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JOINT COMMITTEE OF PUBLIC ACCOUNTS AND AUDIT

Reference: Biannual hearing with Commissioner of Taxation

MONDAY, 30 MARCH 2009

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**JOINT STATUTORY
COMMITTEE OF PUBLIC ACCOUNTS AND AUDIT**

Monday, 30 March 2009

Members: Ms Grierson (*Chair*), Mr Georgiou (*Deputy Chair*), Senators Barnett, Mark Bishop, Bushby, Feeney and Lundy and Mr Bevis, Mrs Bronwyn Bishop, Mr Bradbury, Mr Briggs, Mr Butler, Ms King, Mr Neumann and Mr Robert

Members in attendance: Senator Barnett, Senator Feeney, Mr Bevis, Mrs Bronwyn Bishop, Mr Bradbury, Mr Briggs and Ms Grierson

Terms of reference for the inquiry:

To inquire into and report on:

Biannual hearing with Commissioner of Taxation

WITNESSES

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Committee met at 11.02 am

CHAIR (Ms Grierson)—I welcome everyone this morning to the committee's fifth biannual meeting with the Commissioner of Taxation. These meetings are an opportunity for the parliament to hold the tax office publicly accountable for its decisions and its operations. The commissioner has an important role and wide-ranging powers. The community is entitled to know whether the tax office treats taxpayers fairly as well as its capacity to generate the revenue that underpins government programs.

This hearing will also provide an opportunity for the tax office to tell its side of the story on tax administration. Where appropriate it can explain its decisions to us. The tax office can also discuss key challenges and advise us as legislators of any legal amendments that will improve tax administration, from either its perspective or that of taxpayers.

I remind participants that the committee will be looking at policy and administration matters only. We are not seeking to act as a review panel for any individual case studies or grievances with the tax office. By law the ATO cannot disclose details of an individual's tax matter.

Before beginning I advise witnesses that the hearings today are legal proceedings of the parliament and warrant the same respect as proceedings of the house itself. The giving of false or misleading evidence is a serious matter and may be regarded as contempt of parliament. The evidence given today will be recorded by Hansard and will attract parliamentary privilege. I welcome representatives from the Australian Taxation Office before the committee.

[11.03 am]

BUTLER, Mr David, Second Commissioner, Australian Taxation Office

D'ASCENZO, Mr Michael, Commissioner, Australian Taxation Office

GRANGER, Ms Jennie, Second Commissioner, Australian Taxation Office

CHAIR—Before we ask for a brief opening statement from Mr D'Ascenzo, I congratulate you, Ms Granger. We know that you picked up a gong, the Australian Public Service Medal. Is that right?

Ms Granger—Yes.

CHAIR—Congratulations.

Ms Granger—Thank you very much.

CHAIR—Mr D'Ascenzo, would you like to make a brief statement, which you have provided to us?

Mr D'Ascenzo—I am pleased to report to the committee on our performance in the current financial year. We have also provided the committee with a written report that outlines some of the outcomes achieved this year. At our last meeting we reported to you that we carry a heavy workload and responsibility on behalf of the community. The challenge of allocating scarce resources to achieve important ends has carried through this financial year as Australia faces a global economic downturn. These circumstances generate for the ATO the need for rapid implementation of elements of the government's economic stimulus package, the need for an empathic approach to people experiencing financial difficulties and the need for continued vigilance for risks of non-compliance.

In relation to the government's stimulus package, the tax bonus will represent the largest single payment using the tax system. The measure requires payments to approximately 8.7 million people progressively from 6 April 2009 to lock in early consumption benefits. But first the enabling legislation will need to withstand a constitutional challenge. In the past few months Australia has also faced the tragedy of the Victorian bush fires as well as floods and drought. The ATO responded sensitively and quickly to the fiscal needs of the people affected by these natural disasters. Our message has been simple: 'Don't worry about tax. We'll help you sort things out when you are ready.'

We believe that our approach to administration and our corporate values work well in good times and in hard times. For example, we take a community-first approach to debt based on consideration of each individual's individual circumstances. Our strong ongoing focus on early intervention makes it easier for taxpayers to get back on track and improves prospects for business viability. Our small business assistance program provides practical and intensive

support to small businesses on tax and superannuation, nurturing good record-keeping practices and better management of cash flow.

In response to the changing economic conditions, we have made it a top priority to provide assistance when we can to viable businesses in financial difficulty. At the same time, we take a sophisticated approach to risk management, informed by a growing reliance on data matching, profiling and analytics. Risk areas include the cash economy, refund fraud, failure to meet employer obligations such as pay-as-you-go withholding and the superannuation guarantee charge, illegal access to superannuation, cross-border transactions, inappropriate transfers or use of losses, and abusive use of tax havens. Given extra funding by government, we will continue to focus on the tax affairs of large companies and high-wealth individuals. In the current economic downturn our broad approach is to be as supportive as possible to people who are trying to do the right thing or who are in genuine hardship, and vigilant against those who, to the detriment of all of us, abuse Australia's tax and superannuation systems.

Looking forward, our draft corporate plan for 2009-10 provides a holistic view of our corporate priorities moving to 2010, our centenary year, and takes into account the dynamic and uncertain environment we all face. We look forward to your feedback on the directions and strategies we have set ourselves for the year ahead. Thank you.

CHAIR—Thank you very much. Commissioner, in our four hearings before this, many issues have been raised, but certainly the global financial crisis will put those under closer scrutiny and certainly will impact on the ATO's operations. Particularly we have talked about the superannuation guarantee, of course and the growth of collectable debt. You have mentioned the additional tasks you already are undertaking for the stimulus packages, the projected growth in the cash economy and even the tax havens again. Those same issues will become heightened in this new climate.

You have mentioned in your opening statement that you will try to get the balance right in all those areas. What are you doing in terms of better resourcing and better targeting the ATO towards these new challenges, particularly given the MYEFO information that said that tax receipts will be down in the 2008-09 period by \$9.5 billion, 2009-10 by \$22.6 billion?

Mr D'Ascenzo—Again, it is a situation of one trying to be empathic to people in genuine hardship. Taking small business as an example, we have been trying to look at ways to keep them viable. What we find is that early intervention helps business before they get into too much trouble or too much of a tax debt that is outstanding. Last year we contacted some 73,000 small businesses very early in the piece to help them with their obligations, whether it be tax, superannuation guarantee or otherwise. This year we have already made contact with about 48,000 small businesses. This includes over 5,000 field visits where we help them with their records and keeping them up to date. We have provided extensions of time to pay without penalty and interest in situations. We have helped people in genuine hardship through the hardship provisions that we have.

CHAIR—We have never asked you about those hardship provisions. Do you have a specialised hardship unit?

Mr D'Ascenzo—Yes, we do.

CHAIR—Are you shifting resources to cover this small business support and advisory service as well as the hardship unit?

Mr D'Ascenzo—Yes. Once we saw the economy starting to dip, we certainly made it a priority to streamline our processes. Indeed from having them not hidden but within the range of assistance we provide to people, we put them much earlier and much more prominently in our communication to individuals and sole traders. This year we have provided relief to 927 people with a total relief of something approximating \$23.5 million. The fact that we have been publicising the hardship provisions and the fact that the economic downturn is biting on some people has seen a significant increase in hardship provision claims over the last 12 months. That is one area.

The difficulty with the debt situation, for example, is that we have to make some sort of judgement in terms of viability. The earlier we approach people, the earlier we try to organise reasonable arrangements, such as payment arrangements. This year we have had a 17 per cent increase in payment arrangements. We give them a chance in terms of cash flow to move forward.

On the other hand, if we allow businesses that are not viable to continue, then you find yourself having a competitive advantage against other businesses. The question is: how well do we manage that balance? It is a very difficult and onerous balance. Since 2004 we have had an independent review of a sample of our cases that have gone to bankruptcy and liquidation. What we find consistently is that we do not have a history of being pre-emptive in terms of being too quick to move in relation to liquidation and bankruptcy, but there are times when we have to and that is appropriate.

In terms of the numbers of liquidations and bankruptcies, bankruptcies have increased by 5.9 per cent overall this year. But the ATO has initiated bankruptcies in only 11 per cent of the cases where we are a creditor, or 2.5 per cent of the total. It is not often the ATO initiates bankruptcy proceedings. It is the same thing with liquidations. That has increased by over 18 per cent this year in total. We initiate liquidations in 13.5 per cent of cases where we are a creditor, and that is about 8.3 per cent of the total. Again, we are not the main instigator.

Mrs BRONWYN BISHOP—That is 8.3 and 5.9 per cent.

Mr D'Ascenzo—It is 8.3 per cent of the total. In terms of liquidations—

Mrs BRONWYN BISHOP—I thought you said there was an increase of 5.9 per cent. What percentage of that do you represent?

Mr D'Ascenzo—I am not sure what percentage above 5.9. Of the total number, we are 2.5 per cent of the total number.

Mrs BRONWYN BISHOP—But that is not the increase; that is just the overall.

Mr D'Ascenzo—That is just the overall. That is for bankruptcies. For liquidations, we are 8.3 per cent of the total number.

CHAIR—Commissioner, you are looking at recoverable tax debt. Have you built in any way of looking at unassigned superannuation guaranteed payments?

Mr D'Ascenzo—In terms of superannuation, that has been a focus area for this committee. We have continued to be guided by the committee in terms of putting resources there, and that has increased over a period. Superannuation guarantee collectable debt on 30 June 2008 was \$280 million. Collectable debt as of 31 December 2008 is \$205 million, so we have been able to claw that back from that historical high.

CHAIR—Would you have the statistics for the number of businesses or companies that that affected?

Mr D'Ascenzo—Yes, we would have those.

CHAIR—Has the number decreased?

Mr D'Ascenzo—The number has decreased as well, while David finds them—

CHAIR—That is all right. My colleagues will want to ask questions about that too.

Mr D'Ascenzo—Okay. Just in terms of our work in terms of SG audit collection, we made adjustments in 2007-08 of \$385 million as well, which brings it from the employer and puts it into the funds on behalf of the employees.

CHAIR—Thank you for that overview to start us off.

Senator BARNETT—In your opening statement, you mentioned that regarding the tax bonus, this is the largest single payment using the tax system, and you indicated that the enabling legislation will need to withstand a constitutional challenge. Can you elaborate?

Mr D'Ascenzo—We think it is in the order of some \$8 billion being paid to 8.7 million Australians. They are the broad numbers. The logistics around that are a significant task, particularly if you want to do it within a time frame, which is within this financial year, to get the consumption benefits earlier rather than later. There is a constitutional challenge that was lodged earlier this month. We had a directions hearing with the High Court on 12 March and the constitutional challenge is being heard today and tomorrow. Hopefully they will provide an answer in the next few days.

Senator BARNETT—You are hoping for a swift response from the High Court to allow you to continue your efforts?

Mr D'Ascenzo—That is right. If the High Court were to rule the measure unconstitutional, I could not make the payments.

Senator BARNETT—Are you sweating on that?

Mr D'Ascenzo—We are doing everything we can as an organisation to ensure that we are prepared to make the payments according to the time frame that would meet the government's

stimulus plan. The Solicitor-General has carriage of the High Court matter and I am waiting for that High Court decision.

Senator BARNETT—Have you been briefing him?

Mr D'Ascenzo—It is mainly through Treasury and the Attorney-General's Department. Constitutional challenges are really done through the Attorney-General's Department but we certainly have been involved in the briefing of the Solicitor-General.

CHAIR—Have you sought any legal advice on it, or a legal briefing?

Mr D'Ascenzo—When it becomes a constitutional matter, it is really tied to the Attorney-General's Department, so we have been working very closely with the Attorney-General's Department and with Treasury.

Ms Granger—The urgency is that the payments are due to start rolling out next week.

Senator BARNETT—That is exactly right. The High Court nearly always reserves its decisions. What if in the normal course it reserves its decision until after next week?

Mr D'Ascenzo—We are hoping that they will do it earlier.

Senator BARNETT—What is your kick-off date?

Ms Granger—Next week.

Senator BARNETT—But when, the date?

Ms Granger—Progressively next week. We have not set a final or hard day next week.

Senator BARNETT—But commencing from Monday next week?

Ms Granger—It may not be Monday.

Mr D'Ascenzo—We were happy to do it from 6 April if we could, but that really depends on what the High Court decision is. If it is not handed down quickly, we would need to wait on that decision.

Senator BARNETT—It is a two-day hearing, is it not?

Mr D'Ascenzo—That is right.

Ms Granger—Yes.

Senator BARNETT—Is that today and tomorrow, did you say?

Mr D'Ascenzo—That is right.

Ms Granger—That is correct. It starts this afternoon. The commissioner already has answered questions on the challenge for us if there is a long delay, in which case it starts to run into tax time and it is too late to be able to do it. We have a short window.

Senator BARNETT—How long is your window?

Ms Granger—We really need to be finished the bulk of these into May or the end of May because the process for tax time requires us recommissioning systems and training staff. There is a whole range of things associated with that. We are expecting inquiries as a result of this first run. There will be some people who did not get a change of address in or whatever who will be calling us.

Mrs BRONWYN BISHOP—The bottom line is that it could interfere with the handling of people's tax returns for the current financial year if the deadline that you put forward is not met.

Mr D'Ascenzo—That is right.

Ms Granger—Yes.

CHAIR—The 8.7 million taxpayers you identified in your opening statement, what proportion is that of the anticipated number of payments or taxpayers by the time people lodge their returns?

Ms Granger—For the tax bonus?

CHAIR—Yes, for the tax bonus.

Ms Granger—The 8.7 million is the projected total number and that is based on modelling from the year before, so there could be movement up and down from that figure. But so far 7.4 million lodgements are already in that are eligible, so that is up from when this was first projected. It was 7.1 million at that point. You would know we have been marketing 'Get your return in', so based on those figures, we think there are about 1.3 million yet to file.

Mr BRIGGS—The 7.4 million or 8.7 million, whichever one it is, how many of those are deceased estates?

Ms Granger—I do not have figures on that.

Mr BRIGGS—What does the modelling say?

Ms Granger—It did not model that.

Mr BRIGGS—When will you know?

Ms Granger—It depends, of course, because you can be eligible either because the person was deceased during that tax year or subsequently. If it is subsequently, we will not know until the filing of the following year.

Senator BARNETT—Based on the previous year—

Ms Granger—Excuse me—unless some contacts us to notify us of an executor's address.

Senator BARNETT—You must have a figure for the previous year, 2006-07 to 2007-08, on the number of deceased estates there were.

Ms Granger—We can have a look for that. We have not modelled it.

Senator BARNETT—But how many roughly, or an estimate?

Ms Granger—We have not modelled it.

Mrs BRONWYN BISHOP—Do you know how many in the previous year?

Ms Granger—No. That is what I am saying. We have not done that statistical analysis, but we can have a look for you.

Mr BRIGGS—The government has not asked you in the recent weeks because, as I am sure you are aware, there has been some media, particularly in the last sitting week, about how many deceased estates lodged a return. The government did not ask you how many deceased estates lodged a tax return in the last tax year?

Ms Granger—Not to my knowledge.

CHAIR—Is that information accessible?

Mrs BRONWYN BISHOP—How many payments were made to overseas people?

Ms Granger—What we can do is try to model that from the previous year.

CHAIR—Yes.

Ms Granger—That is what I am offering to do—to see if we can find some analysis.

Mrs BRONWYN BISHOP—My question was: how many people will receive overseas payments?

Ms Granger—Again, we do not have analysis of that. The difficulty—

Mrs BRONWYN BISHOP—We have a number out there of \$75 million, so how did we arrive at that figure? How is that out there?

Ms Granger—\$75 million? I am not aware of that figure. We did some analysis a while ago on how many overseas addresses we had on the year before, and I think that was something in the order of 24,000 addresses. That does not mean non-resident, of course—as you would appreciate, Mrs Bishop. That simply means that that is the address.

Mr BRIGGS—So could you get that information for us, Ms Granger?

Ms Granger—What I can give you is some analysis of overseas addresses from the previous year in relation to the year of eligibility for the bonus. One of the difficulties is we often do not know there is an overseas address until the next year is filed. With residency, we certainly will not know until the next year is filed.

Mrs BRONWYN BISHOP—It would have been possible to isolate those figures and not have made those payments, would it not?

Ms Granger—For residencies subsequently, no, Mrs Bishop. We do not have the information.

Mrs BRONWYN BISHOP—But the Howard government was able to do that.

Ms Granger—I do not have information about that.

Mrs BRONWYN BISHOP—Could you get it?

Ms Granger—What we have been asked for here is the number of people who have become non-resident after the end of the year, because you are eligible for the bonus as long as you were resident during 2006.

Mrs BRONWYN BISHOP—I am interested in when bonuses were paid by the Howard government. They excluded the payment to overseas residents, so it can be done. Could you confirm that?

Mr D'Ascenzo—I think what Ms Granger is mentioning is that you have to be a tax resident of Australia to be eligible for this bonus and we are using the year ended 30 June.

Mrs BRONWYN BISHOP—I am just asking whether it is physically possible to disaggregate overseas residents from domestic residents.

Ms Granger—It certainly is for a coming tax year.

Mrs BRONWYN BISHOP—But it has been done in the past.

Ms Granger—On a corrective basis.

CHAIR—The statistics are for the previous tax year.

Ms Granger—That is right.

Mrs BRONWYN BISHOP—But it has been done on the past.

Ms Granger—For one or two years.

CHAIR—Would you get some clarification for the committee on whether that has been done in the past and what the process is?

Ms Granger—Sure.

Senator BARNETT—Or for a previous tax year.

Mrs BRONWYN BISHOP—I am sorry, Ms Granger. Was that a yes? It got a bit confusing.

CHAIR—Yes, if it has ever been done for the previous tax year by another government.

Mrs BRONWYN BISHOP—No, not a tax year. Has it ever actually been done?

Ms Granger—No.

Mrs BRONWYN BISHOP—Has the tax office disaggregated overseas residents from domestic residents? It has been done to my knowledge. I am just asking you to confirm it.

Ms Granger—I think it can be for filed returns, Mrs Bishop. This is a case where we do not have filed returns.

Mrs BRONWYN BISHOP—No, I am not interested in the filed returns. I want to know: is it possible to disaggregate them, and has it been done?

CHAIR—That would be one issue, if you could find that information, please. We understand that you have made the point that the complexity is that there must be a filed return in this bonus.

Mrs BRONWYN BISHOP—That is for this particular criteria, but it has been done in the past—yes?

CHAIR—You are going to find out for us, I think.

Mr BRIGGS—I just want to clarify that you are taking on notice how many of last year's deceased estates were paid.

Mr D'Ascenzo—How many deceased estate returns?

Mr BRIGGS—Sorry, returns. My apologies, Commissioner.

CHAIR—It is Mr Bradbury's turn. He has been waiting all through that conversation.

Senator BARNETT—I know. I am sorry, Chair, but I started.

CHAIR—I think Mr Bradbury wants to pursue that point. We will come back to you because other people have not asked any questions.

Senator BARNETT—It is related to the deceased estates and it is relates to the overseas payments, and there is a third area. I would just like to put it on the record to the tax commissioner—through you, Chair.

CHAIR—Certainly.

Senator BARNETT—It relates to those in prison—criminals and others who are in prison—and whether they are likely to receive this payment. It is understood that they will. The question is: how many are likely to receive that payment in that category?

Mr D'Ascenzo—The reason why we cannot give you that detail is that we are not able to disaggregate prisoners unless we have lists from the state penal authorities that provide us with name and birth date at least. It would be better if we had their tax file number, but their name and birth date will allow us to match those lists. But not all states—

CHAIR—I am glad you do not know everything about us, commissioner.

Mr D'Ascenzo—But most states do not provide that information to us. I am not sure whether all states would have it in some sort of electronic form for us to match. If we had the information we could then certainly cut across our stock of taxpayers and exclude or include them as per the policy payments.

Senator BARNETT—So the government has not asked you to obtain that information so that you can exclude those people from the payment?

Mr D'Ascenzo—If they were to have asked me, I would have to say to them that the time it would take to get those lists, if at all possible, would be outside the parameters of trying to have the stimulus package paid by the end of this fiscal year.

CHAIR—With that, thank you. I am going to move to Mr Bradbury.

Senator FEENEY—Have you ever been asked to disaggregate prisoners from such a bonus payment?

Mr D'Ascenzo—We cannot because we do not have the data.

Senator FEENEY—So never before have you been asked to do that?

Mr D'Ascenzo—No, we have not. We have sometimes been able to do it in limited ways when we have the data, but not across the whole spectrum.

CHAIR—Thank you. It is Mr Bradbury's turn.

Mrs BRONWYN BISHOP—So why would you not have the data?

Mr D'Ascenzo—In relation to a particular matter, or if you have got the taxpayer's name already, I can go back and ask for that on a specific basis, or when there is not a time constraint

in relation to a small group of taxpayers. I can ask the authorities whether or not they come within—

Mrs BRONWYN BISHOP—So some prisoners have been excluded from payments in the past.

Mr D'Ascenzo—But not across the board.

Mrs BRONWYN BISHOP—No, but some prisoners have been excluded.

Mr D'Ascenzo—I think there have been.

Ms Granger—I think, for example, the senior Australian tax offset, Mrs Bishop—

Mrs BRONWYN BISHOP—No, no. Just yes or no—yes?

CHAIR—Can you take it on notice then?

Mrs BRONWYN BISHOP—No. We just want to know: has it been done before that a number of prisoners have been disaggregated?

Mr BEVIS—And the circumstances in which it has been done.

Mrs BRONWYN BISHOP—I just want to know: has it been done?

Mr BEVIS—Yes, and after that, you can answer my question about the circumstances in which it has been done.

Mrs BRONWYN BISHOP—Can you just answer my question?

Mr BRIGGS—One question at a time. Mrs Bishop's question?

Mrs BRONWYN BISHOP—Ms Granger?

Ms Granger—To my knowledge, it has been based on the indications in the tax returns.

Mrs BRONWYN BISHOP—Is the answer yes?

Ms Granger—It is not the tax office excluding, Mrs Bishop. It is the declaration—

Mrs BRONWYN BISHOP—Disaggregation?

Mr BEVIS—Just let her answer the question, Bronwyn.

Ms Granger—The other circumstances in which we have looked at this is when we have been undertaking some compliance activities.

Mrs BRONWYN BISHOP—Have you been asked not to say yes or no?

Ms Granger—No.

Mrs BRONWYN BISHOP—Have you in fact disaggregated some?

CHAIR—So you were undertaking compliance activities—

Mr BEVIS—I do not ever remember you answering a question as a minister yes or no.

Mr BRIGGS—Has it been disaggregated?

Mrs BRONWYN BISHOP—Has it been disaggregated—yes?

Ms Granger—No. Prisoner information has not been disaggregated.

Mrs BRONWYN BISHOP—So you have never disaggregated any prisoners.

Ms Granger—Not from the entire tax base, no.

Mrs BRONWYN BISHOP—I did not ask you that. Has a group of prisoners ever been disaggregated from the base?

Ms Granger—To disallow a bonus or just to identify them?

Mrs BRONWYN BISHOP—Has it ever been done—full stop?

Ms Granger—Mrs Bishop, I am sorry. We have matched data from some prisons in the past, yes.

Mrs BRONWYN BISHOP—So the answer is yes.

CHAIR—If you were doing some compliance audit information, you might look at groups of people like prisoners.

Ms Granger—That is right.

CHAIR—So it would have done for the purpose of looking at an auditing function or a testing function in some way.

Ms Granger—Yes, and on a very limited basis, but there is at least one offset that I am aware of—the senior Australian ones, where you have to identify, ‘You are excluded on the basis that you have been in prison’, but that is done on a self-assessment basis by people claiming.

CHAIR—That might be if you are a business operating from a prison. Mr Bradbury?

Mr BRADBURY—Thank you, Chair. I would just like to ask: in relation to the 8.7 million that you estimate would be eligible, which is obviously subject to them putting themselves into a position where they can receive those payments, what percentage is that of the total number of individual taxpayers? Do you know how many individual taxpayers there are?

Ms Granger—Roughly close to 12 million individuals file a year.

Mr BRADBURY—That is a very broadly based payment then—one of the most broadly based payments.

Ms Granger—It certainly is the largest that we are aware of in our history, yes.

Mr BRADBURY—Obviously logistically, one of the difficulties in delivering a payment like this is the basis upon which you determine eligibility.

Ms Granger—Yes.

Mr BRADBURY—A decision was taken to use tax returns that were filed in the previous tax year. I wonder whether you could comment on what impact that has had in terms of overall compliance with one's obligation to file a tax return, and whether you are able to compare that historically to whether or not that has had an impact?

Ms Granger—It is early to tell, but we are certainly experiencing higher lodgements at this time of year, and we would expect that with better marketing that that would bring forward. But the early analysis suggests that there is about something like 300,000 that have either not lodged for some time or are new to lodging. I should caution against that. This is why it is early days. There is roughly that amount if we did the analysis on the year before as well. We are hopeful that that is the case. Certainly anecdotally both from the tax profession and also from our own shopfronts, there are people coming in who have not lodged for some time. Yes, it is having an effect. How big it is—

CHAIR—There are shoeboxes in hand, are there?

Ms Granger—Yes. Some of them are quite big shoeboxes and quite a number of returns.

Mr BRIGGS—Can we attribute some of that to the \$50 million advertising campaign? From \$50 million spent, we get 300,000 additional taxpayers.

Ms Granger—It is not a \$50 million campaign. The campaign component is about \$10 million. Of that, there is a major range of systems changes we have to make, extra staff we have needed to put on our phones, and the notices that have to be prepared—all those sorts of things.

Mrs BRONWYN BISHOP—Could that be projected?

Ms Granger—But we are hopeful about that campaign. It has been highly focused around lodging returns.

Mrs BRONWYN BISHOP—How much to actually print the cheques?

Ms Granger—I am not sure if I have the information on that here.

CHAIR—Was that amount spent on the campaign, was it?

Mrs BRONWYN BISHOP—It focused on cheques.

CHAIR—While you are looking at that, did it also include the date to change addresses, et cetera? Was that part of that focus?

Mr D'Ascenzo—Yes.

Ms Granger—Yes.

Mrs BRONWYN BISHOP—And how much to print the cheques?

Ms Granger—I do not have the information with me, Mrs Bishop.

Mrs BRONWYN BISHOP—Will you get that for me?

Ms Granger—Yes, I will.

Mr BRIGGS—How much was the campaign did you say? Did you say \$10 million? I understood it was \$12 million.

Ms Granger—No, it was about \$10 million, I think. It was \$11.5 million. You are right. It is more.

Mrs BRONWYN BISHOP—Was that signed off by the Auditor-General?

Ms Granger—Yes, it was. It has been signed off in phases because we are adapting the activities. As it gets closer to the end of the year, we will be focusing more on reminding people that there is only a short time left to lodge.

Mrs BRONWYN BISHOP—Did the Auditor-General say that it had complied in every aspect of the code?

Ms Granger—Yes, both the audits.

Mrs BRONWYN BISHOP—Was there any exception?

Ms Granger—No.

Senator FEENEY—And that certification is on the web, for anybody who is interested.

Senator BARNETT—But \$21.4 million was spent on the call centre. Where is the call centre based? Has it been established? Is it operating? Why is it not being set up in Launceston?

CHAIR—Do not answer that question.

Ms Granger—Taking the last question first—

CHAIR—It is parochial.

Mr BRADBURY—It is parochial.

Senator BARNETT—We are totally against offshoring.

Ms Granger—In fact, we have call centres in a number of our offices. Mr Butler may want to talk some more about that.

Mr D'Ascenzo—We have one in Burnie.

Senator BARNETT—The government recently closed a Centrelink call centre in Launceston with 150 people ideally positioned to reopen, obviously. The infrastructure is there, the establishment is there, the people are there, it is all ready to go, to rock and roll.

Ms Granger—What we have done is expand operations in all our call centres. There is a special helpline, but the reason we do that is that we can swing more staff in quickly from other calls. This has peaked significantly.

Senator BARNETT—But \$21.4 million is a lot of money. Has that all gone in for staff or for establishment, expansion, or redevelopment? What is the money being spent on?

Ms Granger—I am sorry, I do not have detailed figures with me. Can I take that on notice and I will come back to you?

Senator BARNETT—Yes. And I would like to know where the call centre is based. If it is not based in one location, which locations are they based at?

Ms Granger—Certainly, yes.

Senator BARNETT—How many people have been employed? Where have they been employed?

Mrs BRONWYN BISHOP—What are the terms of their employment? Are they on contract for short term? Can you tell us that now?

Ms Granger—Some are. Some have hired in especially for this process, but some are our existing staff as well.

CHAIR—Could I just stop proceedings, please. There was a request from the ATO to record and I did agree with the ATO to record that. If anyone else is recording these proceedings, could they just notify us who they are and for what purpose?

Mrs BRONWYN BISHOP—Why?

CHAIR—It is up to the committee to agree or disagree, that is all.

Mrs BRONWYN BISHOP—This is a public hearing.

CHAIR—That is right.

Mrs BRONWYN BISHOP—They can do anything they like.

CHAIR—I just want to know.

Mrs BRONWYN BISHOP—Why?

CHAIR—Because it is usually the polite way to do so.

Mrs BRONWYN BISHOP—I have never heard it done before, ever.

CHAIR—Always to notify us that you are recording.

Mrs BRONWYN BISHOP—Never. We often have—

CHAIR—No, Mrs Bishop. My advice from the secretariat is that that has always been the procedure.

Interjector—*Courier-Mail*.

Interjector—AAP.

CHAIR—Both AAP?

Interjector—No, *Courier-Mail*.

CHAIR—I am sorry, I did not hear you. Thank you very much. I just want that to be on the record, and the committee has no trouble with that.

Mrs BRONWYN BISHOP—That is absolutely outrageous.

CHAIR—Thank you very much.

Mrs BRONWYN BISHOP—I would like you to record my objection to that question being asked. This is a public hearing. The last time I looked, we were in a free country.

CHAIR—Thank you.

Mr BRIGGS—I would like to follow up on the \$11.5 million with Ms Granger.

CHAIR—Yes, go ahead.

Mr BRIGGS—I am just interested in the process. Of course you cannot tell us about what you did or did not advise government, but I am just interested in whose suggestion it was. Did you suggest to the government that we should tell people about this \$900 they are about to receive, or did the government say to you through one of the ministers that it would be a good idea to tell people they are about to receive \$900. Do you remember the process and how the \$11.5 million in communications came about?

Ms Granger—As you rightly said, Mr Briggs, obviously I cannot discuss advice to government. I can tell you that it is certainly our strong view that given the very short time and the features of this that we were going to need to heavily market that people needed to get their tax returns in. As you know, the design of this is that we can work out eligibility, but if people do not have their returns in by 30 June they miss out.

Mr BRIGGS—Sure. So where did the \$11.5 million come from?

Ms Granger—We did estimates on what we thought would be required.

Mr BRIGGS—Was that the high end of the estimates? Did you give a range of options? Was it a middle-of-the-road campaign?

Senator FEENEY—That is the cost to government, is it?

Ms Granger—Yes.

Mr BRIGGS—Thank you, Senator, for your protection. I am interested in the witness's answer.

Senator FEENEY—I would just hate for you to inadvertently ask the witness a question she cannot answer.

Mrs BRONWYN BISHOP—Would that information as to your advice be available under FOI?

Ms Granger—I am not sure. We would have to check that.

CHAIR—Probably lots of things would potentially be available under FOI.

Senator BARNETT—The advice that we have is that there was \$21.4 million for a dedicated call centre to assist taxpayers, \$12 million—you say it is \$11.4 million—for marketing and communications, \$8.6 million to process payments, \$5.2 million for system changes, \$2 million to support accountants and \$1 million to manage implementation. Could you take on notice and advise whether that is correct?

Ms Granger—Certainly.

Senator BARNETT—Also could you provide the details and the description as to the reasons why each of those items were deemed necessary to proceed?

Ms Granger—I would be certainly happy to do that.

Mrs BRONWYN BISHOP—Could I also ask whether or not you gave advice to the government—I am sorry, I cannot ask you that. Can I also ask for you to tell us whether it would have been cheaper to make the payment to the individuals electronically, as all pensions and so on are done, or than it is to issue cheques?

Ms Granger—It is cheaper and faster to pay to bank accounts, Mrs Bishop, and we certainly are encouraging people to notify us of bank account details if they want to. We have had over 120,000 people do that. The nature of this is about half of those identified as eligible have in the past preferred cheques. Because it is based on that return and that notification, it became a question of how much we could market this.

Mrs BRONWYN BISHOP—Can I ask: when the cheque goes out, will it have a letter accompanying it?

Ms Granger—It will have a notice from the commissioner.

Mrs BRONWYN BISHOP—What will that notice say?

Ms Granger—I do not have the details in front of me.

Mrs BRONWYN BISHOP—Could you let us have that in advance of it going out?

Mr D'Ascenzo—We could do that.

Mr BRADBURY—Just to be clear, you do not have the electronic banking details of all of the recipients.

Ms Granger—No, we do not.

Mr BRADBURY—So that would require a whole new exercise in trying to elicit that material from the recipients?

Mr D'Ascenzo—As Ms Granger said, we are trying to encourage people to provide those details. We think it is more efficient, both for ourselves and for the community.

Mr BRIGGS—What percentage of them do you have of the 7.4 million?

Mr D'Ascenzo—It is about fifty-fifty, as Ms Granger said.

Ms Granger—Not in years.

Mr BRIGGS—Right. I am sorry, I missed that.

CHAIR—I understand that tax agents were concerned that many people directed those payments to their office and then they would incur a cost in posting those out. I think arrangements have been made to satisfy tax agents in that regard. Could you tell us something about it?

Mr D'Ascenzo—It varies with tax agents.

CHAIR—Yes, please.

Ms Granger—What we made available to tax agents—and there was only a short period in which to be able to do this—is lists of their clients from whom we already had returns lodged and who were eligible, and asked them to come back to us. They could request this list electronically and they could come back to us if they wanted all correspondence and payments directed away from them, or whether they wanted them to go as per the usual instructions, or if they wanted to select some to come to them and some not to.

We have 4,734 tax agents who opted to have it directed away from them, and that affects approximately 2,100,000 taxpayers, and we have had 235 who chose to partially direct away from them, and that affected approximately 102,000 taxpayers. The reason the window was short is because it is such a large payment and it takes a while to set it up in the system. We could only allow until the middle of March for them to come back and notify us of that. We designed this with the tax professionals. We have had good feedback on the opportunity to have that option.

CHAIR—Do you anticipate false tax claims, or attempts to take advantage of this by people with false identities?

Mr D'Ascenzo—What happens is that, because it is based on last year's returns, the vast majority need to be based on taxpayers who lodged last year's returns. It is really only possibly the people who have not lodged them that are now coming to lodge their returns to get the benefit of this claim. We will have to do the normal checks and balances that we do in these sorts of cases.

Mrs BRONWYN BISHOP—You are saying that if there is suddenly an influx of taxpayers lodging returns who have not done so before, you will be double-checking those. Is that it?

Mr D'Ascenzo—There is a limit to how much we do in the double-checking, but we will certainly through our normal risk profiling of refund claims have a look at those in particular.

Mrs BRONWYN BISHOP—Mr D'Ascenzo, the letter that is going out accompanying the cheques from you, will the government have any input in what you say in that letter?

Mr D'Ascenzo—The letter, as far as I can recall when I signed off the draft, is basically one that says, 'This is the payment that comes under the bonus package.' It is a very simple little letter.

Senator BARNETT—You reviewed it with the government? You liaised with the government on the letter?

Mr D'Ascenzo—It is my letter, ultimately.

Senator BARNETT—Have you talked to the government about the letter and have you shown it to them?

Mr D'Ascenzo—I would have shown it to the government, yes.

Senator BARNETT—And what did they say?

Mr BRIGGS—Who is 'the government'?

Mr D'Ascenzo—The government has not made any comments on it, so far as I know.

Mr BRIGGS—Who did you show?

Mr D'Ascenzo—I just gave it to the people in the Treasurer's office.

Mrs BRONWYN BISHOP—Would the Treasurer tick off on the letter before it went?

Mr D'Ascenzo—No. I would like to have their comments but I have not received any feedback from the Treasurer's office on that matter.

Senator BARNETT—So far as you are concerned they support the letter and are happy with the wording of the letter?

Mr D'Ascenzo—I presume that that is the case.

Mr BRADBURY—It did not go through the committee with ministerial or government communications. I know that we polished that up.

CHAIR—I am sure you did not describe this matter from Kevin either in your letter.

Mrs BRONWYN BISHOP—Maybe you should. Maybe it is a form of advertising.

CHAIR—In your answer you talked also about risk profiling. I think that is particularly important to us in relation to the superannuation guarantee. It is something that we have pursued for a long time.

Senator BARNETT—Can we deal with the bonus before we go on to the super guarantee?

CHAIR—We have been dealing with the bonus for 45 minutes now.

Senator BARNETT—I have one question, Mr D'Ascenzo. In your opening statement, did I understand you to say that as of today 1.3 million taxpayers will miss out on the payment because they have not lodged last year's tax return, and you are hoping that they will keep lodging them and that that number will decrease? I understand that on 25 February the figure

was 1.8 million people. However, as of today it is 1.3 million people. First, is that correct, and, second, what is your prognosis on a monthly basis through to 30 June?

Mr D'Ascenzo—That is the modelling that Ms Granger provided previously. Again, that is one of the reasons why we have the marketing campaign to try to encourage people to lodge their returns.

Senator BARNETT—Yes, but we have an issue here. As of today 1.3 million people will miss out on their bonuses.

CHAIR—And they have until what time to lodge?

Ms Granger—Until 30 June, unless there is an existing extension of time in place at the time of the announcement which, for example, is available to people affected by the bushfires. Just to give you some indication, since the announcement of the bonus to date there has been a one-third increase on returns lodged at this time compared to that time last year. e-tax has had a 100 per cent increase in the number of lodgements and through agents that figure is up about 25 per cent, and we expect that trend to continue.

Senator BARNETT—Based on those current trends, how many will be missing out as at 30 April?

Ms Granger—As at 30 April?

Senator BARNETT—Yes.

Ms Granger—I do not have a figure.

Senator BARNETT—But you must have done the modelling. You must know. You have certain statistics.

CHAIR—An extra half a million in that area.

Senator BARNETT—There are 1.3 million to date and it was 1.83 million some weeks ago. You must have done the modelling.

Ms Granger—Are you talking about 30 June or 30 April?

Mr D'Ascenzo—It is progressive. In other words, how many do we expect to have in the next month, the next month and the next month?

Senator BARNETT—Through to 30 June?

Ms Granger—We are aiming for 100 per cent.

Senator BARNETT—But you know that that will not be possible based on the current trends.

Ms Granger—More than that are lodged at this time of year. I think that is the point. Based on the previous year's modelling we would expect that number of returns to come in by the end of the year. However, we cannot predict changes in people's circumstances. If, for example, there are more people for whatever reason who do not need to file that year, that might make some change, but we are assuming that that is at the margins.

Senator BARNETT—Mr D'Ascenzo, could you help us here?

Mr D'Ascenzo—I think we had an increase of about 100,000 a week. This is very early in the campaign period. As a minimum you would probably expect another 400,000.

Senator BARNETT—Another 400,000 by when?

Mr D'Ascenzo—In four weeks.

CHAIR—Each month?

Senator BARNETT—So by the end of April?

Mr D'Ascenzo—Hopefully with the marketing campaign that would increase.

Senator BARNETT—Sure, but based on that current trend you will still have hundreds and thousands of taxpayers who will miss out on the bonus.

Mr D'Ascenzo—April, May, June, even on 100,000 per week gives you 1.2 million.

Ms Granger—Just to clarify—

Senator BARNETT—So 100,000 will miss out on their bonus?

Mr D'Ascenzo—No. If the marketing campaign lifts that, we should get to what Ms Granger said we would get to.

Senator BARNETT—I wonder whether the tax agents have the same view as you with respect to that sort of campaign success.

CHAIR—Thank you. We will move on. You did say the only exceptions would be the people affected by the floods and bushfires. They do not have to lodge by the end of June. Is that right?

Mr D'Ascenzo—There are some other exceptions as well. There are quite a number of tax agents for whom we have already provided some extensions of time.

CHAIR—Yes, the ones that already had extensions. I will move on to the superannuation guarantee because we have covered a great deal of that. You state in your submission to us that you identified 8,000 at-risk employers. You also said that you have uncovered poor record-keeping administration, cash flow and debt issues. Could you give us some information about

how you identified those 8,000 employers, and how you are responding to ensure that that number continuously diminishes?

Mr D'Ascenzo—A part of that is people who do not lodge or who do not pay on time; that is part of the risk filters. But Ms Granger might have others.

CHAIR—Do you identify them on their failure historically to lodge a tax return?

Mr D'Ascenzo—Usually their activity statement or their BAS.

CHAIR—Right.

Mr D'Ascenzo—That is for businesses. We have a whole range of other reviews, for instance we spoke to this committee on serial phoenix arrangements. In fact, with the benefit of this committee's suggestions we now have a much closer relationship with ASIC in trying to cross-reference some companies that are proposing to deregister. We now follow up on those companies if there is a super guarantee charge. That was part of the insights that the committee provided to us, for which we thank it. We do a lot of the cash economy work associated with our benchmarking. So we have benchmarks and if there are outliers from the benchmarks that is also a question of inquiry.

CHAIR—There are 8,000 at-risk employers. You also said, 'Approximately 14 approved auditors will be referred to their professional bodies.'

Mr D'Ascenzo—This is for super guarantee purposes. That is what we expect to refer as part of this process.

CHAIR—Do you think that is enough?

Mr D'Ascenzo—I actually—

CHAIR—When do you take steps to refer an auditor for further action?

Mr D'Ascenzo—Again, first and foremost it is a question of trying to get them to do the right thing. That is part of our strategy. We probably refer the more high-risk people or people who have disregarded their responsibility in some sort of wilful way. Basically, a lot of employers and self-managed super funds rely on professional advice. Therefore, if we can improve that professional advice it locks good compliance into the future rather than just taking a more black and white approach to those sorts of transgressions. Whether or not 14 is the right number or there should be more is an open question.

CHAIR—Did you want to elaborate on that improved relationship with ASIC?

Mr D'Ascenzo—I think the committee and Mrs Bishop spent some time with us outside the hearings. It has been useful to try to get a listing from ASIC of companies that it proposes to deregister. We would run that across our super guarantee file to see whether or not any of those are similar. If there are, we would ask ASIC not to deregister and pursue them there.

CHAIR—And you take action then?

Mr D'Ascenzo—That is right.

CHAIR—How successful is that?

Mr D'Ascenzo—I think it was starting to work out fairly well. Recently we referred 19 directors to ASIC to see whether or not they should take action in relation to striking them off as directors.

CHAIR—That is good information, thank you.

Mrs BRONWYN BISHOP—Mr D'Ascenzo, my concern is that action be taken to get the money in for these people. Thank you for the assistance that you have given to me, which goes towards resolving this question. The complaint of the taxpayer to whom I am referring began in 2003. She is not isolated; there are many other names. It is now 2009. In the beginning there was total denial and we were told by agencies that it was not their problem. In the correspondence that I have received you say—as you said at the end of 2008:

Our processes regarding communication with the Australian Security and Investment Commission on deregistered companies have improved.

As I understand it, previously it was non-existent. I can quote from your letter in which you make that statement:

... ASIC now provides us with daily updates on the registration status of incorporated entities that have changed the previous day. We match this information against active superannuation guarantee cases and if appropriate we may request ASIC to defer registration, or in some cases request reinstatement of the company to allow us to raise superannuation guarantee assessments if the company is insolvent. Given this change in our processes we believe that the problem that arose should not arise again in the future.

There are a lot of references to the words 'may', 'if' and 'perhaps' in that statement. I want to know how this will improve the collection of the outstanding super guarantee charge from companies, particularly when they are phoenix companies and the proprietor simply winds up one and opens up again with another business.

Can you tell me precisely how this will work? You have written a proviso into some other documentation that I have that states you will take action only if it appears as though there is some chance of getting the money back. You are telling me now that in some cases you can reinstate the company to obtain those charges, whereas you said in black and white in previous correspondence that that simply was not possible.

Mr D'Ascenzo—I am not sure about the correspondence or the individual case, but in the general proposition I think I said there had been a good improvement, helped by this committee, to allow us to get superannuation charges.

Mrs BRONWYN BISHOP—I want to know how this happened. You are telling me now that you can reregister in some cases but previously you said that you could not. What has happened?

Mr D'Ascenzo—I think we could always reregister companies.

Mrs BRONWYN BISHOP—That was not what you used to say.

Mr D'Ascenzo—All I can say is that is my belief. I remember doing some re-registration of companies back in 1978.

Mrs BRONWYN BISHOP—Back on 7 March 2007 you said:

We have obtained confirmation that a particular company was deregistered by ASIC on a particular date. Consequently we are not able to take further action.

Mr D'Ascenzo—If that is debt recovery, that is correct.

Mrs BRONWYN BISHOP—No, it does not qualify. You can do nothing.

Mr D'Ascenzo—All I am saying is that they were probably referring to the fact that we cannot recover debts while a company is deregistered.

Mrs BRONWYN BISHOP—How can you reinstate them?

Mr D'Ascenzo—We have to go to ASIC.

Mrs BRONWYN BISHOP—You said that you cannot take any further action. Now you are telling me that you can reinstate them. How do you do that? What is the basis for that? It is a good thing and I am saying, 'Well done,' but how are you doing it?

Mr D'Ascenzo—I suppose I am saying that I do not know what is underlying the particular case or the particular letter. However, to go through a reinstatement process was probably unproductive or uneconomic.

Mrs BRONWYN BISHOP—I want to know how you do it now.

Mr D'Ascenzo—You can always apply to ASIC to have re-registration of companies.

Mrs BRONWYN BISHOP—No. Previously your advice was that individuals could do this, but you could not. You are saying that you can do it now. What has changed? On what basis do you do that now?

Mr D'Ascenzo—I believe we could always reinstate companies, provided ASIC agreed to our request.

Mrs BRONWYN BISHOP—How do you go about doing it?

Mr D'Ascenzo—You make a request to have the company reinstated through ASIC.

Mrs BRONWYN BISHOP—Not through the court?

Mr D'Ascenzo—I think you would have to go through the courts.

Mrs BRONWYN BISHOP—Could you obtain for me a detailed statement as to how it is done?

Mr D'Ascenzo—We can do that.

Mr BRADBURY—It seems to me that the problem occurs further upstream after deregistration occurs. A whole series of processes, some of which are legal processes, have to occur before a company reaches the point where it is deregistered. It is okay to be saying, 'We are finding out the day after the company has been deregistered,' or, 'We are getting notice of companies that are being deregistered,' but presumably at that point—whether it be through liquidation or other processes—assets or funds have been dissipated and opportunities for recourse become much more limited. What efforts are being targeted towards that part the process before all these events are set in train? You made a comment about it being potentially unproductive to reopen a matter.

Mr D'Ascenzo—Only in a particular case. It may not be the general rule.

Mr BRADBURY—I take the point that it requires a lot more resources to go down the path of trying to reregister a company to get some money out of it rather than when you are in a position where you are dealing with other competing creditors. What is being done? Is enough being done? Can more be done?

Mr D'Ascenzo—I think one of the others might want to add to this answer. However, just as a general proposition we are often faced with a voluntary process of deregistration by the companies themselves. This is why ASIC's advice is useful to us because that is sometimes the first time we know that people are formally seeking to have their companies deregistered. In the area of phoenix companies, last year we did 50 audits and we collected \$18.5 million.

We worked with ASIC which struck off 52 directors. As I said we recently referred to ASIC 16 company directors and perhaps 97 related companies. We try to do our work in that area. We are working with Treasury and ASIC on the legislative framework within which we operate to see whether we can make improvements in the legislative environment. We have been agreeing with this committee about the importance of focusing on these sorts of issues.

Ms Granger—Could I add to that? On some of the mechanics of identifying and dealing with that issue we are getting more sophisticated systems and we are able to track who is controlling these entities. That is one of the problems here. A new entity comes along and you do not necessarily know who is controlling it. That is one of the issues with phoenix companies.

Mrs BRONWYN BISHOP—You have been saying you do.

Ms Granger—That is exactly right. We are now able to identify them from our systems and our data matching. That certainly more readily directs us. That becomes a flag in Mr Butler's debt collection area and we can more quickly get onto the filing and payment obligations in the life of a new entity. That has led to some of the results that we have been talking about. That is one of the things we are trying to do to get upstream of these issues. However, we have

identified that we have to rely on its history before we can deal with a new entity. That does not solve the other side of the problem, that is, how to deal quickly with whatever is occurring right now.

CHAIR—Mr Bevis, do you have any questions?

Mr BEVIS—I am trying to understand what systems the ATO has in place so that it knows whether any superannuation guarantee charge has been paid. How do you know whether there has been any compliance, or do you assume that it is happening until a company goes belly up or some other alarm bells ring? If so, what are the alarm bells?

Mr D'Ascenzo—One alarm bell is that we have complaints from employees who have not got their super guarantee.

Mr BEVIS—But that is at the end of the year, if you are lucky, when they get their annual statement?

Mr D'Ascenzo—Sometimes it can also be during the year, in particular, when people have left employment and the like. We have a significant increase in the number of people complaining about that. We have been given some extra funding to do some more work in the area. That is one issue but it is not complete. I mentioned earlier that if people are late in their pay-as-you-go responsibilities we follow those up. The early intervention part of it—

Mr BEVIS—If they submit their normal pay-as-you-go returns and they show on that return that they allocated funds to a superannuation fund, do you accept that at face value? No auditing of that is done. There are ample examples of companies that have gone belly up that have not only shown deductions for superannuation, as was commented on earlier. I am aware of a number of examples where employers deducted funds for health insurance but those funds never found their way into the health insurance funds.

It was taken out of the worker's pay but it never got to the health fund. A paper return that tells you that but it does not give me a great deal of confidence, having witnessed some of the cases with which you would be more familiar. Given the ATO's responsibility for the superannuation guarantee, how do you satisfy yourself that it is being paid on behalf of the employee?

Mr D'Ascenzo—We also do a number of reviews and audits.

Mr BEVIS—Tell me about them and how you select them?

Mr D'Ascenzo—I do not have precise details about the selection criteria, but last year—

CHAIR—Commissioner, could I ask you to add to that answer? You have been given additional funds and you have been doing a lot of extra work. As a result are you suggesting any reforms and will you be suggesting any reforms to government? If so, what might they be?

Mr D'Ascenzo—Referring to the audit activities, as I mentioned last year, we made adjustments to the tune of \$385 million. It is not as though we have not been effective in that area.

CHAIR—That \$385 million was paid to you. If it had been paid directly to the super companies it would have been a late payment. Once it is late it has to come to you?

Mr D'Ascenzo—That is right.

CHAIR—Is that what that sum is?

Mr D'Ascenzo—That is what it is.

CHAIR—That is not necessarily a company that has gone bad?

Mr D'Ascenzo—No.

CHAIR—That is just a company that was late?

Mr D'Ascenzo—Yes, that is right. It could be that, but it could also be—

Mrs BRONWYN BISHOP—That is just money in and money out?

Mr D'Ascenzo—It is money that would not be forthcoming if it were not for our activities.

Mrs BRONWYN BISHOP—Did you go and demand it from them, or do they automatically send it to you?

Mr D'Ascenzo—That is part of our audit and review. We have chased this up ourselves.

Mrs BRONWYN BISHOP—So the \$385 million came from audit and review?

Mr D'Ascenzo—Yes, that is right.

Mrs BRONWYN BISHOP—Not from people voluntarily sending it in?

Mr D'Ascenzo—That is right.

Mrs BRONWYN BISHOP—Is that from the 1,250 high-risk companies?

Mr D'Ascenzo—That would be part of it. I am not sure whether it is only that group, but it would include that group.

Mr BEVIS—I think you were part way through answering my question.

Mrs BRONWYN BISHOP—Yes, I am sorry.

Mr D'Ascenzo—Mr Bevis, could you repeat the question?

Mr BEVIS—I am interested in the detail as to how you go about selecting the companies and how you go about doing the analysis to identify whether payments have or have not been made.

If there is a return that states that the payment has been made is that good enough? Tick and off you go. Twelve months later when the company goes belly up or an employee turns up and says, 'Hang on, I have left, and the statement they have given me does not look right', you then go back to it. Is that the way it works?

Ms Granger—Two different projects are relevant here. One relates to following up on employee complaints, and that is focused specifically on the super guarantee, which the commissioner has already been talking about.

CHAIR—Can you assure us that they are now taken more seriously by the tax office and there is a follow up to each complaint?

Ms Granger—There is. We are a little behind in those at the moment.

Mrs BRONWYN BISHOP—How far behind?

Ms Granger—I will grab the exact figure for you, Mrs Bishop. Let me answer the other part of the question. The other project that we do is an employer obligations program. Case selection for that tends to be in the \$1 million to \$10 million turnover of businesses. That checks a range of obligations. In about 60 per cent of those cases a superannuation guarantee obligation is outstanding. It is checked in 100 per cent of cases. We follow that up as well as the others. Those cases are selected on a risk basis. The pattern is a bit out for the combination of industry. Those are the usual kinds of case selection activities that we undertake. In addition, through our Small Business Assistance Program, we have also put a pretty heavy emphasis on employer obligations. We are trying to beef up our presence right across the employer market. To put that into context, there are about 800,000 employees in the tax system.

Mrs BRONWYN BISHOP—Of that \$385 million that you collected, how many audits were undertaken to produce that result?

Ms Granger—Do I have that?

Mrs BRONWYN BISHOP—That is terribly relevant.

Ms Granger—Yes.

CHAIR—You can take that question on notice.

Ms Granger—I will come back to you. Perhaps you could go on to the next question while I look for that.

Mrs BRONWYN BISHOP—You were also looking to establish how far behind you were?

Mr D'Ascenzo—We are behind what we would like to be. The figures will come; they are in our briefings. I make the point that I made earlier. As part of our communication and marketing we have had quite a significant increase in employees who have come forward. Therefore, we are behind what we would like to be, but we have a much higher pool.

Mrs BRONWYN BISHOP—Are you telling me that more employees are now complaining?

Mr D'Ascenzo—That is right.

CHAIR—Hopefully that is as a result of some of the work that this committee has achieved.

Mr D'Ascenzo—That is right.

Mrs BRONWYN BISHOP—It is very important. Do you have a special task force that is looking at phoenix companies? The problems of the constituent to whom I am referring began in 2003. This constituent said, 'These two directors are constantly changing their company's name when they find themselves in hot water. They are still in business. I cannot get a grip on how they are allowed to do this.' Do you have a special unit looking at the incidence of phoenix companies and making sure we get that superannuation guarantee charge?

Mr D'Ascenzo—We do have a special unit. However, whether or not it is large enough to cover all these issues is another question.

Mrs BRONWYN BISHOP—When did you have such a unit?

Mr D'Ascenzo—I think we have had a focus on phoenix companies for at least the past three years, even before we came to this committee. However, this committee affirmed the focus that we had on the super guarantee.

Mrs BRONWYN BISHOP—But you did not pick up this case?

CHAIR—Commissioner, can I just move you on? I think there is a concern in the community that many small companies are going into receivership and liquidation. They are not phoenix companies and they will find it difficult in these times.

Mr D'Ascenzo—That is right.

CHAIR—If that occurred the GEERS system would not support superannuation. What is the order of extraction of funds or payment to a credit and taxation office, et cetera? Where does superannuation fit into that? Does it have a special designation at all?

Mr D'Ascenzo—I am not sure.

Mrs BRONWYN BISHOP—It is a very important question. Let me put it this way. When you get a super guarantee charge do you apply that immediately to the account of the employee? If you have outstanding debts for GST or for PAYG payments do you deduct that from the amount that has been forwarded to you for the superannuation guarantee charge? That is an important question.

Mr Butler—I can answer the question about that collection of superannuation guarantee charges.

CHAIR—Yes please.

Mr Butler—Let me give committee members a bit of context. At the end of 2008 we had \$198 million worth of debt on superannuation guarantees.

Mrs BRONWYN BISHOP—Collected?

Mr Butler—No, that is on our books.

Mrs BRONWYN BISHOP—Outstanding?

Mr Butler—Outstanding. Of that, \$138 million is from micro enterprises, or very small businesses, and \$55 million is from small to medium enterprises. The vast majority of the debt is for small enterprises.

CHAIR—Who are probably more at risk now than ever before?

Mr Butler—Yes. Conversely, only \$400,000 from large businesses was outstanding. In the past year we have put 100 additional staff onto superannuation guarantee debt recovery. The debt is identified and collected separately. For example, at the end of June 2008, we collected \$186 million in superannuation guarantee debt, which was \$49 million or 35 per cent more than the previous year, so it is a significant improvement. As at 31 December 2008 we collected \$7.29 million, which is \$5.7 million above the same period last year. It is below our forecast for that period but we are confident of being on track for the end of June this year. Overall, there has been quite a significant investment into collecting superannuation guarantee debt when it arises. We are using our latest technologies such as automatic dial-up systems and we are contacting people who have debt much more regularly than we are contacting people with income tax debt.

CHAIR—It is a pleasing trend but it is impossible for us to know what debt—

Mrs BRONWYN BISHOP—We have not got the answer to the question yet.

CHAIR—It is impossible for us to quantify the debt.

Mrs BRONWYN BISHOP—We have not got the answer to the question yet.

Mr Butler—The question was about what happens to the debt?

Mrs BRONWYN BISHOP—Yes.

Mr Butler—It is tracked separately as superannuation guarantee debt, and it is not tied in with GST, income tax, or anything like that.

Mrs BRONWYN BISHOP—So 100 per cent of what you collect goes into the account of the employee?

Mr Butler—Yes, that is my understanding.

CHAIR—You cannot recover the ATO's debt from the unattributed or uncollected superannuation?

Mr Butler—From my understanding, no.

Mrs BRONWYN BISHOP—I do not want an understanding; I want a categorical yes or no.

Senator BARNETT—You must know.

Mr Butler—The advice I have is that it is not offset. My answer is that it is not offset; it is separated into quarters.

CHAIR—You will confirm that for us. Ms Granger, did you want to add to that answer?

Ms Granger—No, I just had some statistics.

CHAIR—Mr Bevis, did you want to pursue something before we come back to that? Mr Bevis has a question on the same issue.

Mr BEVIS—Can you take this question on notice and indicate the priority?

Mr Butler—Of the superannuation guarantee?

Mr BEVIS—Yes.

Mr Butler—I am trying to suggest that there is a much higher priority of offsetting.

CHAIR—But you will clarify that for us.

Mr BEVIS—We want that on the record.

CHAIR—That is fine. I know Mr Bevis has a question. After he has asked it I want to follow up on another aspect.

Mr BEVIS—In your summary documents you refer to a target of commencing action on 100 per cent of employee complaints within 28 days. You then say that at the end of October last year that was the case in only 24 per cent of cases. That is fairly well short of the 100 per cent target?

Mr D'Ascenzo—Yes, it is. As I explained to Mrs Bishop, the reason for it is that we have had a significant increase in the number of complaints.

Mr BEVIS—The picture that we were just given was one of light and sunshine, great performance and achievement.

Mr D'Ascenzo—We are reducing the stock of outstanding numbers. Ms Granger probably has the figures there. We have done a lot more to provide the good outcomes that Mr Butler outlined. However, because of the higher pool we are not meeting the 100 per cent that we intended.

Mrs BRONWYN BISHOP—What was the original pool and to what extent has the number grown?

Ms Granger—Would you like a last year to this year comparison?

Mrs BRONWYN BISHOP—I would like to go back five years.

Ms Granger—I can go back four years.

CHAIR—Four years would be great.

Ms Granger—This starts from 2005-06. Let me give you an idea of the cases on hand when we started that year.

Mrs BRONWYN BISHOP—That is complaints?

Ms Granger—Yes, it is employee complaints. In 2005-06 employee complaints were 9,114. Let me give you, first, the trend across those years and I will then move to the next figure. In 2006-07 there were 9,187, so roughly the same amount. In 2007-08 there were 72,804, so a little bit less as a starting stock. To the end of November this year there were 8,526 as the stock on hand. That was the reference I was making, Mrs Bishop. We are struggling a bit with our stock on the 28-day turnaround.

The next part of that is cases received, which will give you the trend. In 2005-06 cases received were 13,450, so obviously you add those two figures together. In 2006-07 there were 11,462, so a little bit less. This is the one the commissioner is referring to: in 2007-08 there were 18,373, so there was a substantial increase in that year. To the end of November this year there were 6,221.

Mrs BRONWYN BISHOP—I want to know whether those are brand new inquiries from that year.

Ms Granger—I could not confirm.

Mrs BRONWYN BISHOP—I want to know whether the 13,450 that were made in 2005 are included in the figure of 18,373.

Ms Granger—There might be some in stock.

Mrs BRONWYN BISHOP—Was that number of 1,114 the ones you sold?

Ms Granger—I have not got to that yet. Cases closed.

Mrs BRONWYN BISHOP—Solved, not closed.

Ms Granger—You are asking me for the strike rate and I do not have that figure here, I am sorry. I can tell you how many were finalised. In 2005-06 there were 13,377; in 2006-07 there

were 13,365; in 2007-08 there were 17,131; and up to 13 November there were 8,612. Without going through all of them, at 30 November cases on hand were 6,135.

Mrs BRONWYN BISHOP—I am sorry, I do not accept that. My constituent would have been included in your cases closed when you wrote off and said, ‘We will not do anything for you.’ I want to know how many were successful where you got a good outcome for the employee.

CHAIR—And you will not be able to answer that at the moment.

Mrs BRONWYN BISHOP—Why would you not have thought that we would want that sort of information?

Ms Granger—I did not realise that you would have such a big focus on superannuation.

Mrs BRONWYN BISHOP—Yes, you did because we have been pursuing it now for three years.

CHAIR—Mr Bradbury?

Mr BRADBURY—In this whole area one concern I have is that there seems to be a high onus on the employee to make inquiries and to initiate inquiries and investigation in this area. I think that is something that needs to be looked at separately to the discussion that we are having now. Commissioner, when I go back to my electorate tomorrow people in that electorate will confront their employers when they believe that money is not being put aside. What advice would you give to those people? Where do they go? How do they try to ensure that their entitlements will be protected, in particular, as more companies will start to be affected?

Mr D’Ascenzo—The short answer to your question is that they should contact the ATO and we will do what we can to follow up those cases.

Mr BRADBURY—Through the general phone number?

Mr D’Ascenzo—I will provide specific details to the committee that can be included this afternoon.

Mrs BRONWYN BISHOP—That will be very good, Commissioner. When we get down to it on a one-to-one basis we will achieve better outcomes.

CHAIR—Commissioner, there was a Commonwealth Ombudsman’s report on the superannuation guarantee, but that report was not made public. Can you give us any information about it? What was the ATO’s response to it, or what was its involvement in it? It was not released publicly but we want to know whether it was to advise you.

Mr D’Ascenzo—We did cover it briefly in the paper that we provided to the committee. My memory is not that clear on what our outcomes were, but I think the general response was that we would accept and follow up the general thrust of the Ombudsman’s report.

CHAIR—We do not know what the advice was because it was not made public.

Senator BARNETT—Is that something you can table?

Mr D'Ascenzo—To be honest, I am not sure why the Ombudsman's report was not tabled. I can speak to the Ombudsman, see what the background is, and perhaps report back to the member.

CHAIR—Could you do that as it is an area that we pursued? Are people ready to go to the big end of town?

Mrs BRONWYN BISHOP—Just before we do I notice, commissioner, that you are aiming to reduce the number of people who are permanent staff as a percentage of your entire workforce from its current 82.5 per cent down to 35 per cent, and to increase part-time staff from 9 per cent to 25 per cent. That is an extraordinary figure!

CHAIR—Could you just—

Mrs BRONWYN BISHOP—How will that impact—

Mr D'Ascenzo—Could I answer that?

CHAIR—We will get to that at another time. I will not be interrupted again, Mrs Bishop. We are looking at debt collection. We have looked at the failure of employers to put away a superannuation guarantee. I know that you have been doing some data matching in relation to the cash economy and tax havens, et cetera. I am interested to know some specific things.

I refer first to luxury car and marine craft sales information that you are using to match up with people's declared incomes. I would like some information on why you are doing that, how that has come about and what has been the recovery rate. On the issue of tax havens that we have pursued previously, we would anticipate more activity in that direction. Internationally there have been statements from the United Kingdom, for example, about needing to pursue that on an international level. What is your involvement with international discussions about tax havens?

Mrs BRONWYN BISHOP—And add to that that how the 35 per cent will impact upon the job that you have in hand for that and what we have already been discussing.

CHAIR—I think we will look at those staff matters.

Mr D'Ascenzo—The conspicuous consumption aspect of it is only one small part of it, which is matching luxury cars and marine vehicles.

CHAIR—Do you use anything else—property, et cetera?

Mr D'Ascenzo—That is exactly right. That is the point that concerns us. This is only a small part of it. In fact, the direct revenue from that is not high. There are figures in the brief but it is only of the order of about \$1 million recovered from our examination of those last year. We do

other things that are more productive relating to share and property registries. We are getting all that information now online.

CHAIR—Do you get full cooperation from other agencies regarding matching that data or collecting that data?

Mr D'Ascenzo—It has taken a long time but we now have full online information from the state of property registries. That is a big part of our work in the property area. We now match about 400 million items of information as part of our data-matching activities.

Mrs BRONWYN BISHOP—How is your betterment tax?

Mr D'Ascenzo—With the betterment tax we cannot just work off a matching system of that nature. Basically, you use that and you then start asking taxpayers to explain the differential if they can. It is a little risky just to go off on a matching exercise on your own.

Mrs BRONWYN BISHOP—And when you have done that do you go to a betterment assessment?

Mr D'Ascenzo—We can. We do not do betterment assessments that much.

Mrs BRONWYN BISHOP—Why?

Mr D'Ascenzo—Because they are very intensive and you get through only one or two taxpayers a year with a heavy resource, and you really need to cover a wider field of activity.

Mrs BRONWYN BISHOP—So it is a useless pavilion?

Mr D'Ascenzo—It is always there, and there are cases when we might use it in appropriate circumstances. But I think in the general run of cases we do audits of them, we find discrepancies, and we then raise assessments based on the fact that certain amounts have not been included in the taxable income, or certain amounts have been over-claimed. That is what our usual work is in the cash economy rather than trying, painstakingly, to work through all the lifestyle influences of a particular taxpayer, and we work out an outcome at the end. In our view, it is a little more efficient, but that provision is there. In a sense, the old 166 or the 167 really achieves the same outcome. The other question was?

CHAIR—Tax havens and tax information exchange at an international level.

Mr D'Ascenzo—Ms Granger has been involved there. We have had a large involvement with the Joint International Tax Shelter Information Centre and with the OECD's Centre for Tax Policy and Administration. Basically, we are working in an international environment and encouraging good relationships with our counterparts in other countries. Wickenby plays into the space of tax havens in particular. Last year we issued a tax haven booklet. Following that, we were asked by the US Senate to make a submission to their review. I think we currently have five tax information exchange agreements signed with overseas countries.

Senator BARNETT—They have not come into force yet. Why is that?

Mr D'Ascenzo—Some have.

Senator BARNETT—Antigua and Bermuda. You have just signed one with the Isle of Man.

Mr D'Ascenzo—Some have and some have not.

Senator BARNETT—Can you advise which ones have and which ones have not and why they have not come into force? I know that some were signed in October 2007.

CHAIR—Ms Granger, you are going to give a full answer to that question, too.

Senator BARNETT—I am happy for you to take it on notice if you do not know.

Mr D'Ascenzo—I know some have because we have asked for information from at least two of those jurisdictions.

Ms Granger—Coming into force is a matter between both countries. Obviously, there needs to be agreement for that process. I have a couple of things that I thought might be of interest to the committee. As the commissioner mentioned, we are working with a number of international organisations. Of course, it is extremely important time to be participating. Just recently, as part of the JITSIC group, we announced a couple of things, including, first, that a new member is joining—South Korea is joining that group. It currently consists of the UK, the US, Canada, Japan and Australia. That group has been focused basically on detecting new cross-border schemes. We have set priorities for that group that focus on the global financial crisis and, in particular, unpacking and understanding complex losses and how they play out across jurisdictions. Naturally enough, all of us are concerned about the risk of artificial losses being claimed in our tax systems. There is also a focus on artificial structures, particularly involving the very wealthy, and also streamlining transfer pricing processes. Most of these jurisdictions have had a strong focus on transfer pricing for years. As you would know this can take some time to do.

On the exchange of information question, I thought this might be of interest to the committee. The level of exchange of information has improved with treaty partners as the capacity to automate has improved. We have talked about that a little at previous committee hearings. Last year, for example, we provided 1.8 million pieces of information to other treaty partners and we received a bit over 500,000 ourselves. Among other things, that has informed programs like the debit card projects. It can be at that level or it can be about interesting information. We might receive a whole range of things in that context that are then used as part of our risk selection process.

In relation to tax haven activities, there are probably two things that might be of interest in terms of results. This is just for the year-to-date. There have been 216 cases involving the raising of \$151 million in liabilities. From our voluntary disclosure project that we have been operating for some time, we have 1,122 disclosures relating to liabilities of \$11.4 million. We actually had more disclosures than that; we had over 3,600. But in many of those cases we said it was fine, because it was—people were just checking or it was something we could do that was really small on a go-forward basis. These were the ones that led to adjustments. It was roughly one-

third of all cases. We have also conducted 477 reviews and that resulted in liability of \$2.9 million. I think you have the figures for project Wickenby in the report.

CHAIR—Yes, we do. Was your submission to the US Supreme Court?

Mr D'Ascenzo—The Senate.

CHAIR—What do you anticipate some of the benefits might be from that review and for us and our tax administration?

Mr D'Ascenzo—One of the broader strategies has been to add Australia's energy to pressure on tax havens, particularly those with bank secrecy provisions. We are only a small player in the international field in that regard, but together with partners like the UK, the US and others there has been significant pressure put on a range of countries to review their tax secrecy and transparency issues. We have recently seen countries like Switzerland, Liechtenstein and others saying that they are now looking at reviewing it. We are only a small player, but I think we have contributed to that overall global push back on lack of transparency in some of these jurisdictions.

CHAIR—Are you optimistic that there will be improvements given the crisis we are facing?

Mr D'Ascenzo—I think some countries have recommitted themselves to that. Countries particularly in our region have recently indicated that they will review their exchange of information provisions, like Singapore and Hong Kong. I think they are looking to position themselves for genuine banking activities and not activities that are probably minimal to their economic—

CHAIR—Is that the thrust of your submission, or were other matters covered in your submission to the US Senate?

Mr D'Ascenzo—We highlighted lack of transparency as the biggest area of concern to us.

Mrs BRONWYN BISHOP—How many people do you have employed on the more 'glamorous' areas of tax collection?

CHAIR—Can you expand the answers on the employment situation and resourcing that Mrs Bishop asked about previously?

Mrs BRONWYN BISHOP—Yes. What percentage of your resources is dedicated to these sorts of areas? What sort of outcome do you get in measurable terms? Please answer the question about going from 82.5 per cent and whether or not the people who are on this more glamorous side of tax collection are permanent employees or whether they will become part-time too?

Mr D'Ascenzo—Actually, you would find that most parts of tax administration are not corralled or done in one area.

Mrs BRONWYN BISHOP—I reckon a posting to Switzerland would be pretty glamorous.

Mr D'Ascenzo—We do not have anyone posted in Switzerland.

Mrs BRONWYN BISHOP—Anyone in Liechtenstein?

Mr D'Ascenzo—No-one in Liechtenstein.

Mrs BRONWYN BISHOP—Who is the roving person?

Ms Granger—We have two people who are posted overseas, Mrs Bishop, and they are posted on an annual basis. They are in Washington and at London JITSIC. That is it. Of course, as part of cooperating internationally we go to meetings. We try to do those if we can by conference call and video conference as much as possible.

Mrs BRONWYN BISHOP—I will not ask for details of who goes where. However, I do want to know whether these people who are working in these areas are part-timers or whether they will be kept on as full-timers. How many of them are there and what percentage of your spend goes there?

Mr D'Ascenzo—I think you are under a misapprehension about what was reported in the newspapers. We have no firm view to make those changes as you indicate.

Mrs BRONWYN BISHOP—What are the plans?

Mr D'Ascenzo—Our plans are to look at capability and the new business model for operations. You will see that in our draft corporate plan.

Mrs BRONWYN BISHOP—And that is?

Mr D'Ascenzo—We have not developed it yet.

Mrs BRONWYN BISHOP—Where did these figures come from? Did someone make them up?

Mr D'Ascenzo—No. People are looking at a range of options that are available. This was one of the options that was put forward as a suggestion. It was picked up and put into the media and all of a sudden it has become folklore.

Mrs BRONWYN BISHOP—And with good cause, because I find it pretty alarming.

Mr D'Ascenzo—The reality is that you are not going to be able to run our operation on a 35 per cent non-ongoing basis, because that is not the way our department operates.

Mrs BRONWYN BISHOP—So we can have an assurance today that that will not happen?

Mr D'Ascenzo—We are not going to get to those levels.

Mrs BRONWYN BISHOP—What rate might we get to? We have already paid out 133 contracts.

Mr D'Ascenzo—Actually it is more than that.

Mrs BRONWYN BISHOP—How many?

Mr D'Ascenzo—Plus another 70.

CHAIR—These are your non-ongoing?

Mr D'Ascenzo—That is right.

Senator BARNETT—How many in total?

Mr D'Ascenzo—On those figures it is 203.

Mrs BRONWYN BISHOP—Were they all working in one area or in several areas?

Mr D'Ascenzo—It is all a part of our operations areas.

Senator BARNETT—Which operations?

Mr Butler—The business model that the commissioner alluded to affects the operations area not the whole tax office. I think what happened was that the model was shared during our agency agreement negotiations with the unions. That was taken as a blanket ATO approach, which as the commissioner clearly indicated, it is not. Our operations area covers debt management, our call centres and all our processing work for tax returns and things such as payments.

Mrs BRONWYN BISHOP—Does that mean we will be losing people collecting the superannuation guarantee charge?

Mr Butler—No. We have a number of people who are non-ongoing staff on fixed-term contracts. They were due to finish their contracts on 30 June this year. We decided because of budget pressures and a range of other things to finish their contracts at the end of December.

Mrs BRONWYN BISHOP—That is because you are in debt to the tune of \$127 million in overspend.

Mr Butler—Fortunately compliance released some staff to help with our workload. So we were able to use permanent staff to try to balance out—

Mrs BRONWYN BISHOP—They were GST compliance staff. What is going to happen to the GST collection?

Mr Butler—We are always making trade-offs and balances on these sorts of things. Certainly, we have been striving very hard to find the right balance. We do have peaks and we recruit staff for those peaks. They are usually on a non-ongoing basis or a mixture of arrangements.

Mr BRADBURY—At the last hearing I asked you about the additional workload the government was asking you to undertake, including work on the ETS, which I note you mention in your report today. You have some significant roles in the ETS and in relation to the bushfires. That was commendable work. There was also the tax payment and all these things we did not know about in October last year that have increased your workload. My colleague Mrs Bishop was talking about the \$127 million overspend. I understand it is \$80 million. You have a big problem with the change management program, which we will get to in a moment. Are you resourced well enough to undertake your duties to administer the Tax Act, commissioner?

Mr D'Ascenzo—I said in my opening statement that we have a heavy workload and a large responsibility for the country. Would I like more resources to take on those responsibilities? Governments of the day have to make those sorts of choices.

Mr BRADBURY—The government of the day is also putting a 3.5 per cent efficiency dividend on you at the moment at the same time as saying you have more work to do, which is important work. I commend you on the work that you are doing, whether it be Wickenby, the tax payments and so forth. I am concerned that your agency does not have the resources it needs to do the job that we expect you to do.

Mr D'Ascenzo—You will see in my report that I have indicated that we do what we have to do. If we had more resources we would cover more things. There are things that we would like to do that we cannot.

Mrs BRONWYN BISHOP—You were given specific money for Wickenby, and for the tax collection—

Mr D'Ascenzo—There is an income tax expansion that includes a particular focus on high wealth and large—

Mrs BRONWYN BISHOP—And you were given extra money for the superannuation.

Mr D'Ascenzo—Yes, we were given extra money for that as well.

Mr BRADBURY—What do you put the \$80 million in deficit down to?

Mr D'Ascenzo—As Mrs Bishop correctly said, it was actually much higher. We are working on the higher figure; I think the \$120 million is last year's amount. Even earlier this year, if you look at our October corporate governance, which is in the materials, we were looking at about \$140 million overspend. We are very concerned about that. Part of that has led to the hard decisions we have had to make in terms of terminating some non-ongoings and part of it means a whole range of thrift strategies across the organisation. There is some work that we would like to do but we have to risk manage our resources to higher priorities. We are pinning that down, we hope, to something like a 2.8 per cent overspend at the end of this year. That is what we are budgeting for. That is part and parcel of running a big organisation.

Mr BRADBURY—You referred to your plans for the operation in response to questions from Mrs Bishop about the reduction in the work force and so forth, or the reduction in permanents. That is one of the plans—

Mr D'Ascenzo—But I do not think it is in concrete. These are suggestions and proposals in working to a development of the plan.

Mr BRADBURY—This was obviously part of a consultation you were doing with your employees.

Mr D'Ascenzo—That is right.

Mr BRADBURY—I am will happy to table this article by Steven Scott in the Australian Financial Review of 13 February 2009, in which he quotes those figures as ATO plans, and then refers to negotiations with the ASU. You are obviously going through a difficult time with your employees and clearly the union is making some of this information public as part of that campaign. Is that an additional pressure in your wage negotiations with your staff?

Mr D'Ascenzo—Again, I want to emphasise that as plans they are ideas people have which are yet to be explored and ratified by the ATO at any senior level. It is basically just some ideas—

Mr BRADBURY—It was not reported like that.

Mr D'Ascenzo—with our change program. That is why I think this is a good opportunity for me to make it clear that we are looking at making sure that our operations are as efficient as possible. I cannot run an organisation that is inefficient. I do not think the committee would expect that of me.

Mr BRADBURY—No, but we expect you to administer laws. That is what I am concerned about.

Senator BARNETT—It is in your report today, with respect. You have said specifically in your report at page 20 that you are making tough decisions about the early termination of some non-ongoing staff.

Mr D'Ascenzo—That was Mrs Bishop's example of the 133—

Mrs BRONWYN BISHOP—I find it ironical—

CHAIR—I think it is Mr Bradbury's turn. Thank you, you have been very patient, Mr Bradbury.

Mr D'Ascenzo—That is a different issue from what Mr Briggs was talking about.

Mr BRADBURY—I want to ask a couple of questions about a few of the topics we have just gone through. On the international tax haven issue, when we last met there was a discussion about the Liechtenstein foundations. Commissioner, you indicated that your preliminary view

was that hybrids of that sort would probably fit within our attribution regime, but that you would need to seek further advice on that. If advice to that effect was forthcoming then you would be acting upon that. Can you provide—

Mr D'Ascenzo—I have had advice, but the question is whether we know who is controlling those assets. It is still a question of having to find that control issue. But once we have found it, we would be investigating those matters and taking the law to its provider as a result.

Senator FEENEY—Was it not also that we were dealing with entities that our system did not comprehend?

Mr D'Ascenzo—I think the fact that that exists adds an extra layer of complexity and issues and provides another argument for people to say because we are something different we do not fall within this provision or that provision. That was why I mentioned to Mr Bradbury that my preliminary thoughts were that it looked like some sort of entity, whether it be a trust or otherwise, and I thought there would be a good argument to put to the courts if all the other criteria met a liability to take it that way.

Ms Granger—In the context of the cases we are looking at, the key question and the bigger risk is what was the source of those funds to start with rather than what was the income of the entity. That may well be of interest, but it is how those funds got there and whether they are in the nature of income that ought to have been declared.

Mr D'Ascenzo—Sometimes they do not make any actual income from the assets themselves. So the question is one step removed. Are they income in the first place?

Ms Granger—And where do they go?

Mr D'Ascenzo—And how they might seek to repatriate or bring them in in some other way.

CHAIR—And they certainly did not pay tax on it.

Mr BRADBURY—In relation to the LGT group, can you provide us with an update as to what action may have been taken since we last met about the information that was forthcoming out of the disclosures?

Ms Granger—Off the top of my head, we had about 20 cases to do. I do not have the liability-raised cases, but nearly all those are completed now. I think that was where we were at last time. I think there are one or two where there are position papers yet to be finalised. That does not mean that that will not necessary be disputed. I will get you a more precise answer, but there is good progress on that.

Mr BRADBURY—I go back to the issue that was discussed a little earlier in the context of conspicuous consumption, betterment assessments and things of that type. One issue is often raised with me in the community, particularly when high profile cases come before the courts. Quite often we see that individuals who have been involved in organised or disorganised criminal activity have been displaying overt signs of wealth for a considerable period of time. The real mystery has been the source of that wealth. On the face of it, it would appear not to

have been earned necessarily through the legal industrious efforts of the individuals concerned. People see some of these matters come before the court and they ask the very legitimate question: How has someone been allowed to go undetected for so long living such a lavish and extravagant lifestyle? Can you comment on, first, the ATO's approach to those cases and, secondly—and I think more significantly—the extent to which there is any dialogue with other agencies? If we take Wickenby, for example, tax is principally the big issue in the range of issues. But in some of these other cases tax might not necessarily be the big issue; criminality of other sorts is bigger. What does the ATO do in those cases and how do you liaise with other agencies?

Mr D'Ascenzo—That is a good question. When it comes to the criminal element, we have a serious noncompliance area and we do chase up a number of those over time for tax purposes.

Mr BRADBURY—They may not be that serious in their noncompliance from a tax perspective in some cases as well, but they are non-compliant and engaged in illegality.

Mr D'Ascenzo—I understand. We do focus quite a lot in that area—allotting up the income that should have been declared in relation to some of those activities. We do have some information in terms of revenue collected. But the more important issue—and I think this is what you are getting to—is what work we do with other law enforcement agencies. Certainly, I agree with you that it is much better for us to work with other agencies on a whole-of-government basis, including state government police forces. I think a lot of that has improved over time.

Project Wickenby has been a forerunner of trying to provide a model or template for how these task forces can work. We have worked quite a lot on the Victorian crime matters as part of AFP work. As commissioner, I am an observer on the Australian Crime Commission board. I have been seeking amendments to the law to add to the profile of the ATO and others. The reason for that is that crime can be handled at different levels. Part of it has a revenue and forensic analysis perspective that we can provide some input to. The direction I have been trying to set for our serious noncompliance area is to work as part of these task forces in areas of criminality that is seen by the commonwealth as an area of high risk and to play our role in the bigger part of the game. If that is the direction you are suggesting, I totally agree with it.

Mr BRADBURY—Do you see Wickenby perhaps becoming the basis for initiatives of that sort domestically to tackle organised crime, motorcycle gangs and underworld figures?

Mr D'Ascenzo—Exactly right. In fact, through the auspices of the Australian Crime Commission, we would add our resources to joint task forces of that type.

Mr BRADBURY—Are there any legislative barriers that preclude or make it difficult for you to undertake that or would it require new legislation?

Mr D'Ascenzo—One of the benefits of Wickenby as well has been to have in place legislation that allows the government to include through regulation activities other than just this project, where there can be more exchange of information on a multilateral basis between the parties involved in the task force. We have already set up the platform upon which that better cooperation and taskforce approach can apply across the commonwealth. There may well be

some other law improvements that could help that. Part of our exercise is to explore that on a whole-of-government basis and put those recommendations to government.

Mr BRADBURY—At the moment, if you came across an individual who is living a lifestyle that is not commensurate with their assessable income or their income as far as you can ascertain, is there an automatic process of alerting anyone else in any other agency about that?

Mr D'Ascenzo—We can provide information to them where it is a serious crime, because there are provisions in our law that allow us to exchange information where there is a serious offence. We have certain hurdles, so we cannot do it for minor offences. But for serious offences there is an opportunity for us to provide them with information and for them to provide us with information. In fact, I report on that in my annual report.

Ms Granger—If it is simply hiding assets and income for tax purposes, that would be a direct referral to the DPP for potential prosecution. But what you are referring to is where we think the source of funds is itself a criminal activity. As the commissioner said, there are provisions in our secrecy laws that allow us to refer information in those sorts of circumstances when it is a serious crime.

Mr BRADBURY—What is the threshold there?

Mr D'Ascenzo—It has to be suspicion of an indictable offence. I might be wrong, but it is of that order.

CHAIR—Senator Feeney, do you want to pursue that or have your questions been answered?

Senator FEENEY—I have a couple of questions. Apropos that line of questioning, obviously in the fight against organised crime the integrity of your own agency then becomes a critical matter. I understand Tony Fitzgerald QC was commissioned by you to write at least one report. Can you clarify whether that report has been concluded and provided to you and whether you have asked him to do a second report? I am unclear on that issue.

Mr D'Ascenzo—There was a Fitzgerald report. It came up in terms of a specific example of whether or not it was proper for an ATO officer to have informal dealings with people who had a criminal background. The report was provided to me to indicate the action we took to suspend the officer was proper.

Mr BRADBURY—Did that report go to the specific instance of alleged reporting of information between that officer and that alleged crime figure?

Mr D'Ascenzo—There was no finding of that in that report. Because of the issues you mention, we also asked Mr Fitzgerald to go into the wider issue and give us some guidance about what sort of proper checks and balances we need to implement to ensure that the integrity of our people is protected.

Mr BRADBURY—That was a second, wider report?

Mr D'Ascenzo—I do not think Mr Fitzgerald himself will be doing it, but we have commissioned another report following that exercise.

Mr BRADBURY—And those reports are confidential to you?

Mr D'Ascenzo—The advice of Mr Fitzgerald was that that should be confidential, but the outcome in terms of the recommendation in relation to the particular matter has been made public.

Mr BRADBURY—I understand your internal affairs department has concluded a related report.

Mr D'Ascenzo—That is right. I think we had another review about the processes between ourselves and police forces and so on in terms of exchange of information. That report has been provided to me. We agreed with the recommendations, which were to tighten up our processes, but it generally found we did a reasonably good job.

Mr BRADBURY—Are you saying there was no finding of any improper transfer of information from the ATO to other persons?

Ms Granger—I think it was more in the nature of the fact that we needed to tighten up procedures. That second report was mainly looking at referral of information to other agencies.

Mr BRADBURY—So there was no finding about previous conduct or previous information transfers?

Ms Granger—I will have to go back. I think there were some where they said a better process would be appropriate. This was focused more on what the commissioner was saying about referring information to other agencies. It was in that context.

CHAIR—Was any action taken?

Mr BRADBURY—I will persist with this if I may. As others are now saying, obviously we are now dealing with very important issues. I very much respect the fact that some elements of this should and must remain confidential to you, commissioner. But we obviously look to you for assurance that organised crime figures and 'rogue investigators' in your department are not collaborating. I wonder if Tony Fitzgerald's report or your internal affairs department's report can give us some assurance on that important issue.

Mr D'Ascenzo—Let me review both of those reports and provide the committee with my summation and we can see.

Senator FEENEY—Have either of those reports given you reason to liaise with other agencies—the AFP or others?

CHAIR—Or have you had to dismiss any staff or take action against them?

Mr D'Ascenzo—We already took action beforehand. The first report was to say whether the action we took to dismiss one of our officers was proper. That was the genesis of the first one. They said it was proper for us to do that.

Mrs BRONWYN BISHOP—It is more important than that; it is about prosecution too, is it not?

Senator FEENEY—It depends on the evidence, of course.

Mr D'Ascenzo—It was just the mere fact of someone who may have been in the company—

Senator FEENEY—A relationship with someone who was not a fit and proper person.

Mr D'Ascenzo—That is right.

Senator FEENEY—Obviously the anxiety is that some of these relationships might be systemic. That is where we are looking for you to provide information.

Mr D'Ascenzo—I am happy to provide the thrust of the report. We have accepted the recommendations. We see it as a good check and balance of what we already do. It is not indicating to me an area where anything is broken.

Senator FEENEY—Sure, but obviously as Mr Bradbury's line of questioning reveals, you can play a terribly important role in fighting crime. It seems that criminal organisations may have worked this out as well. We want to ensure you are able to fight and not inadvertently abet crime.

Mr D'Ascenzo—We are very happy to work with the committee in trying to provide that level of confidence, because the direction is consistent with the directions we have taken ourselves.

Ms Granger—The second review actually came from some issues being raised by our own staff about whether we were getting processes right in terms of some of our distribution to other agencies. The report did not identify any endemic or systemic issues concerning secrecy and disclosure of information. But it made a range of recommendations about improving that process. That does not go to your first question about the Fitzgerald report, which was focused, as we said on that—

Mr BRADBURY—But we have evidence that Roberta Williams' tax information has been looked at. We also have information that other persons being tried in the relation to the Purana Task Force have had their tax records improperly looked at.

Ms Granger—I can simply clarify—

Mr BRADBURY—It is a great relief if you have found that none of that is systemic.

Ms Granger—I am clarifying—

Mr BRADBURY—For our part that is a very anxious—

Ms Granger—what the second review was about. I did not want you to be misled that that was also looking at quite the same territory. It was actually looking at a slightly different issue. That is simply the point I was making. We will need to come back to you on the other issue.

Mr D'Ascenzo—I am happy to write a report covering what I think is the thrust of those recommendations. Trying to open up the right balance—

CHAIR—And the changes you have made as a result. Senator Barnett, you wanted to go on to Wickenby.

Senator BARNETT—Yes, but I would like to get something clarified on the record about the High Court challenge to the tax bonus. You said that you will not proceed with the tax bonus payments until that challenge is resolved in the High Court.

Mr D'Ascenzo—I would probably have to get advice from the Attorney-General if we did not get a decision. There is a range of scenarios that might be possible. If counsel's advice is that they believe that the High Court might be favourable to it and the length of time is short, you might take that into account.

Mrs BRONWYN BISHOP—Somebody might be taking out an injunction.

CHAIR—You will be guided by the Attorney-General's advice to you.

Senator BARNETT—You would be waiting on legal advice?

Mr D'Ascenzo—I would be waiting on legal advice.

Senator BARNETT—From the Attorney-General's office?

Mr D'Ascenzo—Yes.

Senator BARNETT—Thank you for tabling your report. Based on the figures, you have collected a dollar for every \$3.16 that has been raised as a liability. My understanding is that there is an expense of about \$200 million over the past four years and over the seven-year project it is estimated to be about \$300 million in costs to the taxpayer. Can you correct or confirm those figures? What are your target collection figures? How many audits are currently underway and how many people are you currently investigating?

Mr D'Ascenzo—I think the figures are correct. It is a seven-year project. It had a cost of something like \$300 million across a range of agencies. The estimated return in terms of direct dollars and compliance effect in relation to the people who came within the project was in the order of \$400 million over that seven-year period. We are actually not that far away from those amounts. What has always been the key to project Wickenby is the signal it sends. It is very hard for us to provide an accurate figure for the deterrent effect.

CHAIR—Wickenby was going to be a three-year project, but now you are saying it is a seven-year project.

Mr D'Ascenzo—No, it was over a period of time. I am not sure it was seven years.

CHAIR—It was \$700 million over seven years and \$500 million has already gone.

Mr D'Ascenzo—No, that is not right. That is a different project—income tax expansion. Wickenby is over four years. I think I am right.

Ms Granger—It could be six.

CHAIR—Any advance on six?

Mr D'Ascenzo—There are various different stages.

CHAIR—But it is not all spent at the moment.

Mr D'Ascenzo—No, it is not all spent. We can confirm the specific dates.

Senator BARNETT—Will you take that on notice?

Mr D'Ascenzo—Yes. We were looking at \$400 million and at the moment we have collected \$90 million in direct revenue. The tax returns of people we have contacted as part of project Wickenby have increased by an extra \$75 million from the base. There is \$75 million-odd in assets restrained. If you add all that up, it is not a bad outcome to this point in time.

Senator BARNETT—You consider it not a bad outcome at this point in time.

Mr D'Ascenzo—That is right.

Senator BARNETT—You have had only three convictions.

Mr D'Ascenzo—We have had 40 charges.

Senator BARNETT—But three convictions.

Mr D'Ascenzo—You will see them start to increase.

CHAIR—As you said, the deterrent value is hard to quantify. That is the improvement.

Senator BARNETT—I asked how many audits you had conducted and how many people you are investigating.

Mr D'Ascenzo—The people is a little hard. We have figures for audits; they are in the papers.

CHAIR—We are running out of time. I know Mr Briggs wants to raise the change program and Mrs Bishop wants to raise—

Mrs BRONWYN BISHOP—The Australian film offset acquittal year.

CHAIR—We will have to wrap up on the Wickenby issue if you are happy now.

Mr D'Ascenzo—It is in the order of 500 cases.

CHAIR—Mr Briggs would like to address the change program.

Mrs BRONWYN BISHOP—I would like further information about the request from the Australian film industry that it get the same advantages with regard to the substituted accounting period that overseas-owned film companies get. Can we pursue that? Can I have someone to discuss that with?

CHAIR—You are looking for some harmonisation, Mrs Bishop?

Mrs BRONWYN BISHOP—Yes I am, because at the moment they are disadvantaged. They can only do it at the end of the financial year.

Mr D'Ascenzo—I will make sure someone makes contact with you, Mrs Bishop.

Mrs BRONWYN BISHOP—Thank you.

CHAIR—We have heard the change program described as a basket case, but we are hoping that you might illuminate that issue.

Mr BRIGGS—We talked about this at the last hearing. Given the time, I will be brief and flag that I will have questions about it the next time we meet. I do appreciate today; it has been well worthwhile. I suggest that we need longer next time, chair.

CHAIR—I take that point and I agree with you.

Mr BRIGGS—I want to raise a couple of points. Has Boston Consulting been brought back in to look at the program and, if so, at what cost?

Mr Butler—Boston Consulting has not been brought into the program.

Mr BRIGGS—So Boston Consulting Group is not doing any consultation with the ATO on the change program or the IT systems?

Mr Butler—The change program, no. To my knowledge they are not doing any work on IT systems more broadly. They are doing other work in the ATO.

Mr BRIGGS—When did Boston Consulting come back in to do some work? They did some work previously, as I understand.

Mr Butler—They are doing some work in our IT area about some of our structures the business as usual IT area.

Mr BRIGGS—How much is that costing?

Mr Butler—I would have to take that on notice; I do not have the figure.

Mr D’Ascenzo—They are also involved in reviewing our procurement of some of the infrastructure that we are acquiring, because our older contracts are running out.

Mr BRIGGS—Was that work tendered?

Mr D’Ascenzo—I think it was, but we will take that on notice.

Mr BRIGGS—How much are you paying Boston Consulting Group and over what period have they been contracted?

Mr D’Ascenzo—That would all be publicly reported to you in the annual report. I will see if I can provide that.

Mr BRIGGS—It has been reported that the change program has blown out from \$350 million originally to \$725 million. How much was Accenture paid for the work it has done?

Mr Butler—I responded to the media recently that \$435 million has been paid since 2004. That is predicted to be paid to the end of the proposal, not just to date. The original estimate was not \$350 million. I have mentioned that numerous times to the media; it was \$450 million. There was approximately \$200 million for superannuation changes that were put in place a couple of years ago. They had to be put in quite quickly, so we had to build those into the change program and the legacy systems. The starting point was really \$650 million compared to \$725 million.

Mr BRIGGS—So it has blown out, but not by as much as has been reported.

Mr Butler—I would not use the term ‘blown out’; it has been delayed.

Mr BRIGGS—Sure.

Mr Butler—There have also been other law changes. When we signed the contracts in 2004 for a fixed price, that was as the law stood at that point in time. For instance, next year we will have the business activity statement finished, so we will have to take into account all the law changes during that period. If it adds complexity to the system, then Accenture is entitled to put in a change order requesting payment for that extra work.

Mr BRIGGS—Is it correct that Accenture is not doing stage three?

Mr Butler—Accenture is committed to the end of the program. By December next year—2010—are we will have completed all our systems build and testing. We plan to deploy the business activity statement in January 2011.

Mr BRIGGS—Presumably with a contract involving such a large amount of money they had certain key performance indicators they had to meet. Have they met those indicators? Are they still up for review and are there any payments linked to meeting those sorts of things?

Mr Butler—It is a very big contract and it is very complex because of that. There is a whole range of warranty payments, performance levels and quality that they have to meet. We do rigorous testing around those things. We have delayed some payments because the warranty was not up to the mark, in a sense. Essentially, we are working very closely with Accenture to deliver. It was a massive undertaking for the ATO. There are challenges, but we are now well placed—

Mr BRIGGS—It is a massive amount of money to pay a company to do it.

CHAIR—Over what period do you expect that program to be implemented?

Mr Butler—We will have finished by the end of the next calendar year—2010. By the end of July this year we will finished what we call ‘income tax’, which is the main individual and company tax systems. We are taking almost a belt-and-braces approach. We will technically deploy, as it is called, from 1 July this year. We will process all the individual and company tax returns through the legacy system. At the same time, we will do extensive processing through the new system. In January 2010 we can then turn it on to ensure it works. This is something that everyone uses—the whole of Australia. It is similar with the business activity statement. We will have that completed by 1 July next year and there will be a six-month parallel run, as we call it, to December 2010.

CHAIR—Thank you, everybody. There is change we can still believe in, Mr Butler.

Mr Butler—Going back to the superannuation guarantee debt collection, I was able to confirm that 100 per cent of the debt we collect is paid into superannuation funds for people. There is no offset at all in that for ATO costs.

Mrs BRONWYN BISHOP—I am interested in the person I might get in touch with about the film industry issue. Overseas owned companies here get to finish their acquittal year earlier than the end of the financial year. I think it is unfair and it would be helpful—

Mr D’Ascenzo—I will certainly ensure that someone makes contact with you soon after this meeting.

Mrs BRONWYN BISHOP—That would be lovely.

CHAIR—We asked for a lot of information on notice and we cannot write up our reports until we get it. We already have one outstanding report, but that is our issue. I hope you will contact me as chair if this some information that can be provided very quickly. If there are questions that will take a lot longer to answer, I would like to be able to inform the committee so that we can make a decision about our reporting.

Mr BRIGGS—I have some other questions that I would have liked to ask. Can we put further questions on notice?

Mr D’Ascenzo—I hope so.

CHAIR—They would have to be submitted to the secretariat within the next week.

Mr BRIGGS—I will have them to you by the end of the week.

CHAIR—If the committee has any further questions it will submit them. On behalf of the committee, I thank all the witnesses who have given evidence at the public hearing today. Obviously you are in great demand and we look forward to longer meetings in future.

Resolved (on motion by **Ms Grierson**, seconded by **Senator Barnett**):

That, pursuant to the power conferred by section 2 (2) of the Parliamentary Papers Act 1908, this committee authorises publication of the evidence given before it and submissions presented at public hearing this day.

Committee adjourned at 1.07 pm