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COMMONWEALTH DEPARTMENT OF  
**VETERAN'S AFFAIRS**  
OFFICE OF THE SECRETARY

The Committee Secretary  
House of Representatives  
Standing Committee on Economics,  
Finance and Public Administration  
Parliament House  
CANBERRA ACT 2600

Dear Committee Secretary

I am writing in response to the Committee Chairman's letter of 8 December 1999 in which he invited DVA to make a late submission to the Inquiry into Tax File Numbers (TFNs).

Having noted the comprehensive Australian National Audit Office (ANAO) report and its recommendations it is not necessary for the Department of Veterans' Affairs (DVA) to make a substantial submission.

The report refers at page 31 to the use of the TFN in the data matching program. As one of the Agencies involved in that program, DVA supports the recommendations aimed at improving the effectiveness of the TFN administration. It is noted that the Australian Taxation Office (ATO) has generally agreed with the recommendations. DVA will work with the ATO in the implementation of any approved reforms.

The Department has stringent arrangements for the security of tax file numbers which are monitored by the Privacy Commissioner whose Office undertakes regular inspections of DVA sites.

The Report notes at paragraph 1.14 that provision of a TFN is required as a condition of receiving Commonwealth income support payments. This includes payments made by DVA.

Where an applicant for a DVA pension does not have a TFN and is not exempt from the requirement to provide a TFN, DVA collects the necessary proof of identification documents for the TFN application (the exemption criteria is set out in the attachment). The number of TFN applications handled by DVA is on a much smaller scale than is handled by Centrelink. However, the Department recognises the potential for improved efficiency from Recommendation Number 2 in the Audit report.

The Department also, of course, requires proof of identification documents before approving an income support payment. The level of proof is similar to that required for a TFN. We are therefore interested in participating in a process covered in recommendation number 2 (part a) because, as well as providing possible improvements in TFN administration, it may provide opportunities for improvement in our other proof of identity requirements. It may be possible to align the 2 standards. This may make it possible for the ATO to accept a DVA, or Centrelink, decision on income support payments as meeting the requirement for a TFN. This could provide efficiencies through reduced duplication of checking and also eliminate problems with meeting the ATO's 28 day standard referred to in paragraph 2.28 of the ANAO report.

It is important for eligible income support applicants to be provided with a TFN without delay. It is also important to DVA from an operational viewpoint. The Department therefore strongly endorses the suggestion at paragraph 2.29 for arrangements to meet the 28 day standard.

Finally, I should mention the role TFNs will play in identifying recipients of the Bonuses for older Australians initiative being implemented as part of the tax reform package in July 2000.

Under this initiative DVA, Centrelink and the ATO will write to their eligible clients advising them of the bonuses payable and providing a claim form. Given that it is possible for a person to be a client of more than one of the agencies TFNs will be used to ensure that clients are contacted only once.

Yours sincerely

Ian Campbell  
Ag SECRETARY

13 January 2000

## **Attachment**

In certain circumstances, pensioners can seek an exemption from providing a tax file number. The exemptions were developed with the aim of minimising stress and confusion for groups of pensioners which include the frail aged, the mentally ill, and the physically and/or socially disadvantaged. Exemptions from providing a tax file number are granted to pensioners who are:

- aged 80 years and over;
- profoundly disabled;
- in receipt of a service pension for more than ten years and have additional income of less than \$20 per week (income includes disability pension);
- living overseas;
- recipients of wife/widow dependants pension;
- homeless;
- living in a nursing home;
- non-payee spouses of disability pensioners (where the veteran received a compensation payment only, and the spouse is not in payment, the spouse is not required to provide a tax file number);
- waived (ie., in certain circumstances, the requirement to provide a tax file number may be waived by the Secretary); or
- in receipt of a disability pension only and their income and/or assets preclude them from receiving an income support pension or benefit.