

Inspector-General of Taxation and Taxation Ombudsman

Annual Report for the financial year ended
30 June 2020

October 2020

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Australian Government

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29 September 2020

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

Dear Minister

ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

I am pleased to present to you the Annual Report of the Inspector-General of Taxation and Taxation Ombudsman (IGTO) for the financial year ended 30 June 2020. 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 the financial year ended 30 June 2020.

Yours sincerely

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

Karen Payne
Inspector-General of Taxation and Taxation Ombudsman

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Part 1 – Inspector-General of Taxation and Taxation Ombudsman Report

The Inspector-General of Taxation and Taxation
Ombudsman Report

Overview of the Agency

Part 1 – Inspector-General of Taxation and Taxation Ombudsman Report



Introduction and Welcome

This Annual Report sets out the performance and achievements for the Office of the Inspector-General of Taxation and Taxation Ombudsman (IGTO) during the financial year ended 30 June 2020 (FY20). During FY20 we celebrated 5 years operating as the Taxation Ombudsman and I ‘celebrated’ my first anniversary in the role as IGTO — on 6 May 2020. One year into my role, I have a much clearer understanding of the function of the Office and the dual roles of the Inspector-General of Taxation and Taxation Ombudsman:

- The Taxation Ombudsman provides independent assistance and assurance directly to taxpayers and tax professionals and investigates taxation complaints about their tax affairs — complaint enquiries and complaint investigations, respectively; and
- The Inspector-General of Taxation undertakes investigations of actions, systems and taxation laws regarding tax administration matters – review investigations.

IGTO is here to help ...	How does this help?
Help the community resolve their taxation complaints	Independent investigation and assurance: <ul style="list-style-type: none">▪ improves the efficient resolution of disputes and complaints;▪ provides access to tax expertise and assistance for the most vulnerable and those with limited financial resources (especially small business);▪ reduces red tape and the cost of compliance;▪ minimises unnecessary disputes and related costs before Tribunals and the Courts; and▪ improves community perceptions of the fairness of the tax system.
Help to improve the taxation administration system for the benefit of all taxpayers, tax practitioners and other entities.	Independent review investigations identify areas for improved tax administration and enhance community trust and engagement in the tax system.

IGTO is here to help ...	How does this help?
Help build confidence in the fairness of the tax system	Independent oversight, investigation and assurance improves: <ul style="list-style-type: none"> ▪ the accountability in the system and ▪ administrative actions, decisions and systems relating to tax administration.
Help with advice to the Minister, the Government and the Parliament and its Committees on tax administration issues and opportunities to improve the tax administration systems, laws and actions or decisions made by Tax Officials.	Independent perspectives enhance accountability, trust and impartiality in the tax system and brings new insights for Ministerial consideration and for Parliamentary committees with oversight responsibilities.

The two roles and investigation modes of the IGTO complement each other and provide assurance to the community that taxation laws are being administered consistently with community expectations, which builds confidence in the fairness of the tax system.

This year has been exceptional for many reasons, with two significant disruptions to the lives of many Australians — the bushfires and COVID-19 pandemic. Our thoughts continue to be with those who have experienced loss, devastation and disruption. Our thoughts are especially with those who have lost family, friends, and colleagues as a result of either the bushfires or the COVID-19 virus.

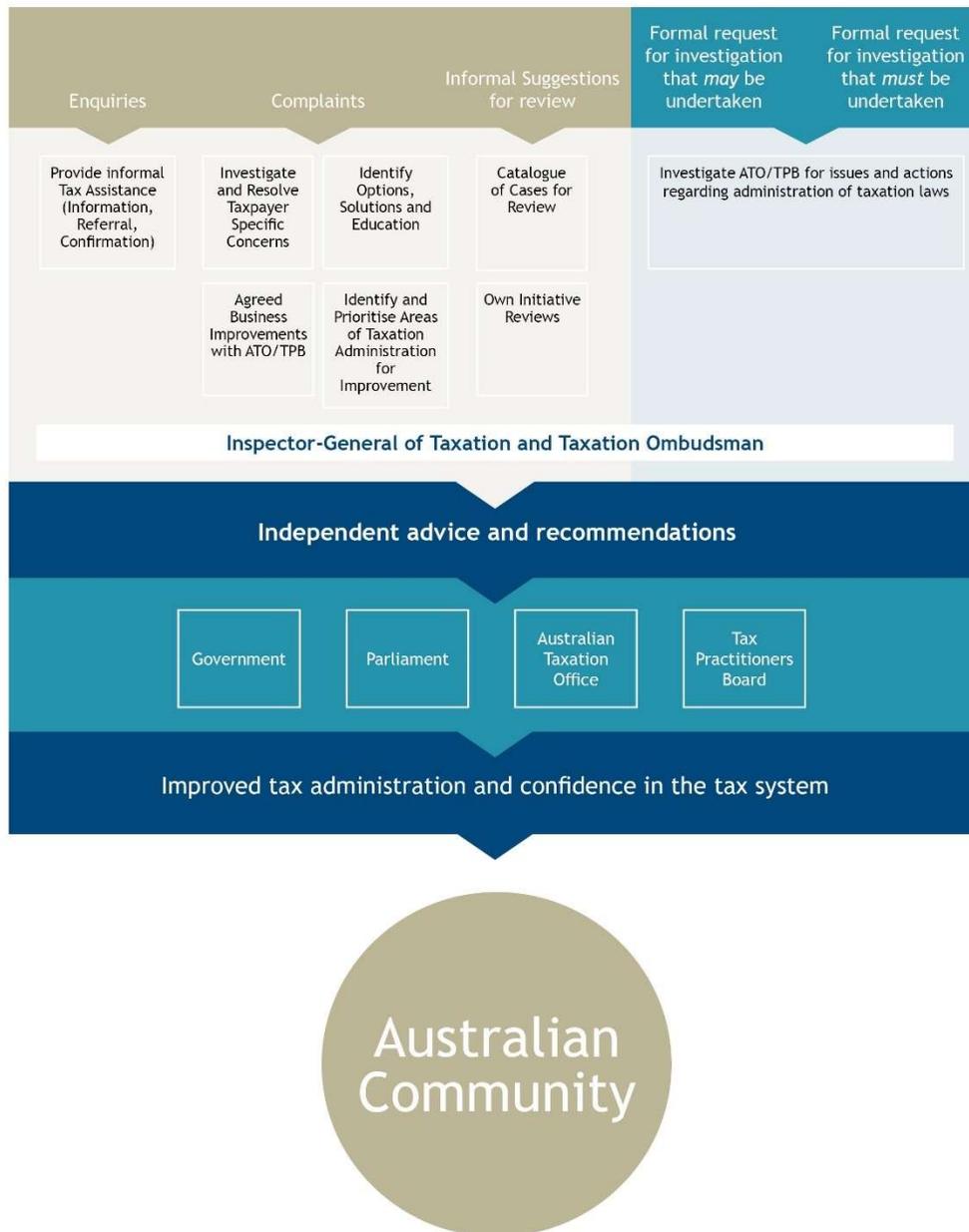
The IGTO responded quickly to the COVID-19 pandemic. We adapted our information and communication technology (ICT) platform and work practices to support our team members working remotely to protect themselves, their families and the community at large. In implementing remote working arrangements, we have strived to ensure that we continue to provide a high quality service to taxpayers and tax practitioners. We predict an increase in the number of complaints that the Taxation Ombudsman will receive over the coming months — particularly in the areas of debt recovery and eligibility and access to the Government’s COVID-19 support measures. We will strive to provide the highest quality of service with our available resources and in the circumstances.

I would like to thank the IGTO team for their commitment, dedication and professionalism in assisting the community — especially in these difficult times. Importantly, the IGTO team are willing and want to assist the community through their:

- Professionalism — applying experience, knowledge and understanding of the tax system;
- Independence — relying upon facts, evidence and logic; and
- Responsiveness — willingness to listen to complainants and the Australian Taxation Office (ATO) or Tax Practitioners Board (TPB), in a respectful, patient and calm manner.

This report provides insights into the important role that the IGTO performs in the Australian community. An overview of our functions is presented in Figure 1.

Figure 1: Overview of the function of the Inspector-General of Taxation and Taxation Ombudsman



Key Outcomes in FY20

Taxation complaints

In FY20, we received 2,775 tax complaints, of which 93.7% have been processed and finalised within the same period. The majority of complaints received (68%) were from self-represented individuals. The remaining complaints came from self-represented businesses (20%), individuals represented by another party, for example a tax practitioner, lawyer, family member or friend (9%) and represented businesses (3%). Taxation complaints have increased 29% in the five years since commencing as the Taxation Ombudsman.

The top 5 issues accounted for 67% (2,203) of all tax complaints received. The top 5 issues raised by complainants are shown in Table 1.

Table 1: Top 5 complaint issues in FY20

Top 5 issues raised in complaints in FY20 (by number received)	
Payments to the taxpayer	665
Debt collection	656
Lodgement and processing	484
Communications	212
Registration/Taxpayer details	186
Total top 5 complaint issues	2,203
Top 5 complaint issues as a percentage of total complaints issues raised with the IGTO	67%

Opportunities to make systemic improvements to the tax system may be identified during the investigation of complaint cases without the need to conduct a review investigation. Where our complaint investigations generate Agreed Business Improvements (ABI) with the ATO, we monitor these for progress. In FY20 the ATO accepted 8 new ABIs which we proposed. The ATO implemented 27 ABIs in FY20. Further information on ABIs is set out in Performance Measure 1.3 in Part 2 of this annual report.

Complementing the Office's taxation complaints work are:

- formal review investigations;
- written submissions and attendance at public hearings before Parliamentary Committees and Inquiries; and
- written submissions to inquiries undertaken by, and engagement with, Federal and State government departments and agencies.

Review investigations

The IGTO's review investigations work can be usefully informed by trends and information emerging from the Taxation Ombudsman function, particularly where the potential for systemic issues are identified. The IGTO launched 3 reviews during the year, each of which was informed by a combination of stakeholder feedback and taxation complaints.

1. **An investigation and exploration of undisputed tax debts in Australia.** As noted elsewhere, debt collection issues were, prior to the COVID-19 pandemic, the number one taxation complaint issue received by the IGTO. The Review seeks to understand the trends and landscape of outstanding (undisputed) tax debts in Australia. The results can assist to identify and gain greater insight into which segments of the economy are experiencing increasing levels of undisputed debts. This will assist to identify areas of debt collection for further and targeted investigation.
2. **Death and Taxes: An investigation into ATO systems and processes for dealing with deceased estates** was initiated after stakeholder feedback on the difficulties experienced in engaging with the ATO in this area and as confirmed by over 130 complaints received by the IGTO, in the area of deceased estates. This investigation seeks to identify opportunities to reduce the tax compliance burden and associated costs, red tape and frustration as well as improve or simplify the tax administration arrangements for representatives of a deceased individual.
3. **An investigation into the effectiveness of ATO communications of taxpayers' rights to complain, review and appeal decisions, actions and outcomes made by the ATO.** This investigation seeks to confirm how effectively (clearly and completely) the ATO communicates appropriate information to taxpayers and their representatives on these taxpayers' rights. This review includes a taxpayer and tax practitioner survey. The purpose of the survey is to understand:
 - What information is currently typically provided (or not) to taxpayers and their representatives on their rights to complain, review and appeal decisions made; and
 - What information should be provided, compared to what is provided?

This will help the IGTO to better direct the investigation into the relevant business lines within the ATO and assist to identify improvements to ATO communications. This includes (for example):

- Whether taxpayers are aware of their formal rights to complain about ATO decisions made;
- What taxpayer rights should be communicated to taxpayers in relation to decisions made;
- Whether reasons for ATO decisions made are adequately communicated; and
- Opportunities to improve communications about taxpayer rights.

Parliamentary committees and other inquiries

The IGTO's tax expertise, complaints investigation service and review investigation experiences allow us to bring specialist insights and perspectives to Parliamentary Committees and Inquiries. The IGTO's contribution, engagement and consultations in FY20 are listed below.

These submissions vary in length and topic and are aimed at assisting Parliament and other Federal government agencies in their investigation or inquiry to improve the tax administration system. The impacts and benefits flowing from each of the inquiries will depend on the nature of recommendations made and implemented.

We have had a busy year at the IGTO, lodging eleven submissions (including supplementary submissions) — four to the Senate Economics Legislation Committee (SELC), four to the Standing Committee on Tax and Revenue, two to the Treasury and one to the Australian Information Commissioner. These submissions are available on our website and are noted below:

House of Representatives Standing Committee on Tax and Revenue

- Inquiry into the Commissioner of Taxation Annual Report 2018–19 (including one supplementary submission);
- Inquiry into the Development of an Australian Corporate Bond Market; and
- Inquiry into the Tax Treatment of Employee Share Schemes.

Senate Economics Legislation Committee

- Inquiry into the Performance of the Inspector-General of Taxation (including two supplementary submissions); and
- Disclosure of Business Tax Debts.

The Treasury

- Review of the Tax Practitioners Board; and
- Minor and Technical Legislative Amendments.

Australian Information Commissioner

- Disclosure of Public Servants' Names and Contact Details

Senate Economics Legislation Committee Inquiry into the Performance of the Inspector-General of Taxation

On 1 August 2019 the SELC commenced an Inquiry into the Performance of the Inspector-General of Taxation. The terms of reference for the review included:

- whether the accountability framework the Inspector-General operates within needs to be amended or strengthened;
- how the Inspector-General conducts its investigations into the Australian Taxation Office;
- what safeguards exist to ensure the independence of the Inspector-General;
- the complaints management policies and practices of the Inspector-General;
- the protections afforded to whistleblowers who disclose information to the Inspector-General; and
- any related issues.

The community's perception of the fairness of the tax administration system has an important influence on voluntary compliance by taxpayers and tax practitioners alike — which ultimately determines tax revenues raised, the timeliness of lodgements and the efficient resolution of disputes. The IGTO legislative framework, protections and process of investigation is equally an important influence in establishing trust in the fairness of the tax administration system — since IGTO investigates and provides assurance about the integrity, fairness and effectiveness of the system itself and the actions and decisions made by those administering that system.

On 17 June 2020, the SELC tabled its report — *the Performance of the Inspector-General of Taxation (the SELC Report)* in Parliament. The SELC made sixteen (16) recommendations — a summary of these recommendations can be found in Appendix 1 — all of which were matters for the Government's consideration. I welcome the SELC's report and recommendations and look forward to the response from Government in due course.

Progress on immediate priorities

In the FY19 IGTO Annual Report I identified 3 immediate priorities. These were 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
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 and to address and recommend improvements that can be made.

One year on, I would add a fourth priority to this list:

4. to improve the effectiveness and efficiency of resolving taxation complaints generally, for the community.

Capability, capacity and constraints

The SELC in its report dated 17 June 2020 made several recommendations in relation to the IGTO's capability, capacity and constraints for the Government to consider.

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. The manner and sufficiency of our access to ATO and TPB records and information, including through systems access, is important in the independent investigation and delivery of our tax complaint investigation services.

This need was acknowledged by Recommendation 3 of the SELC Report.

Recommendation 3 — The SELC recommends the Australian Government review the IGTO's current access to the ATO and TPB's systems, data, and records and considers improving access, where necessary, to further enable it to perform its legislative functions.

We also have the ability to receive and manage Tax File Numbers (TFN) during the course of our complaint investigations, which significantly aids in quickly identifying correct and accurate taxpayer records and assists in reducing the time necessary to resolve tax complaints.

Capacity

We employ professional 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 — listening with respect and empathy. This is a special skillset and it allows our officers to engage and build trust with different types of complainants, from tax professionals to those more vulnerable and at risk of not meeting their obligations. Sometimes complainants are upset, frustrated, angry or simply fatigued by the time they discover or approach our office — which means our team needs to be both approachable and resilient.

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 agency or organisation which can assist. In this respect, our staff also receive training to assist with the identification of signs which may suggest a particular taxpayer may need extra support. During the year we also introduced specialist human resource capability through the engagement of an HR Director. This role also assists in developing the resilience of the IGTO team.

Constraints

An ongoing challenge for the office has been our resource management. The IGTO has a statutory obligation to investigate taxation complaints with limited discretion to decline to investigate. Taxation complaints have increased by 29% since the Taxation Ombudsman function commenced in 2015 and have been increasing year on year. Taxation complaints are also difficult to predict with certainty and more complex complaints, require an investment of significant senior management time to resolve. The IGTO experiences a peak in taxation complaints during the period July to mid-November which coincides with ‘tax time’. This also coincides with a peak in corporate compliance requirements — including budgeting, annual reporting, financial statement preparation, auditing and corporate planning.

This limits the capacity for the IGTO as an agency to engage in meaningful review investigations, or at least constrains the available resources we have to commit to such investigations.

This constraint was acknowledged by Recommendation 1 of the SELC Report.

Recommendation 1 — The SELC recommends the Australian Government assess whether the IGTO is adequately resourced, both now and into the foreseeable future, to effectively discharge its dual role as the Inspector-General of Taxation and the Taxation Ombudsman.

Demand for our complaints investigation service has increased year-on-year since we commenced our Taxation Ombudsman complaint investigation service. Across all complaint categories, there has been a 6.6% increase per annum and an overall increase of 29% across the 5 year period. When looking at categories 3–5 (i.e., those that require the IGTO to commence a complaint investigation), there has been a 6% increase across 5 years — this has largely been driven by increases in category 3 and 4 cases. More information about the various complaints categories is included in Appendix 3.

An overview for the past 5 years illustrates that, while there are peaks and troughs month-on-month, complaints are generally increasing — see Figures 2 and 3. Figures 2 and 3 reflect data as at 30 June 2020.

Figure 2: Overall trend in complaints received by the IGTO — FY16 to FY20

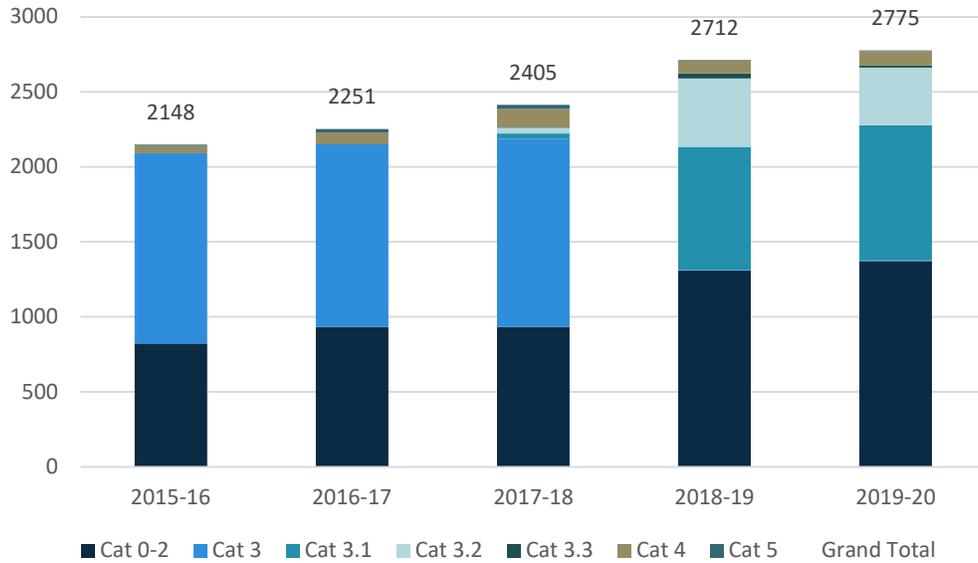
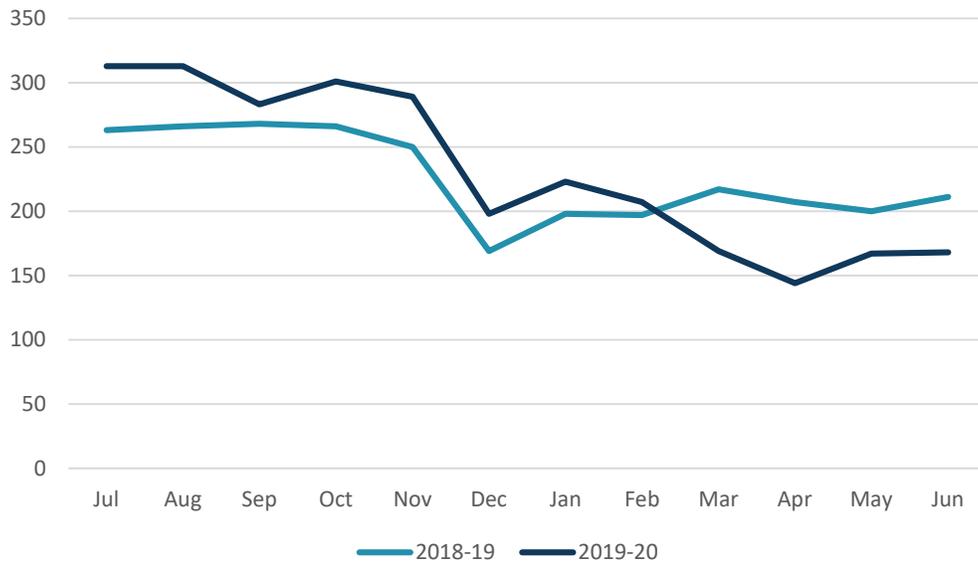


Figure 3: Total complaints received each month in FY19 and FY20



As shown in Figure 3, prior to the COVID-19 restrictions commencing, complaints received by the IGTO were approximately 14% higher than the same period in FY19. This is, in part, due to the ATO debt collection areas refocusing resources away from tax debt collection towards that of COVID-19 support measures delivered through the tax system. Debt collection and debt issues have historically been the number one complaint issue raised with our office, accounting for approximately 25% of taxation complaints.

Complaints about ATO debt collection, reduced by approximately 50% during the COVID-19 period. It is anticipated that when the ATO resumes debt compliance and recovery work, there will be a corresponding increase in complaints.

Another challenge for the IGTO is the limited protections available under the *Inspector-General of Taxation Act 2003 (IGT Act)* for tax officials who disclose information to us. We have no power to investigate taxation complaints made under the *Public Interest Disclosure Act 2013 (PID Act)*. That is, ‘whistleblower’ style complaints made by tax officers (as public servants). The Commonwealth Ombudsman has the power to investigate such complaints and appropriate whistleblower protections are provided by Part 2, Division 1 of the PID Act in these circumstances. The IGT Act does not provide the same level of protections for Tax Officials as the protections available under the PID Act. The IGT Act also does not provide protection equivalent to other whistleblower regimes for taxpayer and public disclosers. To encourage voluntary disclosures (including from ATO and TPB officers) to our office, additional protections including protection against, and compensation for reprisal action would need to be introduced to the IGT Act. Ideally, these protections should be consistent with protections available under other whistleblower regimes, including the PID Act.

This constraint was acknowledged by Recommendations 6 and 7 of the SELC Report.

Recommendation 6 — The SELC recommends the Australian Government consider strengthening protections available to individuals who disclose information to the IGTO, regardless of whether the disclosure is in relation to a complaint investigation or systemic review.

Recommendation 7 — The SELC also recommends the rights of tax officials who are interviewed during investigations undertaken by the IGTO be clarified, and that protections afforded to them be strengthened. This includes providing officials the legal right to choose whether or not they have other persons present when providing information.

Building Community Awareness

Building community awareness of our office — especially our roles and functions — is a key immediate priority.

This need was acknowledged by Recommendation 5 of the SELC Report

Recommendation 5 — The SELC recommends the Australian Government better publicise the IGTO's ombudsman function through the development of a marketing campaign. Such a campaign should, amongst other things, clarify how the IGTO's role interacts with other ombudsmen, such as the Small Business and Family Enterprise Ombudsman.

We have already increased our stakeholder engagements and commenced other work to raise community awareness of our services. This includes industry and professional presentations and webinars, attending tax discussion groups, University and Tax Clinic presentations, developing our website content and its organisation, messaging through our *IGoT News* eNewsletter and other social media.

The IGTO also presented at a number of forums, conferences and symposiums both domestically and internationally and engaged with stakeholders during these and other events.

An initial refresh of the IGTO website has been undertaken, making it more user friendly and interactive. Further progress is expected in FY21.

A principled framework for articulating the community's expectations for improved tax administration

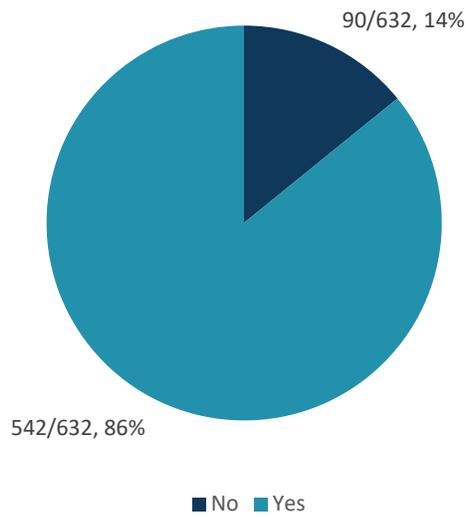
A principled framework was developed in draft and implemented after extensive community consultation. We have received feedback on the framework from various stakeholders — mainly from professional bodies — which suggests that it achieves its purpose. A copy of the framework is included in Appendix 2. The IGTO welcomes ongoing comments and feedback from the community — taxpayers, tax practitioners and industry and professional bodies.

Improving the effectiveness and efficiency of resolving taxation complaints for the community

The IGTO, ATO and TPB are independent agencies. Each agency has its own complaints investigation processes. The IGTO encourages all taxpayers and practitioners, if they have not done so, to reach out to the ATO and the TPB in the first instance to try and resolve any concerns or complaints. This has been a feature of our online complaints form.

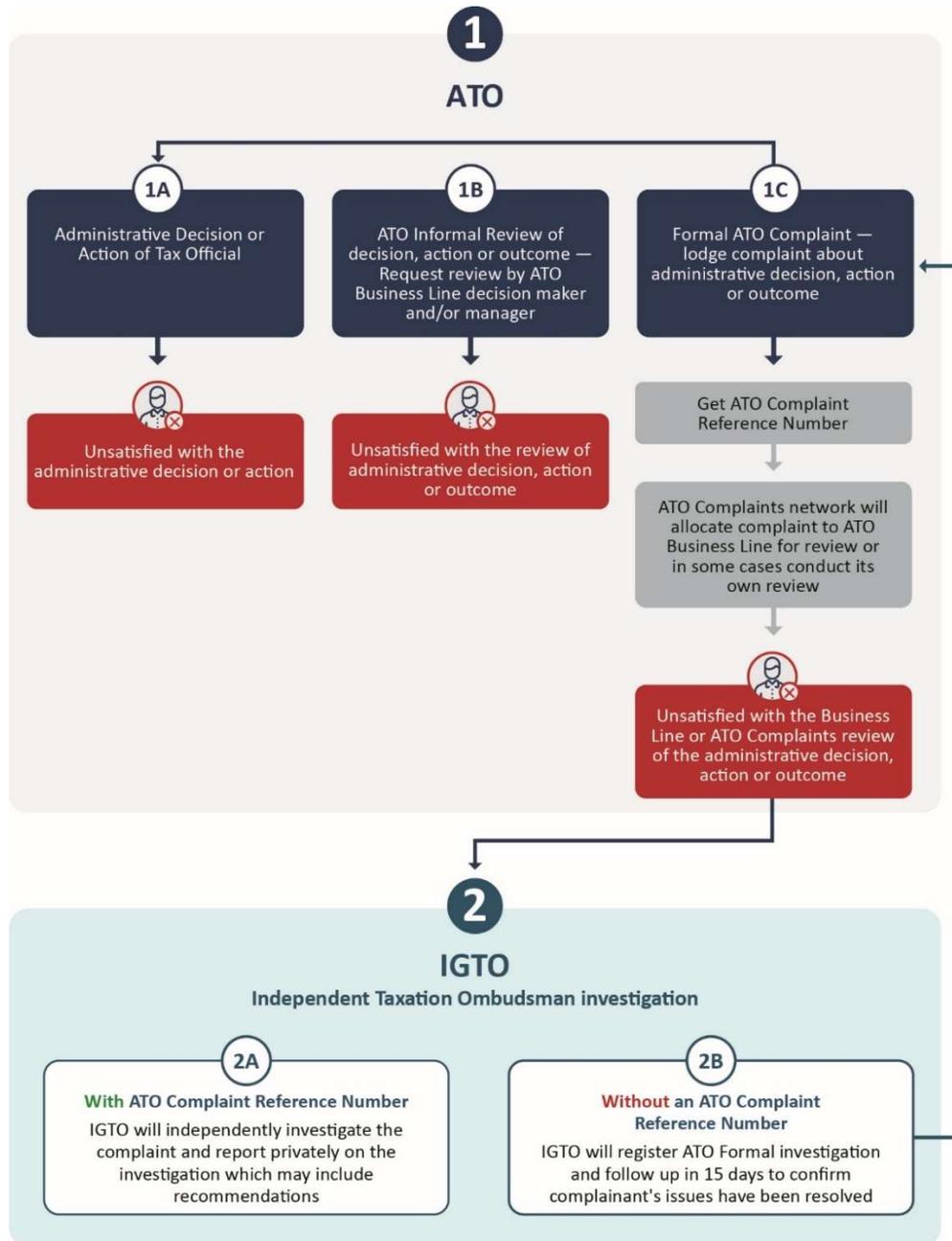
The IGTO commenced tracking category 3.1 complaints in July 2018 – that is, where the ATO has no record of a previous complaint. Between July 2018 and June 2020, in approximately 86% of these complaints lodged with the IGTO online, the taxpayer had indicated (and thought) they had (in fact) lodged a complaint with the ATO.

Figure 4: Percentage of web complaints lodged with the IGTO where the ATO has no record of a complaint but the taxpayer indicates they had lodged a complaint with the ATO



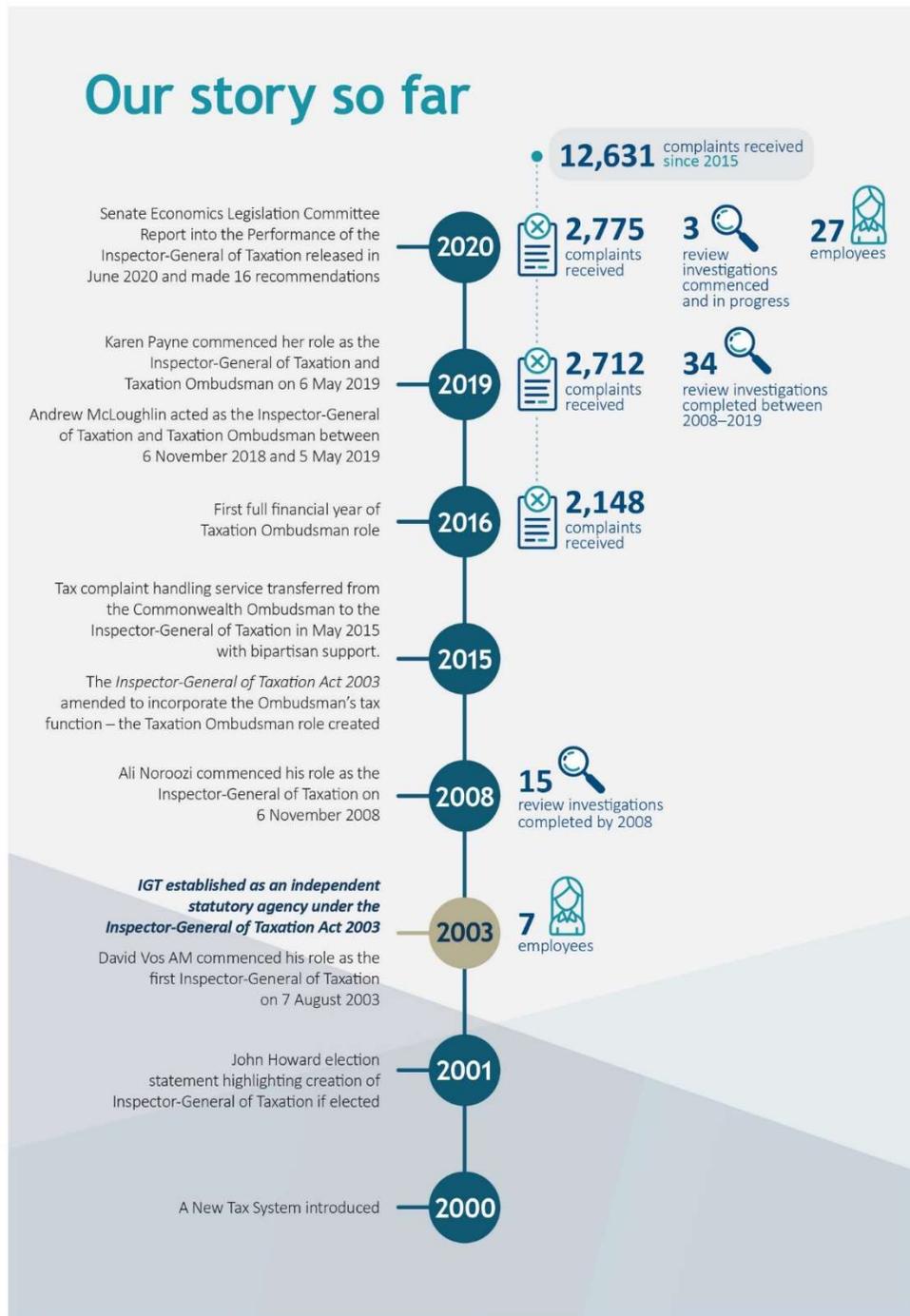
The IGTO is committed to independently assure and investigate taxation complaints raised by the community. This includes improving the administration of taxation complaints generally. This in turn also means raising taxpayer awareness about the formal complaint investigation options available to resolve tax complaints. This is summarised in Figure 5 below.

Figure 5: Overview of taxation complaints



An overview of our story so far is depicted in Figure 6.

Figure 6: Our story so far



Overview of the Agency

Role and functions of the IGTO

The IGTO was established as an independent Commonwealth, statutory agency in 2003. The agency's functions were later expanded in 2015 to include those of the Taxation Ombudsman. This expanded service received bipartisan support.

Our role is to improve tax administration for the benefit of the community. Our objectives are to:

- provide a specialised tax complaints investigation service to the Australian community;
- identify and prioritise areas of tax administration for improvement through our complaints investigation service and consultation with the community; and
- conduct review investigations into the areas identified and provide independent advice and recommendations to the Minister, the Government, the ATO and the TPB through public reporting.

Our purpose

Our purpose is:

1. To improve the administration of taxation laws for the benefit of the community.
2. To provide independent advice and assurance (to individual taxpayers, agencies or the community in general) through investigation, review and reporting that Australian taxation administration laws and systems are operating effectively and consistent with community expectations.

IGTO's Accountable Authority

Details of our accountable authority during the reporting period is outlined in Table 2 below.

Table 2: Details of Accountable Authority during the reporting period

Name	Position Title/Position held	Period as the Accountable Authority	
		Date of Commencement	Date of Cessation
Karen Payne	Inspector-General of Taxation and Taxation Ombudsman	6 May 2019	30 June 2020

Karen Payne was appointed as the Inspector-General of Taxation and Taxation Ombudsman by the Governor-General commencing on 6 May 2019. Ms Payne leads the Taxation Ombudsman complaints investigation service for taxpayers and advisers and the Inspector-General of Taxation's review investigation and public reporting function, both of which are directed at improving the tax administration system for all taxpayers.

Part 1 – Inspector-General of Taxation and Taxation Ombudsman Report

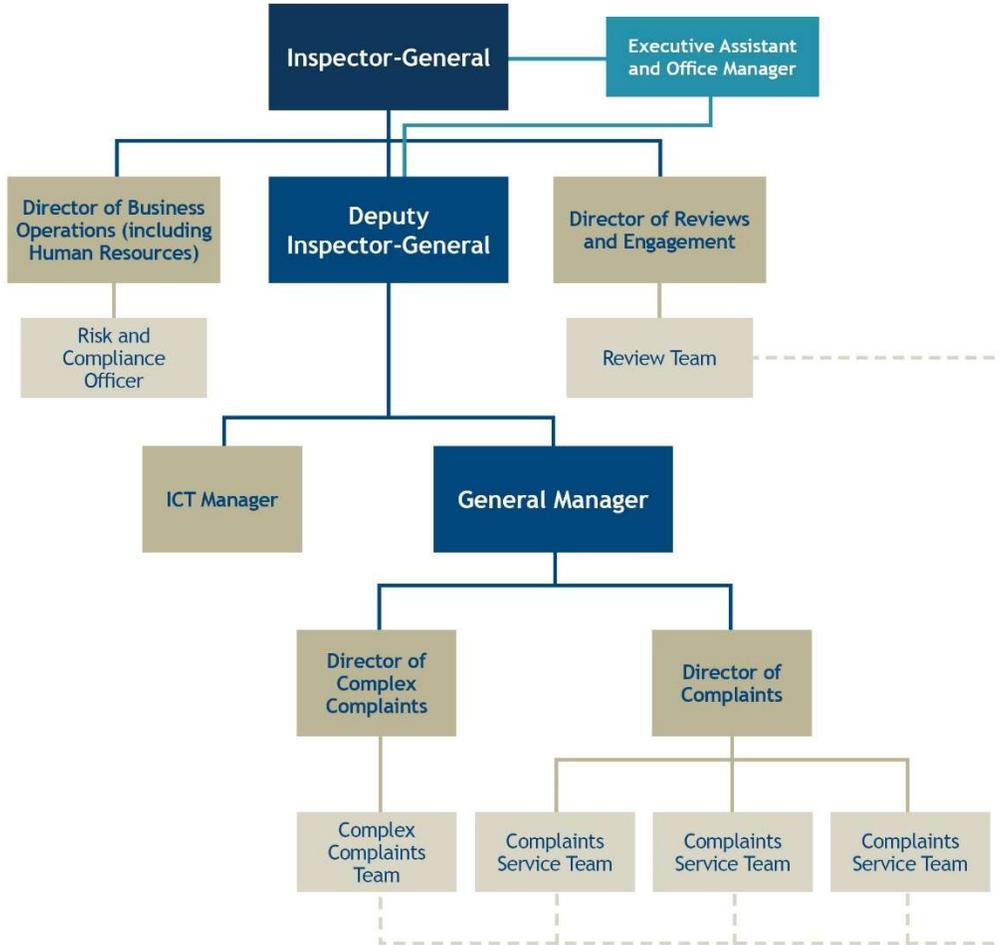
Before joining the IGTO, Ms Payne was a Member of the Board of Taxation as well as its inaugural Chief Executive Officer. She was formerly a partner with MinterEllison, specialising in corporate and international tax for mergers and acquisitions, and capital raising for the financial services, mining, energy, and utilities sectors. Her career includes a broad range of experience (legal, accounting, audit, education and tax return preparation) across a diverse range of taxpayers (including individuals, trusts, companies and partnerships) and market segments (small business, multinationals, public, private and listed property, equity, infrastructure and managed investment trusts).

Ms Payne is a solicitor admitted in New South Wales and is a member of:

- Chartered Accountants Australia and New Zealand;
- The Tax Institute; and
- Australian Institute of Company Directors.

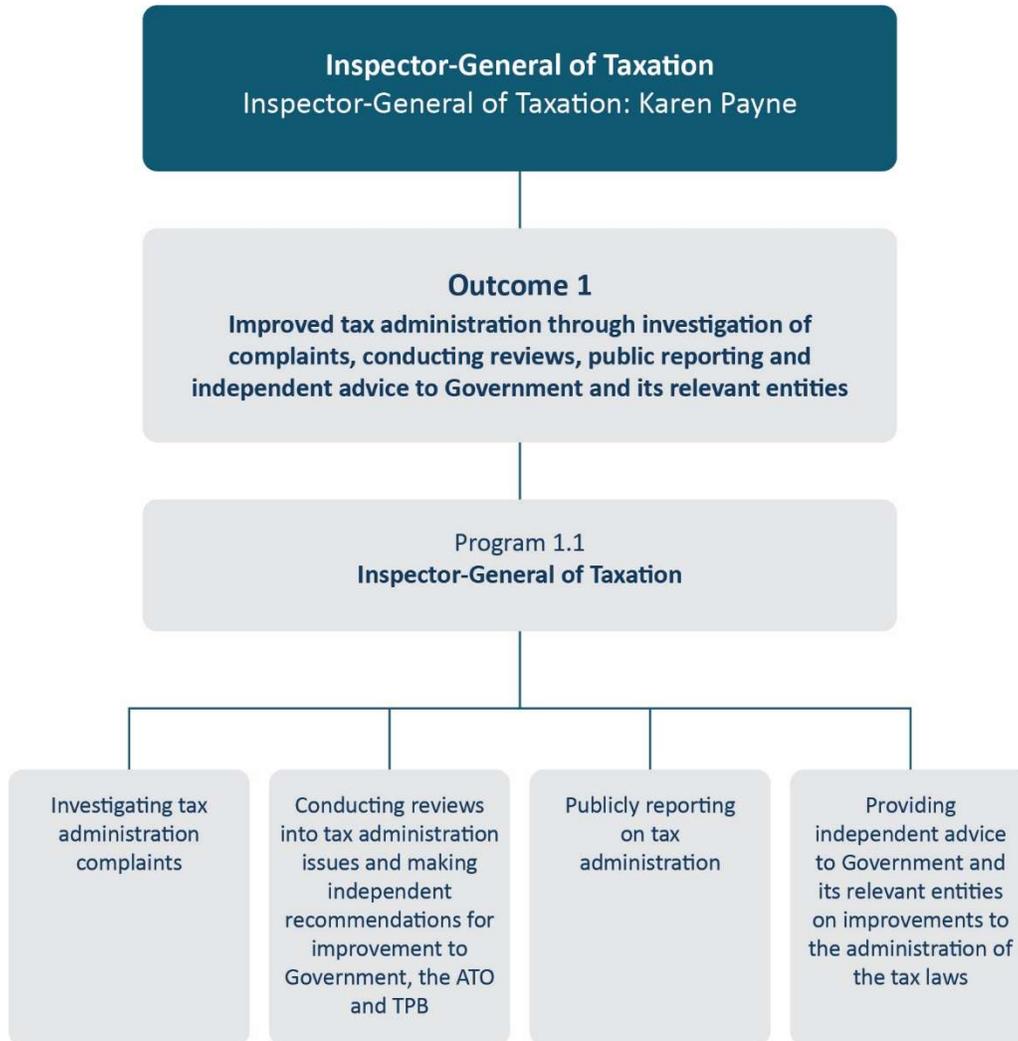
Organisational Structure

Figure 7: Our organisational structure



Outcome and Program Structure

Figure 8: Outcome and program structure



Part 2 Performance Report

Annual Performance Statements

Financial Performance Report

Part 2 – Performance Report

The IGTO’s performance report for FY20 is divided into the following sections:

- the annual performance statements; and
- the financial performance report.

The IGTO’s commitment to performance measurement and analysis is ongoing and crucial to the services provided to and expected by the community. Careful consideration and monitoring of deliverables and performance measures underpin IGTO’s annual corporate planning and day-to-day delivery of its services to taxpayers and the community more broadly.

Annual Performance Statements

This statement measures and assesses the IGTO’s performance in fulfilling its purpose and key deliverables.

The purpose of the IGTO is to improve tax administration by providing the following deliverables:

1. effective tax complaints investigation service of taxation administration actions and decisions;
2. identify and prioritise areas of tax administration for improvement; and
3. conduct review investigations and make recommendations for improvement to the Minister, Government, the ATO and the TPB.

These deliverables are monitored and assessed by reference to various performance measures that were set out in IGTO’s Corporate Plan 2020–23 (for the four financial years commencing FY20).

Section 41 of the IGT Act also sets out a number of items that must be included in the IGTO annual report. These requirements are set out in square brackets within the relevant performance measures.

The results for each performance measure are set out below under the relevant key performance area.

KEY PERFORMANCE AREA 1 — EFFICIENT AND EFFECTIVE TAX COMPLAINTS SERVICE FOR TAXPAYERS

A key function of the IGTO is providing an independent, efficient and effective tax complaints service for the community.

How we manage complaints

The IGTO is approached by individuals, small businesses, other taxpayers and tax professionals through a range of different channels including an online smart webform, telephone, facsimile and email. In order to manage the impacts of the COVID-19 pandemic on our team, we have actively encouraged complainants to make use of the online webform as the most effective channel to lodge a complaint.

Regardless of the channel through which we are approached, all complaints raised with the IGTO are recorded and categorised (Categories range from '0' to '5') for case management and reporting purposes. A summary of our Complaint categories can be found on our website and in Appendix 3. The IGTO provides this summary explanation to assist stakeholders and the community to better understand the nature of the services we provide and the IGTO's reporting in relation to these services.

- Categories 0, 1 and 2 represent independent assistance and assurance services; and
- Categories 3, 4 and 5 represent cases where a formal complaint investigation is commenced.

Importantly Category 3 is further divided as follows:

- Category 3.1 — ATO has no record of a previous complaint — IGTO identifies issues requiring formal investigation and options for resolution and requires the matter to be dealt with by an identifiable ATO/TPB officer providing accountability for the management and resolution of the complaint. IGTO also checks the ATO/TPB's handling of the complaint for satisfactory conclusion.
- Category 3.2 — Uncomplicated Cases — IGTO investigates independently, engages with the ATO to verify facts and issues, determines the most appropriate and timely actions, and identifies who will take them for early resolution.
- Category 3.3 — Frequently Raised Issues — IGTO identifies the case as involving a common area of complaint that is capable of being resolved efficiently and effectively through pre-agreed investigation processes.

Category 4 and 5 cases represent Complex and Highly Complex Cases respectively — IGTO investigates Highly Complex cases by engaging directly with ATO senior executive management (SES), and provides ATO senior executive management with early warning of emerging risks and the opportunity to address sensitive issues.

Part 2 – Performance Report

Under section 42 of the IGT Act, the IGTO may not delegate her power to make a report under section 15 of the *Ombudsman Act 1976* (**Ombudsman Act**). Accordingly and necessarily, the IGTO is involved in all complaint cases which have been classified as Category 5 complaints.

Performance measures

The IGTO's performance in providing an effective complaint investigation service was assessed against the following performance measures:

- 1.1 the number of complaints received;
- 1.2 the number and percentage of complaints received via the IGTO website;
- 1.3 average call queue time;
- 1.4 the percentage of complaints acknowledged within 2 business days (3 business days in tax time);
- 1.5 average number of complaints open in any month;
- 1.6 average number of days to resolve complaints (as arranged by complexity);
- 1.7 the percentage of complaints where the IGTO considered the agency's administrative actions on the primary issue to be reasonable;
- 1.8 complaints where the IGTO's recommendations were not implemented by the agency;
- 1.9 the number of complaints closed;
- 1.10 complainant survey results;
- 1.11 the number of investigations commenced and completed; and
- 1.12 the number of times the Inspector-General has served a formal notice requiring the provision of information relevant to an investigation.

Each of these performance measures is further discussed below.

Performance measure 1.1

Performance measure	Complaints received
Source	Corporate Plan 2020–2023, p 43
Result	2,775 complaints
Analysis	<p>In FY20, the IGTO received 2,775 complaints — a 2.3% increase from the 2,712 complaints received in FY19. This represents a 29% increase over the financial year ended 30 June 2016.</p> <p>Of the complaints received during this financial year, 2,530 related to the ATO (91%), 76 related to the TPB (3%) and 169 related to other matters (6%) such as complaints outside the IGTO’s jurisdiction which were referred to other agencies or bodies.</p> <p>Every complaint is allocated to a dedicated team member. Our complaints team consists of tax specialists with strong communication skills and requisite professional qualifications and experience to support complainants.</p> <p>The specific action taken in each complaint case depends upon its history, the nature of issues raised and the outcomes sought. Generally, there are two types of outcomes sought by a complainant.</p> <p>Firstly, complainants may seek information or independent advice and assurance in relation to ATO or TPB actions. In many of these cases, our team members are able to provide appropriate information, advice and assurance without needing to commence an investigation.</p> <p>Secondly, complainants may seek a review of ATO or TPB actions or decisions 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 by our office.</p>

Performance measure 1.2

Performance measure	Number and percentage of complaints received via IGTO website
Source	Corporate Plan 2020–2023, p 43
Result	781 complaints — 28.1%
Analysis	<p>Of the 2,775 complaints received in FY20, 781 complaints were received via the IGTO website, representing 28.1% of all complaints received. The percentage of complaints received via the IGTO website increased by 1.4% compared to FY19. In FY20, most complaints were received over the telephone (1,395 complaints, representing 50.3%).</p> <p>The increase in the percentage of complaints received via our website may be attributable to changes we made to make it more informative and easier for the community to lodge a complaint with us online.</p>

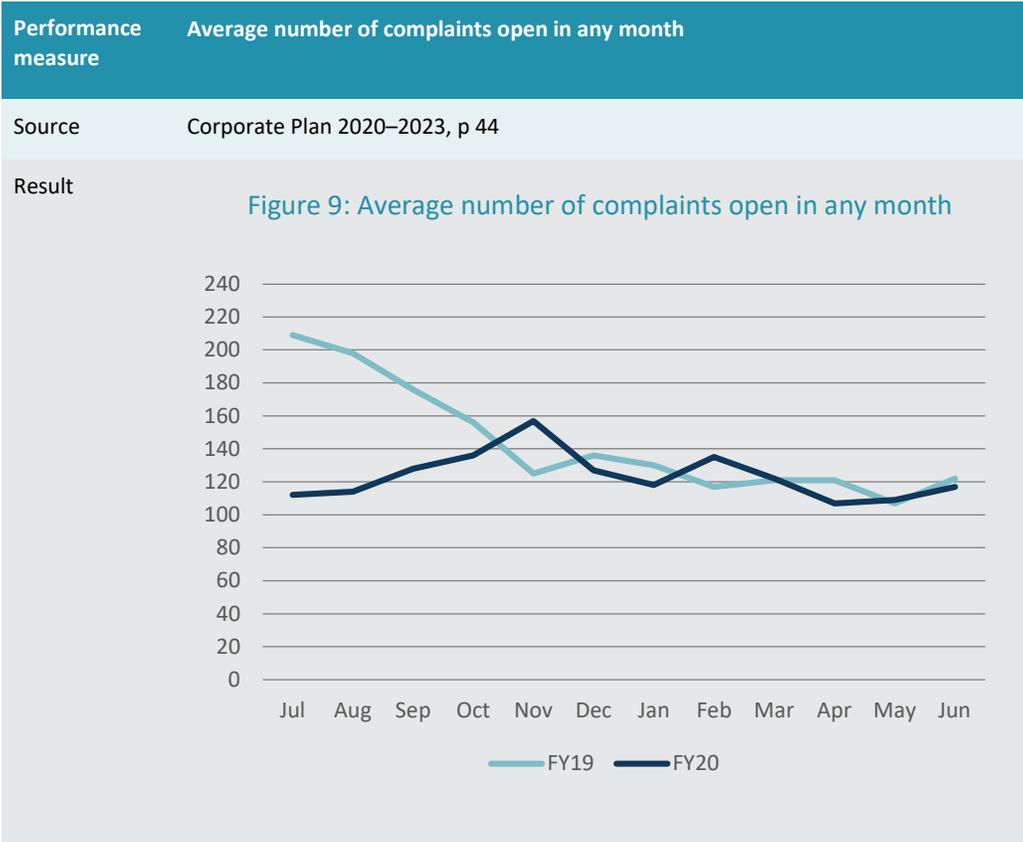
Performance measure 1.3

Performance measure	Average call queue time
Source	Corporate Plan 2020–2023, p 43
Result	53 seconds
Analysis	<p>The average queue time when complainants contact our dedicated complaints telephone line is 53 seconds. This is an increase of 9 seconds compared to FY19.</p> <p>The transition during that last quarter of FY20 to remote work-from-home arrangements due to COVID-19 distancing requirements may have contributed to this increase. During FY20, the IGTO moved to a new cloud-based ICT platform, which included a new dedicated complaints telephone system. This may also have impacted the way queue time is measured. We have also improved the IGTO’s website to encourage complaints to be lodged online so they may be dealt with more efficiently.</p>

Performance measure 1.4

Performance measure	Percentage of complaints acknowledged within 2 business days (3 business days in tax time)
Source	Corporate Plan 2020–2023, p 43
Result	66%
Analysis	<p>Complaints were acknowledged 66% of the time by an IGTO complaints service team member within 2 business days (3 business days in tax time) during FY20. On receiving a complaint, team members seek to make initial contact with the complainant to ensure their concerns and preferred outcomes are clearly understood and to agree on the most appropriate course of action to be taken. In FY19, we acknowledged 68% of complaints within 2 business days (3 business days in tax time).</p> <p>During FY20, our complaint investigations workforce was reduced by 28% (7 complaint investigation officers) through natural attrition and due to the COVID-19 environment our capacity to recruit and on board replacement personnel to fill these resource gaps was delayed. Given the small size of our office, the complaints officer outage impacted on our remaining resources and ability to manage and progress complaints as efficiently.</p>

Performance measure 1.5



Analysis In FY20, the average number of complaints open peaked during the months of September to December. This period has a higher average number of complaints open because our busy time (being July to November) coincides with both ‘tax time’ and major mandatory compliance reporting obligations.

During tax time, demand for our complaints investigation service increases resulting in a higher number of complaints received. In addition, some complaints team members are required to assist with corporate compliance obligations and reporting. The reduced number of complaints team members available to manage and progress complaints together with an increase in complaints received, resulted in higher average number of complaints open during this period.

Performance measure 1.6

Performance measure	Average number of days to resolve complaints (as arranged by complexity)		
Source	Corporate Plan 2020–2023, p 44		
Result	Category	FY20	Average for the period 1 May 2015 to 30 June 19
	0–2	7 days	6 days
	3	13 days	12 days
	4	79 days	56 days
	5	173 days	125 days

Analysis

As noted earlier in this chapter, complaints are categorised based on the type of assistance provided by our complaint services team and the complexity of the investigation.

Category 0–2 complaints are those where the IGTO complaints team provided independent assistance and assurance to the complainants. These complaints are resolved without the need for an independent formal investigation. For category 3–5 complaints, we undertake an independent formal investigation to resolve complainant’s concerns and determine the most appropriate options for resolutions. It should be noted that the population for category 5 complaints is small and fluctuates due to the complexity of the matters investigated.

In FY20, the average number of days to resolve complaints across all categories has increased compared to the average for the period 1 May 2015 to 30 June 2019. There are two factors contributing to the increase in the average number of days to resolve complaints. Firstly, there has been a 6.6% increase per annum in complaints received and an overall increase of 29% across the 5 year period. Secondly, we lost 28% of our complaints team members in FY20 due to natural attrition. This has reduced the size of our team and therefore our capacity to resolve complaints as timely as previous financial years.

Performance measure 1.7

Performance measure	Percentage of complaints where the IGTO considered the ATO's or TPB's administrative actions on the primary issue to be reasonable
Source	Corporate Plan 2020–2023, p 44
Result	15.15%
Analysis	<p>The IGTO considered the ATO or TPB's administration actions on the primary concern raised by the complainant to be reasonable in 15.15% of the complaints finalised in FY20.</p> <p>In these complaints, we provided assurance to the complainants on the ATO's or TPB's action or decision.</p> <p>This measure was a new measure introduced in FY20 and there is no prior year's result for comparison.</p>

Performance measure 1.8

Performance measure	Complaints where the IGTO's recommendations were not implemented by the agency
Source	Corporate Plan 2020–2023, p 45
Result	–
Analysis	<p>After lengthy consideration of the IGTO complaints data and available methodologies, we have not been able to develop a methodology that will provide an accurate measure for this performance measure.</p> <p>Our complaints service team may suggest actions for the ATO/TPB to take during our complaint investigations. These suggestions are documented in our complaint finalisation letter to complainants but they are not recorded as recommendations in our complaints case management system. We would need to make a significant upgrade to our complaints case management system to be able to report on this measure. This upgrade was not possible in FY20 as we prioritised our move to a new cloud based ICT platform to enable our team to work more effectively from home during the COVID-19 pandemic.</p>

Performance measure 1.9

Performance measure	Complaints closed
Source	Corporate Plan 2020–2023, p 45
Result	2,785 complaints closed
Analysis	A total of 2,785 complaints were closed in FY20 compared to 2,827 complaints closed in FY19. The number of complaints closed includes 181 complaints carried forward from FY19.

Performance measure 1.10

Performance measure	Complainant survey results			
Source	Corporate Plan 2020–2023, p 45			
Result	Independent complaints service survey			
	Views of IGTO’s complaints investigation service	Proportion satisfied	Proportion dissatisfied	Proportion neither satisfied or dissatisfied
	Overall satisfaction with the IGTO’s complaints investigation service	71%	15%	14%
	Overall satisfaction with the outcome of a complaint*	54%	29%	14%
	Professionalism of IGTO staff	90%	6%	4%
	* No outcome requested – 3%			
	In-house client satisfaction survey			
	Rated our service 4 or 5 out of 5 stars			
	Satisfaction with the IGTO service	89%		

Performance measure	Complainant survey results (continued)
Analysis	<p>Independent complaints service survey</p> <p>The IGTO is committed to providing and maintaining a high standard of service in its interactions with the community and values feedback received from complainants. We engage ORIMA Research Pty Ltd (ORIMA) to conduct independent surveys to evaluate the performance of the IGTO's complaints service.</p> <p>The feedback received from the survey demonstrates higher levels of satisfaction compared to our FY19 result. In FY20, 71% of survey respondents reported overall satisfaction with our complaints investigation service (compared to 65% in the previous year), 54% reported overall satisfaction with the outcome of their complaint (compared to 45% in the previous year) and 90% reported satisfaction with the professionalism of our staff (compared to 82% in the previous year). Of those who were not satisfied with their outcome, 48% of respondents nonetheless indicated that they would use our complaints service again. Approximately, 53% of complainants who were contacted by ORIMA provided feedback which is considered a high response rate.</p> <p>In-house client satisfaction survey</p> <p>In our in-house telephone response based survey, 89% of respondents (out of a total of 134) gave a satisfaction rating of 4/5 or 5/5. This survey result also reflects 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 investigation service and the professionalism of our staff.</p> <p>We moved to a new cloud based ICT platform, which included a new dedicated complaints management telephone system. Our ability to monitor the response rates is not yet supported by the new telephone system. Consequently we cannot calculate the response rates to our in-house client satisfaction survey.</p> <p>The role of our surveys</p> <p>The IGTO surveys also provide opportunities for us to further improve performance to meet the service expectations of the community. One such area that requires improvement is awareness of the IGTO's role as the taxation ombudsman particularly amongst vulnerable taxpayers including unrepresented individuals and small businesses. To address this, we are implementing a communications strategy which includes a quarterly newsletter, increasing our presence on social media and presenting at appropriate forums including in regional centres. This is subject to COVID-19 travel restrictions.</p>

Part 2 – Performance Report

Positive feedback received from complainants

Some examples of the positive feedback that IGTO officers have received are provided below:

Excerpt of feedback received from an individual taxpayer in June 2020

The service that I received was excellent. It was immediate, I was kept in the loop, he was available, he was knowledgeable, he was willing to assist me, his manner was friendly, he was efficient.

[IGTO investigator] was my investigator and I could not fault his service.

Excerpt of feedback received from a director of a business in May 2020

Thank you for your assistance [IGTO investigator], it is greatly appreciated.

The issues have been resolved and I am satisfied with the outcome.

Wishing you all the best.

Excerpt of feedback received from an individual taxpayer represented by a relative in April 2020

Thanks a lot for the follow-up email and sorry about my delayed reply. I have contacted [ATO officer] as advised, first three weeks ago and then yesterday. [The ATO] agreed to waive remission of interest and penalties included in the final payable amount.

Please accept my sincere gratitude for your support and help in resolving this issue.

Excerpt of feedback received from an individual taxpayer in April 2020

I can't tell you how thankful I am to you, as I am sure if the IGT did not intervene, I would still be waiting [for the ATO to finalise its ruling].

Thank you for your patience with me, as this is the end of a long frustrating period beginning in 2013 for me [sic].

Please know I am so relieved and grateful to you and IGT.

Excerpt of feedback received from a small business owner in January 2020

Hi [IGTO investigator]

I wanted to thank you so much for all your help. [ATO officer] from the taxation complaints department was fantastic & [sic] organised someone to help me. They cleared the interest & stopped ongoing interest & [sic] started a weekly payment plan that we were both comfortable with. Thank you so much for all your help.

Performance measure 1.11

Performance measure	Number of investigations commenced and completed					
Source	Section 41 of the <i>Inspector-General of Taxation Act 2003</i>					
Result	Investigations commenced			Investigations completed or carried forward		
	Agency	Carried forward from FY19	Received in FY20	Total handled in FY20	Total completed in FY20	Total carried forward to FY21
	ATO	138	1,382	1,520	1,385	135
	TPB	2	22	24	23	1
	Total	140	1,404	1,544	1,408	136
Analysis	In FY20, 1,544 investigations were undertaken by our office. Approximately 98% of investigations commenced this financial year related to the ATO with the remainder related to the TPB. Approximately 91% of all investigations undertaken in this financial year were completed.					

Performance measure 1.12

Performance measure	Number of times the Inspector-General has served a formal notice requiring the provision of information relevant to an investigation
Source	Section 41 of the <i>Inspector-General of Taxation Act 2003</i>
Result	0
Analysis	The IGTO has considerable powers to access and obtain information from the ATO and TPB by issuing formal notices. This information would otherwise not be available to taxpayers and tax practitioners due to tax law secrecy provisions. No such notices were issued in FY20.

Case studies

In addition to the performance measures, we have outlined below some examples of cases that we investigated in FY20. These case studies illustrate how we have assisted the taxpayers and their representatives that have raised a complaint with us.

Case study 1

The complainant had sought a remission of General Interest Charge (GIC) which was approved by the ATO in full. However, in reviewing his records, the complainant identified that GIC that had been offset against other credits (approximately \$4,000) was not included in the remission.

Through our investigation process, the ATO agreed to remit the GIC that had been offset against other credits which resulted in a refund of approximately \$4,000 to the complainant.

Case study 2

The complainant was waiting for the rollover of his unclaimed superannuation money from the ATO to a complying superannuation fund so he could fund his knee surgery. The complainant first contacted the ATO approximately 7 weeks prior to lodging a complaint with the IGTO. He also contacted the ATO on multiple occasions to expedite the rollover but without success.

As a result of our investigation, the ATO expeditiously rolled over the complainant's unclaimed superannuation to his nominated superannuation account and he was able to access it in time to pay for his knee surgery. The complainant was thankful for our assistance.

Case study 3

The taxpayer lodged an income tax return through a tax agent. The income tax return included the tax agent bank account details for any refund due to the taxpayer. The taxpayer then had concerns about the tax agent, after hearing some news in the media. He contacted the ATO to remove the tax agent from his account and requested the ATO to change the bank account details so that the refund would not be paid to the tax agent's bank account. The ATO suspended the income tax return but did not remove the tax agent from his account as per the taxpayer's request. Subsequently, the tax agent contacted the ATO to ask the ATO to process the taxpayer's income tax return which the ATO did and the refund was paid to the tax agent's bank account. The complainant attempted to contact the tax agent without success to request the tax agent to transfer the refund to his bank account.

Through the IGTO complaint investigation, the ATO acknowledged that they should have processed the taxpayer's request and removed the tax agent from the taxpayer's account. If the ATO had processed the request, the tax agent would not have been able to contact the ATO and asked the ATO to process the taxpayer's income tax return as he would no longer be listed as an authorised contact on the complainant's account. The ATO also agreed to pay the refund to the complainant's bank account.

Case study 4

The complainant, who is a small business owner, lodged a complaint with the IGTO with concerns that the ATO had not made a decision about the compliance status of his self-managed superannuation fund (SMSF) and accordingly he could not dispute an ATO's decision. As a result of the IGTO's investigation, we raised with the ATO the importance of procedural fairness. We requested and the ATO agreed to make a decision about the compliance status of the complainant's SMSF which had not been considered by the ATO previously.

The lack of decision by the ATO about the compliance status of the SMSF meant that there were no review rights available to the complainant. The ATO issued its decision about the compliance status of the complainant's SMSF and it enlivened complainant's review rights in relation to that decision.

Case study 5

The individual taxpayer had contacted the ATO to request the ATO to provide him a summary of Pay-As-You-Go withholding amount that had been reported and paid to the ATO by his employer. The taxpayer explained that this information will assist him with reconciling the information that he has received from his employer. Before our investigation, the ATO informed the complainant that they are unable to provide him with the information he is seeking because the information belongs to his employer and doing so would be a breach of tax secrecy provisions.

As a result of our investigation, the ATO sought internal legal advice on whether they can release the information to the complainant. The ATO's internal legal advice confirmed that the information can be provided to the complainant and the ATO released the information to the complainant.

Case study 6

The taxpayer who is a small business owner lodged a complaint via their tax agent about an amount that had been re-debited into her account by the ATO. The ATO had initially credited the amount to the taxpayer's account in anticipation of changes to legislation which had been announced about superannuation guarantee charge during the proposed amnesty period. However, the legislation did not pass parliament and the ATO re-debited the amount to the taxpayer's account but did not inform the complainant. The complainant explained that as she was not informed by the ATO, she had to incur fees for her tax agent to contact the ATO to understand why her account did not have a nil balance and why an amount had been re-debited.

Through our complaint investigation process, we provided assurance that the amount had been correctly re-debited by the ATO. We also identified the ATO's Law Administration Practice Statement (PSLA 2007/11) *Administrative treatment of taxpayers affected by announced but unenacted legislative measures which apply retrospectively when enacted* only includes scenarios where a taxpayer anticipates the proposed change to legislation and details the ATO's approach where the anticipated legislation is not enacted. However, PSLA 2007/11 does not outline scenarios where the ATO anticipates the proposed change to legislation and what the outcome would be when the proposed legislative change is not enacted. The ATO agreed to review its PSLA to determine whether changes should be made to reflect situations where the ATO, rather than the taxpayer, anticipates the proposed change to legislation.

KEY PERFORMANCE AREA 2 — IDENTIFY AND INVESTIGATE PRIORITY AREAS FOR IMPROVED TAX ADMINISTRATION

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

Prior to the establishment of the tax complaints service, public consultation was the primary means of identifying tax administration issues of community concern and prioritising topics for review investigations. However, in recent years, the themes emerging from the complaints investigation service are increasingly informing the program for review investigations. We continue to analyse data raised through complaints on a periodic basis with a view to identifying trends and issues that arise.

Performance measure 2.1

Performance measure	Review investigations commenced, [Number of investigations into systemic issues]
Source	Corporate Plan 2020–2023, p 46, [Section 41 of the <i>Inspector-General of Taxation Act 2003</i>]
Result	3
Analysis	<p>The IGTO commenced three review investigations in FY20:</p> <ul style="list-style-type: none"> ▪ Death and Taxes: An Investigation into ATO Systems and Processes for dealing with Deceased Estates — review commenced on 31 October 2019; ▪ Investigation and Exploration of Undisputed Tax Debts in Australia — review commenced on 31 October 2019; and ▪ An Investigation into the effectiveness of ATO communications of taxpayers’ rights to complain, review and appeal – review commenced on 30 June 2020.

Performance measure 2.2

Performance measure	Approaches and engagements from stakeholders
Source	Corporate Plan 2020–2023, p 46
Result	289
Analysis	The IGTO continues to engage and consult with public and private sector stakeholders on matters of relevance and interest to the community. The IGTO also captures areas of concerns through broader engagement with the public such as through social media, our website as well as participation at conferences, seminars and discussion groups.

Performance measure 2.3

Performance measure	Monitor complaints data from the IGTO, ATO and TPB and publish updates to the work program
Source	Corporate Plan 2020–2023, p 46
Result	Register of Potential Review Topics has been published on our website and promoted through <i>IGoT News</i> eNewsletter and by email to professional and industry associations and organisations.
Analysis	<p>The Register of Potential Review Topics which is published on our website identifies potential topics for review based on the IGTO’s engagement with various stakeholders and data collected from the taxation complaints service, as well as other sources. There are currently 27 topics that have been identified in the Register.</p> <p>In addition to the 27 topics, the IGTO identified one new topic for review from reviewing ATO communications as part of the IGTO complaints service — <i>An Investigation into the effectiveness of ATO communications of taxpayers’ rights to complain, review and appeal.</i></p>

KEY PERFORMANCE AREA 3 — PROVIDE ADVICE THAT IS INDEPENDENT, TIMELY AND RELEVANT TO THE ADMINISTRATION OF TAXATION LAWS IN AUSTRALIA

The conduct of each review is bespoke depending on the topic. However, review investigations generally involve a consideration of submissions made by stakeholders as well as investigation of ATO or TPB systems. Detailed research and analysis is also required, including international comparisons with comparable jurisdictions, to identify best practice for areas requiring improvement and to determine and develop the best course of action. Each review involves ongoing engagement and consultation with the ATO or TPB throughout the review cycle, both at operational and senior management levels.

Performance measure 3.1

Performance measure	Review investigations finalised
Source	Corporate Plan 2020–2023, p 47
Result	0

Analysis

No review investigations were finalised in FY20. This was in part due to extensions of time granted to the ATO to provide comments on final report drafts and reviews being placed on hold (deferred) owing to the priority need to respond to the COVID-19 pandemic. Significant progress was made on the following two reviews in FY20.

Investigation and Exploration of Undisputed Tax Debts in Australia.

On 9 April 2020, the IGTO decided to defer progress of the review investigation and finalisation of the report given the exceptional circumstances arising from the COVID-19 pandemic. Deferring the completion of this review will allow:

- ATO staff to focus on the front-line delivery of the Government’s taxation system support measures for the economy and recovery from the COVID-19 pandemic;
- Our staff to focus on complaints service delivery which is critical to the successful delivery of the Government’s taxation system support measures for the economy and recovery from the COVID-19 pandemic;
- the review investigation to consider any lessons learned from the consolidation of the ATO systems for income tax and activity statements which took place in December 2019/January 2020;
- any final report to include more up-to-date data for FY20;
- the investigation to incorporate insights into the operation of the debt collection provisions in the taxation administration system where there is a deliberate administrative decision to defer the collection and payment of taxation — that is, not to collect tax — because of a natural disaster (floods or bushfires) or a pandemic (such as COVID-19).

Death and Taxes: An investigation into ATO Systems and Processes for dealing with Deceased Estates

The final report on the review investigation into ATO systems and processes for dealing with deceased estates (which commenced on 31 October 2019) was finalised after 30 June 2020 (on 7 July 2020).

Performance measure 3.2

Performance measure	Average elapsed time for completion of review investigation report
Source	Corporate Plan 2020–2023, p 47
Result	–
Analysis	No review investigations were finalised in FY20.

Performance measure 3.3

Performance measure	Monitor review investigation recommendations agreed to and time for implementation
Source	Corporate Plan 2020–2023, p 47
Result	Confirmed by the Chair of the ATO Audit and Risk Committee on 16 June 2020.

Analysis The ATO and TPB have statutory independence in their respective jurisdictions. The IGTO is also an independent statutory appointment but is not empowered to direct the Commissioner of Taxation or the TPB.

Historically, the vast majority of the IGTO’s review investigation recommendations have been accepted in full or in part and the implementation of review recommendations was monitored through follow up reviews.

Assurance that agreed IGTO recommendations have been effectively implemented by the ATO is now provided by the ATO Audit and Risk Committee. As stated in paragraphs 1.22–1.29 (pages 6–7) of the IGTO’s 2014 report, *Follow up review into the Australian Taxation Offices implementation of agreed recommendations in five reports released between August 2009 and November 2010*.

1.22 Since November 2010, the IGT has worked with the ATO to develop a new process to provide assurance that agreed IGT recommendations have been effectively implemented. In contrast to the IGT’s follow up review process, the ATO’s Audit and Risk Committee will now monitor implementation of external scrutineer recommendations to ensure timely execution of implementation. This Committee is informed by quarterly updates from the relevant BSLs and ATO’s Internal Audit group through reports on the status of implementation. When BSLs advise that recommendations have been implemented, Internal Audit undertakes a high-level assessment of the implementation of recommendations by comparing the BSL provided evidence against the implementation plans. The Committee is then informed of the number of recommendations accepted as implemented following this assessment.

Performance measure

Monitor review investigation recommendations agreed to and time for implementation (continued)

On 13 May 2020 the IGTO wrote to the Chair of the ATO Audit and Risk Committee. The Chair confirmed in writing on 16 June 2020 as follows:

I can confirm that the Audit and Risk Committee (ARC) monitors the implementation of all external scrutineer recommendations. The ARC is informed by quarterly updates from the relevant business areas on recommendations initiated by the Australian National Audit Office (ANAO), the IGTO, Internal Audit and, in more recent times, Parliamentary Committees.

The updates provide a summary of the status of recommendations. A high-level assessment is undertaken of business line evidence prior to closure. In addition, for assurance purposes, Internal Audit samples closure reports to verify implementation.

In regards to the 11 reviews the IGTO has conducted since July 2014, I can confirm that updates on recommendations arising from these reviews have been presented to the ARC. Recommendations in progress are reported to the ARC on a quarterly basis until closure. The secretariat can connect you with the External Scrutineers Unit should you wish to obtain further details.

Performance measure 3.4

Performance measure

Agreed Business Improvements (ABI) accepted and implemented by the ATO and TPB

Source

Corporate Plan 2020–2023, p 47; 2019–20 PBS, p 247

Result

Agency	ABIs Accepted in FY20	ABIs Implemented in FY20	ABIs In Progress as at 30 June 2020
ATO	6	24	10
TPB	2	3	2
Total	8	27	12

Analysis

The IGTO seeks to identify improvements to the ATO and TPB business processes. We adopt a continuous improvement approach that leads to prompt action that benefits taxpayers more broadly.

During our complaint investigations, the ATO or 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.

In FY20, the ATO accepted 8 ABIs and the TPB accepted 1. The ATO implemented 24 ABIs whilst the TPB implemented 3 ABIs.

Performance measure 3.5

Performance measure	Meetings with the Minister, Government, the Australian Parliament, the ATO and/or the TPB or other stakeholders to discuss areas for Review
Source	Corporate Plan 2020–2023, p 48
Result	100
Analysis	During FY20, the IGTO and our office met with various stakeholders including the Minister, Government, the Australian Parliament, the ATO/TPB and other stakeholders to discuss areas for Review. These meetings are useful to identify and share areas for potential review to improve the tax administration system for the benefit of the Australian community.

Performance measure 3.6

Performance measure	Reponses to Government, Treasury or Parliamentary reviews that relate to taxation administration
Source	Corporate Plan 2020–2023, p 48; 2019–20 PBS, p 247
Result	11 submissions 3 appearances at public hearings
Analysis	<p>In FY20, the IGTO lodged 10 submissions in response to various Government, Treasury and Parliamentary reviews relating to tax administration:</p> <ul style="list-style-type: none"> ▪ Submission (including two supplementary submissions) to the Senate Economics Legislation Committee’s Review into the Performance of the IGTO; ▪ Submission to the Senate Economics Legislation Committee’s review of the <i>Treasury Laws Amendment (2019 Tax Integrity and Other Measures No. 1) Bill 2019</i> (in relation to Tax Debt Transparency); ▪ Submission to the Treasury’s review into the Tax Practitioner’s Board; ▪ Submission to the Standing Committee on Tax and Revenue’s Inquiry into the Development of the Australian Corporate Bond Market; ▪ Submission to the Standing Committee on Tax and Revenue’s Inquiry into the Tax Treatment of Employee Share Schemes; ▪ Submissions (including one supplementary submission) to the Standing Committee on Tax and Revenue’s Inquiry into the Commissioner of Taxation Annual Report 2018–19; ▪ Submission to Treasury’s Minor and Technical Legislative Amendments <p>The IGTO also lodged 1 submission in response to the Australian Information Commissioner’s Discussion Paper on Disclosure of Public Servants’ Names and Contact Details.</p>

Performance measure	Reponses to Government, Treasury or Parliamentary reviews that relate to taxation administration (continued)
	<p>The IGTO also appeared at the following hearings:</p> <ul style="list-style-type: none"> ▪ Public hearing before the Senate Economics Legislation Committee on Tax Debt Transparency; ▪ Public hearing before the Senate Economics Legislation Committee in relation to the Review into the Performance of the IGTO; ▪ Public hearing before the Standing Committee on Tax and Revenue in relation to the Tax Treatment of Employee Share Schemes <p>This represents a significant increase from previous years, where in FY17 and FY18, 2 submissions were made in each year respectively and in FY19 no submissions were made.</p>

Performance measure 3.7

Performance measure	Mentions of the IGTO in professional newsletters, updates, reports and conference papers
Source	Corporate Plan 2020–2023, p 48
Result	102
Analysis	The IGTO has noted 102 mentions in various newsletters, updates, reports and conference papers of professional bodies and industry.

KEY PERFORMANCE AREA 4 — CO-OPERATE AND COLLABORATE WITH RELEVANT AGENCIES AND STAKEHOLDERS — BOTH DOMESTICALLY AND INTERNATIONALLY

The IGTO undertakes extensive consultation with a range of stakeholders to identify and prioritise areas for improvement.

The IGTO receives submissions or input from taxpayers, tax professionals and their representative bodies, as well as government agencies, such as the ATO, TPB, Australian National Audit Office (ANAO), Commonwealth Ombudsman and the Treasury. Input is also sought from the Minister as well as parliamentary committees.

Performance measure 4.1

Performance measure	Cross referrals to/from other agencies
Source	Corporate Plan 2020–2023, p 49
Result	Referrals from agencies: 21 Referrals to agencies: 13
Analysis	The existence of cross referral activity suggests that co-operation and collaboration between agencies is occurring. A more informative KPI is to be developed to monitor this for future years.

Performance measure 4.2

Performance measure	Briefings with the Government, the Australian Parliament, the ATO and/or the TPB
Source	Corporate Plan 2020–2023, p 49
Result	210
Analysis	The IGTO received and provided briefings to the Government, the Australian Parliament, the ATO and/or the TPB. These briefings are important to raise awareness of tax administration issues affecting the community.

Performance measure 4.3

Performance measure	Maintain the membership of relevant domestic and international organisations — including legal, accounting, taxation, ombudsman organisations
Source	Corporate Plan 2020–2023, p 49
Result	All relevant memberships maintained
Analysis	<p>The IGTO and our team are members of various professional bodies and organisations including:</p> <ul style="list-style-type: none"> ▪ Australasian-Pacific Ombudsman Region; ▪ Australian and New Zealand Ombudsman Association (ANZOA); ▪ Australian Institute of Administrative Law; ▪ Australian Institute of Company Directors; ▪ CPA Australia; ▪ Chartered Accountants Australia and New Zealand; ▪ International Ombudsman Institute; ▪ Institute of Public Accountants (IPA); ▪ Law Society of New South Wales; ▪ Society of Consumer Affairs Professionals (SOCAP); ▪ SOCAP Complaint Handler Certification; and ▪ The Tax Institute. <p>Through ongoing membership, the IGTO has maintained strong working relationships with domestic and international counterparts. These organisations serve as both an information network and a point of comparison for best practice and potential benchmarking.</p>

Performance measure 4.4

Performance measure	Participation at relevant domestic and international conferences and forums
Source	Corporate Plan 2020–2023, p 49
Result	16 domestic conferences/forums 2 international conferences/forums

Analysis

The IGTO has presented and participated in 16 domestic conferences/forums during the year, consulting with private and public sector stakeholders on its services and engaging with practitioners to identify issues of concern which may require investigation:

- Australasian Tax Teachers’ Association Conference;
- ANZOA Australian and New Zealand Ombudsman Association Annual General Meeting;
- The Tax Institute Death and Taxes Online;
- Executive Assistant Congress;
- Institute of Public Accountants WA Congress;
- IPA National Congress;
- IPA Talks;
- IPA Women in Practice Conference;
- Law Council of Australia Taxation Workshop;
- Society of Consumer Affairs Professionals Symposium;
- The Tax Institute 52nd Western Australia State Convention;
- The Tax Institute Tax Disputes Conference;
- The Tax Institute Financial Services Taxation Conference;
- The Tax Institute Tax Summit 2020;
- University of New South Wales Seminar on Taxation and Business Law; and
- Women in Leadership Symposium

Internationally, the IGTO has participated in conferences in the USA (United States Ombudsman Association Conference) and Taiwan (Australasian-Pacific Ombudsman Region Conference).

The IGTO also attended stakeholder consultations — refer to Performance Measure 4.9 on page 48.

Performance measure 4.5

Performance measure	Up-to-date IGTO website links and information referring to related agencies (and vice versa)
Source	Corporate Plan 2020–2023, p 50
Result	All website links to other agencies are up-to-date.
Analysis	<p>Our website contains up-to-date links to other agencies including the ATO, TPB, Commonwealth Ombudsman, Australian Small Business and Family Enterprise Ombudsman, Office of the Australian Information Commissioner and Services Australia.</p> <p>One third of the agencies listed on our website contains valid links on their respective websites to link users to the IGTO website.</p>

Performance measure 4.6

Performance measure	Registered subscribers to IGTO newsletter via website
Source	Corporate Plan 2020–2023, p 50
Result	606 registered subscribers
Analysis	<p>There are 606 registered subscribers to the IGTO newsletter as at 30 June 2020, up from 540 in the previous financial year. The IGTO will continue to promote communication through the newsletter in the next financial year. A more informative KPI may be developed for future years.</p>

Performance measure 4.7

Performance measure	Social media engagement
Source	Corporate Plan 2020–2023, p 50
Result	<p>6,059 Facebook fans</p> <p>744 Twitter followers</p>
Analysis	<p>As part of a broader effort to increase community awareness of the Office and our services, we have continued to develop and enhance content on various social media platforms. Our presence on Twitter has continued since 2014, with over 700 Twitter followers and since the launch of its Facebook page in November 2018, it has gained over 6000 Facebook fans. We have also gained 104 followers on LinkedIn since launching its page in February 2019.</p> <p>These platforms have enabled greater exposure and engagement with a broader cross-section of the community as well as professional stakeholders.</p>

Performance measure 4.8

Performance measure	Website hits
Source	Corporate Plan 2020–2023, p 50
Result	141,080
Analysis	Our website remains a central point for community engagement. In FY20, the website received 141,080 hits.

Performance measure 4.9

Performance measure	Stakeholder consultations attended — including discussion group meetings or workshops attended
Source	Corporate Plan 2020–2023, p 50
Result	64
Analysis	The IGTO and our office consulted extensively with the broader community, including taxpayers, tax practitioners, and their representative bodies in conducting reviews and through its complaints handling service. The IGTO also consults with the Government and its agencies, including the ATO, TPB, ANAO, Commonwealth Ombudsman and Treasury.

KEY PERFORMANCE AREA 5 — FOSTER A DIVERSE, ENGAGED AND RESILIENT TEAM

The IGTO team members are central to the services we provide to the community. The IGTO is committed to providing a workplace environment in which team members are supported, engaged and inspired to provide a professional service with a commitment to delivering community outcomes. Our strategy is centred around employing and retaining qualified and experienced tax specialists who have the relevant people skills and the ability to provide a professional, effective and independent service to the community. This enables the IGTO to achieve its purpose of improving tax administration and providing independent advice and assurance to stakeholders on the operation of Australia’s tax administration laws.

Performance measure 5.1

Performance measure	Monitor staff survey results from: 1. APSC 2. IGTO — Staff engagement and whether staff have access to resources and expertise to perform their duties
Source	Corporate Plan 2020–2023, p 51
Result	The APSC Employee Census 2020 was postponed due to the impact of the COVID-19 pandemic. IGTO staff survey 80% of staff consider that the Agency adequately supports them in undertaking their role; and 81% of staff have high satisfaction levels with their employment at IGTO.
Analysis	The high satisfaction levels of our staff with their employment at our office is welcoming. It reflects our commitment to provide a workplace environment in which our team is supported, engaged and inspired to provide both service and outcomes to the community. We also moved swiftly to provide our staff with improved capability to work remotely to ensure their safety during the COVID-19 pandemic through our new cloud based ICT Platform. We have a range of initiatives to support and reward our staff. This includes providing specialist learning and development opportunities as well as a rewards and recognition program.

Performance measure 5.2

Performance measure	Average hours per staff attending specialist training annually
Source	Corporate Plan 2020–2023, p 51
Result	Eligible IGTO staff (26) each attended on average 12.9 hours of specialist training in FY20. The IGTO also supported 6 of its staff with postgraduate, professional course or long-term study in FY20.
Analysis	We strongly support the development of our team and continue to enhance our capability through specialist learning and development opportunities. During FY20, our complaints service team attended on average 12.9 hours of specialist training. The training attended includes: <ul style="list-style-type: none"> ▪ complaints resolution and engaging in persuasive communication; ▪ leadership and coaching skills for managers; ▪ PID training for managers; ▪ Privacy and Freedom of Information; and ▪ Tax disputes.

Performance measure 5.3

Performance measure	Monitor diversity in the agency including the percentage of female staff across all levels
Source	Corporate Plan 2020–2023, p 51
Result	Female staff — 41% Born overseas — 48% CALD — 63%
Analysis	<p>Our Office is a small specialised agency with national responsibility operating out of a single Sydney-office location. Our workforce is recruited based on merit and competence. In doing so, we are committed to workplace diversity, recognising gender, age and ethnicity. Our service delivery depends upon staff having specialised taxation law and policy skills and experience. Accordingly, it does face recruitment challenges and will seek to meet requirements, subject to market availability considerations.</p> <p>The IGTO Gender Equality Action Plan has been designed in accordance with the document entitled 'Balancing the Future: The Australian Public Service Gender Equality Strategy 2016–19'. Moving forward, the IGTO will work through gender equality initiatives as a business imperative.</p>

Statutory Statement

I, Karen Payne, as the Accountable Authority of the IGTO, present the above FY20 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.

Financial Performance Report

The Office's FY20 financial statements are presented in Part 5 of this report. The IGTO received an unmodified audit report on the FY20 financial statements from the ANAO on 16 September 2020.

We ended FY20 with an attributable surplus of \$29,228, compared to surplus of \$203,756 in FY19.

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

A summary of our total resources is included in Appendix 4. A summary of our expenses for outcomes is included in Appendix 5.

Part 3 Management and Accountability

Corporate Governance

Audit and Risk Committee

External Scrutiny

Asset Management

Procurement

Part 3 – Management and Accountability

Corporate Governance

Governance framework

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 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 (AAIs), policies, procedures, plans and guidelines offer guidance to IGTO officers in their exercise of powers under the instruments of delegation.

Our office's Executive consists of the IGTO, the Deputy IGTO, the General Manager and the EL2 Directors. The Executive oversees the Agencies policies and operations. Committees are also established to support administrative and operational requirements, including for the purposes of research, analysis and recommendation.

Corporate governance practices

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 Department of Treasury, where applicable. This approach has provided synergistic benefits and risk management due to the Treasury shared services arrangements provided to the IGTO under a memorandum of understanding (MOU) arrangement with the Treasury. The MOU provides for cost-effective delivery of services that both supports our corporate functions and facilitates deployment of available resources toward our community service outputs.

The shared service arrangements were originally due to expire on 30 June 2020 but were extended while a new MOU is negotiated between our agency and the Treasury.

The historical adoption of Treasury policies and guidelines was undertaken for administrative efficiency and to cover any potential gaps where our office did not have existing policies. We have also progressively adopted more tailored and specific policies and guidelines in areas where this is more appropriate for our office. Our culture of innovation and continuous improvement ensures that review processes of this kind are an ongoing commitment.

Corporate planning and reporting

Our Corporate Plan is an integral part of our performance framework and directly links to the FY20 Portfolio Budget Statements, the Risk Management Policy and Framework, and the Annual Performance Statements (as set out in Part 2 of this annual report). We monitor our performance against the performance measures outlined in our Corporate Plan regularly, through quarterly reporting to the executive team and the public (via the IGTO website).

The Corporate Plan for the financial years 2021–2024 has not been informed by the FY21 Budget, due to the deferral of the Federal Budget to October 2020. 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 activities. Management and compliance reporting is also overseen by the CFO.

Internal processes for managing risk

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. Some policies and processes are aligned with those of Treasury (as service provider under the MOU), where possible, to increase efficiency and reduce operational risk.

The Accountable Authority Instructions (AAIs), 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 IGTO officers and those 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 (BCP). Revisions and improvements to the BCP were identified during a test run in March 2020 — immediately prior to the implementation of working from home arrangements due to the COVID-19 social distancing arrangements.

Internal audit

Our small office environment has 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 FY20, there were no Treasury internal audits conducted which were of relevance to the IGTO.

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 FY20, 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 FY20. Fraud information data is reported annually to the Australian Institute of Criminology by responding to questionnaires issued by that agency as required.

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 FY20.

Audit and Risk Committee

The IGTO Audit and Risk Committee (ARC) is also an important element of the agency's governance structure. The IGTO 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. A copy of the ARC charter is available on the IGTO's website using this link:

<https://www.igt.gov.au/sites/default/files/2020-09/IGT%20Audit%20and%20Risk%20Committee%20Charter.pdf>.

The ARC provides advice and assurance by reporting to the AA. The ARC met on four occasions in FY20.

The current ARC comprises Mr Michael Stallworthy as Chair, and members, Mr David Barry, Ms Fiona Erhardt and Mr Peter McGee. Further details on each member are provided in Table 3.

Table 3: Details on the Audit and Risk Committee’s members

Qualifications, knowledge, skills or experience	Number of meetings attended / total number of meetings	Total annual remuneration
Michael Stallworthy (Commenced 16 May 2006)		
<p>Michael started his career in reinsurance in Lloyd’s of London. During the early 1990’s Michael emigrated to Australia and joined GIO of NSW Reinsurance as an international reinsurance underwriter. He was responsible for underwriting reinsurance from Europe, South Africa, SE Asia and Australia.</p> <p>Michael then worked at the Australian Reinsurance Pool Corporation for 12 years as general manager of claims and audits. Subsequent to this Michael is now involved in property building management and is responsible for the running of multiple apartment blocks.</p> <p>Michael has a Masters in Business Administration and is a Fellow of the Australia and New Zealand Insurance Institute.</p>	3 out of 4	\$2,400
David Barry (Commenced 28 November 2012)		
<p>For the past twenty-five years, David has specialised in the financial services industry and developed an extensive knowledge of funds management, life insurance, financial planning, superannuation and retail banking. Currently the Chief Compliance Officer at AMP, David is providing risk and compliance management services to the AMP Board, Executive Management and key stakeholders.</p>	4 out of 4	\$2,100
Fiona Erhardt (Commenced 6 September 2017)		
<p>Fiona has led finance teams at both an operational and corporate level in a big 4 accountancy firm, ASX listed companies and the not-for-profit sector.</p>	4 out of 4	\$2,400
Peter McGee (Commenced 29 August 2011)		
<p>Peter has a management background in corporate governance, enterprise risk management, general insurance and internal audit. He has spent six years in the government sector and ten years in senior executive roles in AMP, focusing on risk management and governance, and 20 years in various general insurance roles.</p>	4 out of 4	\$0

External Scrutiny

External audit

Other than the annual financial statement audit there have not been any audits of our office undertaken by the ANAO in FY20.

Reports on operations

No reports in FY20 on the operations of our office were issued by the Auditor-General (other than the report on financial statements which is reproduced later in Part 5 of this report) or the Commonwealth Ombudsman.

In FY20, the SELC undertook an *Inquiry into the Performance of the Inspector-General of Taxation*. The IGTO appeared before the Committee for this inquiry on 18 October 2019 and 6 December 2019. We also made several submissions to the inquiry. The Committee's report was published on 17 June 2020. The report listed 16 recommendations which are set out in Appendix 1 and are recommendations for Government to consider.

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.

Asset Management

The management of our assets is governed by the AAls and aligns with government best practice. The Treasury, as service 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.

Procurement

Our office procurement is consistent with the Commonwealth Procurement Rules (CPRs) requirements and aligns with the Treasury's policies and processes for MoU purposes.

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

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.

Our office 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. We recognise 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.

Our procurement practices support small and medium enterprises by treating all suppliers equitably regardless of their commercial, legal, technical and financial abilities and do not discriminate against suppliers due to their size, degree of foreign affiliation or ownership, location, or the origin of their goods and services.

The relatively small size of our office and budget as well as the services we obtain through the Treasury MoU arrangements impact SME procurement engagement. We certainly value having access to a wider range and more competitive supplier base through the engagement of SMEs in the procurement process.

Exempt contracts

Our office is required to provide details of any contract entered into during the period by the AA of the entity, or a standing offer, with a value of more than \$10,000 (inclusive of GST) that has been exempted by the AA from being published in AusTender because it would disclose exempt matters under the *Freedom of Information Act 1982*.

No such contracts were entered into in this reporting period.

Australian National Audit Office access clauses

Our office is required to provide details of any contract entered into during FY20 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.

Consultancies

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 FY20 consultants were engaged to provide specialist expertise not available within our office, including, external audit assurance, advice and assistance in implementing the communication strategy. We are supported, in part, by Treasury policies and procedures for selecting and engaging consultants.

During FY20, 4 new consultancy contracts were entered into involving total actual expenditure of \$48,078. In addition, 3 ongoing consultancy contracts were active during the period, involving total actual expenditure of \$36,696.

Table 4: Information on consultancies contracts

	Total
No. of new contracts entered into during the period	4
Total actual expenditure during the period on new contracts (inc. \$GST)	\$48,078
No. of Ongoing contracts engaging consultants that were entered into during a previous period	3
Total actual expenditure during the period on ongoing contracts (inc. \$GST)	\$36,696

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

Part 4 Our People

Management of Human Resources

IGTO Staffing Statistics

Part 4 – Our People

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.

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 2018–21*, performance reviews are conducted on a six-monthly basis for all officers except at the SES and Executive Level (EL) who are reviewed annually.

The principles of the PDS provide a basis for:

- Determining base pay;
- Rewarding good 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 the IGTO, the Deputy IGTO or the General Manager, they are provided with ongoing and contemporaneous feedback on their performance.

Organisational Structure

Our organisational structure (see Figure 7 on page 19) is designed to ensure our people are not only empowered to perform their roles but also supported by experienced leaders. They have access to and can engage with the most senior members within the IGTO. Our organisational structure, processes, practices, procedures and culture enable the IGTO to effectively manage and develop our people to achieve their best performance.

Executive Team

The Executive includes the IGTO, the Deputy IGTO, the General Manager and the Executive Level 2 Directors.

Workforce composition

The IGTO is a statutory appointee. All other officers are employed under the *Public Service Act 1999 (Public Service Act)* and are required to adhere to the Australian Public Service (APS) Code of Conduct and apply the APS Values. SES staff are employed under a determination and non-SES staff are employed under an enterprise agreement pursuant to the *Fair Work Act 2009*.

Table 5: Australian Public Service Act Employment Arrangements Current Report Period (2019–20)

	SES	Non-SES	Total
Agency Determination 24(1)	2	–	2
Inspector-General of Taxation Enterprise Agreement 2018-2021	–	24	24
Total	2	24	26

Workplace Agreements

The IGTO's remuneration is determined by the Remuneration Tribunal.

During FY20, two permanent SES employees of the IGTO were paid in accordance with head of agency determinations. In January 2019, the then acting IGTO (the Deputy IGTO), approved pay increases for SES consistent with pay increases under the IGTO Enterprise Agreement and prior head of agency determinations. Both SES permanent employees and their relevant determinations commenced prior to the current term of the Inspector-General of Taxation and Taxation Ombudsman.

Non-SES officers are remunerated in accordance with the *Inspector-General of Taxation Enterprise Agreement 2018–2021*, the IGTO Performance Development System policies and guidelines, and the IGTO Remuneration guidelines. In FY20, 24 non-SES officers were engaged under the *Inspector-General of Taxation Enterprise Agreement 2018–2021*.

The IGTO did not provide any non-salary benefits or performance pay during the FY20 period.

Part 4 – Our People

Table 6 sets out the salary range, by classification for all IGTO APS employees (including SES) - in accordance with their governing common law contracts, determinations or as provided by the *Inspector-General of Taxation Enterprise Agreement 2018–2021*. Table 6 reflects base salary only and excludes other components of remuneration such as superannuation.

Table 6: Australian Public Service Act Employment salary ranges by classification level (Minimum/Maximum) Current Report Period (2019–20)

Classification Level	Minimum Salary	Maximum Salary
SES Band 3	Not Applicable	Not Applicable
SES Band 2	294,668	294,668
SES Band 1	238,732	238,732
EL 2	140,325	161,046
EL 1	114,883	131,783
APS 6	88,074	106,730
APS 5	78,078	83,077
APS 4	69,444	73,078
APS 3	62,175	65,807
APS 2	54,906	58,541
APS 1	47,635	51,728
Other	Not Applicable	Not Applicable
Minimum/Maximum range	47,635	294,668

Learning and Development

The IGTO supports our people 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 qualifications and we provide support for maintenance of at least one professional association membership.

Study Assistance

We use the Treasury studies assistance policy to support our people in further studies. Once an employee is approved for study, time off and financial support are available under this policy.

Wellbeing and 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 FY20, we received no accident or incident reports. No notices were given under sections 90, 191, 195 or 198 of the WHS Act. No WHS investigations were undertaken during the year.

Several initiatives were taken during the year to ensure the health, safety and welfare of workers who carry out work for the IGTO. These included resilience training for complaints investigation staff, recognising and rewarding staff, the IGTO health and wellbeing committee activities, the rapid adoption of working remotely to respond to the COVID-19 pandemic, exit interviews for feedback and monitoring unplanned leave comments to follow up with staff if there are any issues that our office could support.

Resilience

Our office seeks to promote a collegiate environment for team members. We aim to develop staff through their work experiences which include participation in a broad range of agency activities and corporate compliance and reporting obligations. The nature of the work environment allows for engagement, skills development, a clear sense of achievement and satisfaction in performing an important community function.

Promoting an ethical working environment

We embrace the 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 FY20, we consolidated our conflict of interest and gift registers and bolstered controls on our case management system to strengthen controls which prevent officers from accessing cases with which they have, or may be perceived to have, a potential conflict of interest.

IGTO Staffing Statistics

Tables 7 to 20 detail IGTO staffing in the current (FY20) and previous (FY19) periods.

Table 7: All Ongoing Employees Current Report Period (2019–20)

	Male			Female			Indeterminate			Total
	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	
NSW	16	–	16	9	1	10	–	–	–	26
Qld	–	–	–	–	–	–	–	–	–	–
SA	–	–	–	–	–	–	–	–	–	–
Tas	–	–	–	–	–	–	–	–	–	–
Vic	–	–	–	–	–	–	–	–	–	–
WA	–	–	–	–	–	–	–	–	–	–
ACT	–	–	–	–	–	–	–	–	–	–
NT	–	–	–	–	–	–	–	–	–	–
External Territories	–	–	–	–	–	–	–	–	–	–
Overseas	–	–	–	–	–	–	–	–	–	–
Total	16	–	16	9	1	10	–	–	–	26

Table 8: All Non-Ongoing Employees Current Report Period (2019–20)

	Male			Female			Indeterminate			Total
	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	
NSW	–	–	–	–	–	–	–	–	–	–
Qld	–	–	–	–	–	–	–	–	–	–
SA	–	–	–	–	–	–	–	–	–	–
Tas	–	–	–	–	–	–	–	–	–	–
Vic	–	–	–	–	–	–	–	–	–	–
WA	–	–	–	–	–	–	–	–	–	–
ACT	–	–	–	–	–	–	–	–	–	–
NT	–	–	–	–	–	–	–	–	–	–
External Territories	–	–	–	–	–	–	–	–	–	–
Overseas	–	–	–	–	–	–	–	–	–	–
Total	–	–	–	–	–	–	–	–	–	–

Table 9: All Ongoing Employees Previous Report Period (2018–19)

	Male			Female			Indeterminate			Total
	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	
NSW	18	–	18	9	1	10	–	–	–	28
Qld	–	–	–	–	–	–	–	–	–	–
SA	–	–	–	–	–	–	–	–	–	–
Tas	–	–	–	–	–	–	–	–	–	–
Vic	–	–	–	–	–	–	–	–	–	–
WA	–	–	–	–	–	–	–	–	–	–
ACT	–	–	–	–	–	–	–	–	–	–
NT	–	–	–	–	–	–	–	–	–	–
External Territories										
Overseas	–	–	–	–	–	–	–	–	–	–
Total	18	–	18	9	1	10	–	–	–	28

Table 10: All Non-Ongoing Employees Previous Report Period (2018–19)

	Male			Female			Indeterminate			Total
	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	
NSW	2	–	2	1	–	1	–	–	–	3
Qld	–	–	–	–	–	–	–	–	–	–
SA	–	–	–	–	–	–	–	–	–	–
Tas	–	–	–	–	–	–	–	–	–	–
Vic	–	–	–	–	–	–	–	–	–	–
WA	–	–	–	–	–	–	–	–	–	–
ACT	–	–	–	–	–	–	–	–	–	–
NT	–	–	–	–	–	–	–	–	–	–
External Territories										
Overseas	–	–	–	–	–	–	–	–	–	–
Total	2	–	2	1	–	1	–	–	–	3

Table 11: Australian Public Service Act Ongoing Employees Current Report Period (2019–20)

	Male			Female			Indeterminate			Total
	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	
SES 3	–	–	–	–	–	–	–	–	–	–
SES 2	1	–	1	–	–	–	–	–	–	1
SES 1	1	–	1	–	–	–	–	–	–	1
EL 2	2	–	2	2	–	2	–	–	–	4
EL 1	2	–	2	2	–	2	–	–	–	4
APS 6	9	–	9	4	1	5	–	–	–	14
APS 5	–	–	–	–	–	–	–	–	–	–
APS 4	1	–	1	1	–	1	–	–	–	2
APS 3	–	–	–	–	–	–	–	–	–	–
APS 2	–	–	–	–	–	–	–	–	–	–
APS 1	–	–	–	–	–	–	–	–	–	–
Other	–	–	–	–	–	–	–	–	–	–
TOTAL	16	–	16	9	1	10	–	–	–	26

Table 12: Australian Public Service Act Ongoing Employees Previous Report Period (2018–19)

	Male			Female			Indeterminate			Total
	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	
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 13: Australian Public Service Act Non-Ongoing Employees Current Report Period (2019–20)

	Male			Female			Indeterminate			Total
	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	
SES 3	–	–	–	–	–	–	–	–	–	–
SES 2	–	–	–	–	–	–	–	–	–	–
SES 1	–	–	–	–	–	–	–	–	–	–
EL 2	–	–	–	–	–	–	–	–	–	–
EL 1	–	–	–	–	–	–	–	–	–	–
APS 6	–	–	–	–	–	–	–	–	–	–
APS 5	–	–	–	–	–	–	–	–	–	–
APS 4	–	–	–	–	–	–	–	–	–	–
APS 3	–	–	–	–	–	–	–	–	–	–
APS 2	–	–	–	–	–	–	–	–	–	–
APS 1	–	–	–	–	–	–	–	–	–	–
Other	–	–	–	–	–	–	–	–	–	–
TOTAL	–	–	–	–	–	–	–	–	–	–

Table 14: Australian Public Service Act Non-Ongoing Employees Previous Report Period (2018–19)

	Male			Female			Indeterminate			Total
	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	
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 15: Australian Public Service Act Employees by Full time and Part time Status
Current Report Period (2019–20)**

	Ongoing			Non-Ongoing			Total
	Full time	Part time	Total	Full time	Part time	Total	
SES 3	–	–	–	–	–	–	–
SES 2	1	–	1	–	–	–	1
SES 1	1	–	1	–	–	–	1
EL 2	4	–	4	–	–	–	4
EL 1	4	–	4	–	–	–	4
APS 6	13	1	14	–	–	–	14
APS 5	–	–	–	–	–	–	–
APS 4	2	–	2	–	–	–	2
APS 3	–	–	–	–	–	–	–
APS 2	–	–	–	–	–	–	–
APS 1	–	–	–	–	–	–	–
Other	–	–	–	–	–	–	–
TOTAL	25	1	26	–	–	–	26

**Table 16: Australian Public Service Act Employees by Full time and Part time Status
Previous Report Period (2018–19)**

	Ongoing			Non-Ongoing			Total
	Full time	Part time	Total	Full time	Part time	Total	
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 17: Australian Public Service Act Employment type by location Current Report Period (2019–20)

	Ongoing	Non-Ongoing	Total
NSW	26	–	26
Qld	–	–	–
SA	–	–	–
Tas	–	–	–
Vic	–	–	–
WA	–	–	–
ACT	–	–	–
NT	–	–	–
External Territories	–	–	–
Overseas	–	–	–
Total	26	–	26

Table 18: Australian Public Service Act Employment type by location Previous Report Period (2018–19)

	Ongoing	Non-Ongoing	Total
NSW	28	3	31
Qld	–	–	–
SA	–	–	–
Tas	–	–	–
Vic	–	–	–
WA	–	–	–
ACT	–	–	–
NT	–	–	–
External Territories	–	–	–
Overseas	–	–	–
Total	28	3	31

Table 19: Australian Public Service Act Indigenous Employment Current Report Period (2019–20)

	Total
Ongoing	–
Non-Ongoing	–
Total	–

Table 20: Australian Public Service Act Indigenous Employment Previous Report Period (2018-19)

	Total
Ongoing	–
Non-Ongoing	–
Total	–

Table 21: Information about remuneration for key management personnel for Current Report Period (2019–20)

Name	Position title	Short-term benefits			Other benefits and allowances	Superannuation contributions	Long service leave	Other long-term benefits	Termination benefits	Total remuneration
		Base salary	Bonuses	Post-employment benefits						
Karen Payne	IGTO	\$460,465		\$1,525	\$24,117	\$11,587				\$497,694
Andrew McLoughlin	Deputy IGTO	\$322,379		\$20,195	\$44,739	\$10,605				\$397,918

Table 22: Information about remuneration for senior executives for Current Report Period (2019–20)

Total remuneration bands	Number of senior executives	Short-term benefits			Post-employment benefits			Other long-term benefits			Termination Total remuneration		
		Average base salary	Average bonuses	Average other allowances	Average other benefits and superannuation contributions	Average long service leave	Average other long-term benefits	Average termination benefits	Average total remuneration				
\$0– \$220,000													
\$220,001–													
\$245,000													
\$245,001–													
\$270,000													
\$270,001–													
\$295,000													
\$295,001–	1	\$251,526		\$159	\$45,227	\$6,445						\$303,357	
\$320,000													
\$320,001–													
\$345,000													
\$345,001–													
\$370,000													
\$370,001–													
\$395,000													
\$395,001–													
\$420,000													
\$420,001–													
\$445,000													
\$445,001–													
\$470,000													
\$470,001–													
\$495,000													
\$495,001–													

Part 5 Financial Statements

Independent Auditor's Report

Financial Statements

Independent Auditor's Report



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 2020:

- (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 2020 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 as at 30 June 2020 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 (including Independence Standards)* (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 Inspector-General of Taxation and Taxation Ombudsman is also responsible for such internal control as the Inspector-General of Taxation and Taxation Ombudsman 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 Inspector-General of Taxation and Taxation Ombudsman 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 Inspector-General of Taxation and Taxation Ombudsman is also responsible for disclosing, as applicable, matters

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related to going concern and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

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
Executive Director
Delegate of the Auditor-General

Canberra
16 September 2020

Part 5 – Financial Statements

Statement by the Inspector-General of Taxation and Taxation Ombudsman and Chief Finance Officer

In our opinion, the attached financial statements for the period ended 30 June 2020 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

16 September 2020



Andrew McLoughlin
Chief Finance Officer

16 September 2020

Statement of Comprehensive Income
for the period ended 30 June 2020

	Notes	2020 \$	2019 \$
NET COST OF SERVICES			
Expenses			
Employee benefits	1.1A	4,653,930	4,497,617
Suppliers	1.1B	1,390,971	1,802,327
Depreciation and amortisation	2.2A	919,764	450,828
Finance costs	1.1C	15,330	7,300
Total expenses		6,979,995	6,758,072
Own-source revenue			
ANAO audit services received free of charge		58,000	60,000
Total own-source revenue		58,000	60,000
Net cost of services		(6,921,995)	(6,698,072)
Revenue from Government	1.2A	6,449,000	6,451,000
Surplus / (Deficit)		(472,995)	(247,072)
OTHER COMPREHENSIVE INCOME			
Items not subject to subsequent reclassification to net cost of services			
Changes in asset revaluation reserves		(58,900)	-
Total other comprehensive income / (loss)		(58,900)	-
Total comprehensive income / (loss)		(531,895)	(247,072)

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

Part 5 – Financial Statements

Statement of Financial Position

as at 30 June 2020

	Notes	2020 \$	2019 \$
ASSETS			
Financial assets			
Cash and cash equivalents		41,842	61,634
Trade and other receivables	2.1A	5,617,272	5,404,313
Total financial assets		5,659,114	5,465,947
Non-financial assets¹			
Plant and equipment	2.2A	271,649	191,137
Leasehold improvements	2.2A	2,067,801	995,614
Computer software	2.2A	-	138,638
Prepayments		53,528	83,549
Total non-financial assets		2,392,978	1,408,938
Total assets		8,052,092	6,874,885
LIABILITIES			
Payables			
Suppliers	2.3A	216,547	54,126
Other payables	2.3B	75,252	152,951
Total payables		291,799	207,077
Interest bearing liabilities			
Leases	2.4A	1,358,642	-
Total interest bearing liabilities		1,358,642	-
Provisions			
Employee provisions	3.1A	1,655,423	1,567,283
Other provisions	2.5A	232,000	169,300
Total provisions		1,887,423	1,736,583
Total liabilities		3,537,864	1,943,660
Net assets		4,514,228	4,931,225
EQUITY			
Contributed equity		1,321,573	1,290,573
Reserves		394,158	453,058
Retained surplus		2,798,497	3,187,594
Total equity		4,514,228	4,931,225

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

1. Right-of-use assets are included in Leasehold improvements.

Statement of Changes in Equity
for the period ended 30 June 2020

	2020	2019
	\$	\$
CONTRIBUTED EQUITY		
Opening balance		
Balance carried forward from previous period	1,290,573	1,260,573
Transactions with owners		
Contributions by owners		
Departmental capital budget appropriation	31,000	30,000
Total transactions with owners	31,000	30,000
Closing balance as at 30 June	1,321,573	1,290,573
RETAINED EARNINGS		
Opening balance		
Balance carried forward from previous period	3,187,594	3,434,666
Adjustment on initial application of AASB 16	83,898	-
Adjusted opening balance	3,271,492	3,434,666
Comprehensive income		
Surplus/(deficit) for the period	(472,995)	(247,072)
Closing balance as at 30 June	2,798,497	3,187,594
ASSET REVALUATION RESERVES		
Opening balance		
Balance carried forward from previous period	453,058	453,058
Comprehensive income		
Revaluations	(58,900)	-
Closing balance as at 30 June	394,158	453,058
TOTAL EQUITY		
Opening balance		
Balance carried forward from previous period	4,931,225	5,148,297
Adjustment on initial application of AASB 16	83,898	-
Adjusted opening balance	5,015,123	5,148,297
Comprehensive income		
Surplus/(deficit) for the period	(472,995)	(247,072)
Revaluations	(58,900)	-
Total comprehensive income	(531,895)	(247,072)
Transactions with owners		
Contributions by owners		
Departmental capital budget appropriation	31,000	30,000
Total transactions with owners	31,000	30,000
Closing balance as at 30 June	4,514,228	4,931,225

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

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.

Part 5 – Financial Statements

Cash Flow Statement

for the period ended 30 June 2020

Notes	2020 \$	2019 \$
OPERATING ACTIVITIES		
Cash received		
Appropriations	6,475,914	6,373,867
GST received	109,697	83,664
Total cash received	6,585,611	6,457,531
Cash used		
Employees	4,559,594	4,364,939
Suppliers	1,137,909	1,794,731
Interest payments on lease liabilities	11,530	-
GST paid	115,327	60,948
Section 74 receipts transferred to OPA	236,860	188,867
Total cash used	6,061,220	6,409,485
Net cash from operating activities	524,391	48,046
INVESTING ACTIVITIES		
Cash used		
Purchase of plant and equipment	157,642	6,364
Purchase of computer software	-	66,101
Total cash used	157,642	72,465
Net cash used by investing activities	(157,642)	(72,465)
FINANCING ACTIVITIES		
Cash received		
Contributed equity - departmental capital budget	31,000	30,000
Total cash received	31,000	30,000
Cash used		
Principal payments of lease liabilities	417,541	-
Total cash used	417,541	-
Net cash from (used by) financing activities	(386,541)	30,000
Net increase (decrease) in cash held	(19,792)	5,581
Cash and cash equivalents at the beginning of the reporting period	61,634	56,053
Cash and cash equivalents at the end of the reporting period	41,842	61,634

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 2020

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Overview

Objectives of the Inspector-General of Taxation

The Inspector-General of Taxation (IGT) is an Australian Government controlled entity. It is a not-for-profit entity. The objective of the entity is to improve tax administration through investigation of complaints, conducting reviews, public reporting and independent advice to Government and its relevant entities.

Basis of preparation

The financial statements are general purpose financial statements, and 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 IGT 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 IGT'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

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

The following new standards were issued prior to the signing of the statement by the Inspector-General of Taxation and Taxation Ombudsman and Chief Finance Officer, were applicable to the current reporting period, and had a material effect on the IGT's financial statements:

Standard/Interpretation	Nature of change in accounting policy, transitional provisions, and adjustment to financial statements
AASB 15 <i>Revenue from Contracts with Customers</i> and AASB 1058 <i>Income of Not-For-Profit Entities</i>	<p>AASB 15 and AASB 1058 became effective 1 July 2019.</p> <p>AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including AASB 118 <i>Revenue</i>, AASB 111 <i>Construction Contracts</i> and Interpretation 13 <i>Customer Loyalty Programmes</i>. The core principle of AASB 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.</p> <p>AASB 1058 is relevant in circumstances where AASB 15 does not apply. AASB 1058 replaces most of the not-for-profit (NFP) provisions of AASB 1004 <i>Contributions</i> and applies to transactions where the consideration to acquire an asset is significantly less than fair value principally to enable the entity to further its objectives, and where volunteer services are received. This includes Revenue from Government and Resources Received Free of Charge.</p> <p>The two standards have no material impact on IGT's financial statements.</p>
AASB 16 <i>Leases</i>	<p>AASB 16 became effective on 1 July 2019.</p> <p>This new standard has replaced AASB 117 <i>Leases</i>, Interpretation 4 <i>Determining whether an Arrangement contains a Lease</i>, Interpretation 115 <i>Operating Leases—Incentives</i> and Interpretation 127 <i>Evaluating the Substance of Transactions Involving the Legal Form of a Lease</i>.</p> <p>AASB 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, together with options to exclude leases where the lease term is 12 months or less, or where the underlying asset is of low value. AASB 16 substantially carries forward the lessor accounting in AASB 117, with the distinction between operating leases and finance leases being retained. The details of the changes in accounting policies, transitional provisions and adjustments are disclosed below and in the relevant notes to the financial statements.</p>

Application of AASB 16 Leases

The IGT adopted AASB 16 as at 1 July 2019 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings. Accordingly, the comparative information presented for 2020 is not restated, that is, it is presented as previously reported under AASB 117 and related interpretations.

The IGT elected to apply the practical expedient to not reassess whether a contract is, or contains a lease at the date of initial application. Contracts entered into before the transition date that were not identified as leases under AASB 117 were not reassessed. The definition of a lease under AASB 16 was applied only to contracts entered into or changed on or after 1 July 2019.

AASB 16 provides for certain optional practical expedients, including those related to the initial adoption of the standard. The IGT applied the following practical expedients when applying AASB 16 to leases previously classified as operating leases under AASB 117:

- exclude initial direct costs from the measurement of right-of-use assets at the date of initial application for leases where the right-of-use asset was determined as if AASB 16 had been applied since the commencement date; and
- reliance on previous assessments on whether leases are onerous as opposed to preparing an impairment review under AASB 136 *Impairment of assets* as at the date of initial application.

As a lessee, the IGT previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under AASB 16, the IGT recognises right-of-use assets and lease liabilities for most of its leases. The IGT has elected not to recognise right-of-use assets and lease liabilities for some leases of low value assets based on the value of the underlying asset when new or for short-term leases with a lease term of 12 months or less.

On adoption of AASB 16, the IGT recognised a right-of-use asset and lease liability in relation to office space lease, which had previously been classified as an operating lease.

The lease liability was measured at the present value of the remaining lease payments including abatement, discounted using the IGT's incremental borrowing rate as at 1 July 2019. The IGT's incremental borrowing rate is the rate at which a similar borrowing could be obtained from an independent creditor under comparable terms and conditions. The weighted-average rate applied was 1.05%.

The right-of-use asset was measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

Impact on Transition of AASB 16	\$
Departmental	1 July 2019
Right-of-use assets - property, plant and equipment	1,776,183
Lease liabilities	(1,776,183)
Rent payable	83,895
Retained earnings	(83,895)

The adjustment to retained earnings reflects the de-recognition of the operating lease payable, previously recognised under AASB 117, which is no longer required under AASB 16 due to the recognition of the lease liability.

The following table reconciles the Departmental minimum lease commitments disclosed in IGT's 30 June 2019 annual financial statements to the amount of lease liabilities recognised on 1 July 2019:

	\$
	1 July 2019
Minimum operating lease commitment at 30 June 2019	1,994,062
Less: removal of GST component on adoption	(181,278)
Less: removal of non-lease components	(10,402)
Undiscounted lease payments	1,802,382
Less: effect of discounting using the incremental borrowing rate as at the date of initial application	(26,199)
Lease liabilities recognised at 1 July 2019	1,776,183

Taxation

The IGT 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 2020.

1.1. Expenses

	2020	2019
	\$	\$
Note 1.1A: Employee benefits		
Wages and salaries	3,589,612	3,307,309
Superannuation:		
Defined contribution plans	467,873	410,071
Defined benefit plans	115,045	126,566
Leave and other entitlements	466,209	633,198
Other employee expenses	15,191	20,473
Total employee benefits	4,653,930	4,497,617

Accounting Policy

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

	2020	2019
	\$	\$
Note 1.1B: Suppliers		
Goods and services supplied or rendered		
Consultants, contractors and secondees	110,395	135,210
Travel	135,115	110,354
Service level agreement with Treasury	611,250	611,249
Fees - audit, membership and other	79,237	69,816
Property operating expenses	178,537	152,213
Advertising and printing	6,688	4,829
Seminars and conferences	31,886	60,218
Subscriptions and periodicals	16,784	23,138
Information communication technology	141,591	38,445
Other	68,635	143,539
Total goods and services supplied or rendered	1,380,118	1,349,011
Goods supplied	27,475	49,368
Services rendered	1,352,643	1,299,643
Total goods and services supplied or rendered	1,380,118	1,349,011
Other suppliers		
Operating lease rentals ¹	-	440,434
Workers compensation expenses	10,853	12,882
Total other suppliers	10,853	453,316
Total suppliers	1,390,971	1,802,327

1. The IGT has applied AASB 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under AASB 117.

The above lease disclosures should be read in conjunction with the accompanying notes 1.1C, 2.2A and 2.4A.

	2020	2019
	\$	\$
Note 1.1C: Finance costs		
Interest on lease liabilities ¹	11,530	-
Unwinding of discount	3,800	7,300
Total finance costs	15,330	7,300

1. The IGT has applied AASB 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under AASB 117.

The above lease disclosures should be read in conjunction with the accompanying notes 1.1B, 2.2A and 2.4A.

1.2. Income

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.

	2020	2019
	\$	\$
Note 1.2A: Revenue from Government		
Appropriations		
Departmental appropriations	6,449,000	6,451,000
Total revenue from Government	6,449,000	6,451,000

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 IGT 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

	2020	2019
	\$	\$
Note 2.1A: Trade and other receivables		
Appropriations receivable:		
From operational funding	5,608,172	5,398,226
Total appropriations receivable	5,608,172	5,398,226
Other receivables:		
GST receivable from the Australian Taxation Office	9,100	6,087
Total other receivables	9,100	6,087
Total trade and other receivables	5,617,272	5,404,313

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.

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 2019				
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 1 July 2019	191,137	995,614	138,638	1,325,389
Recognition of right of use asset on initial application of AASB 16	-	1,776,183	-	1,776,183
Adjusted total as at 1 July 2019	191,137	2,771,797	138,638	3,101,572
Additions	157,642	-	-	157,642
Depreciation and amortisation expense	(77,130)	(250,543)	(138,638)	(466,311)
Depreciation on right-of-use assets	-	(453,453)	-	(453,453)
Total as at 30 June 2020	271,649	2,067,801	-	2,339,450
Total as at 30 June 2020 represented by:				
Gross book value	482,150	3,279,134	471,505	4,232,789
Accumulated depreciation, amortisation and impairment	(210,501)	(1,211,333)	(471,505)	(1,893,339)
Total as at 30 June 2020	271,649	2,067,801	-	2,339,450
Carrying amount of right-of-use assets	-	1,322,730	-	1,322,730

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 2020, a review was undertaken by an independent valuer, who confirmed that property, plant and equipment assets are materially held at their fair value at 30 June 2020 in accordance with AASB 13.

As at 30 June 2020, the IGT had no contractual commitments for either the acquisition of property, plant and equipment or for the acquisition of intangible assets (2018-19: 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.

Lease Right of Use (ROU) Assets

Leased ROU assets are capitalised at the commencement date of the lease and comprise of the initial lease liability amount, initial direct costs incurred when entering into the lease less any lease incentives received. As noted in the overview to the financial statements, the date of commencement for the lease ROU asset disclosed in Note 2.2A is 1 July 2019, which reflects the adoption of AASB 16 in 2019-20. Further information on how the initial value of the ROU was measured (\$1,776,183) can be found in the AASB 16 transition note in the overview.

These assets are accounted for by Commonwealth lessees as separate asset classes to corresponding assets owned outright, but included in the same column as where the corresponding underlying assets would be presented if they were owned.

Following initial application, an impairment review is undertaken for any right of use lease asset that shows indicators of impairment and an impairment loss is recognised against any right of use lease asset that is impaired. Lease ROU assets continue to be measured at cost after initial recognition. The IGT did not identify any indicators of impairment.

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.

Revaluations

Following initial recognition at cost, property plant and equipment (**excluding ROU assets**) 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.

Accounting Policy (continued)**Depreciation**

Depreciable property, plant and equipment assets are written off to their estimated residual values over their estimated useful lives to the IGT 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:

	2020	2019
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 2020. 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 2020 (2019: 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 IGT were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

Intangibles

The IGT'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 (2019: 5 years).

All software assets were assessed for indications of impairment at 30 June 2020. No indicators of impairment were identified as at 30 June 2020 (2019: none).

Fair value measurements — validation processes

The IGT engaged the service of the Jones Lang LaSalle Incorporated (JLL) to conduct a fair value confirmation of all non-financial assets at 30 June 2020 and has relied upon those outcomes to determine that carrying amounts do not materially differ from fair value. An annual assessment is undertaken to determine whether the carrying amount of the assets is materially different from the fair value. Comprehensive valuations are generally carried out on a three year cycle, with the previous valuation conducted as at 30 June 2017. A comprehensive valuation in 2020 was deferred, due to the restrictions associated with the outbreak of Novel Coronavirus (COVID-19).

There has been no change in the valuation method.

2.3. Payables

	2020	2019
	\$	\$
Note 2.3A: Suppliers		
Trade creditors	216,547	54,126
Total suppliers	216,547	54,126
Note: The above suppliers are expected to be paid within 12 months.		
Note 2.3B: Other payables		
Wages and salaries	53,029	57,359
Superannuation	8,725	9,187
Rent payable ¹	-	83,895
Other payables	13,498	2,510
Total other payables	75,252	152,951

Settlement is usually made within 20 days.

- The IGT has applied AASB 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under AASB 117.

2.4. Interest Bearing Liabilities

	2020	2019
	\$	\$
Note 2.4A: Leases		
Lease liabilities ¹	1,358,642	-
Total finance leases	1,358,642	-

- The IGT has applied AASB 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under AASB 117.

Total cash outflow for leases for the year ended 30 June 2020 was \$429,071 (\$417,541 in principal repayments and \$11,530 in interest payments).

Accounting Policy

Refer Overview section for accounting policy on leases.

2.5. Provisions

Note 2.5A: Other provisions	Provision for make good¹
	\$
As at 1 July 2019	169,300
Additional provisions made	58,900
Unwinding of discount or change in discount rate	3,800
Total as at 30 June 2020	232,000

- 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

	2020	2019
	\$	\$
Note 3.1A: Employee provisions		
Leave	1,655,423	1,567,283
Total employee provisions	1,655,423	1,567,283

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 IGT'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 IGT 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 IGT 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 IGT 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 IGT 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.

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 IGT. The IGT 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:

	2020	2019
	\$	\$
Short-term employee benefits	804,565	697,251
Post-employment benefits	68,856	68,243
Other long-term benefits	22,192	22,991
Total key executive remuneration expenses	895,613	788,485

The total number of key management personnel that are included in the above table is 2 (2019: 4). The number of key management personnel in the prior year (2019) was a temporary increase 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 IGT.

3.3. Related Party Disclosures

Related party relationships:

The IGT is an Australian Government controlled entity. Related parties to the IGT 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 IGT, it has been determined that there are no related party transactions to be separately disclosed. (2019: 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 2020

	Appropriation Act		PGPA Act		Appropriation applied in 2020 (current and prior years) \$	Variance \$
	Annual Appropriation \$		Section 74 \$	Total appropriation \$		
Departmental						
Ordinary annual services	6,449,000		132,064	6,581,064	(6,386,009)	195,055
Capital budget ¹	31,000		-	31,000	(31,000)	-
Total departmental	6,480,000		132,064	6,612,064	(6,417,009)	195,055

1. 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 2019

	Appropriation Act		PGPA Act		Appropriation applied in 2019 (current and prior years) \$	Variance ¹ \$
	Annual Appropriation \$		Section 74 \$	Total appropriation \$		
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.

Note 4.1B: Unspent annual appropriations

	2020 \$	2019 \$
Departmental		
Appropriation Act (No. 1) 2018-19 ¹	-	5,459,860
Appropriation Act (No. 1) 2019-20 ¹	5,650,014	-
Total departmental	5,650,014	5,459,860

1. Cash held amounts (2020: \$41,842, 2019: \$61,634) are included in Appropriation Act (No. 1) for the relevant year.

4.2. Net Cash Appropriation Arrangements

	2020	2019
	\$	\$
Total comprehensive income (loss) as per the statement of comprehensive income	(531,895)	(247,072)
Plus: depreciation/amortisation expenses previously funded through revenue appropriation	466,311	450,828
Plus: depreciation right-of-use assets	453,453	-
Less: principal repayments – leased assets	(417,541)	-
Total comprehensive income (loss) less expenses previously funded through revenue appropriations	(29,762)	203,756
Changes in asset revaluation reserve	58,900	-
Surplus (deficit) attributable to the Australian Government less expenses previously funded through revenue appropriations	29,228	203,756

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.

The inclusion of depreciation/amortisation expenses related to ROU leased assets and the lease liability principle repayment amount reflects the cash impact on implementation of AASB 16 Leases, it does not directly reflect a change in appropriation arrangements.

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 2020 (2019: \$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

	2020	2019
	\$	\$
Note 5.2A: Categories of financial instruments		
Financial assets at amortised cost		
Cash and cash equivalents	41,842	61,634
Total financial assets at amortised cost	41,842	61,634
Total financial assets	41,842	61,634
Financial Liabilities		
Financial liabilities measured at amortised cost		
Payables – suppliers	216,547	54,126
Other payables	13,498	86,405
Total financial liabilities measured at amortised cost	230,045	140,531
Total financial liabilities	230,045	140,531

There was no interest income from financial assets not at fair value through profit and loss in 2020 (2019: nil).

Accounting Policy***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.

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 (i.e. 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

	2020	2019
	\$	\$
Note 6.1A: Aggregate assets and liabilities		
Assets expected to be recovered in:		
No more than 12 months	5,712,642	5,549,496
More than 12 months	2,339,450	1,325,389
Total assets	8,052,092	6,874,885
Liabilities expected to be settled in:		
No more than 12 months	1,113,169	485,937
More than 12 months	2,424,695	1,457,723
Total liabilities	3,537,864	1,943,660

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 2020

	Actual	Budget estimate	
	2020	Original ¹	Variance ²
	\$	\$	\$
NET COST OF SERVICES			
Expenses			
Employee benefits	4,653,930	4,718,000	(64,070)
Suppliers	1,390,971	1,731,000	(340,029)
Depreciation and amortisation	919,764	346,000	573,764
Finance costs	15,330	-	15,330
Total expenses	6,979,995	6,795,000	184,995
LESS:			
Own-source revenue			
ANAO audit services received free of charge	58,000	-	58,000
Total own-source revenue	58,000	-	58,000
Net cost of services	(6,921,995)	(6,795,000)	(126,995)
Revenue from Government	6,449,000	6,449,000	-
Surplus / (Deficit)	(472,995)	(346,000)	(126,995)
OTHER COMPREHENSIVE INCOME			
Items not subject to subsequent reclassification to net cost of services			
Changes in asset revaluation reserves	(58,900)	-	(58,900)
Total other comprehensive income	(58,900)	-	(58,900)
Total comprehensive income / (loss)	(531,895)	(346,000)	(185,895)

- The IGT's original budgeted financial statement that was first presented to Parliament in respect of the reporting period (i.e. from the Treasury's 2019–20 Portfolio Budget Statements (PBS)).
- Between the actual and original budgeted amounts for 2020. 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
Variance relates to principal payments for lease liabilities being moved to the balance sheet from supplier expenses as a result of the adoption of AASB 16, which was not reflected in the original budget.	Suppliers
Variance driven by total depreciation on right of use assets first recognised on 1 July 2019 according to AASB 16, which were not included in the original budget.	Depreciation and amortisation

Part 5 – Financial Statements

Statement of Financial Position

as at 30 June 2020

	Actual	Budget estimate	
	2020	Original ¹ 2020	Variance ² 2020
	\$	\$	\$
ASSETS			
Financial assets			
Cash and cash equivalents	41,842	56,000	(14,158)
Trade and other receivables	5,617,272	5,166,000	451,272
Total financial assets	5,659,114	5,222,000	437,114
Non-financial assets			
Land and buildings	2,067,801	754,000	1,313,801
Infrastructure, plant and equipment	271,649	248,000	23,649
Intangibles	-	81,000	(81,000)
Other non-financial assets	53,528	83,000	(29,472)
Total non-financial assets	2,392,978	1,166,000	1,226,978
Total assets	8,052,092	6,388,000	1,664,092
LIABILITIES			
Payables			
Suppliers	216,547	141,000	75,547
Other payables	75,252	84,000	(8,748)
Total payables	291,799	225,000	66,799
Interest bearing liabilities			
Leases	1,358,642	-	1,358,642
Total interest bearing liabilities	1,358,642	-	1,358,642
Provisions			
Employee provisions	1,655,423	1,474,000	181,423
Other provisions	232,000	162,000	70,000
Total provisions	1,887,423	1,636,000	251,423
Total liabilities	3,537,864	1,861,000	1,676,864
Net assets	4,514,228	4,527,000	(12,772)
EQUITY			
Contributed equity	1,321,573	1,322,000	(427)
Reserves	394,158	453,000	(58,842)
Retained surplus	2,798,497	2,752,000	46,497
Total equity	4,514,228	4,527,000	(12,772)

1. The IGT's original budgeted financial statement that was first presented to Parliament in respect of the reporting period (i.e. from the Treasury's 2019–20 Portfolio Budget Statements (PBS)).
2. Between the actual and original budgeted amounts for 2020. 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
Variance due to the recognition of right of use assets on the adoption of AASB 16, which were not included in the original budget.	Land and buildings
Variance relates to the recognition of lease liabilities on adoption of AASB 16, which was not reflected in the original budget.	Leases

Statement of Changes in Equity
for the period ended 30 June 2020

	Actual	Budget estimate	
	2020 \$	Original ¹ 2020 \$	Variance ² 2020 \$
CONTRIBUTED EQUITY			
Opening balance			
Balance carried forward from previous period	1,290,573	1,291,000	(427)
Transactions with owners			
Contributions by owners			
Departmental capital budget appropriation	31,000	31,000	-
Total transactions with owners	31,000	31,000	-
Closing balance as at 30 June	1,321,573	1,322,000	(427)
RETAINED EARNINGS			
Opening balance			
Balance carried forward from previous period	3,187,594	3,098,000	89,594
Adjustment on initial application of AASB 16	83,898	-	83,898
Adjusted opening balance	3,271,492	3,098,000	173,492
Comprehensive income			
Surplus/(deficit) for the period	(472,995)	(346,000)	(126,995)
Closing balance as at 30 June	2,798,497	(346,000)	(126,995)
ASSET REVALUATION RESERVES			
Opening balance			
Balance carried forward from previous period	453,058	453,000	58
Closing balance as at 30 June	53,058	453,000	58
TOTAL EQUITY			
Opening balance			
Balance carried forward from previous period	4,931,225	4,842,000	89,225
Adjustment on initial application of AASB 16	83,898	-	83,898
Adjusted opening balance	5,015,123	4,842,000	173,123
Comprehensive income			
Surplus/(deficit) for the period	(472,995)	(346,000)	(126,995)
Revaluations	(58,900)	-	(58,900)
Total comprehensive income	(531,895)	(346,000)	(185,895)
Transactions with owners			
Contributions by owners			
Departmental capital budget appropriation	31,000	31,000	-
Total transactions with owners	31,000	31,000	-
Closing balance as at 30 June	4,514,228	4,527,000	(12,772)

1. The IGT's original budgeted financial statement that was first presented to Parliament in respect of the reporting period (i.e. from the Treasury's 2019–20 Portfolio Budget Statements (PBS)).
2. Between the actual and original budgeted amounts for 2020. 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.

Cash Flow Statement*for the period ended 30 June 2020*

	Actual	Budget estimate	
	2020	Original ¹	Variance ²
	\$	2020	2020
	\$	\$	\$
OPERATING ACTIVITIES			
Cash received			
Appropriations	6,475,914	6,449,000	26,914
Net GST received	109,697	-	109,697
Total cash received	6,585,611	6,449,000	136,611
Cash used			
Employees	4,559,594	4,718,000	(158,406)
Suppliers	1,137,909	1,731,000	(593,091)
Interest payments on lease liabilities	11,530	-	11,530
GST paid	115,327	-	115,327
Section 74 receipts transferred to OPA	236,860	-	236,860
Total cash used	6,061,220	6,449,000	(387,780)
Net cash from (used by) operating activities	524,391	-	524,391
INVESTING ACTIVITIES			
Cash used			
Purchase of plant and equipment	157,642	31,000	126,642
Total cash used	157,642	31,000	126,642
Net cash from (used by) investing activities	(157,642)	(31,000)	(126,642)
FINANCING ACTIVITIES			
Cash received			
Contributed equity	31,000	31,000	-
Total cash received	31,000	31,000	-
Cash used			
Principal payments of lease liabilities	417,541	-	417,541
Total cash used	417,541	-	417,541
Net cash from (used by) financing activities	(386,541)	31,000	(417,541)
Net increase (decrease) in cash held	(19,792)	-	(19,742)
Cash at the beginning of the reporting period	61,634	56,000	5,634
Cash at the end of the reporting period	41,842	56,000	(14,158)

- The IGT's original budgeted financial statement that was first presented to Parliament in respect of the reporting period (i.e. from the Treasury's 2019–20 Portfolio Budget Statements (PBS)).
- Between the actual and original budgeted amounts for 2020. 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
Variance from the original budget is due to the reclassification of cash used for principal lease payments from operating activities (suppliers) to financing activities as a result of the adoption of AASB 16.	Suppliers (Operating activities) Principal payments of lease liabilities (Financing activities)
Variance relates to the purchase of laptops for IGT staff due to the requirement to move to remote working arrangements following the outbreak of the Novel Coronavirus (COVID-19).	Purchase of plant and equipment (Investing activities)

Part 6 Other Mandatory Information and Appendices

Other Mandatory Information

Appendices

Part 6 – Other Mandatory Information and Appendices

Advertising and market research

Under section 311A of the *Commonwealth Electoral Act 1918*, the Agency is required to report on the following Advertising costs. The IGTO's advertising costs for reporting purposes are outlined in the table below.

Table 23: Advertising costs for 2019–20

Purpose	Vendor	Cost (\$)
Recruitment Advertising	Linkedin	234.24
Recruitment Advertising	Seek	310.88
Total		545.12

No market research or campaign advertising costs were incurred during FY20.

Grants

No discretionary grant programs are administered by our Office.

Disability reporting

The National Disability Strategy 2010–2020 is Australia's overarching framework for disability reform. It acts to ensure the principles underpinning the United Nations *Convention on the Rights of Persons with Disabilities* are incorporated into Australia's policies and programs that affect people with disability, their families and carers.

All levels of government will continue to be held accountable for the implementation of the strategy through biennial progress reporting to the Council of Australian Governments. Progress reports can be found at www.dss.gov.au. Disability reporting is included in the Australian Public Service Commissioner's State of the Service Reports and the APS Statistical Bulletin. These reports are available at www.apsc.gov.au.

Freedom of Information

Agencies subject to the *Freedom of Information Act 1982* (FOI Act) are required to publish information to the public as part of the Information Publication Scheme (IPS). This requirement is in Part II of the FOI Act and has replaced the former requirement to publish a section 8 statement in an annual report. Each agency must display on its website a plan showing what information it publishes in accordance with the IPS requirements.

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

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 encourage recycling by providing waste bins, segregating waste into paper and cardboard products as well as plastic and glass products.

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

Correction

In preparing and verifying our complaint statistics for our quarterly reporting of KPIs, we noted some corrections to the numbers reported in our FY19 Annual Report — Table 3: Number of complaints received and resolved on page 19. Table 24 contains the correct figures that should have been published in the FY19 Annual Report:

Table 24: Corrected figures for Table 3 of the IGTO Annual Report 2018–19

Agency	Complaints received		Complaints resolved or carried forward		
	Carried forward from 2017–18	Received in 2018–19	Total handled 2018–19	Total resolved in 2018–19	Total carried forward
ATO	288	2,470	2,758	2,576	182
TPB	8	88	96	92	4
Other	8	154	162	159	3
Total	304	2,712	3,016	2,827	189

We also noted corrections to the minimum salary for SES Band 1 and SES Band 2 reported in our FY19 Annual Report – Table 19: Australian Public Service Act employment salary ranges by classification level (minimum/Maximum) Current Report Period (2018-19). Table 25 contains the correct minimum salary figures that should have been published in the FY19 Annual Report:

Table 25: Correct figures for Table 19 of the IGTO Annual Report 2018-19

Classification Level	Minimum Salary	Maximum Salary
SES Band 3	Not Applicable	Not Applicable
SES Band 2	288,856	294,668
SES Band 1	234,051	238,732

Appendices

Appendix 1 — List of recommendations made by the Senate Economics Legislation Committee in its inquiry into Performance of the Inspector-General of Taxation

Recommendation 1

The committee recommends the Australian Government assess whether the IGTO is adequately resourced, both now and into the foreseeable future, to effectively discharge its dual role as the Inspector-General of Taxation and the Taxation Ombudsman.

Recommendation 2

The committee recommends the Australian Government consider whether the IGTO's current portfolio arrangements are appropriate, and whether alternative arrangements could improve actual, or perceived, independence.

Recommendation 3

The committee recommends the Australian Government review the IGTO's current access to the ATO and Tax Practitioners Board's systems, data, and records and considers improving access, where necessary, to further enable it to perform its legislative functions.

Recommendation 4

The committee recommends the Australian Government consider whether the IGTO should have a formal role to independently advise the minister on the administrative aspects of new tax laws and amendments to existing tax laws.

Recommendation 5

The committee recommends the Australian Government better publicise the IGTO's ombudsman function through the development of a marketing campaign. Such a campaign should, amongst other things, clarify how the IGTO's role interacts with other ombudsmen, such as the Small Business and Family Enterprise Ombudsman.

Recommendation 6

The committee recommends the Australian Government consider strengthening protections available to individuals who disclose information to the IGTO, regardless of whether the disclosure is in relation to a complaint investigation or systemic review.

Recommendation 7

The committee recommends the rights of tax officials who are interviewed during investigations undertaken by the IGTO be clarified, and that protections afforded to them be strengthened. This includes providing officials the legal right to choose whether or not they have other persons present when providing information.

Recommendation 8

The committee recommends the Australian Government ensure that non-binding recommendations made by the IGTO, in respect of a complaint, be formally responded to within a reasonable time frame and, where a recommendation is not accepted, rationale for the non-acceptance be provided.

Recommendation 9

The committee recommends the Australian Government clarify which entities are responsible for investigating and prosecuting offences under the IGT Act, such as those created under section 39.

Recommendation 10

The committee recommends the Australian Government review the IGT Act and its interactions with the Ombudsman Act, with the objective of improving the IGT Act's clarity. Such a review would also include an assessment of the necessity of the exclusion in subsection 7(2) of the IGT Act regarding rules and quantification.

Recommendation 11

The committee recommends the Australian Government consider the benefits of introducing more formal arrangements between the IGTO and Australian Tax Clinics, as well as improving the model for inter-agency collaboration to permit joint investigations.

Recommendation 12

The committee recommends an independent review of the PID Act be undertaken in 2021, which includes consideration of establishing a single whistleblower authority.

Recommendation 13

The committee recommends the IGTO be made an 'investigative agency' under the PID Act.

Recommendation 14

The committee recommends the IGTO be made an 'eligible recipient' under the TAA 1953.

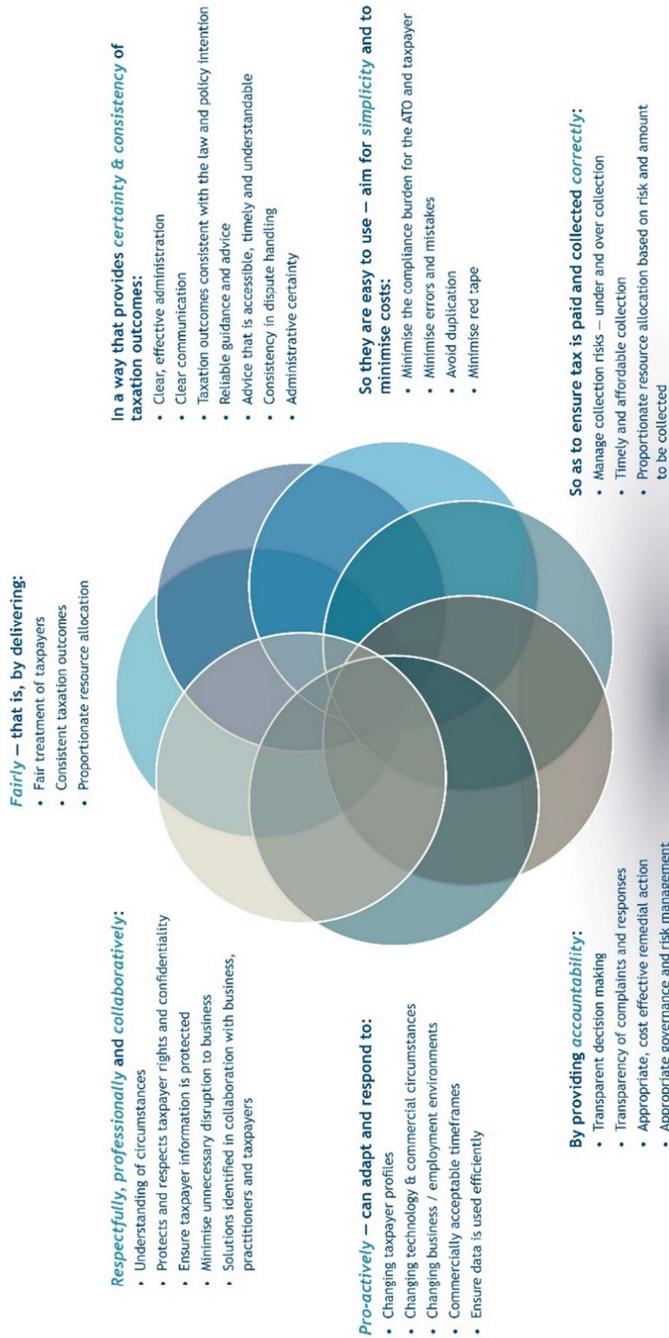
Recommendation 15

4.82 The committee recommends the Australian Government resolve the inconsistencies between the TAA 1953 and the IGT Act regarding taxation officers who make unauthorised disclosures to the IGTO.

Recommendation 16

The committee recommends the Australian Government remove the requirement for the Tax Commissioner to authorise disclosures by tax officers if an IGTO review has either commenced or is being contemplated.

Appendix 2 — Features of good tax administration



Appendix 3 — Complaints categories for IGTO case management

The IGTO adopts the definition of a complaint as per the joint Australian/New Zealand Standard AS/NZS ISO 10002:2014 — *An expression of dissatisfaction made to or about an organisation, related to its products, services, staff or the investigation of a complaint, where a response or resolution is explicitly or implicitly expected or legally required.*

Independent Assistance and Assurance	
Category 0	Insufficient information (i.e. the complainant is unable to provide the IGTO with sufficient information to be able to assist)
Category 1	Translation/Navigation (i.e. the IGTO helps the complainant to make sense of ATO/TPB explanations, provides independent assurance regarding ATO/TPB actions of concern and/or charts out the options that are open to the complainant)
Category 2	Referral (i.e. IGTO refers complainant's information to most appropriate agency and/or declines to investigate)
Independent Formal Investigation	
Category 3.1	ATO has no record of a previous complaint — IGTO identifies issues requiring formal investigation and options for resolution and requires the matter to be dealt with by an identifiable ATO/TPB officer providing accountability for the management and resolution of the complaint. IGTO also checks the ATO/TPB's handling of the complaint for satisfactory conclusion
Category 3.2	Uncomplicated Cases — IGTO investigates independently, engages with the ATO to verify facts and issues, determines the most appropriate and timely actions, and identifies who will take them for early resolution
Category 3.3	Frequently Raised Issues — IGTO identifies the case as involving a common area of complaint that is capable of being resolved efficiently and effectively through pre-agreed investigation processes
Category 4	Complex Cases — IGTO undertakes deeper inquiry and investigation to surface relevant evidence and determine the most appropriate options for resolution
Category 5	High Complex Cases — IGTO investigates by engaging directly with ATO senior executive management (SES), and provides ATO senior executive management with early warning of emerging risks and the opportunity to address sensitive issues

Appendix 4 — Agency resource statement

Inspector-General of Taxation resource statement for FY20

	Actual available appropriation for 2019–20 \$'000 (a)	Payments made 2019–20 \$'000 (b)	Balance remaining 2019–20 \$'000 (a)–(b)
Departmental			
Annual appropriations — ordinary annual services¹			
Departmental appropriation ²	12,072	6,417	5,655
Annual appropriations — other services — non-operating ³	-	-	-
Total departmental annual appropriations	12,072	6,417	5,655
Total resourcing and payments for the IGT	12,072	6,417	5,655

1 *Appropriation Act (No. 1) 2019–20 and Appropriation Act (No. 3) 2019–20.* This may also include prior-year departmental appropriation and section 74 external revenue.

2 Includes an amount of \$30,000 for the Departmental Capital Budget which is not separately identified in Appropriation Bill (No.1, 3, 5) and forms part of ordinary annual services items. For accounting purposes, this amount has been designated as a 'contribution by owner'.

3 No other services — departmental non-operating appropriations were received in 2019–20.

Appendix 5 — Expenses for outcomes

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	Variation
	2019–20	2019–20	2019–20
	\$'000	\$'000	\$'000
	(a)	(b)	(a)–(b)
Program 1.1: Inspector-General of Taxation			
Departmental expenses			
Departmental appropriation	6,449	6,002	447
s74 External Revenue ¹	60	–	60
Expenses not requiring appropriation in the Budget year ²	389	978	(589)
Total expenses for Outcome 1	6,898	6,980	(102)
	2018–19	2019–20	
Average staffing level (number)³	35	35	

* Full-year budget, including any subsequent adjustment made to the 2019–20 budget at Additional Estimates.

1 Estimated expenses incurred in relation to receipts retained under section 74 of the *PGPA Act*.

2 Expenses not requiring appropriation in the Budget year are made up of depreciation expenses, amortisation expenses, and audit fees.

3 Refer to Tables 7,8,11,13 and 15 for staffing levels as at 30 June 2020.

Part 7 Reference Materials

Glossary

Shortened Terms

List of Requirements

Index

Part 7 – Reference Materials

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.
APS employee	A person engaged under section 22, or a person who is engaged as an APS employee under section 72, of the <i>Public Service Act 1999</i> .
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.</p>
Corporate plan	The primary planning document of a Commonwealth entity that sets out the objectives and strategies the entity intends to pursue in achieving its purposes over at least four reporting periods.
Financial results	The results shown in the financial statements of an entity.
Grant	An arrangement for the provision of financial assistance by the Commonwealth or on behalf of the Commonwealth, and covered by the Commonwealth Grants Rules and Guidelines.
IGTO website	The IGTO website can be found at: www.igt.gov.au .
Materiality	Takes into account the planned outcome and the relative significance of the resources consumed in contributing to the achievement of that outcome.
Non-ongoing APS employee	A person engaged as an APS employee under subsection 22(2)(b) or 22(2)(c) of the <i>Public Service Act 1999</i> .
Ongoing APS employee	A person engaged as an ongoing APS employee under subsection 22(2)(a) of the <i>Public Service Act 1999</i> .

Operations	The functions, services and processes performed in pursuing the objectives or discharging the functions of the office.
Outcomes	The results, impacts or consequence of actions by the Commonwealth on the Australian community.
Portfolio Budget Statements	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.
Responsible Minister	The minister who is responsible for matters described under the Administrative Arrangements Order (AAO). Each Commonwealth entity and company has a responsible minister, which one depends on the matters that the entity or company deals with, or otherwise prescribed by the rules.

Shortened terms

Acronym	Description or Term
AA	Accountable Authority
AAI	Accountable Authority Instructions
AAT	Administrative Appeals Tribunal
ABI	Agreed Business Improvement
ANAO	Australian National Audit Office
ANZOA	Australian and New Zealand Ombudsman Association
APS	Australian Public Service
APSC	Australian Public Service Commission
ARC	Audit and Risk Committee
ASBFEO	Australian Small Business and Family Enterprise Ombudsman
AS/NZS ISO 10002:2014	Australian/New Zealand Standard 10002:2014 Guidelines for complaints handling in organizations
AS/NZS ISO 31000: 2018	Australian New Zealand Risk Management Standard which adopts the 2018 International Risk Management Standard ISO 31000:2018 in full
ATO	Australian Taxation Office
BCP	Business Continuity Plan
CALD	Culturally and linguistically diverse
CPA	CPA Australia
CPR	Commonwealth Procurement Rules
DTA	Digital Transformation Agency
EL	Executive Level
FY16	Financial year ending on 30 June 2016
FY19	Financial year ending on 30 June 2019
FY20	Financial year ending on 30 June 2020
FY21	Financial year ending on 30 June 2021
FY22	Financial year ending on 30 June 2022
FY23	Financial year ending on 30 June 2023
FY24	Financial year ending on 30 June 2024
GIC	General Interest Charge
GST	Goods and Services Tax
ICT	Information and communications technology

Acronym	Description or Term
IGT	Inspector-General of Taxation
IGTO	Inspector-General of Taxation and Taxation Ombudsman
IGT Act	<i>Inspector-General of Taxation Act 2003</i>
IPA	Institute of Public Accountants
ISO	International Organisation for Standardisation
KPA	Key performance area
KPI	Key performance indicator
MOU	Memorandum of Understanding
Ombudsman Act	<i>The Ombudsman Act 1976</i>
PBS	Portfolio Budget Statements
PDS	Performance Development System
PGPA Act	<i>Public Governance, Performance and Accountability Act 2013</i>
PID Act	<i>Public Interest Disclosure Act 2013</i>
Risk Framework	The IGTO's Risk Management Policy and Framework
SELC	Senate Economics Legislation Committee
SES	Senior Executive Service
SME	Small and Medium Enterprise
SMSF	Self-Managed Superannuation Fund
SOCAP	Society of Consumer Affairs Professionals
Taxation law	<ul style="list-style-type: none"> (a) an Act of which the Commissioner has the general administration (including a part of an Act to the extent to which the Commissioner has the general administration of the Act); or (b) legislative instruments made under such an Act (including such a part of an Act); or (c) the <i>Tax Agent Services Act 2009</i> or regulations made under that Act.
TFN	Tax File Number
TPB	Tax Practitioners Board
WHS	<i>Work Health and Safety Act 2011</i>

List of Requirements

PGPA Rule Reference	Part of Report	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)	iv-vi	Table of contents.	Mandatory
17AJ(b)	128	Alphabetical index.	Mandatory
17AJ(c)	116-119	Glossary of abbreviations and acronyms.	Mandatory
17AJ(d)	120-127	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)	2-16	A review by the accountable authority of the entity.	Mandatory
17AD(b) Overview of the entity			
17AE(1)(a)(i)	17	A description of the role and functions of the entity.	Mandatory
17AE(1)(a)(ii)	19	A description of the organisational structure of the entity.	Mandatory
17AE(1)(a)(iii)	20	A description of the outcomes and programmes administered by the entity.	Mandatory
17AE(1)(a)(iv)	17	A description of the purposes of the entity as included in corporate plan.	Mandatory
17AE(1)(aa)(i)	17-18	Name of the accountable authority or each member of the accountable authority	Mandatory
17AE(1)(aa)(ii)	17-18	Position title of the accountable authority or each member of the accountable authority	Mandatory

PGPA Rule Reference	Part of Report	Description	Requirement
17AE(1)(aa)(iii)	17-18	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
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		
	Annual performance Statements		
17AD(c)(i); 16F	22-50	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)	50	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		
	Corporate Governance		
17AG(2)(a)	54	Information on compliance with section 10 (fraud systems)	Mandatory

Part 7 – Reference Materials

PGPA Rule Reference	Part of Report	Description	Requirement
17AG(2)(b)(i)	iii, 54	A certification by accountable authority that fraud risk assessments and fraud control plans have been prepared.	Mandatory
17AG(2)(b)(ii)	iii, 54	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, 54	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)	52-53	An outline of structures and processes in place for the entity to implement principles and objectives of corporate governance.	Mandatory
17AG(2)(d) – (e)	54	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
Audit Committee			
17AG(2A)(a)	54	A direct electronic address of the charter determining the functions of the entity's audit committee.	Mandatory
17AG(2A)(b)	55	The name of each member of the entity's audit committee.	Mandatory
17AG(2A)(c)	55	The qualifications, knowledge, skills or experience of each member of the entity's audit committee.	Mandatory
17AG(2A)(d)	55	Information about the attendance of each member of the entity's audit committee at committee meetings.	Mandatory
17AG(2A)(e)	55	The remuneration of each member of the entity's audit committee.	Mandatory
External Scrutiny			
17AG(3)	56	Information on the most significant developments in external scrutiny and the entity's response to the scrutiny.	Mandatory

PGPA Rule Reference	Part of Report	Description	Requirement
17AG(3)(a)	56	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)	56	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)	56	Information on any capability reviews on the entity that were released during the period.	If applicable, Mandatory
Management of Human Resources			
17AG(4)(a)	60,62-63	An assessment of the entity's effectiveness in managing and developing employees to achieve entity objectives.	Mandatory
17AG(4)(aa)	64-70	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)	64-70	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)	61	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

Part 7 – Reference Materials

PGPA Rule Reference	Part of Report	Description	Requirement
17AG(4)(c)(i)	61	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)	62	The salary ranges available for APS employees by classification level.	Mandatory
17AG(4)(c)(iii)	61	A description of non-salary benefits provided to employees.	Mandatory
17AG(4)(d)(i)	61	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)	56	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)	57	An assessment of entity performance against the Commonwealth Procurement Rules.	Mandatory
Consultants			
17AG(7)(a)	58	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)	58	A statement that "During [reporting period], [specified number] new consultancy contracts were entered into involving total actual expenditure of \$[specified million]. In	Mandatory

PGPA Rule Reference	Part of Report	Description	Requirement
		addition, [specified number] ongoing consultancy contracts were active during the period, involving total actual expenditure of \$[specified million]”.	
17AG(7)(c)	58	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)	58	A statement that “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.”	Mandatory
Australian National Audit Office Access Clauses			
17AG(8)	57	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)	57	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)	57	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	Mandatory

Part 7 – Reference Materials

PGPA Rule Reference	Part of Report	Description	Requirement
		are available on the Department of Finance’s website.”	
17AG(10)(b)	57	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)	74-104	Inclusion of the annual financial statements in accordance with subsection 43(4) of the Act.	Mandatory
Executive Remuneration			
17AD(da)	71-72	Information about executive remuneration in accordance with Subdivision C of Division 3A of Part 2–3 of the Rule.	Mandatory
17AD(f) Other Mandatory Information			
17AH(1)(a)(i)	106	If the entity conducted advertising campaigns, a statement that “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.”	If applicable, Mandatory
17AH(1)(a)(ii)	106	If the entity did not conduct advertising campaigns, a statement to that effect.	If applicable, Mandatory
17AH(1)(b)	106	A statement that “Information on grants awarded by [name of entity] during [reporting period] is available at [address of entity’s website].”	If applicable, Mandatory
17AH(1)(c)	106	Outline of mechanisms of disability reporting, including reference to website for further information.	Mandatory

PGPA Rule Reference	Part of Report	Description	Requirement
17AH(1)(d)	106	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)	107	Correction of material errors in previous annual report	If applicable, mandatory
17AH(2)	107	Information required by other legislation	Mandatory

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