

Senate Economics Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Supplementary Budget Estimates

2016 - 2017

Division/Agency: Australian Taxation Office

Question No: 286

Topic: Tax Avoidance Taskforce / Workforce

Reference: Written (19 October 2016)

Senator: Ketter, Chris

Question:

- 1) What are the implications for the ATO of the Average Staffing Level staffing cap? Has ATO increased labour hire and other external labour usage as a result of this cap?
- 2) How has the funding structure of the Tax Avoidance Taskforce affected its establishment (i.e. period of guaranteed funding, interaction with Average Staffing Level cap)? How has the taskforce been staffed?
- 3) What does the ATO estimate their use of labour hire and contractor staff? Has this level of usage changed in the last 4 years? What is driving those changes/ decisions?
- 4) In making decisions about tenders for contract and labour hire staff, does the ATO consider whether the prospective companies are 'good corporate citizens' in terms of their tax arrangements?
- 5) Has the ATO undertaken any analysis of risks with using outsourcing and labour hire arrangement for ATO work?
- 6) Has the ATO undertaken any analysis of costs implications of using outsourcing and labour hire arrangements for ATO work, as compared with permanent work?

Answer:

- 1) The ATO remains committed to optimising its workforce through a variety of targeted programmes, including the use of labour hire and outsourcing to ensure that it can operate within the ASL cap as well as deliver government commitments. The ATO has consistently operated within its ASL cap.
- 2) The measure provides additional funding over a four year period commencing 2016-17.
Recent recruitment campaigns have resulted in a net increase of around 185 officers who are specialists in the legal, accounting and auditing fields. 60 people have been externally recruited of which 10 are experts brought in on contract. Testing of the market continues to fill remaining vacancies
- 3) Over the last four years the ATO has increased its use of alternative delivery mechanisms, including outsourcing activities and use of contractors and labour hire.

Financial Year¹	Total Expense (\$m)	Staff (\$m)	Supplier (\$m)	Staff % of Total Expenses	Supplier % of Total Expenses
2013-14	3,399.8	2,259.0	1,140.8	66.4%	33.6%
2014-15	3,228.7	2,024.4	1,204.3	62.7%	37.3%
2015-16	3,304.4	1,864.7	1,439.7	56.4%	43.6%
2016-17 Budget	3,342.8	1,833.3	1,509.5	54.8%	45.2%

The change in employee and supplier mix is driven by the ATO's commitment to delivering efficient and effective services to the community as well as optimising its workforce to ensure that it can operate within the ASL cap as well as deliver government commitments.

- 4) The ATO undertakes all procurement activity in accordance with the Commonwealth Procurement Rules. All ATO contracts warrant that companies comply with their obligations under Australian tax laws.
- 5) Prior to engaging labour hire or outsourcing work, the ATO undertakes a risk assessment for each project which includes assessing the security risk of using external labour sources, as well as the skills required to deliver the outcome required.
- 6) Prior to engaging labour hire or outsourcing work, the ATO analyses the cost implications of that decision taking into account a range of factors, including the cost of completing the work with a permanent workforce.

¹ Actuals data is sourced from the relevant Financial Statements while the Budget data is sourced from the Portfolio Budget Statements 2016-17.