

Inspector-General of Taxation and Taxation Ombudsman

Annual Report 2018–19

October 2019

© Commonwealth of Australia 2019

ISSN 2204-0897 (p)

ISSN 2204-0900 (w)

This publication is available for use under a [Creative Commons BY Attribution 3.0 Australia](http://creativecommons.org/licenses/by/3.0/au/legalcode) licence, with the exception of the Commonwealth Coat of Arms, the Inspector-General of Taxation and Taxation Ombudsman logo, photographs, images, signatures and where otherwise stated. The full licence terms are available from <http://creativecommons.org/licenses/by/3.0/au/legalcode>.



Use of Inspector-General of Taxation and Taxation Ombudsman material under a [Creative Commons BY Attribution 3.0 Australia](http://creativecommons.org/licenses/by/3.0/au/legalcode) licence requires you to attribute the work (but not in any way that suggests that the Treasury endorses you or your use of the work).

Inspector-General of Taxation and Taxation Ombudsman material used 'as supplied'

Provided you have not modified or transformed Inspector-General of Taxation and Taxation Ombudsman material in any way including, for example, by changing the text; calculating percentage changes; graphing or charting data; or deriving new statistics from published statistics — then the Inspector-General prefers the following attribution:

Source: The Australian Government the Inspector-General of Taxation and Taxation Ombudsman

Derivative material

If you have modified or transformed Inspector-General of Taxation and Taxation Ombudsman material, or derived new material from those of the Inspector-General of Taxation and Taxation Ombudsman in any way, then the Inspector-General of Taxation and Taxation Ombudsman prefers the following attribution:

Based on The Australian Government the Inspector-General of Taxation and Taxation Ombudsman data

Use of the Coat of Arms

The terms under which the Coat of Arms can be used are set out on the Department of the Prime Minister and Cabinet website (see www.pmc.gov.au/government/commonwealth-coat-arms).

ENQUIRIES

The contact officer to whom enquiries regarding this report may be directed:

Mr Duy Dam
GPO Box 551
SYDNEY NSW 2001

A copy of this document can be located on the Inspector-General of Taxation and Taxation Ombudsman website at: www.igt.gov.au.



Australian Government
Inspector-General of Taxation
Taxation Ombudsman

Telephone: (02) 8239 2111
Facsimile: (02) 8239 2100

GPO Box 551
Sydney NSW 2001

2 October 2019

The Hon Michael Sukkar MP
Minister for Housing and Assistant Treasurer
Parliament House
Canberra ACT 2600

Dear Assistant Treasurer

I am pleased to present to you the Annual Report of the Inspector-General of Taxation and Taxation Ombudsman (IGTO) for the year ended 30 June 2019. This report has been prepared for the purposes of section 46 of the *Public Governance, Performance and Accountability Act 2013* and in accordance with section 41 of the *Inspector-General of Taxation Act 2003*.

In addition, and as required by the *Commonwealth Fraud Control Framework*, I certify that I am satisfied that the IGTO has in place appropriate fraud control mechanisms that meet the IGTO's needs and that comply with the guidance applying in 2018–19.

Yours sincerely

A handwritten signature in dark ink, appearing to read 'K. Payne'.

Karen Payne
Inspector-General of Taxation and Taxation Ombudsman

CONTENTS

Inspector-General of Taxation & Taxation Ombudsman report	1
Overview	2
Initial observations	3
Immediate priorities	3
Capability, capacity and constraints	4
Building community awareness	5
1. Overview of the IGTGTO agency	11
Role	11
Organisational structure	12
Outcome and program structure	13
2. Performance report	15
Performance statement	15
Financial performance	47
3. Management and accountability	49
External scrutiny	52
Details of accountable authority	52
Management of human resources	53
Purchasing	65
Assets management	66
Consultants	66
Australian National Audit Office access clauses	67
Exempt contracts	67
Workplace diversity	68
Disability action plan	68
4. Financial statements	71
5. Other information	101
Work health and safety	101
Information publication scheme	101
Advertising and market research	101
Ecologically sustainable development and environmental performance	102
Discretionary grants	102
List of requirements	103
Glossary	109
Shortened forms	110

6. Appendices	113
Appendix 1 — Expenses for outcomes	113
Appendix 2 — Agency resource statement	114
Appendix 3 — List of Recommendations from reviews published in FY19.....	115
Appendix 4 — Performance criteria.....	128
Appendix 5 — Memberships and associations.....	130
Appendix 6 — International agencies and organisations.....	131
7. Index.....	132

List of tables

Table 1:	Reconciliation of performance measures in FY19 Corporate Plan with the FY19 annual report performance measures	16
Table 2:	Reconciliation between IGT Act reporting requirements with the annual report performance measures	17
Table 3:	Numbers of complaints received and resolved	19
Table 4:	Numbers of investigations commenced and completed.....	21
Table 5:	Implementation status of Agreed Business Improvements	24
Table 6:	Complaints service survey results.....	25
Table 7:	Willingness to use IGTO complaints handling service again.....	26
Table 8:	The five most common issues raised in complaints during FY19	35
Table 9:	IGTO speaking and public engagements during FY19	37
Table 10:	IGTO reviews and their status at 30 June 2019.....	40
Table 11:	Number and percentage of agreed recommendations.....	41
Table 12:	Number and percentage of agreed recommendations.....	42
Table 13:	Number and percentage of agreed recommendations.....	43
Table 14:	Number and percentage of agreed recommendations.....	43
Table 15:	Government responses to IGTO recommendations	43
Table 16:	Resources of tax ombudsman services in Canada, the UK and USA.....	44
Table 17:	Details of Accountable Authority during the reporting period Current Report Period (2018–19).....	52
Table 18:	Australian Public Service Act employment arrangements Current Report Period (2018–19).....	54
Table 19:	Australian Public Service Act employment salary ranges by classification level (Minimum/Maximum) Current Report Period (2018–19).....	54
Table 20:	Information about remuneration for key management personnel Current Report Period (2018-19)	55
Table 21:	Information about remuneration for senior executives Current Report Period (2018-19)	55
Table 22:	All Ongoing Employees Current Report Period (2018–19)	57
Table 23:	All Non-Ongoing Employees Current Report Period (2018–19).....	57
Table 24:	All Ongoing Employees Previous Report Period (2017–18)	58
Table 25:	All Non-Ongoing Employees Previous Report Period (2017–18).....	58

Table 26:	Australian Public Service Act Ongoing Employees Current Report Period (2018–19).....	59
Table 27:	Australian Public Service Act Non-Ongoing Employees Current Report Period (2018–19).....	60
Table 28:	Australian Public Service Act Ongoing Employees Previous Report Period (2017–18).....	61
Table 29:	Australian Public Service Act Non-Ongoing Employees Previous Report Period (2017–18).....	62
Table 30:	Australian Public Service Act Employees by Full time and Part time Status Current Report Period (2018-19).....	63
Table 31:	Australian Public Service Act Employees by Full time and Part time Status Previous Report Period (2017–18)	64
Table 32:	Australian Public Service Act Employment type by location Current Report Period (2018–19).....	65
Table 33:	Australian Public Service Act Employment type by location Previous Report Period (2017–18).....	65
Table 34:	Number and expenditure on Consultants Current Report Period (2018-19)	67
Table 35:	Operative staff by equal employment opportunity target group.....	68
Table 36:	Advertising costs for 2018-19.....	101
Table 37:	Expenses for Inspector-General of Taxation outcomes	113
Table 38:	Inspector-General of Taxation resource statement for 2018–19 as at Budget May 2018	114
Table 39:	Alignment of Portfolio Budget Statement and Corporate Plan performance criteria	128
Table 40:	Organisational Memberships in FY19	130
Table 41:	Professional memberships of our officers in FY19.....	130
Table 42:	International agencies and organisations with which IGTO engaged in FY19.....	131

List of figures

Figure 1:	Overall trend in complaints received by the IGTO — 2015 to 2019	5
Figure 2:	Overview of the IGTO's function.....	6
Figure 3:	Framework for improved tax administration	9
Figure 4:	Inspector-General of Taxation organisational structure.....	12
Figure 5:	Outcome and program structure.....	13
Figure 6:	Monthly complaints received for 2017-18 and 2018-19.....	18

INSPECTOR-GENERAL OF TAXATION & TAXATION OMBUDSMAN REPORT



INTRODUCTION AND WELCOME

I commenced my term as Inspector-General of Taxation and Taxation Ombudsman (IGTO) on 6 May 2019. Accordingly, this is my first annual report but importantly the results reflect the valuable contribution and efforts of the entire IGTO team and former Inspectors-General. I hope I can make a constructive contribution during my term.

Firstly, I wanted to thank the team at IGTO for their contribution — especially, Deputy IGTO, Andrew McLoughlin, who performed a reliable stewardship role as acting IGTO for the six months preceding my commencement. I also thank the former Inspectors-General, Ali Noroozi and David Vos AM. Through their leadership, valuable improvements to the administration of the tax system have been made and the IGTO ‘brand’ is established as a trusted independent adviser. As a measure of confidence in this office, it was entrusted with the Taxation Ombudsman function in 2015, which provides a free, specialist service that helps taxpayers and tax practitioners with their complaints about taxation administration.

I aim to build on the work of my predecessors by contributing a business and broader community perspective to the improvement of the tax administration laws and their operation. This perspective is drawn from practical and policy experience in public and private sector executive roles as a specialist tax adviser on complex tax issues — including as a Member of the Board of Taxation, inaugural Chief Executive Officer of the Board of Taxation and partner at the law firm, Minter Ellison. Somewhat serendipitously, the inaugural Board of Taxation (under the Chair of Dick Warburton, AO LVO) advised the Government in 2002 on the establishment of the Inspector-General of Taxation (IGT) function, its legislative framework and intended operation.

OVERVIEW

Set out below is an overview of the key outcomes delivered by our office during the financial year ended 30 June 2019 (FY19) and some initial observations from me on our immediate priorities.

Key outcomes in FY19

In FY19, we received 2,712 complaints, of which over 93.1 per cent have been processed and finalised within the same period. We continue to progress the remainder in the following year.

Individual taxpayers (70.3 per cent) lodged the majority of complaints that were received during the year. Of this proportion, 87 per cent were self-represented and 13 per cent were represented by another party (for example a tax practitioner, lawyer, family member or friend).

To determine the number of small businesses we assist, we capture information about each complaint that is raised with or transferred to the IGTO. Twenty-five per cent (25 per cent) of complaints received in FY19 were captured as being from business owners. However, it is important to note that business owners may raise concerns relating to their individual affairs, with information relating to their business not required to achieve our primary purpose of facilitating the resolution of a complaint.

Opportunities to make broader improvement to the tax system may be identified during the investigation of complaint cases without the need to conduct a broader review and are monitored under an Agreed Business Improvement (ABI). In FY19, the Australian Taxation Office (ATO) accepted nine (9) new ABIs, in addition to eleven (11) that were carried over from the previous financial year. The ATO implemented nine (9) ABIs in FY19. Further information on ABIs is set out in Performance Measure 1.3 in Part 2 of this annual report.

Recommendations to improve tax administration were made to Government, the ATO and Tax Practitioners Board (TPB), with four reviews published during the year, namely:

- *GST Refunds;*
- *Review into the ATO's Fraud Control Management;*
- *Review into the ATO's use of Garnishee Notices; and*
- *The Future of the Tax Profession.*

Further details on the above are provided in Part 2.

INITIAL OBSERVATIONS

The IGTO has two separate but complementary functions which serve to improve the administration of the taxation laws, namely, the Inspector-General and Taxation Ombudsman functions.

The Inspector-General function performs an important role of providing assurance to the public, the tax profession and Government on the operation of the taxation laws as well as the administration of those laws by the ATO and TPB. Such a role has become increasingly important given the downward trend in trust with public institutions and legislative frameworks.¹

The Taxation Ombudsman function performs an equally important and more personal role for taxpayers and their representatives — it helps people to make sense of their direct experience with the tax system and to ensure fairness and transparency in their dealings with the ATO and/or the TPB.

Both roles are important and complementary in my view but relevantly, they form part of a broader network of specialised roles, performed by a variety of different agencies and bodies. Where these roles work seamlessly together they provide a more holistic service to the community and advice to government on improvement opportunities. Ultimately that is, more effective assurance and assistance to the community.

IMMEDIATE PRIORITIES

My immediate priorities on commencing as IGTO are to:

1. better understand our resource capability, capacity and constraints in fulfilling community and stakeholder expectations and improving the tax administration system;
2. improve community awareness of our services and explore opportunities for more seamless connections with other agencies and bodies who assist taxpayers manage their tax affairs; and

1 Edelman, 2019 Edelman Trust Barometer reveals 'My Employer' is the most trusted institution (21 January 2019) < <https://www.edelman.com> >.

3. develop a principled framework for articulating the community's expectations for improved tax administration — to assist in identifying, communicating and understanding the tax administration issues that my office can prioritise, address and identify the resulting improvements that can be made.

CAPABILITY, CAPACITY AND CONSTRAINTS

Distinguishing features and capability

While the IGTO, like other ombudsman services, is vested with strong statutory information gathering powers, we also have direct access to ATO systems. This is a distinguishing feature of our office and our ability to provide independent assurance. We also have the ability to receive and manage Tax File Numbers (TFN) during the course of our investigations, which significantly aids in quickly identifying correct and accurate taxpayer records and assists in reducing the time necessary to resolve complaints.

We can also be distinguished from other small agencies given our dual function. That is, the Taxation Ombudsman function primarily provides targeted support to taxpayers and the Inspector-General function seeks to advise Government, the ATO and TPB (for the benefit of all taxpayers).

Capacity

We employ tax specialists (solicitors, accountants, taxation experts) to investigate the tax disputes raised with our office. Our team possesses not only the applicable tax technical skills and experience, but people skills and empathy. Such a skillset allows our officers to engage and build trust with different types of complainants, from tax agents to those more vulnerable and at risk of not meeting their obligations.

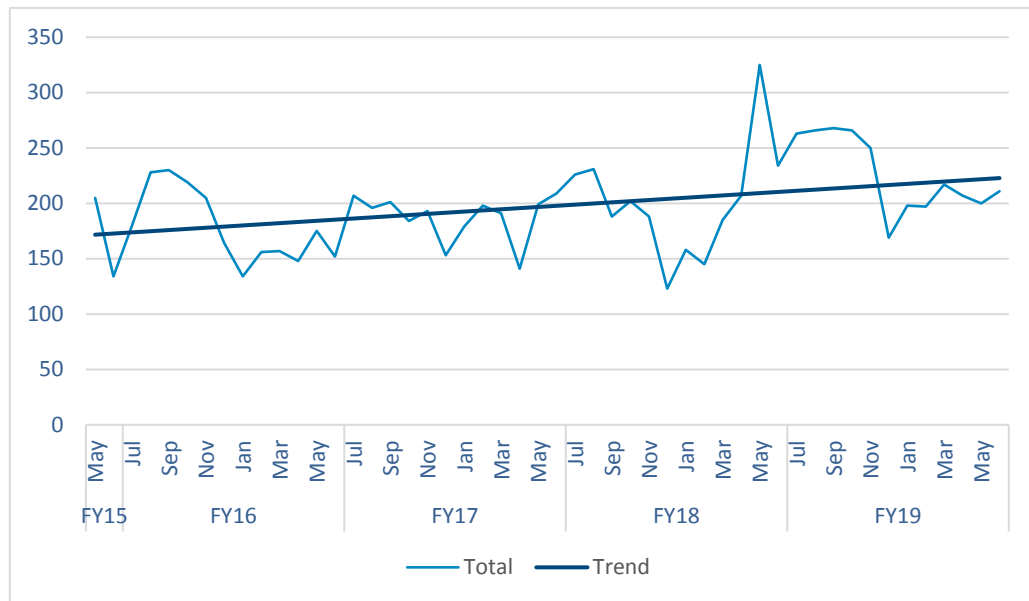
In instances where our office is unable to assist due to jurisdictional constraints, our intention is to explain and refer taxpayers to the most suitable body able to assist. In this respect, our staff also receive training to assist with the identification of signs which may suggest particular taxpayers need extra support.

Constraints

An ongoing challenge for the office has been our resource management to deliver a reasonable level of review work whilst also maintaining high standards in handling complaints. Such challenges exist due to our limited control over the number of complaints we receive or when we receive them.

An overview for the past four (4) years illustrates that, while there are peaks and troughs month-on-month, complaints are generally increasing — see Figure 1.

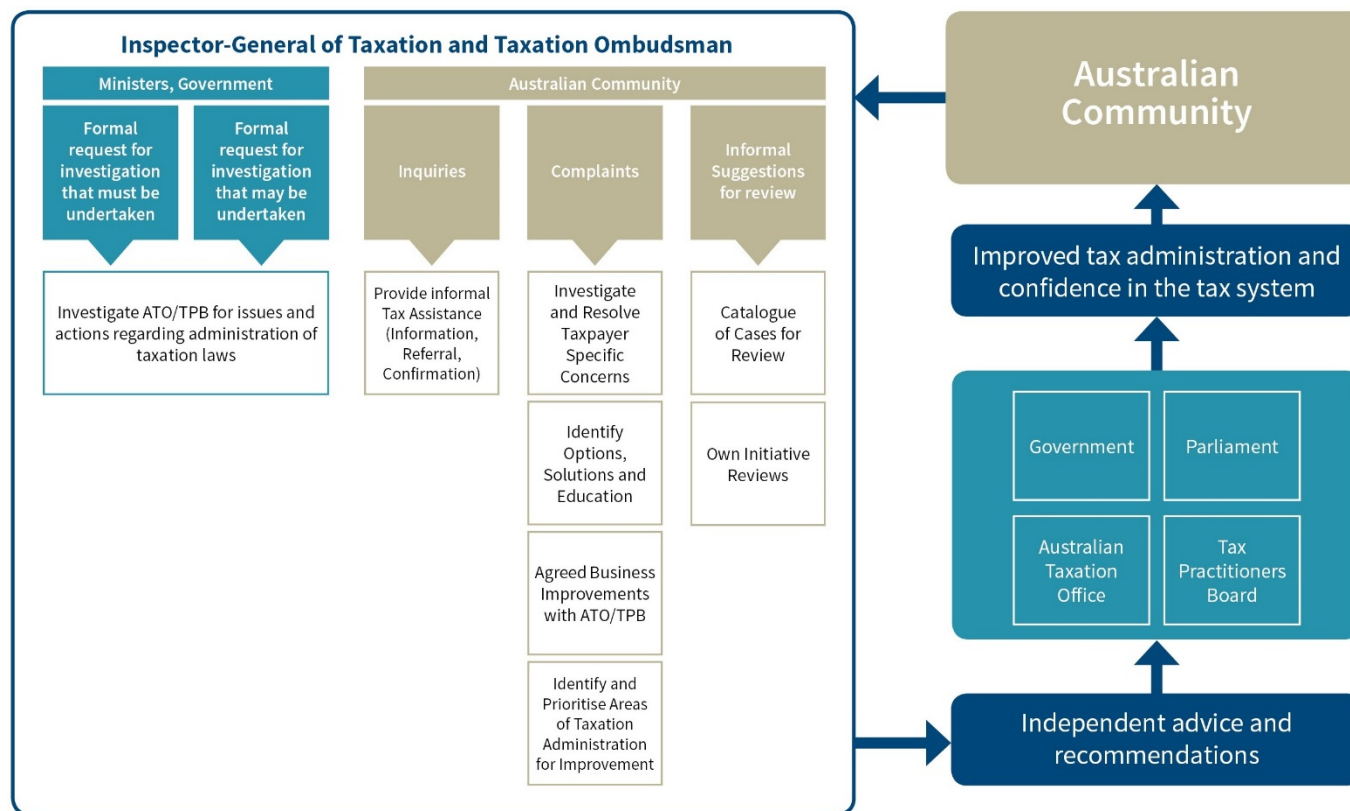
Figure 1: Overall trend in complaints received by the IGTO — 2015 to 2019



BUILDING COMMUNITY AWARENESS

Building community awareness of our office — especially our functions and role — is a key immediate priority. We have commenced some work to develop an overview of the IGTO's functions that is clear and easy to understand. The first iteration of that overview is presented in Figure 2 and we will be consulting with stakeholders on it for further improvements.

Figure 2: Overview of the IGT0's function



Communications strategy

The following key communication initiatives were progressed in FY19:

- rebranding and incorporating the dimension 'Taxation Ombudsman' in our banner and communications;
- increased presence on social media, with the launch of IGTO Facebook and LinkedIn pages to complement existing Twitter presence; and
- development of an IGTO Tax Complaint brochure, explaining who we are and our services.

We will develop on this theme of improved communication and transparency in the immediate future, as explained in Part 2.

Improving our IGTO website

We have commenced work to improve the user friendliness of our website, which is an important channel in our engagement with taxpayers. The improved website should be re-organised to clearly:

- provide access to information about how we can assist taxpayers and their advisors;
- allow taxpayers to lodge complaints electronically and provide a range of alternative options; and
- clearly outline other agencies and institutions and how they may also assist taxpayers with their tax issues and complaints.

Plans to update our website will progress with changes anticipated to occur in the first quarter of FY20.

More transparent communication of trends of complaints

Our office has initiated work to provide more regular communication of complaint issues and trends. This will be conveyed in future annual reports, as well as quarterly newsletters to our stakeholders. The first example was included in our July 2019 edition of the IGTO newsletter, *IGOT News*.

This is consistent with the recommendations made by the House of Representatives Standing Committee on Tax and Revenue's report into the *2017 Annual Report of the Australian Taxation Office*.²

The intention is to provide greater transparency of our observations, in addition to providing feedback to the ATO and TPB in real time. A detailed analysis of complaint trends observed during this financial year is included in Part 2.

Other agencies

Our office is committed to open communication with stakeholders, including other government agencies. Moving forward, we will continue to hold timely discussions with agencies such as the ATO, TPB, Treasury, Commonwealth Ombudsman and Australian Small Business and Family Enterprise Ombudsman (ASBFEO), to enhance existing relationships to better understand interrelated issues which affect tax administration.

Part 2 of this report provides further detail on how our office has built awareness and related performance measures.

Developing a principled framework for improved tax administration

We are developing a coherent and principled framework for demonstrating improved tax administration. The framework will represent the community's perspective and accordingly is to be developed through comprehensive community consultation. This set of principles should provide further clarity to our stakeholders on our role and identify areas where we are best placed to assist in making improvements.

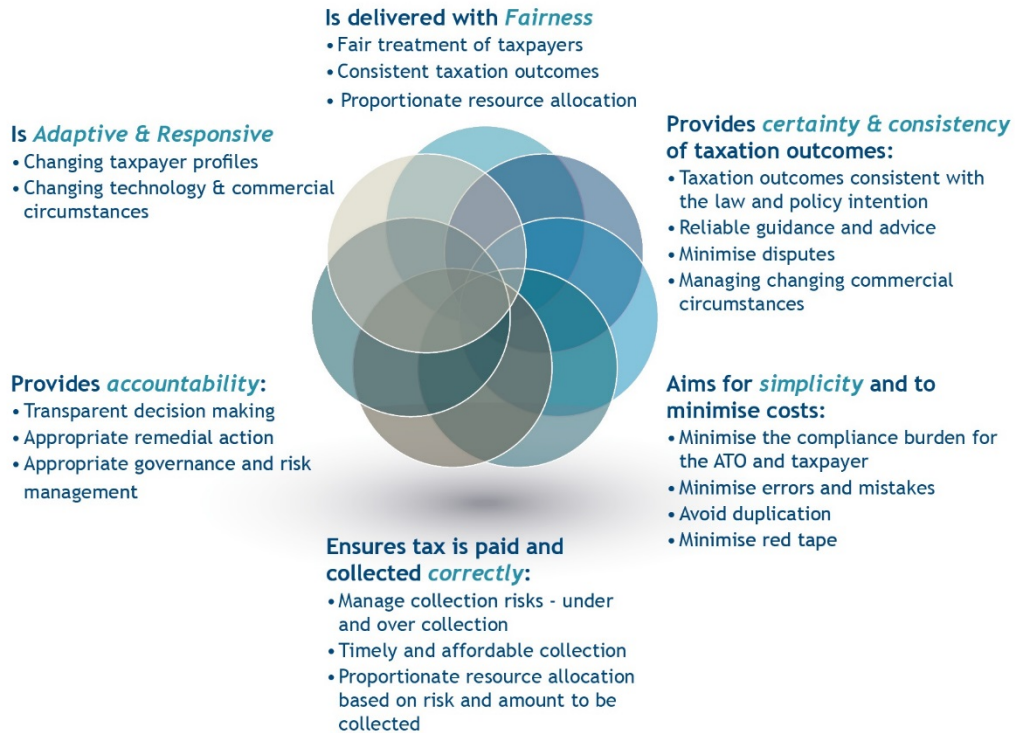
The draft framework (as set out in Figure 3) is intended to commence a discussion towards greater understanding of what the community's expectation are for improved tax administration.

The draft framework includes the following key themes:

Fairness; Certainty and consistency of outcomes; Simplicity and the minimisation of costs; Correct collection of tax; Accountability and transparency; and Adaptive and responsive.

2 House of Representatives Standing Committee on Tax and Revenue, Parliament of Australia, *2017 Annual Report of the Australian Taxation Office: Fairness, Functions and Frameworks — Performance Review* (February 2019), pp 140 & 191.

Figure 3: Framework for improved tax administration



As with other work that we undertake, we will be consulting with key stakeholders on the draft proposed framework and how it can be improved. Further details are included in our Corporate Plan for the financial year ending on 30 June 2020 and on our website. More broadly, I look forward to meeting with as many in the community as possible and extend an invitation to all to contact us and stay connected through our website, newsletter and social media channels.

Karen Payne
Inspector-General of Taxation & Taxation Ombudsman

1. OVERVIEW OF THE IGT0 AGENCY

ROLE

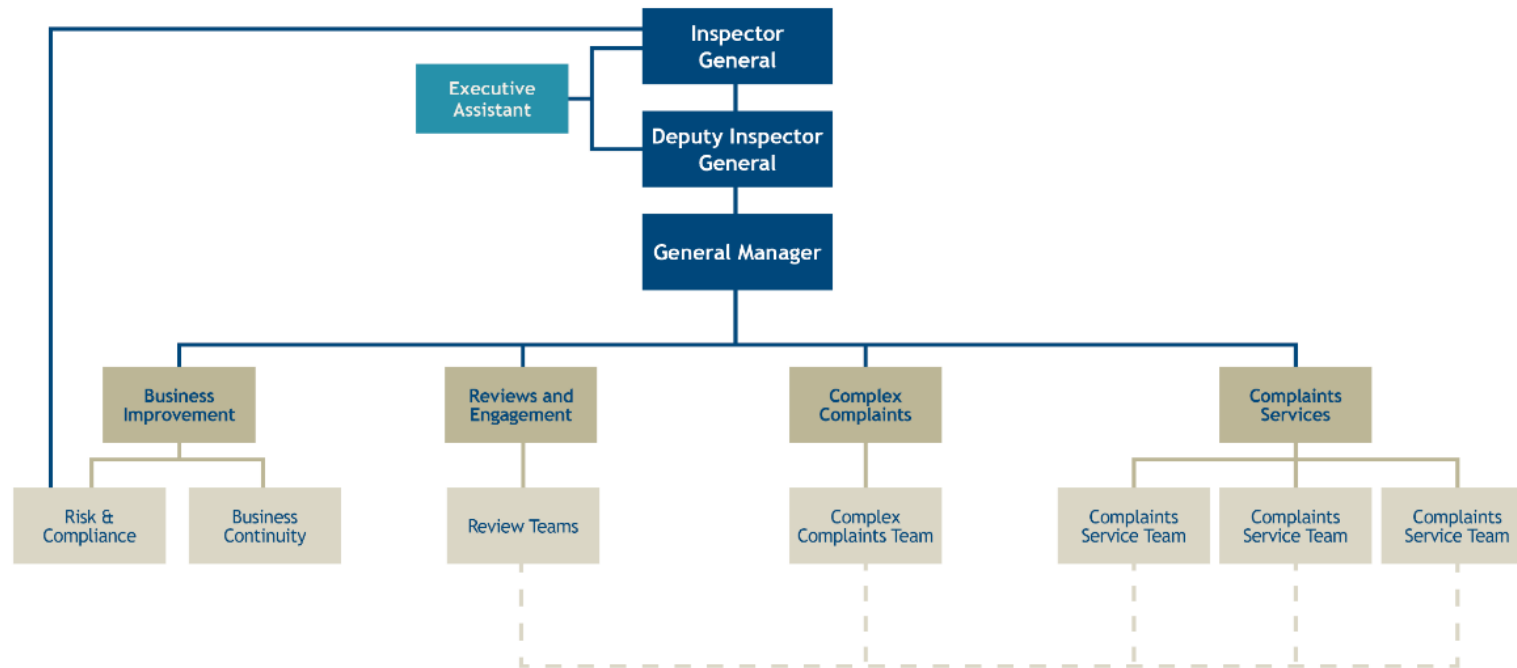
Our role is to improve tax administration through investigation of tax complaints, conducting broader reviews, public reporting and independent advice to Government and its relevant agencies.

Our objectives are to:

- maintain an effective and efficient complaints handling function;
- identify and prioritise areas of tax administration for improvement; and
- conduct reviews and make recommendations for improvement to Government, the ATO and the TPB.

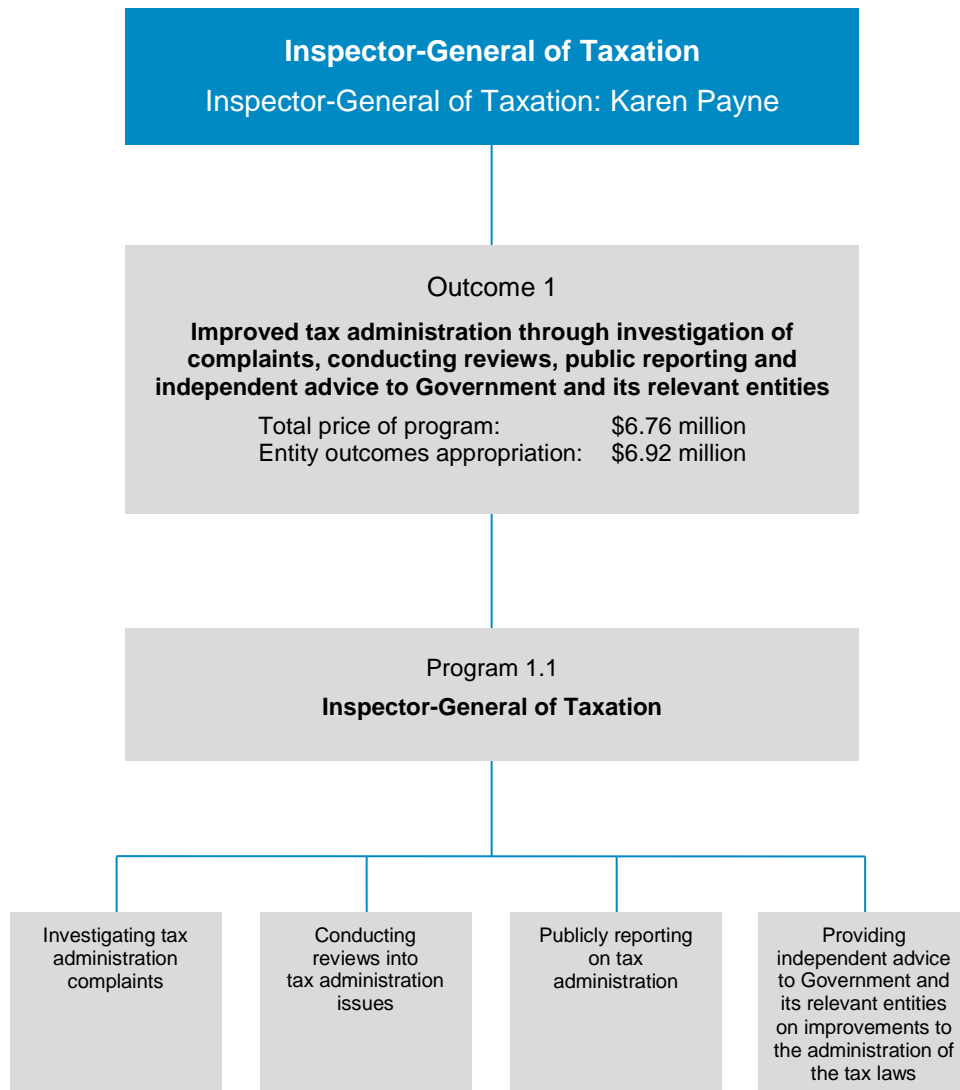
ORGANISATIONAL STRUCTURE

Figure 4: Inspector-General of Taxation organisational structure



OUTCOME AND PROGRAM STRUCTURE

Figure 5: Outcome and program structure



2. PERFORMANCE REPORT

The IGTO agency's performance report for FY19 is divided into the following two sections:

- the performance statement; and
- the analysis of the financial performance.

Our agency is committed to performance measurement and analysis. This is a continuing commitment to ensure we realise the services government and the community expect from us. Consideration and monitoring of our deliverables and performance measures underpin our annual corporate planning and day-to-day delivery of our services to taxpayers and the community more broadly.

PERFORMANCE STATEMENT

This statement measures and assesses performance in fulfilling our purpose through key deliverables set out in our Portfolio Budget Statement.

Our purpose is to improve *tax administration* by realising the following deliverables:

- (a) effective handling of tax administration complaints;
- (b) identify and prioritise areas of tax administration for improvement; and
- (c) conduct reviews and make recommendations for improvement to the Government, the ATO and the TPB.

Our deliverables are monitored and assessed by reference to various performance measures that were set out in our *Corporate Plan 2018-19*. A reconciliation between the two is provided in the table below.

Table 1: Reconciliation of performance measures in FY19 Corporate Plan with the FY19 annual report performance measures

Deliverables and Performance Measures in the Corporate Plan	Annual Report Performance Measure	Annual Report Starting Page Reference
Deliverable 1: Effective handling of tax administration complaints		
Monitor community awareness of our office through the number of interactions with the IGT's website and social media as well as subscriptions to <i>IGoT News!</i> .	1.7	31
Feedback provided by stakeholders about our complaints handling service through such means as surveys, consultative forums and case studies.	1.4	24
Agreed business improvements identified as a result of our complaint investigations.	1.3	24
Feedback from the ATO and the TPB about our complaints handling service (via regular inter-agency meetings).	1.5	29
Feedback from staff about our complaints handling service (via internal complaints meetings).	1.6	30
Measuring efficiency through the percentage of complaints received and completed.	1.1	18
Measuring the effectiveness of our decisions through the percentage of complaints not requiring an internal review of the original decision.	1.2	23
Deliverable 2: Identify and prioritise areas of tax administration for improvement		
Emerging themes identified from our complaints handling service.	2.1	35
Issues identified from stakeholder forums, such as consultation undertaken to develop our work program.	2.2	36
Matters requiring investigation pursuant to directions from the Minister or requested by Parliament, Parliamentary Committees, the Commissioner of Taxation or the TPB.	2.2	36
Prioritise identified issues.	2.2	36
Deliverable 3: conduct reviews and make recommendations for improvement to the Government, the ATO and the TPB		
Conduct reviews and investigate identified issues.	3.1	40
Report the findings and recommendations of the reviews.	3.1	40

Section 41 of the *Inspector-General of Taxation Act 2003* (IGT Act) also sets out a number of items that must be included in the IGTO annual report. These requirements are set out in Table 2 and crossed reference to the relevant Performance Measures where they are reported.

Table 2: Reconciliation between IGT Act reporting requirements with the annual report performance measures

Legislative reference in IGT Act	Reporting requirement	Annual Report Performance Measure
Paragraph 41(2)(a)	The number of complaints received by the Inspector-General under this Act during the period	1.1
Paragraph 41(2)(b)	The number of investigations under paragraph 7(1)(a) or (b): (i) started during the period; and (ii) completed during the period.	1.1 and 3.1
Paragraph 41(2)(c)	The number of investigations into systemic issues: (i) started during that period; and (ii) completed during that period.	3.1
Paragraph 41(2)(d)	The number of times when the Inspector-General has made a requirement of a person under section 9 of the <i>Ombudsman Act 1976</i> (as it applies because of section 15 of this Act) during the period;	1.1
Paragraph 41(2)(e)	Details of the circumstances in which each of those requirements under section 9 of that Act was made.	1.1

The results for each performance measure are set out in the following sections.

DELIVERABLE 1 — EFFECTIVE HANDLING OF TAX ADMINISTRATION COMPLAINTS

The effectiveness of our taxation ombudsman complaints service deliverables are assessed against the following seven performance measures:

- the number and percentage of complaints received and resolved;
- the number and percentage of complaints not requiring an internal review of the original decision;
- ABIs identified in our complaint investigations;
- feedback received from stakeholders about our complaints service;

2. Performance report

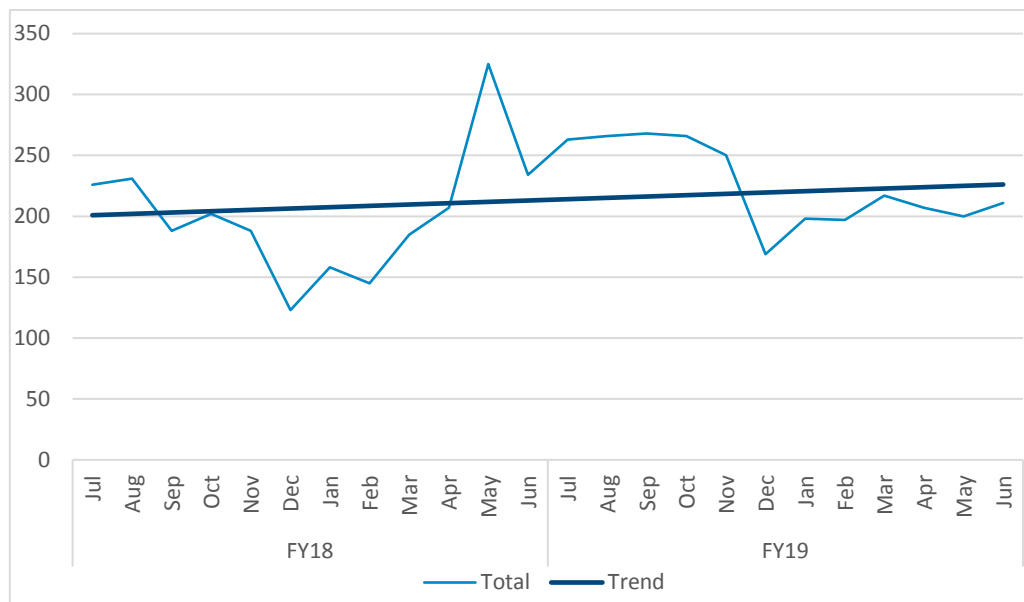
- feedback received from ATO and TPB on our complaints service;
- feedback from staff about our complaints service; and
- the number of interactions with the IGO's website and social media as well as subscriptions to *IGoT News!*

Each of these measures is further discussed below.

Performance measure 1.1 — Number and percentage of complaints received and resolved

During FY19, we received 2,712 complaints — a 12.7 per cent increase from the 2,405 complaints received last year. The increase in complaint numbers is largely attributable to the joint Fairfax/ABC Four Corners program which aired in April 2018 and highlighted community concerns regarding the ATO's interaction with small businesses and its use of garnishee notices. This resulted in a sharp increase in complaints in the final quarter of FY18 and which persisted through much of the first and second quarters of FY19 as shown in Figure 6 below.

Figure 6: Monthly complaints received for 2017-18 and 2018-19



93.1 per cent of all complaints received in FY19 were resolved within the year. Of the complaints received, 2,469 related to the ATO (91 per cent), 88 related to the TPB

(3 per cent) and 155 related to other matters (6 per cent). Other matters include complaints outside of the IGTG's jurisdiction and were referred to other agencies or bodies for consideration — see Table 3 below.

Table 3: Numbers of complaints received and resolved

Agency	Complaints received			Complaints resolved or carried forward	
	Carried forward from 2017–18	Received in 2018-19	Total handled in 2018-19	Total resolved in 2018-19	Total carried forward
ATO	279	2,469	2,748	2,576	172
TPB	8	88	96	92	4
Other	9	155	164	159	5
Total	296	2,712	3,008	2,827	181

As the Taxation Ombudsman, our complaints team needs to address situations where taxpayers' or tax practitioners' experience has been difficult and/or accompanied by unfortunate approaches in their dealings with the ATO or TPB. As a consequence, complainants may present heightened levels of emotion, stress, frustration and disappointment that lead to a diminution in trust. The tax system is also complex and it may at times be challenging for taxpayers to understand how the system works and the nature of their obligations. The management of taxation complaints in such a complex environment is challenging. We recognise this and seek to ensure we do our best to overcome a range of challenges for complainants by adopting specific strategies and tailored solutions to assist them.

Our complaints team members are tax specialists, with appropriate taxation qualifications, experiences and strong communication skills to support complainants. To better support taxpayers and tax practitioners we also provide as a feature of our service a dedicated team member to manage their complaint. We do this to provide a more seamless relationship as many complainants may be disaffected due to having experienced 'run-arounds' or the like which dilute trust and confidence in the system. Further on receiving a complaint, our team members seek to make an initial contact with the complainant to ensure their concerns and preferred outcomes are clearly understood and to agree on the most appropriate action to be taken.

The specific action taken in each complaint case depends upon its history, the nature of issues raised and the outcomes sought. The actions may be categorised as complaint enquiries or complaint investigations.

Complaint enquiry

Firstly, complainants may make an enquiry to seek information or independent advice and assurance in relation to ATO or TPB actions. In a large proportion of these cases, IGTO officers are able to provide appropriate information, advice and assurance without needing to involve the ATO or TPB. In FY19, over forty-three (43) per cent of all complaints were resolved by IGTO officers in this manner.

These cases may include instances where our office is unable to assist due to jurisdictional constraints. Where this occurs, our objective is to explain and refer taxpayers to the most suitable body that can assist them, including the Administrative Appeals Tribunal (AAT) and the courts, Commonwealth Ombudsman, ASBFEO, the Australian Information Commissioner, and various fair trading offices around Australia.

Our officers receive training to assist with the identification of signs which may suggest particular taxpayers need extra support and have resources to make referrals to other services such as Lifeline, Beyond Blue and other community support services. In FY19, we also sought to understand the scope of work for various Tax Clinics established within a number of universities around Australia and the advice and advocacy services that they provide to taxpayers. We also refer complainants to community organisations where they cannot afford the services of a registered tax agent or legal representative.

Complaint investigation

Secondly, complainants may ask us to investigate the actions or decisions of the ATO or the TPB relating to the tax administration system. That is, where they consider the action or decision to be inappropriate or unfair. These complaints require ATO or TPB involvement and are initiated by way of an investigation.

We have independent and considerable powers of access to information and officers of the ATO and TPB. Our office is able to obtain information from the ATO or TPB not otherwise available to taxpayers and tax practitioners (due to the tax law secrecy provisions). If required, formal notices may also be served requiring officers of the ATO or TPB to provide information relevant to our investigations.³ No such notices were issued in FY19.

In total, 1,636 investigations were undertaken by the IGTO during FY19. Approximately 98 per cent of the investigations commenced this financial year related to the ATO with the remainder relate to the TPB. Approximately 91.4 per cent of all investigations undertaken in this year were completed—see Table 4 below.

3 Section 9 of the *Ombudsman Act 1976* which operates by virtue of section 15 of the *Inspector-General of Taxation Act 2003*.

Table 4: Numbers of investigations commenced and completed

Agency	Investigations commenced			Investigations completed or carried forward	
	Carried forward from 2017-18	Received in 2018-19	Total handled in 2018-19	Total completed in 2018-19	Total carried forward
ATO	208	1,398	1,606	1,468	138
TPB	4	26	30	28	2
Total	212	1,424	1,636	1,496	140

Some examples of cases that we handled in FY19 and how we have assisted the taxpayers that have come to us are set out in the case studies below.

CASE STUDY 1

The complainant, who is a single mother of two children and legal guardian of her aging father, was concerned with the ATO offsetting her Centrelink Family Assistance (CFA) payment of approximately \$8,000 towards a debt of \$23,000. She did not receive the \$8,000 CFA payment, but instead had a debt of approximately \$15,000 remaining after the offset. She was relying on the \$8,000 Centrelink payment to support her family, as she was unemployed at the time due to undertaking full time care responsibilities for her children and her father.

Through the IGTG complaint process, the ATO agreed to refund the \$8,000 offset from Centrelink, by recognising that it was not appropriate to pursue debt collection given her circumstances at the time.

CASE STUDY 2

The taxpayer was in an uncommon Employee Share Scheme which had resulted in an overpayment of tax. The ATO's systems were unable to process a tax refund for that overpayment. The ATO suggested that the taxpayer lodge an amendment to the 2018 income tax return (ITR). The taxpayer subsequently lodged the amendment which resulted in an incorrect tax debt of approximately \$60,000.

The taxpayer contacted our office and an investigation was commenced. As a result of our investigation, the ATO correctly amended the taxpayer's ITR and a tax refund of approximately \$130,000 was issued.

CASE STUDY 3

The director of a small business company contacted our office in relation to the difficulties she was experiencing in trying to address her company's debt with the ATO. The ATO had raised superannuation guarantee charge assessments and issued a director penalty notice (DPN) despite the director's insistence that payments towards the debt had already been made.

The IGTO investigated the allocation of payments in the ATO's systems, and provided independent assurance that her payments were made to the proper accounts, according to the ATO's policies and procedures. However, as a result of our investigation of the complaint, the ATO reviewed the issue of the DPN and confirmed that it had accepted the director's defence. Accordingly, the ATO withdrew the notice.

CASE STUDY 4

The taxpayer, who was elderly and spoke English as a second language, lodged a complaint with the IGTO in relation to the lack of help he was receiving from the ATO after dealing with a suspicious online tax agent service. The taxpayer had contacted the ATO to withdraw his authorisation for the agent to lodge income tax returns on his behalf due to his concerns about the agent's conduct. However, despite contacting the ATO, the income tax return lodgements were processed and the refund was issued to the agent.

As a result of the IGTO's investigation, the ATO acknowledged that different actions should have been taken to prevent processing of the lodgements and stop the refunds from issuing to the agent. The ATO agreed to assist the taxpayer to re-lodge his affected tax returns and to process the refunds.

CASE STUDY 5

The ATO issued a garnishee notice to a taxpayer for debts from a former partnership business. The taxpayer was travelling at the time and the garnishee notice resulted in them losing access to funds whilst in a foreign country.

Our investigation revealed that in 2016 the ATO had advised the taxpayer that they would not be pursued for debts from the former business. Although, this advice was not correct at law, it was nonetheless provided and the taxpayer relied upon it. To resolve the complaint the ATO honoured its earlier advice to the taxpayer and returned the garnished funds. The ATO apologised and also took steps to ensure that no future debt collection actions would be taken against the taxpayer.

Performance measure 1.2 — Number and percentage of complaints not requiring an internal review of the original decision

We seek to maintain high standards of service to complainants in the advice we provide. Decisions by our complaints team members are reviewed by their managers before finalisation to ensure sound decisions are made and are transparently communicated to the complainant. We also advise the affected agency (being the ATO or TPB) to ensure that any improvement actions are effected promptly for complainants. Such communication demonstrates accountability of our team to individual complainants and empowers them in their dealings with the tax administration system.

Complainants also have the opportunity to discuss our team members' decisions to ensure that they are clearly understood and that alternative perspectives or views as well as any additional information may be put forward regarding their case.

We provide complainants with access to important IGTO policies, such as mutual expectations on personal conduct and internal review rights on our website.⁴ Our policies seek to provide complainants with assurance and understanding about the options available to them if they are dissatisfied with the outcome or the process of their complaint and an understanding regarding any limitations that may exist.

Of the 2,827 cases closed in the 2018-19 financial year, 14 requests for internal review were made by complainants, representing 0.49 per cent of all closed cases.

Of the requests made for internal review:

- one was withdrawn by the complainant after initial discussions with the original IGTO case officer who was able to provide further clarification and explanation of their decision;
- three did not progress to a review due to inadequate information being provided by the complainant;
- seven internal reviews upheld the original IGTO decision;
- one internal review resulted in the original IGTO decision being varied; and
- two internal reviews are still under consideration.

4 Inspector-General of Taxation and Taxation Ombudsman (IGTO), *Frequently Asked Questions*, <igt.gov.au>.

Performance measure 1.3 — Agreed business improvements (ABI) identified in our complaint investigations

We seek to identify improvements to the ATO and TPB business processes during the course of complaint investigations. We adopt a continuous improvement approach that leads to prompt action that benefits taxpayers more broadly. During the course of a complaint investigation, the ATO or the TPB may acknowledge that there is an opportunity for improvement and an ABI may emerge without the need for the IGTO to conduct a formal review. The details of the ABI are captured and its implementation monitored by the IGTO.

This year, the ATO agreed to 9 ABIs and the TPB agreed to 1. The ATO implemented 9 ABIs whilst the TPB implemented 2 — see Table 5. A number of the ABIs implemented this year were agreed in the previous financial year.

Table 5: Implementation status of Agreed Business Improvements

Agency	Number of Agreed Business Improvements			
	Carried forward from 2017–18	Created in 2018-19	Implemented in 2018-19	In progress as at 30 June 2019
ATO	11	9	9	11
TPB	2	1	2	1
Total	13	10	11	12

Performance measure 1.4 — Feedback received from stakeholders about our complaints service

Independent survey

We are committed to providing and maintaining a high standard of service in our interactions with the community and value feedback received from complainants. We engage ORIMA Research Pty Ltd (ORIMA) to conduct independent surveys to evaluate the performance of our complaints service. Between April 2018 and January 2019, we also piloted a platform program to conduct the client satisfaction survey in-house.

In total, 966 complainants, for whom the IGTO had finalised complaint investigations, were contacted to provide feedback. Approximately 55 per cent of complainants who were contacted by ORIMA provided feedback (49 responses out of 87 contacts). This is consistent with the 51 per cent and 55 per cent of complainants who responded in the two previous years respectively. The response rate to our in-house client satisfaction survey was 26 per cent (277 responses out of 879 contacts).

The feedback received from both surveys demonstrates lower levels of satisfaction compared with the previous years — see Table 6. In FY19, 64 per cent of survey respondents reported overall satisfaction with the complaints handling service, 45 per cent reported overall satisfaction with the outcome of their complaint and 82 per cent reported satisfaction with the professionalism of IGTO staff.

The main reason for the lower than expected levels of satisfaction was the heightened workload that eventuated as a result of the ABC Four Corners programme and which persisted through to Tax Time (a typically busy period). The Four Corners programme resulted in both an increase in complaints cases as well as the launching of the *Review into the ATO's use of Garnishee Notices* to investigate the allegations raised. As a result of the heightened workload, a number of processes were implemented to streamline and accommodate the work. Some of these measures limited the amount of communication that IGTO officers had with complainants, which is likely to have led to lower than expected levels of taxpayer satisfaction with the services that we deliver.

Table 6: Complaints service survey results

Views of IGTO's complaints handling service	Proportion satisfied	Proportion dissatisfied	Proportion neither satisfied or dissatisfied
Overall satisfaction with the IGTO's complaints handling service	65%	29%	6%
Overall satisfaction with the outcome of the complaint	45%	44%	11% ⁵
Professionalism of IGTO staff	82%	8%	10%

The results in Table 6 reflect the effectiveness of our role in facilitating the resolution of complaints. Whilst not every complainant achieved their preferred outcome, many have still expressed high levels of satisfaction with our complaints service and the professionalism of our staff.

⁵ In 1 per cent of cases, the taxpayer reported that no outcome was sought as a result of the complaint.

Table 7: Willingness to use IGTO complaints handling service again

Willingness to use IGTO complaints service again	Satisfied with outcome	Dissatisfied with outcome
Would use IGTO complaints service again	100%	N/A
Would not use IGTO complaints service again	38%	62%

As set out in Table 7, all complainants who were satisfied with the outcome of their complaint indicated their willingness to use the complaints handling service in the future. Amongst complainants that were dissatisfied with the outcome of their complaint, approximately 38 per cent indicated that they would still use our complaints service in the future.

The survey also provided opportunities for us to further improve performance to meet the service expectations of the community. One area that requires improvement is awareness of our office's Taxation Ombudsman role, particularly amongst vulnerable taxpayers including unrepresented individuals and small businesses. To improve awareness, we are implementing a broader communications and engagement strategy which includes increasing our presence on social media, a website update, presenting more widely at appropriate forums including in regional centres and expanding our quarterly newsletter. These initiatives are discussed in Performance Measures 1.7 and 2.2.

Telephone survey

In May 2018 we established an automated telephone survey response platform to obtain contemporaneous feedback from complainants whose concerns were resolved over the telephone. A total of 489 complainants were invited to participate in the survey after completing their telephone call with us and 118 (24 per cent) agreed to participate. Of those who participated:

- 108 respondents (91.5 per cent) gave our service a rating of 4/5 or 5/5; and
- 112 respondents (94.9 per cent) indicated that they would use our service again.

This is another positive outcome for the community as well as our team.

Direct feedback from complainants

Our team members also receive feedback directly from complainants. During the year, 189 complainants provided direct feedback to us, of which over 80 per cent were positive in nature. The majority of the positive feedback received was directed at the specific team member managing the complaint, expressing overall satisfaction with their professionalism, helpfulness and quality of service. Importantly, some of these

positive comments were made irrespective of whether complainants had achieved their preferred outcome.

Some examples of the positive feedback that we received are provided below:

**EXCERPT FROM EMAIL
RECEIVED FROM COMPLAINANT ON 3 AUGUST 2018**

I have viewed the email that you've sent, and would like to thank you for your time and patience with this case.

I found your conduct through the process of this investigation to be of a professional standard.

From this outcome you have helped obtain, you have also helped in giving me some positive reinforcement to help me with combating my depression and anxiety.

**EXCERPT FROM EMAIL
RECEIVED FROM COMPLAINANT ON 1 SEPTEMBER 2018**

I would like to express our sincere gratitude for your efforts on our behalf advocating to resolve our First Home Savings Scheme issues with the ATO. In our communication with the ATO, it was evident that the contact and communication you had made was helping to prioritise and escalate the seriousness with which our complaint was being handled. I received the funds on Thursday 30/8. The bank allowed the loan to go unconditional, and we now have total security that the house is ours and look forward to Settlement on 20/9.

We really are so grateful for your intervention and commitment to addressing the details of our complaint. We are appreciative that you made the time to help us, even though your reply stated that the Office of Inspector General of Taxation has its limits in its reach of redress with the ATO.

**EXCERPT FROM EMAIL
RECEIVED FROM COMPLAINANT ON 15 JANUARY 2019**

I wish to convey my utmost respect and gratitude to all the investigators and workers that worked on my case. Without your team and the action you took I seriously do not know where I would have ended up with this.

From my initial phone call with [your officer] who showed me the utmost respect and understanding. I thank you from the bottom of my heart. I commend you for your help and guidance and the result that has been achieved.

Just so you know how a little thing can make such a difference to someone.

When I first contacted your department it was the first in so many calls that someone would finally help. To yesterday when I received a call that will change my life for the better. [sic] Yesterday you would have seen a grown man crying for joy as realising it is finally over. That is because of your team.

I know now that I will be able to keep my home this is because of what you have done.

Thank you.

**EXCERPT FROM EMAIL
RECEIVED FROM COMPLAINANT ON 1 MARCH 2019**

Many thanks again for your involvement in this matter.

Although I naturally remain totally dissatisfied with the result so far, I am satisfied that your office has done everything possible to assist.

**EXCERPT FROM EMAIL
RECEIVED FROM REGISTERED TAX AGENT ON 8 MAY 2019**

I thank you for your quick and diligent and conscientious and extremely effective resolution of this matter. Hopefully the ATO learn from dealing with you in the way they should be attending to their administrative function including when they get it wrong.

Performance measure 1.5 — Feedback we received from the ATO and TPB on our complaints service

The foundation stone of our agency is its strong independence in promoting improved outcomes for complainants and the system more broadly. As the Taxation Ombudsman, our powers are directed at ensuring we have transparent access to information and to independently investigate complaints. We provide non-binding decisions or opinions for consideration or action by the ATO or TPB. Importantly, taxpayers and tax practitioners ultimately need to have their complaints or improvements addressed by the relevant agency who has agreed to take the action as recommended by us.

Accordingly, we seek to have constructive engagement where possible between the agencies as a scrutineer to ensure those improvements or changes can be effected at the earliest opportunity for the benefit of taxpayers and tax practitioners. Communications between our respective offices on complaint matters continue to be professional, frank, and lead to improvements for complainants and the system more broadly.

Senior officers between our respective agencies engage directly to discuss the progress of complaint investigations, the effectiveness of our complaints service and other complaint related matters. These meetings provide a forum for the respective officers to exchange professional and independent real time feedback on our complaints service and identify improvement opportunities.

At an operational level, approximately forty (40) weekly telephone meetings were held between our complaints directors and their ATO counterparts in FY19. These meetings allowed for real time insight and feedback from both agencies on emerging tax complaints issues, new initiatives and feedback on the management of complaints.

At a senior executive level, telephone discussions are held on a fortnightly basis to discuss high level complaints, review and other matters. These forums also allow for prompt escalation for matters requiring immediate attention or action. Throughout the year, approximately twenty (20) such telephone meetings were held.

In May 2019, we settled robust operational guidelines that were endorsed by delegates of the IGTO and ATO for both complaint handling and reviews. While still a relatively new product, the operational guidelines reflect pre-existing practices that the IGTO and ATO have adopted and augmented over the years to ensure efficient and effective handling of complaints. The adoption of the guidelines are likely to further enhance efficiency by making clear the roles and responsibilities within the complaints handling process, reduce redundancy and minimise the need for reverse workflows between our agencies that may delay outcomes for the taxpayer.

2. Performance report

The IGTO also engages with the TPB as required, which is reflective of the smaller proportion of complaints that are received regarding TPB actions. In FY19, the IGTO senior executive met once with the TPB senior executive. Moving forward, if complaints relating to the TPB increase materially more frequent engagement between the two agencies may be required.

Performance measure 1.6 — Feedback from staff about our complaints service

Our complaints team members attend weekly internal learning or analysis forums where they provide real time feedback and assessments as well as discussing innovative ideas and potential improvements for adoption. This year approximately forty (40) such forums were held. In addition to these forums, staff submit improvement opportunities for consideration, prioritisation and action on a range of matters that may assist them to better perform their role.

We also worked through a program to further enhance the capability of our team members in relation to their written communication with complainants together with a relevant quality assurance process. Our team members also received training to assist with improved identification of personally challenging situations and the manner in which to deal with or to otherwise refer those matters to better support both complainants and themselves more effectively.

We also sought to understand the scope of work for various Tax Clinics established around the country and the services they provide to taxpayers. We may refer complainants to a suitable Tax Clinic where they cannot afford the services of a registered tax agent or legal representative or for relevant small business to the AAT for services that are now available in that regard.

Optimisation project

In FY19, we undertook a review of our internal processes to identify areas for improvement, particularly as it had been three years since we commenced investigating taxpayer complaints. Staff input was obtained via internal focus sessions as well as engagement with senior management. The project team conducted 3 focus sessions with operational staff and 1 session with senior executive officers.

Whilst the project was finalised in May 2019 with a number of new policies and processes implemented, feedback from our officers continue to be sought and received through weekly discussion forums and through our Business Improvement Register (BIR).

Business improvements register

In April 2019, we consolidated a range of different feedback channels into a single centralised BIR where staff are able to provide feedback on existing IGTO practices and suggest improvements. These improvements have achieved current and ongoing efficiency and quality of service such as increasing automation in complaints handling, streamlining and improving complaint services, improved reporting and resource allocation.

At its inception in April 2019, 58 improvement or innovation suggestions were migrated to the BIR, an additional 34 were created and 56 have been subsumed into broader projects, implemented or referred to senior officers for further consideration. As at 30 June 2019, 36 items remain open on the BIR.

Performance measure 1.7 — Number of interactions with the IGTO's website and social media as well as subscriptions to *IGoT News!*

A consistent area of feedback that we have received from our client satisfaction surveys, Members of Parliament as well as tax practitioners has been the need for greater public awareness of our office and services that we deliver to the community.

Social media

In June 2018, we increased our efforts to improve awareness and understanding of our office by investing in a more effective social media communications strategy. In November 2018, we launched our official Facebook page which was followed by our LinkedIn page in February 2019. Our presence on these two platforms bolsters our existing presence on Twitter which we have maintained since 2014.

Although our entry onto Facebook is still very much in its infancy and we are continuing to refine our overall approach, it is already delivering positive outcomes. Due to Facebook's extensive user base, we have been able to ensure that our content has reached taxpayers in all parts of Australia. In FY19, we gained 4,791 Facebook fans and an additional 97 Twitter followers. Our content on Facebook has reached over 1 million users with over 4 million impressions recorded in the same period⁶ across all states and

6 An impression is counted as the number of times an instance of an ad is on screen for the first time excluding invalid traffic such as bot activity. Reach represents the number of people who have seen IGTO content online at least once and is calculated from sampled data. Impressions exceed Reach as it includes instances where the same person may view IGTO content on multiple devices.

2. Performance report

territories in Australia, both in metropolitan and regional areas. This has, in turn, generated over 300,000 instances of engagement.⁷

Expectations have been exceeded in terms of engagement through our social media channels, indicating that we are finding our niche and creating content that resonates with the community. For example, positive responses have been received following the creation of video content using IGTO staff to engage with the public.

Facebook also provides an additional channel for taxpayers to seek assistance from the IGTO where traditional telephone, email and mail correspondence has not been possible.

CASE STUDY 6

A taxpayer contacted the IGTO through Facebook Messenger explaining that she was mute and unable to interact with the IGTO or the ATO through any other means than instant messaging or email. She sought access to ATO paper forms that would assist her to comply with her income tax obligations.

The IGTO officer provided her with copies of the relevant documents and information regarding the ATO online publication ordering service as well as the National Relay Service as one government initiative that may be able to assist her in the future.

To complement our Facebook presence, we have been using LinkedIn to continue building upon our relationships with professional stakeholders, particularly those working in tax, law, accounting and financial services. We have also commenced using YouTube to distribute video messages from our review work in a more accessible manner. We have generated short videos discussing our observations and recommendations made in the 2019 reviews — the *ATO's use of Garnishee Notices* and *Future of the Tax Profession*. Both videos have been distributed through our social media channels and both have been well-received.

IGTO website

Our website remains a central client interface and the only platform through which taxpayers may use our secured complaints form. In FY19, our website received 18,878 views, of which 13,893 were unique (i.e. not including instances of users viewing the same page multiple times). We are actively looking to redesign and rebuild our website with a focus on accessibility of information and enhancing user interaction.

⁷ Engagement refers to instances where the user reacts to, comments upon, shares or clicks through the content posted by the IGTO.

IGoT News! newsletter

Our newsletter, which was launched in 2017 continues to be a channel through which we share information and keep stakeholders updated on our work. *IGoT News!* currently has over 500 subscribers. We will continue to promote communication through our newsletter in the next financial year.

Taxation Ombudsman branding

Our big change was adopting the 'Taxation Ombudsman' in our name towards the end of the 2018 calendar year.

We have received consistent feedback from taxpayers and tax practitioners that while they like our service, there is a low awareness of the Inspector-General of Taxation as a standalone name or brand (outside of the tax profession). The 'ombudsman' function has a much longer standing and awareness in the community for the related free of charge complaints resolution services they provide.

We will continue to work on increasing our community awareness through our expanded Taxation Ombudsman branding. The Inspector-General branding supports our office's original review function.

Engagement strategy — IGTG brochure

To broaden our exposure to taxpayers and promote awareness of our office, we developed a paper and electronic brochure for distribution throughout the FY20 and beyond. The brochure explains:

- who we are;
- how we can help;
- the complaints process; and
- how we can be contacted.

The brochure will be distributed to members of the public — including at various events we are attending and will also be made available in other government shopfronts and offices as well as community service and support centres to maximise distribution.

Services for culturally and linguistically diverse, hearing- or speech-impaired taxpayers

The IGTG also recognises that there may be taxpayers who are unaware of our services due to English not being their first language. Such taxpayers may also be considered a higher risk of having a dispute with the ATO if they experience difficulty understanding

2. Performance report

their tax obligations. As a result, the IGTO brochure was translated into 54 different languages and uploaded to our website in the first quarter of FY20.

The IGTO currently engages with taxpayers who speak different languages by using the Translating and Interpretive Service (TIS) which is an interpreting service provided by the Department of Home Affairs for people who do not speak English as a first language and for agencies and businesses that need to communicate with their non-English speaking clients.⁸

In addition, the IGTO also uses and promotes the availability of the National Relay Service to assist taxpayers who may be deaf, hard of hearing and/or have a speech impairment to make and receive telephone calls.

Communication and media strategy

Our communication and media strategy will be a priority over the coming years. We will seek to leverage our content creation so that we are able to maximise distribution across all our communication channels to foster greater awareness and access support for complainants. While we may need to tailor content for specific audiences, we will continue to consider innovative ways through which we can better engage with the community by using broadly focused content to deliver engaging and informative messaging that helps all taxpayers navigate the tax system more effectively as well as promoting confidence more broadly.

DELIVERABLE 2 — IDENTIFY AND PRIORITISE AREAS OF TAX ADMINISTRATION FOR IMPROVEMENT

The themes emerging from complaint cases, international trends and discussions in stakeholder forums assist us to identify tax administration issues of greatest community concern or significance in achieving a fairer, more equitable, efficient and transparent tax administration system.

Prior to the establishment of our complaints service, public consultation was the primary means of identifying and prioritising topics for review in developing the work program of our systemic reviews. However, in recent years, the themes emerging from our taxpayer complaints service are increasingly a major source for identifying topics for future reviews. For example, the reviews into *GST Refunds*, *PAYG Instalments* and *the ATO's management of tax evasion referrals*. The recent *Review into the ATO's use of Garnishee Notices* also analysed the data from our complaints service to inform the analysis underpinning the relevant observations and recommendations.

⁸ Department of Home Affairs, *About TIS National* <<https://www.tisnational.gov.au>>.

Performance measure 2.1 — Issues identified from complaints for potential review

The most common issues raised in complaint cases during the FY19 concerned the ATO's:

- debt collection action including payment arrangements, quantifying debts, garnishing amounts from taxpayers' accounts, offsetting credits against debts and issuing demand letters;
- delays in making payments to taxpayers, such as tax refunds, and remitting superannuation amounts to superannuation funds;
- processing delays with lodgements and difficulties such as the application of credits to taxpayer debts;
- audit and review activities, including concerns with decision making, case selection and information gathering; and
- communications, including the conduct of ATO contact centre staff, written correspondence, website and publications.

Table 8 below shows the proportion of complaints that relate to the above issues as a percentage of total complaints received in FY19.

Table 8: The five most common issues raised in complaints during FY19

Type of issues	Approximate percentage of all issues raised
Debt collection	25%
Outstanding or delayed payments	14%
Lodgement and processing issues	12%
Audit and review activities	7%
ATO communications	7%
Subtotal:	65%

The five most common issues remain unchanged compared with those from FY18, however complaints regarding outstanding or delayed payments rose above those relating to lodgement and processing issues. As mentioned above, complaints data is a rich source for analysis and identification of themes and areas for potential review. However, a review action is only one of a number of different ways in which recurring issues may be appropriately addressed.

2. Performance report

As noted in Performance Measure 1.3, in some instances, the ATO or TPB may acknowledge an issue identified by the IGTO during the course of a complaints investigation and an ABI may emerge without the need to conduct a broader IGTO review. Another possibility is that the ATO or TPB may acknowledge an issue but offer to conduct their own review before the IGTO takes further action. Such an approach may deliver more prompt action to benefit a broader range of taxpayers. Our office retains the power to review these ATO internal reports or to otherwise conduct a review more broadly if dissatisfaction persists in the community.

Where themes arising from our complaint investigations are not otherwise considered or addressed through these other approaches, they may be considered for action through a formal review. The formation of our work program follows processes of assessment and prioritisation from the complete range of topics raised for investigation.

Situations may arise where issues are identified that require immediate action. In these circumstances the legislation⁹ allows the IGTO to commence investigation on their own initiative. In this financial year, the IGTO finalised two such investigations, namely the *Review into the ATO's use of Garnishee Notices* and the investigation into the ATO's management of tax evasion referrals which was reported as part of the *Review into the ATO's Fraud Control Management*.

The IGTO continues to analyse the data raised through complaints on a periodic basis with a view to identifying trends and issues that arise. As part of this process, the IGTO will consider such trends in the development of a forward work program to be announced for FY20.

Performance measure 2.2 — Issues identified from stakeholder forums

Our office consults extensively with the broader community, including taxpayers, tax professionals and their representative bodies in conducting reviews and through our taxpayer complaints service. We also consult with the Government and its agencies, such as the ATO, TPB, Australian National Audit Office (ANAO), Commonwealth Ombudsman and Treasury. Input is also sought from the Minister as well as parliamentary committees.

We continue to engage through presentation and participation in a range of events to further raise awareness of the services we provide to taxpayers and tax professionals.

⁹ Subsection 8(1) of the *Inspector-General of Taxation Act 2003*.

A number of stakeholders at such events may informally raise matters at the forum, or afterwards for consideration in the development of future work programs.

Table 9: IGTO speaking and public engagements during FY19

Speaking engagements			
Date	Organisation	Type of function	Location
20 July 2018	Chartered Accountants Australia and New Zealand	Discussion Group	Parramatta
25 July 2018	Institute of Public Accountants	Discussion Group	Campbelltown
2 August 2018	Taxpayer and Customs User Advocacy Office of Colombia	International Forum	Bogota
6 September 2018	New Zealand Law Society	Conference	Auckland
18 September 2018	Law Council of Australia	Conference	Brisbane
24 September 2018	PwC	Discussion Group	Melbourne
25 September 2018	CPA Australia	Discussion Group	Windsor
4 October 2018	Arnold Bloch Leibler	Valedictory event	Melbourne
19 October 2018	Tax Institute of Australia	Conference	Tasmania
30 October 2018	Tax Institute of Australia	Podcast interview	Australia
2 November 2018	Institute of Public Accountants	National Congress	Sydney
27 November 2018	Consumer Advocacy and Complaints Resolution 2018	Conference	Sydney
19 March 2019	Accountants Daily	Podcast interview	Australia
25 March 2019	Resolve Software Group Conference	Conference	Adelaide
22 May 2019	Minerals Council of Australia	Forum	Melbourne
22 May 2019	Namaru	Launch	Sydney
31 May 2019	Institute of Public Accountants	Conference	Hobart
13 June 2019	Chartered Accountants Australia and New Zealand	Meeting	Sydney
17 June 2019	Corporate Tax Association	Forum	Melbourne

2. Performance report

We continue to engage and consult with public sector stakeholders on matters of relevance and interest to minimise potential duplication in our scrutineering activities. We also provide input to other government and parliamentary reviews or inquiry. The announced review by the Department of Finance of the Scheme for the Compensation for Detriment Caused by Defective Administration in relation to the ATO and Small Business¹⁰ and the Treasury in relation to its review of the TPB and the *Tax Agent Services Act 2009*¹¹ are examples of such contributions.

In addition to ongoing dialogue with a range of federal government agencies, we also manage specific complaints from programs administered by those agencies. For example, we have worked with the ATO and the ASBFEO to manage potential disputes that may arise from the ATO's funding of small business litigation in the AAT's Small Business Taxation Division.¹² The ATO has advised that it will comply with recommendations made by the IGTO in this regard.¹³

International forums

Internationally, we continue to foster strong working relationships with our ombudsman counterparts in other jurisdictions through membership in organisations such as the International Ombudsman Institute. We have also actively participated in international conferences on key taxpayer rights issues. Before finalising his term, the former IGTO travelled to New Zealand and Colombia in FY19 to discuss concerns regarding taxpayer rights and other important and emerging issues at an international level.

We continue to support the work undertaken by the International Bureau of Fiscal Documentation (IBFD) and the International Law Association on best practices for the protection of taxpayer rights. Our office represents Australia as a National Reporter for the IBFD and contributes its Observatory on the Protection of Taxpayers' Rights report.¹⁴

10 Department of Finance, *Review of the CDDA Scheme in relation to the Australian Taxation Office and Small Business* (22 March 2019) <<https://www.finance.gov.au>>.

11 Department of the Treasury, *Review of the Tax Practitioners Board*, <<https://treasury.gov.au>>.

12 Administrative Appeals Tribunal, *Guide to Small Business Taxation Division* (2019) <<http://www.aat.gov.au>>.

13 Australian Taxation Office, *Small business litigation funding* (4 July 2019) <<https://www.ato.gov.au>>.

14 International Bureau of Fiscal Documentation, *2018 General Report on the Protection of Taxpayers' Rights* (2019) <<https://www.ibfd.org>>.

Previously announced but not-commenced reserve list topics for review

As part of our previous Work Program, four potential reviews were identified which were not commenced due to resourcing constraints as well as competing priorities. However, future consideration may be given to these topics, namely:

- Influencing Willing Participation in the Tax and Superannuation Systems;
- ATO Advice and Guidance;
- Fraud or Evasion Opinions; and
- Research & Development.

2019 — 2020

The IGTO will develop and issue a work program for FY20. As part of that process, the IGTO will consider topics previously suggested, previously-mentioned companion report research, themes emerging in complaints data and feedback from our stakeholders to prioritise issues for review.

DELIVERABLE 3 — CONDUCT REVIEWS INTO PRIORITY AREAS AND MAKE INDEPENDENT RECOMMENDATIONS FOR IMPROVEMENT

The conduct of each review is bespoke depending on the topic. However, it generally involves a consideration of submissions made by stakeholders as well as investigation of ATO or TPB systems by directly accessing those systems. The review process requires detailed research and analysis, including international comparisons with comparable jurisdictions, to identify best practice for areas requiring improvement and to develop the necessary recommendations. Each review involves ongoing engagement and consultation with the ATO and TPB throughout the review cycle, both at the operational and senior management levels.

Performance measure 3.1 — Conduct reviews, investigate identified issues, report the finding and recommendations

In FY19, four IGTO review reports were publicly released.¹⁵ Table 10, below, lists all reviews and their status as at 30 June 2019.¹⁶ All review reports are available on the IGTO website, www.igt.gov.au.

Table 10: IGTO reviews and their status at 30 June 2019

IGTO review	Initiated by	Status at 30 June 2019
GST Refunds	IGTO Work Program	Report publicly released 16 August 2008
ATO's Fraud Control Management	Request from Senate Economics References Committee	Report publicly released 22 October 2018
ATO's use of Garnishee Notices	IGTO Work Program	Report publicly released 13 March 2019
Future of the Tax Profession	Request from Commissioner of Taxation	Report publicly released 3 April 2019

Completed reviews

In FY19, two reviews were finalised and publicly released, namely the *Review into the ATO's use of Garnishee Notices* and the *Future of the Tax Profession*. In addition, during the year two earlier reviews, namely *GST Refunds* and *Review into the ATO's Fraud Control Management*, that were previously finalised in the FY18 were published following consideration by the Government in accordance with the provisions of the *Inspector-General of Taxation Act 2003*.

A summary to published reports are provided below. The full text of all recommendations made in these reports is set out in Appendix 3.

Review into GST Refunds

This review arose out of concerns raised by both individuals and businesses through the complaints service as well as by stakeholders in the development of the IGTO's work program. These concerns largely centred on undue delay and insufficient engagement between the ATO and taxpayers during the verification process. We found that, overall, the ATO's approach to GST refund verification is operating well with the

¹⁵ IGTO, *GST Refunds* (2018); IGTO, *Review into the ATO's Fraud Control Management* (2018); IGTO, *Review into the ATO's use of Garnishee Notices* (2019); IGTO, *The Future of the Tax Profession* (2019).

¹⁶ IGT reviews are conducted under paragraphs 7(1)(c) and (d) of the *Inspector-General of Taxation Act 2003* which provide for the power to investigate systems established by the ATO, TPB or the taxation laws.

vast majority of refunds being released without the need for verification and, of those that are stopped, over 50 per cent are processed and released within 14 days.

The report identified some opportunities for improvement in relation to the strike rates achieved by the ATO's automated risk assessment tools, communication between the ATO and taxpayers and their representatives as well as promoting greater awareness of options when taxpayers are experiencing financial hardship.

The review also examined the ATO's current approach to using refund retention as part of a broader project to address fraud within the precious metals industry and the difficulties associated with that approach.

Table 11: Number and percentage of agreed recommendations

Recommendations to	# Parts of recommendations made	# Parts of recommendations Agreed in full or in part	% of Agreement
ATO	16	11	69%

Review into the Australian Taxation Office's Fraud Control Management

This review was commenced at the request of the Senate Economics References Committee and examines the ATO's management of internal and external fraud risks. This review was requested due to the events connected with the Australian Federal Police's Operation Elbrus investigating a \$101 million tax fraud.¹⁷ Conduct of the review required detailed examination of relevant ATO practices, procedures and structures to detect and address fraud and corruption risks.

The report did not find evidence of systemic internal fraud or corruption. The ATO, generally, has sound systems in place for managing risks of internal fraud, however, a number of areas have been identified which require improvement. Aspects of the ATO's management of external fraud risks have also been examined, complementing other initiatives aimed at addressing tax and financial crime, for example the Phoenix and Black Economy Taskforces. In this regard, certain case studies were examined such as the ATO's response to alleged fraud in the precious metals industry as well as its management of tax evasion referrals from the community.

¹⁷ Australian Federal Police, *Annual Report 2017-18* (2018) p 83.

Table 12: Number and percentage of agreed recommendations

Recommendations to	# Parts of recommendations made	# Parts of recommendations Agreed in full or in part	% of Agreement
ATO	41	37	90%

Review into the ATO's use of Garnishee Notices

This review was undertaken to identify opportunities to improve the administration of the tax system after serious allegations were made about the ATO's inappropriate use of garnishee notices on small businesses. These allegations were made by both a current and former ATO officer on the Four Corners program which aired on 9 April 2018.

The report was conducted on narrow terms of reference aimed at investigating allegations that the ATO:

- gave directions to its officers to issue enduring garnishee notices in every case as a 'cash grab' towards the end of FY17; and
- set targets for its officers and assessed their performance based on the level of debt collected.

Based upon the evidence examined by the IGTO, these allegations could not be substantiated. A number of other key findings and observations were also made.

Firstly, during the relevant period, the ATO had issued approximately 60 per cent of the usual amount of garnishee notices and that certain taxpayer concerns regarding these notices had been substantiated in 17 out of 79 complaints lodged with the IGTO.

Secondly, communication problems within the ATO debt area did arise in small localised pockets which required clarification about the practical implications that flowed from the points of emphasis in the garnishee priority work and reinforcement of ATO procedures and training. These problems were addressed promptly and effectively by staff within the Debt business line in all sites except Adelaide which laboured under a misconception for over two months until identified and addressed by ATO national management.

Finally, while the so-called 'hour of power' email was inappropriate, the message was not supported by other factors to suggest maladministration. Furthermore, it was only issued to 12 (of the total 200) debt staff during the final hour of overtime on a Saturday.

Table 13: Number and percentage of agreed recommendations

Recommendations to	# Parts of recommendations made	# Parts of recommendations Agreed in full or in part	% of Agreement
ATO	7	7	100%

Review into the Future of the Tax Profession

This review was undertaken in response to a request from the Commissioner of Taxation, as well as concerns raised by stakeholders within the tax profession. The review examined the challenges and opportunities presented by new and emerging digital technologies, along with the accompanying social, policy and regulatory impacts on the administration of taxation laws and the tax profession.

The report identified opportunities for the ATO to consider its future workforce capability needs. It was also observed that the TPB's role may need to expand in the future to keep pace with developments in the tax profession and workforce more generally.

Table 14: Number and percentage of agreed recommendations

Recommendations to	# Parts of recommendations made	# Parts of recommendations Agreed in full or in part	% of Agreement
ATO	19	11	58%
TPB	6	6	100%

Government consideration of IGTO recommendations

In FY19, the IGTO made 5 recommendations to the Government. The Government has noted four and agreed in principle with one.

Table 15: Government responses to IGTO recommendations

IGTO review	# recommendations made	Government Response
GST Refunds	1	Noted
ATO's Fraud Control Management	1	Agreed in Principle
Future of the Tax Profession	3	Noted all recommendations

In July 2019, the Treasury Laws Amendment (Combatting Illegal Phoenixing) Bill 2019 was introduced to Parliament. This bill was a reintroduction as the original bill lapsed due to Parliament being prorogued. One measure in the bill seeks to empower the

2. Performance report

Commissioner to retain tax refunds where the taxpayer has failed to lodge a return or provide information to the Commissioner that may affect the quantum of the refund.¹⁸ The measure aligns with Recommendation 6.1 in the IGTO's *GST Refunds* review urging the Government to consider providing the ATO with greater refund retention powers in cases of serious fraud.

Having regard to the priorities of the Government's legislative and policy agenda, it is not uncommon for the IGTO's commentary or recommendations to re-emerge some time after the publication of the initial report. Such was the case with one of the Government's announced measures in FY19, namely the establishment of tax clinics. The IGTO first noted the benefits of such clinics in the United States in the *Tax disputes review*,¹⁹ and reiterated it through a submission made to the Secretary of the Treasury²⁰ and again in the former IGTO's valedictory speech on 4 October 2018.²¹

OTHER MATTERS — SYSTEMS CAPABILITY / RESOURCING ISSUES

International counterparts

The functions that we carry out and the services that we deliver align with those of other tax ombudsman services internationally. Through our membership with organisations such as the International Ombudsman Institute, we have maintained strong working relationships with our international counterparts. These organisations serve as both an information network and a point of comparison for best practice and potential benchmarking. Some relevant comparative examples are set out in Table 15.

Table 16: Resources of tax ombudsman services in Canada, the UK and USA

Jurisdiction	Office	2018-19 Budget
Canada	Taxpayers' Ombudsman	CAD 3,098,000
United Kingdom	Adjudicator's Office	GBP 2,669,007
United States of America	National Taxpayer Advocate	USD 206,000,000

In Canada, the Office of the Taxpayers' Ombudsman (OTO) investigates complaints and reviews systemic issues regarding the Canada Revenue Agency (CRA). In the OTO's most

18 Treasury Laws Amendment (Combatting Illegal Phoenixing) Bill 2019, sch 4.

19 IGTO, *The Management of Tax Disputes* (2015).

20 IGTO, *Investigation into matters reported by the Four Corners program about small business dealings with the Australian Taxation Office: A submission to the Secretary of the Treasury* (April 2018).

21 Ali Noroozi, Valedictory Speech, Melbourne (4 October 2018) <www.igt.gov.au>.

recent Annual Report, it reported total annual reporting operating expenditure in the sum of CAD \$3,098,000 in addition to \$201,000 being paid to CRA for corporate services they provide.²² However, the OTO has also highlighted resourcing difficulties and has requested further funding to employ 10 additional permanent staff to address an increase in complaint workloads.²³

In the United Kingdom, the Adjudicator's office, whose role is to investigate complaints regarding Her Majesty's Revenue and Customs (HMRC), reported an operating budget of £2,669,007 in 2019.²⁴ A Service Level Agreement between HMRC and the Adjudicator ensures staff, accommodation, equipment and materials are supplied to enable the Adjudicator to investigate complaints.²⁵

The United States of America's National Taxpayer Advocate (NTA) in 2018 reported having 1,611 employees with an appropriation of USD \$206,000,000.²⁶ However, it is not unexpected since the NTA maintains at least one office in every contiguous state as well as Hawaii, Alaska and Puerto Rico.

Whilst there are difficulties in forming comparisons with like tax ombudsman agencies in different jurisdictions, our interactions with international counterparts, of which the above is only a small example, has highlighted the common challenges facing small ombudsman-like agencies in serving the taxpaying community and dealing with the increasing complexities within their respective tax systems. Our office is no exception.

The issue has been recognised by the House of Representatives Standing Committee on Tax and Revenue's report into the *2017 Annual Report of the Australian Taxation Office* that recommended the IGTO should be adequately resourced to provide ongoing effective assistance to Australian taxpayers as the promotion of our complaint service will likely drive increase demand for greater volumes of assistance.²⁷ As demand for free, independent services such as those of the IGTO continue to rise, performance may only be maintained where resources are available to match that demand. The issue of resourcing is one that the IGTO will monitor and, if appropriate, raise with Government in the future.

22 Taxpayers' Ombudsman, *Annual Report 2018-19, Breaking Down Barriers to Service* (2019) <<https://www.canada.ca>> p 33.

23 Ibid p 32.

24 Adjudicator's Office, *Annual Report 2019* (2019) <<https://www.gov.uk>> p 38.

25 Ibid.

26 National Taxpayer Advocate, *Objectives Report to Congress Fiscal Year 2020* (Vol 1) <<https://www.taxpayeradvocate.irs.gov>> p11-12.

27 House of Representatives Standing Committee on Tax and Revenue, above n 2, p 181.

Shared services and data security

The resourcing challenge highlighted above impacts not only core service delivery, such as complaints and review work, but limits the ability of the IGTO to resource administrative functions in-house such as Payroll, Finance and, Information and Communication Technology (ICT) systems. Since our office's inception, the Department of Treasury has provided these services by way of a Memorandum of Understanding (MOU).

In late 2018, Treasury explained that, in line with whole-of-government directives, it would no longer provide ongoing shared services to smaller agencies as a hub. This raises some risks for our agency and its independent functions, particularly in relation to the management of ICT. As a result, a body of work has commenced within our office to migrate our ICT environment from the Treasury to a new provider. This body of work is likely to extend well into the FY20 and beyond as we actively work with other parties to ensure our core service delivery to taxpayers is maintained.

A key aspect associated with our ICT platform is the need to consider cyber security and data protection issues, both of which have been identified as an emerging risk across the Government and highlighted more recently by the ANAO.²⁸ Accordingly, work is also being undertaken to ensure the protection of sensitive taxpayer information in accordance with the applicable privacy laws, including the undertaking IT Security Risk Assessments and Privacy Impact Assessments, where necessary.

STATUTORY STATEMENT

I, Karen Payne, as the Accountable Authority of the IGTO, present the above 2018–19 annual performance statement of the IGTO, as required under subsection 39(1) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

In my opinion, this annual performance statement is based on properly maintained records, accurately reflects the performance of the agency and complies with subsection 39(2) of the PGPA Act.

28 Australian National Audit Office, *Performance Audit (Potential) — Cyber resilience of non-corporate Commonwealth entities*, <<https://www.anao.gov.au>>.

FINANCIAL PERFORMANCE

The IGTO received an unmodified audit report on the FY19 financial statements from the ANAO. These statements are reproduced in full later in this report.

The IGTO entity ended FY19 with an attributable surplus of \$203,756, compared to a surplus of \$353,731 in FY18.

The entity has sufficient cash and reserves to fund its liabilities as and when they fall due.

3. MANAGEMENT AND ACCOUNTABILITY

CORPORATE GOVERNANCE

As a public office holder, the IGTO reports and is accountable to the Minister for discharging her statutory role. As the Accountable Authority (AA) of the IGTO agency, she is responsible for the operation and performance of her office pursuant to the requirements of the PGPA Act.

The IGTO has issued instruments of delegation in respect of certain functions and responsibilities. A suite of Accountable Authority Instructions (AAls), policies, procedures, plans and guidelines offer guidance to officers in their exercise of powers under the instruments of delegation.

Due to our small office environment, our corporate governance and administrative practices are generally designed to align with or adapt to the administrative and governance processes of the Treasury where applicable. This approach provides synergistic benefits through cost efficiency and reduced risk in service delivery under the comprehensive shared service arrangements, in the form of the MOU between the Treasury as service provider and our agency as recipient.

The historical adoption of Treasury policies and guidelines was also undertaken for administrative efficiency and for coverage of areas in which our office did not have its own policies. Our office has progressively adopted more tailored and specific policies and guidelines in a range of areas. Our culture of innovation and continuous improvement ensures that review processes of this kind are an ongoing commitment.

The IGTO and the Deputy IGTO together act as the agency Executive (the Executive) and oversee these arrangements. Committees are also established to support administrative and operational requirements, including for the purposes of research, analysis and recommendation.

Audit and Risk Committee

The IGTO Audit and Risk Committee (ARC) is also an important element of the agency's governance structure. This ARC is appointed by the AA pursuant to the PGPA Act. Its membership is fully independent of the Executive and governed by its own charter. The remuneration of the ARC is set by the AA in accordance with an internal policy.

The ARC provides advice and assurance by reporting to the AA. The ARC met on three occasions in FY19.

3. Management and accountability

The current ARC comprises Mr Mike Stallworthy as Chair, and members, Mr David Barry, Ms Fiona Erhardt and Mr Peter McGee.

Fraud prevention and control

Our office's Fraud Control Plan has been developed in accordance with the *Commonwealth Fraud Control Framework*.

Our Fraud Risk Assessment forms the basis of the Fraud Control Plan and has been developed with appropriate controls, prevention, detection and investigation, and reporting standards.

We have undertaken all reasonable measures to minimise the incidence of fraud. In FY19, IGTO officers completed fraud awareness training delivered by the Treasury as well as the ATO (due to IGTO officers having direct access to ATO systems).

No cases of fraud were identified in FY19. Fraud information data is reported annually to the Australian Institute of Criminology by responding to questionnaires issued by that agency as required.

Internal audits

Our small office environment has certain inherent limitations, such as segregation of duties and resource support, for an internal audit function. Accordingly, the internal audit activities for our office are carried out pursuant to the MOU with the Treasury.

In FY19, there was one Treasury internal audit which is of relevance to the IGTO. This audit examined the Treasury's management of access to sensitive and confidential information. As all IGTO electronic communications, complaints and review related materials are held on Treasury servers, the IGTO will consider the findings in the audit report.

Corporate planning and reporting

Our Corporate Plan²⁹ is an integral part of our performance framework and directly links to the FY19 Portfolio Budget Statements, the Risk Management Policy and Framework, and the Annual Performance Statement (as set out in Part 2 of this annual report).

The Deputy IGTO as Chief Finance Officer (CFO) is responsible, with input from the IGTO (as AA), for executive management of the Portfolio Budget Statements and financial

29 IGTO, *Corporate Plan 2018–22* (2018) <www.igt.gov.au>. A new corporate plan was published in August 2019, covering the four years from 2019 to 2023.

activities. Management and compliance reporting is also completed as required and overseen by the CFO.

Our MOU with the Treasury provides a comprehensive range of support services which are essential in the delivery of our corporate plan outputs.

Risk management

Specific risk management responsibilities under the PGPA Act are met through an integrated Risk Management Policy and Framework. A suite of policies, plans and procedures has also been developed and adopted which further contributes to the mitigation of risks. Further, our policies and processes are aligned with the Treasury (as service provider under the MOU), where possible, to increase efficiency and reduce operational risk.

The AAI, Fraud Control Plan, Business Continuity Plan and the Risk Management Policy and Framework are also periodically reviewed internally by our office and by the ARC.

Our team's awareness of risk management policies and procedures is maintained through training programs, staff notices circulated to Treasury and IGTO officers and available on the Treasury intranet which is accessible by the IGTO officers.

In the event of prolonged and/or unforeseen outages of our services, we have contingency and related strategy arrangements in place to be activated. These arrangements are set out in our Business Continuity Plan.

Compliance reporting

We are required to provide details of any statements reported to the Minister under paragraph 19(1)(e) of the PGPA Act that relates to non-compliance with Finance law and action taken to remedy the non-compliance.

No such statements were issued in FY19.

Ethical standards and accountability

We embrace the Australian Public Service (APS) Values and Code of Conduct. We have taken steps to establish and maintain ethical standards and professional conduct through policies, plans and procedures.

Through regular team meetings and other internal forums, our management raise and discuss key ethical and professional conduct issues with staff including appropriate use of corporate property, IT, email and social media, as well as management of issues such as conflicts of interest and receipt of gifts. In FY19, we consolidated our conflict of interest and gift registers and bolstered controls on our case management system to

3. Management and accountability

prevent officers from accessing cases with which they have or may be perceived to have conflicts of interest.

EXTERNAL SCRUTINY

External audit

Other than the annual financial statement audit there have not been any audits of our office undertaken by the ANAO.

Reports on operations

No reports in FY19 on the operations of our office were issued by the Auditor-General (other than the report on financial statements which is reproduced later in this report), a Parliamentary Committee or the Commonwealth Ombudsman. No capability reviews of our agency were undertaken in FY19.

Judicial, administrative tribunal or Australian Information Commissioner decisions

No judicial decisions, decisions of administrative tribunals or decisions by the Australian Information Commissioner were made that have had, or may have, a significant impact on the operations of our office.

DETAILS OF ACCOUNTABLE AUTHORITY

**Table 17: Details of Accountable Authority during the reporting period
Current Report Period (2018–19)**

Name	Position Title/Position held	Period as the Accountable Authority or member	
		Date of Commencement	Date of Cessation
Ali Noroozi	Inspector-General of Taxation and Taxation Ombudsman	1 July 2018	5 November 2018
Andrew McLoughlin	Acting Inspector-General of Taxation and Taxation Ombudsman	6 November 2018	5 May 2019
Karen Payne	Inspector-General of Taxation and Taxation Ombudsman	6 May 2019	30 June 2019

MANAGEMENT OF HUMAN RESOURCES

Our office seeks to promote a collegiate environment for team members to develop through their work and participation in a broad range of agency activities and corporate obligations. The nature of the work provides for a clear sense of achievement and satisfaction in performing an important community function.

We also support our officers to develop their professional skills through a comprehensive Learning & Development program that incorporates:

- financial support to undertake postgraduate studies or professional qualifications;
- tax technical updates from a variety of sources;
- complaints management skills training delivered in-house and externally by subject matter experts; and
- privacy and freedom of information skills and awareness.

All our officers hold a tertiary degree or higher qualification and we provide support for maintenance of at least one professional association membership.

Performance management

We adopt the Treasury's Performance Development System (PDS) policy and guidelines. Accordingly and consistent with the policy, guidelines and the *Inspector-General of Taxation Enterprise Agreement 2018 — 2021*, performance reviews are conducted on a six-monthly basis for all officers except for those at the Senior Executive Service (SES) and Executive Level (EL) who are reviewed annually.

The principles of the PDS provide a basis for:

- determining base pay;
- rewarding good work performance;
- providing mechanisms for feedback between employees and managers;
- addressing under-performance; and
- developing employees in their current roles.

In addition to formal performance discussions, our small office environment provides for regular and continual discussion of performance with staff. Since all staff have the opportunity to work and engage directly with either the Deputy IGTO or the General Manager and have direct involvement with the IGTO, they are provided with ongoing and contemporaneous feedback on their performance.

Employment arrangements

Non-SES staff are employed under an enterprise agreement pursuant to the *Fair Work Act 2009*. At 30 June 2019, one permanent SES employee was engaged under an employment agreement and one was engaged under a determination.

**Table 18: Australian Public Service Act employment arrangements
Current Report Period (2018–19)**

	SES	Non-SES	Total
Agency Determination 24(1)	2	-	2
Inspector-General of Taxation Enterprise Agreement 2018-2021	-	29	29
Total	2	29	31

Remuneration

The IGTO's remuneration is determined by the Remuneration Tribunal. SES remuneration is determined by the IGTO under section 24(1) of the *Public Service Act 1999*.

Non-SES officers are remunerated in accordance with the *Inspector-General of Taxation Enterprise Agreement 2018 — 2021*, the Treasury's PDS policies and guidelines, and the Treasury Remuneration guidelines.

Table 19 sets out the salary range paid to staff, by classification.

**Table 19: Australian Public Service Act employment salary ranges by
classification level (Minimum/Maximum) Current Report Period (2018–19)**

	Minimum Salary	Maximum Salary
SES 3	-	-
SES 2	251,757	294,668
SES 1	205,410	238,732
EL 2	137,574	157,888
EL 1	112,630	129,199
APS 6	86,347	104,611
APS 5	76,547	81,448
APS 4	68,082	71,645
APS 3	60,956	64,517
APS 2	53,829	57,393
APS 1	46,701	50,714

The IGTO may provide alternative remuneration arrangements in specific circumstances.

APS performance pay

Our office does not provide performance pay.

**Table 20: Information about remuneration for key management personnel
Current Report Period (2018–19)**

Name ³	Position title	Short-term benefits			Post-employment benefits	Other long-term benefits		Termination benefits	Total remuneration
		Base salary ¹	Bonuses	Other benefits and allowances	Superannuation contributions	Long service leave ²	Other long-term benefits	Average termination benefits	Average total remuneration
Karen Payne	IGTO	67,580	-	-	3,198	1,112	-	-	71,890
Ali Noroozi	IGTO	159,768	-	-	6,949	6,188	-	-	172,905
Andrew McLoughlin	Deputy IGTO and A/g IGTO	318,126	19,936	95	44,388	10,360	-	-	392,905
David Pengilley	A/g Deputy IGTO	131,693	-	53	13,708	5,331	-	-	150,785

Notes

1. Includes the movement in annual leave entitlements during the period and may include higher duties.
2. Excludes bond rate impact on long service leave.
3. Includes one (1) employee who has acted in a Key Management Personnel position in excess of three (3) months during the period.

**Table 21: Information about remuneration for senior executives
Current Report Period (2018–19)**

Total remuneration bands	Number of senior executives	Short-term benefits			Post-employment benefits	Other long-term benefits		Termination benefits	Total remuneration
		Average base salary ¹	Average bonuses	Average other benefits and allowances	Average superannuation contributions	Average long service leave ²	Average other long-term benefits	Average termination benefits	Average total remuneration ³
\$0 — \$222,000	1	107,625	-	53	30,453	1,736	-	-	139,867

Notes

1. Includes annual leave movement during the period.
2. Excludes bond rate impact of long service leave.
3. Excludes remuneration associated with Key Management Personnel acting arrangements.

Other highly paid staff

Our office did not employ any other highly paid staff in FY19.

Workplace relations

In the first half of FY19, employment conditions for APS and EL officers were set out in the *Inspector-General of Taxation Enterprise Agreement 2015-2018*. As that agreement was due to expire in January 2019, bargaining was entered into for establishment a new agreement in June 2018. The IGTO management, represented by the Deputy IGTO, met with bargaining representatives on a number of occasions throughout the first half of FY19.

A new agreement, the *Inspector-General of Taxation Enterprise Agreement 2018-2021*, was voted upon and accepted by our officers. It was approved by the Fair Work Commission on 15 January 2019.

The enterprise agreement operates in conjunction with Commonwealth legislation as well as our office policies and guidelines which define the terms and conditions of employment. Due to our small office environment, the IGTO and Deputy IGTO are able to consult directly with officers on any major changes to a work area that are likely to have significant effects on them.

Recruitment and succession planning

Our office recruits team members based on merit and competency and in consideration of relevant government policy. Opportunity exists under the IGT Act to second officers to other commonwealth agencies, or in the alternative from those agencies to our own.

Staffing information

Tables 22 to 33 detail IGTO staffing in the current (FY19) and previous (FY18) periods. The IGTO is a statutory appointee. All other officers are employed under the *Public Service Act 1999* and are required to adhere to the Code of Conduct and apply the APS Values.

Table 22: All Ongoing Employees Current Report Period (2018–19)
(30 June 2019)

	Male			Female			Indeterminate			Total
	Fulltime	Part Time	Total Male	Fulltime	Part Time	Total Female	Fulltime	Part Time	Total Indeterminate	
NSW	18	0	18	9	1	10	0	0	0	28
QLD	-	-	-	-	-	-	-	-	-	-
SA	-	-	-	-	-	-	-	-	-	-
TAS	-	-	-	-	-	-	-	-	-	-
VIC	-	-	-	-	-	-	-	-	-	-
WA	-	-	-	-	-	-	-	-	-	-
ACT	-	-	-	-	-	-	-	-	-	-
NT	-	-	-	-	-	-	-	-	-	-
External Territories	-	-	-	-	-	-	-	-	-	-
Overseas	-	-	-	-	-	-	-	-	-	-
TOTAL	18	-	18	9	1	10	-	-	-	28

Table 23: All Non-Ongoing Employees Current Report Period (2018–19)
(30 June 2019)

	Male			Female			Indeterminate			Total
	Fulltime	Part Time	Total Male	Fulltime	Part Time	Total Female	Fulltime	Part Time	Total Indeterminate	
NSW	2	0	2	1	-	1	-	-	-	3
QLD	-	-	-	-	-	-	-	-	-	-
SA	-	-	-	-	-	-	-	-	-	-
TAS	-	-	-	-	-	-	-	-	-	-
VIC	-	-	-	-	-	-	-	-	-	-
WA	-	-	-	-	-	-	-	-	-	-
ACT	-	-	-	-	-	-	-	-	-	-
NT	-	-	-	-	-	-	-	-	-	-
External Territories	-	-	-	-	-	-	-	-	-	-
Overseas	-	-	-	-	-	-	-	-	-	-
TOTAL	2	0	2	1	-	1	-	-	-	3

Table 24: All Ongoing Employees Previous Report Period (2017–18)
(30 June 2018)

	Male			Female			Indeterminate			Total
	Fulltime	Part Time	Total Male	Fulltime	Part Time	Total Female	Fulltime	Part Time	Total Indeterminate	
NSW	18	-	18	8	1	9	-	-	-	27
QLD	-	-	-	-	-	-	-	-	-	-
SA	-	-	-	-	-	-	-	-	-	-
TAS	-	-	-	-	-	-	-	-	-	-
VIC	-	-	-	-	-	-	-	-	-	-
WA	-	-	-	-	-	-	-	-	-	-
ACT	-	-	-	-	-	-	-	-	-	-
NT	-	-	-	-	-	-	-	-	-	-
External Territories	-	-	-	-	-	-	-	-	-	-
Overseas	-	-	-	-	-	-	-	-	-	-
TOTAL	18	-	18	8	1	9	-	-	-	27

Table 25: All Non-Ongoing Employees Previous Report Period (2017–18)
(30 June 2018)

	Male			Female			Indeterminate			Total
	Fulltime	Part Time	Total Male	Fulltime	Part Time	Total Female	Fulltime	Part Time	Total Indeterminate	
NSW	-	-	-	1	-	-	-	-	-	1
QLD	-	-	-	-	-	-	-	-	-	-
SA	-	-	-	-	-	-	-	-	-	-
TAS	-	-	-	-	-	-	-	-	-	-
VIC	-	-	-	-	-	-	-	-	-	-
WA	-	-	-	-	-	-	-	-	-	-
ACT	-	-	-	-	-	-	-	-	-	-
NT	-	-	-	-	-	-	-	-	-	-
External Territories	-	-	-	-	-	-	-	-	-	-
Overseas	-	-	-	-	-	-	-	-	-	-
TOTAL	-	-	-	1	-	-	-	-	-	1

Table 26: Australian Public Service Act Ongoing Employees Current Report Period (2018–19)
(30 June 2019)

	Male			Female			Indeterminate			Total
	Fulltime	Part Time	Total Male	Fulltime	Part Time	Total Female	Fulltime	Part Time	Total Indeterminate	
SES 3	-	-	-	-	-	-	-	-	-	-
SES 2	1	-	1	-	-	-	-	-	-	1
SES 1	1	-	1	-	-	-	-	-	-	1
EL 2	2	-	2	-	-	-	-	-	-	2
EL 1	4	-	4	3	-	3	-	-	-	7
APS 6	9	-	9	4	1	5	-	-	-	14
APS 5	1	-	1	2	-	2	-	-	-	3
APS 4	-	-	-	-	-	-	-	-	-	-
APS 3	-	-	-	-	-	-	-	-	-	-
APS 2	-	-	-	-	-	-	-	-	-	-
APS 1	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
TOTAL	18	-	18	9	1	10	-	-	-	28

Table 27: Australian Public Service Act Non-Ongoing Employees Current Report Period (2018–19)
(30 June 2019)

	Male			Female			Indeterminate			<i>Total</i>
	Fulltime	Part Time	<i>Total Male</i>	Fulltime	Part Time	<i>Total Female</i>	Fulltime	Part Time	<i>Total Indeterminate</i>	
SES 3	-	-	-	-	-	-	-	-	-	-
SES 2	-	-	-	-	-	-	-	-	-	-
SES 1	-	-	-	-	-	-	-	-	-	-
EL 2	-	-	-	-	-	-	-	-	-	-
EL 1	-	-	-	-	-	-	-	-	-	-
APS 6	-	-	-	-	-	-	-	-	-	-
APS 5	2	-	2	1	-	1	-	-	-	3
APS 4	-	-	-	-	-	-	-	-	-	-
APS 3	-	-	-	-	-	-	-	-	-	-
APS 2	-	-	-	-	-	-	-	-	-	-
APS 1	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
TOTAL	2	-	2	1	-	1	-	-	-	3

Table 28: Australian Public Service Act Ongoing Employees Previous Report Period (2017–18)
(30 June 2018)

	Male			Female			Indeterminate			<i>Total</i>
	Fulltime	Part Time	<i>Total Male</i>	Fulltime	Part Time	<i>Total Female</i>	Fulltime	Part Time	<i>Total Indeterminate</i>	
SES 3	-	-	-	-	-	-	-	-	-	-
SES 2	1	-	1	-	-	-	-	-	-	1
SES 1	1	-	1	-	-	-	-	-	-	1
EL 2	2	-	2	1	-	1	-	-	-	3
EL 1	2	-	2	3	-	3	-	-	-	5
APS 6	12	-	12	2	-	2	-	-	-	14
APS 5	-	-	-	1	1	2	-	-	-	2
APS 4	-	-	-	-	-	-	-	-	-	-
APS 3	-	-	-	1	-	1	-	-	-	1
APS 2	-	-	-	-	-	-	-	-	-	-
APS 1	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
TOTAL	18	-	18	8	1	9	-	-	-	27

Table 29: Australian Public Service Act Non-Ongoing Employees Previous Report Period (2017–18)
(30 June 2018)

	Male			Female			Indeterminate			<i>Total</i>
	<i>Fulltime</i>	<i>Part Time</i>	<i>Total Male</i>	<i>Fulltime</i>	<i>Part Time</i>	<i>Total Female</i>	<i>Fulltime</i>	<i>Part Time</i>	<i>Total Indeterminate</i>	
SES 3	-	-	-	-	-	-	-	-	-	-
SES 2	-	-	-	-	-	-	-	-	-	-
SES 1	-	-	-	-	-	-	-	-	-	-
EL 2	-	-	-	-	-	-	-	-	-	-
EL 1	-	-	-	-	-	-	-	-	-	-
APS 6	-	-	-	1	-	1	-	-	-	1
APS 5	-	-	-	-	-	-	-	-	-	-
APS 4	-	-	-	-	-	-	-	-	-	-
APS 3	-	-	-	-	-	-	-	-	-	-
APS 2	-	-	-	-	-	-	-	-	-	-
APS 1	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
TOTAL	-	-	-	1	-	-	-	-	-	1

Table 30: Australian Public Service Act Employees by Full time and Part time Status
Current Report Period (2018–19)
(30 June 2019)

	Ongoing			Non-Ongoing			<i>Total</i>
	Fulltime	Part Time	<i>Total Ongoing</i>	Fulltime	Part Time	<i>Total Non-Ongoing</i>	
SES 3	-	-	-	-	-	-	-
SES 2	1	-	1	-	-	-	1
SES 1	1	-	1	-	-	-	1
EL 2	2	-	2	-	-	-	2
EL 1	7	-	7	-	-	-	7
APS 6	13	1	14	-	-	-	14
APS 5	3	-	3	3	-	3	6
APS 4	-	-	-	-	-	-	-
APS 3	-	-	-	-	-	-	-
APS 2	-	-	-	-	-	-	-
APS 1	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
TOTAL	27	1	28	3	-	3	31

Table 31: Australian Public Service Act Employees by Full time and Part time Status Previous Report Period (2017–18)
(30 June 2018)

	Ongoing			Non-Ongoing			<i>Total</i>
	Fulltime	Part Time	<i>Total Ongoing</i>	Fulltime	Part Time	<i>Total Non-Ongoing</i>	
SES 3	-	-	-	-	-	-	-
SES 2	1	-	1	-	-	-	1
SES 1	1	-	1	-	-	-	1
EL 2	3	-	3	-	-	-	3
EL 1	5	-	5	-	-	-	5
APS 6	14	-	14	1	-	1	15
APS 5	1	1	2	-	-	-	2
APS 4	-	-	-	-	-	-	-
APS 3	1	-	1	-	-	-	1
APS 2	-	-	-	-	-	-	-
APS 1	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
TOTAL	26	1	27	1	-	1	28

Table 32: Australian Public Service Act Employment type by location
Current Report Period (2018–19)
 (30 June 2019)

	Ongoing	Non-Ongoing	Total
NSW	28	3	31
QLD	-	-	-
SA	-	-	-
TAS	-	-	-
VIC	-	-	-
WA	-	-	-
ACT	-	-	-
NT	-	-	-
External Territories	-	-	-
Overseas	-	-	-
TOTAL	28	3	31

Table 33: Australian Public Service Act Employment type by location
Previous Report Period (2017–18)
 (30 June 2018)

	Ongoing	Non-Ongoing	Total
NSW	27	1	28
QLD	-	-	-
SA	-	-	-
TAS	-	-	-
VIC	-	-	-
WA	-	-	-
ACT	-	-	-
NT	-	-	-
External Territories	-	-	-
Overseas	-	-	-
TOTAL	27	1	28

PURCHASING

Our office adopts the Treasury's policies for procurement and utilises services under the MOU. For example, IT procurement is undertaken by the Treasury IT Procurement Unit. Accordingly, these policies and procedures are consistent with the IGTO's AAI and the Commonwealth Procurement Rules (CPRs).

To maintain procurement expertise and procedural compliance with the CPRs, all internal procurement documentation is available to our officers on the Treasury intranet.

We publish information about significant procurements that our office expects to undertake during the following year in an annual procurement plan available on the AusTender website at www.tenders.gov.au.

3. Management and accountability

Our office supports small business participation in the Commonwealth Government procurement market. Small and Medium Enterprise (SME) and Small Enterprise participation statistics are available on the Department of Finance's website at www.finance.gov.au/procurement/statistics-on-commonwealth-purchasing-contracts/

Consistent with paragraph 5.4 of the CPRs and through adoption of the Treasury's procurement policies, the agency provides appropriate opportunities for SMEs to compete and ensures that SMEs are not unfairly discriminated against. For example, the Treasury uses the Commonwealth Contracting Suite for low-risk procurements valued under \$200,000. Many small businesses do not have the sufficient scale, skills or resources to prepare complex tender documents. Using this suite, which has simple and consistent contract terms and insurance requirements, simplifies this process and makes it easier for SMEs to bid for work.

ASSETS MANAGEMENT

The management of our assets is governed by the AAls and aligns with government best practice. The Treasury as services provider maintains an asset register on our behalf, which is subject to annual stocktake and review by our officers to ensure the register is up-to-date.

Our office maintains a capital management plan that sets out longer term asset requirements and funding sources for asset replacement and investment. This is integrated with the strategic planning and capital budget processes and has reference to our annual operating budget process.

Our fixed assets include office fit out, purchased software, computer and telephony equipment, audio-visual equipment, infrastructure and library material.

We also have custody of assets provided by the ATO, namely computer terminals, which enable direct access to ATO systems for the purposes of complaint and review investigations. These assets form part of the ATO's asset management process.

CONSULTANTS

Consultants are engaged where there is a requirement for specialist expertise or independent research and assessment. Consultants are typically engaged to carry out defined reviews or evaluations or provide independent advice, information or solutions to assist our decision making.

Prior to engaging consultants, we take into account the skills and resources required for the task, the skills available internally, and the cost-effectiveness of engaging

external expertise. The decision to engage a consultant is made in accordance with the PGPA Act and related regulations including the CPRs and relevant internal policies.

In FY19, seven new consultancy contracts were entered involving total actual expenditure of \$55,250. Selection of these consultancies was by Limited Tender. In addition, there were two ongoing consultancy contracts which were entered in FY18. Selection was by Open Tender for one of these consultancies and Limited Tender for the other. The total actual expenditure for this consultancy is \$70,765.

The above consultants were engaged to provide specialist expertise not available within our office, including independent evaluation of the agency complaints handling service, external audit assurance, advice and assistance in implementing the communication strategy.

**Table 34: Number and expenditure on Consultants
Current Report Period (2018–19)**

	Total
No. of new contracts entered into during the period	7
Total actual expenditure during the period on new contracts (inc. GST)	\$55,250
No. of ongoing contracts engaging consultants that were entered into during a previous period	2
Total actual expenditure during the period on ongoing contracts (inc. GST)	\$70,765

Annual reports contain information about actual expenditure on contracts for consultancies. Information on the value of contracts and consultancies is available on the AusTender website, www.tenders.gov.au.

AUSTRALIAN NATIONAL AUDIT OFFICE ACCESS CLAUSES

Our office is required to provide details of any contract entered during FY19 of \$100,000 or more (inclusive of GST) that does not provide for the Auditor-General to have access to the contractor's premises.

No such contracts were entered into in this reporting period.

EXEMPT CONTRACTS

Our office has not exempted any contracts or standing offers from being published on AusTender in this reporting period on the basis that it would disclose exempt matters under the *Freedom of Information Act 1982* (FOI Act).

WORKPLACE DIVERSITY

Our office recruits its small specialist workforce based on candidates' skills and experience, demonstrated competency, relative merit as well as consideration of relevant government policy including APS policy and guidelines. We are mindful of the need for workplace diversity in terms of gender, age and ethnicity. Table 34 shows the significant level of diversity achieved in our office.

Table 35: Operative staff by equal employment opportunity target group (30 June 2019)

Classification	Female	Born Overseas	ESL
APS5	3	3	5
APS6	5	6	12
EL1	3	3	6
EL2	1	2	1
SES Band 1	-	-	-
SES Band 2	-	-	-
Inspector-General	1		
Total	13	14	24

We evaluate the Treasury's policies and plans regarding workplace diversity and continues to consider options available to us as a small agency. Our *Gender Equality Action Plan 2017–2019*,³⁰ contributes to the government initiative to improve gender equality and diversity within the APS, and continues to work towards its realisation.³¹

In FY19, our office did not have any employees who identified as Indigenous.

DISABILITY ACTION PLAN

Since 1994, non-corporate Commonwealth entities have reported on their performance as policy adviser, purchaser, employer, regulator and provider under the Commonwealth Disability Strategy. In 2007–08, reporting on the employer role was transferred to the Australian Public Service Commission's State of the Service reports and the *APS Statistical Bulletin*. These reports are available at www.apsc.gov.au. From 2010–11, entities have no longer been required to report on these functions.

30 IGTO, *Gender Equality Action Plan 2017–2019* (2017) <www.igt.gov.au>.

31 Australian Government, *Balancing the Future: Australian Public Service Gender Equality Strategy 2016–19* (2016) <www.apsc.gov.au>.

The Commonwealth's National Disability Strategy 2010–2020 sets out a ten-year national policy framework to improve the lives of people with disability, promote participation and create a more inclusive society. A high level two-yearly report will track progress against each of the six outcome areas of the strategy and present a picture of how people with disability are faring. The first of these progress reports was published in 2014, and can be found at www.dss.gov.au.

4. FINANCIAL STATEMENTS

Independent Auditor's Report	68
Statement by the Inspector-General of Taxation and Chief Finance Officer	70
Financial statements	71
Notes to and forming part of the financial statements	75



INDEPENDENT AUDITOR'S REPORT

To the Assistant Treasurer

Opinion

In my opinion, the financial statements of the Inspector-General of Taxation (the Entity) for the year ended 30 June 2019:

- (a) comply with Australian Accounting Standards – Reduced Disclosure Requirements and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
- (b) present fairly the financial position of the Entity as at 30 June 2019 and its financial performance and cash flows for the year then ended.

The financial statements of the Entity, which I have audited, comprise the following statements as at 30 June 2019 and for the year then ended:

- Statement by the Inspector-General of Taxation and Taxation Ombudsman and Chief Finance Officer;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement; and
- Notes to and forming part of the financial statements, comprising a Summary of Significant Accounting Policies and other explanatory information.

Basis for opinion

I conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Entity in accordance with the relevant ethical requirements for financial statement audits conducted by the Auditor-General and his delegates. These include the relevant independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) to the extent that they are not in conflict with the *Auditor-General Act 1997*. I have also fulfilled my other responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Accountable Authority's responsibility for the financial statements

As the Accountable Authority of the Entity, the Inspector-General of Taxation and Taxation Ombudsman is responsible under the *Public Governance, Performance and Accountability Act 2013* (the Act) for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards – Reduced Disclosure Requirements and the rules made under the Act. The Accountable Authority is also responsible for such internal control as the Accountable Authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Accountable Authority is responsible for assessing the ability of the Entity to continue as a going concern, taking into account whether the Entity's operations will cease as a result of an administrative restructure or for any other reason. The Accountable Authority is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

GPO Box 707 CANBERRA ACT 2601
19 National Circuit BARTON ACT
Phone (02) 6203 7300 Fax (02) 6203 7777

Auditor's responsibilities for the audit of the financial statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian National Audit Office Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with the Australian National Audit Office Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Accountable Authority;
- conclude on the appropriateness of the Accountable Authority's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern; and
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Accountable Authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Australian National Audit Office



Lorena Skipper
Acting Executive Director
Delegate of the Auditor-General

Canberra

23 September 2019

THE INSPECTOR-GENERAL OF TAXATION

STATEMENT BY THE INSPECTOR-GENERAL OF TAXATION AND CHIEF FINANCE OFFICER

In our opinion, the attached financial statements for the year ended 30 June 2019 comply with subsection 42(2) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), and are based on properly maintained financial records as per subsection 41(2) of the PGPA Act.

In our opinion, at the date of this statement, there are reasonable grounds to believe that the Inspector-General of Taxation will be able to pay its debts as and when they fall due.



Karen Payne
Inspector-General of Taxation
and Taxation Ombudsman

23 September 2019



Andrew McLoughlin
Chief Finance Officer

23 September 2019

Statement of Comprehensive Income for the period ended 30 June 2019

	Notes	2019 \$	2018 \$
NET COST OF SERVICES			
Expenses			
Employee benefits	1.1A	4,497,617	4,319,203
Suppliers	1.1B	1,802,327	1,863,025
Depreciation and amortisation	2.2A	450,828	417,502
Finance costs	2.4A	7,300	-
Write-down and impairment of other assets	1.1C	-	1,171
Total Expenses		6,758,072	6,600,901
Own-source revenue			
ANAO audit services received free of charge		60,000	60,000
Other revenue	1.2A	-	2,130
Total own-source revenue		60,000	62,130
Net cost of services		(6,698,072)	(6,538,771)
Revenue from Government	1.2B	6,451,000	6,475,000
Surplus / (Deficit)		(247,072)	(63,771)
Total comprehensive income / (loss)		(247,072)	(63,771)

This statement should be read in conjunction with the accompanying notes.

4. Financial statements

Statement of Financial Position as at 30 June 2019

	Notes	2019 \$	2018 \$
ASSETS			
Financial assets			
Cash and cash equivalents		61,634	56,053
Trade and other receivables	2.1A	5,404,313	5,166,391
Total financial assets		5,465,947	5,222,444
Non-financial assets			
Plant and equipment	2.2A	191,137	248,957
Leasehold improvements	2.2A	995,614	1,246,056
Computer software	2.2A	138,638	208,739
Prepayments	2.2B	83,549	83,166
Total non-financial assets		1,408,938	1,786,918
Total assets		6,874,885	7,009,362
LIABILITIES			
Payables			
Suppliers	2.3A	54,126	140,431
Other payables	2.3B	152,951	84,235
Total payables		207,077	224,666
Provisions			
Employee provisions	3.1A	1,567,283	1,474,399
Other provisions	2.4A	169,300	162,000
Total provisions		1,736,583	1,636,399
Total liabilities		1,943,660	1,861,065
Net assets		4,931,225	5,148,297
EQUITY			
Contributed equity		1,290,573	1,260,573
Reserves		453,058	453,058
Retained surplus		3,187,594	3,434,666
Total equity		4,931,225	5,148,297

This statement should be read in conjunction with the accompanying notes.

Statement of Changes in Equity for the period ended 30 June 2019

	2019 \$	2018 \$
CONTRIBUTED EQUITY		
Opening balance		
Balance carried forward from previous period	1,260,573	1,231,573
Transactions with owners		
Distributions to owners		
Return on capital ¹	-	(1,000)
Contributions by owners		
Departmental capital budget appropriation	30,000	30,000
Closing balance as at 30 June	1,290,573	1,260,573
RETAINED EARNINGS		
Opening balance		
Balance carried forward from previous period	3,434,666	3,498,437
Comprehensive income		
Surplus/(deficit) for the period	(247,072)	(63,771)
Closing balance as at 30 June	3,187,594	3,434,666
ASSET REVALUATION RESERVES		
Opening balance		
Balance carried forward from previous period	453,058	397,535
Adjustment to prior year ²	-	55,523
Closing balance as at 30 June	453,058	453,058
TOTAL EQUITY		
Opening balance		
Balance carried forward from previous period	5,148,297	5,127,545
Adjustment to prior year entitlements ²	-	55,523
Adjusted opening balance	5,148,297	5,183,068
Comprehensive income		
Surplus/(deficit) for the period	(247,072)	(63,771)
Transactions with owners		
Distributions to owners		
Return on capital ¹	-	(1,000)
Contributions by owners		
Departmental capital budget appropriation	30,000	30,000
Total transactions with owners	30,000	29,000
Closing balance as at 30 June	4,931,225	5,148,297

This statement should be read in conjunction with the accompanying notes.

1. Appropriation Act (No. 1) 2013-14 was repealed in 2017-18. Refer to Note 4.1B Unspent annual appropriation table for further detail.
2. During the 2017-18 financial year, it was identified that the make-good asset for the previous lease was omitted from the asset register in the 2013-14 year but was de-recognised in the 2014-15 year, resulting in an understatement of the asset revaluation reserve. The opening balance of the 2016-17 financial statements has been adjusted to reflect the true position of the leasehold improvement and asset revaluation reserve.

Accounting Policy

Equity injections

Amounts appropriated which are designated as 'equity injections' for a year (less any formal reductions) and Departmental Capital Budgets (DCBs) are recognised directly in contributed equity in that year.

4. Financial statements

Cash Flow Statement for the period ended 30 June 2019

	2019 \$	2018 \$
OPERATING ACTIVITIES		
Cash received		
Appropriations	6,373,867	7,320,878
Other cash received	-	2,130
GST received	83,664	304,883
Total cash received	6,457,531	7,627,891
Cash used		
Employees	4,364,939	4,067,264
Suppliers	1,794,731	2,794,421
GST paid	60,948	173,935
Section 74 receipts transferred to the Official Public Account	188,867	315,878
Total cash used	6,409,485	7,351,498
Net cash from operating activities	48,046	276,393
INVESTING ACTIVITIES		
Cash used		
Purchase of plant and equipment	6,364	-
Purchase of leasehold improvements	-	167,539
Purchase of computer software	66,101	94,993
Total cash used	72,465	262,532
Net cash used by investing activities	(72,465)	(262,532)
FINANCING ACTIVITIES		
Cash received		
Contributed equity — departmental capital budget	30,000	29,000
Total cash received	30,000	29,000
Net cash from financing activities	30,000	29,000
Net increase in cash held	5,581	42,861
Cash and cash equivalents at the beginning of the reporting period	56,053	13,192
Cash and cash equivalents at the end of the reporting period	61,634	56,053

This statement should be read in conjunction with the accompanying notes.

Notes to and forming part of the financial statements
for the period ended 30 June 2019

Overview	80
1. Departmental Financial Performance	82
1.1. Expenses	82
1.2. Income	83
2. Departmental Financial Position	85
2.1. Financial Assets	85
2.2. Non-Financial Assets	86
2.3. Payables	88
2.4. Provisions	88
3. People and relationships	89
3.1. Employee Provisions	89
3.2. Key Management Personnel Remuneration	90
3.3. Related Party Disclosures	90
4. Funding	92
4.1. Appropriations	92
4.2. Net Cash Appropriation Arrangements	93
5. Managing uncertainties	94
5.1. Contingent Assets and Liabilities	94
5.2. Financial Instruments	94
6. Other Information	97
6.1. Aggregate Assets and Liabilities	97
7. Budgetary Reports and Explanation of Major Variances	98
7.1. Departmental Budgetary Reports	98

OVERVIEW

Basis of preparation

The financial statements are general purpose financial statements, which are required by section 42 of the *Public Governance, Performance and Accountability Act 2013*.

The financial statements have been prepared in accordance with:

- *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015* (FRR); and
- Australian Accounting Standards — Reduced Disclosure Requirements and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The financial statements have been prepared on an accrual basis and are in accordance with the historical cost convention, except for certain assets at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position. The financial statements are presented in Australian dollars.

Significant accounting judgements and estimates

In the process of applying the accounting policies listed in this note, the Inspector-General of Taxation (IGTO) has made the following judgements that have the most significant impact on the amounts recorded in the financial statements:

- The liability for long service leave has been determined by reference to FRR 24 *Employee benefits*, which allows the use of the shorthand method for entities with less than 1,000 full-time equivalent employees.
- The employee provision has been determined with reference to the IGTO's expected tenure of staff and future salary movements and standard parameters (future discount rates) provided by the Department of Finance.
- The fair value of property, plant and equipment has been taken to be the market value of similar properties or depreciated replacement value as determined by an independent valuer.

No accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to carrying amounts of assets and liabilities within the next reporting period.

New Accounting Standards

Adoption of New Australian Accounting Standard Requirements

No accounting standard has been adopted earlier than the application date as stated in the Standard.

All new standards that were issued prior to the signing of the statement by the Inspector-General of Taxation and Taxation Ombudsman and Chief Finance Officer, and were applicable to the current reporting period, did not have a material effect on the IGTO's financial statements.

Future Australian Accounting Standard Requirements

The following new Standard was issued by the Australian Accounting Standards Board prior to the signing of the statement by the Inspector-General of Taxation and Taxation Ombudsman and Chief Finance Officer, which is expected to have a material impact on the IGTO's financial statements for the future reporting period(s):

Standard	Summary of changes	Effective date
AASB 16 — Leases	<p>AASB 16 removes the classification of leases as either operating leases or finance leases — for the lessee — effectively treating all leases as finance leases. AASB 16 requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligations to make lease payments.</p> <p>AASB 16 requires enhanced disclosures for both lessees and lessors to improve information disclosed about an entity's exposure to leases.</p> <p>On 1 July 2019, the IGTO will recognise a right-of-use asset with an estimated total of \$1,786,433, and a corresponding lease liability of \$1,786,433. The IGTO will also derecognise the opening balance of the operating rent payable liability (\$83,895) through retained earnings.</p>	1 January 2019

Taxation

The IGTO is exempt from all forms of taxation except for Fringe Benefits Tax and Goods and Services Tax (GST).

Events after the reporting period

There are no known events occurring after the reporting period that could impact on the financial statements.

1. DEPARTMENTAL FINANCIAL PERFORMANCE

This section analyses the financial performance of the Inspector-General of Taxation for the period ended 30 June 2019.

1.1. Expenses

	2019	2018
	\$	\$
Note 1.1A: Employee benefits		
Wages and salaries	3,307,309	3,353,389
Superannuation:		
Defined contribution plans	410,071	362,142
Defined benefit plans	126,566	163,432
Leave and other entitlements	633,198	416,362
Other employee expenses	20,473	23,878
Total employee benefits	4,497,617	4,319,203

Accounting Policy

Accounting policies for employee related expenses are contained in Note 3: People and Relationships.

	2019	2018
	\$	\$
Note 1.1B: Suppliers		
Goods and services supplied or rendered		
Consultants, contractors and secondees	135,210	225,516
Travel	110,354	139,432
Service level agreement with Treasury	611,249	611,249
Fees — audit, membership and other	69,816	76,516
Property operating expenses	152,213	164,054
Advertising and printing	4,829	40,118
Seminars and conferences	60,218	62,713
Subscriptions and periodicals	23,138	22,446
Information communication technology	38,445	38,713
Other	143,539	46,235
Total goods and services supplied or rendered	1,349,011	1,426,992
Goods supplied	49,368	59,003
Services rendered	1,299,643	1,367,989
Total goods and services supplied or rendered	1,349,011	1,426,992
Other suppliers		
Operating lease rentals	440,434	430,285
Workers compensation expenses	12,882	5,748
Total other suppliers	453,316	436,033
Total suppliers	1,802,327	1,863,025

4. Financial statements

	2019	2018
	\$	\$
Lease commitments		
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within 1 year	474,735	452,468
Between 1 to 5 years ¹	1,519,327	1,994,062
Total operating lease commitments	1,994,062	2,446,530

1. The office is located in Kent Street, Sydney. The lease commenced on 1 June 2017 for a period of 6 years. There is an option to extend the lease for 4 years. The annual review of the lease is a fixed percentage increase. A lease incentive of \$568,416, in the form of reduced rental instalments, has been provided.

Accounting Policy

Leases

Operating lease payments are expensed on a straight-line basis which is representative of the pattern of benefits derived from the leased assets.

	2019	2018
	\$	\$
Note 1.1C: Write-down and impairment of other assets		
Plant and equipment	-	1,171
Total write-down and impairment of other assets	-	1,171

1.2. Income

	2019	2018
	\$	\$
Own-Source Revenue		
Note 1.2A: Other revenue		
Other revenue ¹	-	2,130
Total other revenue	-	2,130

1. Relates to the 2017-18 sale of fully depreciated non-financial assets, identified as a result of the move to the new premises at Kent Street.

Accounting Policy

Resources received free of charge

Resources received free of charge are recognised as other revenue when and only when a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense.

Resources received free of charge are recorded as either revenue or gains depending on their nature.

4. Financial statements

	2019	2018
	\$	\$
Note 1.2B: Revenue from Government		
Appropriations		
Departmental appropriations	6,451,000	6,475,000
Total revenue from Government	6,451,000	6,475,000

Accounting Policy

Revenue from Government

Amounts appropriated for departmental appropriations for the year (adjusted for any formal additions and reductions) are recognised as Revenue from Government when the IGTO gains control of the appropriation, except for certain amounts that relate to activities that are reciprocal in nature, in which case revenue is recognised only when it has been earned.

Appropriations receivable are recognised at their nominal amounts.

2. DEPARTMENTAL FINANCIAL POSITION

This section analyses the Inspector-General of Taxation assets used to generate financial performance and the operating liabilities incurred as a result. Employee related information is disclosed in the People and Relationships section.

2.1. Financial Assets

	2019	2018
	\$	\$
Note 2.1A: Trade and other receivables		
Appropriations Receivable:		
From operational funding	5,398,226	5,132,226
Total appropriations receivable	5,398,226	5,132,226
Other receivables:		
GST receivable from the Australian Taxation Office	6,087	34,165
Total other receivables	6,087	34,165
Total trade and other receivables (gross)	5,404,313	5,166,391
Less impairment loss allowance	-	-
Total trade and other receivables (net)	5,404,313	5,166,391

Accounting Policy

Financial assets

Trade receivables, loans and other receivables that are held for the purpose of collecting the contractual cash flows where the cash flows are solely payments of principal and interest that are not provided at below-market interest rates, are classified as subsequently measured at amortised cost using the effective interest method adjusted for any loss allowance.

4. Financial statements

2.2. Non-Financial Assets

Note 2.2A: Reconciliation of the opening and closing balances of property, plant and equipment and intangibles

	Plant and equipment \$	Leasehold improvements \$	Computer Software \$	Total \$
As at 1 July 2018				
Gross book value	318,144	1,502,951	405,404	2,226,499
Accumulated depreciation, amortisation and impairment	(69,187)	(256,895)	(196,665)	(522,747)
Total as at 1 July 2018	248,957	1,246,056	208,739	1,703,752
Additions	6,364	-	66,101	72,465
Depreciation and amortisation expense	(64,184)	(250,442)	(136,202)	(450,828)
Total as at 30 June 2019	191,137	995,614	138,638	1,325,389
Total as at 30 June 2019 represented by:				
Gross book value	324,508	1,502,951	471,505	2,298,964
Accumulated depreciation, amortisation and impairment	(133,371)	(507,337)	(332,867)	(973,575)
Total as at 30 June 2019	191,137	995,614	138,638	1,325,389

No indicators of impairment were found for property, plant and equipment or computer software.

No plant and equipment and computer software are expected to be sold or disposed of in the next 12 months.

All revaluations are independent and are conducted in accordance with the revaluation policy stated below. On 30 June 2017, an independent valuer conducted the revaluations. On 30 June 2019, a review was undertaken by an independent valuer, who confirmed that the carrying amount of property, plant and equipment has not materially changed since the 30 June 2017 revaluation.

As at 30 June 2019, the IGTO had no contractual commitments for either the acquisition of property, plant and equipment or for the acquisition of intangible assets (2017-8: nil).

Accounting Policy

Acquisition of assets

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken. Financial assets are initially measured at their fair value plus transaction costs where appropriate.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and income at their fair value at the date of acquisition, unless acquired as a consequence of restructuring of administrative arrangements. In the latter case, assets are initially recognised as contributions by owners at the amounts at which they were recognised in the transferor entity's accounts immediately prior to the restructuring.

Asset recognition threshold

Purchases of property, plant and equipment are recognised initially at cost in the Statement of Financial Position, except for purchases costing less than \$2,000 and computer equipment of less than \$1,000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located.

Accounting Policy (continued)

Revaluations

Following initial recognition at cost, property plant and equipment are carried at fair value less subsequent accumulated depreciation and accumulated impairment losses. Cost is considered an acceptable fair value proxy for assets under construction. Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets do not differ materially with the assets' fair values as at the reporting date. The regularity of independent valuations depends upon the volatility of movements in market values for the relevant assets.

Revaluation adjustments were made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reverses a previous revaluation decrement of the same asset class that was previously recognised in the surplus or deficit. Revaluation decrements for a class of assets are recognised directly through surplus or deficit except to the extent that they reverse a previous revaluation increment for that class.

Any accumulated depreciation as at the last revaluation date was eliminated against the gross carrying amount of the asset and the asset restated to the revalued amount.

Depreciation

Depreciable property, plant and equipment assets are written off to their estimated residual values over their estimated useful lives to the IGTO using, in all cases, the straight-line method of depreciation. Leasehold improvements are depreciated on a straight-line basis over the lesser of the estimated useful life of the improvements or the unexpired period of the lease.

Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate. Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

	2019	2018
Plant and equipment	1-15 years	1-15 years
Leasehold improvements	Lease term	Lease term

Impairment

All assets were assessed for impairment as at 30 June 2019. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount. No indicators of impairment were found for non-financial assets as at 30 June 2019 (2018: nil).

The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the IGTO were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

Intangibles

The IGTO's intangibles comprise purchased software for internal use. These assets are carried at cost less accumulated amortisation and any accumulated impairment losses.

Software is amortised on a straight-line basis over its anticipated useful life, being 5 years (2018: 5 years).

All software assets were assessed for indications of impairment at 30 June 2019. No indicators of impairment were identified as at 30 June 2019 (2018: none).

4. Financial statements

Accounting Policy (continued)

Fair value measurements — validation processes

The IGTO engaged the service of the Jones Lang LaSalle Incorporated (JLL) to conduct a fair value confirmation of all non-financial assets at 30 June 2019 and has relied upon those outcomes to establish carrying amounts. An annual assessment is undertaken to determine whether the carrying amount of the assets is materially different from the fair value. Comprehensive valuations are carried out at least once every three years. JLL has provided written assurance to the IGTO that the models developed are in compliance with AASB 13.

There has been no change in the valuation method.

	2019	2018
	\$	\$
Note 2.2B: Prepayments		
Prepayments	83,549	83,166
Total prepayments	83,549	83,166

No indicators of impairment were found for other non-financial assets.

2.3. Payables

	2019	2018
	\$	\$
Note 2.3A: Suppliers		
Trade creditors	54,126	140,431
Total suppliers	54,126	140,431
Note 2.3B: Other payables		
Wages and salaries	57,359	25,260
Superannuation	9,187	4,002
FBT payable	-	1,161
Rent payable	83,895	53,812
Other payables	2,510	-
Total other payables	152,951	84,235
Other payables expected to be settled		
No more than 12 months	69,056	30,423
More than 12 months	83,895	53,812
Total other payables	152,951	84,235

Settlement is usually made within 30 days.

2.4. Provisions

	Provision for make good ¹
	\$
Note 2.4A: Other provisions	
As at 1 July 2018	162,000
Unwinding of discount	7,300
Total as at 30 June 2019	169,300

1. Relates to the lease agreement for Kent Street, Sydney.

3. PEOPLE AND RELATIONSHIPS

This section describes a range of employment and post-employment benefits provided to our people and our relationships with other key people.

3.1. Employee Provisions

	2019 \$	2018 \$
Note 3.1A: Employee provisions		
Leave	1,567,283	1,474,399
Total employee provisions	1,567,283	1,474,399

Accounting Policy

Employee benefits

Liabilities for short-term employee benefits and termination benefits due within twelve months of the end of the reporting period are measured at their nominal amounts.

Other employee benefits are measured as the net total of the present value of the defined benefit obligation at the end of the reporting period, minus the fair value at the end of the reporting period of plan assets (if any) out of which the obligations are to be settled directly.

Leave

The liability for employee benefits includes provision for annual leave and long service leave.

The leave liabilities are calculated on the basis of employees' remuneration at the estimated salary rates that will be applied at the time the leave is taken, including the IGTO's employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on termination.

The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

Separation and redundancy

Provision is made for separation and redundancy benefit payments. The IGTO recognises a provision for termination when it has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the terminations.

Superannuation

Staff of the IGTO in general are members of the Public Sector Superannuation Scheme (PSS) or the PSS accumulation plan (PSSap).

The PSS is a defined benefit scheme for the Australian Government. The PSSap is a defined contribution scheme.

The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course. This liability is reported by the Department of Finance's administered schedules and notes.

The IGTO makes employer contributions to the employees' superannuation scheme at rates determined by an actuary to be sufficient to meet the cost to the Government. The IGTO accounts for the contributions as if they were contributions to defined contribution plans.

The liability for superannuation recognised as at 30 June represents outstanding contributions for the final fortnight of the year.

4. Financial statements

3.2. Key Management Personnel Remuneration

Key management personnel are those having authority and responsibility for planning, directing and controlling the activities, directly or indirectly, of the IGTO. The IGTO has determined the key management personnel to be the Portfolio Ministers, Inspector-General of Taxation and Taxation Ombudsman and Deputy Inspector-General of Taxation and Taxation Ombudsman. Key management personnel remuneration is reported in the table below:

	2019	2018
	\$	\$
Short-term employee benefits	697,251	716,730
Post-employment benefits	68,243	63,782
Other long-term benefits	22,991	20,485
Total key executive remuneration expenses¹	788,485	800,997

The total number of key management personnel that are included in the above table is 4 (2018: 2). The number of key management personnel increase is temporary and due to the transition in the position of Inspector-General of Taxation and Taxation Ombudsman during the reporting period (which included a period of acting arrangements).

The above key management personnel remuneration excludes the remuneration and other benefits of the Treasurer and other Portfolio Ministers. Their remuneration is set by the Remuneration Tribunal and is not paid by the IGTO.

1. The comparatives have been updated to reflect a change to the calculation of remuneration relating to the treatment of leave entitlements, to bring in-line with the guidance issued by the Department of Finance. The total key management personnel remuneration expenses previously reported for 2017-18 was \$884,305.

3.3. Related Party Disclosures

Related party relationships:

The IGTO is an Australian Government controlled entity. Related parties to the IGTO are key management personnel including the Portfolio Minister and Executive, and other Australian Government entities.

Transactions with related parties:

Given the breadth of Government activities, related parties may transact with the government sector in the same capacity as ordinary citizens. Such transactions include the payment or refund of taxes, receipt of a Medicare rebate or higher education loans. These transactions have not been separately disclosed in this note.

Significant transactions with related parties can include:

- the payments of grants or loans;
- purchases of goods and services;
- asset purchases, sales transfers or leases;
- debts forgiven; and
- guarantees.

Giving consideration to relationships with related entities, and transactions entered into during the reporting period by the IGTO, it has been determined that there are no related party transactions to be separately disclosed. (2018: none)

4. FUNDING

This section identifies the Inspector-General of Taxation funding structure.

4.1. Appropriations

Note 4.1A: Annual appropriations ('recoverable GST exclusive')

Annual appropriations for 2019

	Appropriation Act	PGPA Act			
	Annual Appropriation \$	Section 74 \$	Total appropriation \$	Appropriation applied in 2019 (current and prior years) \$	Variance ¹ \$
Departmental					
Ordinary annual services	6,451,000	74,351	6,525,351	(6,284,622)	240,729
Capital budget ²	30,000	-	30,000	(30,000)	-
Total departmental	6,481,000	74,351	6,555,351	(6,314,622)	240,729

1. Departmental funds were not fully utilised for 2018-19.

2. Departmental Capital Budget is appropriated through Appropriations Act (No.1). It forms part of the ordinary annual services, and is not separately identified in the Appropriation Acts.

Annual appropriations for 2018

	Appropriation Act	PGPA Act			
	Annual Appropriation \$	Section 74 \$	Total appropriation \$	Appropriation applied in 2018 (current and prior years) \$	Variance ¹ \$
Departmental					
Ordinary annual services	6,475,000	76,462	6,551,462	(6,973,134)	(421,672)
Capital budget ²	30,000	-	30,000	(29,000)	1,000
Total departmental	6,505,000	76,462	6,581,462	(7,002,134)	(420,672)

1. Variance due to anticipated expenditure relating to the Tax Complaints Handling Function from 2016-17 being realised in 2017-18.

2. Departmental Capital Budget is appropriated through Appropriations Act (No.1). It forms part of the ordinary annual services, and is not separately identified in the Appropriation Acts.

	2019 \$	2018 \$
Note 4.1B: Unspent annual appropriations		
Departmental		
Appropriation Act (No. 1) 2017-18 ¹	-	5,188,279
Appropriation Act (No. 1) 2018-19 ¹	5,459,860	-
Total departmental	5,459,860	5,188,279

1. Cash held amounts (2019: \$61,634, 2018: \$56,053) are included in Appropriation Act (No. 1) for the relevant year.

4.2. Net Cash Appropriation Arrangements

	2019 \$	2018 \$
Total comprehensive income (loss) less depreciation/amortisation expenses previously funded through revenue appropriations and other comprehensive income¹	203,756	353,731
Plus: depreciation/amortisation expenses previously funded through revenue appropriation	(450,828)	(417,502)
Total comprehensive income (loss) — as per the Statement of Comprehensive Income	(247,072)	(63,771)

1. From 2010-11, the Government introduced net cash appropriation arrangements, where revenue appropriations for depreciation/amortisation expenses ceased. Entities now receive a separate capital budget provided through equity appropriations. Capital budgets are to be appropriated in the period when cash payment for capital expenditure is required.

5. MANAGING UNCERTAINTIES

This section analyses how the Inspector-General of Taxation manages financial risks within its operating environment.

5.1. Contingent Assets and Liabilities

There were no quantifiable contingent assets or liabilities in 2019 (2018: \$0).

Accounting Policy

Contingent liabilities and contingent assets are not recognised in the statement of financial position but are reported in the notes. They may arise from uncertainty as to the existence of a liability or asset, or represent an asset or liability in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain, and contingent liabilities are recognised when settlement is greater than remote.

5.2. Financial Instruments

	2019 \$	2018 \$
Note 5.2A: Categories of financial instruments		
Financial Assets under AASB 139		
Held-to-maturity		
Cash and cash equivalents		56,053
Total held-to-maturity assets		56,053
Financial Assets under AASB 9		
Financial assets at amortised cost		
Cash and cash equivalents	61,634	
Total financial assets at amortised cost	61,634	
Total financial assets	61,634	56,053
Financial Liabilities		
Financial liabilities measured at amortised cost		
Payables — suppliers	54,126	140,431
Other payables	152,951	84,235
Total financial liabilities measured at amortised cost	207,077	224,666
Total financial liabilities	207,077	224,666

There was no interest income from financial assets not at fair value through profit and loss in 2019 (2018: nil).

Classification of financial assets on the date of initial application of AASB 9

Financial assets class	Note	AASB 139 original classification	AASB 9 new classification	AASB 139 carrying amount at 1 July 2018 \$	AASB 9 carrying amount at 1 July 2018 \$
Cash and cash equivalents		Held-to-maturity	Amortised Cost	56,053	56,053
Total financial assets				56,053	56,053

Reconciliation of carrying amounts of financial assets on the date of initial application of AASB 9

Financial assets at amortised cost	AASB 139 carrying amount at 1 July 2018 \$	Reclassification	Remeasurement	AASB 9 carrying amount at 1 July 2018 \$
Cash and cash equivalents	56,053	-	-	56,053
Total amortised cost	56,053	-	-	56,053

Accounting Policy**Financial assets**

With the implementation of AASB 9 Financial Instruments for the first time in 2019, the IGTO classifies its financial assets in the following categories:

- a) financial assets at fair value through profit or loss;
- b) financial assets at fair value through other comprehensive income; and
- c) financial assets measured at amortised cost.

The classification depends on both the IGTO's business model for managing the financial assets and contractual cash flow characteristics at the time of initial recognition. Financial assets are recognised when the IGTO becomes a party to the contract and, as a consequence, has a legal right to receive or a legal obligation to pay cash and derecognised when the contractual rights to the cash flows from the financial asset expire or are transferred upon trade date.

Comparatives have not been restated on initial application.

Financial Assets at Amortised Cost

Financial assets included in this category need to meet two criteria:

- 1. the financial asset is held in order to collect the contractual cash flows; and
- 2. the cash flows are solely payments of principal and interest (SPPI) on the principal outstanding amount.

Amortised cost is determined using the effective interest method.

Effective Interest Method

Income is recognised on an effective interest rate basis for financial assets that are recognised at amortised cost.

Accounting Policy (continued)

Financial Assets at Fair Value through Other Comprehensive Income (FVOCI)

Financial assets measured at fair value through other comprehensive income are held with the objective of both collecting contractual cash flows and selling the financial assets and the cash flows meet the SPPI test.

Any gains or losses as a result of fair value measurement or the recognition of an impairment loss allowance is recognised in other comprehensive income.

Financial Assets at Fair Value through Profit or Loss (FVTPL)

Financial assets are classified as financial assets at fair value through profit or loss where the financial assets either doesn't meet the criteria of financial assets held at amortised cost or at FVOCI (that is, mandatorily held at FVTPL) or may be designated.

Financial assets at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest earned on the financial asset.

Impairment of Financial Assets

Financial assets are assessed for impairment at the end of each reporting period based on Expected Credit Losses, using the general approach which measures the loss allowance based on an amount equal to lifetime expected credit losses where risk has significantly increased, or an amount equal to 12-month expected credit losses if risk has not increased.

The simplified approach for trade, contract and lease receivables is used. This approach always measures the loss allowance as the amount equal to the lifetime expected credit losses.

A write-off constitutes a derecognition event where the write-off directly reduces the gross carrying amount of the financial asset.

Financial Liabilities

Financial liabilities are classified as either financial liabilities at 'fair value through profit or loss' or other financial liabilities.

Financial liabilities are recognised and derecognised upon 'trade date'.

Financial Liabilities at Fair Value through Profit or Loss

Financial liabilities at fair value through profit or loss are initially measured at fair value. Subsequent fair value adjustments are recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

Financial Liabilities at Amortised Cost

Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. These liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective interest basis.

Supplier and other payables are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

All payables are expected to be settled within 12 months except where indicated.

6. OTHER INFORMATION

6.1. Aggregate Assets and Liabilities

	2019	2018
	\$	\$
Note 6.1A: Aggregate assets and liabilities		
Assets expected to be recovered in:		
No more than 12 months	5,549,496	5,305,610
More than 12 months	1,325,389	1,703,752
Total assets	6,874,885	7,009,362
Liabilities expected to be settled in:		
No more than 12 months	485,937	1,033,586
More than 12 months	1,457,723	827,479
Total liabilities	1,943,660	1,861,065

7. BUDGETARY REPORTS AND EXPLANATION OF MAJOR VARIANCES

7.1. Departmental Budgetary Reports

Note 7.1A: Departmental budgetary reports
Statement of Comprehensive Income
 for the period ended 30 June 2019

	Actual	Budget estimate	
		Original ¹	Variance ²
	2019	2019	2019
	\$	\$	\$
NET COST OF SERVICES			
Expenses			
Employee benefits	4,497,617	4,567,000	(69,383)
Suppliers	1,802,327	1,944,000	(141,673)
Depreciation and amortisation	450,828	409,000	41,828
Finance costs	7,300	-	7,300
Total Expenses	6,758,072	6,920,000	(161,928)
LESS:			
Own-Source Income			
Own-source revenue			
ANAO audit services received free of charge	60,000	-	60,000
Total own-source revenue	60,000	-	60,000
Gains			
Other	-	60,000	(60,000)
Total gains	-	60,000	(60,000)
Total own-source income	60,000	60,000	-
Net cost of services	(6,698,072)	(6,860,000)	161,928
 Revenue from Government			
	6,451,000	6,451,000	-
Surplus / (Deficit) attributable to the Australian Government	(247,072)	(409,000)	161,928
 OTHER COMPREHENSIVE INCOME			
Items not subject to subsequent reclassification to net cost of services			
Changes in asset revaluation reserves	-	-	-
Total other comprehensive income	-	-	-
 Total comprehensive income / (loss) attributable to the Australian Government	(247,072)	(409,000)	161,928

1. The IGTO's original budgeted financial statement that was first presented to Parliament in respect of the reporting period (that is, from the Treasury's 2018-19 Portfolio Budget Statements (PBS)).
2. Between the actual and original budgeted amounts for 2019. Explanations of major variances are provided for variances that are greater than +/- 10 per cent of the original budget for a line item and greater than +/- \$250,000.

Statement of Financial Position
as at 30 June 2019

	Actual	Budget estimate	
		Original ¹	Variance ²
	2019	2019	2019
	\$	\$	\$
ASSETS			
Financial assets			
Cash and cash equivalents	61,634	13,000	48,634
Trade and other receivables	5,404,313	4,240,000	1,164,313
Total financial assets	5,465,947	4,253,000	1,212,947
Non-financial assets			
Land and buildings	995,614	992,000	3,614
Infrastructure, plant and equipment	191,137	397,000	(205,863)
Intangibles	138,638	245,000	(106,362)
Other non-financial assets	83,549	114,000	(30,451)
Total non-financial assets	1,408,938	1,748,000	(339,062)
Total assets	6,874,885	6,001,000	873,885
LIABILITIES			
Payables			
Suppliers	54,126	184,000	(129,874)
Other payables	152,951	28,000	124,951
Total payables	207,077	212,000	(4,923)
Provisions			
Employee provisions	1,567,283	1,224,000	343,283
Other provisions	169,300	162,000	7,300
Total provisions	1,736,583	1,386,000	350,583
Total liabilities	1,943,660	1,598,000	345,660
Net assets	4,931,225	4,403,000	528,225
EQUITY			
Contributed equity	1,290,573	1,290,000	573
Reserves	453,058	398,000	55,058
Retained surplus	3,187,594	2,715,000	472,594
Total equity	4,931,225	4,403,000	528,225

1. The IGTO's original budgeted financial statement that was first presented to Parliament in respect of the reporting period (that is, from the Treasury's 2018-19 Portfolio Budget Statements (PBS)).
2. Between the actual and original budgeted amounts for 2019. Explanations of major variances are provided for variances that are greater than +/- 10 per cent of the original budget for a line item and greater than +/- \$250,000.

Explanations of major variances	Affected line items
The variance is driven by the opening balance of the budgeted trade and other receivables amount underestimated due to timing differences between the Portfolio Budget Statements published in April and the actual balance at 30 June, plus the total comprehensive income per net cash appropriation arrangements.	Trade and other receivables Retained surplus
Employee provisions were higher than budget explained by an increase in the present value of annual and long service leave balances, reflecting a decrease in the underlying discount rates applied to the long service leave.	Employee provisions

4. Financial statements

Cash Flow Statement for the period ended 30 June 2019

	Actual	Budget estimate	
		Original ¹	Variance ²
	2019	2019	2019
	\$	\$	\$
OPERATING ACTIVITIES			
Cash received			
Appropriations	6,373,867	6,651,000	(277,133)
Net GST received	83,664	-	83,664
Total cash received	6,457,531	6,651,000	(193,469)
Cash used			
Employees	4,364,939	4,567,000	(202,061)
Suppliers	1,794,731	1,854,000	(59,269)
Section 74 receipts transferred to OPA	188,867	-	188,867
GST paid	60,948	-	60,948
Total cash used	6,409,485	6,421,000	(11,515)
Net cash from (used by) operating activities	48,046	230,000	(181,954)
INVESTING ACTIVITIES			
Cash used			
Purchase of plant and equipment	6,364	-	6,364
Purchase of computer software	66,101	260,000	(193,899)
Total cash used	72,465	260,000	(187,535)
Net cash from (used by) investing activities	(72,465)	(260,000)	187,535
FINANCING ACTIVITIES			
Cash received			
Contributed equity	30,000	30,000	-
Total cash received	30,000	30,000	-
Net cash from (used by) financing activities	30,000	30,000	-
Net increase (decrease) in cash held	5,581	-	5,581
Cash at the beginning of the reporting period	56,053	13,000	43,053
Cash at the end of the reporting period	61,634	13,000	48,634

1. The IGTO's original budgeted financial statement that was first presented to Parliament in respect of the reporting period (that is, from the Treasury's 2018-19 Portfolio Budget Statements (PBS)).
2. Between the actual and original budgeted amounts for 2019. Explanations of major variances are provided for variances that are greater than +/- 10 per cent of the original budget for a line item and greater than +/- \$250,000.

5. OTHER INFORMATION

WORK HEALTH AND SAFETY

Our office fosters and maintains a safe and healthy working environment in accordance with the *Work Health and Safety Act 2011* (WHS Act). During FY19, we received no accident or incident reports. No notices were given under sections 90, 191, 195 or 198 of the WHS Act.

INFORMATION PUBLICATION SCHEME

Agencies subject to the FOI Act are required to publish information as part of the Information Publication Scheme (IPS). This requirement is set out in Part II of the FOI Act and states that each agency must include on its website, a plan showing what information it publishes in accordance with the IPS requirements.

Our office's IPS plan can be found at www.igt.gov.au.

ADVERTISING AND MARKET RESEARCH

The IGTO's advertising costs for reporting purposes are outlined in the table below:

Table 36: Advertising costs for 2018-19

Purpose	Vendor	Cost
Recruitment Advertising	Universal McCann	\$780
Total		\$780

No market research or campaign advertising costs were incurred during FY19.

ECOLOGICALLY SUSTAINABLE DEVELOPMENT AND ENVIRONMENTAL PERFORMANCE

Our office pursues measures to improve its overall environmental performance. The owner of the leased office premises has active energy, waste management and water conservation strategies. We recycle paper and cardboard products.

We report to Government annually on our office's energy performance.

DISCRETIONARY GRANTS

No discretionary grant programs are administered by our office.

LIST OF REQUIREMENTS

PGPA Rule Reference	Part of Report (Page/s)	Description	Requirement
17AD(g)	Letter of transmittal		
17AI	iii	A copy of the letter of transmittal signed and dated by accountable authority on date final text approved, with statement that the report has been prepared in accordance with section 46 of the Act and any enabling legislation that specifies additional requirements in relation to the annual report.	Mandatory
17AD(h)	Aids to access		
17AJ(a)	v	Table of contents.	Mandatory
17AJ(b)	132	Alphabetical index.	Mandatory
17AJ(c)	109-111	Glossary of abbreviations and acronyms.	Mandatory
17AJ(d)	103-108	List of requirements.	Mandatory
17AJ(e)	ii	Details of contact officer.	Mandatory
17AJ(f)	ii	Entity's website address.	Mandatory
17AJ(g)	ii	Electronic address of report.	Mandatory
17AD(a)	Review by accountable authority		
17AD(a)	1-9	A review by the accountable authority of the entity.	Mandatory
17AD(b)	Overview of the entity		
17AE(1)(a)(i)	11	A description of the role and functions of the entity.	Mandatory
17AE(1)(a)(ii)	12	A description of the organisational structure of the entity.	Mandatory
17AE(1)(a)(iii)	13	A description of the outcomes and programmes administered by the entity.	Mandatory
17AE(1)(a)(iv)	15	A description of the purposes of the entity as included in corporate plan.	Mandatory
17AE(1)(aa)(i)	52	Name of the accountable authority or each member of the accountable authority	Mandatory
17AE(1)(aa)(ii)	52	Position title of the accountable authority or each member of the accountable authority	Mandatory
17AE(1)(aa)(iii)	52	Period as the accountable authority or member of the accountable authority within the reporting period	Mandatory
17AE(1)(b)	N/A	An outline of the structure of the portfolio of the entity.	Portfolio departments — mandatory

5. Other information

PGPA Rule Reference	Part of Report (Page/s)	Description	Requirement
17AE(2)	N/A	Where the outcomes and programs administered by the entity differ from any Portfolio Budget Statement, Portfolio Additional Estimates Statement or other portfolio estimates statement that was prepared for the entity for the period, include details of variation and reasons for change.	If applicable, Mandatory
17AD(c)	Report on the Performance of the entity		
	<i>Annual performance Statements</i>		
17AD(c)(i); 16F	15-46	Annual performance statement in accordance with paragraph 39(1)(b) of the Act and section 16F of the Rule.	Mandatory
17AD(c)(ii)	Report on Financial Performance		
17AF(1)(a)	47	A discussion and analysis of the entity's financial performance.	Mandatory
17AF(1)(b)	113-114	A table summarising the total resources and total payments of the entity.	Mandatory
17AF(2)	N/A	If there may be significant changes in the financial results during or after the previous or current reporting period, information on those changes, including: the cause of any operating loss of the entity; how the entity has responded to the loss and the actions that have been taken in relation to the loss; and any matter or circumstances that it can reasonably be anticipated will have a significant impact on the entity's future operation or financial results.	If applicable, Mandatory.
17AD(d)	Management and Accountability		
	<i>Corporate Governance</i>		
17AG(2)(a)	50	Information on compliance with section 10 (fraud systems)	Mandatory
17AG(2)(b)(i)	iii, 50	A certification by accountable authority that fraud risk assessments and fraud control plans have been prepared.	Mandatory
17AG(2)(b)(ii)	iii, 50	A certification by accountable authority that appropriate mechanisms for preventing, detecting incidents of, investigating or otherwise dealing with, and recording or reporting fraud that meet the specific needs of the entity are in place.	Mandatory
17AG(2)(b)(iii)	iii, 50	A certification by accountable authority that all reasonable measures have been taken to deal appropriately with fraud relating to the entity.	Mandatory
17AG(2)(c)	49-51	An outline of structures and processes in place for the entity to implement principles and objectives of corporate governance.	Mandatory
17AG(2)(d) — (e)	51	A statement of significant issues reported to Minister under paragraph 19(1)(e) of the Act that relates to non-compliance with Finance law and action taken to remedy non-compliance.	If applicable, Mandatory

PGPA Rule Reference	Part of Report (Page/s)	Description	Requirement
External Scrutiny			
17AG(3)	52	Information on the most significant developments in external scrutiny and the entity's response to the scrutiny.	Mandatory
17AG(3)(a)	52	Information on judicial decisions and decisions of administrative tribunals and by the Australian Information Commissioner that may have a significant effect on the operations of the entity.	If applicable, Mandatory
17AG(3)(b)	52	Information on any reports on operations of the entity by the Auditor-General (other than report under section 43 of the Act), a Parliamentary Committee, or the Commonwealth Ombudsman.	If applicable, Mandatory
17AG(3)(c)	52	Information on any capability reviews on the entity that were released during the period.	If applicable, Mandatory
Management of Human Resources			
17AG(4)(a)	53	An assessment of the entity's effectiveness in managing and developing employees to achieve entity objectives.	Mandatory
17AG(4)(aa)	57-58	Statistics on the entity's employees on an ongoing and non-ongoing basis, including the following: (a) statistics on full-time employees; (b) statistics on part-time employees; (c) statistics on gender (d) statistics on staff location	Mandatory
17AG(4)(b)	59-65	Statistics on the entity's APS employees on an ongoing and non-ongoing basis; including the following: <ul style="list-style-type: none"> Statistics on staffing classification level; Statistics on full-time employees; Statistics on part-time employees; Statistics on gender; Statistics on staff location; Statistics on employees who identify as Indigenous. 	Mandatory
17AG(4)(c)	54	Information on any enterprise agreements, individual flexibility arrangements, Australian workplace agreements, common law contracts and determinations under subsection 24(1) of the <i>Public Service Act 1999</i> .	Mandatory
17AG(4)(c)(i)	54	Information on the number of SES and non-SES employees covered by agreements etc identified in paragraph 17AG(4)(c).	Mandatory
17AG(4)(c)(ii)	54	The salary ranges available for APS employees by classification level.	Mandatory

5. Other information

PGPA Rule Reference	Part of Report (Page/s)	Description	Requirement
17AG(4)(c)(iii)	55	A description of non-salary benefits provided to employees.	Mandatory
17AG(4)(d)(i)	59-60	Information on the number of employees at each classification level who received performance pay.	If applicable, Mandatory
17AG(4)(d)(ii)	N/A	Information on aggregate amounts of performance pay at each classification level.	If applicable, Mandatory
17AG(4)(d)(iii)	N/A	Information on the average amount of performance payment, and range of such payments, at each classification level.	If applicable, Mandatory
17AG(4)(d)(iv)	N/A	Information on aggregate amount of performance payments.	If applicable, Mandatory
Assets Management			
17AG(5)	66	An assessment of effectiveness of assets management where asset management is a significant part of the entity's activities	If applicable, mandatory
Purchasing			
17AG(6)	65-66	An assessment of entity performance against the <i>Commonwealth Procurement Rules</i> .	Mandatory
Consultants			
17AG(7)(a)	66-67	A summary statement detailing the number of new contracts engaging consultants entered into during the period; the total actual expenditure on all new consultancy contracts entered into during the period (inclusive of GST); the number of ongoing consultancy contracts that were entered into during a previous reporting period; and the total actual expenditure in the reporting year on the ongoing consultancy contracts (inclusive of GST).	Mandatory
17AG(7)(b)	67	A statement that " <i>During [reporting period], [specified number] new consultancy contracts were entered into involving total actual expenditure of \$[specified million]. In addition, [specified number] ongoing consultancy contracts were active during the period, involving total actual expenditure of \$[specified million]</i> ".	Mandatory
17AG(7)(c)	65-66	A summary of the policies and procedures for selecting and engaging consultants and the main categories of purposes for which consultants were selected and engaged.	Mandatory
17AG(7)(d)	67	A statement that " <i>Annual reports contain information about actual expenditure on contracts for consultancies. Information on the value of contracts and consultancies is available on the AusTender website.</i> "	Mandatory

PGPA Rule Reference	Part of Report (Page/s)	Description	Requirement
Australian National Audit Office Access Clauses			
17AG(8)	67	If an entity entered into a contract with a value of more than \$100 000 (inclusive of GST) and the contract did not provide the Auditor-General with access to the contractor's premises, the report must include the name of the contractor, purpose and value of the contract, and the reason why a clause allowing access was not included in the contract.	If applicable, Mandatory
Exempt contracts			
17AG(9)	67	If an entity entered into a contract or there is a standing offer with a value greater than \$10 000 (inclusive of GST) which has been exempted from being published in AusTender because it would disclose exempt matters under the FOI Act, the annual report must include a statement that the contract or standing offer has been exempted, and the value of the contract or standing offer, to the extent that doing so does not disclose the exempt matters.	If applicable, Mandatory
Small business			
17AG(10)(a)	66	A statement that "[Name of entity] supports small business participation in the Commonwealth Government procurement market. Small and Medium Enterprises (SME) and Small Enterprise participation statistics are available on the Department of Finance's website."	Mandatory
17AG(10)(b)	66	An outline of the ways in which the procurement practices of the entity support small and medium enterprises.	Mandatory
17AG(10)(c)	N/A	If the entity is considered by the Department administered by the Finance Minister as material in nature—a statement that "[Name of entity] recognises the importance of ensuring that small businesses are paid on time. The results of the Survey of Australian Government Payments to Small Business are available on the Treasury's website."	If applicable, Mandatory
Financial Statements			
17AD(e)	71-100	Inclusion of the annual financial statements in accordance with subsection 43(4) of the Act.	Mandatory
Executive Remuneration			
17AD(da)	55	Information about executive remuneration in accordance with Subdivision C of Division 3A of Part 2-3 of the Rule.	Mandatory

5. Other information

PGPA Rule Reference	Part of Report (Page/s)	Description	Requirement
17AD(f)	Other Mandatory Information		
17AH(1)(a)(i)	N/A	If the entity conducted advertising campaigns, a statement that <i>"During [reporting period], the [name of entity] conducted the following advertising campaigns: [name of advertising campaigns undertaken]. Further information on those advertising campaigns is available at [address of entity's website] and in the reports on Australian Government advertising prepared by the Department of Finance. Those reports are available on the Department of Finance's website."</i>	If applicable, Mandatory
17AH(1)(a)(ii)	101	If the entity did not conduct advertising campaigns, a statement to that effect.	If applicable, Mandatory
17AH(1)(b)	102	A statement that <i>"Information on grants awarded by [name of entity] during [reporting period] is available at [address of entity's website]."</i>	If applicable, Mandatory
17AH(1)(c)	68-69	Outline of mechanisms of disability reporting, including reference to website for further information.	Mandatory
17AH(1)(d)	101	Website reference to where the entity's Information Publication Scheme statement pursuant to Part II of FOI Act can be found.	Mandatory
17AH(1)(e)	N/A	Correction of material errors in previous annual report	If applicable, mandatory
17AH(2)	101-102	Information required by other legislation	Mandatory

GLOSSARY

Activities	The actions/functions performed by agencies to deliver government policies.
Appropriation	An amount of public money that Parliament authorises for spending (that is, funds to be withdrawn from the Consolidated Revenue Fund). Parliament makes laws for appropriating money under the Annual Appropriation Acts and under Special Appropriations, with spending restricted to the purposes specified in the Appropriation Acts.
Consolidated Revenue Fund	The principal operating fund from which money is drawn to pay for the activities of the Government. Section 81 of the Australian Constitution provides that all revenue raised or monies received by the Executive Government forms one consolidated revenue fund from which appropriations are made for the purposes of the Australian Government.
Corporate governance	<p>The process by which agencies are directed and controlled. It is generally understood to encompass authority, accountability, stewardship, leadership, direction and control.</p> <p>The PGPA Act establishes a coherent system of governance and accountability for public resources, with an emphasis on planning, performance and reporting. It is the primary piece of Commonwealth resource management legislation. The PGPA Act applies to all Commonwealth entities and Commonwealth companies. A list of Commonwealth entities and companies can be found at: finance.gov.au/sites/default/files/pgpa_flipchart.pdf?v=2.</p>
IGTO website	The IGTO website can be found at: www.igt.gov.au .
Operations	The functions, services and processes performed in pursuing the objectives or discharging the functions of an agency.
Outcomes	The results, impacts or consequence of actions by the Commonwealth on the Australian community.
Portfolio Budget Statements (PBS)	The Budget related papers detailing budget initiatives and explanations of appropriations specified by outcome and program by each agency within a portfolio.
Programmes	An activity or groups of activities that deliver benefits, services or transfer payments to individuals, industry/business or the community as a whole and are the primary vehicles for government agencies to achieve the intended results of their outcome statements.

SHORTENED FORMS

Acronym	Description or Term
AA	Accountable Authority
AAT	Administrative Appeals Tribunal
AAI	Accountable Authority Instructions
ABI	Agreed Business Improvements
ANAO	Australian National Audit Office
APS	Australian Public Service
ARC	Audit and Risk Committee
ASBFEO	Australian Small Business and Family Enterprise Ombudsman
ATO	Australian Taxation Office
Auditor-General	Commonwealth Auditor-General
BIR	Business Improvement Register
CFA	Centrelink Family Assistance
CFO	Chief Finance Officer
Commissioner	Commissioner of Taxation
CPRs	Commonwealth Procurement Rules
CRA	Canada Revenue Agency
DPN	Director Penalty Notice
EL	Executive Level
the Executive	the IGTO and the Deputy IGTO
FOI Act	<i>Freedom of Information Act 1982</i>
FY17	2016-17 financial year ended on 30 June 2017
FY18	2017-18 financial year ended on 30 June 2018
FY19	2018-19 financial year ended on 30 June 2019
FY20	2019-20 financial year ending on 30 June 2020
GST	Goods and Services Tax
HMRC	Her Majesty's Revenue and Customs
IBFD	International Bureau on Fiscal Documentation
ICT	Information and Communications Technology
IGT	Inspector-General of Taxation
IGTO	Inspector-General of Taxation and Taxation Ombudsman
IGT Act	<i>Inspector-General of Taxation Act 2003</i>
IOI	International Ombudsman Institute
IPS	Information Publication Scheme
IT	Information Technology
ITR	Income Tax Return
MOU	Memorandum of Understanding

Acronym	Description or Term
NTA	National Taxpayer Advocate
Ombudsman	Commonwealth Ombudsman
ORIMA	ORIMA Research Pty Ltd
OTO	Office of the Taxpayers' Ombudsman
PAYG	Pay As You Go
PDS	Performance Development System
PGPA Act	<i>Public Governance, Performance and Accountability Act 2013</i>
SES	Senior Executive Service
SLA	Service Level Agreement
SME	Small and Medium Enterprises
TFN	Tax File Numbers
TIS	Telephone Interpreter Service
TPB	Tax Practitioners Board
TPRS	Taxable Payments Reporting System
WHS Act	<i>Work Health and Safety Act 2011</i>

6. APPENDICES

APPENDIX 1 — EXPENSES FOR OUTCOMES

Table 37: Expenses for Inspector-General of Taxation outcomes

Outcome 1: Improved tax administration through investigation of complaints, conducting reviews, public reporting and independent advice to Government and its relevant entities.			
	Budget	Actual expenses	Variation
	2018-19	2018-19	2018-19
	\$'000	\$'000	\$'000
	(a)	(b)	(a — b)
Program 1.1: Inspector-General of Taxation			
Departmental expenses			
Departmental appropriations ¹	6,451	6,247	204
Expenses not requiring appropriation in the budget year	469	511	(42)
Total expenses for Outcome 1	6,920	6,758	162
	2017-18	2018-19	
Average staffing level (number)	35	35	

1. Ordinary annual services (Appropriation Bill No. 1 / Supply Act No. 1).

APPENDIX 2 — AGENCY RESOURCE STATEMENT

Table 38: Inspector-General of Taxation resource statement for 2018–19 as at Budget May 2018

	Actual available appropriation 2018-19 \$'000 (a)	Payments made 2018-19 \$'000 (b)	Balance remaining 2018-19 \$'000 (a — b)
Departmental			
Ordinary annual services ¹			
Departmental appropriation ²	11,744	6,315	5,429
Total ordinary annual services	11,744	6,315	5,429
Other services — departmental non-operating ³			
Equity injections	-	-	-
Total other services — departmental non-operating	-	-	-
Total net resourcing and payments for the IGT	11,744	6,315	5,429

1. Appropriation Act (No. 1) 2018-19. This may also include prior-year departmental appropriation and section 74 relevant agency receipts.
2. Includes an amount of \$30,000 for the Departmental Capital Budget. For accounting purposes this amount has been designated as 'contributions by owners'.
3. No other services — departmental non-operating appropriations were received in 2018-19.

APPENDIX 3 — LIST OF RECOMMENDATIONS FROM REVIEWS PUBLISHED IN FY19

GST REFUNDS

Recommendation 3.1

The IGT recommends that the ATO:

- (a) develop a formal framework of continuous improvement for its risk assessment tools which includes:
 - (i) periodic reviews with clear milestones;
 - (ii) ensuring that case officers are consistent and accurate in reporting case related data and other pertinent matters in all relevant cases;
 - (iii) improving intelligence capture through greater engagement between risk managers and operational teams across different business lines such as Indirect Tax and Smarter Data;
 - (iv) developing a suite of performance reports for use within the Indirect Tax business line and ATO Executive Committees; and
- (b) prioritise the deployment of the On-Line BAS Check tool.

Recommendation 4.1

The IGT recommends that, in respect of pre-issue GST refund verification, the ATO:

- (a) consolidate and streamline its guidance to its officers with an emphasis on adhering to the statutory requirements;
- (b) ensure that interactions between its officers and taxpayers as well as its officers' consideration of statutory requirements are accurately and consistently documented and that team leaders use such documentation to assess the performance of officers and the taxpayer experience;
- (c) provide a mechanism to automatically alert its officers and team leaders to notify taxpayers of the retention of their refunds within the statutory period; and
- (d) improve its communication with taxpayers by ensuring that they are provided with sufficient reasons for the retention of their refunds and the other information provided to them is accurate and up to date.

Recommendation 4.2

The IGT recommends that, in undertaking pre-issue GST refund verification, the ATO:

- (a) periodically review its information requests templates with input from stakeholders, including industry experts, to ensure that those requests are appropriately focused on addressing the risks identified; and
- (b) consider allowing taxpayers and tax practitioners to pre-emptively provide information online to assist in the timeliness of the verification process.

Recommendation 4.3

The IGT recommends that the ATO:

- (a) make effective use of its automated system to calculate the 60-day period within which taxpayers may lodge an objection and inform them accordingly; and
- (b) provide information to assist taxpayers in lodging such objections effectively.

Recommendation 5.1

The IGT recommends that the ATO:

- (a) improve access to and raise awareness of taxpayers, tax practitioners and its own officers about assistance available in serious financial hardship cases including full or partial release of GST refunds;
- (b) ensure that the appropriate consideration of the financial impact on taxpayers, as required by paragraph 8AAZLGA(2)(c) of the TAA 1953, and serious financial hardship claims are carefully documented; and
- (c) develop an automated system for the partial release of GST refunds.

Recommendation 6.1

The IGT recommends that the Government consider amending section 8AAZLGA of the TAA 1953 to allow the Commissioner, in appropriate cases, to effectively investigate and address risks of fraud the seriousness of which has been established by means such as obtaining a Federal Court order.

REVIEW INTO THE ATO'S FRAUD CONTROL MANAGEMENT

Recommendation 3.1

The IGT recommends the ATO:

- (d) conduct a risk assessment of every position in the organisation to determine the level of pre-employment and ongoing checks required and periodically reassess the risk associated with moderate to high risk positions;
- (e) use criminal intelligence databases to determine whether candidates for high risk positions are known to law enforcement, either by reason of their own conduct or that of their associates or relatives;
- (f) as part of its pre-employment checks:
 - i) depending on the level and types of risk associated with the relevant position, require candidates to provide declarations about matters such as their financial circumstances; and
 - ii) request information, such as that relating to misconduct, from previous employers of external candidates; and
- (g) require all employees to make an annual disclosure about matters that are assessed in the pre-employment checks of their current position and periodically check such disclosures at a frequency rate reflective of the risk associated with the relevant position.

Recommendation 3.2

The IGT recommends the ATO formalise its fraud risk controls relevant to SES officers and officers in high risk roles including the periodic rotation of officers.

Recommendation 3.3

The IGT recommends the ATO strengthen its fraud awareness and ethics training by:

- (a) requiring new staff to complete the mandatory fraud training during their induction process and prior to allowing them access to taxpayer information;
- (b) withdrawing access to ATO systems for contractors who fail to complete the mandatory training package within a reasonable timeframe;
- (c) incorporating into the assessments of mandatory training packages, a series of practical scenarios that requires staff to apply ethical principles;

- (d) requiring managers to discuss with new starters ethical matters as they apply to their work area, including by way of practical scenarios, and ensuring that those managers receive sufficient guidance and support for this process to take place shortly after new starters have completed the mandatory fraud training; and
- (e) increasing the level of staff interaction in its mandatory fraud training particularly those delivered by the Fraud Prevention and Internal Investigations unit.

Recommendation 3.4

The IGT recommends that the ATO:

- (a) update its conflict of interest guidance document to clarify ambiguities and provide further explanation, including practical examples, as well as require officers to register their conflicts of interest as soon as they become aware of them;
- (b) bolster its processes for ensuring that former colleagues of current ATO officers do not obtain information or exert influence by virtue of their previous associations;
- (c) improve awareness and compliance with its conflict of interest policies and guidance including through its active promotion by the Commissioners and other senior executives;
- (d) conduct periodic reviews on the central conflicts of interest register to identify trends, verify the accuracy of the declared information as well as ensure that the appropriate management actions have been taken to address the conflict; and
- (e) seek ways to capture and analyse information for detecting undeclared conflicts of interest as part of some of its existing checks as well as from other sources.

Recommendation 3.5

The IGT recommends the ATO improve the policies regarding senior officer intervention by:

- (a) specifying the circumstances in which senior officers are authorised to intervene in individual matters;

Recommendation 3.5 (continued)

- (b) where senior officers receive requests to intervene in matters outside their area of responsibility, requiring such requests to be transferred to their counterpart in the relevant area;
- (c) requiring intervening officers to document the initial request and all subsequent actions, including the details of decisions made, supporting reasons and resulting outcomes as well as briefings provided to the original decision maker on a single centralised system and in a form which is transparent and easily accessible; and
- (d) periodically reviewing senior officers' compliance with such policies.

Recommendation 3.6

The IGT recommends that the ATO publish more information about its Independent Assurance of Settlements process such as identified improvement opportunities and work undertaken to implement them.

Recommendation 3.7

The IGT recommends the ATO consider incorporating, into its Organisational Behavioural Assessment process, other data sets including employees' technology usage and conflicts of interest disclosures.

Recommendation 4.1

The IGT recommends the ATO improve its ability to detect internal fraud and corruption by such means as:

- (a) acting on the advice it received in its 2017 Corruption Risk Review, including requiring each business line to describe, in detail, potential fraud and corruption events in their area;
- (b) retrospectively analysing events surrounding any significant internal fraud case and recording all findings and resulting actions in one central library for future use; and
- (c) contemporaneous recording of officers' requests to access information about a particular taxpayer and ensuring availability of such records to its Fraud Prevention and Internal Investigations Unit.

Recommendation 4.2

The IGT recommends that, with respect to its internal fraud investigations, the ATO:

- (a) periodically review the appropriateness of sanctions imposed;
- (b) conduct appropriate and periodic external and internal quality assurance reviews and publish the results of such reviews;
- (c) provide more public information about the investigation process such as timeframes and procedural safeguards; and
- (d) develop a formal complaints handling process as well as inform its staff about the process and how such complaints may be lodged.

Recommendation 5.1

The IGT recommends the ATO strengthen its oversight of internal fraud risks by:

- (a) bolstering the independence of its Audit and Risk Committee by ensuring that, at the very least, the majority of its members, including the chair, are external to and independent of the ATO;
- (b) maintaining the role of the Integrity Advisor and providing him or her with all necessary access and support as well as enabling ATO staff to discuss ethical or fraud related concerns with him or her;
- (c) requiring the Assistant Commissioner of Fraud Prevention and Internal Investigations to regularly report internal fraud risk trends and issues to the Commissioners and other ATO Executives;
- (d) conducting periodic reviews of the ATO's corporate integrity indicators and providing the results and actions arising from them to the Commissioners and other ATO Executives; and
- (e) augmenting the existing induction program for new SES officers, recruited from outside the ATO, with specific training on ethical standards and the highest level of integrity expected at such an organisation.

Recommendation 6.1

The IGT recommends that the ATO improve the prevention of external fraud by:

- (a) requiring its officers to routinely consider whether risks encountered in their case work indicate a potential weakness in the system, ensure such risks are promptly prioritised and investigated as well as publicly reporting the outcomes where appropriate; and
- (b) improving its media strategy to increase the reporting of its tax crime investigations, prosecutions and recoveries of proceeds of crime.

Recommendation 6.2

The IGT recommends the ATO:

- (a) better inform the public about making tax evasion referrals including by specifying the type of information required and assuring them of confidentiality;
- (b) formalise and document consistent processes, across all business lines, for dealing with tax evasion referrals; and
- (c) publically report aggregate data about the outcome of its investigations of tax evasion referrals including the extent to which they give rise to compliance activities, any identified trends and the most common types of referrals.

Recommendation 6.3

The IGT recommends that the ATO consider:

- (a) reporting ATO officer referrals, about potential fraud, which have led to successful prosecution along with appropriate recognition; and
- (b) requiring all its officers to complete more in-depth training about the range of behaviours and events which may be indicators of fraud being perpetrated.

Recommendation 7.1

The IGT recommends that Government consider a broad review of the current arrangements for interagency collaboration for combating tax fraud including the following key issues:

- (a) optimal models for information sharing between agencies;
- (b) the extent to which specialist capabilities should be shared amongst agencies and mechanisms to ensure that each agency has appropriate access to such capabilities;
- (c) structure and funding for interagency taskforces including whether they should be headed by an independent leader with appropriate powers and secretariat;
- (d) permitting the ATO to use telecommunication interception information obtained in joint investigations of prescribed taskforces in raising assessments for those who are subjects of such investigations; and
- (e) in appropriate circumstances, allowing the ATO to issue production orders to third parties such as financial institutions who hold relevant information about persons or transactions of interest.

REVIEW INTO THE ATO'S USE OF GARNISHEE NOTICES

Recommendation 2.1

The IGTO recommends the ATO Debt business line's annual planning process incorporate:

- (a) contingency plans for assumptions regarding new systems or processes that may materially affect the estimation of internal resource-allocation and collection planning if these assumptions are not realised; and
- (b) appropriate assurance regarding the effectiveness and responsiveness of related business continuity measures.

Recommendation 2.2

The IGTO recommends the ATO:

- (a) improve the candidate-selection models for potential officer garnishee action; and
- (b) further refine these models by providing for improved feedback input from staff considering these actions to those staff who plan and schedule their work.

Recommendation 2.3

The IGTO recommends the ATO to develop a communication strategy for the Debt business line local site management and staff which includes a facility for direct communication from the Debt Executive for critical or complex messages where major changes to personnel resource deployment occur, particularly where personnel are new or are undertaking new work or expected to carry out work they have not engaged in for a period, so as to facilitate consistency of expectations between all levels of staff, including team working groups, at all site locations.

Recommendation 2.4

The IGTO recommends the ATO improve support for Early Intervention unit staff, by:

- (a) developing more effective mechanisms to facilitate more regular case-specific outcome feedback; and
- (b) incorporating role-playing exercises into facilitated training sessions as an ongoing feature.

THE FUTURE OF THE TAX PROFESSION

Recommendation 4.1

The IGT recommends that:

- (a) the ATO:
 - i) in collaboration with its staff and the unions, develop a roadmap outlining its current position, desired future state and how it intends to make the transition from one to the other, including redeployment and upskilling options for staff and support them through the transition;
 - ii) in consultation with recognised professional associations, offer assistance to tax practitioners who may wish to develop their own roadmaps to transition from the current to future states; and
 - iii) engage with the professional associations, tertiary institutions or other education providers to co-design training programs and courses to upskill ATO staff for the roles of the future; and
- (b) the TPB:
 - i) implement a framework to periodically review its workforce capability needs to meet future regulatory and compliance challenges; and
 - ii) in consultation with recognised professional associations, offer assistance to tax practitioners by, for example, providing advice on whether their future plans meet the ongoing obligations of the *Tax Agent Services Act 2009*.

Recommendation 4.2

The IGT recommends that the ATO:

- (a) conduct a cost-benefit analysis on the design and production of its own software solutions as compared to outsourcing the work to the private sector;
- (b) in collaboration with the relevant professional bodies, implement a communication strategy to inform tax practitioners of its research and adoption of new technologies that may impact on them and their business;

- (c) expand its beta testing program to reach as wide a spectrum of tax practitioners as possible, particularly those operating small businesses or who are remotely located;
- (d) assess the number of taxpayers who will continue to require access to traditional methods of communication, and use that research to develop a plan for meeting the needs of those taxpayers in the future;
- (e) determine the effectiveness of automated decision making tools to minimise the risk of under compliance or over compliance and ensure they are periodically tested to produce accurate outcomes;
- (f) consider whether it can devolve some of its functions to tax practitioners with appropriate safeguards;
- (g) align its service standards for the performance of its systems with those of commercial providers, including a dedicated scheme for compensation where outages or system failures result in loss for the users;
- (h) engage with the tax practitioner community to develop an action plan to bolster the stability of systems which enable them to assist the community to comply with their tax obligations, including an updated timeframe for the migration of the Tax Agent Portal functionality to ATO Online; and
- (i) ensure that any future messaging regarding concerns it may have with the tax profession is appropriately considered and accompanied by robust and properly tested data.

Recommendation 5.1

The IGT recommends that the ATO review its current framework for monitoring and identifying new or emerging technologies or innovations to ensure that it is able to take prompt action to address any tax implications.

Recommendation 5.2

The IGT recommends the:

- (a) Government consider reform of the work-related expense deduction regime, having regard to prior reviews in this area, including the possibility of introducing standard deductions with a view to eliminating the need for most individuals to lodge income tax returns; and

Recommendation 5.2 (continued)

(b) ATO engage with:

- i. third party data providers to maximise access to reliable information whilst minimising costs and disruption to their business and systems; and
- ii. the CSIRO's Data61 group on the latter's work on machine-readability of tax laws.

Recommendation 5.3

The IGT recommends that the Government, in seeking to improve the administration of the tax system as well as public service delivery more broadly, consider whether the Digital Transformation Agency, or a similar agency, should adopt a more comprehensive role in driving the whole-of-government digital transformation.

Recommendation 5.4

The IGT recommends that the ATO:

- (a) review its current internal arrangements for identifying and responding to cyber security risks to ensure efficiency, effectiveness and, in particular, that responsible areas within the ATO are clear on their remit, communicate and share intelligence appropriately and deliver a unified and coordinated response in addressing the risks;
- (b) assist tax professionals, particularly those operating in small practices, to develop and maintain their own cyber security risk management and response plans; and
- (c) broadly communicate and inform the public about the measures it has implemented to mitigate risks of cyberattacks and data breaches.

Recommendation 6.1

The IGT recommends that the TPB, in consultation with recognised professional associations, undertake research to determine if its policies and procedures appropriately cater for all tax professionals within its jurisdiction, including tax (financial) advisers.

Recommendation 6.2

The IGT recommends that the TPB:

- (a) periodically review the suitability of the educational requirements of the Tax Agent Services Regulations 2009 and its own related guidance with input from practitioners, professional associations, tertiary institutions and the ATO and act upon any findings including requesting the Government to consider legislative change where necessary; and
- (b) consider whether the TASA regime provides sufficient flexibility to manage the range of professionals who may offer tax services and present its findings to the Government.

Recommendation 6.3

The IGT recommends that:

- (a) the Government consider increasing the range of sanctions that the TPB may impose on non-compliant tax professionals, including empowering the TPB to release information to the professional associations, in appropriate cases, to enable the latter to undertake disciplinary action against their members;
- (b) the TPB undertake research to determine the extent to which tax services may be offered in the gig economy by people who are not appropriately registered and engage with other agencies, such as the ATO, the Australian Competition and Consumer Commission and the Australian Securities and Investments Commission to consider options to protect taxpayers from such service providers; and
- (c) the ATO broaden the membership of its Tax Profession Future State Working Group to include new entrants into the tax profession such as digital service providers, tax (financial) advisers and their representative bodies as well as publish more comprehensive information about the work of the Group.

APPENDIX 4 — PERFORMANCE CRITERIA

The purpose, deliverables and performance measures set out in the IGTO's *Corporate Plan* align with the outcome, performance criteria and targets in the Portfolio Budget Statement for the IGTO—see Table 39 below.

Table 39: Alignment of Portfolio Budget Statement and Corporate Plan performance criteria

Portfolio Budget Statement	Corporate Plan
Outcome Improved tax administration through investigation of complaints, conducting reviews, public reporting and independent advice to Government and its relevant entities	Purpose Our role is to improve tax administration through: maintaining an effective and efficient complaints handling function; identifying and prioritising areas of tax administration requiring improvement; conducting reviews and making recommendations for improvement to Government, the ATO and the TPB
Performance criterion 1 Effective handling of tax administration complaints	Deliverable 1 Effective handling of tax administration complaints
Performance criterion 2 Efficient conduct of reviews into tax administration issues	Deliverable 2 Identify and prioritise areas of tax administration for improvement Deliverable 3 Conduct reviews and make independent recommendations for improvement to Government, the ATO and the TPB
Performance criterion 3 Publication of reports on tax administration Performance criterion 4 Independent advice to Government and relevant entities on improvements to tax administration	Deliverable 3 Conduct reviews and make independent recommendations for improvement to Government, the ATO and the TPB
Target 1 Tax administration complaint responses	Performance measure (Deliverable 1) Measuring efficiency through such means as the percentage of complaints received compared to complaints completed Performance measure (Deliverable 2) Issues identified from complaints for further review

Table 39: Alignment of Portfolio Budget Statement and Corporate Plan performance criteria (continued)

Portfolio Budget Statement	Corporate Plan
Target 2 Positive feedback on complaints handling and broader reviews from community stakeholders including taxpayers, tax practitioners, other citizens and relevant Government entities	Performance measure (Deliverable 1) Feedback provided by stakeholders about the IGT's complaints handling function through such means as surveys, consultative forums and case studies Feedback from the ATO and the TPB about the IGT's complaints handling function (via regular inter-agency meetings) Feedback from staff about the IGT's complaints handling function (via internal complaints meetings) Measuring efficiency through such means as the percentage of complaints received compared to complaints completed Measuring the effectiveness of our decisions through such means as the percentage of complaints not requiring an internal review of the original decision
Target 3 Areas of tax administration for improvement identified and prioritised through complaints handling and stakeholder consultation	Performance measure (Deliverable 2) Emerging themes identified from our complaints handling function Issues identified from stakeholder forums, such as consultation undertaken to develop our work program Issues identified from investigations directed by the Minister or requested by Parliament, Parliamentary Committees, the Commissioner of Taxation or the TPB Prioritise identified issues Performance measure (Deliverable 3) Conduct reviews and investigate identified issues
Target 4 Reviews, reports and recommendations on areas of tax administration identified for improvement	Performance measure (Deliverable 3) Report the findings and recommendations of the reviews

APPENDIX 5 — MEMBERSHIPS AND ASSOCIATIONS

Table 40: Organisational Memberships in FY19

Organisation	Description
International Ombudsman Institute (Australasian-Pacific Region)	The International Ombudsman Institute (IOI) was established in 1978 and is a global organisation for the cooperation of more than 190 independent Ombudsman institutions from more than 100 countries worldwide.
Society of Consumer Affairs Professionals (SOCAP) Australia	<p>Established in Australia in 1991, SOCAP Australia, is a membership organisation for professionals working in the fields of self-regulation, complaint handling, dispute resolution, service charters and customer service delivery.</p> <p>Part of an international network, SOCAP Australia provides members with access to complaint training, professional development, networking opportunities and other tools to achieve best practice in customer care, complaints handling, complaints management and consumer affairs.</p>

Table 41: Professional memberships of our officers in FY19

Organisation
Certified Practising Accountants (CPA) Australia
Chartered Accountants Australia and New Zealand
The Tax Institute
SOCAP Complaint Handler Certification
Australian Institute of Company Directors
New South Wales Law Society
Institute of Public Accountants
Australian Institute of Administrative Law

APPENDIX 6 — INTERNATIONAL AGENCIES AND ORGANISATIONS

Table 42: International agencies and organisations with which IGTG engaged in FY19

Jurisdiction	Agency or organisation
Brazil	Federal Tax Service of Brazil (Receita Federal)
Canada	Canada Revenue Agency
Estonia	Estonian Tax and Customs Board
Finland	Finnish Tax Administration (Vero)
International	Organisation for Economic Cooperation and Development
International	International Bureau of Fiscal Documentation
New Zealand	Inland Revenue Department
Russian Federal	Federal Tax Service of Russia
Singapore	Inland Revenue Authority of Singapore
South Africa	Office of the Tax Ombud
South Africa	South African Institute of Chartered Accountants
Sweden	Swedish Tax Agency (Skatteverket)
The Netherlands	Belastingdienst (Dutch revenue agency)
United Kingdom	Her Majesty's Revenue and Customs
United States of America	Taxpayer Advocate Service

7. INDEX

A

accountability, 8, 46, 51, 104, 111
 Advertising and market research, 101
 Agreed Business Improvement, 2, 24, 110
 ANAO reports, 52
 Assets management, 66
 Audit, 52
 Audit and Risk Committee, 49

C

complaints handling, 11, 16, 17, 25, 26, 29, 31, 67, 128, 129, 130
 Complaints handling
 feedback on, 17, 24, 26
 issues identified from, 34, 35
 numbers of, 17, 18, 21
 Consultancies, 66
 Corporate governance, 49
 Corporate planning and reporting, 50

D

Disability action plan, 68
 Discretionary grants, 102

E

Employment agreements, 54
 Environment report, 102
 Ethical standards, 51
 External scrutiny, 52

I

Information publication scheme, 101
 Internal audits, 50

L

List of requirements, 103

M

Management of human resources, 52, 53

P

Parliamentary committees, 36
 Performance management, 53
 Procurement, 65

R

recommendation, 39, 42, 43, 49
 Recruitment, 56
 Remuneration committee, 54
Reviews, by the IGT
 Fraud control management, 40, 41, 43
 Future of the tax profession, 40, 43
 Garnishee, 40, 42
 GST refunds, 34, 40, 43
 PAYG instalments, 34
 Tax disputes, 44
 Risk management, 51

S

Staffing information, 56
 Succession planning, 56

W

Work health and safety, 101
 work program, 34, 36, 39
 Workplace diversity, 68
 Workplace relations, 56

Inspector-General of Taxation and Taxation Ombudsman Annual Report 2018-19

Corrigendum to page 23

In the Inspector-General of Taxation and Taxation Ombudsman Annual Report 2018-19 tabled on 17 October 2019, the following bullet point was omitted from the bottom of page 23:

- *two internal reviews are still under consideration.*

Inspector-General of Taxation and Taxation Ombudsman Annual Report 2018-19

Replacement page to page132

In the Inspector-General of Taxation and Taxation Ombudsman Annual Report 2018-19 tabled on 17 October 2019, the index appearing on page 132 includes incorrect references. A replacement index is shown below.

[7. Index](#)

7. INDEX

A

Accountability, 8, 46, 51, 104, 111
Advertising and market research, 101
Agreed Business Improvement, 2, 24, 110
ANAO reports, 52
Assets management, 66
Audit, 52
Audit and Risk Committee, 49

C

Complaints handling, 11, 16, 17, 25, 26, 29, 31, 67, 128, 129, 130
Complaints handling
 feedback on, 17, 24, 26
 issues identified from, 34, 35
 numbers of, 17, 18, 21
Consultancies, 66
Corporate governance, 49
Corporate planning and reporting, 50

D

Disability action plan, 68
Discretionary grants, 102

E

Employment agreements, 54
Environment report, 102
Ethical standards, 51
External scrutiny, 52

I

Information publication scheme, 101
Internal audits, 50

L

List of requirements, 103

M

Management of human resources, 52, 53

P

Parliamentary committees, 36
Performance management, 53
Procurement, 65

R

Recommendation, 39, 42, 43, 49
Recruitment, 56
Remuneration committee, 54
Reviews, by the IGT
 Fraud control management, 40, 41, 43
 Future of the tax profession, 40, 43
 Garnishee, 40, 42
 GST refunds, 34, 40, 43
 PAYG instalments, 34
 Tax disputes, 44
Risk management, 51

S

Staffing information, 56
Succession planning, 56

W

Work health and safety, 101
Work program, 34, 36, 39
Workplace diversity, 68
Workplace relations, 56