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The 2000s

SERVING THE COMMUNITY

CHAPTER TEN: The 2000s

Serving the community

When the ATO conducted a Listening to the Community program in 2002 it learned that what people wanted from it was ease of compliance and reduced compliance costs. This was not surprising after the introduction of the new tax system that had brought new complexities to the taxation system and increased compliance costs for business. Providing what the community wanted was a challenge for the ATO because meeting their needs to make the taxation system simpler meant greater complexity inside the office.[519]

The new tax system was immensely complex and the launch date of 1 July 2000 pushed the ATO almost to its limits. It was one of the busiest, most difficult and testing periods in the ATO's history and many tax officers considered it the highlight of their working lives, while Commissioner Carmody, whose seven year term expired during this period, was granted a second term because the challenge was too great to leave it uncompleted.[520]

Meeting the demands of the new tax system led the ATO to restructure many of its business lines and create new ones, develop and test completely new systems to administer the new taxes, build new call centres to handle public enquiries, embark on extensive national public education campaigns, retrain existing staff and recruit and train thousands of new staff. All this was done under the bright glare of public scrutiny because this was the biggest change to the taxation system in decades and affected everyone through the goods and services tax and the business activity statement. The ATO poured huge effort into ensuring the entire community was informed about the new system and its new call centres, the first located in Melbourne, played a leading role. Tax officers also visited 232,000 people and businesses, conducted around 27,000 interviews, spoke to 1,500 groups, and answered 4.1 million telephone calls and more than 68,000 written requests for tax technical advice.[521]

The first call centre

Dawn Lane recalls her role in one of the biggest changes to take place in the Tax Office as the result of the new tax system.

I joined the Tax Office in May 1999 as part of the massive recruitment for the GST. I was in the first intake for the call centre in Melbourne. I got offered two jobs on the same day, one with Centrelink and the other with Tax, so I rang my father and asked his opinion. He said 'People will always pay tax so it will always be there', so I took the Tax job.

There were 42 of us in the first intake, we all started in Queen Street in Melbourne and we formed a close bond. The training was off site because the call centre wasn't ready. We got a lot of training in the full environment of the Tax Office and we did a lot of product training on what we would be taking calls on, and we started taking calls in June 1999. Before we started people calling the Tax Office were put through to different offices around the states and people there were rostered on for a while, but this was the first Tax Office call centre so everything was more professional. The clients actually picked up the difference. Clients would ring up and they'd say 'Is this the Tax Office?' in an incredulous voice. 'You're just so different'.[522]

The second ATO call centre was created by refurbishing the fourth floor of the Upper Mount Gravatt site in Brisbane.

Introducing the new tax system was a 'cannot fail' project because the reputation of the ATO and the government depended on its success. Commissioner Carmody thought there would inevitably be early problems with the new tax system because it was a very big job that had been set up very quickly, so it would take some time for the new system to settle in. One major problem was that many people waited until the last minute before they did anything and there was a rush of applications for ABNs. Serious community complaint arose as people began filling out their first business activity statements, so the ATO simplified the form, which involved major systems changes, forms redesign and another extensive public education campaign.[523]

The new tax system brought the end of sales tax. To mark the occasion about 140 current and retired tax officers attended a lunchtime function. At one table were Stan Hynes, Don Taylor, Ted Laurendet, John Hynes, Bill Farmer, Bill Brown, George Honey, Jack Stevens and Jack Edwards.

For several years the new tax system was a source of great public controversy and views differed about whether it was a good thing for the Australian community and whether its implementation had been well handled. Soon, however, it became an accepted part of Australian life, as previous taxes introduced by the ATO had become. Criticism also declined as the ATO refined its processes and the new tax system became just one of the ATO's many complex processes. The ATO workforce reached over 21,000 during the implementation of the new tax system but was then reduced and 952 staff left with voluntary redundancies.[524]

In addition to the new tax system the government continued to increase the ATO's responsibilities, including making some government payments, administering and regulating major aspects of Australia's superannuation system and custodianship of the Australian Business Register. As a result the Commissioner of Taxation had responsibilities under 39 separate Acts of Parliament by the end of the decade.[525]

The ATO's position as a branch of Treasury put it at arm's length from policy-making and this was reinforced in 2002 when the ATO policy and legislation branch was transferred to Treasury. The branch had attracted some of the ATO's most brilliant intellects and many Commissioners had come up through it, but the transfer was in part a political reaction to the criticisms from those involved in the mass marketed schemes of the late 1990s. In addition, its existence made many people in the community think the ATO was the origin of taxation policies. Despite this change, the ATO still advised Treasury and government on administrative aspects of tax legislation, as it had always done.[526]

The Sydney Olympic Games in 2000 heralded in the new century and set a tone of optimism and prosperity for the decade. It was a period of almost unparalleled growth when the gross domestic product doubled, unemployment and inflation remained at very low levels and Australia's population grew to over 22 million.[527]

The ATO's central role in Australian life also took it to the Olympic Games where a team of tax officers was based in the Olympic Village. They advised visiting athletes, administrators and members of the media of their tax obligations while in Australia and helped them with claiming GST reimbursements for their expenditure while in the country. They were kept so busy that they barely had time to attend any of the events.[528]

Reaching Australia's diverse cultural communities had also become a special ATO focus. From the beginnings of multiculturalism in the 1970s it had published information about taxation in a number of languages, provided interpreter services and conducted radio broadcasting in various languages through SBS at tax time. The widening of ATO responsibilities to include superannuation and GST meant it had to communicate these issues to Australia's multicultural community. Tax officers became even more active in spreading the message about the importance of the taxation system to the Australian way of life and its complexities through monthly talkback radio sessions in a number of languages, conducting tax seminars and giving the ATO a presence at community festivals distributing material in many languages on a full range of taxation and superannuation issues.[529]

The launch in August 2009 of an ATO DVD/online product called *Tax in Australia – what you need to know* containing information in English and nine other languages. The group includes the ATO language staff.

Australia's prosperity resulted in the growth of the ATO's total revenue collection, from $151.7 billion in 1999–2000 (before the introduction of the new tax system) to $264.5 billion in 2008–09. As well as collecting the government's revenue the ATO also began making government transfers that increased from around $3.4 billion in 2003–04 to $9.3 billion in 2006–07 and $17 billion in 2008–09 (under exceptional circumstances). By 2008–09 the ATO processed 41.34 million forms, received 3.97 million items of correspondence and answered 12.54 million telephone calls, but the cost of revenue collection remained stable at around 0.85 per cent during the decade.[530]

Change continued at all levels of the ATO during the decade but the word came to have a special meaning in the minds of tax officers. After the Listening to the Community program the ATO developed two key objectives; improved compliance and making people's experience of the revenue and superannuation systems 'easier, cheaper and more personalised'. This meant improving services to the community even more, and that could only be done by improving ATO systems. It would have to update its computing capacity and communications technology and find ways of

Activity statement processing at Penrith in 2000. Modern scanning equipment and software allows the ATO to process vast amounts of paper quickly and efficiently.

integrating many of its existing computer-based systems to improve the taxpayer experience. Commissioner Carmody regarded this work as the completion of modernisation, to do the things that had not been possible earlier because of the constraints of time and money, and the limitation of the technology of the time. This large scale program quickly became known simply as the Change Program and it became the biggest driver of ATO change during the decade.[531]

The Change Program reached into every corner of the ATO just as modernisation had. Change took place largely behind the scenes in the systems the ATO used to provide its services, not in new services or ways of delivering them for the most part. The government was unlikely to provide the money for the project so it had to be funded internally. This, and the complexity of the program, made it what the ATO called 'risky' and the Australian National Audit Office called 'optimistic'. However, the program was necessary to make the whole taxation process seamless for the community and for the long term efficiency of ATO systems.[532]

Commissioner Carmody cuts a cake to celebrate the launch of the business portal in December 2004.

To make the Change Program manageable its implementation was divided into a series of 'releases' spread over a number of years. The first release provided an improved service to tax agents, just as electronic lodgment had launched modernisation. The tax agents portal was launched in February 2003 and a business portal in 2004 and both were well received. The tax agent portal in particular became very popular and by 2005–06 it had achieved 11.6 million logins and supported three million transactions.[533]

The second Change Program release was implemented in 2006. It improved the ATO's case

The celebration at Wollongong in October 2006 to mark the second release of the Change Program.

and workflow management by rationalising core management systems from around 100 into one. It was the largest rollout of its kind ever undertaken in the southern hemisphere and also required training, re-skilling ATO staff and re-engineering its processes.[534]

Implementation of the Change Program had to be extended to incorporate new government measures including legislative reforms to the superannuation system. As these measures were spliced into the Change Program, its scope, time frame and costs changed. Since it was originally a self funded program, the necessary extension of the time frame meant that legacy systems had to be maintained for longer, adding substantial costs and pushing back the anticipated efficiency gains, so the Change Program was over time and over budget by 2009. Release 3 was the long anticipated replacement of the national taxpayer system, which was so old that nobody still working in the ATO understood its fundamentals. By 2010 the system had become so antiquated that it was almost impossible to maintain and needed complete replacement, which made the third release so important to the future of ATO operations. The change took place over the Australia Day weekend of 2010 and went remarkably smoothly. After a few months early problems with the new release made the ATO headline news for a short while. Although the problems were no more that could reasonably have been expected, the noise was loud until things settled down, obscuring the overall success of the introduction of the new system. Despite the problems and setbacks, the Change Program had been a real success and a significant milestone in the ATO's achievements. The independent assurers of the Change Program noted that 'in terms of scale, size and time frame, the Change Program is unique in the world. The ATO is positioning itself for organisational capability that other administrations can only aspire to'.[535]

Michael Carmody retired as Commissioner of Taxation at the end of 2005. During his time in the ATO he had seen its transformation from an old-fashioned organisation barely able to keep up with the times to a world class tax administration, and he had been directly involved in many of its most significant changes. He was, as some of his colleagues put it, one of the best policy brains in Australia and one of the most brilliant people ever to work in the ATO, with a terrific work ethic. However, after thirteen years as Commissioner he needed a change of pace and felt the ATO would benefit from new leadership, so he left to take up appointment as the head of the Australian Customs Service.[536]

Michael D'Ascenzo, eleventh Commissioner
of Taxation

The new Commissioner, Michael D'Ascenzo, took up his appointment on 1 January 2006. He had joined the ATO in December 1977 as a graduate in law and economics and soon found himself in the middle of the schemes era. He then moved through a number of positions that gave him very broad experience of the ATO, leading to his appointment as a Second Commissioner in 1998.[537]

Like Trevor Boucher and Michael Carmody before him, Commissioner D'Ascenzo soon set out his thoughts about the direction the ATO would now take, but while Boucher had signalled a complete revision in what the ATO was and did, D'Ascenzo was heir to those changes and the long letter he circulated to senior staff in mid January 2006 signalled a refocusing rather than radical change. He summarised:

> While the fundamentals are sound, we need to ensure that we continue to be a learning organisation, responsive to a changing environment and thirsty for opportunities for improvement. This requires a questioning mind about the way things are done, or could be done. We should continually look at our policies, processes and procedures from the taxpayer's perspective (or from the perspective of the taxpayers' agents).[538]

Commissioner D'Ascenzo's letter showed how complex the ATO had become by 2006, examining in detail over 14 pages many problems facing it and suggesting new ways of thinking about solutions. An important part of his new focus was the development of personal empathy between tax officers and taxpayers to dissolve the barriers that separated the ATO and the community, as much as possible. This was easy to say but much more difficult to put into practice.[539]

Thinking differently

Michael D'Ascenzo talks about how he set out his ideas for the ATO's future.

While, in a sense, I inherited the position of Commissioner, I hope I played a role as Second Commissioner in trying to build some of those processes, so it wasn't handed to me without my involvement.

In January of 2006 I sat down and wrote a letter, initially for myself and then I passed it out to other people, about things we could do differently, or think differently, that picked up some of the directions we're following now. Things like emphasising the concept of corporate values and trying to treat people as you wanted to be treated yourself, and moving away from 'we're here to collect the revenue'. The community asks people to make a contribution to the well-being of society which they do through taxation, so our role is to make the system work well. Most of it isn't collected because we're out there collecting it, it's collected because people pay as you go. We really work at the margins and the majority of our work at year's end is to give people their refunds.[540]

The new Commissioner had inherited one of the most complex organisations in Australia with a staff of 22,429 dispersed in 70 sites across Australia by mid 2009. The ATO had developed a range of complex processes that gave those who wanted to pay their fair share of tax the help they needed and forced compliance from those who did not.[541]

It had never been simpler for people to get in touch with the ATO or get information and help from it, but this was only made possible by the concentrated effort of thousands of tax officers developing and using complex processes and systems behind the scenes. Prime examples were the ATO web site which guided taxpayers through a maze of information, the tax agent portal that provided agents with a broad range of information and services, and the network of call centres staffed by trained tax officers equipped with the information most taxpayers needed. At the same time ATO systems collected the pay-as-you-go and GST instalments in a way that was seamless and hidden from the vast majority of taxpayers.

The complexity of the ATO's processes and responsibilities was made easier to understand and manage in several ways including key documents and organisational structures. The Taxpayers' Charter explained the rights and obligations of the ATO

and taxpayers and the statement of intent summarised its role, which read, in 2009, 'To optimise voluntary compliance and make payments under the law in a way that builds community confidence'. Other key documents were the strategic statement that set the overall direction of future action over a number of years, the corporate plan that was developed from it to give key corporate priorities for the coming year, the sub-plans that gave direction to the activities of a number of related business and service lines and the statement of ATO values. These documents were all regularly revised to ensure the ATO remained in touch with the needs of the times. The work of the business and service lines was overseen by the ATO Executive which comprised the Commissioner, the three Second Commissioners and several other senior executives. They were supported by committees that also oversaw the development and operation of the ATO's corporate plan and sub-plans.[542]

Internal fraud prevention and control messages were reinforced by a mouse pad.

Internal integrity was ensured by the ATO's integrity framework that won a global award for governance in 2007, and by an internal investigation unit supported by a fraud and ethics team that had long existed to detect and deal with staff dishonesty. In one case, an Assistant Commissioner was found to have breached the ATO code of conduct and taxpayer charter and dismissed. The case then resulted in him being convicted of corrupt conduct and sentenced in 2008 to at least two years in jail. However, honesty and integrity had long been ingrained in the ATO, supported by a fraud and ethics consciousness program introduced in the late 1990s, so these cases represented only a minute fraction of ATO staff.[543]

The efficiency of ATO processes and systems was assured by the internal audit branch that operated independently and had direct access to the highest levels of ATO management. It prepared 66 reports containing 241 recommendations during 2008–09 that suggested improvements to ATO operations. The ATO also monitored its efficiency with performance indicators that helped it set benchmarks for many processes including the time taken to pay refunds and resolve objections. By 2009 these indicators had been gathered into four groups to measure ATO performance

in deliveries to the government, maintaining community confidence, improving the ease of compliance, and its effectiveness as an ethical and adaptive organisation.[544]

ATO operations were also overseen by outside organisations. Indeed the level of external scrutiny and media attention was unparalleled across the public service, and when compared to other public or private organisations.

Open and accountable

Michael D'Ascenzo encouraged staff to follow corporate values.

In 2006 I was reviewing our independent survey results. I asked staff 'do we publish these on the internet?' They looked at me horrified: 'No, the media will only highlight the bad things about the ATO. They'll pick over the worst comments and ignore the rest'.

I responded 'What part of our corporate value of being open and accountable do we not understand?

We published our surveys and sure enough, headlines usually focused on the worst, but slowly, the stories that followed began to balance that with all the many positives.

The Board of Taxation was appointed in 2000 to contribute a business and broader community perspective to improving the design of taxation laws and their operation. An Inspector-General of Taxation was appointed in 2003 to examine the conduct of the ATO in administering tax laws. Other scrutiny came from the ombudsman, the Australian National Audit Office and the parliamentary Joint Committee of Public Accounts and Audit (JCPAA) and the Senate Estimates Committee which regularly examined ATO affairs. Beginning in December 2005 the JCPAA conducted an extensive and thorough three-year review of the ATO which reflected on the significant changes it had gone through in recent decades and said it was 'reasonably successful in balancing fairness and efficiency'. It also noted the ATO's improved performance and considered that the ATO was 'responsive to the challenges of its difficult but important work'.[545]

Well established overseas links also helped the ATO keep up-to-date with overseas developments. As well as its existing international relationships with other taxation agencies through organisations such as the OECD, it participated in the Joint International Tax Shelter Information Centre that shared information on global tax planning techniques, schemes and promoters. The ATO also collaborated

with some overseas government tax agencies on more detailed international tax reform projects and, by 2009, more than 40 tax treaties had been negotiated with other countries to counter avoidance and evasion. The ATO participated in many activities designed to help the development of better taxation administration globally by sharing its experiences and knowledge with a number of other national tax agencies through hosting overseas delegations, facilitating international secondments and overseas technical assistance, and giving direct assistance to countries in the Asia-Pacific region. It also began developing benchmarks through the OECD so it could measure its performance against international standards.[546]

The ATO's ideas about compliance and service had become more sophisticated since the 1980s with a wide range of processes. Despite the complexity of its systems the ATO explained the fundamental idea that drove them in the aphorism 'prevention is better than cure' and used what it called the '3Cs' – consultation, collaboration and co-design – to bring the taxpaying public into developing the taxation system.[547]

By 2009 the ATO's consultation with the community was very strong through 50 consultative forums with clients including business, community groups, professional associations and other government agencies. Collaboration was the partnerships the ATO forged with some of its most important client groups, in particular the large business sector and tax agents, to help in reaching mutual agreement between them and the ATO about application of the tax law without the cost of detailed investigations and litigation. The ATO began reaching collaborative agreements with some large corporations in 2007 to reduce tax compliance costs and promote better practices to help them manage their tax. Through co-design the ATO invited sectors of the community to help in designing the administrative systems that would affect them, including invitation of relevant groups to help design systems to implement new government policies such as the baby bonus and the home buyer's grant.[548]

One area in which the 3Cs were most important was relations with tax practitioners because around 95 per cent of business and 75 per cent of individuals used tax agents. As a result the ATO invested heavily in the services it provided for tax agents including web-based resources and priority access to ATO staff. Tax agents had been regulated by state-based Tax Agents' Boards since the 1940s but that arrangement had become an anachronism. Just as the ATO had become a national organisation, the tax industry also needed national organisation so the government introduced new legislation in the form of the *Tax Agent Services Act 2009* that established a new National Tax Practitioners Board that began operation in March 2010. Surveys showed

that the majority of tax agents were satisfied with their current relationship with the ATO, with the satisfaction rate rising from 39% in 2003 following the introduction of GST, to 91% in 2008–09.[549]

In 2009 the ATO began updating its networked services, moving to the wizardry of voice over internet protocol as part of the shift to online services. It also sought to refresh its end user computing and centralised computing capabilities to keep pace with the increased expectations of a modern Australia. As part of its role as custodian of the Australian Business Register, the ATO championed ways of making Australia more efficient through, for example, its support of initiatives such as standard business reporting across the entire government.[550]

New technologies transformed the way in which the ATO offered services to taxpayers. They included online access to information such as rulings and publications, online registration for an ABN, the introduction of Google to the ATO website to improve its search capabilities and social media such as Facebook. Electronic lodgment, called e-tax, was extended to individual taxpayers from 1999 and upgraded several times to include pre-filling of many details from the ATO's data bases. In 2007 around 1.6 million people used e-tax, surpassing the number of paper returns for the first time. To increase use of e-tax the ATO undertook a major communications campaign in 2009 to nearly 1.27 million taxpayers through emails, text messages and personalised postcards. These new services led to the decline in public use of old services. The age-old enquiries counters were replaced by shopfronts, beginning with a pilot in Canberra in 1998–99, and joined-up services within Centrelink piloted in 2009–10, while its cashiers windows, first opened in 1911, were finally closed at the end of 1999.[551]

However, many traditional ATO services continued and were improved with telephone call centres, shopfronts, seminars, public speakers and the provision of basic tax information through Centrelink offices. The Tax Help volunteer program continued and had served almost half a million people in its first 15 years, while at the big end of town ATO's key client managers provided Australia's top 130 large companies with personalised services that built collaborative lines of communication. Release 2 of the Change Program gave the ATO a new screen-based client relationship management system to give contact staff a complete picture of a client's dealings with the ATO so that they could offer quicker and more personalised service.[552]

The quality of customer service offered by the Melbourne small business call centre
was applauded at a reward and recognition ceremony in 2004.

The taxpayer experience of the ATO in service and compliance began to seem to
merge in things like reminder letters sent before lodgment, making telephone calls and
making visits to remind people of their tax obligations and 42,667 of these activities in
2008–09 raised $308 million in tax liabilities and penalties. The ATO began publishing
an annual compliance program in 2002 that identified areas of compliance risk on
which it would concentrate in the coming year, demonstrating its transparency and
also encouraging compliance.[553]

Where service and gentle reminders failed the ATO moved to more forceful measures
and the serious non-compliance business line was created in 2004 to concentrate
on problem areas. The ATO categorised these as persistent outstanding debt, tax
havens, mass-marketed avoidance schemes, high wealth individuals, the unreported
cash economy and the illicit sale of tobacco.[554]

At the extreme end of non-compliance was Project Wickenby, a joint task force of Commonwealth government agencies including the ATO, Australian Crime Commission, the Australian Federal Police, Commonwealth Director of Public Prosecutions and the Australian Securities and Investment Commission (with support from AUSTRAC, Australian Government Solicitor and the Attorney-General's Department). It was created in 2006 to investigate revenue fraud involving abusive use of secrecy havens and assure the community that people who did not pay their fair share of tax would be investigated and brought to account. By 30 June 2010, Project Wickenby had raised $854 million in liabilities, collected more than $501 million and restrained $76 million from the proceeds of criminal activities, with 57 people charged on indictable offences, 10 people convicted of serious offences and custodial sentences imposed by the courts.[556]

The compliance model: the ATO view of community compliance with taxation obligations is explained in this diagram. The vast majority of taxpayers at the bottom of the pyramid comply readily, it is those at the peak of the pyramid that cause the ATO the most effort. The JCPAA endorsed the compliance model and ATO approach to compliance planning.[555]

Superannuation had grown from its beginnings as the superannuation guarantee in the 1990s to become a major source of wealth in the Australian community and a cornerstone of its financial organisation. The ATO's role in administering it was a mixture of functions; enforcement, regulation, collection and ensuring professional standards in the superannuation industry. This required the ATO to develop new skills while still using many of its existing ones including system design, administration, public education, service provision and compliance enforcement. In 2009 it reviewed the compliance of more than 20,000 employers and raised $277 million in superannuation entitlements for around 147,000 employees but, as with tax, the vast majority of people tried to do the right thing and this was a very small percentage of the entire superannuation industry.[557]

This diversity of activities and processes was made possible by over 24,000 individuals, each with a role and a place in the ATO organisation. Each tax officer was linked into the office and their part in it through their computer screens, keyboards and telephones so directions and ideas could be transmitted through its coordinated systems. Office accommodation across the ATO was fairly standardised with all but the most senior staff situated at workpoints lined up geometrically across open plan offices equipped with standardised equipment. The networked computer system and nationwide internal telephone network meant it was no more difficult to communicate with a colleague on the other side of Australia than on the other side of the same floor. Standardised security passes meant tax officers could enter most ATO sites and do their work at a vacant workpoint almost as effectively as they could from their usual workpoint. Teleconferencing and later, videoconferencing, made it possible to conduct meetings spanning the country without having to travel, although many senior officers spent a lot of time at airports and in planes and had offices in more than one city.[558]

All these innovations lifted the ATO to new levels of efficiency but the personal element seemed to have been lost. Tax officers could spent days at a time communicating with team members all over Australia but become isolated from the people around them, creating a sense of isolation and disengagement. Of course, this was becoming a common problem in the wider community where individuals could live their lives over the internet in isolation from family, neighbours and friends, but this was unacceptable in the ATO.[559]

Before the business and service lines had replaced the branches, people's identities in the ATO were tied up with the social cultures of their branches which provided everyone with pastoral care and sense of identity. The business and service lines had made the ATO more efficient in many ways but left a vacuum where those social structures and pastoral care had once been. To many it seemed that replacing the branches with business and service lines had replaced one problem with another. Previously the branches had been largely self-contained and tax officers tended to give their loyalty to their branch and its leaders. Under the new arrangement tax officers transferred their allegiance to the leader of their line and their daily work was carried out almost exclusively within that line. This led to what became known as silos which had the advantage of focusing tax officers on the objectives of that line, but also put up barriers between tax officers in different lines.[560]

These problems led to a pilot program in Western Australia around 2002, where one senior officer dedicated about half his time to the kinds of things that had previously been done in the branches to help break down the barriers between tax officers in the lines in the site. It was a fruitful exercise that improved the local working environment but there were fears that reintroducing site-based structures would disrupt the national business and service lines, so the idea was not developed immediately. It was revived in late 2005 and site leaders and coordinators were appointed in sites to encourage the sense of a local ATO community through activities such as charity fund-raising and displays that highlighted local achievements and history. They began to bring a greater sense of community to ATO by creating opportunities for tax officers in the same site to develop friendships with other people outside their business and service lines.[561]

An experiment in site leadership

Robert Deuchar led the pilot project in site leadership in Perth.

The life of the office disappeared in many ways. In my view too many senior positions were moved out of Perth and people were trying to govern teams of individuals living in Perth from afar. We were new to it and it wasn't well done so there was a lot of concern around it. The Perth office had prided itself on being one of the most efficient in the country and that disappeared very quickly, and the community spirit of working together and being efficient. That natural environment disappeared because people couldn't relate to a local environment because the work they did was governed nationally and what you did in Perth became unseeable.

I got the Assistant Commissioner role in Perth and Michael Monaghan worked with Michael Carmody to also make it a local director role over the office to bring the community back together, and we did that successfully. One part was to give Perth people as a whole a voice they could go to in the office if there was a matter of concern, and I was also a voice the union could go to. Then I could contact the relevant people in the eastern states to sort it out and, by and large, I got tremendous support when people realised we weren't trying to go back to the old branch structure.[562]

A site leadership meeting in Melbourne in 2005.
Left to right: Wendy Cavanagh, Kaye King, Rob Deuchar, Timothy Dyce, Adrian Morgan, Anne Ellison, Chris Wood, Paul Gibb, Leanne Ansell-McBride, David Diment, Adhir Singh, Matthew Mitchell, Andrew Millet, Veronica Williams.

ATO people were encouraged to improve their proficiency and by 2009 around 700 staff were studying more than 1,400 subjects with full financial assistance, more than 2,100 staff received paid leave to study and 7,551 were registered for tax technical seminars. Internal courses and communities of practice also helped tax officers to learn from each other, talk about their experiences and create networks across business and service lines.[563]

The ATO recruited few school leavers by the end of the 1990s and most new recruits were graduates or call centre staff. It was an attractive employer because of the range of employment categories, the opportunities for advancement and the pay levels so it was popular with university graduates and 4,500 graduates applied for employment in the ATO in 1999 but only 165 of the best were selected. In 2008 the ATO was named the nation's fourth most popular organisation for job-seeking university graduates.[564]

A group of tax officers gathers to celebrate the tenth anniversary of the graduate program.

By 2010 call centres had become the major contact point between the community and the ATO and call centre staff made up a significant part of its workforce. They were a diverse group including mothers returning to paid employment, university graduates and middle-aged people looking for a new career or a change of pace. They were trained in call centre procedures, ATO values and operations and the tax technical information customers wanted to know. By 2010 these call centres had amassed an enviable collection of best in class awards at both state and national levels.[565]

Graduate and call centre recruits became the two main ways of entering the ATO. Graduates were carefully selected and trained to be the leaders of the future with ongoing training, rotation programs that exposed them to a wide variety of ATO work and encouragement to undertake further professional development. Call centre staff became the ATO's face with the community with sufficient training to perform their duties under strict supervision, but for those with the interest and ambition it was also possible to build worthwhile careers in the ATO.[566]

Graduates and call centre staff brought generational change and greater diversity to the ATO. They were less accepting of existing structures and processes than earlier generations had been and more positive in promoting themselves and their ideas. However, ATO values remained constant and second nature and almost all tax officers worked hard and were enthusiastic, skilful and committed to ATO goals. By 2010 more than half of all tax officers were women, many from migrant backgrounds and multilingual. About a third of tax officers were under the age of 40, there were people with disabilities and the ATO offered a range of employment and retention measures for Indigenous Australians. The ATO's Reconciliation Action Plan launched in 2007 was recognised by Reconciliation Australia as best practice.[567]

The diversity of ages, nationalities and cultures among tax officers was a source of potential problems as well as a great strength for the ATO. ATO Concern, established in the 1990s, provided an avenue through which many relationship problems could be identified and resolved. A harassment contact officer network was also set up to provide advice, counselling and assertiveness training and handled 294 approaches, almost half for alleged bullying, in 2008–09, although some of these complaints were linked to a greater focus on performance management by the ATO.[568]

The ATO was just as concerned with the physical welfare of its staff and promoted health and well-being, an extension of the older occupational health and safety programs that had begun in the 1970s. Perhaps the most important aspect of this program was on preventing occupational overuse syndrome, an extension of the RSI problems to include a range of conditions resulting in discomfort and pain from repetitive activities which became a significant proportion of the ATO's recorded accidents and incidents. Although the incidence of these kinds of injuries had declined significantly since the 1980s the increased use of computers by all tax officers created the potential for continuing problems so a program of staff awareness and assistance in them meant the ATO had reduced their incidence considerably by 2010. Mental health also became recognised as an issue in the workplace and a 'Mind the Mind' program was launched in 2007 to help tax officers understand psychological illness in the workplace.[569]

A lot of the cohesion and loyalty in the ATO now came from the teams people worked in. Since teams had first been introduced in the 1970s they had become the basic unit of ATO management and the fundamental source of morale. Teams developed their own personalities and social lives to match the inclinations and time commitments of their members and the personalities of their leaders. Many social clubs continued to hold regular happy hours and there were still functions for special occasions such as Christmas. Perhaps the most important social event for most

Penrith site Tsunami Appeal morning tea in 2005. Morning teas became a feature of ATO social life and a way of raising money for charity.

people in the ATO became morning tea which was usually the only time when everyone in a team could get together. Teams celebrated events such as birthdays and promotions with morning teas but they also became regular social rituals in themselves in many teams. Food became a source of common interest in many areas of the ATO where diversity was celebrated by sharing the food of many nationalities, it helped to build bridges between people and one of the most popular segments of the weekly *News Extra* became the recipe section.[570]

Other social activities promoted by the ATO, that grew in strength and popularity with Commissioner D'Ascenzo's emphasis on ATO community and values, were the celebration of special days that highlighted the changes that had taken place in ATO culture. International Women's Day became an annual event celebrated across the organisation with displays, speeches and morning teas and lunches. Another important event was Harmony Day which celebrated the contribution that migrants had made to Australia and promoted respect, tolerance and understanding among the ATO's diverse workforce.[571]

To celebrate Harmony Day in National office in March 2006 a large mural was created about diversity in the ATO and displayed in the foyer for the rest of the year. The team behind the display, left to right: Sonia Casey, Georgina Cotton, Margaret McKenna, Commissioner D'Ascenzo, Sharmini Lingam.

The ATO also strengthened its culture by calling upon its rich heritage and history to give emphasis to its values and sense of community. In 2002 a program called ATO Story was launched which collected ATO memorabilia, photographs and documents and contributed regular articles to *News Extra* telling the story of the organisation's development and growth decade by decade from its foundation to the present day. In its centenary year the ATO reviewed and began expanding the ATO Story collection as an investment in its future.[572]

In mid 2006 a postcard from an old colleague encouraged Commissioner D'Ascenzo to set up the ATO Alumni Program to re-establish contact between the ATO and retired tax officers. Retired Tax Officer Associations had previously been formed in some states but they had been separate groups that depended on the enthusiasm and energy of members while the Alumni was organised by the ATO, guaranteeing its continued existence, making it possible for retired tax officers to continue their relationship with the organisation and old friends and colleagues, in turn enriching the office.[573]

A display from the ATO Story collection in the National office foyer in 2010, created by Denise Webb and Laura Morrissey.

The ATO had been transformed from feeling like a family to feeling like a community of people bound together by the shared knowledge that they were doing important work for the Australian community and a sense of shared professionalism. This was expressed vividly in early 2003 when a bushfire destroyed more than 500 homes in Canberra and messages of condolence and support flowed in to National office from tax officers around the country.[574]

Morale in the ATO was fairly high and 75 per cent of staff responded to a voluntary staff survey conducted in late 2009, demonstrating a high level of staff engagement. They were positive about ATO pay and performance management, its corporate values, immediate managers and some aspects of innovation but said the ATO needed to improve its training and career development, some aspects of its leadership of major change management. These results were encouraging and showed the way for future development.[575]

One aspect of management developed during this period was the progressive introduction of performance management analysis that was essential to the efficient operation of a large organisation like the ATO and became an essential element of the role of team leaders and managers. It included an assessment of staff performance

The first performance of the ACT ATO Choir in December 2001, bringing together staff from across Canberra.

against professional standards, coaching, feedback from a wide range of associated staff members, and comparison with qualitative and quantitative data from the rest of the organisation. A survey of ATO staff showed that they rated well by these criteria and this significantly improved the tone, standards and productivity of ATO people.

The ATO was an integral part of the Australian community and the issues that affected the community also affected it. One of these issues was the environment and global climate change. The ATO had already introduced conservation measures that included reduced use of water, energy and paper and a complete ATO environmental policy that was endorsed in 2008. The ATO also began moving into 'greener' buildings when the opportunity arose, and in 2009 it launched an ambitious program of upgrading its accommodation for the coming 20 years.

The ATO also administered some environmental conservation measures including grants for the use of some alternative fuels and cleaner fuels and administered tax concessions including deductions for expenditure on a wide variety of conservation activities and in coordinating the tax consequences of climate and environmental

initiatives such as carbon sinks, water tax credits and water desalination plants. It also established a small team that worked closely with other government agencies on the taxation implications of a proposed carbon pollution reduction scheme.[576]

In late 2008 the world's attention focused on the global financial crisis that seemed likely to become as severe as the 1930s depression. The Australian government's response contrasted to that of the 1930s and included a series of financial packages to stimulate spending to prevent the economy from stalling. The ATO became responsible for the major component of the second financial stimulus package, announced in February 2009, in which eligible taxpayers were given up to $900 to spend. The project was implemented very quickly and included designing and building the administrative systems to deliver the payments, making arrangements with Australia Post to handle the mail and the Reserve Bank to provide the cash, and close liaison with tax agents who handled many of the payments. The first payments were made on 6 April 2009 and by the end of June the ATO had distributed 8.43 million payments worth $7.4 billion, the biggest single payment ever made through the taxation system.[577]

After the payments had been made the Treasurer congratulated the ATO on its achievement; for the hard work under very difficult conditions which had kept tens of thousands of Australians in work, for successfully completing a project that many said could not be done which showed 'something about the nature of your organisation, your capacity to adapt, capacity to get people to work together, your capacity to use technology'.[578]

The feared economic depression did not eventuate but it still had a serious effect on the taxpaying community and the year 2008–09 was one of empathy and vigilance for the ATO. As income fell many businesses had difficulty in managing their tax obligations so collectable debt grew by 11.6 per cent and the ATO made special arrangements with many taxpayers to manage their

The interior of the new ATO Latitude East site in Sydney in 2007. The building contains the latest in environmentally sound design and operation.

outstanding debt. The ATO was concerned that people would take greater risks in attempting to avoid their tax obligations so it stepped up its efforts in deterring, detecting and dealing with abuses of the tax and superannuation systems, but gave people and viable businesses the latitude and support they needed to get through. This was applauded by the International Monetary Fund as global best practice.[579]

Natural disasters struck Australia in early 2009. In Victoria major bushfires killed 173 people, injured many more, destroyed thousands of buildings and affected many small communities. At the same time severe flooding in Queensland caused over $20 million worth of damage. In response the ATO set up a project team to help the people affected by relieving them of the need to think about tax for a while. This service looked simple but involved a great deal of activity including turning off some automatic computer systems, changing others and training staff to sympathetically help people suffering from the effects of these disasters. Community response to the ATO's actions during these disasters was very positive, independent surveys showed people thought the ATO was 'doing a good job' with a high level of professionalism.[580]

The year 2010 was the ATO's centenary year and also the year of another general election in which tax became an important issue. Another review of Australia's taxation system (The Henry Report) was released. However, the government's announcement of a new tax on mining profits, not unlike the 1939 gold tax, became headline news and an important factor in the election.

In 100 years Australia had changed beyond the imagining of the politicians who fought the 1910 election over issues including the land tax. They had used the media of their time, personal appearance and the press, but the 2010 election was called by Australia's first woman prime minister, and was fought using all the media of the early 21st century. The almost ubiquitous internet took the election campaign to websites, blogs, Facebook and YouTube and the rapid growth of mobile technologies took it to text messages and Twitter. These new technologies have also woven Australia into the global economy, culture and environment in a way unimaginable a century earlier.

It was an entirely different world from the one into which the ATO had been born. It had begun as a tool of social change in a world of hierarchies, controls and parochialism and survived and grown over 100 years as the result of decades of hard work and the dedication and values of its people. As a result, most Australians no longer saw the ATO as a large, alien and authoritative organisation, but as a friendly, firm but fair and necessary part of Australian life that existed to serve the

community. This close relationship with the community was the view of its role that the ATO unveiled in June 2010 as its Strategic Statement for the years ahead, marking the beginning of the ATO's second century of working for all Australians.

Disaster relief

Katie Welsh led the ATO team that coordinated the response to the natural disasters.

From a public perspective our message has been, 'Don't worry about tax, you've got other things to worry about, core things like accommodation and ensuring your family is safe'.

What we do in the initial stages is to say 'We're here when you're ready. Don't worry, we'll make sure you've got deferrals, we'll fix everything up behind the scenes'. And then we go to work making sure anything that's due is extended and they've got deferrals lodged. If we're doing audits on people we stop and all of that activity is suspended. We stopped correspondence because Australia Post wasn't functioning for a couple of days in those areas and we just thought people didn't need to be bothered by tax correspondence.

We had a small team and everyone was focused on the people who were affected by the floods and fires. It involved changing processes, establishing networks and showing people what we were trying to do. It also made me realise the importance of the Change Program, we still have so many systems that doing something like turning correspondence off requires multiple people to do multiple changes. If you had one system that would be far easier.

Our people were behind us 100 per cent and did whatever they could to get what we had to get done. The feedback – we've been pleasantly surprised by the response. They really appreciated being given the space to deal with that they needed to deal with.[581]