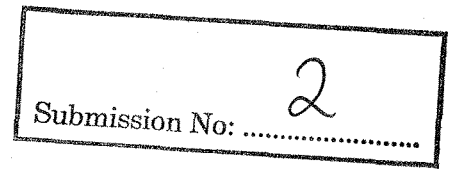


Opening statement  
Commissioner of Taxation  
JCPAA Biannual hearing



Friday 20 April 2007  
Melbourne

Thank you for the invitation to attend this public hearing today.

Our aspiration is to work with the community in the fair administration and effective management of the tax system to add value to our nation.

We are committed to being open and accountable in administering the community's tax and superannuation system.

Our renewed emphasis and organisational commitment to living our values, particularly our aspiration to consult, collaborate and be willing to co-design has been well-received both within the Tax Office and externally. It places us in a good position to build community trust in our administration and reduce compliance costs. We now have enhanced collaborative arrangements in place. In 2006 we reviewed our tax practitioner and other stakeholder consultative forums to provide more opportunities to help support taxpayers and tax agents.

We have made significant progress in developing a co-operative approach with large business. We held a large business Symposium and in collaboration with the Corporate Tax Association developed a new Large Business and Tax Compliance booklet. We've also pioneered forward compliance agreements with 2 large companies. They're designed to reduce tax compliance costs by promoting better practices to effectively manage taxation risks.

A priority has also been the implementation of our transformational Change Program. When we began our Change Program, our first priority was to deliver some immediate improvements that would make a big difference to how taxpayers and tax professionals interacted with us, including the tax agent and business portals.

We have now implemented the first 2 releases and our program assurer Cap Gemini has told us that our achievement in doing this should not be underestimated.

The Change Program has delivered improvements that make a considerable difference to how taxpayers and tax professionals interact with us.

In addition to the original plan we now need to ensure delivery of the Government's package of Simplified superannuation measures by July 2008. To ensure we can effectively implement superannuation simplification by July 2008 we need to adopt a staged approach for Release 3 instead of a single

deployment. Although a progressive rollout of the Change Program provides us with more agility and reduces risk, Release 3 will still be challenging and there is a risk that there may be some productivity dips as we bed down the new systems.

We've also continued to focus on making it easier for individuals to comply with their tax obligations through expanding e-tax and the pre-filling of some items in electronic tax returns. Into 2007-08 we'll be expanding pre-filling, using extra funding announced by government in last year's budget. Users will be able to download more information into their tax return including dividend information from share registries. We'll also be giving the same facility to tax agents.

We are at an important phase in our corporate planning and reporting cycle. We're currently making decisions on our high-level risks and priorities for 2007-08 and reviewing our progress in meeting corporate outcomes for 2006-07.

Our Plenary Governance Forum, which monitors our performance against our corporate priorities, met on Tuesday and our results so far this year reflect a strong record of achievement.

The robust Outcome and Outputs Framework that we have in place to track performance and to escalate emerging risks and opportunities focuses the organisation on high levels of accountability and real-time risk management.

The results are preliminary and our end of year outcome will, of course, be fully accounted for in my Annual Report to Parliament.

As at the end of February 2007 we are on track or ahead of schedule for meeting our end of year plans for 42 of our 61 corporate priorities. The end of year outlook (as forecast at the end of February) is that, all things going according to plan, we will meet 59 of the 61. There are however 2 priorities where the outlook is that we are likely to be slightly behind our planned targets by the end of the year. In relation to superannuation guarantee, we expect to complete around 90% of our planned compliance actions by the end of the financial year. There may also be marginally lower collections in one specific project relating to capital gains tax which is exceeding coverage levels and promoting higher levels of voluntary compliance – our fundamental mission.

Achievement against the Tax Office's service standard index is currently 1.12, which is above our benchmark of 1.00, a good outcome given the scale and complexity of our transformational change program.

As at February 2007, we have equalled or exceeded benchmarks in 13 of our 23 services standards with a further five only marginally under their benchmark. Of the 13, 10 have consistently achieved above benchmark performance since July 2006. Relevant to the Committee's terms of reference, we are significantly above our benchmark for the provision of private binding advice, finalisation of objections and resolution of complaints.

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Four of our service standards have been significantly affected by the implementation of the Change Program, and while below benchmark performance has been good given the circumstances.

I would like to table for the Committee a summary of our performance standards as published on our website, together with some additional information.

As the Committee will appreciate, our Change Program will provide a platform to lift the bar in excellence in tax and superannuation administration.

Into 2007-08 we will be strongly focussed on promoting a capable and well regulated tax profession. The tax profession plays a vital role in influencing levels of voluntary compliance and in facilitating efficient transactions with the Tax Office. A capable and well regulated tax profession can best be achieved through an effective commitment between the Tax Office, tax professionals and the Tax Agent Boards. We see it as a true tri-partite arrangement.

In the compliance area key focus areas in 2007-08 will include:

- Ensuring that private groups, high wealth individuals and high income individuals pay their fair share of tax
- Shifting our focus in the cash economy more towards business to consumer transactions
- Improving our support services and increasing certainty for very small businesses, and
- Addressing the risks of increasing restructure, merger and acquisition activity, internationalisation and the use of tax havens and Wickenby type arrangements.

I asked to defer the timing of this public hearing from March to enable us to share with the Committee our current thinking on high level priorities for the coming year.

Our report provides our draft corporate plan for 2007-08. The draft plan is an evolving document which will be refined and added to through our ongoing planning processes. It is not intended to cover everything we expect to do in the coming year but points to the areas where we believe extra focus is needed and where we're committed to investing scarce resources. Neither does it seek to reflect every risk that we may face or every compliance risk that we identify – these are considered and picked up in our cascading suite of corporate planning documents.

We welcome the Committee's views on our performance and current thinking about future priorities.

Thank you.