



Australian Government
Inspector-General of Taxation
Taxation Ombudsman

IGTO ANNUAL REPORT FY21

Inspector-General of Taxation and Taxation Ombudsman

Annual Report for the financial year ended
30 June 2021

October 2021

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Australian Government

Inspector-General of Taxation

Taxation Ombudsman

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29 August 2022

The Hon Stephen Jones MP
Assistant Treasurer and Minister for Financial Services;
Parliament House
CANBERRA ACT 2600

Dear Minister

ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

I am pleased to present the Annual Report of the Inspector-General of Taxation and Taxation Ombudsman (**IGTO**) for the financial year ended 30 June 2021. This report has been prepared for the purposes of section 46 of the *Public Governance, Performance and Accountability Act 2013* (**PGPA Act**) and in accordance with section 41 of the *Inspector-General of Taxation Act 2003*.

Please note this is a re-issue of the Annual Report originally issued on 7 October 2021 in accordance with section 46 of the PGPA Act, and which is yet to be tabled in Parliament.

I certify that the IGTO has prepared a fraud risk assessment and fraud control plan, both of which are reviewed periodically. I further certify that appropriate fraud prevention, detection, investigation and reporting mechanisms are in place that meet the specific needs of my office and that I have taken all reasonable measures to appropriately deal with and minimise the incidence of fraud.

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

Review by the Inspector-General of Taxation

Overview of the Agency

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

Review by the Inspector-General of Taxation



Introduction

I am pleased to present the Annual Report for the Office of the Inspector-General of Taxation and Taxation Ombudsman (**IGTO**) which includes details on our performance and achievements during the financial year ended 30 June 2021 (**FY21**).

The IGTO is here to help the community and improve taxation administration. An overview of **what we can help with** and **how this helps** taxpayers, tax practitioners and the tax system overall is set out in Table 1 below.

The IGTO has dual roles, which complement each other and provides assurance to the community that taxation laws are being administered consistently, fairly and transparently and in keeping with community expectations. Broadly:

- 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;
- The Taxation Ombudsman, also investigates and reports publicly on actions and decisions that have broader community impact or are commonly observed in a number of complaints to identify wider system improvements that address the causal issues – **complaint reports and own-initiative investigations**; and
- The **Inspector-General of Taxation** investigates and reports publicly on actions, systems and taxation laws (to the extent they deal with tax administration matters) – **review investigations**.

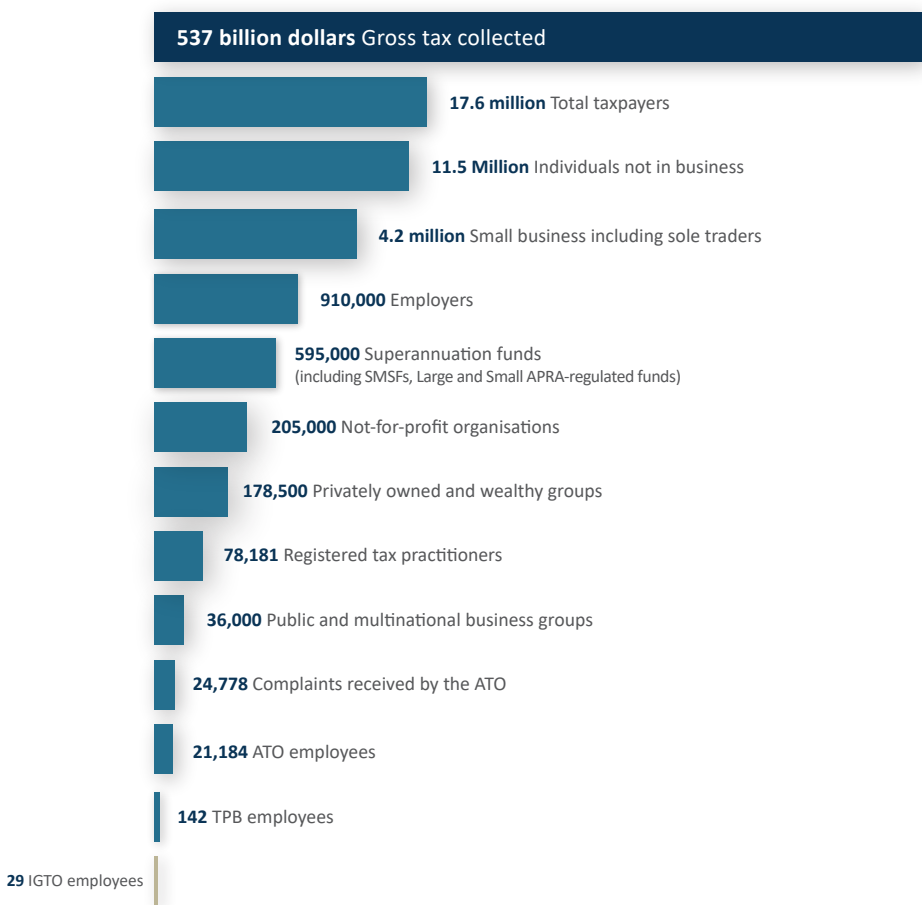
Both roles and the various investigation modes help us determine whether taxation laws are administered consistently and as intended. This includes determining whether taxation laws are administered in accordance with Australian Taxation Office (**ATO**) guidelines and publicly communicated commitments (including those set out in the *Taxpayers' Charter*), and also consistent with community expectations. The IGTO's independent investigations build confidence in the fairness of the tax system and deliver improvements to the administration of taxation laws for the benefit of all taxpayers, tax practitioners and other entities.

The community’s perception of the fairness of the tax administration system is an important factor and influence in determining voluntary compliance by taxpayers and tax practitioners alike – which ultimately determines the efficiency and effectiveness of the tax administration system itself – including tax revenues raised, the timeliness of tax lodgements and the efficient resolution of complaints and disputes.

Table 1: Overview of how the IGT O helps improve taxation administration

IGTO is here to ...	How does this help?
Help the community resolve their taxation complaints	<p>Independent investigation and assurance:</p> <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 businesses); 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	<p>Independent review investigations identify areas for improved tax administration and enhance community trust and engagement in the tax system.</p>
Help build confidence in the fairness of the tax system	<p>Independent oversight, investigation and assurance improves:</p> <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	<p>Independent perspectives enhance accountability, trust and impartiality in the tax system and bring new insights for Ministerial consideration and for Parliamentary committees with oversight responsibilities.</p>

Figure 1: Scale of the tax system in Australia as at 30 June 2020¹



Our key focus in FY21

Supporting the community during the pandemic

The IGTO continued to provide a free, independent, and impartial tax complaint investigation service to all taxpayers, whether directly or through their representatives, in FY21.

A key focus of IGTO complaint investigations in FY21 was access and eligibility to receive Government economic stimulus measures – including JobKeeper, Boosting Cash Flow, Early Release of Superannuation and other tax payments. The IGTO tax complaint investigations prompted ATO clarification of key eligibility requirements for the support measures so that many businesses who were intended to receive these benefits, ultimately did. Further details are set out below in the section ‘Key Outcomes in FY21’.

1 Updated statistics were not available for Figure 1 for FY21 (at time of publication).

Protecting our staff and the community

This year has challenged our resilience – accessibility, mobility, certainty and disruption. It was essential for the IGTO to adapt our processes and service delivery to continue to respond to and meet the needs of the community due to the ongoing nature of the COVID-19 pandemic. Our thoughts continue to be with those who have experienced loss and disruption from the pandemic. Our thoughts are especially with those who have lost family, friends, and colleagues as a result of the COVID-19 virus.

The IGTO has continued to assist the community during the COVID-19 pandemic, despite the challenges and restrictions, by successfully transitioning to a remote work environment which allows us to continue to offer our services despite disruptions caused by lock-downs. Our information and communication technology (ICT) platform and work practices were adapted in FY20 and FY21. These ICT changes have supported our team members to work remotely which has allowed them to better protect themselves, their families and the community at large. We have continued to develop community and staff messaging to maintain an efficient and effective tax complaint investigation service.

- For the community, we have updated our call centre and online messages to ensure complainants have all the information necessary for their complaint to be progressed as efficiently as possible.
- For staff, we introduced new messaging arrangements to ensure we can relay important announcements and stay ‘connected’ even where we are working remotely.

We have supported our staff working from either their home or the office as needed and as required – including in compliance with Government ‘social distancing’ and ‘stay at home’ requirements. This was especially important in lockdown periods when all staff were required to work from home. In implementing remote working arrangements, we have sought to ensure that we continue to provide a high-quality service to taxpayers and tax practitioners. We also strived to provide the highest quality of service with our available resources and in the circumstances.

The IGTO Team is here to help

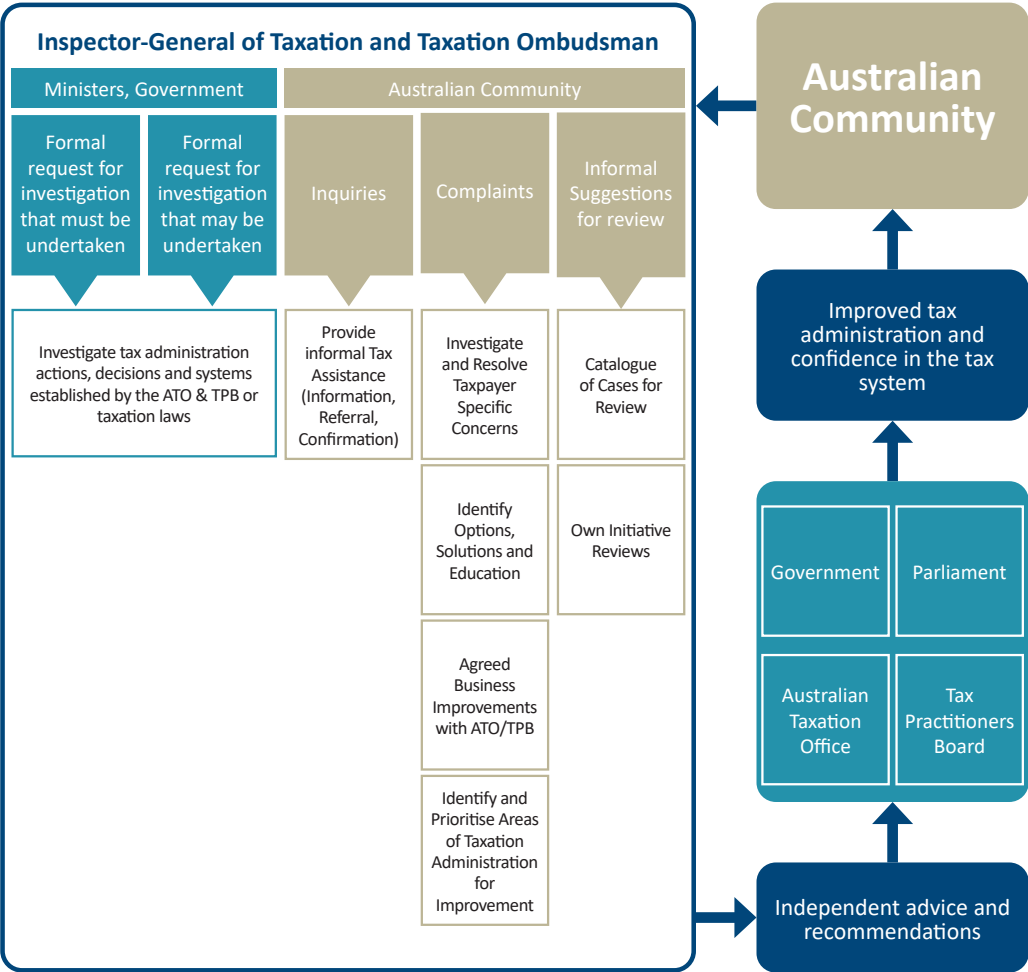
I would like to thank the IGTO team for their teamwork, professionalism and commitment in assisting the community – especially in these challenging times. Importantly, the IGTO team is willing and wants to assist the community through their:

- Professionalism – applying experience, knowledge and understanding of the tax system;
- Independence – relying upon facts, evidence and logic consistent with our legislative powers and separate agency status; and
- Responsiveness – willingness to actively listen to complainants and the Australian Taxation Office (ATO) or Tax Practitioners Board (TPB), in a respectful, patient and calm manner.

This Annual Report provides some insight into the important role that the IGTO performs in the Australian community.

An overview of our functions is presented in Figure 2.

Figure 2: Overview of the function of the Inspector-General of Taxation and Taxation Ombudsman



Key Outcomes in FY21

JobKeeper and Boosting Cash Flow Assistance

In December 2020, the IGTO released a report noting issues that were observed in its taxation complaint investigations into taxpayer eligibility to access JobKeeper (**JK**) and Boosting Cash Flow (**BCF**) payments – especially for new small businesses.

The report, the first of its kind released by our office, examined the ATO's administration of JK and BCF payments for new businesses. Specifically, it examined the interpretation and application of 'taxable supply' requirements (as modified) in determining eligibility to access JK and BCF payments for new businesses, particularly those that had no reason to lodge an income tax return or a Business Activity Statement (**BAS**) before 12 March 2020.

Importantly, during the course of our complaint investigations, the ATO clarified its view on the factors which are relevant to satisfy the eligibility requirements and undertook to informally review and reconsider its earlier decisions which were the subject of taxation complaints raised with the IGTO. In particular, the ATO advised the IGTO (in September 2020) that it would review and reconsider earlier JK and BCF eligibility decisions, that were the subject of dispute in objections and appeal cases, where a material factor in the ATO's decision was the lack of a sale or supply reported by the new business on or before 12 March 2020. However, the ATO confirmed that it did not intend to identify all potentially affected taxpayers as it considered such an approach was infeasible and any broad communication would cause disproportionate confusion for other taxpayers.

The IGTO report is important in assisting affected taxpayers to re-engage with the ATO in the circumstances addressed therein. The IGTO report encourages new small businesses that had previously been deemed ineligible by the ATO, but can show that they were carrying on an enterprise that made taxable supplies (as modified) in a GST reporting period ending before 12 March 2020, to contact the ATO directly to confirm how they may obtain an ATO review of its earlier decision.

The report and the issues raised were promoted by a number of professional bodies (including the Tax Institute, Chartered Accountants Australia and New Zealand, Institute of Public Accountants and Certified Practising Accountants) to their members. Accordingly, their member messages allowed the IGTO report to assist many more taxpayers in addition to those who complained directly to the IGTO. This is a good example of how our complaint investigation function provides improved transparency and community assurance about tax administration.

Overall, the IGTO's complaint investigations achieved positive outcomes for these affected new small businesses during difficult times caused by the COVID-19 pandemic and most of which had already been unsuccessful in challenging the ATO's decisions. Without the IGTO's intervention, it is unlikely that these new small businesses would have received the government support measures that they were intended to receive.

The IGTO also made a number of observations on areas for potential follow up review investigation. These included that:

- Initial ATO compliance activities on new tax laws should afford taxpayers procedural fairness before making adverse decisions, and create opportunities for the ATO to identify needed clarification of its precedential view;
- ATO advice and guidance should be easy to understand, but not risk oversimplification that leads taxpayers and ATO staff into error;
- ATO compliance decisions should help taxpayers understand their options for review;
- Options to expeditiously resolve disputes with the ATO's precedential view of the law should be explored; and
- A separation between drafting and interpretation of laws is important to minimise the risk of taxpayer disputes with ATO precedential views.

Taxation complaints

In FY21, we received 1,632 taxation complaints, of which 85% have been processed and finalised within the same period. The majority of complaints received (61%) were from self-represented individuals. The remaining complaints came from self-represented businesses (22%), individuals represented by another party, for example a tax practitioner, lawyer, family member or friend (8%) and represented businesses (9%).

The split of complaints received during the year between the ATO and TPB was as follows:

Table 2: FY21 Taxation complaints by Agency

Name of Agency	Number of Complaints received	Percentage of Total Complaints received
ATO	1,526	93.6%
TPB	28	1.7%
Other	78	4.7%
Total	1,632	100.0%

The majority of complaints received in FY21 related to the ATO (93.6%). Complaints received in the category titled 'Other' primarily relate to complaints that are not within the IGTO's jurisdiction. In such instances, we seek to refer complainants on to the most suitable agency or organisation who can assist.

Of all the issues which were raised in taxation complaints in FY21, the top 5 issues accounted for 73% (1,206) of total complaints. Table 3 provides further details of the top 5 issues raised.

Table 3: Top 5 complaint issues in FY21

Top 5 issues raised in complaints in FY21 (by number received)	
Payments to the taxpayer	676
Lodgement and processing	192
Debt collection	152
Communications	100
Registration/Taxpayer details	86
Total top 5 complaint issues	1,206
Top 5 complaint issues as a percentage of total complaints issues raised with the IGTO	73%

As at 30 June 2021, there were 254 open complaints and 180 complaint investigations in progress as set out in Table 4 below. It should be noted that the category for a complaint may change (notably, increase) as the investigation progresses and before the complaint investigation is closed.

Table 4: Open complaints and complaint investigations in progress as at 30 June 2021

Complaint category as at 30 June 2021:	No.
Category 0	32
Category 1	35
Category 2	7
Sub-total	74
Complaint Investigations	
Category 3	
- 3.1 – ATO has no record of a previous complaint	12
- 3.2 – Uncomplicated disputes	53
- To be determined	1
Category 4 – Complex disputes	59
Category 5 – Highly complex disputes	55
Sub-total	180
Total	254

During FY21, the IGTO delivered the following outcomes in taxation complaint investigations:

- 79% of issues raised in taxation complaint investigations resulted in additional justice for the complainant – distributive, procedural, interpersonal or informational justice;
- 18% of issues raised in taxation complaint investigations provided independent assurance to the complainant;
- 64% of all other complainant approaches resulted in additional justice for the complainant – mainly informational justice;
- 28% of issues raised through complaint investigations and all other approaches were withdrawn; and
- The IGTO declined to investigate approximately 1% of the issues raised by complainants.

Agreed Business Improvements

Opportunities to make systemic improvements to the tax system may be identified during our investigation of complaint cases without the need to conduct a review investigation. Where our complaint investigations generate an Agreed Business Improvement (**ABI**) with the ATO, we monitor these for progress.

In FY21 the ATO accepted 10 new ABIs which we proposed. The ATO implemented 10 ABIs in FY21. Further information on ABIs is set out in Performance Measure 3.2 in Part 2 of this annual report.

Other public reporting and submissions

Complementing our office's taxation complaints work are:

- review and other own-motion investigations of systemic issues;
- written submissions to inquiries undertaken by, and attendance at public hearings before, Parliamentary Committees; and
- written submissions to inquiries undertaken by, and engagement with, Federal and State government departments and agencies.

Review and other own-motion investigations

The IGTO's review investigations work can be usefully informed by trends and information emerging from the Taxation Ombudsman complaints function, particularly where the potential for systemic issues are identified. The IGTO progressed 3 review investigations during FY21, 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 in earlier annual reports, debt collection issues were, prior to the COVID-19 pandemic, the number one taxation complaint issue received by the IGTO. Our report *An investigation and exploration of undisputed tax debts in Australia* was released on 30 June 2021. The report presents a summary and analysis of a large amount of data as supplied by the ATO. The data relates to levels of undisputed tax debts (and changes in these debts) over the past several years, commencing in FY16 and ending in FY20 and as reported as at 30 June in each financial year. The report delivers a number of key related insights and makes five recommendations for ATO consideration.

The report is a key piece of research intended to provide Australian taxpayers, tax practitioners, Government, Parliament and business with a detailed understanding of where tax debts are accruing in the tax system and arising in the economy.

Actual collection of taxes, including the effective pursuit and recovery of tax debts, is an important moderating factor in decisions to raise or increase taxes and few governments or taxpayers would want to see taxes increased unnecessarily. Accordingly, the key objectives of the IGTO's investigation were to:

- Analyse – where tax debts are accruing and occurring in the tax system and the economy;
- Identify – areas for further and targeted investigation; and
- Support fairness and transparency – by presenting key facts and information for the benefit of stakeholders wishing to engage with and improve the administration of the tax system.

2. **Death and Taxes: An investigation into ATO systems and processes for dealing with deceased estates**

The review investigation 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. The report was released on 7 July 2020.

The issues raised in taxation complaints canvass a range of concerns including:

- Lack of clarity as to why the ATO needs a grant of probate or letters of administration from a court before it will provide or receive the deceased taxpayer's information to or from those who are finalising the deceased's affairs;
- Difficulties for tax agents accessing information of the deceased taxpayer or dealing with tax matters on behalf of the deceased;
- Delay by the ATO in providing executors with access to unclaimed superannuation;
- ATO requirements for lodgement of the deceased taxpayer's past tax returns;
- Executor/Administrator confusion in relation to how the tax affairs of the deceased should be handled;
- Lack of ATO guidance and advice for deceased estates;
- Delays in obtaining a Tax File Number for the deceased estate;
- Delay in registering the death of the taxpayer following notification; and
- Uncertainty regarding how a foreign executor should deal with the affairs of the deceased taxpayer in Australia.

As part of the IGTO review, stakeholders also recounted various taxpayer experiences where the tax administration system is not working simply, easily and without unnecessary compliance and red tape, with respect to:

- Accessing ATO information;
- Accessing MyGov information and communications;
- The need to get probate before you can engage with the ATO;
- The need to file a trust return for a deceased individual;
- The need to lodge an individual tax return as well as a trust tax return and the reasons for this need;
- Getting a Tax File Number for the deceased estate; and
- Getting a refund of franking credits.

The report made 10 recommendations. The end-of-life processes should ideally recognise this is a difficult and emotionally stressful time for those finalising the deceased's affairs and the recommendations emphasise that tax administration should assist a surviving spouse and grieving family and their representatives to more easily navigate the tax administration system at this difficult time.

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 review investigation sought 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?

The survey helped the IGTO to better direct the review investigation. That is, to select relevant ATO communications and business lines within the ATO for further investigation. The areas selected for investigation were to assist in identifying improvements to ATO communications, in relation to:

- 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
- the opportunities to improve communications about taxpayer rights.

The IGTO has published a thought leadership article examining the circumstances in which a taxpayer has a statutory right to receive reasons from the Commissioner of Taxation. The article notes, except for a small number of refusal decisions and penalty decisions, that the law does not require the Commissioner to automatically give taxpayers reasons whenever decisions are made that affect them. A taxpayer may trigger a requirement for reasons to be provided where they request reasons or appeal to the AAT for review of the decision. This statutory design may lead to unnecessary costs and disputation being conducted as there may not be an understanding of the strengths and weaknesses of the case. In light of this, any refusal to provide reasons would likely impact unfairly and disproportionately on taxpayers and would therefore only be expected to occur in exceptional cases. The article notes, however, that the Commissioner may, as a matter of good tax administration, adopt an administrative practice of giving reasons when decisions are made even where the statute does not require this. On this basis and in the absence of any change in law or policy, it is ultimately a matter for the Commissioner/ATO to decide and which might be revisited only once a decision to litigate the decision has been made by the taxpayer.

Importantly, the Commissioner's Foreword in the Taxpayers' Charter states:

We [the ATO] support taxpayers in having a clear understanding of rights and obligations, by setting these out in the Taxpayers' Charter. The Charter describes the relationship we seek with the community – one based on mutual trust and respect.

It outlines our commitment to act professionally, treat taxpayers fairly and reasonably and help taxpayers to meet their obligations by providing accurate, consistent and clear information. The Charter sets out how we conduct ourselves when dealing with taxpayers and explains:

- taxpayers' rights
- taxpayers' obligations
- what taxpayers can do if they are not satisfied with our decisions, actions or service
- the standard of service taxpayers can expect from us.

The Taxpayers' Charter does set an expectation that the Commissioner will be "open, transparent and accountable" in his dealings with taxpayers. Accordingly, despite the limitations on a taxpayer's legal right to reasons, if a taxpayer is met with a refusal by the Commissioner to provide reasons, or receives insufficient reasons which impedes their ability to understand a decision or weigh up next steps, the taxpayer should consider availing themselves of their right to complain, including via the ATO Complaints Unit and/or the IGTO tax complaint investigation service.

Parliamentary committees and other inquiries

The IGTO's tax expertise, complaints investigation service and review investigation experience allow us to bring specialist insights and perspectives to Parliamentary Committees and Inquiries. The IGTO's contribution, engagement and consultations, including written submissions in FY21 are listed below.

These submissions vary in length and topic and are aimed at assisting Parliament and other Federal government agencies in their investigations or inquiries to improve the tax administration system. The ultimate impacts and benefits flowing from each of the inquiries will depend on the nature of recommendations made by the Committee, whether they are adopted and implemented by the Government and then passed by the Australian Parliament.

We have had a busy year at the IGTO, lodging seven submissions and appearing twice at Senate Estimates hearings. These submissions and opening statements are available on our website and are noted below.

Senate Economics Legislation Committee

- Inquiry into Treasury Laws Amendment (Self Managed Super Funds) Bill 2020;
- Inquiry into the Foreign Investment Reform (Protecting Australia's National Security) Bill 2020 and Foreign Acquisitions and Takeovers Fees Imposition Amendment Bill 2020 [Provisions];
- Inquiry into the Treasury Laws Amendment (2020 Measures No 4) Bill 2020;
- Inquiry into the National Consumer Credit Protection Amendment (Supporting Economic Recovery) Bill 2020; and
- Inquiry into Treasury Laws Amendment (Your Future, Your Super) Bill 2021 [Provisions].

Australian Taxation Office

- Australian Tax Office's consultation on the National Tax Clinic open competitive grant program

Attorney-General's Department

- Commonwealth Integrity Commission consultation draft

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

On 1 August 2019, the Senate Economics Legislation Committee (**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 the IGTO independently 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. Government is yet to respond to this report.

The Committee's views in the SELC Report included the following:

Resourcing

- It is vital for the IGTO to be adequately resourced now, and into the future, to ensure it can discharge its two disparate roles in an independent and timely manner (paragraph 2.80).

Independence

- Strong accountability arrangements and independence safeguards are vital in ensuring the IGTO is effective in discharging its functions and achieving its objectives (paragraph 2.1).
- The independence of the IGTO, both perceived and actual, is vital in ensuring its efficacy in performing both its investigative functions (paragraph 2.81).
- There may be merit in the government reconsidering the current reporting and portfolio arrangements to improve perceptions of the IGTO's independence (paragraph 2.82).

Community Awareness

- The IGTO needs to be better publicised, especially its role as the Tax Ombudsman (paragraph 3.80).

Clarification of role and statutory framework

- The interactions between the *Inspector-General of Taxation Act 2003 (IGT Act)* and the *Ombudsman Act 1976* can be improved to clarify the legislative powers and functions of the IGTO (paragraph 3.85).
- The IGTO should be recognised as an investigative agency under the *Public Interest Disclosure Act 2013 (PID Act)* to allow it to receive internal public interest disclosures, related to other agencies, regarding matters it already has the power to investigate (paragraph 4.75).

Protections for disclosers

- The protections introduced by the *Treasury Laws Amendment (Enhancing Whistleblower Protections) Act 2019* be extended to whistleblowers who make disclosures to the IGTO. Hence, the Committee recommends the IGTO be made an 'eligible recipient' under the *Taxation Administration Act 1953* (paragraph 4.76).
- Any legal inconsistencies (especially about tax secrecy) between the IGT Act and the Tax Acts regarding disclosures made by taxation officers, should be clarified and made consistent (paragraph 4.77).
- The requirement for the Tax Commissioner to authorise disclosures by tax officers severely limits the IGTO's ability to carry out its prescribed functions. As such, the committee believes the authorisation needs to be removed if an IGTO review has either commenced or is being contemplated. The committee agrees that, upon either of these two events occurring, tax officials should be protected automatically from that point forward (Paragraph 4.78).

Progress on immediate priorities

The immediate priorities identified in the FY20 Annual Report continue to be relevant in FY21:

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;
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; and
4. Improve the effectiveness and efficiency of resolving taxation complaints generally, for the community.

Capability, capacity and constraints

As noted above, 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. In the interim, the IGTO is seeking to identify what further efficiencies can be realised without a significant change in the standard of service that is offered to the community. The IGTO has been progressing a workforce planning model during FY21, to assist in managing the optimal utilisation and allocation of our resources, consistent with our purpose, statutory obligations and identified priorities. This model also assists us to predict the likely impact and consequences of various potential scenarios to better assist us in managing our workforce to meet community expectations.

Distinguishing features and capability

The IGTO, like other ombudsman services, is vested with strong statutory information gathering powers. We also have direct access to some front-line ATO systems. These are distinguishing features of our office and critical to our ability to provide independent assurance. The IGTO does not have open access to all records, data, and systems held and maintained by the ATO and the TPB. The manner and sufficiency of our access to ATO and TPB records and information, including through systems access, is important in delivering a timely and independent tax complaint investigation service.

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.

Capability

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 – actively listening with patience, respect and empathy. This is a skillset that 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. At times complainants may be 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 complainants due to jurisdictional constraints, we seek to explain this limitation and to refer taxpayers on to the most suitable agency or organisation who can assist. Our staff also receive training to assist with the identification of behavioural signs which suggest a particular taxpayer may need extra support. Throughout FY21 the IGTO team was assisted by our specialist human resource capability – monitoring for health and wellbeing, professional development, and helping to support the resilience of the IGTO team, particularly in these challenging times.

Capacity and 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. Prior to the COVID-19 pandemic, taxation complaints were increasing year on year – by 29% over the FY15 and FY20 period (inclusive) – noting that we commenced as the Taxation Ombudsman in May 2015.

Taxation complaints are generally linked to ATO levels of activity. However, taxation complaints are nonetheless difficult to predict and manage with certainty for a range of reasons. For example, the volume of complaints and the mix of simple versus more complex complaints are important considerations. More complex complaints require more time to distil the issues and consider the evidence and require an investment of significant senior management time to resolve. This can impact on our investigation times and delivery. During FY21, there was not only a material reduction in the volume of complaints but a significant increase in the complexity of complaints – including complaints relating to new areas of taxation administration and law (notably access to the COVID-19 pandemic-related economic stimulus measures).

Generally, the IGTO experiences a peak in taxation complaints during the period July to mid-November which coincides with income tax lodgements ('tax time'). This peak in complaints also coincides with a peak in corporate compliance requirements – including budgeting, annual reporting, financial statements 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.

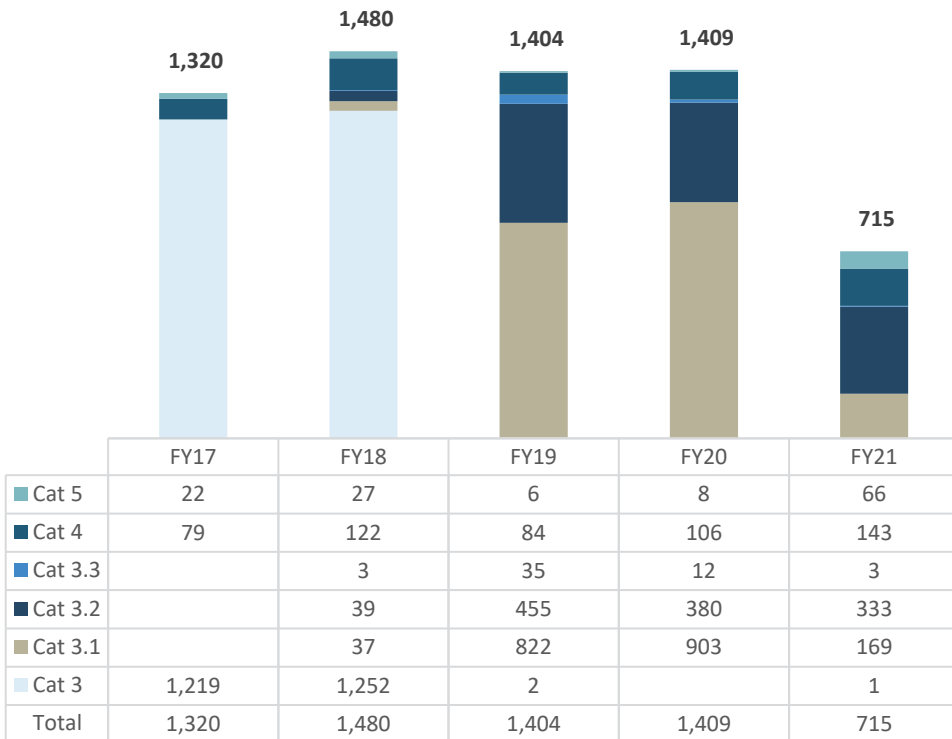
This constraint was acknowledged by Recommendation 1 of the SELC Report.

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.

An overview of complaint investigations commenced, by category (Categories 3, 4 and 5), for the past 5 years is set out below. More information about the various complaints categories is included in Appendix 3. The data demonstrates a reduction in the total number of complaints received compared to prior years. This is likely due to a combination of factors, including:

- The ATO stay on debt collection activity during the COVID-19 pandemic.
- The IGTO has introduced a triage system due to a high demand for its services. Accordingly, the IGTO is reviewing and prioritising taxation complaints which demonstrate exceptional circumstances. All other taxation complaints are placed in a queue to be allocated on a ‘first in, first out’ basis. Taxpayers are advised that the current wait time may be up to several months. Complaints that have been placed in a queue to be allocated are categorised as category 0 complaints. As at 31 August 2021, there were 94 cases still ranked as Category 0 – that is, they are yet to be classified. This explains, in part, the lower number of category 3 to 5 complaints received in FY21 compared to previous financial years.
- The IGTO’s call centre (which is a recorded call service) has also been operating as a call-back service due to the need for IGTO staff to work from home. This means that members of the public may only leave a voicemail message to request a call back. The IGTO acknowledges that this may also be a contributing factor to the lower number of complaints received. For example, callers with simple enquiries, such as those wanting assurance about ATO information or advice they received, or those who are dissatisfied with an ATO action but had not yet lodged a complaint with the ATO Complaints Unit, may not wish to leave a message and wait (up to several months) for a response.
- The IGTO is also continuing to actively encourage taxpayers to seek to resolve their taxation complaints directly with the ATO in the first instance and also providing detailed guidance on how they may lodge a formal complaint with the ATO Complaints Unit. This has resulted in a significant reduction in category 3.1 complaints which has allowed the IGTO to direct more of its effort to investigating and resolving the increased number of more complex disputes.

Figure 3: Overall trend in complaint investigations (Categories 3, 4 and 5) received by the IGTO – FY17 to FY21



The mix of complexity in taxation complaints is also a notable change in FY21. As shown in Figure 3, Category 3.1 complaint cases have significantly reduced in FY21. This category of case is where the ATO has no record of a formal complaint and, accordingly, is provided an opportunity to resolve the complaint in the first instance, with IGTO oversight. However, Category 4 and 5 complaint cases, which are significantly more complex and time consuming to investigate have noticeably increased. This is illustrated in Figure 5 below.

This high variability in the volume and complexity of the mix of complaints received makes resource planning and allocation especially difficult. The IGTO has engaged a consultant to assist in developing a workforce modelling tool to facilitate better planning and forecasting for our limited resources.

Figure 4: Total complaints received each month in FY19 – FY21

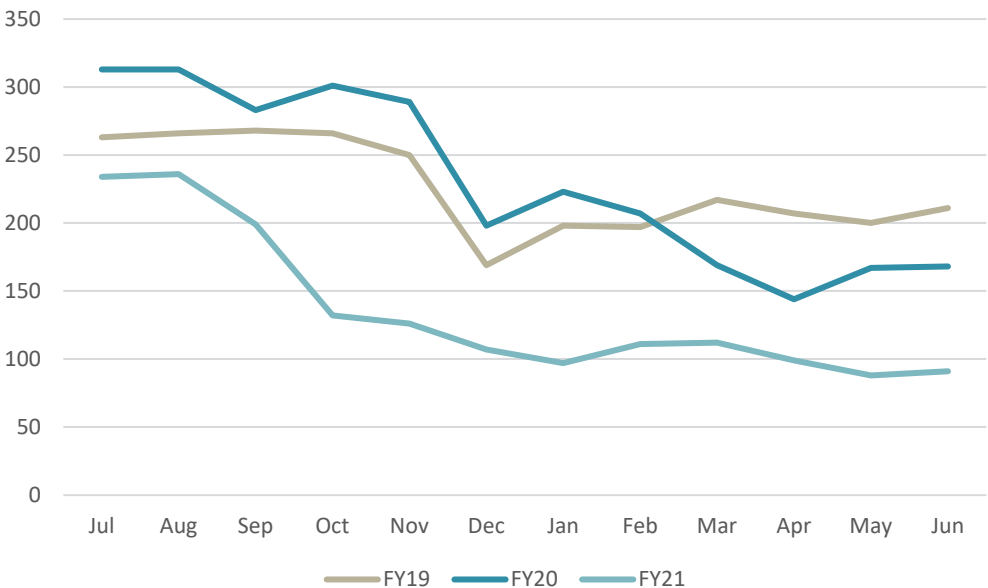
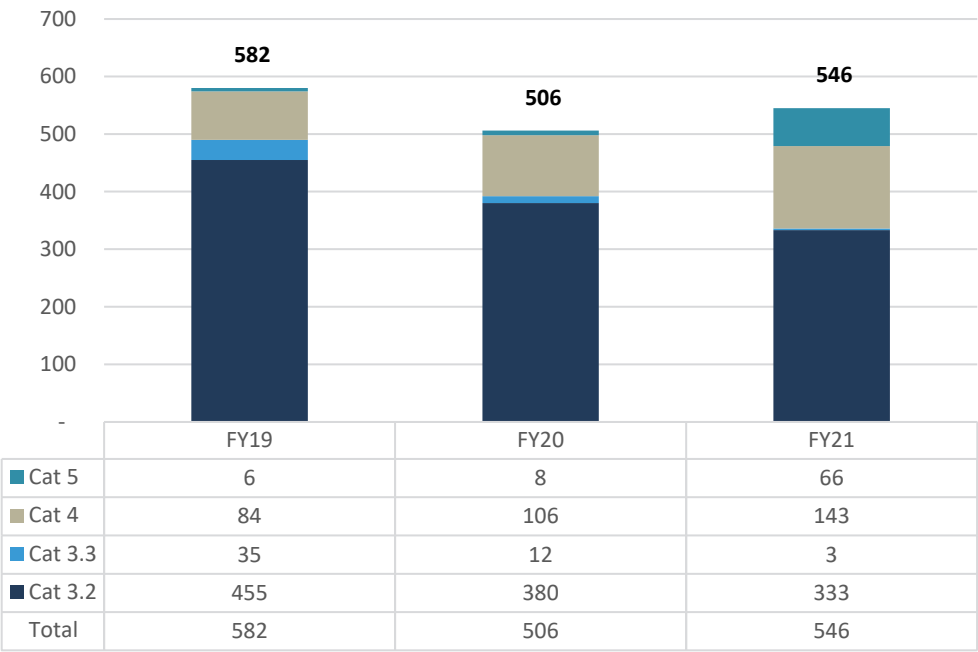


Figure 5: Total complaints received commenced as an IGTO investigation in FY19 – FY21



As shown in Figure 4, prior to the COVID-19 restrictions commencing (February 2020), the total number of complaints received by the IGTO in FY20 was higher than the same period in FY19. Since February 2020, complaints received have been declining (compared to the same period in prior years). This is, in part, due to the ATO debt collection areas refocusing resources away from tax debt collection towards the Government's COVID-19 support measures being delivered through the tax system. Debt collection and debt issues have historically been the most common complaint issue raised with our office, accounting for approximately 25% of taxation complaints.

Complaints about ATO debt collection, reduced significantly with the COVID-19 pandemic. The ATO is expected to resume its debt compliance and recovery work, and it is anticipated that there will be a corresponding increase in complaints upon resumption.

Another challenge for the IGTO is the limited protections available under the IGT Act for tax officials who disclose information to us. We have no power to investigate taxation complaints made under the 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 continued to engage regularly with stakeholders, despite the lockdowns and other limitations arising from the COVID-19 pandemic. 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. We acknowledge that we need to continue to raise community awareness of our services.

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

Our project to refresh the IGTO website is ongoing and we made significant progress in FY21. We aim to improve access to relevant information through our website, including what we do, our public reports and submissions and our guidance on how to lodge a taxation complaint. Further progress is expected in FY22.

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

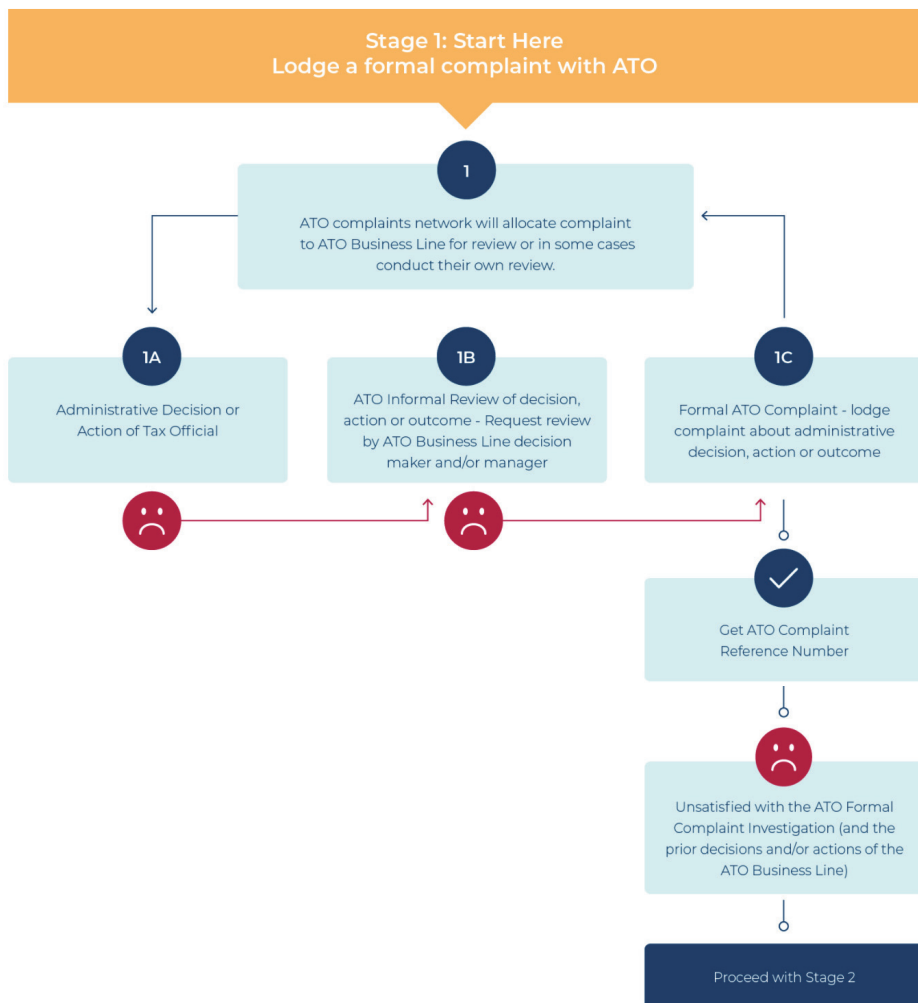
The IGTO's principled framework continues to guide our purpose and assist us to identify which tax system improvements our service and investigations are assisting. A copy of the framework is included in Appendix 2. The IGTO welcomes ongoing comments and feedback from the community – taxpayers, tax practitioners and industry and professional bodies.

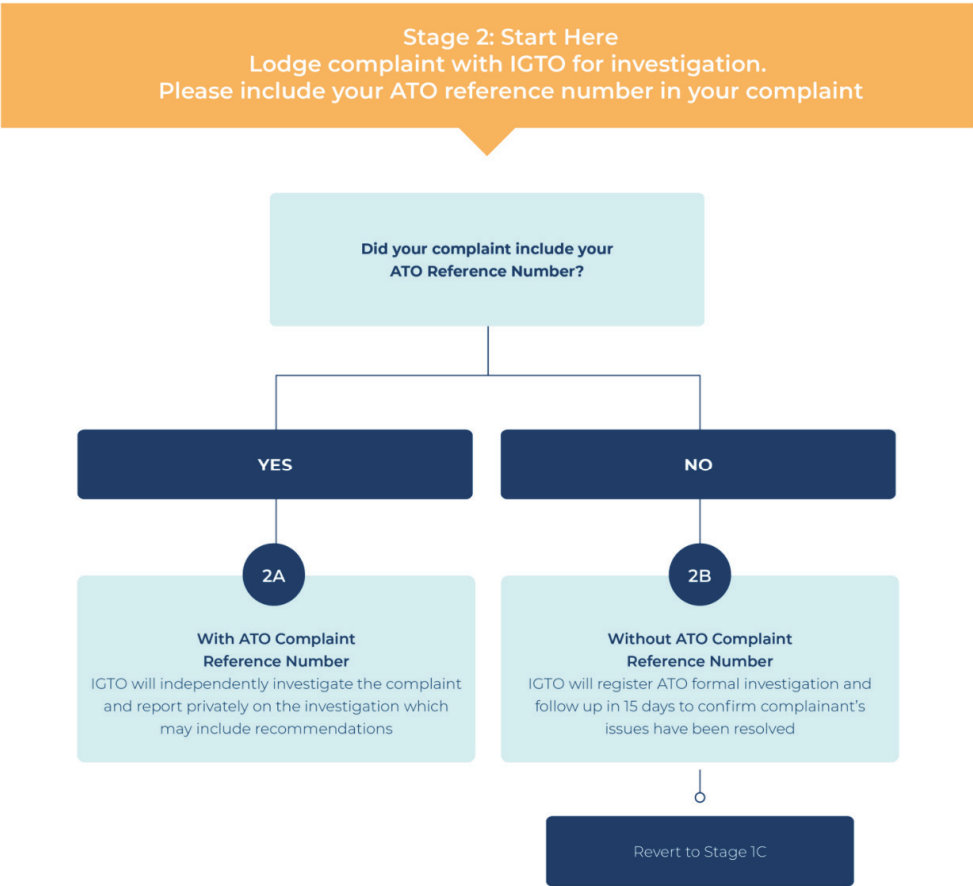
Improving the effectiveness and efficiency of resolving taxation complaints for the community

The IGTO, ATO and TPB are independent agencies. Each agency has its own formal complaints management 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 and messaging.

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 6 below.

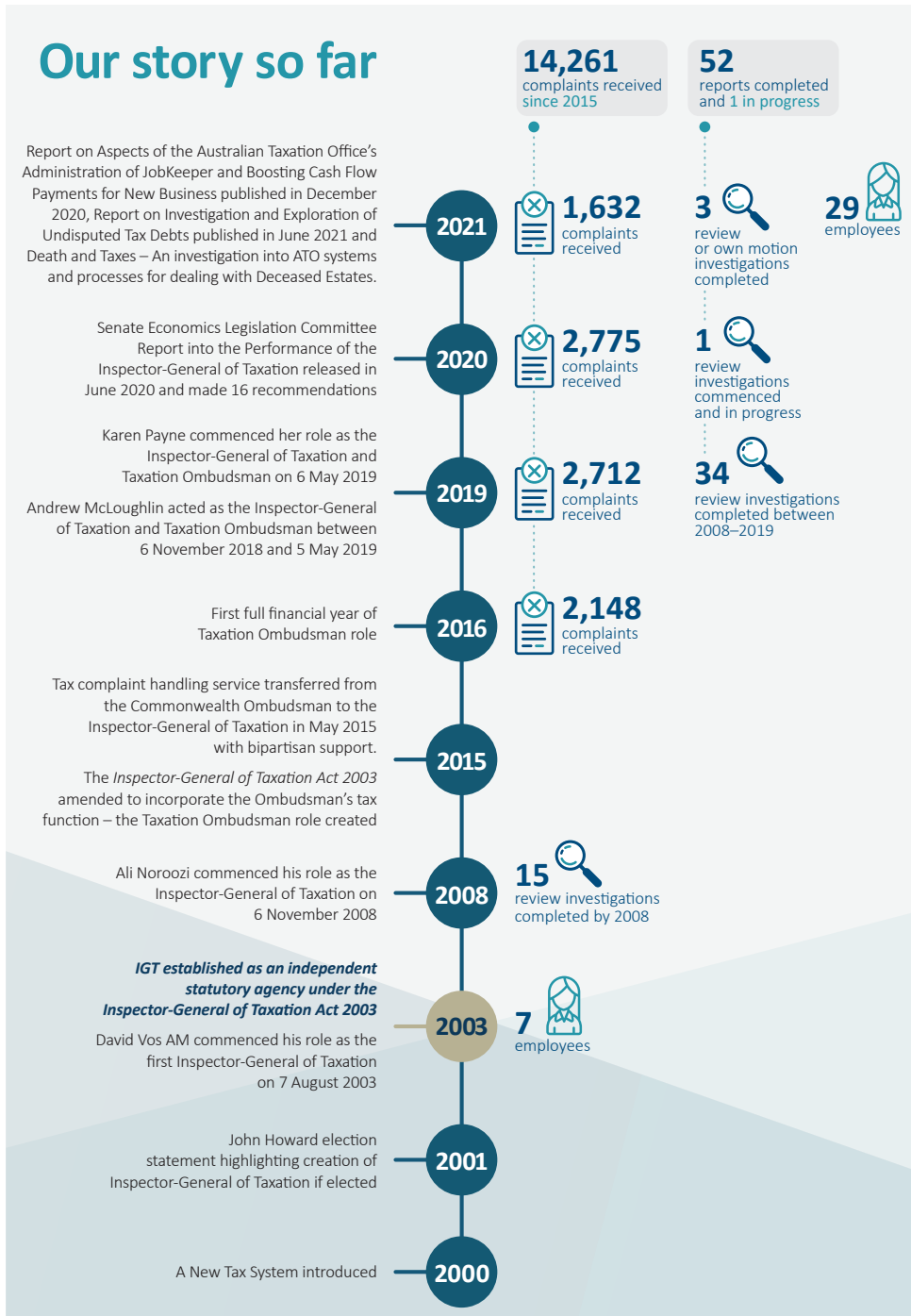
Figure 6: Overview of taxation complaints





An overview of our story so far is depicted in Figure 7.

Figure 7: Our story so far



Overview of the Agency

Role and functions of the IGT

The IGT 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. The IGT has two separate but complementary functions. The Inspector-General of Taxation function performs an important role in providing assurance and recommendations to improve the operation and administration of taxation laws and systems for the benefit of the community. The Taxation Ombudsman function provides direct assistance to taxpayers, tax professionals and other entities in relation to their concerns about the administrative actions of the ATO and TPB as they relate to their specific circumstances. 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 provide independent advice to the Minister, the Government and Parliament;
2. To improve the administration of Australia's taxation laws for the benefit of the community; and
3. To provide assurance to the community through complaint, review and other own-motion investigations that Australian taxation laws are operating and being administered effectively, consistently, as intended and in accordance with community expectations of fairness.

IGTO's Accountable Authority

Karen Payne was appointed as the Inspector-General of Taxation and Taxation Ombudsman by the Governor-General commencing on 6 May 2019 for a term of 5 years ending 5 May 2024. Details of the IGTO accountable authority during the FY21 reporting period is outlined in Table 5 below.

Table 5: Details of Accountable Authority during the reporting period

Name	Position Title/Position held	Period as the Accountable Authority in FY21	
		Date of Commencement	Date of Cessation
Karen Payne	Inspector-General of Taxation and Taxation Ombudsman	1 July 2020	30 June 2021

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.

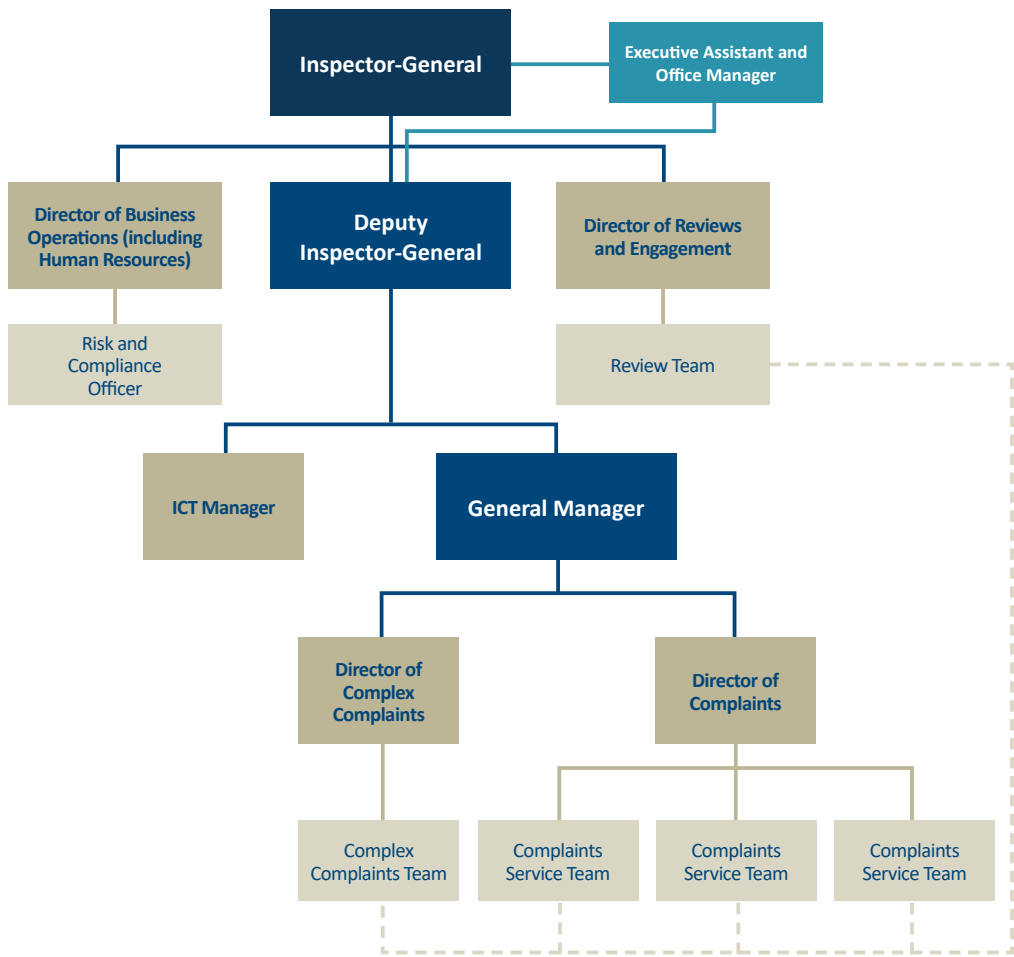
Before joining the IGTO, Ms Payne was a Member of the Board of Taxation as well as its inaugural Chief Executive Officer. She was formerly a partner with MinterEllison, specialising in corporate and international tax for mergers and acquisitions, and capital raising for the financial services, mining, 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

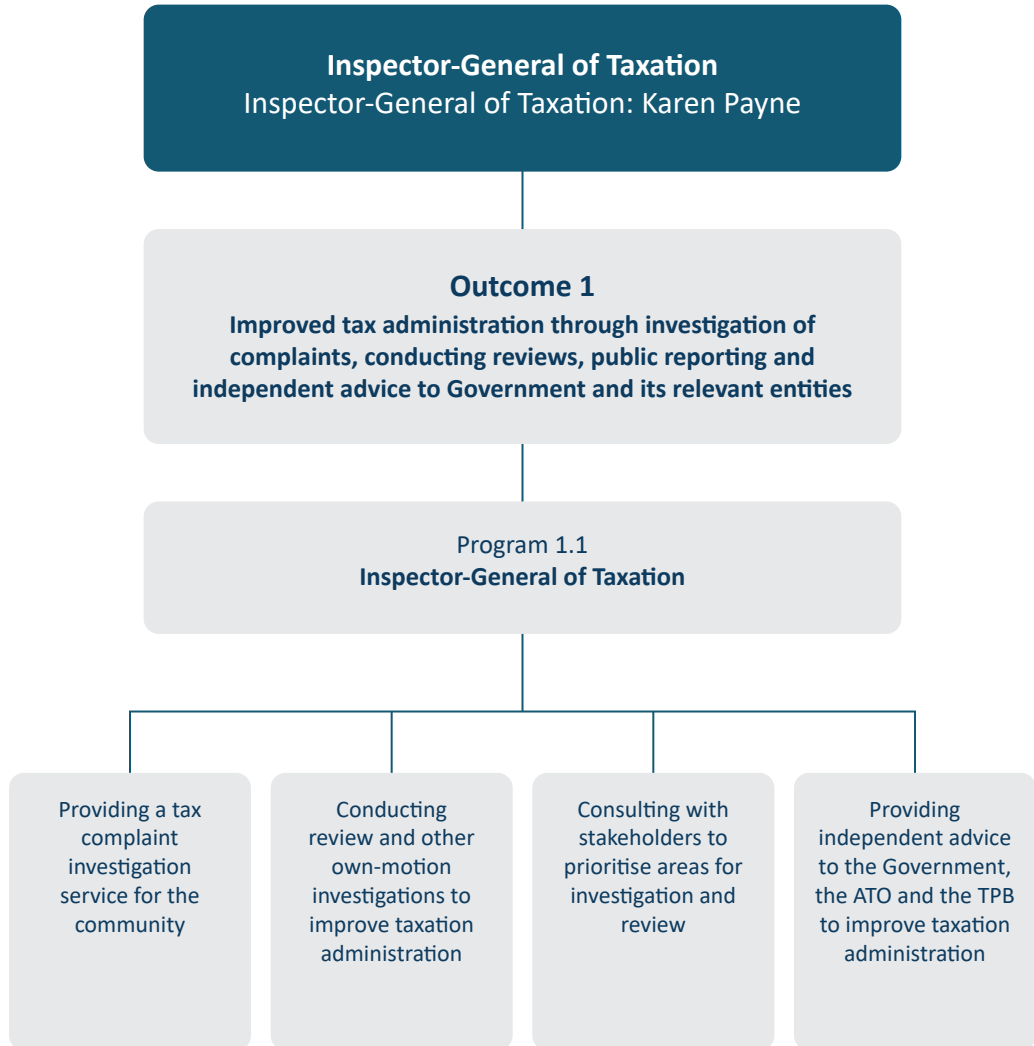
Figure 8: Our organisational structure



It is noted that the role of the ICT Manager is a contracted position.

Outcome and Program Structure

Figure 9: Outcome and program structure





PART 2

Performance Report

Annual Performance Statements

Financial Performance Report

Part 2 – Performance Report

The IGTO's performance report for FY21 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 the IGTO's annual corporate planning and day-to-day delivery of its services to taxpayers and the community more broadly.

Annual Performance Statements

These statements measure and assess the IGTO's performance in fulfilling its purpose and key deliverables.

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

1. an effective tax complaint investigation service of taxation administration actions and decisions;
2. identify and prioritise areas of tax administration for improvement; and
3. conduct review and other own-motion 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 set out in the IGTO's Corporate Plan 2021–24 (for the four financial years commencing FY21).

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 with the exception of paragraph 41(2)(d) which is reported under its own subheading. The results for each performance measure are set out under the relevant key performance area.

KEY PERFORMANCE AREA 1 – AN EFFICIENT AND EFFECTIVE TAX COMPLAINT INVESTIGATION SERVICE FOR TAXPAYERS

A key function of the IGTG is providing an independent, efficient and effective tax complaint investigation service for the community.

How we manage complaints

The IGTG is approached by individuals, small businesses, other taxpayers and tax professionals through a range of different channels including an online webform, telephone, email, post and facsimile. We have actively encouraged complainants to make use of our online webform as the most effective channel to lodge a complaint, and to manage the impacts of the COVID-19 pandemic. Due to a high demand for our services in the COVID-19 pandemic environment, we introduced a triage system as a means of assessing and prioritising taxation complaints which demonstrate urgent or exceptional circumstances.

Every complaint is allocated to a dedicated team member to manage. Our complaints team consists of tax specialists with strong communication skills and requisite professional qualifications and experience to support complainants. The specific action taken in each complaint case depends upon its history, the nature of the issues raised and the outcomes sought. Generally, there are two types of outcomes sought by a complainant.

- 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.
- Secondly, complainants may seek a review of ATO or TPB actions or decisions relating to the tax administration system. That is, where they are in dispute and 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.

Regardless of the channel through which complainants approach us, all complaints raised with the IGTG 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 following summary explanation is provided to assist stakeholders and the community to better understand the nature of the services we provide and the IGTG'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.

Part 2 – Performance Report

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 officer providing accountability for the management and resolution of the complaint. IGTO also checks the ATO's handling of the complaint for satisfactory conclusion.
- Category 3.2 – Uncomplicated disputes – IGTO investigates independently, engages with the ATO/TPB to verify facts, test issues, determine the most appropriate and timely actions, and identify who will take them for early resolution.
- Category 3.3 – Frequently raised disputes – 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 disputes – IGTO undertakes deeper inquiry and investigation to surface relevant evidence and determine the most appropriate options for resolution.
- Category 5 – Highly complex disputes – IGTO investigates by engaging directly with ATO/TPB senior management (SES) and provides ATO/TPB SES with early warning of emerging risks and opportunity to address sensitive issues.

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, the IGTO will be involved in all complaint cases where a report under s15 of the Ombudsman Act may need to be considered.

Number of times when the Inspector-General has made a requirement of a person under section 9 of the Ombudsman Act

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.

In FY21, the IGTO issued eight notices under section 9 of the Ombudsman Act during an investigation commenced under paragraph 7(1)(a) of the IGT Act. The eight notices were issued to former and current ATO officers to require them to attend an interview with IGTO officers as the IGTO had reason to believe that they were capable of furnishing information relevant to the investigation that had not otherwise been made available. The issuing of the notices afforded the ATO officers protection from any penalties that may otherwise apply under relevant tax secrecy and confidentiality provisions.

Performance measures

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

- 1.1 the number of complaints received;
- 1.2 the percentage of complaint investigations on hand and received that were finalised in the FY;
- 1.3 complainant survey results; and
- 1.4 the percentage of complaints lodged via our dedicated complaints webform or email.

Each of these performance measures is further discussed below.

Performance measure 1.1

Performance measure	Complaints received
Source	Corporate Plan 2021 – 2024, p 49, [Section 41 of the IGT Act]
Result	1,632 complaints
Analysis	<p>In FY21, the IGTO received 1,632 complaints — a 41.3% decrease from the 2,775 complaints received in FY20. Of the complaints received during this financial year, 1,526 related to the ATO (93.6%), 28 related to the TPB (1.7%) and 78 related to other matters (4.7%) – such as complaints outside the IGTO’s jurisdiction which were referred to other agencies or bodies. The reduction in overall complaint receipts is attributable to both IGTO communication and other engagement strategies as well as environmental factors.</p> <p>During FY21 the IGTO implemented strategies to focus our limited resources towards complaint investigations and assisting the Australian community to correctly access economic and financial support measures during the COVID-19 pandemic. Although there was a decrease in complaints received, there was an increase in the complexity of dispute cases (see Performance Measure 1.2).</p> <p>Our complaint receipts are also a function of ATO activities, and historically, ATO debt collection was the most prevalent issue raised in complaints. During FY21 however, the ATO eased or ceased certain debt collection activities to focus resources on administering COVID-19 pandemic support. This has also contributed to the lower overall complaint receipts in FY21.</p>

Part 2 – Performance Report

Performance measure 1.2

Performance measure	Percentage of complaint investigations on hand and received that were finalised in the FY
Source	Corporate Plan 2021–2024, p 49, [Section 41 of the IGT Act]
Result	83%

Analysis	Investigations commenced			Investigations completed or carried forward	
	Agency	Carried forward from FY20	Received in FY21	Total handled in FY21	Total completed in FY21 Total carried forward in FY22
	ATO	135	686	821	684 137
	TPB	1	7	8	6 2
	Total	136	693	829	690 139

In FY21, 693 complaint investigations were commenced by our office. We completed 690 investigations. Approximately 99% of investigations commenced related to the ATO and 1% to the TPB.

The IGTO finalised 83% of complaints on hand at the beginning of FY21 and received during FY21 – a lower proportional result compared to the 91% finalised in FY20. This is attributable to the increase in complexity of our complaint investigations which require longer timeframes with certain investigations ongoing by the end of FY21.

The IGTO broadly categorises complaint investigations as Category 3 (Uncomplicated disputes), Category 4 (Complex disputes) and Category 5 (Highly complex disputes). The IGTO completed 120 Category 4 and 20 Category 5 disputes in FY21 compared to 92 Category 4 and 2 Category 5 disputes in FY20 – representing a 130% and 1000% increase, respectively.

Performance measure 1.3

Performance measure	Complainant survey results			
Source	Corporate Plan 2021–2024, p 49			
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	70%	18%	12%
	Overall satisfaction with the outcome of a complaint*	57%	33%	10%
	Professionalism of IGTO staff	86%	7%	7%
*No outcome requested – 1%				

Analysis

Independent complaints service survey

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. The survey also provides opportunities for us to further improve our performance to meet the service expectations of the community. We engaged ORIMA Research Pty Ltd (ORIMA) to conduct independent surveys to evaluate the performance of the IGTO's complaints service.

The feedback received from the survey demonstrates similar levels of satisfaction compared to our FY20 result. In FY21, 70% of survey respondents reported overall satisfaction with our complaints investigation service (compared to 71% in the previous year), 57% reported overall satisfaction with the outcome of their complaint (compared to 54% in the previous year) and 86% reported satisfaction with the professionalism of our staff (compared to 90% in the previous year). Of those who were not satisfied with their outcome, 51% of respondents nonetheless indicated that they would use our complaints service again. Approximately 56.6% of complainants who were contacted by ORIMA provided feedback which is considered a high response rate.

In-house client satisfaction survey

No in-house client satisfaction survey was conducted in FY21. Due to the impacts of the COVID-19 pandemic, the IGTO implemented policies to allow staff to work remotely and, accordingly, a decision was made to temporarily pause the operation of the inbound telephone call centre. However, callers to the IGTO inbound line are able to leave a voice message which IGTO officers monitor and follow up. The COVID-19 pandemic also had the effect of significantly increasing the workload of IGTO investigators due to the changed nature and added complexity of complaints.

Part 2 – Performance Report

Positive feedback received from complainants

Below are examples of positive feedback IGTO officers have received which demonstrate the effectiveness and level of satisfaction of our tax complaints investigation services.

Overall satisfaction of the IGTO's complaints investigation service

Excerpt of feedback received from an individual taxpayer in December 2020

I want to thank [IGTO officer] for his excellent support assisting with my objection. I'd like to compliment [IGTO officer] for the excellent service he provided during my hard time when I was stressed out. When everybody including ATO knocked backed my objection [IGTO Officer] has reviewed my case with unmatched expertise and provided me with an assurance that the ATO had appropriately actioned my objection. I am extremely pleased with the professional manner in which he took care of my file and went beyond and above. He has definitely earned my respect for his unparalleled work ethics and the ability to get to the bottom of the situation quickly exceeded my expectations.

I want to thank IGT and [IGTO officer] for the excellent service and the constant "can do" approach. [IGTO officer] has definitely presented the purpose of IGT and its responsibility towards the community.

Excerpt of feedback received from an individual taxpayer in March 2021

On behalf of [Company], I take this opportunity to convey my sincere gratitude for the tremendous assistance provided by your office and in particular from [IGTO officer], demonstrated a thorough understanding of the nature and handling of the case, provided timely feedback of actions taken and liaising with various sections within ATO to ensure the company's concerns are timely raised over what is considered a stressful period and dealing for the company.

My profound gratitude to the IGTO and [IGTO officer], I thank you.

Excerpt of feedback received from an individual taxpayer in March 2021

[IGTO officer], thank you for your ongoing assistance regarding this matter. I really appreciate how much you are trying to help me.

Excerpt of feedback received from an individual taxpayer in May 2021

Thank you very much for organising and being successful in your communications with the ATO. Thank you, it is lovely to see, to get the letter to see that it was finalised. I wanted to thank you. You obviously managed to find someone or some area that was able to look at it in a different way. Thank you very much, you've stopped a lot of continual calls, visits and appointments. Thank you for your efforts. Thank you again and anyone else that you've had to talk to that has managed to see it in a different light. Thank you very much.

Overall satisfaction with the outcome of a complaint

Excerpt of feedback received from an individual taxpayer in November 2020

Thank you [IGTO officer] for your help to date on our case and actioning a further review by the ATO which thankfully has provided what appears to be a successful decision in our favour.

Excerpt of survey response received from an individual taxpayer in August 2020

I believe that my complaint was managed and handled extremely well by the IGTO and I'm not able to think of any aspects that could have been improved. I believe that the support and assistance provided by the IGTO was instrumental in achieving a satisfactory outcome with my complaint about the ATO. The satisfactory result was achieved in what seemed to be quite a short amount of time and I greatly appreciated the initial telephone call from the IGTO in which I was able to further explain my complaint and to clarify what had occurred. For good measure, I had also lodged an appeal against the ATO tax decision in the Administrative Appeals Tribunal (AAT), Melbourne – but as a result of assistance from the IGTO I did not need to attend that AAT and was able to withdraw my appeal prior to an initial AAT telephone conference. A great deal of time (and potential expense) was saved for both the ATO and me, as a result of the help of the IGTO.

Part 2 – Performance Report

Positive feedback received notwithstanding dissatisfaction with outcome

Excerpt of feedback received from an individual taxpayer in April 2021

Despite not realising my preferred outcome, [IGTO officer] listened and understood my concerns. [IGTO officer] was able to take action with the ATO to better understand the facts and provide a clear explanation of the situation which helped improved my understanding.

Positive feedback regarding professionalism of IGTO staff

Excerpt of feedback received from an individual taxpayer in June 2021

I am delighted that [IGTO officer was] such a good listener and [IGTO officer] effectively handled the conversation between us. This has enabled me to relay information more effectively and therefore be able to get to the root cause of the situation. [IGTO officer] should be commended for your abilities and certainly deserve a worthy applause. It's rare to find people with such a good understanding regarding the nuances of the situation. You never lost track of the details in spite of listening to this conversation with me for the first time. I admit I was emotionally charged, but you maintained calm and objective throughout the conversation. Your organization should value your services as you bring something that's unique and of much value to the customers.

Excerpt of survey response received from an individual taxpayer in March 2021

In my engagement with the IGTO's office, I could seriously not have asked for more courteous, respectful, timely and professional services. The experience was of the highest professional standard and in my view sets a bar that should seriously be considered as one that could be adopted across other departments and offices.

Whilst admittedly the particular matter resulted in a positive and equitable outcome for our client, it is the actual process that I would commend. As a result of this experience, I have frequently since mentioned as part of presentation at various legal and tax conferences and events around Australia, on the merits of engaging (where appropriate) with the IGTO's office on complaints and issues.

Performance measure 1.4

Performance measure	Percentage of complaints lodged via dedicated complaints webform or email
Source	Corporate Plan 2021–2024, p 49
Result	61%
Analysis	In FY21 the IGTO received 61% of complaints via our online complaint webform or by email (the latter being available for returning complainants) – an increase compared to the 43.5% result in FY20. During FY21, the IGTO implemented strategies to focus resources toward commencing and completing investigations and assisting the Australian community correctly access COVID-19 pandemic or other financial support. This included implementing a new online complaint webform, a ‘call back’ approach for telephone complaints as well as associated messaging on the IGTO’s public website and call centre Interactive Voice Response.

Effective complaints investigation service – Case studies

In addition to the evidence for the performance measures above, the following case studies demonstrate the effectiveness of tax complaint investigations in assisting complainants and their representatives directly, and more broadly.

Case study 1 – ATO reverses earlier decisions on JK and BCF ineligibility, clarifies its view of the law and agrees to informally review other cases

In December 2020, the IGTO published its report following extensive complaint investigations into aspects of the ATO’s administration of JobKeeper (JK) and Boosting Cash Flow (BCF) payments for new businesses.

During these investigations, the ATO confirmed that the meaning of “taxable supply”, as modified by the JK and BCF support measures, was broader than the definition applied by the ATO in its earlier decisions. The IGTO also concluded that the ATO did not provide a number of new businesses with an opportunity to provide evidence of having made taxable supplies (within the modified meaning) before it determined that they were ineligible for the JK and BCF support measures.

As a result, the ATO undertook to informally review and reconsider its earlier decisions which were the subject of taxation complaints raised with the IGTO. The ATO also advised the IGTO (in September 2020) that it would review and reconsider earlier decisions, that were the subject of dispute in objections and appeal cases, regarding JK and BCF eligibility, where a material factor in the ATO’s decision was the lack of a sale or supply reported by the new business on or before 12 March 2020.

Case study 1 – ATO reverses earlier decisions on JK and BCF ineligibility, clarifies its view of the law and agrees to informally review other cases

Overall, the IGTO's complaint investigations achieved positive outcomes for some new businesses, most of which had already been unsuccessful in challenging the ATO's decisions. Without the IGTO's intervention, it is unlikely that these businesses would have received the government support measures that they were intended to receive.

The IGTO also assisted new small businesses (and their advisors) to understand ATO eligibility decisions concerning the JK and BCF support measures and reconnected them (in some instances) with the ATO.

Through our investigation function, the IGTO improved transparency, community assurance about tax administration and helped reduce compliance costs.

Case study 2 – ATO reverses decision to decline release of superannuation and clarifies public guidance

A complainant approached the IGTO with a concern that the ATO had rejected their application for early release of super on compassionate grounds without appropriately considering their situation. The complainant applied to the ATO to access their super early to pay for their mother's medical treatment. The ATO rejected their application on three occasions (initial application, informal review, and complaint) on the basis that their mother was not a 'dependant' as defined. In making that decision, the ATO did not consider whether other forms of dependency may have been present or provide the complainant with an opportunity to provide further information to demonstrate this.

The definition of 'dependant' in subsection 10(1) of the *Superannuation Industry (Supervision) Act 1993* suggests that it is an inclusive definition, which also covers a 'dependant' within the ordinary meaning of that word (e.g. someone who is financially dependent on a person). However, the ATO's website guidance (QC 60034) on compassionate release of superannuation was unclear and led to a misunderstanding that a dependant could only be a spouse, a child, or a person with whom you have an interdependent relationship.

As a result of the IGTO investigation, the ATO agreed to review the complainant's situation to confirm whether their mother was a 'dependant' within the ordinary meaning of the word. The ATO also agreed to update web guidance QC 60034 and internal ATO staff guidance to clarify that a 'dependant' for the purpose of compassionate release of superannuation covers a dependant within the ordinary meaning of the word and to ensure ATO staff take a consistent approach in processing future compassionate release of superannuation applications.

Case study 3 – ATO reverses decision to decline late JK enrolment and clarifies application of ATO staff instructions

A JK complaint was lodged on behalf of a small travel business, owned and operated by an elderly couple. The revenue of the business was reduced to nil due to the responses to the COVID-19 pandemic. The owners mistakenly believed that, as the business had no employees, it was ineligible for JK. In the course of attending to their end of financial year accounting in late July 2020, a bookkeeper advised one of the owners of his status as an eligible business recipient. Once he became aware, he sought retrospective registration from JK's inception. This was initially denied by the ATO on the basis that the complainant's circumstances did not fall within one of four ATO-specified circumstances which warranted retrospective enrolment, including natural disasters, impeded access to records, serious illness or death and system issues. No other facts and circumstances were considered by the ATO.

As a result of our investigation, the ATO accepted that in considering retrospective registration for JK the relevant question is whether granting deferral of the due date for lodgement of the registration forms would be "fair and reasonable". Such consideration was required by the Commissioner's instructions to ATO staff in *Practice Statement Law Administration 2011/15 Lodgment obligations, due dates and deferrals*. This question is to be determined with reference to all the relevant facts and circumstances of an applicant. That is, the exercise of the discretion to allow retrospective registration should not have been confined to determining whether or not one of four ATO-specified circumstances were present in the case. In light of this, the ATO considered the complainant's facts and circumstances in their totality and allowed the retrospective registration from JK's inception.

Case study 4 – ATO reconsiders deceased estate requirements (in light of IGTO review recommendation) and releases monies

A complainant was not able to finalise her daughter's estate as the ATO required her to provide it with a Letter of Administration (LOA) before it would recognise her as a legal personal representative of her daughter's estate. However, the complainant could not obtain an LOA. This was because the relevant State law required a minimum amount of assets in the estate to do so and her deceased daughter had left no such assets. She was unsuccessful in persuading the ATO to make an exception, notwithstanding the difficulties and disproportionate financial costs that she would incur if she sought to pursue it further.

She raised a complaint with the IGTO. During the IGTO's initial discussions with the ATO, the ATO did not agree to release the monies in the estate to the complainant.

The IGTO observed that the concerns raised by the complainant were similar to concerns that we had raised in our review of *Death and Taxes: An Investigation into Australian Taxation Office Systems and*

Case study 4 – ATO reconsiders deceased estate requirements (in light of IGTO review recommendation) and releases monies

Processes for dealing with deceased estates. The IGTO reminded the ATO of recommendation 7(a) in that review: that the ATO confirms its position on the interaction between State and Territory succession laws and tax laws to confirm which ‘representatives’ of the deceased can represent the deceased for various tax purposes, particularly in circumstances where neither probate nor letters of administration are required by State and Territory succession law. Accordingly, our office requested the ATO to reconsider the complainant’s circumstance in light of its agreement to recommendation 7(a).

The ATO reconsidered the complainant’s circumstance having regard to recommendation 7 and approved release of the estate monies to the complainant.

Case study 5 – ATO reverses decision to decline late JK enrolment and apologises

A complainant raised concerns in relation to the ATO’s decision that they were not eligible to receive JK payments as they did not apply by the due date. The complainant explained that they submitted a lodgement deferral request for the periods for which they were late, explaining to the ATO that they were dealing with serious family issues at the time which delayed their application. The ATO did not grant the deferral request and the taxpayer subsequently lodged a complaint with the IGTO.

The IGTO commenced an investigation and asked the ATO to explain why the complainant’s deferral was not granted, as the complainant appeared to be eligible based on the ATO’s relevant public guidance. The ATO escalated the decision to senior officers for review and after reconsidering the complainant’s explanation it was determined that the lodgement deferral should have been granted. As a result, the complainant received backdated JK payments and an apology from the ATO.

Case study 6 – ATO reverses GST refund retention decision

A complainant raised concerns regarding the ATO's decision to retain his GST refund as he had multiple outstanding BAS lodgements. The complainant explained that he was experiencing financial hardship and required the funds to pay his tax agent to meet his lodgement obligations. The complainant further explained that he was to go to be evicted from his home and also required the funds for bond and rent in advance.

The IGTO commenced an investigation and identified that the ATO has the discretion to release a refund under serious financial hardship or significant impact to a business's viability. The IGTO requested the ATO to review its decision and consider whether the ATO would release the refund based on the complainant's circumstances above. The ATO reviewed the complainant's circumstances and agreed to release the refund of approximately \$17,000.

Case study 7 – ATO rectifies incorrect advice and remediates early release of superannuation application

A complainant attempted to apply for COVID-19 early release of superannuation in the amount of \$10,000 from his super fund. In the process of doing so, he could not locate his preferred super fund on the ATO Online application form. He phoned the ATO's superannuation enquiries area and received advice from an ATO officer that he should select any fund and the application would correct itself.

The complainant followed the ATO officer's instructions and selected a super fund account which contained \$615. The application was processed and the complainant received the balance of \$615 from his super account.

The complainant subsequently engaged with the ATO over a 6-week period, trying to get the remainder of his \$10,000 released from his preferred superannuation fund account. The ATO refused to remediate his early release of superannuation application and he approached the IGTO for assistance.

The IGTO commenced an investigation where an option for remediation was identified. The ATO accepted it had provided incorrect advice and remediated the complainant's application. This resulted in a further determination being processed and a further release of \$9,385 from his preferred superannuation account.

Case study 8 – ATO reverses JK repayment decision

A complainant had received \$15,000 in JK payments. The ATO conducted a JK review and determined that the complainant was not eligible for the payments as the complainant had not lodged their 2019 tax return by the relevant due date and subsequently raised a tax debt of \$15,000.

The complainant had experienced difficult personal and medical issues which affected their ability to lodge their 2019 tax return by the required date. The complainant considered that they had met all the other eligibility criteria for JK. The ATO had declined to exercise the Commissioner's discretion to allow the complainant further time to notify the ATO of their business income.

The complainant approached the IGTO, where the IGTO requested the ATO to reconsider the Commissioner's decision in light of the judgment in the Federal Court case, *FACT v Apted* and updates to *Practice Statement Law Administration 2020/1 Commissioner's discretion to allow further time for an entity to register for an ABN or provide notice to the Commissioner of assessable income or supplies*. As a result of the IGTO's involvement, the ATO agreed to exercise the Commissioner's discretion based on the complainant's circumstances which reversed its earlier decision that determined them ineligible. Consequently the \$15,000 debt was cancelled and the ATO reinstated their JK payments.

Case study 9 – ATO reverses decision to cancel First Home Super Saver Scheme application and agrees to review similar cases when law is amended

A complainant contacted the IGTO raising concerns that the ATO had unreasonably withheld amounts released by her superannuation fund under the First Home Super Saver scheme (FHSS scheme). She explained that she had applied to access the FHSS scheme to buy her first home and obtained a FHSS Determination from the ATO which specified the maximum amount she could withdraw. After obtaining the FHSS Determination, the complainant was able to secure the mortgage finance needed to purchase her first home and requested the ATO to authorise her superannuation fund to release the monies. After the ATO issued this authority to the complainant's superannuation fund, she entered into a contract to purchase her home.

The superfund released the monies to the ATO but before releasing the monies to the complainant, the ATO identified errors in the complainant's application that, if corrected, would reduce the amount that she was eligible to release. However, these errors were identified too late for the ATO to correct the application or Determination. As a result, the ATO decided to cancel the Determination and the release authority on the basis that the errors had invalidated the Determination. The ATO then returned the monies back to the fund. The law prevents the complainant from amending or applying for release again under the FHSS scheme. The complainant sold her furniture to raise funds to cover the amount

Case study 9 – ATO reverses decision to cancel First Home Super Saver Scheme application and agrees to review similar cases when law is amended

she expected from the FHSS release and incurred costs in extending the settlement date for her contract.

The complainant raised a complaint with the ATO, explaining that her error was due to a genuine misunderstanding, that the ATO website and online application form was unclear and she had also sought assistance from a number of ATO officers before lodging her application. However, no ATO officer had correctly addressed her misunderstanding, for example, during a call with the ATO call centre to seek assistance with lodging her application, she was assured that if she made a mistake on the application forms, she would be able to correct it later. The ATO reconsidered her circumstances, however, it did not change the earlier decisions.

The IGTO conducted an investigation by reviewing the ATO's records, call recordings and systems documentation. The IGTO found that the complainant had taken steps to understand what was needed and to obtain ATO assistance. However, she had made errors on her application form that were likely due to a genuine (but erroneous) belief which was not dispelled by ATO assistance, anxiety with a pending deadline, and frustration with the difficulties she encountered with the online application form. The IGTO also found that the ATO had failed to consider relevant information when forming impressions of the complainant's errors and had cancelled the FHSS Determination without lawful authority which was likely due to a genuine (but erroneous) ATO belief that the errors had invalidated the Determination. The IGTO also communicated to the ATO its views on particular tax administration laws that impacted on this case.

The IGTO recommended that the ATO:

- take remedial action to address the shortcomings in this matter, including by providing an equitable remedy and appropriate apology, as well as considering compensation for the loss caused; and
- improve the ATO's administration of the FHSS scheme, including measures to rectify the unfairness that arises from the ATO conducting FHSS compliance activities after it is too late to remedy errors, and providing clear public guidance regarding FHSS applications and associated risks; and
- improve governance of ATO officer adherence to the Taxpayers' Charter and their assistance in IGTO complainant investigations, as well as the ATO's communication of rights of review in FHSS decisions and quality assurance of those decisions.

As the Government has announced an intention to make technical amendments to the FHSS legislation with retrospective effect to assist individuals and the ATO rectify errors made on FHSS applications, the

Case study 9 – ATO reverses decision to cancel First Home Super Saver Scheme application and agrees to review similar cases when law is amended

IGTO also recommended the ATO to take steps to address the risk of individuals suffering adverse consequences due to making errors on applications prior to the enactment of the legislation.

Following consideration of a lengthy IGTO report which detailed the evidence, the ATO ultimately agreed to release the FHSS amounts to the complainant with an apology and advised that it had made improvements to its administration of the FHSS scheme. The ATO also agreed to review all FHSS cases in which it had made adverse decisions (after the proposed amendments to the FHSS legislation have been enacted) and offer all those individuals the opportunity to amend their FHSS applications without disproportionate adverse consequence.

Case study 10 – ATO reverses decisions and remediates release of superannuation applications

The early release of superannuation – Coronavirus (COVID-19 ERS) measure was designed to provide support to people in serious hardship, by allowing them to withdraw \$10,000 from their superannuation accounts in each of the 2019-20 and 2020-21 financial years.

Australians who were eligible to apply for COVID-19 ERS were especially vulnerable to the financial effects of the pandemic because they were unemployed, on social security payments, or had their working hours or business turnover significantly reduced.

The IGTO commenced investigations into 58 complaints where an individual identified that there was a mistake in their COVID-19 ERS application and the ATO would not approve release of the full amount they had intended to receive. We understood the unfortunate and difficult circumstances caused by the COVID-19 pandemic and importance of the COVID-19 ERS measure in assisting people withstand the economic impacts of COVID-19. As such, we sought to assist those 58 people who had made genuine errors in their applications with receiving the full amount they had sought to be released.

As a result of the IGTO's investigation:

- 25 people received the full amount of superannuation they had sought;
- 21 individuals were granted the release of superannuation through an administrative workaround;
- 3 individuals were granted the release of superannuation because the IGTO identified their applications could be supported using the ATO's pre-existing remediation procedures; and

Case study 10 – ATO reverses decisions and remediates release of superannuation applications

- 1 individual was granted the release of superannuation because the IGTO identified that the ATO had provided the individual with incorrect advice prior to the application being lodged.

There are still 33 cases outstanding which we are continuing to investigate to understand how the affected individuals can be helped with receiving the full amount of superannuation they are entitled to.

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 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 investigation 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 tax 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	IGTO Reviews commenced
Source	Corporate Plan 2021–2024, p 50, [Section 41 of the IGT Act]
Result	Nil
Analysis	<p>The IGTO did not commence any review investigations in FY21.</p> <p>Throughout the year, we continued to progress two review investigations that had been commenced in FY20, namely:</p> <ul style="list-style-type: none">▪ <i>An Investigation and exploration of undisputed tax debts in Australia</i> (commenced October 2019 and deferred in April 2020 due to the impacts of the COVID-19 pandemic); and▪ <i>An Investigation into the effectiveness of ATO communications of taxpayers’ rights to complain, review and appeal</i> (commenced 30 June 2020).

Part 2 – Performance Report

Performance measure 2.2

Performance measure	Number of IGTO Review investigation reports published each year
Source	Corporate Plan 2021–2024, p 50, [Section 41 of the IGT Act]
Result	2
Analysis	<p>The IGTO published two review investigation reports in FY21:</p> <ul style="list-style-type: none">▪ <i>Death and Taxes – An Investigation into ATO systems and processes for dealing with deceased estates</i> (7 July 2020); and▪ <i>An Investigation and exploration of undisputed tax debts in Australia</i> (30 June 2021). <p>The IGTO also published an own motion investigation – <i>A report on aspects of the Australian Taxation Office’s administration of JobKeeper And Boosting Cash Flow Payments for new businesses</i> which involved a significant investment of time and resources – equivalent to a review investigation.</p>

Performance measure 2.3

Performance measure	Refresh IGTO register of potential review investigation topics through consultation with stakeholders and analysis of complaint trends
Source	Corporate Plan 2021–2024, p 50
Result	2
Analysis	<p>The IGTO undertakes research and consultation every six months to refresh our register of potential review investigation topics.</p> <p>The first refresh commenced in November 2020 with an update published on our website in January 2021. Nine new topics were added to the list following this refresh.</p> <p>The second refresh commenced in May 2021 with an update published on our website in July 2021. Six new topics were added to the list following this refresh.</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 are 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	Percentage of Review investigation recommendations accepted (Agreed, Agreed in Part, Agreed in Principle) by the ATO or TPB
Source	Corporate Plan 2021–2024, p 50
Result	96% and 71%
Analysis	<p>The IGTO made 10 recommendations comprising 23 parts in the Death and Taxes – An investigation into ATO systems and processes for dealing with deceased estates report. The ATO agreed in full, in part or in principle with 22 out of 23 parts (96%).</p> <p>The IGTO made 5 recommendations comprising 7 parts in the Investigation and exploration of undisputed tax debts in Australia report. The ATO agreed in full with 5 out of 7 parts (71%).</p>

Part 2 – Performance Report

Performance measure 3.2

Performance measure	Number of Agreed Business Improvements from Complaint Investigations accepted and implemented by the ATO or TPB
Source	Corporate Plan 2021–2024, p 50
Result	ATO accepted 10; implemented 10; closed as not implemented 1. TPB accepted 0; implemented 0.
Analysis	<p>The IGTO seeks to identify improvements to the ATO and TPB business processes. Our ability to identify improvements is dependent on the concerns raised during a complaint investigation. We adopt a continuous improvement approach that leads to prompt action that benefits taxpayers more broadly.</p> <p>During our complaint investigations, the ATO or TPB may acknowledge that there is an opportunity for improvement to their business processes. Accordingly, an ABI may emerge without the need for the IGTO to conduct a further formal review investigation. The details of the ABI are captured and its implementation monitored by the IGTO.</p> <p>The ATO accepted 10 new ABIs during FY21 and implemented 10. One ABI, relating to an ATO system improvement, was closed as not implemented as a revised implementation date could not be agreed with the ATO. The number of ABIs agreed with the ATO this FY is higher compared to the 6 ABIs agreed in FY20. However, the number of ABIs implemented by the ATO this FY is lower compared to the 24 implemented in FY20. This is due to the lower number of outstanding ABIs awaiting implementation by the ATO.</p> <p>No new ABIs were accepted or implemented by the TPB during FY21. This is a reduction compared to the 1 ABI the TPB agreed and 3 implemented in FY20. The lower number of ABIs with the TPB is a function of the lower number of TPB complaint investigations.</p>

Performance measure 3.3

Performance measure	Meetings or Briefings with the Minister, Government, the Australian Parliament and its Committees
Source	Corporate Plan 2021–2024, p 50
Result	14
Analysis	<p>The IGTO continued to engage with, and support, the Minister, Government, the Parliament and its Committees in FY21. While the COVID-19 pandemic limited the number of such interactions, where possible the IGTO met with and provided a number of briefings on various aspects of tax administration to assist the Minister, Government and Parliament in their work.</p>

Performance measure 3.4

Performance measure	Percentage of responses to Government, Treasury or Parliamentary inquiries that relate to taxation administration where IGTO requested to contribute
Source	Corporate Plan 2021–2024, p 50
Result	100%

Analysis

The IGTO responds to all requests for our contribution to Government, Treasury or Parliamentary Inquiries that relate to taxation administration matters. In FY21, we lodged 7 submissions and 3 supplementary submissions.

House of Representatives Committee on Tax and Revenue

- Supplementary submission to the Tax Treatment of Employee Share Schemes (14 July 2020)
- Supplementary submission to the Inquiry into the Commissioner of Taxation Annual Report 2018-19 (13 August 2020)
- Supplementary submission to the Inquiry into the Development of an Australian Corporate Bond Market (19 November 2020)

Senate Economics Legislation Committee

- Submission to the Inquiry into Treasury Laws Amendment (Self Managed Super Funds) Bill 2020 (16 September 2020)
- Submission to the Inquiry into the Foreign Investment Reform (Protecting Australia's National Security) Bill 2020 and Foreign Acquisitions and Takeovers Fees Imposition Amendment Bill 2020 [Provisions] (10 November 2020)
- Submission to the Inquiry into the Treasury Laws Amendment (2020 Measures No 4) Bill 2020 (10 November 2020)
- Submission to the Inquiry into the National Consumer Credit Protection Amendment (Supporting Economic Recovery) Bill 2020 (2 February 2021)
- Submission to the Inquiry into Treasury Laws Amendment (Your Future, Your Super) Bill 2021 [Provisions] (16 March 2021)

Other Consultation

- Submission to the Australian Tax Office's consultation on the National Tax Clinic open competitive grant program (18 January 2021)
- Submission to the Attorney-General's Department's Commonwealth Integrity Commission consultation draft (26 February 2021)

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 to the administration of the tax system.

The IGTO receives submissions and 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	Meetings or Briefings with the ATO and/or the TPB on IGTO review investigations or the complaints service
Source	Corporate Plan 2021–2024, p 51
Result	128
Analysis	<p>The IGTO has maintained its periodic and routine meetings and briefings with the ATO and TPB during FY21. This is notwithstanding the impact that the COVID-19 pandemic has had on our operations. For much of FY21, the IGTO operated work from home arrangements in accordance with health orders issued in NSW in response to the COVID-19 pandemic.</p> <p>We leveraged ICT Platform and remote working technology, including video calling and conferencing facilities to engage with the ATO and the TPB in relation to complaints and review investigation work. These engagements are facilitated both at an operational level as well as at senior management strategic level to better manage both areas of work.</p> <p>No direct comparison and analysis is possible with prior year results as this KPI is modified from KPIs 3.5 and 4.2.</p>

Performance measure 4.2

Performance measure	Number of memberships maintained in relevant domestic and international organisations – including legal, accounting, taxation and ombudsman organisations
Source	Corporate Plan 2021–2024, p 51
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"> ▪ Australian and New Zealand Ombudsman Association ▪ Australian Institute of Administrative Law ▪ Australian Institute of Company Directors ▪ Chartered Accountants Australia and New Zealand ▪ Certified Practicing Accountants Australia ▪ Institute of Public Accountants ▪ International Ombudsman Institute ▪ Law Society of NSW ▪ Society of Consumer Affairs Professionals ▪ The Tax Institute

Performance measure 4.3

Performance measure	Number of domestic and international conferences and forums, stakeholder discussion groups or workshops attended by IGTO
Source	Corporate Plan 2021–2024, p 51
Result	62 domestic conferences/forums 8 international conferences/forums
Analysis	<p>Although the COVID-19 pandemic created some constraints on the IGTO's ability to engage with our stakeholders, opportunities were taken to engage with stakeholders virtually through video conferencing and webinars where possible. These engagements also provided the IGTO with insight into how the COVID-19 pandemic was impacting our stakeholders and their clients and provided an opportunity for the IGTO to communicate the availability of our investigation services to assist the community.</p>

Part 2 – Performance Report

Performance measure 4.4

Performance measure	Mentions of the IGTO by key stakeholders following key announcements
Source	Corporate Plan 2021–2024, p 51
Result	222 media items in addition to mentions by a range of key professional bodies
Analysis	<p>During the year, there were 222 media items mentioning the IGTO and the work of our agency. The majority of these were online (70.72%) followed by print media (11.71%), TV (7.21%), social media (7.21%) and radio (3.15%).</p> <p>The aggregate of these mentions had a potential audience reach of 17.5 million.</p> <p>In addition to the media, specific mentions of the IGTO were also made by our key stakeholders, including professional organisations in communications to their members and other Federal government agencies, following release of key documents throughout the year:</p> <ul style="list-style-type: none">▪ Death and Taxes – An investigation into ATO systems and processes for dealing with deceased estates▪ Corporate Plan 2021–2024▪ Annual Report 2019–20▪ Report on aspects of the ATO’s administration of JobKeeper and Boosting Cash Flow payments for new businesses▪ An Investigation and exploration of undisputed tax debts in Australia

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

The IGTO team members are essential to the services we provide 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 results from internal and external staff engagement and capability surveys
Source	Corporate Plan 2021–2024, p 51
Result	<p>The 2020 APSC Employee Census was undertaken in November 2020, deferred due to COVID-19.</p> <p>75% of our staff have high satisfaction levels with their employment at IGTO.</p> <p>The IGTO staff survey was undertaken in June 2021. 91% of staff consider that the Agency adequately supports them in undertaking their role.</p>
Analysis	<p>The high satisfaction levels of our staff with their employment at our office, and their sentiment that the Agency adequately supports them in undertaking their role is pleasing, with an overall increase of 5% on the previous year. These results are welcomed and strong, particularly given the challenging operational environment experienced over FY21 and the sometimes stressful nature of complaint investigations. It reflects our commitment to provide a workplace environment in which our team is supported, engaged and inspired to provide both service and outcomes for the community. We continued to support our staff with improved capability to work remotely to ensure their ongoing safety during the COVID-19 pandemic – particularly the agility required when tightened restrictions were put in place. 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.</p>

Part 2 – Performance Report

Performance measure 5.2

Performance measure	Number of hours in undertaking Learning & Development (L&D)/training including those that contribute to the continuing professional development (CPD) requirement for the various professional associations
Source	Corporate Plan 2021–2024, p 51
Result	<p>Eligible IGTO staff (29) each participated on average 93 hours of L&D and CPD in FY21.</p> <p>The IGTO also supported 1 staff member with postgraduate study and 10 staff members with a Certificate IV in Government Investigations in FY21.</p>
Analysis	<p>Our strong support for team development and capability enhancement is demonstrated by the average hours of training for each staff member as well as the nature of that training and resulting qualifications. The IGTO leveraged in-house training opportunities provided to selected team members by ensuring these team members presented to the broader IGTO team at the completion of their training. The training attended includes:</p> <ul style="list-style-type: none">▪ Certificate IV in Government Investigations▪ Management and leadership skills▪ Tax Institute Conference▪ Certified Practising Accountants Tax Practitioners Conference▪ NSW Ombudsman training on Complaints Handling▪ Personal drive and growth▪ Weekly tax technical updates▪ Privacy Act and Privacy Principles▪ Tailored IGTO induction training

Performance measure 5.3

Performance measure	Monitor diversity in the agency – including the percentage of female and CALD staff across all levels
Source	Corporate Plan 2021–2024, p 51
Result	Female staff – 45% Born overseas – 52% CALD – 62%
Analysis	<p>Our agency is small and specialised, having national responsibility and operating out of a single Sydney-office location with 29 staff. The percentage of CALD staff in our agency is high (62%) when compared to the APS-wide average (21.4%) [source: APSC State of the Service 2020, p. 145]. Although almost half of our agency is staffed by women (45%), it is below the APS-wide average of 60% [source: State of the Service report 2020, p 117]. As a small agency, movements in staff can affect these proportions substantially.</p> <p>Notwithstanding workforce recruitment constraints, these percentages reflect a strong commitment to workplace diversity. Such constraints include those arising from our single office location in Sydney, our requirement for specialised taxation law and policy skills and experience, and strong competition with private sector and other agencies for candidates in this limited pool.</p> <p>Moving forward, the IGTO will develop a Diversity and Inclusion Strategy that is representative of the broader Australian demographic and incorporate diversity based on gender, ethnicity, disability, indigenous heritage, sexual preference and age.</p>

Statutory Statement

I, Karen Payne, as the Accountable Authority of the IGTO, have prepared the above FY21 annual performance statement of the IGTO for the purpose of paragraph 39(1)(a) 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 in FY21 and complies with subsection 39(2) of the PGPA Act.

Financial Performance Report

The IGTO's FY21 financial statements are presented in Part 5 of this report. The IGTO received an unmodified audit report on the FY21 financial statements from the ANAO on 23 September 2021. We ended FY21 with an attributable surplus of \$151,689 compared to surplus of \$29,228 in FY20. 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 Agency's 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

Previously, due to our small office environment, our corporate governance and administrative practices were generally designed to adopt or align with the policies and procedures of the Department of Treasury, where applicable. This approach 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. During the period, the MOU with Treasury was renegotiated with a reduced service offering due to the IGTO largely managing its own ICT cloud-based systems and Human Resources (**HR**) function (including payroll supported by an external service provider). The MOU now covers financial services, security vetting services and limited ad hoc HR services.

The historical adoption of Treasury policies and guidelines was undertaken to increase efficiency and reduce operational risk as well as covering 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 small 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 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 Deputy IGTO as CFO, Chief Security Officer and Chief Risk Officer.

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 AAls, Fraud Control Plan, Business Continuity Plan and the Risk Management Policy and Framework are also periodically reviewed internally by our office and by the Audit and Risk Committee (**ARC**).

Our team's awareness of risk management policies and procedures is maintained through training programs and a risk culture, established by the IGTO (as AA), by addressing matters through a risk lens. In June 2021, the entire IGTO participated in a two-day offsite event focussed on risk management. The FY21 internal audit program focussed two audits on risk and found sound practices in terms of the IGTO's risk policy and internal controls.

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**). The BCP has been updated following a test run in March 2020 – immediately prior to the implementation of working from home arrangements due to COVID-19 social distancing arrangements and again in July 2021 following the NSW Government Stay at Home public health order.

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 were delivered by a professional services firm in FY21. Three audit reports were delivered which focussed on the payroll function, the risk management policy and framework, and the effectiveness of internal controls. In FY21, the ARC Chair endorsed the IGTO Audit Strategy and FY22 Audit Work Plan.

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 FY21, IGTO officers also completed fraud awareness training delivered by the ATO (due to IGTO officers having direct access to ATO systems).

No cases of fraud were identified in FY21. 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 relate to non-compliance with Finance law and action taken to remedy the non-compliance.

On 16 July 2021, the IGTO advised the responsible Minister in accordance with Section 19 of the PGPA Act, of two instances of significant non-compliance with finance law arising in prior years.

Table 6: Instances of significant non-compliance with finance law, FY21

Description of non-compliance	Remedial action
SES remuneration (2 cases) – remuneration increases for SES officers were not made in accordance with either the instrument under which each officer was engaged or Section 24(1) of the <i>Public Service Act 1999</i> (Public Service Act).	The IGTO has undertaken remedial action of controls and improved internal processes and governance including – the recruitment of a full time HR manager to oversee the IGTO payroll function, outsourcing to an independent payroll service provider, enhancements and revisions to IGTO HR delegations, policies and procedures, augmenting the IGTO internal audit capability by conducting internal audits on internal controls and the payroll function in FY21, and the execution of valid section 24(1) determinations for SES personnel. These actions are expected to reduce the risk of non-compliance in future.

Audit and Risk Committee

The IGTO 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. Each member is currently paid \$800 per meeting. Remuneration is paid upon receipt of a valid tax invoice from each member and accordingly there can be timing differences in payments made (as shown in Table 7 below). The total annual remuneration accordingly represents payments made in FY21 that relate to FY21 and prior years.

A copy of the ARC charter is available on the IGTO's website via this link:

https://www.igt.gov.au/wp-content/uploads/2021/07/008_Audit-Risk-Committee-Charter-April-2021.pdf.

The ARC provides advice and assurance by reporting to the AA. The ARC met on three occasions in FY21. 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 7.

Table 7: Details on the Audit and Risk Committee's members

Member name	Qualifications, knowledge, skills or experience	Number of meetings attended / total number of meetings	Total annual remuneration (GST inc.)
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, South East 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 3	\$3,200

Part 3 – Management and Accountability

Member name	Qualifications, knowledge, skills or experience	Number of meetings attended / total number of meetings	Total annual remuneration (GST inc.)
David Barry (Commenced 28 November 2012)	For the past twenty-six 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.	2 out of 3	\$1,600
Fiona Erhardt (Commenced 6 September 2017)	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.	3 out of 3	\$4,800
Peter McGee (Commenced 29 August 2011)	Peter has a management background in corporate governance, enterprise risk management, general insurance and internal audit. He has spent seven years in the government sector and ten years in senior executive roles in AMP, focusing on risk management and governance, and 21 years in various general insurance roles.	3 out of 3	\$800

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 FY21.

Reports on operations

No reports in FY21 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), a Parliamentary committee or the Commonwealth Ombudsman.

Judicial, administrative tribunal or Australian Information Commissioner decisions

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

On 22 December 2020, the Australian Information Commissioner (AIC) issued her decision in *WN and Inspector-General of Taxation (Freedom of Information)* [2020] AICmr 71, a review of the IGTO's refusal to release our complete telephone contact list to a complainant. The AIC's decision partially affirmed the IGTO's access refusal decision. Specifically, the AIC agreed that the release of unrecorded telephone numbers and work mobile numbers of IGTO officers would have a substantial adverse effect on the proper and efficient conduct of the operations of the agency.

Capability reviews

No capability reviews of the IGTO were released during FY21.

Assets Management

The management of our assets is governed by the AAls and aligns with government best practice. The assets of the IGTO do not include cash or cash at bank as Treasury manages all banking facilities on behalf of the IGTO under the MOU. This is an important check in the context of our small agency size. The Treasury, as service provider under the MOU, 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.

The IGTO 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 SMEs 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 FY21 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.

Reportable consultancy contracts

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 FY21, 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 FY21, 5 new reportable consultancy contracts were entered into involving total actual expenditure of \$77,369.93. In addition, 1 ongoing consultancy contract was active during the period, involving total actual expenditure of \$nil.²

Table 8: Expenditure on Reportable Consultancy Contracts Current Report Period (2020–21)

	Number	Expenditure \$ (GST inc.)
New contracts entered into during the reporting period	5	\$77,369.93
Ongoing contracts entered into during a previous reporting period ¹	1	\$-
Total	6	\$77,369.93

Table 9: Organisations Receiving a Share of Reportable Consultancy Contract Expenditure Current Report Period (2020–21)³

Name of Organisation	Expenditure \$ (GST inc.)
ORIMA Research Pty Ltd (ABN 77 076 347 914)	\$28,267.30
Collier Creative Pty Ltd (ABN 76 059 535 992)	\$20,832.63
Wordmakers (ABN 50 429 218 240)	\$16,362.50
Streem Pty Ltd (ABN 12 600 621 672)	\$11,907.50

² As expenditure is on a cash basis not an accruals basis, the figure is \$nil.

³ There were six organisations that the IGTG entered into a reportable consultancy contract within the current report period, but two organisations have not been included in Table 9 as there was nil expenditure.

Annual reports contain information about actual expenditure on reportable consultancy contracts. Information on the value of reportable consultancy contracts is available on the AusTender website.

Reportable non-consultancy contracts⁴

During FY21, 21 new reportable non-consultancy contracts were entered into involving total actual expenditure of \$684,896.02. In addition, 5 ongoing non-consultancy contracts were active during the period, involving total actual expenditure of \$670,452.92.

Table 10: Expenditure on Reportable Non-Consultancy Contracts Current Report Period (2020–21)

	Number	Expenditure \$ (GST inc.)
New contracts entered into during the reporting period	21	\$684,896.02
Ongoing contracts entered into during a previous reporting period	5	\$670,452.92
Total	26	\$1,355,348.94

Table 11: Organisations Receiving a Share of Reportable Non-Consultancy Contract Expenditure Current Report Period (2020–21)

Name of Organisation	Expenditure \$ (GST inc.)
Dexus Property Services Pty Limited (ABN 66 080 918 252)	\$645,349.54
Bro-IT Pty Ltd (ABN 58 642 357 140)	\$245,670.80
Resolve Software Group Pty Ltd (ABN 87 063 320 696)	\$101,640.71
Aurion Corporation Pty Ltd (ABN 63 050 431 868)	\$43,733.80
HD IT (ABN 59 339 678 158)	\$39,546.48

Annual reports contain information about actual expenditure on reportable non-consultancy contracts. Information on the value of reportable non-consultancy contracts is available on the AusTender website.

⁴ AusTender search results yield 27 reportable non-consultancy contracts. However, it has been confirmed that one contract had been incorrectly entered into AusTender and it has not been counted for the purposes of this table.



PART 4

Our People

Management of Human Resources

IGTO Staffing Statistics

Part 4 – Our People

Management of Human Resources

Our office promotes 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

In FY21, we adopted the Treasury's Performance Development System (**PDS**) policy and guidelines, noting a tailored PDS policy and guidelines for the IGTO were released in July 2021. 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 8) 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 team includes the IGTO, the Deputy IGTO, the General Manager and the EL 2 Directors.

Workforce composition

The IGTO is a statutory appointee. All other officers are employed under the 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 12: Australian Public Service Act Employment Arrangements Current Report Period (2020–21)

	SES	Non-SES	Total
Agency Determination 24(1)	2	–	2
Inspector-General of Taxation Enterprise Agreement 2018-2021	–	26	26
Total	2	26	28

Workplace Agreements

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

During FY21, section 24(1) determinations were executed in respect of two SES officers to remediate matters identified in the FY20 Annual Report.

Non-SES officers are remunerated in accordance with the *Inspector-General of Taxation Enterprise Agreement 2018–2021* and Treasury PDS policies and guidelines and Remuneration guidelines, noting the IGTO PDS policies and guidelines, and the IGTO Remuneration guidelines were released in July 2021. In FY21, 26 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 FY21 period.

Executive remuneration

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

SES remuneration is set by the AA, in accordance with their contractual terms and conditions.

Consistent with the HR delegations of the AA, the IGTO Executive Committee (which consists of the IGTO, the Deputy IGTO, the General Manager and the Business Operations Manager (an EL2 employee that is responsible for all HR matters)) sets the remuneration for all other IGTO personnel, consistent with the *Inspector-General of Taxation Enterprise Agreement 2018–2021*, including Executive Level Public Servants. The Business Operations Manager is recused from decisions of this Committee which relate to EL2 level and above.

All policies are set by the AA. All procedures and guidelines are prepared, consistent with AA delegations, by the Business Operations Manager.

Part 4 – Our People

These include:

- Performance Development System Policy;
- Performance Development System Guidelines; and
- Remuneration Guidelines.

The IGTO consults APS wide remuneration surveys in setting remuneration for SES to ensure consistency with like agencies and positions. There has been no change in the SES remuneration in FY21.

Table 13 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 13 reflects base salary only and excludes other components of remuneration such as superannuation or other allowances.

Table 13: Australian Public Service Act Employment salary ranges by classification level (Minimum/Maximum) Current Report Period (2020–21)

Classification Level	Minimum Salary	Maximum Salary
SES Band 3	Not Applicable	Not Applicable
SES Band 2	294,668	311,999
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	311,999

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 qualification 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)*.

Several initiatives were taken during the year to ensure the health, safety and welfare of the IGTO team. These included resilience and unreasonable complainant training for complaints investigation staff, wellbeing exercises for all 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. WHS training is part of the annual mandatory training suite all IGTO officers undertake.

During FY21, 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.

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 and work environment allows staff to engage with our purpose, develop skills and have a 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 seek to establish and maintain ethical standards and professional conduct through policies, plans and procedures and mandatory annual training.

Through regular team meetings and other internal forums, we 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 FY21, 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 14 to 29 detail IGTO staffing in the current (FY21) and previous (FY20) periods.

Table 14: All Ongoing Employees Current Report Period (2020–21)

	Male			Female			Indeterminate			Total
	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	
NSW	16	–	16	10	1	11	–	–	–	27
Qld	–	–	–	–	–	–	–	–	–	–
SA	–	–	–	–	–	–	–	–	–	–
Tas	–	–	–	–	–	–	–	–	–	–
Vic	–	–	–	–	–	–	–	–	–	–
WA	–	–	–	–	–	–	–	–	–	–
ACT	–	–	–	–	–	–	–	–	–	–
NT	–	–	–	–	–	–	–	–	–	–
External Territories	–	–	–	–	–	–	–	–	–	–
Overseas	–	–	–	–	–	–	–	–	–	–
Total	16	–	16	10	1	11	–	–	–	27

Table 15: All Non-Ongoing Employees Current Report Period (2020–21)

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

Table 16: All Ongoing Employees Previous 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 17: All Non-Ongoing Employees Previous 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 18: Australian Public Service Act Ongoing Employees Current Report Period (2020–21)

	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	1	1	2	–	–	–	4
EL 1	3	–	3	2	–	2	–	–	–	5
APS 6	9	–	9	7	–	7	–	–	–	16
APS 5	–	–	–	–	–	–	–	–	–	–
APS 4	–	–	–	–	–	–	–	–	–	–
APS 3	–	–	–	–	–	–	–	–	–	–
APS 2	–	–	–	–	–	–	–	–	–	–
APS 1	–	–	–	–	–	–	–	–	–	–
Other	–	–	–	–	–	–	–	–	–	–
TOTAL	16	–	16	10	1	11	–	–	–	27

Table 19: Australian Public Service Act Ongoing Employees Previous 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 20: Australian Public Service Act Non-Ongoing Employees Current Report Period (2020–21)

	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	–	–	–	1	–	1	–	–	–	1
APS 5	–	–	–	–	–	–	–	–	–	–
APS 4	–	–	–	–	–	–	–	–	–	–
APS 3	–	–	–	–	–	–	–	–	–	–
APS 2	–	–	–	–	–	–	–	–	–	–
APS 1	–	–	–	–	–	–	–	–	–	–
Other	–	–	–	–	–	–	–	–	–	–
TOTAL	–	–	–	1	–	1	–	–	–	1

Table 21: Australian Public Service Act Non-Ongoing Employees Previous 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	2	–	2	1	–	1	–	–	–	3
APS 4	–	–	–	–	–	–	–	–	–	–
APS 3	–	–	–	–	–	–	–	–	–	–
APS 2	–	–	–	–	–	–	–	–	–	–
APS 1	–	–	–	–	–	–	–	–	–	–
Other	–	–	–	–	–	–	–	–	–	–
TOTAL	2	–	2	1	–	1	–	–	–	3

Table 22: Australian Public Service Act Employees by Full time and Part time Status Current Report Period (2020–21)

	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	3	1	4	–	–	–	4
EL 1	5	–	5	–	–	–	5
APS 6	16	–	16	1	–	1	17
APS 5	–	–	–	–	–	–	–
APS 4	–	–	–	–	–	–	–
APS 3	–	–	–	–	–	–	–
APS 2	–	–	–	–	–	–	–
APS 1	–	–	–	–	–	–	–
Other	–	–	–	–	–	–	–
TOTAL	26	1	27	1	–	1	28

**Table 23: Australian Public Service Act Employees by Full time and Part time Status
Previous 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 24: Australian Public Service Act Employment type by location
Current Report Period (2020–21)**

	Ongoing	Non-Ongoing	Total
NSW	27	1	28
Qld	–	–	–
SA	–	–	–
Tas	–	–	–
Vic	–	–	–
WA	–	–	–
ACT	–	–	–
NT	–	–	–
External Territories	–	–	–
Overseas	–	–	–
Total	27	1	28

**Table 25: Australian Public Service Act Employment type by location
Previous 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 26: Australian Public Service Act Indigenous Employment
Current Report Period (2020–21)**

	Total
Ongoing	–
Non-Ongoing	–
Total	–

**Table 27: Australian Public Service Act Indigenous Employment
Previous Report Period (2019–20)**

	Total
Ongoing	–
Non-Ongoing	–
Total	–

Table 28: Information about remuneration for key management personnel for Current Report Period (2020–21)

Name	Position title	Short-term benefits				Post-employment benefits	Other long-term benefits		Termination benefits	Total remuneration
		Base salary	Bonuses	Other benefits and allowances	Superannuation contributions		Long service leave	Other long-term benefits		
Karen Payne	IGTO	\$422,790	–	–	\$21,778		\$9,810	–	–	\$454,378
Andrew McLoughlin	Deputy IGTO	\$302,828	–	–	\$45,553		\$11,020	–	–	\$359,402

Table 29: Information about remuneration for senior executives for Current Report Period (2020–21)

Total remuneration bands	Number of senior executives	Short-term benefits			Post-employment benefits			Other long-term benefits		Termination benefits		Total remuneration
		Average base salary	Average bonuses	Average other benefits and allowances	Average superannuation contributions	Average service leave	Average long-term benefits	Average other long-term benefits	Average termination benefits	Average termination benefits	Average total remuneration	
\$0– \$220,000												
\$220,001– \$245,000												
\$245,001– \$270,000												
\$270,001– \$295,000	1	\$224,487	–	\$53	\$45,054	\$6,655	–	–	–	–	\$276,250	
\$295,001– \$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 2021:

- (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 2021 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 2021 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 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



Mark Vial
Acting Executive Director
Delegate of the Auditor-General

Canberra

23 September 2021

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 2021 comply with subsection 42(2) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), and are based on properly maintained financial records as per subsection 41(2) of the PGPA Act.

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



Karen Payne
Inspector-General of Taxation
and Taxation Ombudsman

23 September 2021



Andrew McLoughlin
Chief Finance Officer

23 September 2021

Statement of Comprehensive Income
for the period ended 30 June 2021

	Notes	2021 \$	2020 \$
NET COST OF SERVICES			
Expenses			
Employee benefits	1.1A	4,466,290	4,653,930
Suppliers	1.1B	1,477,104	1,390,971
Depreciation and amortisation	2.2A	841,461	919,764
Finance costs	1.1C	11,607	15,330
Total Expenses		6,796,462	6,979,995
Own-source revenue			
ANAO audit services received free of charge		58,000	58,000
Other revenue		10,688	-
Total own-source revenue		68,688	58,000
Net cost of services		(6,727,774)	(6,921,995)
Revenue from Government	1.2A	6,477,000	6,449,000
Surplus / (Deficit)		(250,774)	(472,995)
OTHER COMPREHENSIVE INCOME			
Items not subject to subsequent reclassification to net cost of services			
Changes in asset revaluation reserve		14,984	(58,900)
Total other comprehensive income / (loss)		14,984	(58,900)
Total comprehensive income / (loss)		(235,790)	(531,895)

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

Part 5 – Financial Statements

Statement of Financial Position as at 30 June 2021

	Notes	2021 \$	2020 \$
ASSETS			
Financial assets			
Cash and cash equivalents		19,909	41,842
Trade and other receivables	2.1A	5,656,844	5,617,272
Total financial assets		5,676,753	5,659,114
Non-financial assets¹			
Plant and equipment	2.2A	253,710	271,649
Leasehold improvements	2.2A	1,371,308	2,067,801
Computer software	2.2A	33,124	-
Prepayments		114,796	53,528
Total non-financial assets		1,772,938	2,392,978
Total assets		7,449,691	8,052,092
LIABILITIES			
Payables			
Suppliers	2.3A	212,006	216,547
Other payables	2.3B	80,149	75,252
Total payables		292,155	291,799
Interest bearing liabilities			
Leases	2.4A	914,883	1,358,642
Total interest bearing liabilities		914,883	1,358,642
Provisions			
Employee provisions	3.1A	1,700,089	1,655,423
Other provisions	2.5A	233,126	232,000
Total provisions		1,933,215	1,887,423
Total liabilities		3,140,253	3,537,864
Net assets		4,309,438	4,514,228
EQUITY			
Contributed equity		1,352,573	1,321,573
Reserves		409,142	394,158
Retained surplus		2,547,723	2,798,497
Total equity		4,309,438	4,514,228

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 2021

	2021 \$	2020 \$
CONTRIBUTED EQUITY		
Opening balance		
Balance carried forward from previous period	1,321,573	1,290,573
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	1,352,573	1,321,573
RETAINED EARNINGS		
Opening balance		
Balance carried forward from previous period	2,798,497	3,187,594
Adjustment on initial application of AASB 16	-	83,898
Adjusted opening balance	2,798,497	3,271,492
Comprehensive income		
Surplus/(deficit) for the period	(250,774)	(472,995)
Closing balance as at 30 June	2,547,723	2,798,497
ASSET REVALUATION RESERVES		
Opening balance		
Balance carried forward from previous period	394,158	453,058
Comprehensive income		
Revaluations	15,528	(58,900)
Changes in provision for restoration	(544)	-
Total comprehensive income	14,984	(58,900)
Closing balance as at 30 June	409,142	394,158
TOTAL EQUITY		
Opening balance		
Balance carried forward from previous period	4,514,228	4,931,225
Adjustment on initial application of AASB 16	-	83,898
Adjusted opening balance	4,514,228	5,015,123
Comprehensive income		
Surplus/(deficit) for the period	(250,774)	(472,995)
Revaluations	15,528	(58,900)
Changes in provision for restoration	(544)	-
Total comprehensive income	(235,790)	(531,895)
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	4,309,438	4,514,228

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 2021

	Notes	2021 \$	2020 \$
OPERATING ACTIVITIES			
Cash received			
Appropriations		6,680,380	6,475,914
GST received		148,531	109,697
Total cash received		6,828,911	6,585,611
Cash used			
Employees		4,427,220	4,559,594
Suppliers		1,492,123	1,137,909
Interest payments on lease liabilities		11,025	11,530
GST paid		155,845	115,327
Section 74 receipts transferred to OPA		203,535	236,860
Total cash used		6,289,748	6,061,220
Net cash from operating activities		539,163	524,391
INVESTING ACTIVITIES			
Cash used			
Purchase of plant and equipment		113,898	157,642
Purchase of computer software		39,200	-
Total cash used		153,098	157,642
Net cash used by investing activities		(153,098)	(157,642)
FINANCING ACTIVITIES			
Cash received			
Contributed equity - departmental capital budget		31,000	31,000
Total cash received		31,000	31,000
Cash used			
Principal payments of lease liabilities		438,998	417,541
Total cash used		438,998	417,541
Net cash from financing activities		(407,998)	(386,541)
Net increase in cash held		(21,933)	(19,792)
Cash and cash equivalents at the beginning of the reporting period		41,842	61,634
Cash and cash equivalents at the end of the reporting period		19,909	41,842

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 2021*

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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.

Matter in relation to payments of SES employees

During 2020-21, various historical remuneration increases for SES were identified that may not have been made in accordance with the instrument under which each officer was engaged or Section 24(1) of the *Public Service Act 1999*. The payments date back to 2009 and total \$562,894.

The debts will not be pursued at this time, pending further information which is expected to come to light while investigations are ongoing. While these actions are ongoing, neither the current year nor prior year balances have been amended. However, the IGT considers the over-payments accruing since January 2019 (totalling \$20,459) are likely to be recoverable and are included as receivable in Note 2.1A.

The IGT has undertaken remedial action of controls and established improved internal policies, processes, governance and reporting to address these risks going forward. These include:

- recruiting a full-time human resources manager to oversee the IGT payroll function (outsourced);
- enhancing and revising IGT HR delegations, policies and procedures;
- augmenting the IGT internal audit capability; and
- executing valid Section 24(1) determinations for the relevant SES personnel.

New Accounting Standards

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

No new standards 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.

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 2021.

1.1. Expenses

	2021	2020
	\$	\$
Note 1.1A: Employee benefits		
Wages and salaries	3,490,182	3,589,612
Superannuation:		
Defined contribution plans	454,313	467,873
Defined benefit plans	132,980	115,045
Leave and other entitlements	368,539	466,209
Other employee expenses	20,276	15,191
Total employee benefits	4,466,290	4,653,930

Accounting Policy

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

	2021	2020
	\$	\$
Note 1.1B: Suppliers		
Goods and services supplied or rendered		
Consultants, contractors and secondees	446,304	110,395
Service level agreement with Treasury	270,405	611,250
Information communication technology	256,755	141,591
Property operating expenses	156,016	178,537
Fees - audit, membership and other	171,755	79,237
Seminars and conferences	64,210	31,886
Travel	35,138	135,115
Subscriptions and periodicals	30,201	16,784
Other	28,574	68,635
Advertising and printing	8,153	6,688
Total goods and services supplied or rendered	1,467,511	1,380,118
Goods supplied	44,561	27,475
Services rendered	1,422,950	1,352,643
Total goods and services supplied or rendered	1,467,511	1,380,118
Other suppliers		
Workers compensation expenses	9,593	10,853
Total other suppliers	9,593	10,853
Total suppliers	1,477,104	1,390,971

	2021	2020
	\$	\$
Note 1.1C: Finance costs		
Interest on lease liabilities	11,025	11,530
Unwinding of discount	582	3,800
Total finance costs	11,607	15,330

The above lease disclosures should be read in conjunction with the accompanying notes 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.

	2021	2020
	\$	\$
Note 1.2A: Revenue from Government		
Appropriations		
Departmental appropriations	6,477,000	6,449,000
Total revenue from Government	6,477,000	6,449,000

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

Accounting Policy

Cash is recognised at its nominal amount. Cash and cash equivalents includes:

- a) cash on hand;
- b) demand deposits in bank accounts with an original maturity of 3 months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value; and
- c) cash in special accounts.

	2021	2020
	\$	\$
Note 2.1A: Trade and other receivables		
Goods and services receivables in connection with		
Related parties	3,770	-
Total goods and services receivables	3,770	-
Appropriation receivables		
From operational funding	5,608,327	5,608,172
Total appropriation receivables	5,608,327	5,608,172
Other receivables:		
GST receivable from the Australian Taxation Office	23,464	9,100
Employee recoveries	21,283	-
Total other receivables	44,747	9,100
Total trade and other receivables	5,656,844	5,617,272

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 2020				
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 1 July 2020	271,649	2,067,801	-	2,339,450
Adjustment for errors	-	(8,473)	-	(8,473)
Adjusted total as at 1 July 2020	271,649	2,059,328	-	2,330,977
Additions	113,898	-	39,200	153,098
Revaluations and impairments recognised in other comprehensive income	1,857	13,671	-	15,528
Depreciation and amortisation expense	(133,694)	(250,492)	(6,076)	(390,262)
Depreciation on right-of-use assets	-	(451,199)	-	(451,199)
Total as at 30 June 2021	253,710	1,371,308	33,124	1,658,142
Total as at 30 June 2021 represented by:				
Gross book value	253,710	2,275,960	510,705	3,040,375
Accumulated depreciation, amortisation and impairment	-	(904,652)	(477,581)	(1,382,233)
Total as at 30 June 2021	253,710	1,371,308	33,124	1,658,142
Carrying amount of right-of-use assets	-	863,058	-	863,058

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 2021, an independent valuer conducted the revaluations.

As at 30 June 2021, the IGT had no contractual commitments for either the acquisition of property, plant and equipment or for the acquisition of intangible assets (2020: 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.

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:

	2021	2020
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 2021. 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 2021 (2020: 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 (2020: 5 years).

All software assets were assessed for indications of impairment at 30 June 2021. No indicators of impairment were identified as at 30 June 2021 (2020: none).

Fair value measurements – validation processes

The IGT engaged the service of the Jones Lang LaSalle Incorporated (JLL) to conduct a comprehensive valuation of all tangible non-financial assets at 30 June 2021. Comprehensive valuations are generally carried out on a three year cycle. In the intervening years, annual assessments are undertaken to determine whether the carrying amount of the assets is materially different from their fair value.

There has been no change in the valuation method.

2.3. Payables

	2021	2020
	\$	\$
Note 2.3A: Suppliers		
Trade creditors	212,006	216,547
Total suppliers	212,006	216,547
Note 2.3B: Other payables		
Wages and salaries	68,712	53,029
Superannuation	11,437	8,725
Other payables	-	13,498
Total other payables	80,149	75,252

Settlement is usually made within 20 days.

2.4. Interest Bearing Liabilities

	2021	2020
	\$	\$
Note 2.4A: Leases		
Lease liabilities	914,883	1,358,642
Total leases	914,883	1,358,642

Total cash outflow for leases for the year ended 30 June 2021 was \$450,023 (\$438,998 in principal repayments and \$11,025 in interest payments).

Maturity analysis - contractual undiscounted cash flows		
Within 1 year	471,814	450,023
Between 1 to 5 years	451,475	923,288
Total leases	923,289	1,371,311

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

Accounting Policy

For all new contracts entered into, the IGT considers whether the contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

Once it has been determined that a contract is, or contains a lease, the lease liability is initially measured at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease, if that rate is readily determinable, or the department's incremental borrowing rate.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification to the lease. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset or profit and loss depending on the nature of the reassessment or modification.

2.5. Provisions

Note 2.5A: Other provisions	Provision for make good¹
	\$
As at 1 July 2020	232,000
Additional provisions made	544
Unwinding of discount or change in discount rate	582
Total as at 30 June 2021	233,126

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

3. People and relationships

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

3.1. Employee Provisions

	2021	2020
	\$	\$
Note 3.1A: Employee provisions		
Leave	1,700,089	1,655,423
Total employee provisions	1,700,089	1,655,423

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:

	2021	2020
	\$	\$
Short-term employee benefits	725,619	804,565
Post-employment benefits	67,331	68,856
Other long-term benefits	20,830	22,192
Total key executive remuneration expenses	813,780	895,613

The total number of key management personnel that are included in the above table is 2 (2020: 2).

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.

Refer to the discussion in the Significant accounting judgements and estimates section of the Overview for details of payments made to SES officers who have been included as key management personnel.

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. (2020: 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 2021

	<i>Appropriation Act</i>	<i>PGPA Act</i>		Appropriation applied in 2021 (current and prior years)	Variance ¹
	Annual Appropriation \$	Section 74 \$	Total appropriation \$	\$	\$
Departmental					
Ordinary annual services	6,477,000	203,535	6,680,535	(6,702,313)	(21,778)
Capital budget ²	31,000	-	31,000	(31,000)	-
Total departmental	6,508,000	203,535	6,711,535	(6,733,313)	(21,778)

1. Departmental funds were not fully utilised for 2020-21.
2. Departmental Capital Budget is appropriated through Appropriation Act (No.1). It forms part of the ordinary annual services, and is not separately identified in the Appropriation Acts.

Annual appropriations for 2020

	<i>Appropriation Act</i>	<i>PGPA Act</i>		Appropriation applied in 2020 (current and prior years)	Variance ¹
	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 ²	31,000	-	31,000	(31,000)	-
Total departmental	6,480,000	132,064	6,612,064	(6,417,009)	195,055

1. Departmental funds were not fully utilised for 2019-20.
2. Departmental Capital Budget is appropriated through Appropriation 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

	2021 \$	2020 \$
Departmental		
Appropriation Act (No. 1) 2019-20 ¹	-	5,650,014
Supply Act (No. 1) 2020-21	2,880,327	-
Appropriation Act (No. 1) 2020-21 ¹	2,747,909	-
Total departmental	5,628,236	5,650,014

1. Cash held amounts (2021: \$19,909, 2020: \$41,842) are included in Appropriation Act (No. 1) for the relevant year.

4.2. Net Cash Appropriation Arrangements

	2021 \$	2020 \$
Total comprehensive income/(loss) - as per the Statement of Comprehensive Income	(235,790)	(531,895)
Plus: depreciation/amortisation of assets funded through appropriations (departmental capital budget funding and/or equity injections) ¹	390,262	466,311
Plus: depreciation of right-of-use assets ²	451,199	453,453
Less: lease principal repayments	(438,998)	(417,541)
Total comprehensive income/(loss) less expenses previously funded through revenue appropriations	166,673	(29,673)
Less: Changes in asset revaluation reserve	(14,984)	58,900
Net Cash Operating Surplus/(Deficit)	151,689	29,228

1. Capital budgets replace revenue appropriations for depreciation/amortisation expenses and are appropriated in the period when cash payment for capital expenditure is required.
2. The inclusion of depreciation/amortisation expenses related to ROU leased assets and the lease liability principal repayment amount reflects the impact of AASB 16 Leases, which 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 2021 (2020: \$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

	2021 \$	2020 \$
Note 5.2A: Categories of financial instruments		
Financial assets at amortised cost		
Cash and cash equivalents	19,909	41,842
Trade and other receivables - goods and services	3,770	-
Trade and other receivables - other	21,283	-
Total financial assets at amortised cost	44,962	41,842
Total financial assets	44,962	41,842
Financial Liabilities		
Financial liabilities measured at amortised cost		
Payables - suppliers	212,006	216,547
Other payables	-	13,498
Total financial liabilities measured at amortised cost	212,006	230,045
Total financial liabilities	212,006	230,045

There was no interest income from financial assets not at fair value through profit and loss in 2021 (2020: 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. Current/non-current distinction for assets and liabilities

	2021 \$	2020 \$
Note 6.1A: Current/non-current distinction for assets and liabilities		
Assets expected to be recovered in:		
No more than 12 months		
Cash and cash equivalents	19,909	41,842
Trade and other receivables	5,656,844	5,617,272
Prepayments	114,796	53,528
Total no more than 12 months	5,791,549	5,712,642
More than 12 months		
Buildings	1,371,308	2,067,801
Plant and equipment	253,710	271,649
Computer software	33,124	-
Total more than 12 months	1,658,142	2,339,450
Total assets	7,449,691	8,052,092
Liabilities expected to be settled in:		
No more than 12 months		
Suppliers	212,006	216,547
Other payables	80,149	75,252
Leases	465,260	441,694
Employee provisions	403,306	379,676
Total no more than 12 months	1,160,721	1,113,169
More than 12 months		
Leases	449,623	916,948
Employee provisions	1,296,783	1,275,747
Other provisions	233,126	232,000
Total more than 12 months	1,979,532	2,424,695
Total liabilities	3,140,253	3,537,864

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 2021

	Actual	Budget estimate	
	2021	Original ¹	Variance ²
	\$	2021	2021
	\$	\$	\$
NET COST OF SERVICES			
Expenses			
Employee benefits	4,466,290	4,840,000	(373,710)
Suppliers	1,477,104	1,244,000	223,104
Depreciation and amortisation	841,461	731,000	110,461
Finance costs	11,607	17,000	(5,393)
Total Expenses	6,796,462	6,832,000	(35,538)
LESS:			
Own-source revenue			
ANAO audit services received free of charge	58,000	60,000	(2,000)
Other revenue	10,280	-	10,280
Total own-source revenue	68,688	60,000	8,688
Net cost of services	(6,727,774)	(6,772,000)	44,226
Revenue from Government	6,477,000	6,477,000	-
Surplus / (Deficit) attributable to the Australian Government	(250,774)	(295,000)	44,226
OTHER COMPREHENSIVE INCOME			
Items not subject to subsequent reclassification to net cost of services			
Changes in asset revaluation reserves	14,984	-	14,984
Total other comprehensive income	14,984	-	14,984
Total comprehensive income / (loss) attributable to the Australian Government	(235,790)	(295,000)	59,210

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 2020-21 Portfolio Budget Statements (PBS)).
2. Between the actual and original budgeted amounts for 2021. 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 +/- \$200,000.

Explanations of major variances	Affected line items
Variance driven by a decrease in staff during 2020-21 and increase in the 10 year bond rate since 30 June 2020 resulting in a decrease in the discount of the LSL provision.	Employee benefits
Variance driven largely by a new contract arrangement for ICT management services, including project management of the Aurion migration, not included in the original budget.	Suppliers

Part 5 – Financial Statements

Statement of Financial Position as at 30 June 2021

	Actual	Budget estimate	
	2021	Original ¹	Variance ²
	\$	\$	2021
			\$
ASSETS			
Financial assets			
Cash and cash equivalents	19,909	42,000	(22,091)
Trade and other receivables	5,656,844	5,617,000	39,844
Total financial assets	5,676,753	5,659,000	17,753
Non-financial assets			
Land and buildings	1,371,308	1,372,000	(692)
Infrastructure, plant and equipment	253,710	267,000	(13,290)
Intangibles	33,124	-	33,124
Other non-financial assets	114,796	54,000	60,796
Total non-financial assets	1,772,938	1,693,000	79,938
Total assets	7,449,691	7,352,000	97,691
LIABILITIES			
Payables			
Suppliers	212,006	217,000	(4,994)
Other payables	80,149	75,000	5,149
Total payables	292,155	292,000	155
Interest bearing liabilities			
Leases	914,883	923,000	(8,117)
Total interest bearing liabilities	914,883	923,000	(8,117)
Provisions			
Employee provisions	1,700,089	1,655,000	45,089
Other provisions	233,126	173,000	60,126
Total provisions	1,933,215	1,828,000	105,215
Total liabilities	3,140,253	3,043,000	97,253
Net assets	4,309,438	4,309,000	438
EQUITY			
Contributed equity	1,352,573	1,353,000	(427)
Reserves	409,142	453,000	(43,858)
Retained surplus	2,547,723	2,503,000	44,723
Total equity	4,309,438	4,309,000	438

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 2020-21 Portfolio Budget Statements (PBS)).
2. Between the actual and original budgeted amounts for 2021. 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 +/- \$200,000.

Statement of Changes in Equity
for the period ended 30 June 2021

	Actual	Budget estimate	
	2021	Original	Variance
	\$	2021	2021
	\$	\$	\$
CONTRIBUTED EQUITY			
Opening balance			
Balance carried forward from previous period	1,321,573	1,322,000	(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	1,352,573	1,353,000	(427)
RETAINED EARNINGS			
Opening balance			
Balance carried forward from previous period	2,798,497	2,798,000	497
Adjusted opening balance	2,794,784	2,798,000	(3,216)
Comprehensive income			
Surplus/(deficit) for the period	(250,774)	(295,000)	44,226
Closing balance as at 30 June	2,547,723	2,503,000	44,723
ASSET REVALUATION RESERVES			
Opening balance			
Balance carried forward from previous period	394,158	453,000	(58,842)
Comprehensive income			
Other comprehensive income			
Revaluations	15,528	-	15,528
Changes in provision for restoration	(544)	-	(544)
Total comprehensive income	14,984	-	14,984
Closing balance as at 30 June	409,142	453,000	(43,858)
TOTAL EQUITY			
Opening balance			
Balance carried forward from previous period	4,514,228	4,573,000	(58,772)
Comprehensive income			
Surplus/(deficit) for the period	(250,774)	(295,000)	44,226
Other comprehensive income			
Revaluations	15,528	-	15,528
Changes in provision for restoration	(544)	-	(544)
Total comprehensive income	(235,790)	(295,000)	59,210
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	4,309,438	4,309,000	438

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 2020-21 Portfolio Budget Statements (PBS)).
2. Between the actual and original budgeted amounts for 2021. 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 +/- \$200,000.

Part 5 – Financial Statements

Cash Flow Statement

for the period ended 30 June 2021

	Actual	Budget estimate	
	2021	Original ¹	Variance ²
	\$	\$	\$
OPERATING ACTIVITIES			
Cash received			
Appropriations	6,680,380	6,477,000	203,380
Net GST received	148,531	-	148,531
Total cash received	6,828,911	6,477,000	351,911
Cash used			
Employees	4,427,220	4,840,000	(412,780)
Suppliers	1,492,123	1,184,000	308,531
Interest payments on lease liabilities	11,025	17,000	(5,975)
GST paid	155,845	-	155,845
Section 74 receipts transferred to OPA	203,535	-	203,535
Total cash used	6,289,748	6,041,000	249,156
Net cash from (used by) operating activities	539,163	436,000	102,755
INVESTING ACTIVITIES			
Cash used			
Purchase of plant and equipment	113,898	31,000	82,898
Purchase of computer software	39,200	-	39,200
Total cash used	153,098	31,000	122,098
Net cash from (used by) investing activities	(153,098)	(31,000)	(122,098)
FINANCING ACTIVITIES			
Cash received			
Contributed equity	31,000	31,000	-
Total cash received	31,000	31,000	-
Cash used			
Principal payments of lease liabilities	438,998	436,000	2,998
Total cash used	438,998	436,000	2,998
Net cash from (used by) financing activities	(407,998)	(405,000)	(2,998)
Net increase (decrease) in cash held	(21,933)	-	(21,933)
Cash at the beginning of the reporting period	41,842	42,000	(158)
Cash at the end of the reporting period	19,909	42,000	(22,091)

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 2020-21 Portfolio Budget Statements (PBS)).
2. Between the actual and original budgeted amounts for 2021. 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 +/- \$200,000.

Explanations of major variances	Affected line items
Variance largely made up of section 74 receipts transferred to OPA, which is driven by supplier activity and not included in the original budget.	Appropriations (Operating activities)
Variance driven by a decrease in staff during 2020-21.	Employees (Operating activities)
Variance driven largely by a new contract arrangement for ICT management services, including project management of the Aurion migration, not included in the original budget.	Suppliers (Operating activities)



PART 6

Other Mandatory Information and Appendices

Other Mandatory Information
Appendices

Part 6 – Other Mandatory Information and Appendices

Advertising and market research

No market research or campaign advertising costs were incurred during FY21.

Grants

No discretionary grant programs are administered by our Office.

Disability reporting

The National Disability Strategy 2010–2020 outlines 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 remain committed to the 2010–2020 strategy and will continue their efforts to uphold the rights of people with disability, while a new disability strategy is being finalised, and be held accountable for the implementation of the strategy through progress reporting to the Australian, state, territory and local governments. The new disability strategy, *Australia’s Disability Strategy 2021–2031*, is expected to be released in late 2021 after it has been formally endorsed by all 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 <https://www.igt.gov.au/about-us/our-responsibilities/information-publication-scheme/>.

Ecologically sustainable development and environmental performance

Our office has measures in place to improve its overall environmental performance. We have an environmental policy to assist with managing the performance of our office-based activities. 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 also recycle toner printer cartridges.

Our office has a smart lighting system and water taps with energy saving functionality. Our ICT systems use a cloud-only technology provider that uses renewable energy sources and is carbon neutral. The office has printers with relatively low energy consumption and a 'Follow-Me' printing system to minimise paper wastage. We use 100% recycled paper that is certified carbon neutral and sustainable forest management certified.

We report to Government annually on our office's energy performance in accordance with the *Energy Efficiency in Government Operations Policy*. Our office's annual energy performance for FY21 will be reported to Government by 31 December 2021.

Correction

There are two errors to be corrected in the IGT0 Annual Report 2019–20 – Performance measure 3.4 on page 41. Table 30 below contains the correct figures that should have been published in our FY20 Annual Report.

Table 30: Corrected figures for Performance measure 3.4 of the IGT0 Annual Report 2019–20

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	1	3	1
	Total	7	26	11

We also noted corrections to the analysis relating to Performance measure 3.4. The sentence: ‘In FY20, the ATO accepted 8 ABIs and the TPB accepted 1.’ should read as follows: ‘In FY20, the ATO accepted 6 ABIs and the TPB accepted 1.’.

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.

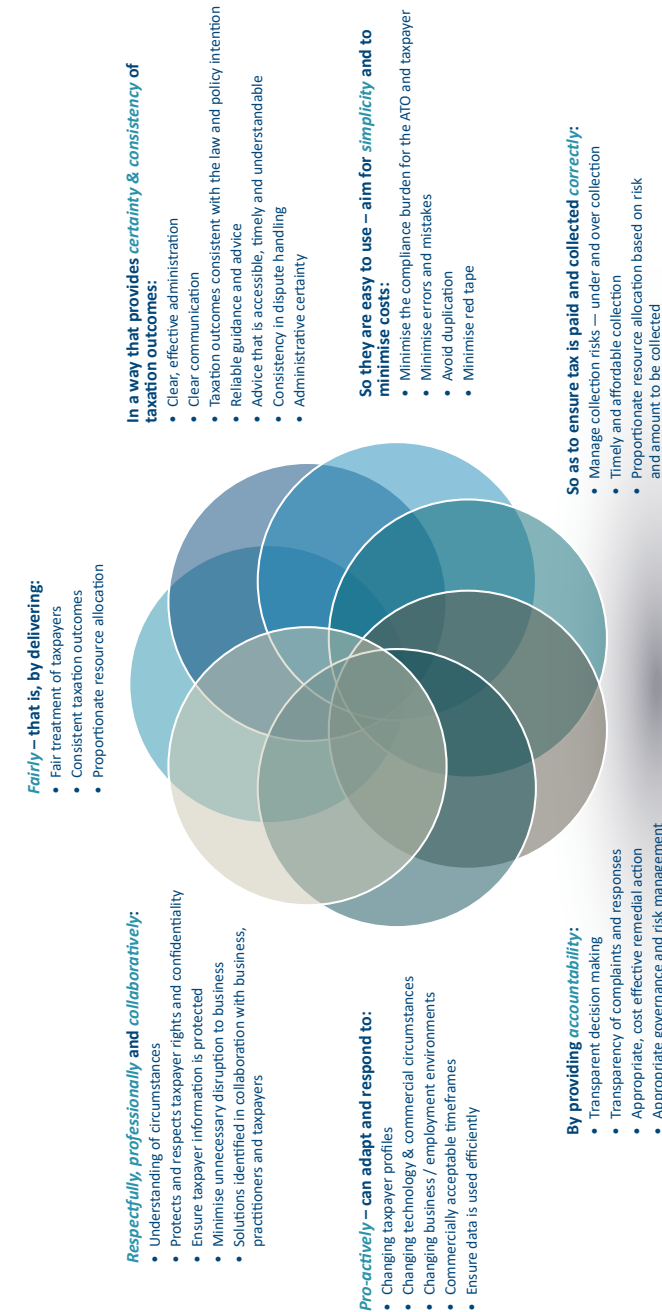
Recommendation 15

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 Disputes – 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 Disputes – 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 Disputes – IGTO undertakes deeper inquiry and investigation to surface relevant evidence and determine the most appropriate options for resolution
Category 5	Highly Complex Disputes – 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 FY21

	Actual available appropriation for 2020–21 \$'000 (a)	Payments made 2020–21 \$'000 (b)	Balance remaining 2020–21 \$'000 (a)–(b)
Departmental			
Annual appropriations – ordinary annual services ¹	12,362	6,733	5,629
Total resourcing and payments for the IGT	12,362	6,733	5,629

1 *Appropriation Act (No. 1) 2020–21 and Appropriation Act (No. 3) 2020–21.* This may also include prior-year departmental appropriation and section 74 external revenue.

Departmental capital budgets are not separately identified in Appropriation Bill (No.1, 3, 5) and form part of ordinary annual services items. For accounting purposes, this amount has been designated as a 'contribution by owner'

Appendix 5 – Expenses for outcomes

Expenses for Inspector-General of Taxation Outcomes for FY21

Outcome 1: Improved tax administration through investigation of complaints, conducting reviews, public reporting and independent advice to Government and its relevant entities.	Budget* 2020–21 \$'000 (a)	Actual expenses 2020–21 \$'000 (b)	Variation 2020–21 \$'000 (a)–(b)
Program 1.1: Inspector-General of Taxation			
Departmental expenses			
Departmental appropriation	6,477	5,896	581
s74 External Revenue ¹	60	–	60
Expenses not requiring appropriation in the Budget year ²	295	900	(605)
Total expenses for Outcome 1	6,832	6,796	36
Average staffing level (number)³	35	35	

* Full-year budget, including any subsequent adjustment made to the 2020–21 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 14, 15, 18, 20 and 22 for staffing levels as at 30 June 2021.



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 paragraphs 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 paragraph 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
AASB	Australian Accounting Standards Board
AAT	Administrative Appeals Tribunal
ABI	Agreed Business Improvement
ABN	Australian Business Number
AIC	Australian Information Commissioner
ANAO	Australian National Audit Office
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
ATO	Australian Taxation Office
BAS	Business Activity Statement
BCF	Boosting Cash Flow
BCP	Business Continuity Plan
CALD	Culturally and linguistically diverse
CFO	Chief Finance Officer
CPR	Commonwealth Procurement Rules
EL	Executive Level
Finance law	The PGPA Act, PGPA Rule, any other instrument made under the PGPA Act or an Appropriation Act
FOI Act	<i>Freedom of Information Act 1982</i>
FRR	<i>Public Governance, Performance and Accountability (Financial Reporting) Rule 2015</i>
FY15	Financial year ending on 30 June 2015
FY16	Financial year ending on 30 June 2016
FY17	Financial year ending on 30 June 2017
FY18	Financial year ending on 30 June 2018
FY19	Financial year ending on 30 June 2019

Acronym	Description or Term
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
GST	Goods and Services Tax
HR	Human resources
ICT	Information and communications technology
IGT	Inspector-General of Taxation
IGTO	Inspector-General of Taxation and Taxation Ombudsman
IGT Act	<i>Inspector-General of Taxation Act 2003</i>
IPS	Information Publication Scheme
ISO	International Organisation for Standardisation
JK	JobKeeper
KPA	Key performance area
KPI	Key performance indicator
LOA	Letter of administration (for a deceased estate)
MOU	Memorandum of Understanding
Ombudsman Act	<i>Ombudsman Act 1976</i>
OPA	Official Public Account
PBS	Portfolio Budget Statements
PDS	Performance Development System
PGPA Act	<i>Public Governance, Performance and Accountability Act 2013</i>
PGPA Rule	Public Governance, Performance and Accountability Rule 2014
PID Act	<i>Public Interest Disclosure Act 2013</i>
Public Service Act	<i>Public Service Act 1999</i>
Risk Framework	The IGTO's Risk Management Policy and Framework
SELC	Senate Economics Legislation Committee
SELC Report	Senate Economics Legislation Committee report on the <i>Performance of the Inspector-General of Taxation</i> (2020)
SES	Senior Executive Service
SME	Small and Medium Enterprise
TAA	<i>Taxation Administration Act 1953</i>

Part 7 – Reference Materials

Acronym	Description or Term
Taxation law	(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	Work health and safety
WHS Act	<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)	141	Alphabetical index.	Mandatory
17AJ(c)	128-132	Glossary of abbreviations and acronyms.	Mandatory
17AJ(d)	133-140	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)	2-27	A review by the accountable authority of the entity.	Mandatory
17AD(b)	Overview of the entity		
17AE(1)(a)(i)	28	A description of the role and functions of the entity.	Mandatory
17AE(1)(a)(ii)	30	A description of the organisational structure of the entity.	Mandatory
17AE(1)(a)(iii)	31	A description of the outcomes and programmes administered by the entity.	Mandatory
17AE(1)(a)(iv)	28	A description of the purposes of the entity as included in corporate plan.	Mandatory
17AE(1)(aa)(i)	29	Name of the accountable authority or each member of the accountable authority.	Mandatory
17AE(1)(aa)(ii)	29	Position title of the accountable authority or each member of the accountable authority.	Mandatory

Part 7 – Reference Materials

PGPA Rule Reference	Part of Report	Description	Requirement
17AE(1)(aa)(iii)	29	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	34-62	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)	62	A discussion and analysis of the entity's financial performance.	Mandatory
17AF(1)(b)	126	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)	66	Information on compliance with section 10 (fraud systems).	Mandatory

PGPA Rule Reference	Part of Report	Description	Requirement
17AG(2)(b)(i)	iii, 66	A certification by accountable authority that fraud risk assessments and fraud control plans have been prepared.	Mandatory
17AG(2)(b)(ii)	iii, 66	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, 66	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)	64-66	An outline of structures and processes in place for the entity to implement principles and objectives of corporate governance.	Mandatory
17AG(2)(d) – (e)	66	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)	67	A direct electronic address of the charter determining the functions of the entity's audit committee.	Mandatory
17AG(2A)(b)	67-68	The name of each member of the entity's audit committee.	Mandatory
17AG(2A)(c)	67-68	The qualifications, knowledge, skills or experience of each member of the entity's audit committee.	Mandatory
17AG(2A)(d)	67-68	Information about the attendance of each member of the entity's audit committee at committee meetings.	Mandatory
17AG(2A)(e)	67-68	The remuneration of each member of the entity's audit committee.	Mandatory
External Scrutiny			
17AG(3)	68	Information on the most significant developments in external scrutiny and the entity's response to the scrutiny.	Mandatory

Part 7 – Reference Materials

PGPA Rule Reference	Part of Report	Description	Requirement
17AG(3)(a)	69	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)	68	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)	69	Information on any capability reviews on the entity that were released during the period.	If applicable, Mandatory
Management of Human Resources			
17AG(4)(a)	74, 77-78	An assessment of the entity's effectiveness in managing and developing employees to achieve entity objectives.	Mandatory
17AG(4)(aa)	78-86	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)	78-86	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)	75	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

PGPA Rule Reference	Part of Report	Description	Requirement
17AG(4)(c)(i)	75	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)	76	The salary ranges available for APS employees by classification level.	Mandatory
17AG(4)(c)(iii)	75	A description of non-salary benefits provided to employees.	Mandatory
17AG(4)(d)(i)	75	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)	69	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)	70	An assessment of entity performance against the Commonwealth Procurement Rules.	Mandatory
Reportable consultancy contracts			
17AG(7)(a)	71	A summary statement detailing the number of new reportable consultancy contracts entered into during the period; the total actual expenditure on all such contracts (inclusive of GST); the number of ongoing reportable consultancy contracts that were entered into during a previous reporting period; and the total actual expenditure in the reporting period on those ongoing contracts (inclusive of GST).	Mandatory
17AG(7)(b)	71	A statement that "During [reporting period], [specified number] new reportable consultancy contracts were entered into involving total actual expenditure of \$[specified million]. In addition, [specified	Mandatory

Part 7 – Reference Materials

PGPA Rule Reference	Part of Report	Description	Requirement
		number] ongoing reportable consultancy contracts were active during the period, involving total actual expenditure of \$[specified million]”.	
17AG(7)(c)	71	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)	72	A statement that “Annual reports contain information about actual expenditure on reportable consultancy contracts. Information on the value of reportable consultancy contracts is available on the AusTender website.”	Mandatory
Reportable non-consultancy contracts			
17AG(7A)(a)	72	A summary statement detailing the number of new reportable non-consultancy contracts entered into during the period; the total actual expenditure on such contracts (inclusive of GST); the number of ongoing reportable non-consultancy contracts that were entered into during a previous reporting period; and the total actual expenditure in the reporting period on those ongoing contracts (inclusive of GST).	Mandatory
17AG(7A)(b)	72	A statement that ‘Annual reports contain information about actual expenditure on reportable non-consultancy contracts. Information on the value of reportable non-consultancy contracts is available on the AusTender website.’	Mandatory
17AD(daa) Additional information about organisations receiving amounts under reportable consultancy contracts or reportable non-consultancy contracts			
17AGA	71-72	Additional information, in accordance with section 17AGA, about organisations receiving amounts under reportable consultancy contracts or reportable non-consultancy contracts.	Mandatory

PGPA Rule Reference	Part of Report	Description	Requirement
Australian National Audit Office Access Clauses			
17AG(8)	70	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)	70	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)	70	A statement that "[Name of entity] supports small business participation in the Commonwealth Government procurement market. Small and Medium Enterprises (SME) and Small Enterprise participation statistics are available on the Department of Finance's website."	Mandatory
17AG(10)(b)	70	An outline of the ways in which the procurement practices of the entity support small and medium enterprises.	Mandatory
17AG(10)(c)	70	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

Part 7 – Reference Materials

PGPA Rule Reference	Part of Report	Description	Requirement
Financial Statements			
17AD(e)	88-116	Inclusion of the annual financial statements in accordance with subsection 43(4) of the Act.	Mandatory
Executive Remuneration			
17AD(da)	75-76, 85-86	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)	N/A	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)	118	If the entity did not conduct advertising campaigns, a statement to that effect.	If applicable, Mandatory
17AH(1)(b)	118	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)	118	Outline of mechanisms of disability reporting, including reference to website for further information.	Mandatory
17AH(1)(d)	119	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)	120	Correction of material errors in previous annual report.	If applicable, mandatory
17AH(2)	77, 119	Information required by other legislation.	Mandatory

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