

**JOINT COMMITTEE ON PUBLIC ACCOUNTS AND AUDIT**  
**INQUIRY INTO COMMONWEALTH FINANCIAL STATEMENTS 2022-23**  
**ANSWERS TO QUESTIONS ON NOTICE**

**Agency:** Australian Taxation Office  
**Reference:** Spoken pg.14  
**Topic:** Appropriated funds  
**Senator:** Julian Hill MP

**Question:**

**CHAIR:** I have a final question. We'll finish early and collectively return a few minutes to our diaries. This bit of the ANAO's analysis intrigued me. I haven't ever paid attention to this previously, but around 50 per cent of entities were reliant on appropriation funding to meet expenses that were incurred in purportedly cost-recovered activities over three financial years—2020-21, 2021-22 and 2022-23. The ATO was in that 50 per cent. If anyone's got a neat answer now, that'd be handy. Maybe it's just a point of curiosity. It seems a bit of a contradiction that, if you've got a cost-recovery charging framework in place, it's a very large proportion of entities that are not meeting their cost-recovery objectives and are using appropriation funding to support that activity. What's the rationale for engaging in cost-recovery activities that have a net negative financial outcome and therefore cost the taxpayer appropriation money? Do you have any illustrations or key examples in the ATO?

**Ms Bristow:** I think we'll have to take that question on notice and get back to you with a response.

**Answer:**

1. The Australian Taxation Office (ATO) ensures compliance with the Commonwealth Charging Framework. While the ATO relies upon departmental appropriation funding to undertake some cost recovered activities, the associated revenue for these activities is collected by other Government entities.

For instance, revenue collected by the Australian Prudential Regulation Authority from the superannuation industry includes a component to cover the expenses of the ATO in administering the Superannuation Lost Member Register and Unclaimed Superannuation Money frameworks, Compassionate Release of Super and funding for the Gateway Network Governance Body.

2. For key examples in the ATO, please refer to the ATO's *2022-23 Annual Report*, specifically Note 21A: *Receipts subject to cost recovery policy* in the ATO's Financial Statements (page 216) which outlines the ATO activities for which the Minister for has made a 'government policy order' that applies the *Australian Government Cost Recovery Policy*.