

SENATE STANDING COMMITTEE ON ECONOMICS QUESTION
(Supplementary Budget Estimates 20 October – 21 October)

Question: SBT 226**Topic: ATO Staffing and change program**

Senator Xenophon asked:

Senator XENOPHON—Just before Mr Butler does that, it might be useful to establish—and you may want to take this on notice—that I take it you have had to take on extra staff with respect to catching up with respect to the change program. If you could confirm that—the number of staff and the number of hours that have been put into this? Again, on notice would be fine.

Mr D'Ascenzo—I am not sure—we will provide that on notice, but I just want to put the context to you, if I can. Every tax time we put on new staff. We have a range of casual and ongoing staff that we put on because tax time is our busiest time of the year. So it is hard to differentiate what is there because of normal tax time duties or what is there to catch up.

Senator XENOPHON—But in terms of seasonal variations, for tax season you could establish how many staff you had in the previous couple of years?

Mr D'Ascenzo—Yes, we can do that. We can give you the comparisons over time.

Senator XENOPHON—That would be useful. And also whether it was anticipated that the new system would lessen the need to have that many staff—whether that was something that was anticipated in the initial contracts and the scoping for the change program.

Mr D'Ascenzo—We will provide whatever information we can in that regard.

Answer:

In anticipation of an increase in work load as a result of the implementation and bedding down of the new Income Tax processing system in January 2010, the ATO engaged additional staff.

- For the period February to June 2010 the ATO engaged the equivalent of 822 additional non-ongoing staff to support income tax processing. This equates to approximately 30,200 standard working hours per week.

Each year as a consequence of the seasonality of tax time, the ATO increases its workforce during the period from July to October.

- During the 2008 tax time period the ATO increased its workforce by the equivalent of 862 additional staff for tax time.
- During the 2009 tax time period the ATO increased its workforce by the equivalent of 967 additional staff for tax time.
- During the 2010 tax time period the ATO increased its workforce by the equivalent of 1,236 additional non-ongoing staff. Further, the ATO redirected 510 permanent staff from other work. This equates to approximately 64,100 standard working hours per week.

In 2004, the Change Program business case had identified \$155 million annually in direct and specific efficiency gains expected to be enabled by the new capabilities to be introduced. This would be about \$183 million when converted to 2010 equivalent value. In the development of the original business case it was anticipated that less processing staff would be required.

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Currently, the ATO has realised \$147-153 million in annual efficiency benefits relating to headcount reduction and productivity gains. There is usually a lead time for the realisation of benefits of 2-3 years following a particular release, as new systems and processes are assimilated into the ATO. Therefore, benefits expected from the Income Tax release in February 2010 have not yet been fully realised and are not included in the realised annual efficiency benefits.