Submission to the Australian Tax Office on "Digital By Default"

Open Source Industry Australia Ltd

Amplifying the voice of the Australian Open Source Software Industry

Lodged 15 January 2016

Summary

1 About Open Source Industry Australia

Open Source Industry Australia Ltd (OSIA) represents & promotes the Australian open source industry by:

- Ensuring that the Australian business, government and education sectors derive sustainable financial and competitive advantage through the adoption of open source and open standards;

- Helping Australian Governments to achieve world leadership in providing a policy framework supportive of open standards and of the growth and success of the Australian open source industry;

- Ensuring Australia's global standing as the preferred location from which to procure open source services & products.

OSIA's members are organisations in Australia who invest in or build their future on the unique advantages of open source software. For further information, see the OSIA website at http://osia.com.au.

1.1 Contacts

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1.2 Copyright

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2 Introduction

Open Source Industry Australia (OSIA) welcomes efforts by the Australian Tax Office to enhance and streamline the ability for Australian businesses to interact with the ATO digitally. We agree with the ATO that there are great opportunities to improve services, to exchange information more efficiently and to eliminate waste and rework.

However, we urge the ATO to commit to several principles as they implement Digital By Default.

3 Commitment to Open Government Principles

The ATO's Digital By Default proposal mentions that the ATO will co-operate with the Digital Transformation Office (DTO), and we welcome this. We would like to highlight three criteria of the DTO's Digital Service Standard (https://www.dto.gov.au/standard):

Standard 7 - Incorporate open standards and common government solutions where appropriate

Standard 8 - Make all new source code open and reusable where appropriate

Standard 9 - Use responsive design methods and test that the service can be accessed on all common browsers and devices

We urge the ATO to commit to these standards and to ensure their implementation in Digital By Default.

4 Unencumbered Open Standards, Data Formats and APIs

We urge the ATO to include open, well-documented, unencumbered standards, data formats and APIs in Digital By Default. By doing this, Australian businesses will be able to integrate interactions with the tax office into their own systems.

By *unencumbered*, we mean standards should not include anything subject to a patent or any other artificial restriction on the standard's use or distribution. "Reasonable and non-discriminatory" (RAND) licensing of a patent is insufficient - it prevents free and open source implementations of the standard, which reduces the choice and increases the cost for stakeholders. For further detail, see OSIA's submission to the Advisory Council on Intellectual Property.[1]

Specifically, there are several patents relating to XBRL. The ATO and other public sector agencies have an important role as standards are developed and mandated to ensure

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[1] Burton, J., Hideo, M., Christie, D. & Jitnah, D., *Submission to ACIP review of the innovation patent system*, Open Source Industry Australia Ltd, 4 Oct 2013, p. 6. Available online at http://www.osia.com.au/drupal7/sites/default/files/default/osia_sub_201508_ip_au.pdf.

stakeholders are not held to ransom by a patent holder. The ATO should vigorously oppose spurious patent claims around standards they expect stakeholders to implement.

Test data and test suites should be freely available and open sourced so they can be used and extended by stakeholders. The ATO should plan and invest for curation and integration of contributions from stakeholders. In other words, the ATO should assess and integrate "pull requests" from stakeholders.

5 Open Source Code

When the taxpayer funds the creation of software, the results should be available to other government agencies and to stakeholders. Open source software ensures the ATO will be an active participant in creating and improving systems, rather than passively accepting a proprietary system from a vendor. OSIA urges the ATO to release the source code for systems relevant to Digital By Default under a licence approved by the Open Source Initiative (OSI) as compliant with the Open Source Definition (OSD).[2]

When the source code is freely available, modifiable and redistributable, there is a competitive market for support and the ATO can seek best value and change their support arrangements if they deem it necessary.

One example is an AS4 software suite required for Standard Business Reporting (SBR2), which was only released at no cost to a limited number of large software houses. As the solution is a non standard AS4 implementation, other software houses are compelled to make significant investments to implement SBR2. The ATO & Treasury have been requested by ABSIA (Australian Business Software Industry Association) to release an open source version, but have not done so.

An open source AS4 implementation would also assist e-invoicing and the other digital initiatives of the Digital Transformation Office.

6 No requirement for particular platforms and applications

Any applications created by the ATO must not require stakeholders to acquire or use proprietary software from a vendor such as Microsoft, Apple or Adobe. Rather, an application should be able to run on a broad range of platforms and hardware including mobile phones and tablets.

We urge the ATO to avoid making technology bets on any specific platform. e-tax was first designed for just one proprietary platform, and it took years to be adapted for any other. During the lifetime of e-tax, the market share of various platforms changed significantly. Choosing just one platform is a bet that the world of computing will stay as it is at the time

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2 http://opensource.org/licenses

the choice is made. That approach is doomed to failure - for example, at the time the first version of e-tax was released, the iPhone did not exist.

Beyond market share, there are more strategic and more important reasons to ensure platform independence. Any stakeholder has the right and responsibility to make their own decisions about the auditability, quality, security, depth of support and value of their IT hardware and software. The ATO must not compel a stakeholder to use a platform that is not of the stakeholder's choosing.

An obvious way to achieve this aim is to create web applications using simple web APIs, so stakeholders can integrate and exchange data with their own systems. Presentation should be completely browser-agnostic and highly accessible, using HTML5 and, where necessary, standards-based JavaScript (ECMAScript). Applications should be tested in a wide range of browsers.

If the ATO wish to make utilities such as a payroll tax calculator available, then it should be a complete solution, not a partial simple solution that does not take into account all requirements for payroll. The core functionally should be written in a language which can be used on all computer platforms.

The source code for any such application should be released under an open source licence, so stakeholders can participate in finding and fixing any problem and to ensure transparency.

7 Simplify and replace, don't add

Any Digital By Default service should simplify and replace existing processes, not add new ones. For example, One Touch Payroll envisages new reporting flows from employers to the ATO. OSIA members implementing One Touch Payroll would prefer a one-off onboarding flow, with all other reporting done by extending the existing monthly BAS reporting.

8 No compulsion to use digital interaction

When digital interaction with the ATO is implemented well, it will sell itself. Stakeholders will prefer to use digital methods if they really are simpler, more convenient, more efficient and less risky, and if the ATO can demonstrate that. The proportion of stakeholders using digital will steadily increase when stakeholders see the benefits for themselves.

OSIA opposes compelling stakeholders to use digital methods, and opposes any suggestion that a stakeholder might have to justify a preference for paper-based interaction.

The ATO cannot and must not decide whether or not a stakeholder "should" use digital means, or is "able" to use them. That decision is one for stakeholders. If the ATO did judge who can be exempted from digital interactions, it would be examining areas in which it has no remit, such as the strategic plans of businesses, cost-benefit assessment of new

investments, risk management decisions and personal health and disability. As well as judging exemptions being intrusive, the ATO would also find the process would be expensive, complex and politically sensitive.

9 Digital By Default is not the Australia Card

Digital By Default is about stakeholders' interactions with the ATO. It should not have any relevance to interactions with other government agencies. It should not be a vehicle for broadening the sharing of personal information.

Australians are concerned about how their private information is gathered and shared by government. We are all aware that the security of IT systems is not perfect and breaches do occur. Sensitive private information might be misused for fraud, identity theft, blackmail or damage to reputation.

Government agencies should isolate and separate personal information so that the impact of any single breach is minimised. Tax file numbers and other identifying information should only be exchanged with agencies other than the ATO when there is a direct taxation need.

The Australian government considered and rejected a single identifier, the Australia Card, in 1987. There was considerable public concern and discussion about it at the time. OSIA expects that a proposal to resurrect the Australia Card now would meet similar concern and opposition. Broadening the use of Tax File Numbers and other identifying information held by the ATO is sensitive and likely to meet similar opposition. It is an important issue and should be examined in its own right.

Digital By Default should not be a means to introduce the Australia Card by stealth. If stakeholders perceive that it is, they will not use it, and Digital By Default will fail. There must be demonstrable benefits to stakeholders as well as the ATO.