

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

TREASURY

Australian Taxation Office

(Budget Estimates 29 May 2007)

Question **BET 114**
Topic: **Funding for states**
Hansard Page: **E62**

Senator **Murray** asked:

Because the records are so frequently held with respect to asset purchases in state registries, what incentive is there for them to help you? Why would they invest moneys on improving their data availability for your purposes? Has the federal government provided money to the states and said, 'Do this for us. Here is the money', knowing of course you will get a better return if you do so from a capital gains perspective?

Mr D'Ascenzo—I think there is a real issue in terms of seeking the cooperation of other agencies, particularly state agencies, and their concern about the funding of those activities. But whether the government has made any allocation is really a matter for government.

Senator MURRAY—The government has consistently and properly, in my view, done a cost-benefit analysis. To use Wickenby as an example, they have said, 'Here is x amount of money', because we expect to get so much money back. Never mind all the extra benefits; there is a direct cost-benefit relationship. They have done that in other areas with the Tax Office that I can recall. **Would you consider—and I am making this as a request to you—thinking about whether that proposition should be put to the federal government?** Frankly, I cannot see why the states would bother to invest resources when there is no return for them. So they need a helping hand. It would seem to me there is an awful lot of revenue to be gained through this mechanism.

Mr D'Ascenzo—We have had reasonable cooperation from the states and territories in this area, and some of the problems—not so much their lack of cooperation—is just that there is no unique identifier in the state registries.

(NOTE:additional information from Senator Murray:

The Committee secretariat have confirmed with Senator Murray that the main question to be answered in this QON is 'Would you consider—and I am making this as a request to you—thinking about whether that proposition should be put to the federal government?'. This question was not directly answered on the day. Senator Murray has said that a simple yes/no answer would be a sufficient response to the question, although any added detail would be welcome.)

Answer

The Tax Office has not made approaches to government to seek funding. With the additional funding the tax office received in July 2004, the Tax Office has developed a technology system to automate the matching of data from State Revenue Offices and Land Titles Offices with income tax returns.

The quality of data received from external sources has significantly improved over the past three years.