

SUBMISSION No. 2
Biannual Public Hearing with
the Commissioner of Taxation

Joint Committee on Public Accounts and Audit (JCPAA)
Biannual Hearing with the Commissioner of Taxation

Friday, 4 March 2011
Parliament House, Canberra

Opening Statement by Michael D'Ascenzo
Commissioner of Taxation and
Registrar of the Australian Business Register

As the composition of the Joint Committee of Public Accounts and Audit (JCPAA) has changed, I might briefly touch on what has gone before.

The JCPAA's comprehensive three year review of the ATO culminated in its Report 410 on 'Tax Administration' in June 2008. While the Committee was concerned about the complexity of the tax laws (a matter outside the control of the ATO), the Committee endorsed the ATO's Compliance Model. The Committee acknowledged that the ATO has a difficult job in convincing individual taxpayers of the public interest of revenue collections.

While there is always room for improvement, the Committee concluded that the ATO is reasonably successful in balancing fairness and efficiency.

As part of its review, the JCPAA noted the extensive range of advisory and consultative bodies and private sector input that informs both ATO management and operations. Nevertheless, the JCPAA asked for biannual meetings so that it, as representatives of the community and of Parliament, could have additional input to the ATO's processes of governance. As an open and accountable administration, we welcomed ongoing dialogue with the Committee whom we believe can effectively examine the operations of the ATO and provide community insights.

Firstly, by way of background it is useful to outline the ATO's five major areas of responsibility:

- the ATO is the Australian Government's principal revenue agency
- the ATO is a large payer of Federal funds
- the ATO administers major aspects of Australia's superannuation system including compliance-based regulation of self managed superannuation funds
- the ATO is the custodian of the Australian Business Register, which amongst other things, provides the unique identifier for online dealings between businesses and government, and
- the ATO has business operations through the Australian Valuation Office.

It is a broad canvass of responsibility.

Today is our eighth biannual hearing. At each hearing we have provided the Committee with substantial submissions which show consistency, alignment and achievement in our plans and performance. I commend those submissions to you.

As I am formally accountable to Parliament and Ministers, my Annual Report to Parliament provides a comprehensive account of the ATO's activities for the past financial year and our plans for the future. I commend them to you as riveting reads.

In the submission we have made to the Committee at this hearing, we have provided our mid-year appraisal of ATO performance in 2010-11 and covered aspects of our operations that were of interest to the Committee at previous hearings. We have also included a draft 2010-12 Corporate Plan and welcome your comments.

For the ATO, the financial year 2010-11 started with Tax Time 2010 being undertaken on our new integrated core processing system, complemented by new risk filters to detect incorrect or fraudulent claims. We began cautiously, but overall (as outlined in our submission) we are very pleased with how the new system has worked during our busiest processing time of the year.

Consistent with other independent reviews of our Change Program, the JCPAA's own review, outlined in its Report 418 in December 2010, recognised the scale and scope of the program and acknowledged the inherent challenges in implementing such a diverse and complex project. The Committee noted also the significant gains in productivity and that further improvements will eventuate. However, the Committee was concerned about the high levels of complaints, particularly in April and May of last year. As you will note, most of these have long since been resolved. The level of complaints has decreased markedly but there still seems to be a proclivity to complain early. In response to the Committee's recommendation 1 in its Report 418, we have prepared a report providing a detailed examination of the complaints received as well as our updated Change Program Booklet.

The 2011 calendar year started on a sad note with natural disasters such as floods, cyclones and fire. The ATO provides significant assistance to those affected. For example, our decision to defer lodgment and payment dates to the end of March 2011 has provided substantial short-term relief from tax liabilities, giving businesses some respite in difficult circumstances.

Other assistance includes:

- fast tracking refunds
- giving people extra time to lodge and pay obligations
- helping reconstruct tax records, and
- helping affected taxpayers claim tax hardship concessions.

I began this hearing by highlighting the public interest in revenue collections and this is reflected in our Strategic Statement 2010-15. It makes three key points:

- Australia's tax and superannuation systems are community assets
- the high level of willing participation in these systems is a sign of good citizenship, and
- it is our aspiration to build on this willing participation further.

I would like to conclude by highlighting the important role parliamentarians and other influencers of community norms have in progressing this vision. The JCPAA has been doing this through open dialogue with the ATO and by giving the ATO the opportunity to demonstrate to the community and to Parliament that it consistently performs at a high standard.

Thank you.