

Senate Select Committee on COVID-19

9 June 2020



Australian Government
Australian Taxation Office

Commissioner's Opening Statement

- > Good afternoon Committee/Chair.
- > Thank you for inviting us today, and providing the opportunity to further discuss our role in delivering the government's important economic stimulus measures and in particular JobKeeper.
- > As you know, on May 22 we highlighted in a joint press release with Treasury, a reduction in the estimated cost and estimated number of employees needing the support of JobKeeper payments.
- > To deliver JobKeeper, we developed a two-stage process whereby employers first enrolled in the program. This stage was meant to start employers thinking about whether they had suffered a 30 percent reduction in turnover and to allow us to check they were real businesses and get an idea of how many employees may be requiring payment.
- > The second stage was for employers to complete their application by nominating the name and tax file number of all their eligible employees and then making a formal declaration.
- > Unfortunately, during the first stage a small number of the 900,000 employers, in response to the question on how many eligible employees they had, made a range of errors such as incorrectly inserting telephone numbers, ABNs and bank account details, as well as 1500 or multiples of 1500.
- > The largest errors were rejected but some smaller errors remained, such as the multiples of 1500. This was a mistake made by a small number of employers, about 0.1%, who appear to have thought they were being asked for the amount payable to rather than the number of employees.
- > We did not build rigorous analytics behind the field that asked for the estimated number of employees a business had, instead focusing our integrity measures on questions that related directly to payments.
- > In the first few weeks the number of employees reported seemed to be on a trajectory consistent with the Treasury estimates. But once employers began to confirm the actual employees covered as part of stage 2, we identified within a fortnight that the numbers were less than expected.
- > This appeared to us to be because many large employers had not lodged their stage two applications. This understanding was reinforced when we conducted outreach with some large employers who confirmed they hadn't yet finalised their applications.

- > However, by May 20 when numbers continued to stay below estimates, we did a deep dive into the 900,000 applicants on a line by line basis. It became evident that a number of mistakes were made in the stage one box that asked for the number of employees.
- > This analysis was within three weeks of employers confirming actual employee applications and payments commencing. We advised Treasury and the Minister's Office on Thursday May 21 and then communicated it to the public through the joint press release with Treasury on Friday May 22.
- > Throughout we regularly reported the latest information through to Treasury and the Treasurer's office.
- > If I could just reiterate: **no overpayments or underpayments occurred as a result of this issue**. It only temporarily obscured the actual size of a demand driven program. Payments are continuing to flow smoothly and, in the first three weeks over \$9 billion was delivered, with 97% of applications paid within 3 business days.
- > This was no small achievement, and staff worked tirelessly over nights and weekends to make it happen. In less than two months we built brand new systems, provided detailed and accurate guidance, and applied integrity measures to safeguard and protect against fraud.
- > Delivering such an unprecedented measure – along with others entrusted to us by government – was never going to be without its challenges. But that is exactly why we have procedures, integrity measures and checks and balances in place, to ensure that we mitigate the impact of any issues and are able to continue to deliver support to those Australians who need it.
- > We know how hard 2020 has been for so many Australians, and how vitally important these measures are to those Australians who need them. It is a great privilege, and a great responsibility, to be in a position to provide support, and we have done everything in our power to deliver that support both swiftly, and securely.
- > As of midnight Thursday 4 June, the ATO has delivered \$12.96 billion in JobKeeper payments to 872,482 businesses. These now cover about 3.3 million employees, and we expect all these numbers to continue to grow over coming weeks and months. These figures highlight that the implementation of JobKeeper payments has been an enormous, fast-moving and ultimately effective undertaking to support businesses and employees during this difficult time.
- > At the same time, our latest figures indicate we have applied \$13.38 billion in Cash Flow Boost credits to 708,000 businesses and been a central point for 2 million applications for early release of super totalling \$1.9 billion from superannuation funds.
- > Thank you for your time. We will be happy to take your questions.