

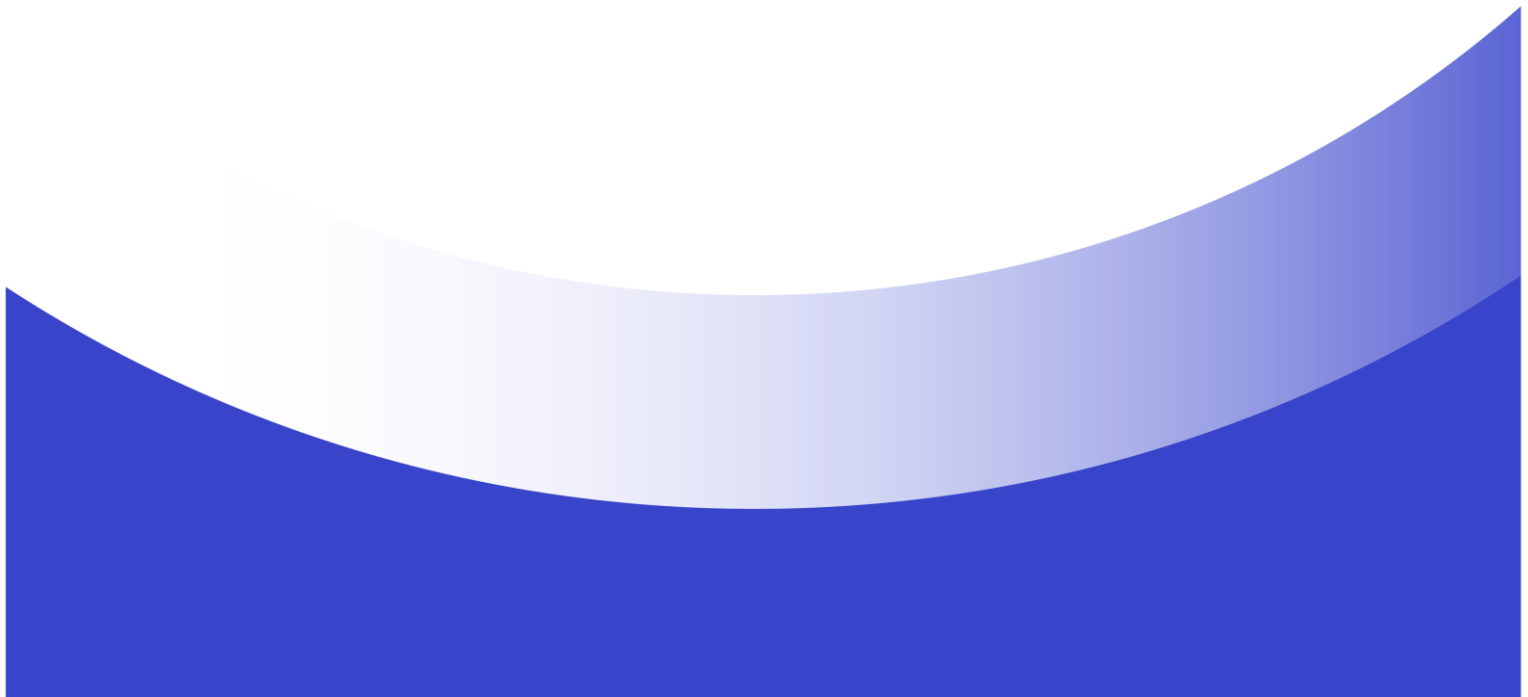


Australian Government
Australian Taxation Office

ATO Submission

Inquiry into Policy and Program Design and Implementation

17 October 2023



Introduction

1. The Australian Taxation Office (ATO) welcomes the opportunity to make a submission to the Joint Committee of Public Account and Audit's inquiry into Policy and Program Design and Implementation.
2. This submission focuses on the Auditor-General Report No. 39 (2022-23) Implementation of the government response to the Black Economy Taskforce Report, to the extent that this report relates to the ATO, and provides some context of the operating environment of the ATO.
3. The ATO requests that the Committee note that the ATO now uses the term 'shadow economy' to refer to economic activities that take place outside tax and regulatory systems.

Auditor-General Report No. 39 (2022–23) Implementation of the government response to the Black Economy Taskforce Report

4. In December 2016, the government established the Black Economy Taskforce to develop an innovative, forward-looking, and whole of government strategy to combat the shadow economy; a significant, complex and growing economic and social problem.
5. The Taskforce made 80 recommendations, and in its response to the report in May 2018, the Government agreed to 27 recommendations.
6. The Australian National Audit Office (ANAO) performance audit focussed on these 27 recommendations.
7. The Auditor-General Report No. 39 2022-23 assessed the ATO as being largely effective in the implementation of Taskforce recommendations that the ATO led or had shared responsibility for.
8. The ANAO made four recommendations in its report; Treasury has responsibility for three, and the ATO has joint responsibility with Treasury on the fourth recommendation (Paragraph 4.24 in the report):

The Department of the Treasury and the Australian Taxation Office review the 'ATO — Treasury Protocol' and establish cross-agency monitoring and evaluation arrangements that would further support evidence-based policy and delivery.
9. The ATO agreed with this recommendation made by the ANAO and are working collaboratively with Treasury towards a target implementation date of 31 December 2023.
10. The recommendation includes two actions which are progressing:
 - I. Review, update and agree ATO-Treasury Protocol - the updated protocol has been drafted with Treasury and is in the final stages of approval by the agency heads.
 - II. Review, update and agree overarching approach to ongoing monitoring and evaluation for policy, programs, and related initiatives.
11. The ATO acknowledges constructive external scrutiny which provides opportunity for improvement. The ATO has used this audit experience to improve the governance of ongoing work to address the Shadow Economy along with other Measures that the ATO is responsible for.

The ATO

12. The ATO's purpose is to contribute to the economic and social wellbeing of Australians by fostering willing participation in the tax, superannuation and registry systems.
13. A key strategic objective for the ATO is to build community confidence by sustainably reducing the tax gap and providing assurance across the tax, superannuation and registry systems. This includes delivering on government priorities, including through our funded taskforces, and our contribution to and implementation of announced measures.
14. The ATO works collaboratively with Treasury and other agencies in supporting government outcomes and leading the ATO's work on design of new policies and law.
15. The ATO uses insights from the data we hold and our understanding of our clients to provide advice to Treasury and government on how proposed policies will operate in practice. The ATO applies technical expertise to contribute to the design of new measures, helping to achieve the policy intent while ensuring integrity in the system and making it easy for taxpayers to meet their obligations or claim their entitlements.
16. The ATO's governance arrangements supports the strategic objective of meeting our commitments to government and the community. These arrangements include:
 - sound governance structures
 - integrated fraud and risk management
 - open and transparent operations
 - being accountable to our stakeholders
17. The ATO remains committed to continuing a strong and coordinated response to target shadow economy activity, protect revenue and level the playing field for those businesses that are following the rules.

Conclusion

18. The ATO is available to respond to any questions the Committee may have and will attend a hearing as required.
19. The ATO looks forward to the outcomes of this inquiry.