

Australian Taxpayers' Alliance: Response to Draft Recommendations into Data Availability and Use Inquiry

A Submission to the Productivity Commission

Executive Summary:

The Australian Taxpayers' Alliance is a non-partisan grassroots advocacy group working on behalf of all Australian taxpayers. The ATA welcomes the Productivity Commission's Inquiry into Public Data Accessibility and subsequent draft recommendations aiming towards increasing public sector data accessibility. The ATA recognizes the unprecedented opportunity of data, analytics and the information sector to uphold the integrity of the right to information under the *Freedom of Information Act 1982 (Cth.)* The ATA therefore commends the Productivity Commission's draft report in requesting the availability of data to "provide far greater transparency about what is being funded by taxpayers but being withheld." However, the ATA also affirms that the accessibility of public expenditure and finance is a key indicator of transparency in the public sector and that neither draft recommendations 3.1 or 3.2 fully harness the potential of data to address the information deficit in this area. The ATA therefore proposes retaining both recommendations with amendments that include the following:

- i) *The insertion of 'financial expenditure data' in Recommendation 3.1 in the implementation of federal, state and territory data registers linked to data.gov.au by the 1st of October 2017.*
- ii) *The subsequent development and implementation of a centralised Transparency Expenditure Portal (TEP) as an extension of Recommendation 3.1 and 3.2 across federal, state and local government branches and entities to be made available by the 1st of October 2019.*

Whilst self-evident that technological innovation in the form of open data can deliver innovation and improvement to the public sector and public sector outcomes, the ATA is of the understanding that policy makers need both an optimal strategy and objective to maximise the value this technology presents. It is both in the public and taxpayers' interest to deliver comprehensive reforms in the use and accessibility of data that will deliver efficient, transparent and accountable public sector expenditure.

Draft Recommendation 3.1

All Australian Government agencies should create comprehensive, easy to access data registers (listing both data that is available and that which is not) by 1 October 2017 and publish these registers on data.gov.au.

States and territories should create an equivalent model where one does not exist and in all cases should make registers comprehensive. These should in turn be linked to data.gov.au.

The central agencies responsible for data should:

- set measurable objectives, consistent with best practice, for ensuring that available data and metadata are catalogued and searchable, in a machine-readable format
- improve accessibility of data for potential data users.

Limited exceptions for high sensitivity datasets should apply. Where they do, a notice indicating certain unspecified datasets that have been assessed as Not Available should be published by the responsible department of state, on the relevant registry.

Draft Recommendation 3.2

Publicly funded entities, including the Australian Research Council, should publish up to date registers of data holdings, including metadata, that they fund or hold.

Publication of summary descriptions of datasets held by funded researchers but not released, and an explanation of why these datasets are not available, are also essential and would provide far greater transparency about what is being funded by taxpayers but withheld.

Amendment 1:

- i) *The insertion of 'financial expenditure data' in Recommendation 3.1 in the implementation of federal, state and territory data registers linked to data.gov.au by the 1st of October 2017.*

The ATA broadly welcomes the Commission’s initiative to create ‘easy to access open registers’ available at a state and territory as well as federal level. However, it calls for the explicit insertion of ‘financial expenditure data’ to establish the grounds for transparency expenditure reform.

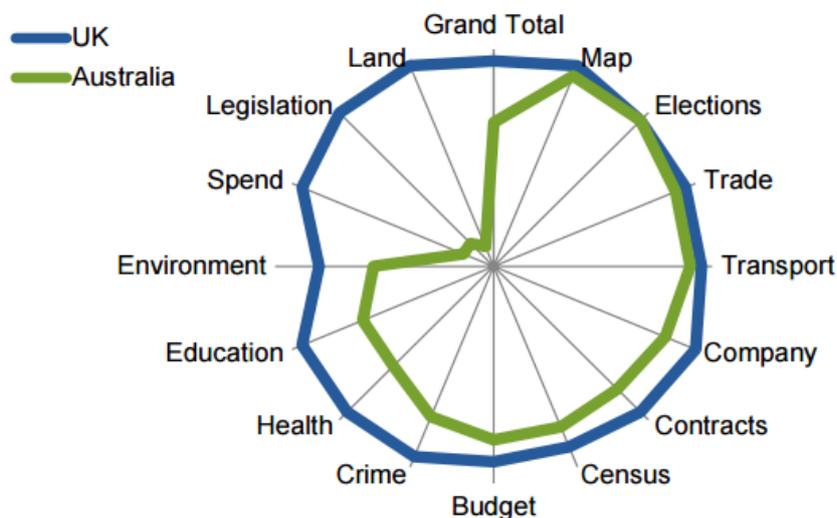
Justification for inserting ‘financial expenditure data’ in the recommendation:

Including financial expenditure data within the above recommendation is justified on the basis of disparity between the right to expenditure information under the Freedom of Information Act 1982 (Cth) and the current accessibility of that information. The National Commission of Audit Second Phase Report focused on the ‘theme of responsible government’¹ and found that ‘it is often difficult to get an accurate and comprehensive picture of government programmes and what they are achieving’² using the Department of Foreign Affairs and Trade a case study. It found that ‘the inclusion of detail such as who the funds were provided to, for what purpose, and what outcome, would provide more relevant information’ and that ‘more meaningful measures should be developed and maintained.’³

The ability to access this information is increasingly crucial for the public at large and for taxpayers in particular. The 2016/17 budget shows that Australian taxpayers currently finance 93% of government expenditure yet 30% of government revenue is classified as either “all other functions” or “other purposes” on top of the standard categories of social security, public services, defence health and education.⁴ The ambiguity behind these categories demonstrates a lack of available data, a lack of fiscal transparency and a lack of expenditure accountability that is detrimental to the rights of all Australian taxpayers.

The mounting of challenges of financial expenditure accessibility have surfaced with the Productivity Commission’s own Issues Paper into this inquiry. It found that general public expenditure was relatively unknown, not only in comparison to international data but to data available across a range of government sectors.⁵

Figure 2 Comparisons of open data availability^a
2014



^a Scores for each data type are calculated using a formula that awards points according to a range of factors, such as format and availability.

Source: World Wide Web Foundation (2015).

The inclusion of ‘financial expenditure data’ in Recommendation 3.1 is therefore integral in addressing the information gap between the right to information and the access of that information.

¹ Towards Responsible Government. The Report of the National Commission of Audit: Phase Two. National Commission of Audit. Commonwealth of Australia. March, 2014

² <http://www.ncoa.gov.au/report/phase-two/part-b/3-3-accountability-performance.html>

³ <http://www.ncoa.gov.au/report/phase-two/part-b/3-3-accountability-performance.html>

⁴ <http://budget.gov.au/2016-17/content/glossies/overview/html/overview-13.htm#appb>

⁵ Data Availability and Use. Productivity Commission Issues Paper. April 2016 Australian Government – Productivity Commission.

The ATA accepts all other aspects of the recommendation; the federal, state and territory implementation of data registries and the proposed timeline of the 1st of October 2017.

Amendment 2:

- ii) *The subsequent development and implementation of a centralised Transparency Expenditure Portal (TEP) as an extension of Recommendation 3.1 and 3.2 across federal, state and local government branches and entities to be made available by the 1st of October 2019.*

Proceeding the implementation of data registries as outlined in Recommendation 3.1, the ATA proposes the centralised development of a Transparency Expenditure Portal drawing from the proposals made in Recommendation 3.2 to ‘provide far greater transparency ... [to] taxpayers.’

The process of implementing a Transparency Expenditure Portal (TEP)

The ATA has long advocated the use of technological innovation to improve public sector outcomes in an effort to allow our ‘political institutions to catch up with private-sector innovations.’ Our understanding of the important ways public sector data can be utilised has long stood in the effort to ‘empower taxpayers ... monitor government expenditure, save money and prevent waste and corruption.’

The ATA has drawn from international experience in the United States to propose ‘the creation of comprehensive, one-stop, one-click online taxpayer expenditure portals, which allow visitors to view who receives tax dollars, how much, and for what purpose.’ Following implementation of the Federal Funding Accountability and Transparency Act of 2006, the US began the creation of taxpayer expenditure portals through the nation by ‘state, city & municipal governments’ with the ‘ability to drill down right to the cent.’ The powerful efficiency of these portals delivered substantial savings in expenditure that substantially recovered the initial cost of implementation.

Australia, by avid contrast, does not currently offer the same level of open data accessibility in public sector expenditure. Data.gov.au presently contains ‘limited financial information and AusTender does little more than provide financial information for business but ‘does little in the way of providing ‘transparency information for taxpayers.’ This presents opportunities for innovative legislation that harnesses the unprecedented opportunities data accessibility provides.

The cost and benefit analysis of implementing a TEP

As outlined in Amendment 1, the current disparity between the right to information and access to information needs to be addressed. A Transparency Expenditure Portal delivers this outcome by upholding the integrity of Freedom of Information Legislation and eliminating its current economic and opportunity costs to the public sector and the public alike. Administration fees for individuals requesting accessibility of information can exceed \$1,000 per application, alongside a waiting period that can average half a year. Additionally, the total reported costs to the public service of processing Freedom of Information Requests is \$36.3 million per year, where only \$0.6 million in fees were recovered.

International Case Studies:

In Texas, the State Comptroller was able to utilise the transparency website to identify \$4.8 million in savings directly attributed to the launch of the transparency website, and identified an additional \$3.8 million in expected savings⁶. This included \$73,000 from combining printer and toner contracts and \$250,000 from not printing a *duplicate* study from another agency.

In Oklahoma, the fiscal note for the legislation that created the spending transparency website estimated a total cost of \$300,000 - \$400,000USD for construction and \$260,000USD for maintenance and upgrades. The sponsor of the legislation has since reported that the software was purchased for a mere \$8,000USD, and the website was built and loaded by reallocating staff time at no extra cost⁷.

⁶ Loew, T. States put spending details online: Public can check with their taxes go. USA Today.

http://usatoday30.usatoday.com/printedition/news/20090223/onlinegovspend23_st.art.htm Accessed 15/09/12

⁷ http://www.fiscalaccountability.org/userfiles/Memo_Cost.pdf

In South Dakota, a reporter was able to use transparency website information to uncover \$19 million in redundancies⁸, while in Utah, public anger at revelations that the state government was spending \$294,000 on bottled water led this to be reduced to \$85,000⁹.

The cost and benefit analysis and case studies show that the implementation of Taxpayer Expenditure Portal will deliver integral accessibility to both open data and the right to information. In ensuring the TEP reaches full potential of analytical capability, the ATA proposes that its centralised development includes the following characteristics:

- a) **Frequently Updated:** Information must be regularly updated to be useful. Providing once-a-year updates significantly limits use. Many U.S. states provide weekly, if not real-time updating. It is recommended that initially Australian websites be updated at the minimum of fortnightly.
- b) **Historical Data:** In order for any comparison to be made between expenditures in differing financial years, historical data must be presented. Ideally, upon the creation of a website, the current and previous fiscal years be included as a minimum, and this historical data retained.
- c) **Low Threshold for Data Inclusion:** A taxpayer expenditure portal with a high threshold may prevent most useful information from actually appearing on the website! As such, a low – or nil – threshold is recommended. Due to the complexity of the Federal Government’s expenditure process, it is recommended that at most a \$10,000 threshold be established, to be phased out over five years. Such a threshold is not needed for state governments, where the volume of transactions does not necessitate its requirement. With the success of U.S. states creating transparency websites with no thresholds, there is no need for Australian states to create one here.
- d) **Powerful search & sort tools:** Users should be able to search *and sort* by department, agency, vendor/contractor and type of expenditure at a minimum. The ability to sort is critical. Similarly, powerful search algorithms must allow for searching by keywords or activity, and the ability to search expenditure by type of service or item purchased
- e) **Formats**
It is little use of data is presented in a manner that it cannot be effectively used, whether requiring downloads to access, or in user-unfriendly formats such as PDF. Formats, both for download and online access, ought to be, at a minimum, provided as a *.csv file.
- f) **Feedback:** Users must be allowed to contact the agency responsible for administering the website with feedback, potentially allowing for improvements and pointing out mistakes or software errors. This ought to be done through an embedded form in the website itself, and officials ought to respond rapidly, and take suggestions into consideration.
- g) **Performance Trackers**
Numerous government projects in Australia have ‘benchmarks’ for success, and benchmarking has been used as an efficient tool to measure the performance of the public sector and evaluate the success of projects. It allows an objective assessment of activities by a department, exposes areas where improvement may be needed, provide comparison with other similar programs, and test whether innovative programs deliver. Whether it is applied at a micro level, or across governments, the policy of benchmarking has delivered significant benefits in ensuring value for money.

Australia has had a relatively strong history of benchmarking in recent years. Since 1995, every year Australian State and Federal governments produce the Report on Government Services, which is a comprehensive exercise in performance reporting across a wide range of services delivered by Australia’s

⁸ <http://www.yankton.net/articles/2010/03/17/opinion/editorials/doc4ba03aa56b624757496885.txt>

⁹ Following The Money p14

State and Territories. A 2011 report by the Productivity Commission evaluating the program stated that “*the review could lay claim to being one of the success stories of cooperative federalism in Australia*”¹⁰

h) Program Mapping

In order to adequately access the validity of numerous public programs, and ensure that there is no cluster in marginal electorates, such as what was exposed in the infamous Ros Kelly “Whiteboard” scandal, transparency websites can utilise technology with mapping software to plot locations on a map. This will provide a visual representation of the location of these programs, and allow for the detections of patterns that might not be visible from raw data analysis. Recent developments in technology, with open-source API’s available for programs such as Google Maps, can allow such a process to be automated, and not require any additional staff workload or overhead.

An example of this being done successfully is Washington State, where the transparency portal allows taxpayers to see how specific areas receive taxpayer funding in the form of capital expenditure. This is done through the provision of an interactive mapping tool with the exact locations of state-funded construction projects¹¹:

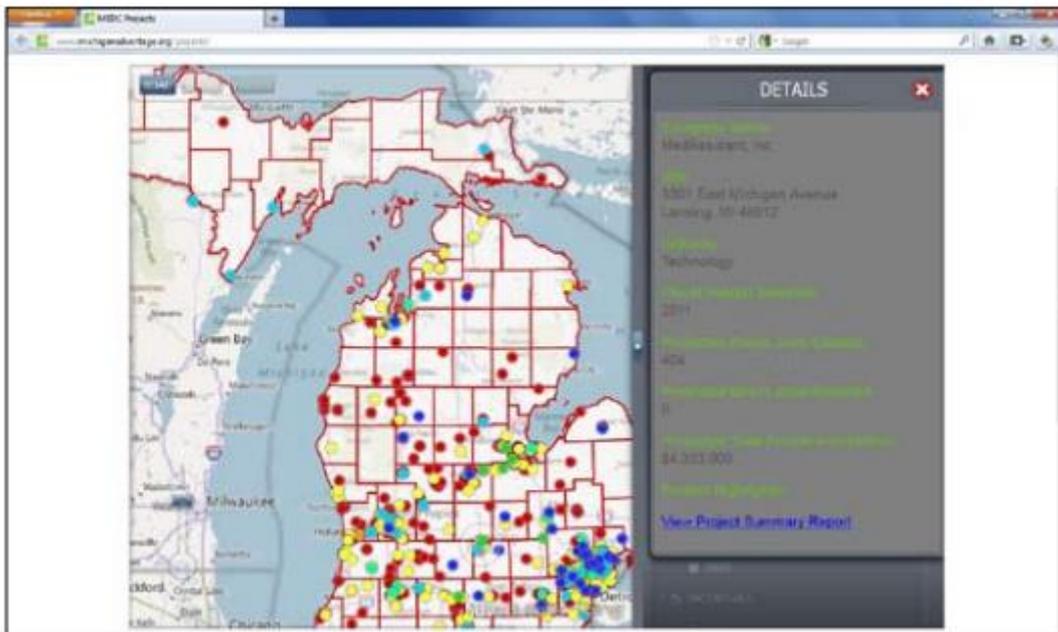


Similarly, Michigan has linked an interactive website for economic development initiatives that receive taxpayer funding to their transparency website, allowing taxpayers to monitor the \$3.5USD billion worth of subsidies given to 508 companies to ostensibly create jobs and boost the economy. By providing such a map, taxpayers can see which government-funded projects are in their community, and better track results¹²:

¹⁰Banks, G & McDonald L. Benchmarking and Australia’s Report on Government Services. Productivity Commission. 2011. Accessed 17/10/12 at http://www.pc.gov.au/_data/assets/pdf_file/0017/118520/11-benchmarking-federal-systems-chapter9.pdf

¹¹ Screenshot taken from Follow The Money Report, p37

¹² Screenshot taken from Following The Money, p24



It is recommended that the provision of geographically based expenditure mapping be expanded in any Australian Transparency Portal beyond what occurs in Michigan and Washington, and not be limited to capital construction or economic development projects, but also include other forms of spending, in particular government grants. This is easily accomplished through the use of existing Geographic Information System (GIS) software and processes. Similarly, this ought to be linked to performance-targets and benchmarks, as discussed above.

The extension of a TEP to local, as well as state and federal government

The ATA recommends going further than creating data accessibility on a federal, state and territory level by looking at local council implementation.

The ATA notes that this is due to the close and personal effects of local governments to the community, but also the history in Australia of graft, corruption, and mismanagement at a local level. Presently, the amount of public funding disclosure at a local level is virtually non-existent in Australia, and, while budgets may be provided, and citizens can attend council meetings, this is time-consuming, and often difficult to access. With the vast majority of persons are unable to attend council meetings (particularly in rural areas which cover significant area), and procuring documents is also often a lengthy and difficult process, leading to frustration and most people eventually giving up. Even when such data is provided, the information is generally in a form designed for finance professionals and not laypersons, and as such, is a poor tool for communicating information to ratepayers. Hence a TEP, making comprehensive use of localised data, would lead to the provision of data that local taxpayers and communities currently lack.

The unique potential for an Australian TEP

The ATA notes that despite the achievements the implementation of TEP has had in the US, Australia is still in a better legal position to implement such an open data policy. The current existence of Standard Business Reporting (SBR), which is the requirement that regulatory agencies should work together to standardise the data elements that they require companies to report or file, means Australia has the institutional conditions to provide this innovative policy implementation¹³. The Productivity Commissions will note that since its inception in 2008, SBR has cost the government about \$170 million AUD but is expected to save taxpayers \$500 million AUD per year¹⁴. Hence the Commission is therefore in a unique position to determine that the development and implementation of a TEP is not only beneficial but largely feasible.

Conclusion:

¹³ Data Reform for Procurement Reporting: Can we streamline compliance while enhancing accountability? Data Coalition White Paper accessed at <http://www.datacoalition.com/content/files/whitepaper-data-transparency-for-spending.pdf>

¹⁴ Productivity Commission: Impacts of COAG reforms: business regulation and VET, May 15 2012

The ATA welcomes the discussion and legal furtherance of public data accessibility that will improve public sector outcomes. It notes that open data and open data policy has the crucial potential of bridging the gap between the right to information and the access to information. In order to harness the full capacity and potential of data, analytics and the information sector, the Commission must seek to extend Recommendation 3.1 and 3.2 to include:

- iii) *The insertion of 'financial expenditure data' in Recommendation 3.1 in the implementation of federal, state and territory data registers linked to data.gov.au by the 1st of October 2017.*
- iv) *The subsequent development and implementation of a centralised Transparency Expenditure Portal (TEP) as an extension of Recommendation 3.1 and 3.2 across federal, state and local government branches and entities to be made available by the 1st of October 2019.*

The ATA takes heed that the insertion of the above is both in the interest of the public sector and the public interest.