

KEYNOTE ADDRESS

**DELIVERING FOR THE COMMUNITY: MAKING TAX AND
SUPERANNUATION EASIER, CHEAPER AND MORE PERSONALISED**

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I INTRODUCTION

A common and devilish error is to mistake the Australian Taxation Office (ATO) with consolidated revenue; but apart from that error there is no devil inherent in either.

The ATO has no vested interest in the amount of tax collected, other than to ensure that it carries out its role of administering legislative systems – namely taxation and significant aspects of superannuation.

The main purpose of Australia's tax laws nevertheless may be to raise funds for consolidated revenue. "For without revenue, government would collapse, society as we know it would disappear, and chaos would follow."¹ However, the revenue referred to is that properly payable under the law, and the quality of administration is a critical intermediating factor for the time impact of a country's tax system.²

Taxation performs other functions as well, including as an instrument of fiscal, social and environmental policy.³ This conference highlights the many of these other aspects of taxation.

The ATO contributes to the wellbeing of Australians indirectly through enabling the beneficial fruits of taxation. It contributes directly through the just achievement of legislative intent and the minimisation of compliance costs.⁴

Understanding this dynamic, the ATO's 'Easier, Cheaper and More Personalised' (ECMP) program has sought to elevate the goal of national efficiency by minimising the sum of taxpayer compliance costs and administrative costs as one of our effectiveness indicators.⁵ Today, I am launching the ATO's *Making it easier to comply 2007-08* booklet which is our annual progress report and future commitment to the community on reducing the tax compliance burden, within the parameters of the law. It outlines in detail current and proposed improvements in our administration. Again no devil here – other than the challenge in their implementation.

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1 Charles Adams, "For Good and Evil: The Impact of Taxes on the Course of Civilization", Madison Books, Lanham, 1993, p.1-2.

2 Joel Slemrod, "Why People Pay Taxes: Introduction" in *Why People Pay Taxes*, Joel Slemrod (ed), 1992, p.1.

3 In relation to the latter see generally, Ashiabor, Deketelaere, Kreiser and Milne, "Critical Issues in Environmental Taxation, Volume II", Richmond Law and Tax Ltd, Richmond UK, 2005.

4 See C. R. Alley and D. Bentley, "Tax Design Principles: Remodelling Adam Smith", (2008) 20 *Australian Tax Forum*, 622. There is also likely to be a link between voluntary compliance and the level of compliance costs: see John Hasseldine, "Linkages between compliance costs and taxpayer compliance research", Chapter 2, in Chris Evans, Jeff Pope and John Hasseldine (eds), "Tax Compliance Costs: A Festschrift for Cedric Sandford", Prospect Media Pty Ltd, St Leonards, 2001.

5 See for example, pp. 35, 56-60 and 135 of the *Commissioner of Taxation's Annual Report 2005-06*, and pp. 20, 37-39, 46-8, 50 and 110 of the *Commissioner of Taxation's Annual Report 2006-07*.

We've made a lot of improvements and paved the way for progressive improvements into the future. Not surprisingly, improvements are particularly marked for tax agents, the fillip being that by helping and influencing one tax agent, we help and influence many taxpayers.

Our research shows that people's experiences with us are steadily improving.⁶ But we cannot be lulled into a self-satisfied complacency.

II MAKING IT EASIER TO COMPLY

It is worth reiterating why it is so important for us to make it easier to comply. Firstly we believe that it directly supports better compliance behaviours and outcomes. The easier it is, the more likely people are to voluntarily comply. Secondly it is important in its own right that we administer the system as efficiently as possible with minimum additional burden on the community. And thirdly, at a broader level, many of the improvements we support, such as better record keeping and use of electronic services have the potential to help the community and especially businesses become more productive and internationally competitive.

By consulting and collaborating with the community and co-designing the future of tax and superannuation administration with them, we have the best chance of minimising compliance costs.

The 3Cs, as they've come to be known in the ATO – consultation, collaboration and co-design – are the tools we use to ensure the development of user-centric solutions. Underpinning the 3Cs are our values which govern our dealings with the community and which are consistent with the *Taxpayers' Charter*.⁷

A *Listening to the community*

By working with the community and seeing the tax and superannuation systems from their perspective we can design administrative solutions that make it as easy as possible for taxpayers and their advisers to exercise their rights and meet their obligations.

Following a review of our stakeholder consultative forums in 2006-07 we now use around 50 stakeholder forums to 'listen to the community'. They draw on a diverse membership, reflecting the shape and breadth of the tax and superannuation systems, and include individual taxpayers, business operators, business and industry representatives, and tax professionals.⁸ These consultative forums are outlined in the booklet, and if there is any material gap in the coverage I welcome advice in this regard, but remember that the ATO's primary function is to administer the laws made by parliament and that we are not a policy or law maker.

Recently we took the 3Cs to a new level and agreed to pilot a concept pitched to us by the Council of Small Businesses of Australia (COSBOA) to have a tax officer work with COSBOA as a key relationship management for their members. This will provide an entry point into the ATO for COSBOA members and facilitate a better understanding of the tax compliance issues faced by small business. We're looking to

⁶ *Commissioner's Annual Report 2006-07*, p.37-39.

⁷ The ATO's Corporate Values are listed in its Corporate Plan 2007-08 as being fair and professional; applying the rule of law; supporting taxpayers who want to do the right thing (including being firm with those who don't); being consultative, collaborative and willing to co-design; being open accountable, and responsible. See also the *ATO's Strategic Statement 2006-10*.

⁸ See *Commissioner's Annual Report 2006-07*, pp.81-83.

implement similar arrangements for other associations, reflecting a more personal, flexible and more user friendly approach to helping taxpayers.

III IMPROVING OUR PRODUCTS AND SERVICES – RECENT RESULTS

Many of our recently introduced improvements are being delivered through our transformational change program.

To date, through our change program, we have deployed tax agent and business portals, as well as client relationship, case and work management systems.

By using the client relationship systems when people contact us by phone, letter or in person, we can now quickly get a complete online history of their dealings with us, including copies of correspondence on screen. This allows us to provide a better service.

Skilling programs for our call centre officers mean that they can now answer more phone queries at the initial point of contact.

Much of our work is now logged using a single system and can be distributed electronically to our officers for actioning. Again, when people contact us, we can immediately see where a job is up to and who's working on it. When we complete the change program in 2009 all of our work will be handled this way.

Managing the flow and progress of audit work is now easier because there are fewer systems. We can also see previous audit activity and whether other action is in progress. Our officers have a better understanding of the taxpayer's dealings with us and our dealings with them. All this allows for better differentiation.

The significant efficiencies delivered by the new technology are being felt as noticeable improvements by taxpayers. For example, our Community Perceptions Survey indicated that 82% of people believe the Tax Office is doing a good job. A decade ago the same measure was 55%! The improvement has been most marked in the past five years.

Our call centre client satisfaction surveys have also shown significant improvements over the last two years on a number of fronts, as we have refocused on resolving queries (which have led to longer average handling times per call).

While our change program is driving change at the macro level and for all segments of the community, we have also made considerable improvements to many of our other products and services which are making it easier for people to interact with us.

A Online saves time

1 e-tax

In my first presentation to ATTA as Commissioner, I spoke about masking complexity for taxpayers.⁹ Our electronic income tax return product, e-tax, has consolidated its position as the preferred channel for those who prepare and lodge their own income tax return. Almost two-thirds of self preparers, or 1.9 million, lodged using e-tax in 2007.

Basically, e-tax only requires individual taxpayers to add their facts, which are uniquely within their knowledge. We have further assisted this by pre-filling the electronic income tax returns with information from third parties the individual just needs to check, confirm or amend the information provided. For 2007 returns, we

⁹ ATO, 'It is the community's tax system', speech to ATTA, January, 2006

included bank interest and managed fund information from 24 financial institutions; share dividends from 2 major registries; payment information from the Department of Veterans' Affairs, Higher Education Loan Programme information from the Department of Education, Employment and Work Place Relations, and conducted a limited pilot making PAYG payment summaries available. However our current tax system which includes deductions for work related expenses, tax offsets, and optional systems and choices limits the potential efficiency of pre-filing initiatives.

B Our portals

Enhancements to our business and tax agent portals over the past 12 months provide improved functionality for people who want to deal with us online. Almost two-thirds of tax agents use the tax agent portal frequently in their interactions with us. The number has grown steadily from 48% of agents in October 2004 to 62% in March 2007¹⁰. Furthermore the most recent results indicate 81% of respondents who use the tax agent portal do so on a daily basis with another 14% on a weekly basis.¹¹

Eighty-two per cent of tax agents surveyed in our 2007 'state of the industry' research¹² considered further enhancements to the portal as one of the most important issues we should address.

Since the portal's introduction, we have deployed 10 upgrades, the latest being October 2007. Our total investment for the tax agent portal to date is around \$40 million.

New features include downloadable payment slips for a range of obligations. It also provides an income tax client lodgment report, similar to that which agents can access using the Electronic Lodgment Service. Users can also view, vary and lodge quarterly PAYG and GST quarterly instalments.

This additional functionality is also available from the business portal.

Feedback on this upgrade has been good, particularly in regard to availability of payment slips. A tax agent¹³ on our Lodgment Working Party consultative group has told us that the online payment slips will save her clients time.

With the new payment slips they will see straight away what they owe, and they can just go along to the post office and pay it.

As tax agents we're quite optimistic about the future. The ATO is listening.

In view of the important role BAS service providers contribute to our tax system, we recently made a restricted access view of the tax agent portal available to them to provide more certainty around complying with the law, particularly for the benefit of their small business clients.

We are also making further progress on security arrangements for the tax agent portal. We are transitioning PIN and password users to public key infrastructure which allows tax agents to securely send and receive a greater range of information online.

10 ATO, *TNS Social Research, Biannual tracking of tax agent perceptions of service and usage of channels* March 2007

11 ATO, *TNS Social Research, Biannual tracking of tax agent perceptions of service and usage of channels* March 2007

12 ATO, *TNS Social Research, State of the Industry - tax agents* 2007.

13 ATO, *Making it easier to comply* 2007-08, page 24.

The take up of the business portal has been well below potential. We are looking at how we can increase the attractiveness of the portal to business through the services available, making the security process easier and leveraging off our new small business assistance program.

C More personalised services for intermediaries

To meet tax agents' request to resolve some technical issues directly with appropriately senior tax officers, we consulted with a group of 20 agents across the industry to co-design how this might work.

A pilot service will be commencing shortly. It aims to complement existing arrangements by providing a 'professional to professional' approach.

We also worked with tax practitioners in rural and regional Australia to improve our services for this significant group and address their key concerns.

As a result, we have recently appointed senior tax representatives in our North Queensland, Tasmania and Melbourne sites to provide a local relationship manager service to agents in these areas. We have also commenced the re-introduction of the Regional Tax Practitioner Forums in these areas.

D More personalised assistance for small business

Small business is a diverse sector. Two-thirds of small businesses are home based; one-third of business operators were born overseas; and 39% of small businesses operate in regional Australia.¹⁴

More than 60% of small businesses are in property, business services, construction, finance, primary production and retail.¹⁵ They are also an indispensable part of the export sector – small businesses make up around 42% of Australian exporters.¹⁶

In 2007 we redeveloped our program of assistance for small business. We are seeking to provide assistance that is:

- more business-focused,
- practical,
- easier for business to understand,
- personalised to the needs of small business,
- relevant to the issues a business is facing at a particular time, and
- delivered in a way that best suits the business, including more extensive use of state and local business assistance services, local chambers of commerce, and business and industry associations.

This program differs from the Review of Self Assessment in that it differentiates "guidance" from "advice" allowing the provision of practical guidance without it having to be couched in technical terms which ultimately provides a monopoly for tax practitioners.

Our Small Business Assistance Program offers personal visits, seminars, workshops and phone support and assistance through third parties.

The program provides assistance to business on start up and at other points in the business life cycle, for example at the stage where a business becomes an employer, registers for GST, or experiences difficulties in meeting their obligations.

14 Department of Industry, Tourism and Resources, *Encouraging Enterprise*, Canberra, 2006

15 *ibid*

16 *ibid*

Our research¹⁷ shows that over 70% of businesses report that they believe we are trying to make it as easy as possible for them to comply with their tax obligations. Furthermore, over 60% believe it is easier now than in the past to deal with us.

We believe the program offers good potential to increase the community's confidence in us and Australia's tax and superannuation systems by:

- helping to increase practical certainty for small business, especially those who are new to business,
- building a relationship with businesses that feel more comfortable seeking help, either from us or through others, and
- minimising the costs of compliance for small business.

1 *Dealing with debt*

If people fall behind or are having difficulties, we encourage them to contact us early and let us know their situation – we'll work with them on a solution.

Small businesses with a turnover of less than \$2 million account for about two-thirds of outstanding collectable debt, and have done so for a number of years.

We reviewed our policies, practices and procedures around debt to ensure we are living the Taxpayers' Charter and our corporate values.

It is pleasing that our efforts have helped to reduce the growth of collectable debt¹⁸. Year to date collections of superannuation guarantee charge have already exceeded forecast results by 5.6%.

Independent research conducted for the ATO¹⁹ shows that our efforts to recognise individual circumstances are being recognised. The research shows that the businesses that agreed we take individual circumstances into account in our decision increased significantly from 50% in 2006 to 64% in 2007. This is the highest rating since this question was first asked when the survey commenced.

E *Providing greater certainty for large business*

In 2006 we convened a large Business Symposium and co-designed with business our *Large business and tax compliance* booklet. We also instituted regular visits between senior ATO officers and senior company representatives. These examples of the 3Cs at work are designed to reduce compliance costs and to promote trust and confidence.

We have also been advocating for large business to include tax risks within their risk management processes. According to Ernst and Young's 2006-07 Global Tax Survey, "the importance of managing tax risk is gaining wider acceptance at board level", with Australian companies reporting the most well-established communication between their tax departments and company boards. However, it also found that not all Australian companies are "employing a sophisticated and structured approach to tax risk management."

In January 2007 we wrote to the boards of the top 200 ASX companies and enclosed a copy of *A governance guide for board members and directors*.

17 ATO, *Business Perceptions Survey*, Wave 11, 2007.

18 Growth in collectable debt (that is debt that is not subject to dispute or associated with insolvency) slowed to 6.4% in 2005-06, down from 28% in the previous year. It slowed to 5.4% in 2006-07, and at the same time, we increased collections by 6.6%.

19 ATO, *Business Perceptions Survey* Wave 10 results compared with Wave 11.

The more large business has governance arrangements that include tax risks, the less likely is the need for costly and time consuming audits; and fewer surprises in the form of large tax adjustments that can have both a financial and reputational impact on the company.

At the 2006 OECD Forum on Tax Administration (FTA) meeting in Seoul, there was a recommendation that the OECD guidelines on corporate governance be amended to include tax risks. Although this initiative has not yet been progressed by the OECD, Australia, working with Canada and Chile, agreed at the 2008 FTA meeting in Cape Town to develop draft guidelines for consideration by the FTA members. Another outcome of the 2008 Cape Town FTA meeting was the *Cape Town Communiqué*.

The Communiqué explores the opportunity for an “enhanced relationship” with large business based on risk management, fair, open and responsive administration, and greater transparency by taxpayers. The hypothesis is “that taxpayers who behave transparently can expect greater certainty and an earlier resolution of tax issues with less extensive audits and lower compliance costs.”²⁰

In Australia, we have taken this philosophy further. Our public rulings program is geared towards clarifying the ATO’s position on contentious issues²¹; in 2006-07 we made 20 additional advance pricing agreements and reviewed 11 existing arrangements; we have a streamlined private rulings process for board level tax issues; we have implemented three forward compliance agreements (including with the ANZ on GST and with BP Australia on GST and Excise); and we are exploring with the Corporate Tax Association new ways we can work with business to provide more certainty earlier.

IV IMPROVEMENTS IN 2008 AND BEYOND

The next phase of our change program commences in March 2008. We are replacing a multitude of registration, processing and accounting systems with a single system that will cover all tax and superannuation products. When the program is fully implemented by the end of 2009, it will deliver some of the biggest changes and improvements to the taxpayer experience. However, there will be hiccups and productivity dips in the transition period as we build for the future. In addition, our plans are predicated on our current budget projections and do not include any new and major IT requirements.²²

A For everyone

When our registration, processing and accounting systems are fully integrated, one of the biggest changes will be that most people will have a single statement of account with us.

From April 2008, as well as introducing a new more informative income tax Notice of Assessment, we will be able to show income tax and fringe benefits, higher education loans, and penalty and interest information on the one statement of account.

20 OECD *Cape Town Communiqué*, p.3.

21 In 2006-07, we issued 369 public rulings consisting of 118 public rulings and tax determinations (84 final, 34 drafts, 132 class rulings and 119 product rulings: *Commissioner’s Annual Report 2006-07*, p.96.

22 For example, the schedule for our change program had to be extended to include major IT requirements to support the new superannuation simplification measures.

Then from January 2009, BAS information including goods and services tax and excise is planned to be included on the statement.

As well as a number of tax agent representatives, our Small Business Advisory Group has been working with us to re-design the statement of account. Our research and development work, includes testing in our simulation centre. The single statement of account should make the detail clearer.

One of the members²³, a public accountant with a small business client base, explains the client experience this way:

At the moment most of my clients put the Statement of Account straight in a file. Or they panic and think it's a bill, rather than a statement, much like a bank statement. I'm hoping with the new version people can understand it.

1 Letters, notices and statements

As foreshadowed in the Commissioner's Annual Report 2006-07, we now have a project in course that is all about improving the readability of our letters, including asking the question of whether a letter is the best way to communicate with taxpayers.

In 2009 we will be able to communicate via a person's or business' preferred contact channel.

Also our new integrated system will allow us to better coordinate correspondence and other information services making it easier to for people to understand their obligations and entitlements.

2 Online with ato.gov.au

This year we are starting to redesign our website to improve the look and feel, with progressively improved navigation and search facilities planned through to 2010 to make it easier for people to find the right information quickly.

We are also reviewing online security processes to make sure we have the right balance between usability and the need to protect taxpayer information.

B For individuals

1 e-tax

For Tax Time 2008 e-tax will again include more pre-filled third party information.

New information that will be available, includes Tax Office held data on the Higher Education Loan Programme and prior year deductions, some data from previous years' returns, payment summaries in cases where the employer provides the details to us electronically, private health insurance data from Medicare and information from more financial institutions.

We are also continuing work on making e-tax available on other operating systems with a provisional target of 2009.

2 Lost superannuation

We are looking to introduce an updated lost member register online facility that incorporates search and portability functionality. This will be available in 2009/2010.

23 ATO, *Making it easier to comply* 2007-08, page 16.

3 Greater differentiation to deliver more tailored services

An underlying theme for all our interactions is to increasingly differentiate our handling of a taxpayer's affairs and issues according to their history of compliance and dealings with us, their individual circumstances and their risk profiles.

This is partly supported by the new client relationship and processing systems and also by more sophisticated intelligence and analytics capabilities that we have planned. The latter are seen as essential in supporting greater differentiation, but we still have to secure their funding.

As a consequence we should be able to be less intrusive to those doing or trying to do the right thing, whilst able to better identify those taxpayers people and/or transactions that represent a higher risk.

C For small business

1 Assistance for new to business

Under our new 'Business assistance program' we expect to make over 1000 assistance visits this year. This will enable us to provide practical assistance to small business, and also showcase our online services, including our portals, electronic tools and products, including e-Record and our record-keeping evaluation tool.

This new approach to assisting small business is exemplified in the brochure *Helping small business stay on track*.

2 Aged debt, superannuation debt, and early intervention

We are aiming to reduce the number of debts that are over two years old and also giving a greater priority to outstanding superannuation guarantee charge debts.

We will do this by expanding our automatic dialler technology, referring some debts to external debt collection agencies, and by dedicating more staff to recovering superannuation guarantee charge debts owed to employees.

We are also using risk modelling to better tailor our treatment of taxpayers who have a debt by applying different strategies depending on their individual circumstances. By using this capability, we can better identify taxpayers who benefit from early contact, helping them to avoid problems further down the track.

3 Superannuation

For employers we will be releasing an online calculator for Superannuation Guarantee Charge this year to assist them in completing superannuation guarantee statements.

We intend taking this a step further by linking the data fed into the calculator to the super guarantee statement so that the statement pre-fills as much as possible.

The next step in making it easier for businesses to comply with their super obligations will be facilitating online lodgment of the statement via our portals. This is scheduled for 2009 when we expect to introduce a new business portal.

The new portal will allow businesses to manage their debts online, including entering into payment arrangements through the portal. They will also be able to lodge super guarantee statements in this way. Tax agents will also be able to do this on behalf of their clients using the tax agent portal.

D For large business

We continue to work with large businesses to encourage self-regulation and voluntary compliance. Promoting high standards of corporate governance and managing tax risk in the overall risk management framework is at the heart of our approach.

We are looking to develop innovative ways to promote certainty and reduce risks. For example, we are looking at piloting the concept of a review of a company's annual tax return following lodgment to give earlier certainty on their tax affairs.

E For intermediaries

We will continue our focus on strengthening our relationships with key intermediaries, including tax agents, bookkeepers, payroll providers and software developers.

Recognising the tax practitioner's key role, we are enhancing our advisory and support services to tax agents by providing more personalised and timely services.

Improvements to the tax agent portal in 2008 will enable us to reply to requests for technical assistance via the portal.

If the pilot of our 'professional to professional' service proves successful, we will implement the full service starting in May, offering senior practice managers a single entry point to our services through an account manager.

In the second half of this year, we will have replaced the Phone Services Card with a Tax Agent Services Guide that provides handy information on all our channels, including the portal and Electronic Lodgment System and our phone services.

During 2008, an online tool will be released to help private companies and their advisers comply with Division 7A. Where tax is owed the tool will calculate the minimum yearly repayment required.

We are also developing a suite of training products for new employees of tax agents.

By the end of 2008, we are planning to have improved our tax practitioner phone service with more skilled staff and timely guidance, and provided access to specialists through a booking service.

At this time we also plan to have completed the transition of portal security arrangements from PIN and password to public key infrastructure.

Early in 2009 we plan introduce a new tax agent portal with improved interface, language and additional functionality.

During 2009 we will also introduce client preferencing with regard to how we contact people and their agents and a wide-ranging facility for updating details; and, tax agents will be able to access a client calendar which shows lodgment obligations, activity statements, payments and payment plans.

During January 2009 it will also be possible for tax agents to request that a copy of the Notice of Assessment be sent automatically to them.

In relation to superannuation, an online Self Managed Superannuation Fund auditor tool to assist auditors identify compliance issues and prepare and lodge auditor contravention reports should be available by at the end of 2008.

More generally, the broad themes that emerge from our discussion with tax intermediaries, and tax agents in particular, relate in the main to confidence in the industry and capability issues.

Over half (54%) of surveyed tax agents are optimistic about the future of the tax profession, compared to 39% in 2003. Accountants who are new to the industry (73%)

and overseas trained accountants (72%) were highly optimistic about the future of the accounting industry.

The proportion of tax agents surveyed who indicated they were satisfied with their job has increased significantly, up from 40% in 2003 to 73% in 2007.

The majority (56%) of new accountants surveyed made the decision to study accountancy during high school. The most commonly cited influences on this decision were family (58%), career information at school (43%) and professional association promotions (28%).

Thirty-five per cent of the overseas trained accountants surveyed said the thing that would have made it easier when they had first migrated was if Australia had greater acceptance of overseas qualifications and experience.

Ninety per cent of respondents had professional qualifications, such as CPA, CA or some other recognised accounting qualification prior to migrating. Interestingly, 40% of the overseas trained accountants surveyed completed or enrolled in a professional qualification course since migrating to Australia.

Tax agents surveyed thought that further tax education was important for solicitors, financial planners, bookkeepers and tax practitioners.

Two-thirds of agents thought more education was important for bookkeepers, and at least 60% thought it was important for business proprietors, solicitors and financial planners. Seventy-two per cent thought that more training for tax practitioners on tax legislation was needed, and 80% said more training and advice geared specifically to smaller tax practices was important.

F Whole-of-government

People rightly demand delivery of government programs and services in a seamless way. Moreover, there are efficiencies for Australia in terms of reduced compliance costs and a lower regulatory burden through the use of 'whole of government' approaches.

1 Standard Business Reporting

We are heavily involved in the Standard Business Reporting programme. This Treasury-led programme is about reducing the burden faced by businesses in reporting to government agencies such as the Tax Office, the Australian Bureau of Statistics, and the Australian Securities & Investments Commission, the Australian Prudential Regulation Authority and, potentially, the Offices of State Revenue.

As well as better cross agency coordination and integration where possible, the success of the programme relies heavily on collaboration and co-design with the business community, their intermediaries and financial software developers.

For businesses and their intermediaries, the programme seeks to:

- make wording on forms as consistent as possible across agencies; for example the term 'family name' could be used consistently across government versus 'family name' in one agency and 'surname' in another; and
- enable forms to be pre-filled, as much as possible, directly from information in the businesses' accounting/record-keeping software, and sent electronically via a system that automatically routes the information to the correct agency and then confirms receipt.

A pilot of tax file number declarations using a new co-designed process is expected to commence in 2009 and a range of other transaction pilots involving business, software developers and the agencies are planned for 2009 and 2010.

2 Other whole-of-government initiatives

We are raising awareness of online security through the whole of government initiative, *Stay Smart Online*. We are using our business and tax agent portals to provide links to information and practical tips for protection against security scams and transacting safely online.

In facilitating the use of information in the Australian Business Register, as the Registrar has approximately 70 memorandums of understanding with government agencies to provide information in accordance with the law.²⁴

A review to better position the ABR in supporting whole-of-government activities and to make our activities undertaken as the Registrar more transparent and independent of my role as Commissioner of Taxation is expected to be completed mid year.

Government is also supporting an initiative to integrate state business name registrations with the ABR, pending the Council of Australian Governments' endorsement.

V CONCLUSION

A 2006 World Bank publication, *Where is the wealth of nations? Measuring Capital for the 21st Century* states that "rich countries are largely rich because of the skills of their populations and the quality of the institutions supporting economic activity." This intangible capital the book argues – that is, "the human capital and the value of institutions (as measured by rule of law) – constitutes the greatest form of wealth in virtually all countries." Critical to this intangible capital is "the trust among people in a society and their ability to work together for a common purpose".

It is within this context that the ATO seeks to add value to our nation, including a reduction in compliance costs and the regulatory burden.

The initiatives outlined in our *Making it easier to comply 2007-08* booklet are part of the ATO's commitment to be an institution that delivers on its direct charter and does so in a way that develops trust and a common purpose.

Thank you.

²⁴ The Commissioner of Taxation has a separate statutory role as the Registrar of the Australian Business Register.