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**Australian Government**  
**Australian Taxation Office**

# **ATO SUBMISSION TO PRODUCTIVITY COMMISSION INQUIRY INTO DATA AVAILABILITY AND USE**

**30 AUGUST 2016**

# Introduction

The Australian Taxation Office (ATO) is responsible for the administration of the taxation and superannuation systems, and the Australian Business Register. In the process, it is one of the largest collectors, generators and consumers of data about the financial affairs of those participating in the Australian economy.

Over the past year the ATO has made a significant investment in our data capability, centralising data matching, data management, analytics and data science functions within a single capability that works in close conjunction with our information and communications technology specialists. This has already seen an enhancement of our data capability.

Our submission covers recommendations to improve data discoverability, accessibility and useability across government, academia and the community, while maintaining the security and integrity of data. As an agency the ATO has been collecting and utilising data for many decades and is considered by the community to be a 'trusted agency' when collecting, storing, using and sharing data. There is an acknowledged tension between the sharing of personal data to increase efficiency and effectiveness across government, balanced against an expectation that the information provided remains confidential. The ATO believes taxpayers are prepared to provide accurate information premised on the expectation their confidentiality is maintained.

With this tension in mind the ATO already endeavours to be open and transparent with its data, making aggregated and anonymised information available through [Taxation Statistics, a sample file of individual tax data](#), and on [data.gov.au](http://data.gov.au). In addition, we are working with researchers to improve access to administrative data.

The emphasis of the ATO's recommendations in this submission is on opportunities to improve the efficiency and effectiveness of sharing personal unit record level data across Government for the benefit of individuals, the community and the economy more broadly. A key initiative underpinning these recommendations should be a focussed engagement with the community to understand and reflect contemporary community permissions and social licence in how Government increases the use and sharing of the personal data it holds. In parallel, existing initiatives to improve the sharing of that data across Government and with the community should continue.

## 1. The Government's policy framework

*The data held by the Australian Government is a strategic national resource that holds considerable value for growing the economy, improving service delivery and transforming policy outcomes for the Nation.*

*The Australian Government recognises the importance of effectively managing this national resource for the benefit of the Australian people.*

*The Australian Government commits to optimise the use and reuse of public data; to release non sensitive data as open by default; and to collaborate with the private and research sectors to extend the value of public data for the benefit of the Australian public.*

**Prime Minister, The Hon Malcolm Turnbull MP, 7th December 2015**

### Recommendation 1.1: Work with the community to develop an overarching APS framework for increased sharing and use of personal data held by Government

We recommend that the Australian Public Service (APS) and the Information Commissioner develop and implement a strategy for working with the community to:

- establish its expectations for the handling and sharing of personal data held by Government, balanced against the need for personal privacy and confidentiality of data
- understand generational, regional and other demographic traits that influence attitudes to trust in government data sharing
- explore tensions between anecdotal evidence that suggests the community already believes there is widespread sharing of data across government and more recent apprehension on this notion expressed by public figures and in the media.
- broaden the social licence for the increased sharing of confidential Government data going forward to maximise its use for individual, broader community, and economic benefit.

That extended licence could then form the basis of an overarching APS approach to increased sharing and use of Government held personal data for the benefit of individual citizens and the community more broadly. This should be in addition to existing data sharing initiatives underway across Government.

This process could be aided through the development of a series of exemplar case studies which showcase the potential benefit to the individual and the broader community if Government agencies were able to share personalised data more efficiently and effectively across Government, with academia and potentially with the private sector for allowable purposes while at the same time adequately preserving individual privacy and confidentiality.

## Recommendation 1.2: Pursue full and timely implementation of a cohesive APS approach to data management to enable more efficient and effective data sharing and use

In line with the Government's public data policy statement, and to ensure a consistent and cohesive approach across APS agencies to data management, the ATO recommends that all government agencies commit to the full and timely adoption and implementation of the:

- [Public Sector Data Management Roadmap](#)
- [National Archives of Australia's Digital Continuity 2020 Policy, and](#)
- [Standard business reporting initiative.](#)

## Recommendation 1.3: Maximise the benefit of a common government wide approach to data management by extending these policy initiatives across tiers of government

Further to Recommendation 1.2, the ATO recommends that the Council of Australian Governments (COAG) considers adopting and implementing these frameworks and policies across tiers of government.

### Benefits and costs

The adoption of a common and cohesive set of data management practices and approaches across the APS, and then levels of government, will generate:

- optimised delivery of programs and services for citizens through more efficient and effective integration of data that the Government holds about a citizen
- more agile and responsive Government operations enabled by more efficient and effective access to and use of all Government held data about a citizen
- more innovation outside the APS, if public sector data is to be used for economic and social benefit

- a more considered, methodical and integrated approach to implementing data management arrangements across agencies.

The successful implementation of these data management frameworks across the APS and tiers of government will also deliver on the other recommendations identified in this submission.

These benefits need to be balanced against the costs of implementing these programs, such as:

- resources for implementing these frameworks and policies within and across agencies
- systemising the use and release of public sector data, including:
  - standardising meta-data to improve the interoperability and connectivity of systems and data
  - investment in technological solutions
  - ensuring data is handled securely
- consulting with stakeholders across government and within the community.

## 2. Legal framework

The ATO operates under a legal framework that protects the confidentiality of sensitive information taxpayers provide.

Taxation law creates a general offence for a taxation officer to disclose 'protected' information to any other party unless an exemption exists. 'Protected' information is, among other things, information that can, or is reasonably capable of being used to, identify a taxpayer. Unless a specific exemption exists to this offence, the ATO is not able to share its data even if permitted by a taxpayer. The exemptions are quite prescriptive at times, and list the entity data can be shared with and for what purpose. At other points they detail steps that must be taken before data can be shared with other agencies.

The same restrictions do not apply to anonymised data.

These confidentiality provisions are not unique to taxation law and are common across government, with many other agencies restricted by similar provisions within the legislation governing their operations.

These provisions are meant to protect the confidentiality of information that government holds, uses and shares on its citizens, with the unintended consequence that for instance, people may need to provide the same information to multiple agencies.

### Recommendation 2.1: Harmonisation and modernisation of confidentiality provisions across government

We recommend reviewing the existing confidentiality provisions in Commonwealth law that restrict the sharing and use of identifiable unit level data across government. Some of these laws date back decades and there is opportunity to:

- modernise the law to capitalise on the existing and emerging technological developments
- enable academics to have easier access to more administrative data, and ensure confidentiality rules apply equally to them
- harmonise laws that relate to personal data
- make the law more agile and adaptive and allow legal obligations and penalties to be extended to third parties
- set standards for third parties authorised to access data by citizens.

## Benefits and cost

A modernised and harmonised legal framework may:

- reduce the need for piecemeal and reactive legislative amendments to deal with a rapidly changing and evolving global economy and technology, and changing Government structures and operations
- facilitate “tell-us-once” interactions with citizens
- facilitate the reuse of data for research and other forms of economic and social benefit
- provide opportunities for government to deliver better outcomes and services for citizens that are by-products of the agency’s usual activities.

These need to be balanced against:

- a more agile and adaptive law may potentially provide less certainty than the current prescriptive legislative framework does
- possible loss of public confidence and trust when providing information to agencies if it is perceived that the information may be used for purposes citizens were not informed about.

## 3. Staff capability and culture

Due to the nature of the legal framework governing the use and sharing of data across government, and the sanctions that may arise if there is a breach of these rules, a cautionary approach is sometimes applied in decision making processes pertaining to sharing identifiable unit level data.

### Recommendation 3.1: Supporting balanced decision making within the APS through awareness and tools

We recommend raising awareness of, and providing tools to, assist in a balanced decision making process to build confidence and momentum in the sharing of public sector data.

#### Benefits and costs

In a modernised and harmonised framework opportunities exist to develop APS-wide guidance materials and tools to assist balanced decision making processes and encourage the sharing of data. A central repository might be able to be developed containing details of what data can be shared across government, any restrictions on data sharing, meta-data schemas and points of contact.

### Recommendation 3.2: Connecting the data community

The ATO has achieved great benefits from investing in its data capability, especially in the area of knowledge transfer, best practice and developing connections with academia.

We recommend this concept be extended to connect data specialists across government, academia, and the private sector. Each government agency should be encouraged to build external partnerships, to foster demand and encourage the use of public sector data, rather than this role residing with one agency. It would drive innovation across the APS, academia and the community.

These can be virtual connections established through social media, online platforms and other forums, such as data user forums that the ATO is investing in.

#### Benefits and costs

Strengthened relationships between agencies, researchers and the community will deliver:

- greater insight into the types of public sector data the research and business communities deem the most valuable
- improved knowledge into the value and limitations of data holdings
- connections between data custodians and data users to achieve knowledge transfer and best practices
- potentially innovative outcomes for the community and government.

## 4. Integrated technology

A key enabler of increased access to, sharing and effective use of, Government held data is better integrated systems and technology. Across the APS, there is the opportunity to examine how we can leverage the existing technology and systems we have in place to achieve better interoperability of data and data exploitation across agencies, regardless of the originating agency and system. The following recommendations put forward a range of specific ways in which data access and interoperability across systems and agencies could be advanced.

### Recommendation 4.1: Reduction of data storage duplication and easier access to data across government agencies

The ATO extracts significant amounts of data from its systems, packages that information and transmits it to other government agencies to transform and load into their systems. The ATO also receives significant quantities of data from other government agencies, which it stores in its own warehouse.

We recommend the APS explore the range of possible solutions that could reduce the duplication of data storage between agencies and allow greater access to data held by Government by multiple agencies, such as leveraging off existing infrastructure, adopting confidential computing and cloud based solutions.

#### Benefits and costs

Shared data storage services could over time reduce the amount government invests in IT infrastructure. In addition, it would reduce the need for individual agencies to maintain the facilities, hardware and software to store and organise data. It may also assist efforts to safeguard data through a reduced number of points of vulnerability, although this would need to be assessed. While this would require some initial investment in establishing a new data centre, out-sourcing the provision of the service, or re-purposing existing information technology, there would be multiple short and long term returns on the investment.

It would provide agencies real time access to data as the need arose, rather than relying on another agency to allocate resources for data to be extracted and transferred, and depending on the complexity of the dataset, could eliminate time lags of several months.

### Recommendation 4.2: Improving system interoperability

We recommend the APS investigate standardised data storage and consistent meta-data to increase system interoperability.

The ATO has recently invested in contemporary technologies that lower the costs of holding large volumes of data. This new platform creates simplified arrangements to manage data holdings in a single location and is scalable without the need for complex technology upgrade programs. Similar investment across government would have significant flow-on benefits.

## Benefits and costs

Standardised platforms would reduce costs for government by:

- making extraction, transformation and loading (ETL) of data more seamless
- increase the portability of staff across agencies, allowing the transfer of resources to where they are needed at a point in time
- providing a more competitive tendering process, creating even larger economies of scale.

## 5. Data connectivity

In the absence of a single government identifier for businesses and individuals, connecting data sets between agencies can present challenges. While many agencies employ sophisticated identity matching engines, these are inconsistent and can produce varied outcomes. Some citizens are under-represented.

Enhanced administrative solutions can be developed and deployed within the existing legal framework if there is co-operation across government agencies. These may not require law or policy change and may allow for improved connectivity of datasets and, in turn, improve government services.

### Recommendation 5.1: Exploring administrative solutions

We recommend exploring administrative solutions to improving the connectivity of data for individuals and other types of entities with activity in the Australia economy.

Specifically in respect of entities, the Australian Business Register (ABR) contains data on more than 7.5 million ABN holders which over 500 government agencies (across federal, state and local jurisdictions) are currently able to access. Notwithstanding this, there are other 'entities' that interact with government that are not currently on the Register.

Administrative solutions would require the co-operation of multiple government agencies.

## Benefits and costs

This solution has synergies with other government initiatives, such as the national digital identity framework.

It would improve:

- the ability of agencies across government to link their datasets
- certainty in the identity matching process
- the validity of identities and supporting documentation without being intrusive
- defences against fraud being committed through identity theft/takeover, which has a significant economic impact on the community.

Establishing and maintaining the administrative solution would require an investment up front but provide long term benefits.