:

- standardised the way money and data are sent electronically
- automated rollover and contribution transactions between funds and the ATO making them safer, quicker and with fewer errors
- must be used by employers, self-managed super funds and APRA-regulated funds
- has seen significant realised benefits of approximately \$400 million per year for employers and a further \$400 million per year for funds
- has generated estimated savings for members of \$2.4 billion per annum
- includes the introduction of new digital enabling services such as SuperTICK for matching member data with ATO records and SuperMatch for member account consolidations.

71. Future enhancements to SuperStream will incorporate changes associated with the 2016 Federal Budget and the introduction of STP.

## Operational Framework

72. The growth of our digital API ecosystem increases productivity and community connectivity across the digital economy. This connectivity presents a range of service opportunities, business risks and security implications for the ATO, Digital Service Providers (DSPs) and the Australian community.

73. As part of our response to these risks, the ATO is developing the Operational Framework in partnership with DSPs and other stakeholders. The Framework sets out how we will provide access to and monitor the digital transfer of data through software. This will involve the introduction of new requirements for DSPs consuming our services in order to increase the security, privacy and confidence of the digital ecosystem.

74. In addition to providing more certainty for DSPs seeking to participate in the digital ecosystem, the Operational Framework also underpins broader adoption and capability development throughout the digital economy.

## Leveraging Big Data

75. The ATO continues to leverage big data in order to improve the client experience and to improve assurance. For example, in 2016-17, the ATO received data from over 815,000 third party reporters (eg. employers, banks, financial institutions, and other agencies) that

enabled us to prefill information into the tax returns of almost 13 million individuals required to lodge.

## Support the transition

76. The Digital Service Standard (DSS) articulates the need to maintain a seamless transition between digital and non-digital channels to ensure no user is left behind.

77. The ATO takes a holistic approach to any change. Two of our main goals as an organisation are to make it easier for people to participate, and to provide contemporary and tailored services. The below services are a sample of the ways we support the community to meet their tax and super obligations by providing them with self-service and digital assistance.

### Virtual Assistant on [ato.gov.au](https://ato.gov.au)

78. Released in February 2016, 'Alex' our virtual assistant provides an enhanced level of self-service for clients using [ato.gov.au](https://ato.gov.au) by directing them to the information and resources they need.

- Available 24 hours a day, 7 days a week
- More than 1.7 million conversations held as at 31 July 2017
- 81% first contact resolution rate
- Configured to answer over 62,000 questions across 515 topics.

### Web-chat and Screen Share

79. In October 2016 the ATO deployed web-chat and screen share into myTax. This allows a client to chat with a live ATO staff member for support while they are completing their tax return in myTax. They can also share their screen for help with navigation and usage.

80. There has been very positive feedback from clients and staff on the web chat service including:

- client satisfaction of 88% and 80% stating they would use web chat again
- staff satisfaction of 83%, where most appreciated having different work types, saw real benefits of being able to service multiple clients at once and using screen share where needed.

## Working with our partners

81. The ATO operates in a necessarily complex environment. While our IT infrastructure is extensive to support the vast array of systems, millions of transactions and interactions needed to administer the tax and superannuation systems each year, we don't and can't do it in isolation. We are integrated; our systems, our data, our technology, our legislative framework and our infrastructure all have co-dependencies across the economic and digital landscape.

82. For example, in order to achieve a successful tax time, each year we collect data from:

- banks and financial institutions
- states and territories
- stock exchange companies
- employers
- private health insurance providers
- Centrelink and other government departments
- employee share schemes.

83. We also work closely with:

- the superannuation industry including self-managed super funds
- tax professionals
- other government agencies
- digital service providers (eg. software developers, app developers, cloud providers, banks, corporates etc.)
- intermediaries including financial advisors, insolvency practitioners and legal practitioners.

## Whole-of-Government Digital Transformation

84. The ATO is working with DTA, DIIS, DHS and a range of other agencies to establish a digital identity solution, across government, which meets the needs of users.

85. The Trusted Digital Identity Framework (TDIF) provides the policies and guidelines that will govern delivery of the digital identity solution, and the ATO is working closely with the DTA to continue its development. Once the digital identity solution is delivered, users will only

need to prove their identity once, and then use that identity across all government online services.

## Digital Service Providers

- 86. We work in partnership with DSPs to develop products and services that are integrated into the systems and practices used by the community in their everyday lives.
- 87. DSPs develop software solutions that connect to ATO systems through the ATO-operated whole-of-government SBR Gateway. Through the SBR Gateway DSPs can consume hundreds of services provided by ATO and other government agencies.
- 88. The increased integration of these digital wholesale services into software solutions has made it easier for people to comply with the tax and superannuation systems. The shift towards these types of services has coincided with an increase in community expectations around the quality of digital service offerings. As a result, we have shifted our relationship with DSPs to a partnership model that is built around the shared understanding that success will come from us working together to develop solutions and solve problems.

## Tax Professionals

- 89. Tax professionals play a critical role in the tax and superannuation systems, influencing taxpayer compliance and behaviour and completing the necessary transactions for their clients to meet their obligations. We work with the tax profession to help taxpayers effectively and efficiently navigate the tax system, and recognise that taxpayers engage tax professionals for a variety of tasks and interactions throughout the year.
- 90. There are three main types of tax professionals: tax agents, BAS agents and tax (financial) advisers. The number of active tax and BAS agents has increased over time. In February 2017, there were around 24,600 active tax professional and 8,937 active BAS agents.
- 91. Tax professionals use ATO portals (i.e. via web) and they use software (eg. accounting or practise management software). The ATO's relationship with the tax profession has at times been undermined by systems issues and system design that has not supported the client/agent relationship.
- 92. In the coming year, we will be improving the authentication solutions available for the tax profession. We will also be releasing a modernised online (web based) interface for the tax profession that will replace the legacy portals.
- 93. We recognise that these improvements will come with significant design and change management challenges and we will work closely with the tax profession to ensure they are supported through these periods and that the transitions are staged. For example, In

May 2018 the improved online services will become accessible to all agents via a public pilot. This will give agents time to learn the system and provide feedback ahead of Tax Time 2018. However existing legacy portals will continue to be available until we have confidence that agents have had the opportunity to transition.

94. In the meantime we will continue to encourage and support agents to transition to the more integrated services as they become available in practice management software. This will dramatically reduce the need for their workloads to be duplicated between portals and software.
95. In addition to the services provided for the profession, tax professionals have access to the tools and services we provide for individual and small business taxpayers. For example, taxpayers using the myDeductions tool are able to provide a copy of this file to their tax practitioner saving time and effort when preparing tax returns. Third party data available for self-preparers through myTax, such as bank account interest, salary and wages, and health insurance information is also available for tax professionals.

## Building capability

96. Concurrent with supporting the community to transition to digital, and working with our partners across the digital and economic landscape, we recognise the importance of building digital capability. Digital services and platforms are only as effective as the capability the community has to use them. By successfully increasing digital capability in the ATO, and in the community we support success in the delivery of digital government services and drive take-up.
97. This will reduce red tape, provide a better, more tailored client experience and decrease Government administrative costs.

## Digital Capability Uplift

98. The ATO is developing a Staff Digital Capability Strategy to ensure that our people are equipped to support clients (and each other) in the delivery of digital products and services.
99. Principal components of the strategy include:
- embedding the European Commission Digital Competence Framework ('DigComp') into our core capabilities
  - building staff awareness and understanding of the client experience and the services available to clients



- refreshing the existing capability framework to reflect contemporary requirements including digital and data literacy.

## Innovation Lab and Digital Innovation Capability

100. The ATO Innovation Lab works with internal and external partners to explore new industry approaches and determine the feasibility and benefits of new products within the technology environment. The ATO Innovation Lab has most recently focused on developing working prototypes that look to continually improve our DevOps practices to provide repeatable, automated processes that embed quality and improve speed to market.
101. The ATO also has a Digital Innovation Capability which looks at how emerging technology can be leveraged to simplify the way in which the tax and superannuation systems are administered. We aim to identify and support the application of technology solutions by working with our partners and the community. This will assist in streamlining and automating record keeping, and tax reporting, and lead to a better client experience.

## Digital Service Standard

102. The ATO's DSS Integration team are responsible for integrating the DTA's DSS into the ATO's Integrated Change Framework (ICF). The team works closely with the DTA and a broad range of internal stakeholders to:
- increase organisational awareness of, and capability in, delivering the government's digital transformation mandate
  - make necessary changes to elements of the ICF to support the DSS
  - build and manage the ATO's internal DSS Assessor capability
  - coordinate and support DSS assessment services for all in-scope internal projects as well as large scale, high profile cross-agency initiatives.

## ATO beta

103. ATO beta ([beta.ato.gov.au/](https://beta.ato.gov.au/)) was launched in 2015 to support the testing and co-design of new tools and services directly with the community. It allows the ATO to test and measure the success of new concepts before they graduate to our live site – giving us the freedom to perform real-world testing with the community in a safe environment. The site features a blog where articles and updates are shared and user comments are encouraged, and a space for interacting with prototypes. Test results are regularly published and users can engage with the site by participating in polls, surveys, usability tests and questionnaires and submitting feedback. New and innovative techniques like

service design, journey mapping, user interaction design, front-end development, prototyping and research are also employed. In 2016-17:

- 20 tests were conducted on beta.ato.gov.au
- 32,245 users participated in the tests.
- the page has been viewed over 170,000 times.

## ATO Community

104. We have recently launched the [ATO Community](#) platform (beta phase) to further the engagement with our online community. It is an online community forum that enables peer-to-peer support in an ATO moderated and trusted environment. This approach is underpinned by the OECD recommendation that online communities are a necessary step for tax administrations to progress and realise the substantial benefits of community knowledge sharing, crowdsourcing and co-creation and again sees the ATO at the forefront of government services.

105. The ATO is committed to maintaining a robust governance framework to ensure:

- strong organisational performance based on efficiency in the use of resources and effectiveness of the outcomes achieved
- openness, transparency and integrity to promote accountability and confidence in public sector decision making
- effective collaboration by engaging in collaborative partnerships to more effectively deliver programs and services.

## Governance & ICT investment

106. The ATO's approach to managing digital project delivery governance leverages best practice methodologies, tailored and scalable to the ATO environment.

107. As well as project sponsors, managers and teams, all large-scale ICT projects are required to report to the forums responsible for decisions on investment, budget and funding availability.

## Procurement of digital services and equipment

108. The ATO procurement framework is part of the Government's financial management framework which includes alignment to relevant legislation and regulations.

109. We aim to achieve procurement and contract management that deliver savings, innovations and efficiencies.

110. The ATO procurement process is underpinned by:

- achieving and increasing value for money
- probity, fairness and compliance
- sustainability, diversity and inclusiveness.

111. Below are some examples of how we have worked to improve our procurement of digital services and equipment.

## Digital Marketplace

112. The ATO is utilising the DTA's Digital Marketplace to facilitate some of our procurement activity for digital services.

113. For example, the ATO's Data Analytics Multi Use List (DA-MUL). The ATO introduced the DA-MUL to create agile values and practices for delivery of our Smarter Data program. The ATO has transitioned procurements of the program to the Digital Marketplace. The benefits we hope to achieve from this transition are:

- greater flexibility, innovation and speed in our data analytic sourcing as well as access to a broader range of services and vendors
- collaborative thinking with suppliers to help inform our strategy and ideas
- simplified administration and contracting arrangements for all parties.

114. The ATO is working with the DTA to enhance the marketplace and is investigating where we could utilise the marketplace platform for some of our panel management requirements. As the service offering is extended, it is expected that this will provide further opportunities for agencies.

## ICT Procurement Review Implementation

115. The ATO participated in the ICT Procurement review through the provision of seconded staff. We also engaged with the DTA to discuss the implications of the ICT Reform policy and will continue to support any approach that ensures the best possible outcome for the government.

116. The ATO is reviewing our ICT Sourcing Strategy which will include how it procures our ICT requirements in the future. This strategy aligns with the DTA's position of ensuring ICT procurement is contemporary and agile. It is anticipated the ATO will see more vendors, including SMEs, working within our ICT environment in the future.

## Coordinated Procurement

117. The ATO utilises mandated whole-of-government coordinated ICT procurement arrangements put in place by the Department of Finance (DoF), now administered by the DTA where possible. Where these arrangements have not met ATO requirements or direction for our ICT sourcing strategy, we have worked with the DoF to seek the necessary exemptions from these arrangements. The ATO will continue to assess our requirements against the coordinated procurement arrangements and utilise them where they will achieve our business outcomes.
118. In addition to shared services models that are already being progressed, there are significant opportunities for large agencies to leverage economies of scale for smaller agencies, particularly in coordinated procurement across ICT, and the ATO would like to help progress these.

## Other related matters for consideration

119. The ATO is a large government agency with responsibility for the administration of the tax and superannuation systems in Australia. This is a responsibility we take very seriously. We recognise the value of delivering digital government services not only to the community in making it easier to meet their obligations, but to government in benefits realisation and responsible use of public monies.
120. The ATO is committed to our digital program to deliver services that meet the community's expectations and make it easier to comply. This aligns with our vision to be a leading tax and superannuation administration known for our contemporary service, expertise and integrity. The successful delivery of digital services is essential in achieving this vision.

# Appendix – ATO Digital Program Industry Awards

Year	Award	Category	Project/initiative
2017	Australian Computer Society (ACS) Digital Disruptors	*Finalist: Service transformation for the digital consumer – Government	Web chat and screen share for myTax
	Australian Computer Society (ACS) Digital Disruptors	*Finalist: Skills Transformation of Work Teams – Large Team (200+)	ATO (Agile Transformation journey)
	Asia-Pacific Stevie Award	Innovative Use of Technology in Customer Service – Other Service Industries Bronze	'Alex' ATO Virtual Assistant
	OpenGov Asia's Canberra OpenGov Leadership Forum	Recognition of Excellence Award	'Alex' ATO Virtual Assistant
	OpenGov Asia's Canberra OpenGov Leadership Forum	Recognition of Excellence Award	myTax
	OpenGov Asia's Canberra OpenGov Leadership Forum	Recognition of Excellence Award	Superannuation Dashboard
2016	Australian Computer Society (ACS) Digital Disruptors	Service transformation for the digital consumer – Government	ATO app – myDeductions
	Institute of Public Administration Australia (IPAA)	Finalist: Public Sector Innovation	Cloud Software Authentication and Authorisation
	Asia-Pacific Stevie Award	Innovative Use of Technology in Customer Service	Voice Biometrics
	CeBIT eGovernment ICT awards	Finalist	Voice Biometrics
	Institute of Public Administration Australia (IPAA) Prime Minister's Award	Gold Award, Excellence in Public Sector Management	SuperStream
2015	Australian Computer Society (ACS) Digital Disruptors	Winner: Skills Transformation of Work Team – Small Team (under 20)	ATO (with ATO app)
	Australian Computer Society (ACS) Digital Disruptors	'Gold Disruptor' nomination as a finalist in the Government category	myTax
	Australian Government ICT Awards	Overall Excellence in eGovernment Award Service Delivery Category Award	myTax
	Australian Business Award	Innovation	Voice Biometrics
	AusContact Association Award	Innovation	Voice Biometrics

\*Currently underway, winners will be announced in early November



