

# **JCPAA biannual hearing with the Commissioner of Taxation**

**Thursday 22 April 2010**

**Parliament House, Canberra**

## **Commissioner's Opening Statement**

I am pleased to appear before this Committee, our seventh such appearance, and report on our performance so far during 2009-10.

Prior to this hearing we provided the Committee with a brief report that highlights our performance and some current issues which may be of interest to the Committee.

As you will see, the current financial year has been a very busy one for the ATO and is shaping up to be a watershed year.

Our transformational Change Program underwent its largest and most complex release earlier this year, with the implementation of the new income tax processing system. In late January, we converted and verified:

- 27 million taxpayer records
- 32 million accounts, and
- 282 million forms.

Our new system was largely self funded in order to improve our efficiency and to allow us to better respond to the needs of taxpayers and their agents. The new system also provides a more flexible platform that will allow us to better respond to new policy proposals; so critical at a time of major reviews to Australia's tax and superannuation systems.

With a system deployment as large as this some transitional issues are unavoidable. We have continued to work closely with the tax profession, government agencies, and taxpayer representatives to minimise these disruptions. We are keeping the community updated on our progress through our online updates, and expect to be back on track early next month.

I have previously reported to this Committee the pressures we have faced to manage within budget. We commenced the financial year facing the prospect of an overspend. I am pleased to report to you that through strong financial management and thrift, we are now planning to end the year within budget. Our strategies for managing the budget position included:

- a review of our corporate functions
- development of a national property strategy to identify efficiencies, and
- maintaining tight control over recruitment and overall staffing levels.

We have continued to support the community to meet day-to-day tax obligations as the country recovers from the recent economic downturn. For small business we provided immediate assistance that included 12-month interest free payment arrangements and deferral of activity statement

payment due dates. While this has contributed to increased levels of collectable debt, up from \$10.5 billion at 30 September 2008 to \$12.2 billion at 28 February 2010, the empathetic approach we have taken has been recognised by the International Monetary Fund as best practice. For large business we continued to promote our platform for an enhanced relationship based on good corporate governance and early, full and frank dialogue on tax risks and issues.

Our performance against service standards has dipped in the face of increasing workloads, the priority given to the delivery of the tax bonus and the deployment of the change program. We are meeting 15 of the 27 services standards. To improve our performance on the others we are streamlining processes and shifting resources to areas of need. However, while we expect to show strong improvements in our monthly performance, we are unlikely to catch up on our annual averages for this financial year.

On the international front, as a Vice Chair of the OECD's Forum on Tax Administration, I have seen some real progress in the willingness of tax administrations from around the world to co-operate on common risks. At a political level this is also reflected in the 24 tax information exchange agreements that have been entered into by Australia.

This year is the ATO's centenary. To mark the beginning of our new century we are refreshing our strategic statement, which sets the directions for our future. Consistent with the tenor of my submissions to the Committee during its recent review of tax administration, our vision is for Australia's tax and superannuation systems to be valued as community assets, and for willing participation in these systems to be seen as a hallmark of good citizenship. We believe that any progress along that path promotes the wellbeing of Australians.

As an open and accountable administration, we welcome the Committee's views on our performance and on the path we are headed.

Thank you.