

Commissioner's Opening Statement - Estimates 28 Feb 2018

Good afternoon Senators,

It is about 4 months since we were last together - in the last week of October 2017 and there have been some notable performance moments to help build trust and confidence in the ATO itself, and the tax system more generally

Tax Time 2017 finished up very well – in fact the most successful ever in terms of ease of experience, client satisfaction, and speed of return processing and issuing of refunds. More than 5.8M refunds (that's nearly 75%) issued within 5 days of lodgement and more than 6.6M refunds (nearly 85%) issued within 7 days. Compare that with 2014/15 where no refunds had issued within 7 days!

Also, complaints were down by around 30% - a good indicator things went well.

We have embarked on a longer term IT Improvement Program to build resilience, capability and performance of our systems – to ensure that the back end is fit and secure for contemporary digital services, the rising traffic and volumes of data and the increasing expectations of users.

We are determined to provide quality services to the community and the tax profession and we are making good progress, albeit a long, large and complex undertaking. Our systems are complex, have many moving parts built up over a long period and are constantly requiring change to implement new government policies and provide a better digital experience. Just to give you a sense; we have over 100 applications that manage our services to the community, over 2,000 computer servers that deliver those applications and services, we store around 2 Petabytes of data, and in a calendar year, we manage over 6,500 system changes through our production environment.

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Our relationship with the tax profession is very important, and since September we've completed almost 500 visits to tax agent practices to see first-hand how they use our systems. We've also launched a new beta site to test new online services that will become more widely available later this year.

So far, the new functionality has been well received, and we've also had useful feedback for refining the services before they go live to the wider agent population – both through our online services directly with the ATO and via practice management software developed through our partnership with digital service providers.

Since we last met, we've also had the Paradise Papers leak of data from the International Consortium of Journalists (ICIJ). And like the Panama Papers leak, this one also contains information about arrangements of individuals and companies from various countries. There are Australians named in each data set, but I stress not all those named will be found to be doing the wrong thing.

As with the Panama Papers, we have taken an active role in leading the international collaboration of tax authorities to make meaning of the data, put together cases and take action. As you might appreciate when there have been extreme lengths to obfuscate arrangements, it does take some time to put the story and case together before it becomes actionable in an enforcement sense. But let me assure you we will not be deterred from pursuing those we need to go after.

The Tax Avoidance Taskforce continues to achieve results; in terms of revenue, assurance, and engagement with multinationals, Australian public companies, high wealth individuals and associated private companies. Our focus on corporate tax avoidance remains resolute and we have the law, the funding, the capability and strategy to ensure that large corporates are paying the right amount.

We know how important it is that we sustain attention on this segment so that the community has a greater sense of fairness and confidence in the overall tax system.

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We are as active as we have been over the last few years to ensure the right amount of tax is paid in Australia – and we will continue in that vein balancing our attention across all market segments – so that those who are doing the right things get the message that we support them and that we will target and take action with those who don't.

Let me list a few other positive developments and achievements:

- We have introduced a simplified BAS, helping reduce compliance costs for small businesses
- We continue to reduce time, costs and angst in disputes with our early engagement, dispute prevention and resolution
- We've also introduced a new service Dispute Assist for individuals and small businesses that are facing difficult personal circumstances. We've trained our people to identify situations where unrepresented people are under personal duress and need help navigating a dispute. When this happens we provide them with a Guide, an independent ATO person who knows the process of dispute resolution, who helps them through the process. Feedback on this service has been extremely positive
- In December '17, the ANAO found that we use settlements effectively to resolve disputes and the ATO had the highest level of public reporting and transparency when compared to other international revenue authorities
- We refreshed and decluttered ato.gov, removing approximately 5.3 million words (about 45%), and successfully moved it to the cloud giving greater reliability and availability
- And you may be aware we've ramped up our communications and actions to address over-claiming of work related expenses – some of which you may have seen recently in the media

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- Our use of data analytics and behavioural insights to better target and influence behaviour is bearing fruit in lodgements, reporting and payments
- And our visits to various 'cash only' business locations across the country have been useful for finding people who need help, or people who might need further investigation
- And finally, we have retained the services of Dr Simon Longstaff AO, the Executive Director of The Ethics Centre, as our new independent Integrity Adviser. The use of Dr Longstaff is part of our assurance to you and the community that our integrity is intact.

While the Inspector General is yet to conclude his review into Fraud Control Management, there have been a number of ATO self-instigated reviews into our processes and procedures since Elbrus - and there have been no findings of systemic problems or faults. Hopefully Dr Longstaff will be able to provide additional and fresh assurance that all is in order and help us in our quest to maintain trust and confidence in us and the systems more broadly.

Thank you and we are here to take your questions.