

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates 2012

30 May 2012

QUESTION: BET 322 - 328

Topic: Project Wickenby (ATO)

Hansard Page: Written

Senator BUSHBY asked:

- 322. In relation to project Wickenby, what is the current state of play?
- 323. What is the projected level of funding for the next three years?
- 324. How can you be sure that these funds will deliver on the targets set?
- 325. How long has Wickenby been in operation and what has been the total cost to budget?
- 326. What additional tax liabilities have been raised out of this project?
- 327. What additional taxes have been collected?
- 328. What has been the cost of conducting each of the ten major cases?

Answer:

- 322. Project Wickenby is achieving substantial results measured not just by revenue raised but also by voluntary compliance and the reduction of fund flows to targeted secrecy jurisdictions.

Many individuals and entities who previously used secrecy jurisdictions to avoid their tax obligations are abandoning them. For example, from 2005–06 to 2010–11, analysis by the Australian Transaction Reports and Analysis Centre (AUSTRAC) shows that there was a significant decrease in entities transacting with Vanuatu from about 2,600 entities to around 300 entities. Over three quarters of the entities that previously transacted with Vanuatu no longer transact with any recognised secrecy haven. Further AUSTRAC analysis also shows an aggregate reduction in funds flowing between Australia and 13 higher-risk secrecy jurisdictions.

From commencement in 2006 to 2012, Project Wickenby has raised over \$1.3 billion in liabilities and over \$600 million in collections. This includes cash collected from compliance activity as well as improved tax compliance behaviour from taxpayers and their close associates. Over the same period, Project Wickenby has resulted in 26 convictions for indictable offences, with a further 69 people convicted of summary offences as well as one extradition.

A recent Australian National Audit Office (ANAO) review *Administration of Project Wickenby* found that Project Wickenby's focus on preventing the abusive use of secrecy havens has made Australia less attractive for international tax fraud and evasion than it otherwise would have been.

- 323. The 2012-13 Federal Budget provided total additional funding of \$76.8 million to agencies involved in the Project Wickenby cross agency taskforce over the forward years until 30 June 2015.
- 324. The additional funding for Project Wickenby has been allocated to allow agencies to complete existing project work and transition the work to 'business as usual' activity. Project Wickenby has met the Government's combined ongoing collection targets since mid-2009.

There are a number of indicators in gauging the success of Project Wickenby. The success of Project Wickenby and the results achieved to date are not only measured by amounts of revenue collected but also by the resultant change in the behaviour of taxpayers and the increased ability of agencies

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to detect and deal with arrangements involving secrecy jurisdictions as noted in the ANAO review referred to in BET 322 above. Other indicators of success include judicial comments and the attitude of the media to Project Wickenby.

In 2012–13, the ATO will continue to source further intelligence (including from domestic banks, regulatory and enforcement agencies and overseas jurisdictions) to identify emerging risks, entities and people of interest. Other planned ATO activities include:

- completing around 300 audits and reviews
- continuing to seek Australian customer lists and account numbers of offshore clients from domestic banks
- taking follow-up action including comprehensive risk reviews and audits on those who did not come forward after receiving a letter under our offshore voluntary disclosure initiative.
- progressing reforms to the law and to provide further deterrents to promoting or participating in the abusive use of current and emerging secrecy havens
- continuing to work with our partner agencies in addressing emerging risks.

325. Project Wickenby was established in 2006. It is a multi-agency taskforce which includes the Australian Taxation Office, the Australian Crime Commission, the Australian Federal Police, the Australian Securities and Investments Commission, the Attorney-General's Department, the Commonwealth Director of Public Prosecutions, and the Australian Transaction Reports and Analysis Centre.

Total funding for Project Wickenby for the period 2006 to 2015 is \$507.7 million. This comprises:

- initial funding in 2006 of \$308.8 million
- additional funding in 2009 and 2012 of \$122.1 and \$76.8 million respectively.

326. From commencement in 2006 to 2012, Project Wickenby has raised over \$1.3 billion in liabilities.

327. From commencement in 2006 to 2012, Project Wickenby has raised over \$600 million in collections. Project Wickenby has met the Government's combined ongoing collection targets since mid-2009.

328. ATO systems cannot readily provide precise data on the cost of conducting specific cases. Project Wickenby expenditure by all agencies since commencement in 2006 was \$347.3 million at 30 June 2011. Of this, the ATO expended \$198 million.