

# **JCPAA biannual meeting with the Commissioner of Taxation**

**Wednesday 30 April 2008**

**Commonwealth Parliamentary Offices, Sydney**

## **Commissioner's Opening Statement**

As you know, the ATO has some 22,000 employees spread over 60 sites all around Australia. We administer more than a dozen Acts and are responsible for about 90% of the Federal Government's revenue, amounting to \$248 billion in 2006-07, including \$39 billion in GST.

We made over \$9 billion in transfer payments, such as fuel tax credits and family tax benefits.

Last year, we processed approximately 18 million payments, managed 22 million accounts and issued over 12 million refunds. We handled over 18 million activity statements and 14 million income tax returns. We took nearly 9 million phone calls to our general inquiry lines and there were over 80 million hits on our website.

It is fair to say that tax and superannuation touches all Australians, whether directly or indirectly. It is also fair to say that our approach to administration influences the confidence and trust that Australians have in their public service and in their government.

This year, overall, our performance has been sound. We are on track to meet budgeted revenue and independent surveys indicate that we are generally seen to be doing a good job.

Our service standard index is higher than forecast but this good result includes some benchmarks that were lowered to acknowledge the impact of major changes to our computer systems. The more progressive deployment of our change program also contributed to better than expected outcomes over the period to date.

In addition, we have now commenced the deployment of the most difficult stage of our change program. This will see the progressive introduction of an integrated core processing system to replace our current separate processing, accounting and registration systems. This phase of the change program, like earlier phases, requires extensive re-engineering of the way we work and retraining of many of our staff. However we will endeavour to minimise any adverse impacts on the community during this transitional period.

From a compliance perspective, we are on schedule to meet the commitments in our 2007-08 Compliance Program; and the percentage of total collectable debt to

revenue is falling from 4% this time last year to 3.79% this year. This includes a decrease in the number of superannuation guarantee debt cases on hand.

We have also been assisting small business through our Small Business Assistance Program. Since July last year, we have assisted over 41,000 small businesses through the program.

For large business, we are encouraging the inclusion of tax risks within their corporate management framework and exploring new ways of providing greater certainty.

Inside the ATO good progress has been made on a range of initiatives for our people, governance, integrity, security and systems.

Necessarily, the timing of our own change agenda will need to be subject to new government requirements. The existing legislative program and announced measures will need to be given priority, and relevant measures that may come out of the Federal budget will also need to be factored into our plans.

On the funding side, we are currently running over budget (with permission) and are very conscious of financial pressures and the need to find savings and productivity improvements. We are:

- Reviewing travel plans and discretionary expenditure
- Limiting overtime and payment of high duties allowances
- Reviewing plans for consultancy, contractor and non-ongoing staff expenditure
- Establishing a general 'thrift' emphasis across the organisation, and
- Reviewing a range of risks and priorities to identify where efficiencies may be made including better ways of doing things, and reprioritising work to deliver new legislative measures

Along with exploring opportunities for productivity savings, we are also focusing on better measures of effectiveness, and on giving traction to more differentiated strategies.

We have provided the Committee with a report that outlines our performance to date in 2007-08 and gives an early picture of emerging priorities for the coming year. These are summarised in our 2008-09 Corporate Plan. We would welcome the Committee's views on our performance and directions.

It was brought to our attention yesterday that the Committee would like further information around some of the issues raised at the previous hearing. We will endeavour to provide you with this additional information as soon as possible.

Thank you