

# Senate Standing Committee on Economics

## ANSWERS TO QUESTIONS ON NOTICE

### Treasury Portfolio

### Additional Estimates

16 February 2012

**Question No:** AET 30

**Topic:** Change program

**Hansard Page:** Written

#### Senator Brown asked:

How much has the 'Change programme' cost and what impact has it had on ATO's achievements relative to its service standards?

#### Answer

##### Cost of the Change Program

The ATO Change Program commenced in December 2004 with an initial budgeted cost of \$445 million. The scope of the program changed several times, largely due to legislative changes and the introduction of new measures. The Change Program with this expanded scope ended on 30 June 2010, at a total cost of \$756.8 million.

The schedule and content of planned Change Program information technology system releases was regularly reviewed over the life of the program to include legislative changes and their consequent impact on delivery options. The budget for the Change Program increased by \$245 million because of legislative changes. The changes that had a significant impact on the program included:

- super simplification - \$196 million
- fuel excise reform project, review of self assessment, child care rebate, family tax benefit - \$22 million
- annual tax time changes - \$27.5 million.

The Change Program was finalised on 30 June 2010 to ensure the focus remained on stabilising the new Income Tax System and to allow maximum flexibility to respond to policy implementations such as Australia's Future Tax System (Henry) and Super Systems (Cooper) Reviews.

The Change Program was a very significant information technology and business improvement program designed to support the community, government and internal needs. It was necessary to replace ageing infrastructure and introduce new technologies to support the continuing role of the ATO.

The program facilitated enterprise wide processing and replaced multiple mainframe systems with a single system for processing tax and superannuation returns. It also introduced client portals and enterprise wide client relationship management, case management and work management approaches. Independent experts have advised the ATO that the benefits now available from the Change Program represent a four year payback period for the non-legislation changes put in place.

## **Impact on ATO achievements relative to the service standards**

The ATO's service standards assure the community that the services we provide are of a consistent and high standard. Taking into consideration historical performance and the expectations of those that use the ATO's services, the ATO sets standards that are intended to be challenging, attainable with effort, affordable, and meaningful to taxpayers.

Each year, the ATO reviews its service standards to test if they continue to align with the ATO's commitment to the community. As a result, the number and definition of ATO service standards can change from year to year.

As part of the Change Program the ATO has introduced:

- the Tax Agent Portal which allows registered tax agents to access ATO systems and information about their clients directly, and at their convenience. They can also update details and initiate account refunds.
- the Business Portal which, in addition to allowing direct and convenient access to information the ATO holds, allows them to lodge business activity statements electronically.

The ATO also introduced a Client Relationship Management system that provides a consolidated view of the taxpayer. ATO staff now have the history of the taxpayer's dealings with the ATO and the ATO's dealings with the taxpayer at their fingertips. This has improved the quality of the service the ATO can provide to the community and has allowed differentiated service during periods of natural disasters.

The service standard which impacts most Australians is the processing of the annual income tax returns. The ATO aims to process 94 per cent of these electronically lodged returns within 14 calendar days from receipt. Currently the ATO is achieving this result in 16 rather than 14 days. The key contributors to the current performance are:

- in the 2010-11 financial year more than 20% of all returns were held for up to three days for exchange of information interactions with Centrelink as part of the entitlement to family tax benefits, and
- the introduction of enhanced integrity reviews to allow the ATO to better protect revenue and the integrity of Australia's tax system. This has added up to two days to the processing of all tax returns. However, during the period from 1 July 2011 to 31 January 2012, 105,000 returns with potentially fraudulent or overstated claims for a total of \$446 million, were stopped because of these enhanced integrity reviews.