



Australian Government
Australian Taxation Office

ATO Regulator Performance Framework self-assessment report 2018–19

Contents

Introduction	3
About the Regulator Performance Framework	3
About this report	3
How we assess our performance	4
Overall assessment of performance	6
KPI 1 performance summary	10
Regulators do not unnecessarily impede the efficient operation of regulated entities	10
KPI 2 performance summary	12
Communication with regulated entities is clear, targeted and effective	12
KPI 3 performance summary	14
Actions undertaken by regulators are proportionate to the regulatory risk being managed	14
KPI 4 performance summary	16
Compliance and monitoring approaches are streamlined and coordinated	16
KPI 5 performance summary	18
Regulators are open and transparent in their dealings with regulated entities	18
KPI 6 performance summary	20
Regulators actively contribute to the continuous improvement of regulatory frameworks	20
Appendix – metric results and analysis	22
Outcome-based metrics	22
Survey-based metrics	30
Activity-based metrics	32

Introduction

About the Regulator Performance Framework

As part of the Government's regulatory reform agenda, the government released its Regulator Performance Framework under the 2014 Spring Repeal Day. The Framework is an important element of the government's commitment to reduce the cost of unnecessary or inefficient regulation imposed on individuals, business and community. As a regulator, the Australian Taxation Office (ATO) is required to self-assess its performance against the Regulator Performance Framework.

The Regulator Performance Framework comprises six outcomes-based key performance indicators (KPIs) and associated measures. The KPIs articulate the government's overarching expectations of regulator performance, namely that:

- > regulators do not unnecessarily impede the efficient operation of regulated entities
- > communication with regulated entities is clear, targeted and effective
- > actions undertaken by regulators are proportionate to the risk being managed
- > compliance and monitoring approaches are streamlined and coordinated
- > regulators are open and transparent in their dealings with regulated entities
- > regulators actively contribute to the continuous improvement of regulatory frameworks.

About this report

The Commissioner of Taxation is responsible for administering Australia's tax system and significant aspects of Australia's superannuation system, and operates as the Australian Government's principal revenue collection agency. We administer legislation governing tax, and support the delivery of government benefits to the community.

This report addresses the Regulator Performance Framework's ATO-specific metrics and reporting requirements agreed with the Board of Taxation (initially in 2015, and updated in 2018). It is an assessment of our performance as a regulator for 2018–19.

The 2017–18 ATO Regulator Performance Framework self-assessment report forms the basis for reporting in 2018–19. The 2017–18 report identified two areas requiring ongoing focus which are aligned with our intent and focus for the next five years to 2024, specifically to:

- > build trust and confidence in the tax and superannuation systems
- > be an integrated, streamlined and data driven organisation.

Progress in 2018–19 regarding these areas for improvement is outlined on page 8.

How we assess our performance

The following table shows the rating methodology and definitions we use to assess our performance.

Rating	Definition
Excellent	Met all expectations with no further improvements required.
Very good	Made significant improvements, with programs of work almost complete. Significantly exceeded service commitments.
Good	Improvements consistent with expectations, with some further work required, as reflected in feedback. Exceeded service commitments.
Satisfactory	Met base expectations as expected and all service commitments achieved.
Requires development	Did not meet base expectations or service commitments.

The metrics we use to assess our performance, initially established in 2015 and updated in 2018, are a mix of 35 metrics.

In comparison with the self-assessment reports for 2017–18 or prior years, the 2018–19 self-assessment report incorporates significant changes to the suite of metrics, to focus on the most powerful measures of performance.

Of the 43 metrics used in the self-assessment report for 2017–18 (and also reports for the previous years - 2016–17 and 2015-16):

- > 12 have been retained as true performance metrics for 2018–19 and later years
- > a further 10 metrics continue to be reported as activities
- > 21 metrics have been removed, as they were not sufficiently powerful measures of either our performance or our activities.

In addition, 13 new metrics have been included for 2018–19, which were not available when the existing suite was established in 2015; resulting in a total of 35 metrics.

As was also the case in 2017–18, metric results are included in the report appendix, with a simplified presentation to make the report as easy to read and assess as possible.

- > all 15 outcome-based metrics – our true measures of performance – incorporate results and individual analysis
- > all 9 survey-based metrics are presented in one table, with analysis focused on systemic trends across the suite of questions
- > all 11 activity-based metrics are presented in one table - these metrics cannot tell us how effective we have been, that is, an increase in activities does not necessarily signify improved performance.

Of these metrics, a significant proportion are also reported in the *Commissioner of Taxation Annual Report 2018–19*, with eleven of these (focused on key survey and outcome-based metrics) included in the annual performance statement. The annual performance statement reports on our performance under the *Public Governance, Performance and Accountability Act 2013* in achieving our purpose. A further two metrics are ongoing ATO service commitments.

Our purpose is to contribute to the economic and social wellbeing of Australians by fostering willing participation in the tax and superannuation systems. We achieve this through the delivery of our goals:

- > making it easier for people to participate
- > delivering contemporary and tailored service
- > ensuring purposeful and respectful relationships
- > a professional and productive organisation.

In assessing the quality of our performance against each metric, we have regard to:

- > Results compared to our performance targets for mature and well-established metrics, such as those included in our annual performance statement and some service commitments.
 - We assess our performance targets annually to determine where existing results are expected to be maintained and where future performance is expected to be stronger.
- > Trend improvement for metrics which are still relatively new, such as our survey-based metrics.
 - As these metrics mature, we will establish appropriate performance targets.
- > Activity-based or volume-based metrics having a less direct relationship to the quality of our performance.
 - For these metrics, an increase in the volume of activity does not automatically mean an improvement, or a decline, in our performance.

Our service commitments have been designed to assure the ATO and the community that the services we provide are of a consistent and high standard and therefore form an important component of assessing regulation imposed on individuals, business and community. Many of our commitments have targets that are meaningful to our clients and challenge us to deliver the best possible service.

We regularly report on our ongoing service commitments on ato.gov.au.

Results for our survey-based metrics are based on a representative sample of the overall population, in order to ensure their statistical validity. We measure the perceptions of those who have recently interacted with us to understand and improve the client experience, as well as to understand their views of the overall tax system and sentiment regarding the ATO. Where surveys require direct interaction with the community – for example, via a phone or online survey – the interaction is undertaken by an external provider, in order to ensure the independence and integrity of results.

We will continue to monitor and assess performance as we build on the outcomes we have achieved to date.

For more information about the performance of the ATO, refer to:

- > ato.gov.au
- > *Commissioner of Taxation Annual Report 2018–19*.

Overall assessment of performance

Overall self-assessment rating: Good

As a regulator of the tax and superannuation systems in Australia, we have assessed our overall performance against the Regulator Performance Framework to be good.

This assessment is based on the outcomes of our metrics and the improvements made for each of the six key performance indicators (KPIs). We have assessed our performance to be good for each of the six KPIs. Details of our assessment are outlined in the individual KPI summaries.

Overall we achieved positive results for 14 of the 35 ATO-specific metrics with four showing a decline, six new metrics for 2018–19 and 11 based on activities (where trend in the metrics does not accurately reflect performance).

Following is a breakdown of our assessment for each KPI. Some metrics apply to more than one KPI, with results for these metrics included within the summary for all relevant KPIs.

KPI 1: Regulators do not unnecessarily impede the efficient operation of regulated entities

Assessment:	Good
Summary of metric results:	Improved or met performance target – 5 Stable – 0 Decline – 0 New metric for 2018–19 – 2 Activity-based (where trend does not reflect performance) – 1
Activity-based examples:	Support for the superannuation system Single Touch Payroll implementation Penalty Relief Initiative

KPI 2: Communication with regulated entities is clear, targeted and effective

Assessment:	Good
Summary of metric results:	Improved or met performance target – 2 Stable – 0 Decline – 2 New metric for 2018–19 – 2 Activity-based (where trend does not reflect performance) – 5
Activity-based examples:	Digital channel experience and outbound communications Communication of public advice and guidance Support for small businesses

KPI 3: Actions undertaken by regulators are proportionate to the regulatory risk being managed

Assessment:	Good
Summary of metric results:	Improved or met performance target – 2 Stable – 0 Decline – 0 New metric for 2018–19 – 0 Activity-based (where trend does not reflect performance) – 1

Activity-based examples:	Tax gap analysis Taskforce work to address tax avoidance Tailored one-to-one engagements to obtain justified trust
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KPI 4: Compliance and monitoring approaches are streamlined and coordinated

Assessment:	Good
Summary of metric results:	Improved or met performance target – 3 Stable – 0 Decline – 1 New metric for 2018–19 – 0 Activity-based (where trend does not reflect performance) – 3
Activity-based examples:	Data acquisition and quality program Enterprise client profile and enterprise view of risk Automation and artificial intelligence

KPI 5: Regulators are open and transparent in their dealings with regulated entities

Assessment:	Good
Summary of metric results:	Improved or met performance target – 0 Stable – 0 Decline – 1 New metric for 2018–19 – 2 Activity-based (where trend does not reflect performance) – 0
Activity-based examples:	Independent dispute review for small business Clinics for taxpayers who cannot afford professional advice Independent Assurance of Settlements program

KPI 6: Regulators actively contribute to the continuous improvement of regulatory frameworks

Assessment:	Good
Summary of metric results:	Improved or met performance target – 2 Stable – 0 Decline – 0 New metric for 2018–19 – 0 Activity-based (where trend does not reflect performance) – 1
Activity-based examples:	Online services for tax and BAS agents Treasury partnership OECD participation

Progress regarding areas of improvement identified in our 2017–18 report is set out below:

Areas for improvement identified in 2017–18 report	Progress in 2018–19
To build trust and confidence in the tax and superannuation systems	Ongoing focus required: Many of our 2018–19 client perception results are based on new metrics, as we have developed new measurement of confidence in the ATO. However, where client perception results can be compared with previous years, we saw small declines in results for a number of survey questions. Globally, we have seen evidence of diminishing trust and confidence in institutions over recent years. This is an issue that will require significant ongoing focus and effort.
To be an integrated, streamlined and data driven organisation	Partially improved: Our 2018–19 performance results demonstrate improvements in some elements of our efficiency and our use of data, with other results remaining broadly stable.

In light of these factors and the results of our metrics, we consider that positive outcomes were achieved through 2018–19. As an organisation we:

- delivered on our government commitments, including through our funded taskforces on corporate tax avoidance, the black economy and financial crime
- published new tax gaps, moving away from audit liabilities to a more preventative and pre-emptive approach
- supported individuals to correctly claim work-related expenses, with an estimated revenue impact of \$560 million over the last two years
- streamlined processes through Single Touch Payroll, with its successful deployment resulting in over 300,000 employers reporting information for around 9.5 million individuals
- innovated with technology by releasing *Online services for agents* in public beta and partnering across government to launch the myGovID app
- supported our staff with technology improvements, including the delivery of bigger mailboxes, a new instant messenger and new desktop and laptop computers for over 15,000 staff.

While we've made progress in recent years, it is time to take our performance to the next level.

We've cut red tape, we've made our systems more user-friendly, we've made our web advice easier to understand, and we've made our call centres more responsive. We're making things fairer so honest taxpayers, particularly small businesses, can thrive. In addition to these measures, we are also making internal changes to improve the system in operation.

This follows our reflection on feedback we've received, and identification of where we can do better. At the ATO, we put the taxpayer at the centre of our work, and as a regulator dedicated to fairness – in all its forms – we see our job as building a positive end-to-end client experience, particularly for small businesses.

That's why, in August 2019, we announced a new program of work called Better as Usual.

Led by Jeremy Hirschhorn, our Second Commissioner of Client Engagement, Better as Usual includes four work programs that collectively will improve our clients' experience with the tax system.

Firstly, we're reviewing what we call the 'pipeline' – the series of interactions a client has with us that forms their whole-of-system experience. A taxpayer may see many faces of the ATO, and we know it is frustrating to feel you have to start again when dealing with a new area or different people. We're committed to ensuring that every time a client deals with us, we understand the end-to-end experience they have with us: from lodgment to disputes and debt management; and perhaps most importantly to their lodgment again next year.

Secondly, we are looking to improve our quality feedback loops. In a number of objections or complaints there is a story; there is something that has gone a little bit off track rather than any purposeful recklessness. We know that by better understanding and documenting our past experience we can make better decisions in the future. We have to better distinguish between things getting off track and reckless indifference or blatant evasion.

Thirdly, we have created a dedicated team to work on our most complex cases. They are able to devote the time and the resources necessary to deal with those prickly and complicated affairs that fall outside our normal processes, so that businesses just struggling to survive are treated with more empathy than those purposefully not doing the right thing.

Finally, we're implementing a series of procedural and cultural safeguards to reduce and ultimately eliminate any cases where our mistakes could have a severe impact on the client.

While we are confident this work will drive improvements, we also know that constant improvement needs to be the norm, not the exception. That's why we named this program Better as Usual: because we will be making these changes with an eye to the future and an understanding that we need to be making better as usual, business as usual.

This need for constant improvement to be the norm is why we will continue to focus on the same two issues when assessing improved outcomes in our 2019–20 self-assessment report, namely to:

- > build trust and confidence in the tax and superannuation systems
- > be an integrated, streamlined and data driven organisation.

KPI 1 performance summary

Regulators do not unnecessarily impede the efficient operation of regulated entities

The following table shows the measures of good regulatory performance and the related metrics. The results of the metrics and analysis are outlined in the Appendix.

Measure	Description	Metric(s)
1.1	Demonstrate an understanding of the operating environment of the industry or organisation, or the circumstances of individuals and the current and emerging issues that affect the sector.	S1, A2
1.2	Take actions to minimise the potential for unintended negative impacts of ATO activities on taxpayers or affected supplier industries and supply chains.	1, 4, 5, S2
1.3	Implement continuous improvement strategies to reduce the costs of compliance for taxpayers.	2, 3

Self-assessment rating: Good

This assessment is based on the results of the metrics relating to each measure and the examples of how we have reduced impediments to the efficient operation of regulated entities.

Summary of metric results

Performance either improved or met target for five of the eight metrics for this KPI, with two new metrics for 2018–19 and one based on activities.

Positive outcomes were achieved through 2018–19 with respect to a decline in the number of complaints and improved results for both availability of key digital systems and the proportion of inbound transactions received digitally. We also met our performance target for the reduction in unintended administrative costs for businesses and compliance costs for individuals.

Activity-based examples

Along with protecting revenue, the ATO is charged with protecting people's superannuation. We work with the superannuation industry to provide information to allow individuals to make informed decisions about their retirement.

In 2018–19, we supported the superannuation system by:

- helping Australians connect with their superannuation. ATO Online services were used to consolidate over 537,600 accounts worth \$4.4 billion.
- implementing a Member Account Attribute Service and Member Account Transaction Service to improve and streamline APRA-regulated fund reporting and provide greater 'real time' visibility of superannuation contributions. We successfully on boarded 99% and 94% of funds respectively by the compliance dates. We worked closely with industry and funds to ensure the integrity of the foundation data into the new reporting tools.
- protecting retirement savings for members of self-managed super funds (SMSFs), by reviewing and auditing SMSF funds, trustees and auditors.
- streamlining processes through Single Touch Payroll (STP). We worked with software developers to expand STP to employers with fewer than 20 employees, ensuring there will be a good range of low-cost reporting software in the market – including low-cost or no-cost products for employers with fewer than four employees. As at 30 June 2019, we had 58,600 substantial employers (80% of the target population) reporting tax and superannuation information through STP, and another 108,000 employers with fewer than 20 employees voluntarily reporting before

the legislative start date for this group. More information about STP is available at ato.gov.au/STP.

During the year, we provided tailored support to our various client groups to facilitate and encourage voluntary compliance, and make the taxpayer experience helpful and 'light-touch'. Individuals (not in business) are supported by the ATO in a range of ways. Our myTax portal is more streamlined, efficient and personalised and pre-fills information provided to us by employers, banks and government agencies, making it easier for taxpayers to complete their tax returns.

To help taxpayers get their tax returns right, we guided them with real-time messages – for example, on work-related expenses, and dividend and interest income.

Our penalty relief initiative means that when taxpayers make an inadvertent error in their income tax returns and activity statements, they are not penalised.

Measuring availability of our digital systems ensures that we understand the reliability of services for clients interacting digitally. During 2018–19, our key digital systems have been highly available to the community (99.5% availability, excluding scheduled outages). We are investing in improvements that continue to increase the resilience and availability of ATO digital services, so that critical services are secure, highly available and scaled appropriately for the expected increase in transaction volumes.

In 2018–19, the Australian Business Register (ABR) remained a trusted source of data for business, government and the community, with over 1.4 billion ABN lookups taking place. We continued to make improvements to the register and the registration process to ensure the experience strikes the right balance between making it easy to get things right, and hard not to.

By promoting a common language for business information and standards for electronic information sharing, the SBR program contributed to a total annual reduction of \$1.55 billion in administrative savings to business and the government in 2018–19, relative to the costs of businesses using lodgment methods via previous systems. To support its evolution and ongoing relevance, we continue to engage and build our relationships with key partner agencies.

KPI 2 performance summary

Communication with regulated entities is clear, targeted and effective

The following table shows the measures of good regulatory performance and the related metrics. The results of the metrics and analysis are outlined in the Appendix.

Measure	Description	Metric(s)
2.1	Provide guidance and information that is up to date, clear, accessible and concise through media appropriate to the target audience.	7, A3–A7
2.2	Provide decisions and advice in a timely manner, clearly articulating expectations and the underlying reasons for decisions.	6 – 9, S3
2.3	Provide advice that is consistent and supports, where appropriate, predictable outcomes.	S4

Self-assessment rating: Good

This assessment is based on the results of the metrics relating to each measure and the examples of how we have maintained clear, targeted and effective communication with regulated entities.

Summary of metric results

Performance either improved or met target for two of the 11 metrics for this KPI, with two showing a decline, two new metrics for 2018–19 and five based on activities.

Our performance exceeded the relevant targets for both of our service commitments. However, our performance with respect to average completion times for both private rulings and objections declined. Significant work is currently underway to shift staff into our disputes area, along with streamlining systems and processes.

Activity-based examples

We produced proactive advice and guidance on a range of issues including the expansion of the taxable payments reporting system, changes to the small business tax rates and the tax treatment for compensation paid to individuals following the Royal Commission into banking misconduct. We continued our communication and education programs, delivering new training modules to address specific tax avoidance behaviours identified by our Black Economy Taskforce, along with our regular workshops and webinars. Our Indigenous helpline received a record 25,000 calls for specialised tax and super assistance during 2018–19.

Modernisation of our infrastructure for improved ATO systems resilience included relocating critical applications to a more resilient storage system, and providing dedicated infrastructure for *Online services for agents* and ATO Online capability to improve performance and stability for Tax Time 2019. We upgraded the tools we use to interact with our clients over the phone, including improved voiceprint matching, which has reduced average call times for clients. To help our staff provide better services to clients and work together from different sites, we updated desktop and laptop computers and expanded security and functionality of online training and meeting rooms.

A key component of our service and channel management strategy is the ATO service model, which has been designed around the key theme ‘every interaction matters’. Work on the model continued in 2018–19, with a focus on improving our clients’ experience of the various channels they use to interact with us. The strategy will see us direct our investment and effort into preferred channels, so the client experience in those preferred channels is optimised.

By delivering a range of digital channel experience options, we help meet client expectations of a ‘24x7’ service and reduce our reliance on paper to contact clients. By identifying what people need to know, we can make it available through self-service channels such as our website. This year we:

- digitised the ABN confirmation letter, replacing over 800,000 letters a year

- provided more self-help tools for tax professionals and coached callers on how to use the tools
- stopped sending paper activity statements for monthly self-preparers and quarterly agent lodgers.

In 2018–19, we initiated a program to transform our outbound communications to ‘digital first’. We reduced the paper correspondence we send by replacing it with email, SMS, the myGov Inbox and the tax and BAS agent portals, or by sending it less often. We estimate that we will save \$2 million each year by sending clients their general interest charge statement of account quarterly instead of monthly.

We continued to improve the digital experience for tax and BAS agents. *Online services for agents* was made available to all tax and BAS agents from March 2019. This platform was made the default system for BAS agents on 29 May 2019, with tax agents likely to follow later in 2019.

The ATO has a number of initiatives designed to assist clients with their tax affairs. In guiding taxpayers to understand their rights and obligations in a range of situations, we focus on providing pre-emptive advice to inform taxpayers about issues before they emerge, to assist them to get things right at the start.

We provided support for small businesses through a range of channels, including:

- assistance to farmers and drought-affected businesses in NSW, Victoria and SA through the Federal Government Drought Community Outreach program
- pilot of the Reach Out Indigenous Business Support program with workshops held in Ipswich, Darwin and on Palm Island, reaching up to 450 Indigenous business owners
- delivery of over 2,300 workshops and webinars on a range of topics
- distribution of over 1.6 million emails as part of our *New to business essentials* service
- letters, emails and SMS to over 143,000 new clients in high-risk industries to provide information on the taxable payments reporting system
- our *Small Business Newsroom* service, with 19% more subscribers this year.

For more information about our small business workshops, see lets-talk.ato.gov.au/sbworkshops.

KPI 3 performance summary

Actions undertaken by regulators are proportionate to the regulatory risk being managed

The following table shows the measures of good regulatory performance and the related metrics. The results of the metrics and analysis are outlined in the Appendix.

Measure	Description	Metric(s)
3.1	Apply a risk-based proportionate approach to compliance obligations, engagement and regulatory enforcement actions.	10, 11
3.2	Regularly reassess preferred approach to regulatory risk. Amend strategies, activities and enforcement actions to reflect changing priorities that result from new and evolving regulatory threats, without diminishing regulatory certainty or impact.	11, A11
3.3	Recognise the compliance record of taxpayers, including using earned autonomy where this is appropriate. Consider all available and relevant data on compliance, including evidence of relevant external verification.	11

Self-assessment rating: Good

This assessment is based on the results of the metrics relating to each measure and how our actions were proportionate to the regulatory risk being managed.

Summary of metric results

Performance either improved or met target for two of the three metrics for this KPI with one based on activities.

Our operational efficiency continues to improve, as evidenced by the decline of our administrative costs relative to the community we serve and the tax revenue we collect. This result highlights the positive outcomes arising from our risk-based proportionate approach to compliance obligations, engagement and regulatory enforcement actions.

Activity-based examples

While our emphasis is on helping people willingly comply with their tax obligations, we take action to protect the integrity of the Australian taxation system and ensure everyone pays the right amount of tax. We have been transforming the way we assess risks and the strategies we use to address them.

We use the risk-differentiation framework to help us assess tax risk and determine the intensity of our response in a coherent, consistent and considered way. It complements the compliance model, which suggests an appropriate choice of remedy. Our risk-differentiation framework and compliance model are available on ato.gov.au.

Our analysis of the tax gap plays a key role in improving the design and administration of the tax and superannuation systems. Our tax gap research program helps us understand the system in operation and provides evidence and insights to inform our strategy development, administrative design and input to policy development.

In July 2018, we released the first estimated individuals tax gap, covering taxpayers who are salary and wage earners and investors, but not in business and not high wealth individuals. We estimate that over 93% of income tax we collect from individuals is paid voluntarily, or with little intervention from us.

We also progressed research and analysis for the income tax gaps related to small business and large corporate groups. Our estimate of the large market income tax gap, released in December 2018, was 4.4% of tax payable, confirming high levels of compliance with income tax obligations. The small business income tax gap has also since been released in early 2019–20.

The tax gap is discussed in greater detail on page 50 of the *Commissioner of Taxation Annual Report 2018–19* and on our website at ato.gov.au/taxgap.

We are continuing to work through our research program and will publish new tax gaps when we have credible, reliable and meaningful estimates.

The ATO received funding for taskforces to focus on specific threats to the tax and superannuation systems – such as tax avoidance, serious crime, phoenix activity and the cash economy. We aim to provide assurance that the ATO is collecting the right amount of tax. In 2018–19, significant achievements for the ATO's taskforces included:

- the Tax Avoidance Taskforce raised \$1.9 billion in liabilities and \$1.1 billion in cash collections (apportioned figures)
- the Serious Financial Crime Taskforce raised \$235 million in liabilities and \$71 million in cash collections
- the Black Economy program raised \$1.1 billion in liabilities
- the Phoenix Taskforce raised \$163 million in liabilities and almost \$66 million in cash collections.

The total revenue effects for 2018–19 from all of our interventions totalled \$15.3 billion, of which penalties and interest made up \$2.2 billion.

We assure the tax compliance of large corporate groups and privately owned and wealthy groups through our justified trust program to give the community confidence that large businesses are reporting and paying the right amount of tax. We engage with each of the top 1,100 public and multinational businesses and superannuation funds and the top 320 privately owned and wealthy groups, obtaining positive assurance on a significant proportion of these clients. This year, we assured 50% of the \$47 billion of income tax payable by public and multinational businesses for the 2016–17 financial year and increased our assurance of the \$40 billion payable by these businesses in 2015–16 from 50% to 58%. We also assured \$2 billion of income tax payable by privately owned wealthy groups across multiple income years.

We implemented an integrated compliance approach to identify endemic non-compliers – those organisations that are not engaging in identified criminal behaviour but are failing to comply with multiple obligations. To illustrate the complexity of this work, one group we identified as high risk comprises over 40 entities, with assets totalling approximately \$70 million.

The intent of our SMSF compliance program is to provide assurance that SMSFs are meeting their obligations and that SMSF auditors undertake quality audits. We undertake a number of strategies to provide assurance of our key risk areas such as 'New Registrant Integrity' and Top 100 SMSF Auditor strategy which are major components of our SMSF work program. These auditors cover 30% of the SMSF population. We made over 50 referrals to ASIC leading to exits from the sector or stringent conditions applied by ASIC to the auditor.

Through our international collaboration with other tax administrators, information is shared to influence tax reform and identify global trends and best practices. Our leadership of the Joint International Taskforce on Shared Intelligence and Collaboration (JITSIC), as well as our participation in the Joint Chiefs of International Tax Enforcement Alliance (also known as the J5), continue to deliver insights into how to effectively manage joint initiatives and projects across international tax jurisdictions. This has improved engagement on key issues, such as the Panama and Paradise papers.

KPI 4 performance summary

Compliance and monitoring approaches are streamlined and coordinated

The following table shows the measures of good regulatory performance and the related metrics. The results of the metrics and analysis are outlined in the Appendix.

Measure	Description	Metric(s)
4.1	Minimise frequency and impact of requests for information and coordinate with similar processes including those of other regulators.	S5
4.2	Tailor information requests and only make when necessary, and only then in a way that minimises compliance costs to taxpayers.	13, 14
4.3	Utilise existing information to limit the reliance on requests to taxpayers and share the information among other regulators, where possible.	12, 14, A8, A9
4.4	Base monitoring and inspection approaches on risk and, where possible, take into account the circumstances and operational needs of taxpayers.	A10

Self-assessment rating: Good

This assessment is based on the results of the metrics relating to each measure and the examples of how we streamline and coordinate compliance and monitoring approaches.

Summary of metric results

Performance either improved or met target for three of the seven metrics for this KPI with one showing a decline and three based on activities.

There has been a significant increase in the use of the Australian Business Register (ABR) by government agencies and the community as demonstrated by the strength of the results. However, there has been a decline in the perceptions of our clients as to how we are integrating services better with other government agencies.

Activity-based examples

Our transition towards being a streamlined, integrated and data-driven organisation relies on having the right data, tools and capability to work smarter, not harder. Developing our data and analytics capability will support an improved client experience and provide greater assurance that information is correct. By enhancing the integration of our data so that our staff have access to relevant information about our clients' interactions with us, those actions can be more tailored to take into account their specific circumstances.

We continued to extend our data holdings through our data acquisition and quality program, including obtaining data from overseas through our participation in Automatic Exchange of Information with other countries and improving our data quality. Mapping third party data sets is a key element of our work, providing our staff with more relevant information to improve decision making. For example, in 2018–19 we obtained data to better understand how ride-sharing and short-term accommodation providers may impact on the tax system.

Data is driving some of our initiatives to identify areas of concern and risky behaviour. We are using data science to apply a 'nearest neighbour' approach to compare returns prepared by tax agents with similar client bases, to see if claims are comparable and to highlight differences. This will allow us to identify areas where agents would benefit from more information and support, and cases where intervention is necessary. This year, we developed a model to give us a holistic view of multiple risks in the tax agent industry, and systematically identify or predict changing behaviour in a timely way.

We are building tools to quickly and easily access data analysis and insights to improve decision making. Our enterprise client profile system is designed to provide our staff with access to client facts and insights. The system visualises consistent and timely information insights in a contemporary way that can be tailored to specific work requirements. The use of enterprise client profile has created efficiencies in providing a complete view of relevant information to support staff in their interactions with clients. For example, staff visiting around 10,000 small businesses as part of our work on the Black Economy Taskforce, were able to access a real-time profile of client facts, history and insights for use prior to and during visits.

Along with obtaining the right data, we are progressing new and innovative ways of using automation and artificial intelligence to streamline business processes, automate repetitive tasks and improve decision making. Machine learning and robotic process automation (RPA) technologies provide opportunities to increase our understanding of client behaviours and create efficiencies for more repetitive tasks. In 2018–19, we designed and tested the suitability of RPA software and trialled the extension of machine learning to categorise taxpayer deduction claims and identify risks at a more detailed level. RPA effectively uses technology that follows a pre-programmed set of actions to automatically undertake repetitive, manual and high-volume tasks.

The ATO collects information from a wide range of third-party sources, both public and private, and is expanding collection sources, as well as frequency of data sharing. We are working with other agencies to integrate multiple data sets to produce more accurate and useful data than that provided by single data sources. By combining insights from broadly sourced data sets, we can identify relationships, risks and behaviours previously unknown.

Meeting community expectations that our systems will be secure and available when required and on a variety of platforms is an ongoing challenge. Our focus has been on making it easier for our clients to interact with us as well as updating the systems we use to manage the tax and superannuation system.

With rapid growth in online activity there is greater opportunity for fraudsters to steal and sell personal data. The ATO will continue to invest in securing taxpayer information through robust identity, authentication and authorisation platforms. In June 2019, the myGovID app was released to enable people to securely establish and manage their digital identity with us and across government. We delivered Relationship Authorisation Manager (RAM), a new way for people to establish relationships and manage who is authorised to act on their behalf. Authorised representatives of businesses are now able to securely prove their identity using myGovID, link their ABN, manage their authorised contacts, and use the myGovID app to authenticate and access the ATO Business Portal. Tax agents operating on behalf of their clients will soon be able to use myGovID and RAM to access the new ATO *Online service for agents*.

We increased our cyber security capabilities in controls for compliance and protection against security threats, continuing maturity in detection and response functions, preparation for major initiatives that build our visibility of vulnerabilities and gaps in the environment, and increasing our security certification programs.

KPI 5 performance summary

Regulators are open and transparent in their dealings with regulated entities

The following table shows the measures of good regulatory performance and the related metrics. The results of the metrics and analysis are outlined in the Appendix.

Measure	Description	Metric(s)
5.1	Ensure risk-based frameworks are publicly available in a format which is clear, understandable and accessible.	–
5.2	Be open and responsive to requests from taxpayers regarding the operation of the tax and superannuation systems, and approaches implemented by the ATO.	S7, S8
5.3	Ensure performance measurement results are published in a timely manner to ensure accountability to the public.	–
5.4	Ensure disputes are dealt with in an open and transparent manner.	S6

NOTE

There are no specific metrics for measures 5.1 or 5.3, as per the ATO Regulator Performance Framework.

Self-assessment rating: Good

This assessment is based on the results of the metrics relating to each measure and the examples of how we are open and transparent in our dealings with regulated entities.

Summary of metric results

Performance declined for one of the three metrics for this KPI with two new metrics for 2018–19.

We know that there is a very close correlation between perceptions of fairness and our timeliness. In the last financial year the average time to resolve objections increased from 65 days to 75 days which we see translating into a lower result for fairness.

We know that to improve clients perceptions of fairness clients need to be contacted as soon as they lodge an objection, kept informed about the progress of their objection and ensure the objection is dealt with on a timely basis. To achieve this, we have over the last six months made material changes to the objection process, including the introduction of a new and significantly improved triage process and increased staff levels. It means a client lodging an objection today through the right channels will have their objection acknowledged within three days.

We publish risk-differentiation frameworks and other advice regarding how we assess risk on ato.gov.au. Our published advice transparently outlines that:

- we take a risk-management approach to compliance, differentiating our engagement based on our view of the relative likelihood (and consequence) of non-compliance
- by differentiating our response, we can apply a range of treatments proportionate to risk we perceive, including contacting our clients to discuss matters of concern to us.

We publish our performance for all our service commitments monthly on ato.gov.au, and report on the performance of the ATO in achieving its purpose annually. We also report on the performance criteria published in the Portfolio Budget Statements and our *Corporate Plan* through the annual performance statement included in the *Commissioner of Taxation Annual Report*.

Activity-based examples

The ATO has a number of initiatives designed to assist clients with their tax affairs. We provide public advice and guidance to help taxpayers understand their rights and obligations in a range of situations.

Due to the complexity of tax and superannuation law, it is inevitable that some areas of disagreement will arise. Where a taxpayer disagrees with an ATO decision, they have the right to have that decision reviewed. At these times, the ATO provides a dispute resolution service to ensure consistent application of the law and fair outcomes for the community. Our approach is to engage with clients as early as possible, dealing with matters before they reach the courts.

We implemented several dispute resolution initiatives this year, including:

- an Independent Review for Small Business program pilot, designed to give small businesses an opportunity to have their audit with us reviewed before any assessments or amended assessments are issued
- our Dispute Assist service, offering help to unrepresented individuals and small businesses with significant or exceptional personal circumstances
- new National Tax Clinics operated by 10 universities for taxpayers who may not be able to afford professional advice or representation but are looking for independent guidance
- a new Small Business Taxation Division of the Administrative Appeals Tribunal (AAT) developed in conjunction with the Treasury, the AAT, the Inspector-General of Taxation and Taxation Ombudsman (IGTO) and the Australian Small Business and Family Enterprise Ombudsman.

We resolved over 26,000 objections, which represents less than 0.1% of over 37 million returns lodged. There were 441 applications for review or appeal to the AAT or other courts in 2018–19, with 102 decisions made either in relation to these applications or applications made in earlier years. The significant gap between the number of applications and actual decisions reflects the fact that most matters are resolved through alternative dispute resolution. For more information on the numbers of disputes, see [Appendix 3](#) of the *Commissioner of Taxation Annual Report 2018–19*.

To give the community confidence that the ATO is exercising sound judgment, we seek assurance from a range of channels.

We sought independent assurance and advice from experts on the application of complex legal matters, and referred our most significant decisions on disputes for review. During 2018–19:

- the General Anti-Avoidance Rules (GAAR) Panel assessed 28 matters, including share buy-back transactions, with the GAAR provisions held to apply in 10 matters
- the Public Advice and Guidance Panel considered 7 matters, including employee travel expenses, work-related expenses for truck drivers, and GST relating to financial services
- under the Independent Assurance of Settlements program, 16 reviews were finalised, with our actions considered to be fair and reasonable in 13 cases. For more details on settlement cases, see [Appendix 3](#) of the *Commissioner of Taxation Annual Report 2018–19*.

KPI 6 performance summary

Regulators actively contribute to the continuous improvement of regulatory frameworks

The following table shows the measures of good regulatory performance and the related metrics. The results of the metrics and analysis are outlined in the Appendix.

Measure	Description	Metric(s)
6.1	Establish cooperative and collaborative relationships with stakeholders to promote trust and improve the efficiency and effectiveness of the ATO administration.	15, S9, A1
6.2	Engage stakeholders in the development of options to reduce compliance costs.	A1
6.3	Regularly share feedback from stakeholders and performance information with policy departments to improve the operation of the tax and superannuation systems and associated administrative processes.	–

NOTE

There are no specific metrics for measure 6.3, as per the ATO Regulator Performance Framework.

Self-assessment rating: Good

This assessment is based on the results of the metrics relating to each measure and the examples of how we contribute to the continuous improvement of regulatory frameworks.

Summary of metric results

Performance either improved or met target for two of the three metrics for this KPI with one based on activities.

Strong results of our engagement and sharing of information with stakeholders and working with government agencies to contribute to improvements in the operation of the tax and superannuation systems, are outlined in the following activity-based examples.

Activity-based examples

We use our insights to shape the tax and superannuation systems, assess where the law has not been working as intended, and to develop ideas to improve the system and prepare for future challenges and changes. We help influence proposed policy and legislation and share our analytical expertise by:

- providing data and costings advice on policy proposals
- working closely with Treasury on ATO-generated new policy proposals, as well as those led by Treasury, including revenue proposals sought by Treasury for the Budget and the Mid-Year Economic and Fiscal Outlook
- collaborating with Treasury on the design of new legislation, and providing input into explanatory materials and joint quality assurance of draft laws.

Our relationship with Treasury is a significant component in successfully influencing new legislation; and our performance measure *Influence – Government and Treasury perceptions of the ATO and the quality of our advice* achieved a 'Good' rating in 2018–19.

We provide tax and superannuation systems insights and responses and inform policy development and research. Along with our annual publication of aggregated taxation statistics, in 2018–19, we:

- worked with the Board of Taxation on a survey on compliance costs associated with fringe benefits tax

- provided access to our database of ‘confidentialised’ longitudinal data on individual income tax returns to researchers in 19 Australian universities, and expanded the database
- contributed to a whole-of-government public data strategy overseen by the Department of Prime Minister and Cabinet
- provided research and data to inform the Council of Financial Regulators final report into risk and leverage in the superannuation system, in addition to providing information and calculations to support the Productivity Commission’s review into the efficiency and competitiveness of the superannuation system
- assisted with the Australian Bureau of Statistics (ABS) Multi-Agency Data Integration Project, the Department of Social Security’s research into the National Disability Insurance Scheme (NDIS) workforce, and the work of the Department of Jobs and Small Business following closure of the Australian automotive manufacturing industry, including their assessment of retraining programs.

We delivered significant changes to our tax and BAS agent services in 2018–19. Our practitioner lodgment service (PLS) became the sole channel for tax agents to electronically lodge current year income tax returns, with approximately 6.8 million returns successfully lodged during Tax Time 2018. For agents using the service, more of their clients had their refunds processed within five days compared to previous years.

Since March 2019, all tax and BAS agents have been able to access *Online services for agents*. This system replaces our tax and BAS agent portals, with a modern, customisable interface that addresses portal irritants and provides access to new functionality. It delivers more real-time client information, such as individuals’ superannuation and income tax return history, and includes the ability to create payment plans and search for clients by name. More information is available at ato.gov.au/onlineservicesforagents.

We partnered with 530 digital service providers (DSPs) consuming 269 web services. An online service was introduced to streamline interactions with DSPs, providing a secure environment to access support. We reviewed all DSPs against the ATO’s Operational Framework, with all DSPs – representing 676 digital products – meeting the requirements. Extending on the framework and at the request of industry, we worked in collaboration with the Australian Business Software Industry Association to develop common cyber security standards for add-on marketplaces.

Through our international collaboration with other tax administrators, we share information to better influence tax reform and identify global trends and best practices.

This year, our involvement with the Organisation for Economic Co-operation and Development (OECD) included co-hosting the fifth meeting of the Global Forum on Value Added Tax and GST and presenting at the Forum on Tax Administration in Chile. Our work on issues raised by the Panama and Paradise papers was recognised by the Chair of the OECD’s Forum on Taxation Administration.

We completed our first international exchange under the new Common Reporting Standard, receiving over 1.5 million financial accounts to review from over 60 tax jurisdictions – including those that have been associated with tax havens and bank secrecy.

The *Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting* came into effect this year, enabling jurisdictions to swiftly modify their tax treaties to better address multinational tax avoidance and more effectively resolve tax disputes. Together with New Zealand Inland Revenue, we published a joint administrative approach, to provide certainty for eligible taxpayers and allow us to prioritise our resources on matters with material revenue consequences or a higher risk of tax avoidance.

Working smarter to be more efficient is one of the benefits from many of our objectives, from extending our use of data to developing our staff. In addition to automating processes where we can, we have made business improvements through work redesign. Simplifying how we work has resulted in faster processing speeds and fewer escalations and transfers. Our Debt staff now manage both debt and outstanding lodgments for clients, rather than only dealing with existing debt.

Each of our ATO stewardship groups has diverse representation across the Australian community, ensuring we have access to the views and inputs of as many stakeholders as possible. These groups are responsible for the stewardship of their respective market or product segment. Throughout 2018–19, we continued to collaborate with key stakeholders to optimise the contribution these groups make to the tax and superannuation systems.

Appendix – metric results and analysis

The following table shows the metrics we use to assess our performance and their alignment across the measures for each KPI.

Outcome-based metrics

Metric	Description	Measure
1	Number of complaints received	1.2
2	Adjusted median cost to individual taxpayers of managing their tax affairs	1.3
3	Reduction in the administrative cost to businesses and government in dealing with each other	1.3
4	Proportion of inbound transactions received digitally for key services	1.2
5	Key digital systems availability	1.2
6	Service commitment – 85% of complaints received are resolved in 15 business days, or within the date negotiated with the client	2.2
7	Service commitment – 80% of private rulings are finalised in 28 calendar days of receiving all necessary information	2.2
8	Elapsed time in days for private rulings	2.1, 2.2
9	Average cycle times for objections	2.2
10	Cost to collect \$100	3.1
11	Total revenue effects – Tax revenue from all compliance activities	3.1, 3.2, 3.3
12	Increased use of the ABR as the national business dataset	4.3
13	Proportion of ABN applicants obtaining a decision online at the point of application	4.2
14	Tax returns – Proportion of items that are pre-filled	4.2, 4.3
15	Communication of our decision to consult on matters submitted	6.1

Results – outcome based metrics

Metric	Result		
	2016–17	2017–18	2018–19
Metric 1 - Number of complaints received (no 2018–19 performance target)	25,073	20,241	19,826

In 2018–19, the ATO received 19,826 complaints (inclusive of Inspector-General of Taxation and Taxation Ombudsman complaints), a reduction of 2% compared to 2017–18. The number of complaints received is only a small proportion of our interactions with the community, representing 0.1% of the total tax returns lodged in 2018–19. The largest proportion of complaints received related to form processing, which includes flow-through impacts to speed of refunds.

Metric	Result		
	2016–17	2017–18	2018–19
Metric 2 - Adjusted median cost to individual taxpayers of managing their tax affairs (2018–19 performance target: maintain or reduce the cost, relative to 2017–18)	1.0% reduction on prior year result (2015–16 returns)	Unchanged ^(a) on prior year result (2016–17 returns)	Unchanged ^(a) on prior year result (2017–18 returns)

NOTE

(a) The unchanged results for 2017–18 and 2018–19 reflect a change of 0.2% or less in the adjusted median from the previous year.

This measure shows any movement in the cost to individual taxpayers of managing their tax affairs.

The adjusted^(a) median cost of managing tax affairs for 2017–18^(b) income tax returns remained broadly steady compared to the previous year (with only a marginal increase of 0.2%) and the performance target is considered to be fully met. Taxpayers who do not report an amount on this label are not captured in this calculation; however, over recent years a declining trend has emerged in the ratio of taxpayers claiming cost of managing tax affairs to the total individual taxpayer lodging population.

The cost of managing tax affairs includes the costs of preparing and lodging tax returns and activity statements, fees paid to tax advisers, and the costs of tax reference material. While the impact of external market forces can influence these, our strategies for making it easier to comply, through the provision of better guidance and advice and contemporary and digital services, also influence this trend.

For 2018–19 financial year reporting, data was extracted from each component and summed together to provide consistent results with previous years.

(a) AWOTE – average weekly ordinary time earnings (for full-time adults) is used to adjust these costs.

(b) The 2017–18 income tax return has split the D10 label into three components:

- i. interest charged by the ATO
- ii. litigation costs
- iii. other expenses incurred in managing tax affairs.

Metric	Result		
	2016–17	2017–18	2018–19
Metric 3 – Reduction in the administrative cost to businesses and government in dealing with each other (2018–19 performance target: \$1.55 billion)	\$1.39 billion	\$1.58 billion	\$1.55 billion

In 2018–19, there was a slight decrease (\$38 million) in the reduction of administrative costs, compared with the previous year. This brought the total annual reduction, relative to the costs of businesses using lodgment methods via previous systems, to \$1.55 billion, which met the performance target. The small decline is primarily due to a refinement of the methodology compared with previous years, together with the higher-than-expected result in 2017–18.

The result indicates that savings to business and government from ABR program initiatives continue to deliver in reducing the reporting burden, minimising cost to business and enhancing business interactions through natural-based systems for the business community.

As new initiatives such as e-invoicing and Single Touch Payroll are implemented, savings are expected to increase further for both business and government.

Metric	Result		
	2016–17	2017–18	2018–19
Metric 4 – Proportion of inbound transactions received digitally for key services (2018–19 performance target: 90%)	88% ^(a)	88% ^(a)	89%

NOTE

(a) Result was published in the Commissioner of Taxation Annual Report but not in the ATO Regulator Performance Framework self-assessment report.

The scope of the measurement methodology was further broadened in 2018–19 to include ABN cancellations, role cancellations, Departing Australia Superannuation Payments (DASP) applications and Taxable Payment Annual Report (TPAR) lodgments.

The inclusion of:

- ABN and role cancellations provides an end-to-end view for business registrations and cancellations
- TPAR lodgments enables the establishment of a baseline for this service with additional industries commencing reporting from 1 July 2018
- the DASP superannuation view provides a digital channel usage perspective that may assist in future investment and service design decisions.

The ATO achieved an overall result of 89%, which is one percentage point below the target and represents a one percentage point increase compared with the previous year.

The digital take-up rates of the six original key services increased throughout 2018–19. Analysis of these original services indicates the 90% target would have been achieved if the additional services had had not been included. Taking this into consideration, together with the increase in the target over recent years (target for 2016–17 was 85%), the target has been substantially achieved.

Metric	Result		
	2016–17	2017–18	2018–19
Metric 5 – Key digital systems availability (2018–19 performance target: under development)	n/a ^(a)	99.4% ^(b)	99.5%

NOTE

(a) Metric not reported

(b) Result was published in the Commissioner of Taxation Annual Report but not in the ATO Regulator Performance Framework self-assessment report.

Measuring availability of our digital systems ensures that we understand the reliability of services for clients interacting digitally. The overall result for 2018–19 was 99.5%, a 0.1 percentage point increase from 2017–18. There is no performance target for 2018–19 against which to assess this result. A target of 99.5% has been set for 2019–20.

The methodology for this measure comprises the availability of six externally facing and four internally facing key IT systems. Availability is the comparison between the planned availability with the actual availability of a system for users.

For externally facing systems used by our clients and partners, the average availability was 99.3% and for internally facing systems used by staff, the average availability was 99.8%.

Metric	Result		
	2016–17	2017–18	2018–19
Metric 6 - Service commitment – 85% of complaints received are resolved in 15 business days, or within the date negotiated with the client	93%	90%	88%

Complaint processing performance exceeded the benchmark of 85%, with 88% resolved in 15 business days (or within the date negotiated).

By maintaining our performance for this metric in 2018–19, we demonstrated that the ATO continues to provide taxpayers with timely assistance and certainty to enable them to meet their obligations.

Metric	Result		
	2016–17	2017–18	2018–19
Metric 7 - Service commitment – 80% of private rulings are finalised in 28 calendar days of receiving all necessary information	85%	88%	88%

88% of private rulings were finalised in 28 calendar days of receiving all necessary information, exceeding the 80% target, and remaining stable compared with previous years' results.

This demonstrates that the ATO continues to provide taxpayers with timely assistance and certainty on complex matters to enable them to meet their obligations.

Metric	Result					
	Average days			Median days		
	2016–17	2017–18	2018–19	2016–17	2017–18	2018–19
Metric 8 – Elapsed time in days for private	61	62	76	36	39	52

rulings

There was an increase in both the average and median number of elapsed days to finalise a private ruling compared to 2017–18. The increasingly complex nature of private ruling applications continues to place upward pressure on the time taken to provide such rulings.

In addition, a number of substantially aged cases were closed throughout the year, which resulted in higher than usual averages. In 2018–19, 78 cases were closed with an elapsed time of greater than 365 days. If these outliers were removed from the overall population base, the average elapsed time would reduce to 69 days.

The impact on overall timeframes of requiring complex information from clients in order to complete such rulings can also be significant. Of the 78 cases noted above, only four were not completed within 28 days of receiving all necessary information from the client.

Metric	Result		
	2016–17	2017–18	2018–19
Metric 9 – Average cycle times for objections (no 2018–19 performance target)	65 days	65 days	76 days

There was a 32% increase in the stock-on-hand of objections compared to 2017–18. Similarly, the average cycle times for objections increased by 17%, or 11 days. This is primarily attributable to an increase in the number of objections received. Although the increase was partially offset by an increase in the number of objections resolved, we received more objections than we resolved, leading to an increase in stock-on-hand and delays in the resolution of objections.

We have now taken steps to mitigate the rising stock and cycle times through the implementation of redesigned triage and prioritisation processes, and allocating additional resources in some branches. We are moving to measure cycle times by reference to priority and distinguish between objection types.

Metric	Result		
	2016–17 ^(a)	2017–18 ^(a)	2018–19
Metric 10 – Cost to collect \$100 (2018–19 performance target: consistent with trend)	\$0.81 (incl GST) \$0.74 (excl GST)	\$0.74 (incl GST) \$0.67 (excl GST)	\$0.71 (incl GST) \$0.64 (excl GST)

NOTE

(a) In the ATO Regulator Performance Framework self-assessment reports for 2016–17 and 2017–18, results for this metric were expressed as 'gross' and 'net' cost to collect, rather than inclusive or exclusive of GST and its administration costs.

The decreased cost to collect \$100 (both inclusive and exclusive of GST) met the performance target for 2018–19, largely due to the 8% increase in revenue collections in 2018–19.

Metric	Result		
	2016–17	2017–18	2018–19
Metric 11 – Total revenue effects (tax revenue from all compliance activities) (2018–19 performance target: \$15 billion)	\$15 billion ^(a)	\$16 billion ^(a)	\$15.3 billion

NOTE

(a) Result was published in the Commissioner of Taxation Annual Report but not in the ATO Regulator Performance Framework self-assessment report.

Total revenue effects measures the impact our activities have on improving taxpayer compliance. These activities ultimately improve levels of willing participation with the tax and superannuation systems. By understanding and measuring the impact of our activities, it helps us to develop and improve effective strategies. Total revenue effects is an estimate of the additional tax revenue that comes from our client engagement activities and interventions.

The ATO is continuing to invest more effort and focus on supporting clients to get it right prior to lodging or even when they are first starting out in business. These are complemented by our deliberate efforts to improve future behaviour wherever we engage with clients. We estimate the impact of our pre-emptive strategies and of sustained compliance following our engagements in prior periods, known as wider revenue. In 2018–19, we estimated the impact of these interventions to be \$4.8 billion. The total revenue effects for 2018–19 from all of our interventions totalled \$15.3 billion.

Metric	Result		
	2016–17	2017–18	2018–19
Metric 12 - Increased use of the ABR as the national business dataset			
<ul style="list-style-type: none"> government agencies 	232 agencies using <i>ABR Explorer</i> (66% increase)	312 agencies using <i>ABR Explorer</i> (34% increase)	368 agencies using <i>ABR Explorer</i> (18% increase)
		11 agencies using <i>ABR Connect</i>	17 agencies using <i>ABR connect</i>
<ul style="list-style-type: none"> community 	32.5% increase in <i>ABN Lookup</i> searches	1.031 billion <i>ABN Lookup</i> searches (32.5% increase)	1.445 billion <i>ABN Lookup</i> searches (40% increase)
(2018–19 performance target: Agencies – 340 using <i>ABR Explorer</i> , 12 using <i>ABR Connect</i> Community - 1.1 billion <i>ABN Lookups</i>)			

Consumption of ABR data by government agencies and the community continues to increase through a variety of channels including ABR Explorer, ABR Connect, Data Transfer Facility and ABN Lookup. In 2018–19 the number of agencies using ABR Explorer increased by 18% to 368, while the number using ABR Connect web services increased from 11 to 17, both exceeding their target. ABN Lookup downloads exceeded 1.4 billion, a 40% increase from the previous year and exceeding target.

We supported the increased use of ABR data by continuing to develop products that promote self-service, and education materials to facilitate interactions with ABR Explorer. System enhancements also improved the quality of data queries for agencies.

The second generation of ABR Connect web services (ABR Agency Connect) is currently in a Beta version with three participating agencies. Two agencies have completed testing and have transitioned the service into their production environments, while the third agency plans to release the service later in 2019. We are also working with Digital Communication & Identity Services (DCIS) to incorporate a whole-of-government authentication solution for the service. Our ABR Connect web services lower costs for government agencies by reducing the need for multiple databases or registers that duplicate information.

Metric	Result		
	2016–17	2017–18	2018–19
Metric 13 - Proportion of ABN applicants obtaining a decision online at the point of application (2018–19 performance target: 80%)	86.4%	94.6%	96.5%

The proportion of ABN applicants obtaining a decision online at the point of application increased to 96.5% for 2018–19, a 1.9 percentage point increase on last year (94.6%) and exceeding our target (80%) by 16.5 percentage points.

This measure demonstrates improvements in the process used by business in applying for an ABN, in particular a reduction in delays and the associated reduction in lost income arising from those delays.

There is a cost to both business and government as a result of delays in issuing ABNs:

- business can experience a loss of income, delays in being able to invoice clients for work done and loss of accessing business discounts
- government impacts can include lost taxation revenue and additional welfare payments while clients are waiting for their ABN to commence their business.

Changes to the ABN application process were implemented in March 2019. These changes were designed to assist applicants to understand their entitlement to an ABN and their obligations. This helps deter those applicants who are not entitled and reduces reverse workflow in cancelling these at a later point where they were not entitled to an ABN. These changes have increased the accuracy of data on the register, resulting in savings for businesses and government agencies that use this data. These changes did not materially impact applicants obtaining a decision online at the point of application as ineligible applicants are refused on-the-spot.

Metric	Result		
	2016–17	2017–18	2018–19
Metric 14 – Tax returns - Proportion of items that are pre-filled (2018–19 performance target: under development)	n/a ^(a)	87.5% ^(b)	87.9%

NOTE

(a) Metric not reported

(b) Result was published in the Commissioner of Taxation Annual Report but not in the ATO Regulator Performance Framework self-assessment report.

The presented result of 87.9% is a slight increase on last year’s result of 87.5%, indicating the continued quality and timeliness of pre-filing to support clients and tax agents to lodge their tax returns and meet their obligations.

The result is solely focused on individuals who are not in business. It reflects the proportion of their total income where our pre-filing exactly matched their final income tax result. This measure uses a dollar-based systems assurance approach, where pre-filing makes it easier for clients to meet their obligations and increases trust and confidence in the accuracy of final tax outcomes.

To allow for appropriate checking of our pre-fill results against the final income tax return, the methodology for this measure applies a time lag and reflects Tax Time 2017 results. This is to allow sufficient time for lodgment program periods for clients and tax agents to be completed and results assured by the ATO.

This measure was first reported in 2017–18, and there is not yet a performance target with which to assess the result. A performance target (of 85%) has been set for 2019–20.

Metric	Result		
	2016–17	2017–18	2018–19
Metric 15 - Communication of our decision to consult on matters submitted (within 20 days)	1 (20% of 5 received)	0 (0% of 2 received)	1 (100% of 1 received)

In 2018–19 there was one matter received that was considered a potential consultation matter, and a decision was communicated within 20 working days. The matter did not proceed to consultation. While we only have a small number of matters for potential consultation each year, this result represents an improvement compared with the previous two years, and reflects our continued focus on ensuring more timely responses to relevant stakeholders.

Survey-based metrics

Metric	Description	Measure
S1	Community Confidence factor - Easy	1.1
S2	Community Confidence factor - Helpful	1.2
S3	Community Confidence factor - Timely	2.2
S4	Community Confidence factor - Effective	2.3
S5	Client survey – In the past 12 months, the ATO appears to be integrating its services better with other government departments	4.1
S6	Perceptions of fairness in disputes	5.4
S7	Community confidence in the ATO	5.2
S8	Community Confidence factor - Fair	5.2
S9	Working together - Partner perceptions of how the ATO is working together with them to administer the tax and superannuation system	6.1

Results – survey based metrics

Metric	Result ^(a)		
	2016–17	2017–18	2018–19
Metric S1 - Community Confidence factor - Easy	n/a	n/a	65/100
Metric S2- Community Confidence factor - Helpful	n/a	n/a	68/100
Metric S3 - Community Confidence factor - Timely	n/a	n/a	63/100
Metric S4 - Community Confidence factor - Effective	n/a	n/a	63/100
Metric S5 - Client survey – In the past 12 months, the ATO appears to be integrating its services better with other government departments	55% individuals; 58% business	54% individuals; 53% business	61/100 individuals (48% net agree) 61/100 business (46% net agree)
Metric S6 - Perceptions of fairness in disputes			

Metric	Result ^(a)		
	2016–17	2017–18	2018–19
- process was fair	56%	54% ^(b)	57/100 (49% net agree)
- final decision was fair	62%	65%	67/100 (57% net agree)
Metric S7 - Community confidence in the ATO	n/a	n/a	65/100
Metric S8 - Community Confidence factor - Fair	n/a	n/a	61/100
Metric S9 - Working together - Partner perceptions of how the ATO is working together with them to administer the tax and superannuation system	n/a	63/100 (61% net agree)	64/100 ^(c) (63% net agree)

n/a – metric not reported

NOTES

(a) Performance target for all survey-based measures is: improved or broadly stable compared to the previous year result

(b) Survey methodology changes were implemented in 2017–18. As a result, caution should be exercised in comparing trends across years.

(c) The methodology was refined in 2018–19 and results are not comparable to the Empowerment – partner perceptions of how the ATO empowers and includes them result published in the 2017–18 annual report.

There are several factors which present us with challenges in assessing our performance this year.

Measurement of community confidence in the ATO commenced in 2018–19. Therefore for the five community confidence factor metrics and the overall community confidence metric, comparison with previous years is not possible.

Also in 2018–19, reporting on survey-based metrics changed from a focus where only positive responses determine a 'net agree' percentage, to an approach of converting responses to an index score out of 100. This allows for a more granular assessment; for example it reflects the difference in response between a neutral response and a strongly negative response, which can have a significant impact on results for some survey questions.

This change in approach increases the difficulty of comparing of 2018–19 results with previous years. However, where available, the 'net agree' percentage has also been included in the above table to provide an indication of trends.

Where comparisons of 2018–19 results with previous years can be made, we saw declines in results for a number community perceptions. Some of this decline is consistent with external trends in recent years of reduced trust in large institutions identified through data such as the Edelman Trust Barometer. However, we also know that there is a very close correlation between perceptions of fairness and our timeliness. Actions we are taking to address timeliness, particularly with respect to disputes, are discussed further in the KPI 5 performance summary.

Whilst client's perceptions of fairness is important, their perceptions of unfairness is equally if not more important. The proportion of clients who perceived that the process was unfair remained broadly stable. For clients in disputes, only 35% perceived that the process was unfair in both 2017-18 and 2018-19. Some clients provide a neutral response to this question, rather than stating that they felt the process was fair or unfair.

Activity-based metrics

The ATO undertakes a significant number of activities that help to deliver outcomes for the community, including the activities noted below. However, such metrics cannot tell us how effective our activities have been as an increase in activities does not necessarily lead to an improvement in performance, nor does a decrease in activities necessarily lead to a decline in performance.

Activity Metric	Description	Measure
A1	Number of matters that have been consulted on	6.1, 6.2
A2	Number of visits to the consultation page of ato.gov.au	1.1
A3	Number of interpretive guidance products provided	2.1
A4	Number of private rulings provided	2.1
A5	Number of public rulings and determinations provided	2.1
A6	Number of class rulings provided	2.1
A7	Number of product rulings provided	2.1
A8	Number of memorandums of understanding	4.3
A9	Number of international information exchanges (including specific, spontaneous and automatic exchanges)	4.3
A10	Number of compliance audits, reviews and other checks undertaken	4.4
A11	Level of compliance with Protective Security Policy Framework mandatory requirements	3.2
–	Measures with no specific outcome-based, survey-based or activity-based metrics	5.1, 5.3, 6.3

Results – activity based metrics

Metric	Result		
	2016–17	2017–18	2018–19
Metric A1 - Number of matters that have been consulted on	93	36	32
Metric A2 - Number of visits to the consultation page of ato.gov.au	13,452	11,724	12,266
Metric A3 - Number of interpretive guidance products provided	45,000	55,048	51,584
Metric A4 - Number of private rulings provided	7,300	6,459	5,285
Metric A5 - Number of public rulings and determinations provided	73	64	54

Metric	Result		
	2016–17	2017–18	2018–19
Metric A6 - Number of class rulings provided	127	87	62
Metric A7- Number of product rulings provided	25	17	13
Metric A8 - Number of memorandums of understanding	115	135	144
Metric A9 - Number of international information exchanges (including specific, spontaneous and automatic exchanges)	944 total exchanges (517 incoming, 427 outgoing)	706 total exchanges (463 incoming, 243 outgoing)	636 total exchanges (393 incoming, 243 outgoing)
Metric A10 - Number of compliance audits, reviews and other checks undertaken	3.1 million	3.4 million	4.3 million
Metric A11 - Level of compliance with Protective Security Policy Framework mandatory requirements	n/a	Compliant ^(a)	Compliant - reporting requirements met

NOTE

(a) Result was published in the Commissioner of Taxation Annual Report but not in the ATO Regulator Performance Framework self-assessment report.

