

CUMPLIMIENTO TRIBUTARIO *COLABORATIVO*

Effectiveness and tracking performance:
An Australian perspective





Evaluative thinking

How to ensure effectiveness?

- Evaluation is NOT done at the end of a program
- Take a proactive and systematic approach to finding, or planning to avoid, situations where a program might fail
- Use tools from evaluation, risk management and project management to increase the probability of program success
- How do we tell a credible story about the benefits/success of the program?



Program design

Compliance Risk Management techniques are **only as good as the reasoning that are behind them.**

Program Logic approach

In essence, we are asking 'what makes this a good course of action?'

- The result of the sequence of activities can logically be expected to lead to program success. If you get the causal factors wrong, then your treatment will be wrong
- If the program is to work, then all the assumptions must be true.
- At the very least it generates a lot of good discussion



Lesson 1 (Program design)

Lip service to Program Logic approach

- We went through the motions – tick box
- Our focus was on obtaining the list of things we wanted to measure/report
- Where things are not meeting expectations, the program logic model helps identify potential causes of the problem



Desired outcomes

What are we going to measure?

Benefits to the taxpayer

- Increased certainty
- Improved client experience
- Reduced cost of compliance
- etc

Benefits to the administrator

- Improved voluntary compliance
- Ensuring clients pay the right amount of tax by preventing non-compliance before it happens and taking appropriate corrective action when it does
- etc

What does success look like?

Benefits to the community

- Increased community confidence that large businesses are paying the correct amount of tax
- Increased community confidence that the ATO is effective in administering the tax system
- etc



Lesson 2 (Desired outcomes)

Measurement comes with a cost

- Many outcomes to measure
 - Each outcome often requires more than one indicator
- Some outcomes take time to materialise
 - Focus on short and intermediate outcomes
- Focus on what needs to be measured not what is easy to measure
 - Prioritise - Not all outcomes are created equal
- Need to build the infrastructure
 - System to capture, store and analyse the results
 - QA process to ensure the integrity of results
 - Skilled staff
- Baseline as soon as possible
- Do not over-engineer it – what is ‘good enough’?



Lesson 3 (Desired outcomes)

Managing expectations relating to “what success looks like”

- For example, for the Top 100 and Top 500 programs we expect to see (over the long term):
 - A reducing audit yield trend
 - An increase and then plateauing or asymptote of tax assured results
- This implies that, audit yield and tax assured targets should not increase over time



Monitoring performance

‘Monitoring’ process aims to provide information on how a program is being implemented and to provide early indications of progress towards achieving a program’s outcomes.

- What intermediate outcomes gives us the confidence that the long-term outcomes will materialise?
- The quality of implementation is important
- Priority should be given to those benefits with the greatest informational value, whether that is financial or non-financial



Lesson 4 (Monitoring performance)

Reporting is not performance monitoring

In addition to tracking KPIs, one should (informally) track:

- Service quality (i.e. the client experience)
- Implementation quality
 - Are standards consistently being met?
- Uptake
 - Even though it was compulsory, some taxpayers 'partially' engaged



Lesson 5 (Evolve)

- Outcomes and measures are often defined at the earliest stage of the program when uncertainty is the highest
- Tax assured is based on OECD guidance but not blindly followed
 - Diverged from OECD guidance:
 - Removed nexus from willing participation
 - Allow for partial assurance estimate
 - Focus on 'correctly reported'
- Tax assured has limitations – to address we designed a new measure (Economic Activity Correctly Reported)

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Thank you

