

**PROGRAMME 4 — TAXATION
ADMINISTRATION**

PROGRAMME 4 — TAXATION ADMINISTRATION

Objectives

Manage and shape systems (Taxation, Child Support Agency, Superannuation and Australian Valuation Office) that support and fund services for Australians through increased compliance, reduced compliance costs, improved community confidence and being an efficient and adaptive organisation.

Table 4.1: Summary of Appropriations to the Programme and Summary of Portfolio Underlying Outlays

	1997-98 Budget (i) \$'000	1997-98 Revised Approp (ii) \$'000	1997-98 Estimated Outcome \$'000	1998-99 Budget \$'000	Variation (iii) %
ANNUAL APPROPRIATIONS					
<i>Appropriation Bill No. 1</i>					
Division 672 - Australian Taxation Office					
1. Running Costs	1,286,572	1,304,571	1,273,570	1,258,018	-1
Annotated Appropriations (Section 31 of the <i>FMA Act 1997</i>)	2,989	3,885	3,885	3,156	-19
	1,289,561	1,308,456	1,277,455	1,261,174	-1
2. Other Services	23,320	23,482	21,932	9,782	-55
Total Appropriation Bill No. 1	1,312,881	1,331,938	1,299,387	1,270,956	-2
<i>Appropriation Bill No. 2</i>					
Division 980 - Australian Taxation Office					
1. Capital Works and Services	56,888	56,888	51,061	27,700	-46
Total Appropriation Bill No. 2	56,888	56,888	51,061	27,700	-46
TOTAL ANNUAL APPROPRIATIONS	1,369,769	1,388,826	1,350,448	1,298,656	-4
TOTAL SPECIAL APPROPRIATIONS	158,730	na	196,632	154,604	-21
TOTAL APPROPRIATIONS	1,528,499	na	1,547,080	1,453,260	-6
Less annotated appropriations	2,989	na	3,885	3,156	-19
Less other adjustments	-89,001	na	-110,709	-230,217	108
TOTAL UNDERLYING OUTLAYS	1,614,511	na	1,653,904	1,680,321	2
Staff years	16,293	na	16,357	15,548	-5

- (i) As presented in 1997-98 Budget documentation (May 1997 — adjusted, where necessary, to reflect underlying outlays).
(ii) 1997-98 Revised Approp figures amended to include Additional Estimates, Advance to the Minister for Finance, running cost borrowings, savings and other revisions.
(iii) Variation percentage = ((1998-99 Budget less 1997-98 Estimated Outcome)/1997-98 Estimated Outcome).

Sub-Programme 4.1 — Income & Other Taxes

Objectives

To collect efficiently and effectively the revenue properly payable, while ensuring that clients are aware of their obligations and their compliance costs are reduced.

Table 4.2: How the Sub-Programme is Resourced; Reconciliation of Appropriations to the Sub-Programme and Summary of Underlying Outlays

	1997-98 Budget (i) \$'000	1997-98 Revised Approp (ii) \$'000	1997-98 Estimated Outcome \$'000	1998-99 Budget \$'000	Variation (iii) %
ANNUAL APPROPRIATIONS					
<i>Appropriation Bill No. 1</i>					
Division 672 - Australian Taxation Office					
1. Running Costs	835,254	841,003	839,602	851,950	1
Annotated Appropriations (Section 31 of the <i>FMA Act 1997</i>)	1,708	2,093	2,093	1,846	-12
	836,962	843,096	841,695	853,796	1
2. Other Services					
01. Compensation and legal expenses	14,246	14,246	14,178	600	-96
03. Compensation for detriment caused by defective administration	50	50	50	50	0
	14,296	14,296	14,228	650	-95
Total Appropriation Bill No. 1	851,258	857,392	855,923	854,446	-0
Total Appropriation Bill No. 2	-	-	-	-	-
TOTAL ANNUAL APPROPRIATIONS	851,258	857,392	855,923	854,446	-0
Special Appropriations					
<i>Superannuation Guarantee (Administration)</i>					
Act 1992 - Distribution of charges	21,000	na	31,000	30,000	-3
<i>Superannuation Industry (Supervision)</i>					
Act 1993 - Repayments of unclaimed moneys	800	na	50	400	700
<i>Taxation Administration Act 1953</i>					
Taxation (Interest on Overpayments and early Payments) Act 1983	115,000	na	135,000	100,000	-26
TOTAL SPECIAL APPROPRIATIONS	136,800	na	166,050	130,400	-21
TOTAL APPROPRIATIONS	988,058	na	1,021,973	984,846	-4

Table 4.2: How the Sub-Programme is Resourced; Reconciliation of Appropriations to the Sub-Programme and Summary of Underlying Outlays (continued)

	1997-98 Budget \$'000	1997-98 Revised Approp (ii) \$'000	1997-98 Estimated Outcome \$'000	1998-99 Budget \$'000	Variation (iii) %
Less annotated appropriations	1,708	na	2,093	1,846	-12
Less other adjustments					
<i>Receipts Offset Within Outlays</i>					
Miscellaneous receipts	14,564	na	14,564	14,564	0
Fringe Benefits Tax - Departments and agencies	299,703	na	298,708	227,953	-24
<i>Appropriations Classified as Revenue or Financing Transactions</i>					
<i>Superannuation Industry (Supervision) Act 1993</i>	800	na	50	400	700
TOTAL ADJUSTMENTS	316,775	na	315,415	244,763	-22
TOTAL UNDERLYING OUTLAYS	671,283	na	706,558	740,083	5
Staff years	11,323	na	11,369	10,599	-7

- (i) As presented in 1997-98 Budget documentation (May 1997 — adjusted, where necessary, to reflect underlying outlays).
(ii) 1997-98 Revised Approp figures amended to include Additional Estimates, Advance to the Minister for Finance, running cost borrowings, savings and other revisions.
(iii) Variation percentage = ((1998-99 Budget less 1997-98 Estimated Outcome)/1997-98 Estimated Outcome).

Sub-Programme Variation

The following table shows changes in the underlying outlays of the Sub-Programme in 1998-99.

Table 4.3: Variations to Sub-Programme Underlying Outlays 1997-98 to 1998-99

	Amount of Variation (+ or -) \$'000	Total \$'000
1997-98 Estimated Underlying Outlays (i)		706,558
Budget Measures		
Development of systems for implementing tax reform (see also page 186)	20,000	
Self managed superannuation funds (see also page 185)	2,000	
Extension of High Wealth Individuals (see also page 186)	9,519	
Running Costs		
Net effect of price indexation, efficiency dividend, carry-over and internal transfers. The derivation also reflects the need to carry-over funds into 1998-99 to cover expenses incurred in 1997-98	-17,051	
Borrowings. This is the net effect of borrowings to fund redundancy programmes	1,888	
Cessation of Modernisation funding	-7,137	
Reduction in New Policy funding	-22,051	
ATO Business 2000 strategy. This strategy identified savings from various areas of the ATO and resulted in reinvestments into areas where cost shortfalls had previously been identified and into areas considered to be of strategic significance	15,013	
Workload adjustments. Increase in funding associated with the workload formula currently in place with DoFA.	6,558	
Transfer of the Development Allowance Authority from Treasury to ATO	1,797	
1997-98 Budget Measures Savings	-7,500	
Borrowing for Alcohol Excise collection on behalf of the States	-7,200	
Legal funding as negotiated with DoFA moved to running costs from Compensation and Legal in Other Programme Costs	15,300	
Funding for Comsuper Purchaser/Provider framework	968	

Table 4.3: Variations to Sub-Programme Underlying Outlays 1997-98 to 1998-99 (continued)**Other Services**

Compensation and legal expenses - legal component has been moved into running costs	-13,578
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Special Appropriations

Reduced provision for interest on overpayments due to reduced requirement	-35,000
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<i>Superannuation Industry (Supervision) Act 1993</i> - continuation of unclaimed moneys provisions	350
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Distribution of Superannuation Guarantee Charges - reflects projected increase in redemption of vouchers	-1,000
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Adjustments

Increased level of Section 31 receipts	244
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Fringe Benefits Tax receipts - on-budget agencies - projected annualised decrease	70,755
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<i>Superannuation Industry (Supervision) Act 1993</i> - continuation of unclaimed moneys provisions	-350
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Total Variations	33,525
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1998-99 Budget Underlying Outlays (ii)	740,083
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- (i) The 1997-98 figure appears in column 3 in Table 4.2 above.
(ii) The 1998-99 Budget figure appears in column 4 in Table 4.2 above.

1998-99 Budget Measures affecting Portfolio Underlying Outlays

The following are Budget Measures affecting the ATO.

ATO Takeover of Self-Managed Superannuation Funds Regulation***Extension of High Wealth Individuals Taskforce******Funding for Development of Systems for Implementing Tax Reform***

For information relating to these budget measures refer to pages 185, 186 and 186 respectively.

Performance of the Sub-Programme in 1996-97 and 1997-98

Information on the performance of the Sub-Programme in 1996-97 is at pages 3 to 45 and pages 85 to 93 of the *1996-97 Commissioner of Taxation Annual Report*. For additional performance information relevant to the Sub-Programme refer to the Australian National Audit Office (ANAO) report numbers 13 (Tax Debt Collection), 22 (Client Service) and 37 (Risk Management). Information on the performance of the Development Allowance Authority in 1996-97 is in the Development Allowance Authority Annual Report. Performance information for 1997-98 will be published in the 1997-98 Commissioner of Taxation Annual Report to be tabled in Parliament by 31 October 1998.

Performance Forecasts for 1998-99

Sub-Programme 4.1 'Income and other Taxes' is comprised of five components including:

- 4.1.1 Large Business and International (LB&I) — covering business taxpayers with gross income in excess of \$10 million and associated high wealth individuals and the administration of the Development Allowance and Infrastructure Rebate programmes;
- 4.1.2 Small Business Income (SBI) — covering business taxpayers with gross income up to \$10 million;
- 4.1.3 Individuals Non-Business (INB) — covering taxpayers with employment, pension and/or investment income;
- 4.1.4 Withholding and Indirect Taxes (WHT) — covering taxpayers with Withholding and Indirect Taxes responsibilities; and
- 4.1.5 Superannuation (SPR) — covering administration of superannuation-related activities (ie Reasonable Benefits Limits, Superannuation Guarantee Charge, Superannuation Surcharge, Eligible Termination Payments, Superannuation Holding Accounts Reserve and Lost Members Register) and Superannuation Administration Policy.

The ATO Sub-Programme structure primarily reflects adoption of a strategic and operational focus tailored to the respective individual market segments of taxpayers eg large business, small business. Each business line is responsible for securing optimum compliance with the laws and achieves this through a combination of strategies — including law clarification, legislative changes, service, education and enforcement related activities (eg prosecution, audits, income matching). The balance of these activities varies from time to time and line by line according to on-going assessment of the nature and extent of risks involved.

The Sub-Programme's performance (and also that of Sub-Programmes 4.2 (Child Support), 4.3 (Corporate Support) and 4.4 (Australian Valuation Office)) is judged according to the goals established around increasing compliance, reducing compliance costs, winning community confidence in administration of the laws, being an efficient and adaptive organisation and successfully implementing government initiatives.

For performance measurement purposes the ATO apportions the budget revenue targets for each head of revenue, according to client groupings. Performance forecasts for 1998-99 for each Sub-Programme component are set out below.

4.1.1 Large Business and International (LB&I)

Compliance

Achievement of budgeted revenue outcomes (largely company and superannuation fund income tax).

Improved compliance in targeted risk areas, including international transactions (eg transfer pricing), Capital Gains Tax, losses, financial arrangements, tax avoidance arrangements, Sydney Olympics and high wealth individuals.

Compliance Costs

Achievement of compliance cost reductions when opportunities arise.

Community Confidence

Achievement of standards specified in the Taxpayers' Charter for all relevant categories of work.

Efficiency and Adaptability

Improved productivity, efficiency and adaptability through application of strategies — including increased and improved use of technology (eg improved business and research systems), nationalisation of activities, contestability of key processes, improved accommodation usage.

Government Initiatives

Successful implementation of Government initiatives and measures.

4.1.2 Small Business Income (SBI)

Compliance

Achievement of budgeted revenue outcomes (largely company and other individuals income tax, but also including Fringe Benefits Tax).

Improved compliance in targeted risk areas including undeclared income in cash businesses (eg Prescribed Payments and Reportable Payments), artificial schemes, alienation of income and late/non-payment of taxes.

Compliance Costs

Achievement of compliance cost reductions when opportunities arise through ongoing implementation of proposals resulting from the Small Business Deregulation Taskforce and other measures.

Community Confidence

Achievement of standards specified in the Taxpayers' Charter for all relevant categories of work.

Efficiency and Adaptability

Improved productivity, efficiency and adaptability through application of strategies — including increased and improved use of technology (eg electronic commerce), new approaches to field work, market-testing and benchmarking, regionalisation of activities, error reduction initiatives, improved accommodation usage.

Government Initiatives

Successful implementation of Government initiatives and measures.

4.1.3 Individuals Non-Business

Compliance

Achievement of budgeted revenue outcomes (largely other individuals income tax).

Improved compliance in targeted risk areas including work related deductions, and rental income/deductions.

Compliance Costs

Achievement of compliance cost reductions when opportunities arise.

Community Confidence

Achievement of standards specified in the Taxpayers' Charter for all relevant categories of work.

Efficiency and Adaptability

Improved productivity, efficiency and adaptability through application of strategies — including increased and improved use of technology (eg electronic commerce), market-testing and benchmarking, regionalisation of activities, error reduction activities, improved accommodation usage.

Government Initiatives

Successful implementation of Government initiatives and measures, including the Private Health Insurance Incentives Scheme, the Medicare Levy surcharge for high income earners and the Savings Rebate.

4.1.4 Withholding and Indirect Taxes (WHT)

Compliance

Achievement of budgeted revenue outcomes (largely Pay As You Earn, Sales Tax and Prescribed Payments System).

Improved compliance in targeted risk areas including aggressive sales tax planning initiatives pursued by large corporate clients, cash transaction/cash economy within small and medium enterprises and risks to revenue caused by labour market changes and technological and consumption changes.

Compliance Costs

Achievement of compliance cost reductions when opportunities arise through continuing implementation of proposals resulting from the Small Business Deregulation Taskforce.

Community Confidence

Achievement of standards specified in the Taxpayers' Charter for all relevant categories of work.

Efficiency and Adaptability

Improved productivity, efficiency and adaptability through application of strategies — including increased and improved use of technology, new approaches to field work, market-testing and benchmarking, regionalisation of activities, error reduction activities, improved accommodation usage.

Government Initiatives

Successful implementation of Government initiatives and measures.

4.1.5 Superannuation (SPR)

Compliance

Achievement of tax-related elements of the Government's Retirement Incomes Policy (viz Superannuation Guarantee Charge).

Achievement of budgeted revenue outcomes (ie funds taxation and superannuation surcharge).

Compliance Costs

Achievement of compliance cost reductions when opportunities arise.

Community Confidence

Achievement of standards specified in the Taxpayers' Charter for all relevant categories of work.

Efficiency and Adaptability

Improved productivity, efficiency and adaptability through application of strategies — including increased and improved use of technology (eg electronic commerce), improved work design, market-testing and benchmarking, nationalisation of activities, error reduction activities and improved accommodation usage.

Government Initiatives

Successful implementation of Government initiatives and measures, including self-managed superannuation funds regulation.

Sub-Programme 4.2 — Child Support Agency

Objectives

To assist the payment of Child Support between payers and payees for the benefit of children.

Table 4.2: How the Sub-Programme is Resourced; Reconciliation of Appropriations to the Sub-Programme and Summary of Underlying Outlays

	1997-98 Budget \$'000	1997-98 Revised (i) Approp (ii) \$'000	1997-98 Estimated Outcome \$'000	1998-99 Budget \$'000	Variation (iii) %
ANNUAL APPROPRIATIONS					
<i>Appropriation Bill No. 1</i>					
Division 672 - Australian Taxation Office					
1. Running Costs	169,463	177,310	176,310	161,870	-8
Annotated Appropriations (Section 31 of the <i>FMA Act 1997</i>)	71	124	124	77	-38
	169,534	177,434	176,434	161,947	-8
2. Other Services					
01. Compensation and legal expenses	631	631	455	0	-100
02. Child Support Agency - Payments to cover cheque dishonours, incorrect maintenance payments and refunds of overpayments	6,000	6,162	6,162	6,690	9
03. Compensation for detriment caused by defective administration	40	40	40	42	5
	6,671	6,833	6,657	6,732	1
Total Appropriation Bill No. 1	176,205	184,267	183,091	168,679	-8
Total Appropriation Bill No. 2					
	-	-	-	-	-
TOTAL ANNUAL APPROPRIATIONS	176,205	184,267	183,091	168,679	-8
Special Appropriations					
<i>Child Support (Registration and Collection)</i>					
<i>Act 1988</i> - payment to cover shortfalls in the Child Support Trust Account	21,600	na	30,245	23,839	-21
<i>Child Support (Registration and Collection)</i>					
<i>Act 1988</i> - unexplained remittances	330	na	337	365	8
TOTAL SPECIAL APPROPRIATIONS	21,930	na	30,582	24,204	-21

Table 4.2: How the Sub-Programme is Resourced: Reconciliation of Appropriations to the Sub-Programme and Summary of Underlying Outlays (continued)

	1997-98 Budget \$'000	1997-98 Revised Approp (ii) \$'000	1997-98 Estimated Outcome \$'000	1998-99 Budget \$'000	Variation (iii) %
TOTAL APPROPRIATIONS	198,135	na	213,673	192,883	-10
Less annotated appropriations	71	na	124	77	-38
Less other adjustments					
Receipts Offset Within Outlays					
CSA - Special Appropriations revenue	21,930	na	30,582	24,204	-21
CSA - Miscellaneous receipts	365	na	370	402	9
CSA - Annual Appropriation revenue	6,000	na	6,162	6,690	9
Trust Account Transactions Affecting Outlays					
CSA - Refund of CSA payments	-441,273	na	-464,936	-504,748	9
TOTAL ADJUSTMENTS	-412,907	na	-427,698	-473,375	11
TOTAL UNDERLYING OUTLAYS	611,042	na	641,371	666,258	4
Staff years	2,321	na	2,303	2,303	0

- (i) As presented in 1997-98 Budget documentation (May 1997 — adjusted, where necessary, to reflect underlying outlays).
(ii) 1997-98 Revised Approp figures amended to include Additional Estimates, Advance to the Minister for Finance, running cost borrowings, savings and other revisions.
(iii) Variation percentage = ((1998-99 Budget less 1997-98 Estimated Outcome)/1997-98 Estimated Outcome).

Sub-Programme Variation

The following table shows changes in the underlying outlays of the Sub-Programme in 1998-99.

Table 4.3: Variations to Sub-Programme Underlying Outlays 1997-98 to 1998-99

	Amount of Variation (+ or -) \$'000	Total \$'000
1997-98 Estimated Underlying Outlays (i)		641,371
Budget Measures		
Savings: Child Support Reforms (see also page 187)	-4,312	
Running Costs		
Net effect of price indexation, efficiency dividend, carryover and internal transfers	-13,586	
Workload adjustments. Increase in funding associated with the workload formula agreed with the DoFA	1,993	
Legal funding as negotiated with DoFA moved to running costs from Compensation and Legal in Other Programme Costs	1,190	
Funding for Comsuper Purchaser/Provider framework	227	
Other Services		
Compensation and Legal Expenses - Legals component has been moved into Running Costs	-455	
CSA - Payment to cover cheque dishonours etc - annualised growth.	528	
Compensation for detriment caused by defective administration - increased requirement	2	
Special Appropriation		
CSA - Special Appropriation s77 and s78 expenditure - increase in number of payments by non-custodial parents through the employer withholding system and lower amount of unexplained remittances from employers by month end.	-6,379	

Table 4.3: Variations to Sub-Programme Underlying Outlays 1997-98 to 1998-99 (continued)

Adjustments	
Increased level of Section 31 receipts.	48
CSA - Special Appropriation s77 Revenue - recovery of increased value of payments by non-custodial parents through employer withholding	6,379
CSA - Miscellaneous Receipts - lower amount to be recovered of unexplained remittances from employers by month end	-32
CSA - Annual Appropriation Revenue - annualised growth	-528
CSA - Refund of Overpayments - annualised growth	-163
CSA - Consolidated Revenue Fund Payments Shortfall - annualised growth	-2,394
CSA - Consolidated Revenue Fund Payments Shortfall reimbursement - annualised growth	2,394
CSA Payments - annualised growth	39,975
Total Variations	24,887
1998-99 Budget Underlying Outlays (ii)	666,258

- (i) The 1997-98 figure appears in column 3 in Table 4.2 above.
(ii) The 1998-99 Budget figure appears in column 4 in Table 4.2 above.

1998-99 Budget Measures affecting Portfolio Underlying Outlays

Reform of the Child Support Scheme — Policy and administration is further explained on page 187.

Performance of the Sub-Programme in 1996-97 and 1997-98

Information on the performance of the Sub-Programme in 1996-97 is at pages 49 to 60 of the *1996-97 Commissioner of Taxation Annual Report*. Performance information for 1997-98 will be published in the 1997-98 Commissioner of Taxation Annual Report to be tabled in Parliament by October 31 1998.

Performance Forecasts for 1998-99

Compliance

Achievement of budgeted revenue outcomes (ie collections of child support payments).

Improved compliance, including increased emphasis aimed at increasing the proportion of clients who elect to self-administer their child support arrangements or enter into private collection arrangements.

Compliance Costs

Achievement of compliance cost reductions when opportunities arise through improved targeting of services specific to client needs, introducing flexible payment options and helping separated parents to support themselves.

Community Confidence

Achievement of standards specified in the Child Support Charter for all relevant categories of work.

Efficiency and Adaptability

Improved productivity, efficiency and adaptability through application of strategies — including increased and improved use of technology (eg electronic commerce), improved work design, market-testing and benchmarking, specialisation of activities, error reduction activities, and improved accommodation usage.

Government Initiatives

Successful implementation of Government initiatives and measures.

Sub-Programme 4.3 — Corporate Support

Objectives

To develop the corporate management process in the strategic and service areas and to support the efficient and effective operations of the ATO.

Table 4.2: How the Sub-Programme is Resourced; Reconciliation of Appropriations to the Sub-Programme and Summary of Underlying Outlays

	1997-98 Budget (i) \$'000	1997-98 Revised Approp (ii) \$'000	1997-98 Estimated Outcome \$'000	1998-99 Budget \$'000	Variation (iii) %
ANNUAL APPROPRIATIONS					
<i>Appropriation Bill No. 1</i>					
Division 672 - Australian Taxation Office					
1. Running Costs	281,855	286,258	257,658	244,198	-5
Annotated Appropriations (Section 31 of the <i>FMA Act 1997</i>)	1,210	1,668	1,668	1,233	-26
	283,065	287,926	259,326	245,431	-5
2. Other Services					
01. Compensation and legal expenses	353	353	597	400	-33
04. Test case litigation program for tax law clarification	2,000	2,000	450	2,000	344
	2,353	2,353	1,047	2,400	129
Total Appropriation Bill No. 1	285,418	290,279	260,373	247,831	-5
<i>Appropriation Bill No. 2</i>					
Division 980 - Australian Taxation Office					
1. Capital Works and Services					
01. Plant and equipment	47,888	47,888	45,061	27,700	-39
Total Appropriation Bill No. 2	47,888	47,888	45,061	27,700	-39
TOTAL ANNUAL APPROPRIATIONS	333,306	338,167	305,434	275,531	-10
TOTAL SPECIAL APPROPRIATIONS	-	-	-	-	-

Table 4.2: How the Sub-Programme is Resourced; Reconciliation of Appropriations to the Sub-Programme and Summary of Underlying Outlays (continued)

	1997-98 Budget (i) \$'000	1997-98 Revised Approp (ii) \$'000	1997-98 Estimated Outcome \$'000	1998-99 Budget \$'000	Variation (iii) %
TOTAL APPROPRIATIONS	333,306	338,167	305,434	275,531	-10
Less annotated appropriations	1,210	na	1,668	1,233	-26
Less other adjustments	-	na	-	-	-
TOTAL ADJUSTMENTS	1,210	na	1,668	1,233	-26
TOTAL UNDERLYING OUTLAYS	332,096	na	303,766	274,298	-10
Staff years	2,506	na	2,540	2,501	-2

- (i) As presented in 1997-98 Budget documentation (May 1997 — adjusted, where necessary, to reflect underlying outlays).
(ii) 1997-98 Revised Approp figures amended to include Additional Estimates, Advance to the Minister for Finance, running cost borrowings, savings and other revisions.
(iii) Variation percentage = ((1998-99 Budget less 1997-98 Estimated Outcome)/1997-98 Estimated Outcome).

Sub-Programme Variation

The following table shows changes of more than 5 per cent in the underlying outlays of the Sub-Programme in 1998-99.

Table 4.3: Variations to Sub-Programme Underlying Outlays 1997-98 to 1998-99

	Amount of Variation (+ or -) \$'000	Total \$'000
1997-98 Estimated Underlying Outlays (i)		303,766
Budget Measures		
Information Technology and replacement (see also page 187)	27,700	
Running Costs		
Net effect of price indexation, efficiency dividend, carryover and internal transfers	24,154	
Borrowings for redundancy programmes	533	
Cessation of Modernisation funding	-35,881	
Reduction in New Policy Funding	-279	
ATO Business 2000. This strategy identified savings from various areas of the ATO and resulted in reinvestment into areas where cost shortfalls had previously been identified and into areas considered to be of strategic significance	-2,693	

Table 4.3: Variations to Sub-Programme Underlying Outlays 1997-98 to 1998-99 (continued)

Workload adjustments. Increase in funding associated with the workload formula currently in place with the Department of Finance	1,990
1997-98 Budget Measures Savings	-1,859
Whole of Government initiatives. Savings identified in 1996-97 Budget on telecommunications	-574
Legal funding as negotiated with DoFA moved to running costs from Compensation and Legal in Other Programme Costs	510
Funding for Comsuper Purchaser/Provider framework	206
Other Services	
Compensation and Legal Expenses - Legals component has been moved into Running Costs	-197
Tax Law Clarification - Test Case - Increase in volume of cases on hand and proposals as programme continues to be promoted. There is a contingency for a large case or other significant project	1,550
Plant and Equipment. Reflects the cessation of Modernisation funding and a new appropriation negotiated with DoFA	-45,061
Adjustments	
Revised level of Section 35 receipts	433
Total Variations	-29,468
1998-99 Budget Underlying Outlays (ii)	274,298

(i) The 1997-98 figure appears in column 3 in Table 4.2 above.

(ii) The 1998-99 Budget figure appears in column 4 in Table 4.2 above.

Performance of the Sub-Programme in 1996-97 and 1997-98

Information on the performance of the Sub-Programme in 1996-97 is at pages 63 to 82 of the *1996-97 Commissioner of Taxation Annual Report*. For additional performance information relevant to the Sub-Programme refer to the Australian National Audit Office (ANAO) report number 19 (Financial Statements Audit of Commonwealth Entities). Performance information for 1997-98 will be published in the 1997-98 Commissioner of Taxation Annual Report to be tabled in Parliament by 31 October 1998.

Performance Forecasts for 1998-99

Sub-Programme 4.3 'Corporate Support' is comprised of six components including:

- 4.3.1 Legislative Services (LS);
- 4.3.2 Tax Counsel and Practice Management (TC&PM);
- 4.3.3 Corporate Services (CS);

4.3.4 Information Technology Services (ITS);

4.3.5 Financial Services (FS); and

4.3.6 Office of the Commissioners.

Performance forecasts for 1998-99 for each Sub-Programme component are set out below.

4.3.1 Legislative Services (LS)

Compliance

Develop robust legislation that minimises tax avoidance, thus facilitating the ATO's achievement of budget revenue outcomes and improvements in compliance.

Compliance Costs

Clarification and development of laws that are more understandable and certain, and thus less costly to comply with.

Community Confidence

Achievement of standards specified in the Taxpayers' Charter for all relevant categories.

Efficiency and Adaptability

Improved productivity, efficiency and adaptability through the increased use of modern drafting techniques and benchmarking.

Government Initiatives

Successful development and implementation of the Government's tax legislation programme.

4.3.2 Tax Counsel and Practice Management (TC&PM)

Compliance

Clarification of areas of the law through rulings, publications, advice and litigation, and development of robust legislation that minimises tax avoidance, thus facilitating the ATO's achievement of budget revenue outcomes and improvements in compliance.

Compliance Costs

Clarification and development of laws that are more understandable and certain, and thus less costly to comply with.

Community Confidence

Achievement of standards specified in the Taxpayers' Charter for all relevant categories.

Improvements in the quality of technical decision-making across the ATO through a range of measures including consultation with community experts, specialised training, recruitment of highly qualified staff and better systems to ensure accuracy.

Efficiency and Adaptability

Improved productivity, efficiency and adaptability through application of strategies — including increased and improved use of technology (eg new tax technical database), benchmarking, regionalisation of activities, reduced litigation costs, improved accommodation usage and other measures.

Government Initiatives

Successful development and implementation of the Government's tax legislation programme.

4.3.3 Corporate Services (CS)

Compliance

Not applicable to this component of Sub-Programme 4.3.

Compliance Costs

Not applicable to this component of Sub-Programme 4.3.

Community Confidence

In the second year of the Taxpayers' Charter, we are reviewing the existing Taxpayers' Charter Standards and developing standards for professionalism and technical quality.

Successful provision of strategic support services (eg external communication and assisting the ATO to comply with their internal and external obligations).

Efficiency and Adaptability

Improved productivity, efficiency and adaptability through the application of strategies — including increased and improved use of technology, an effective records management system, contestability, reduced litigation costs, partnering with other Sub-Programmes to achieve leading practice in corporate support, and improved accommodation usage.

Government Initiatives

Successful implementation of the Government's APS reform programme including contestability, new people management practices.

4.3.4 Information Technology Services (ITS)

Compliance

Not applicable to this component of Sub-Programme 4.3.

Compliance Costs

Not applicable to this component of Sub-Programme 4.3.

Community Confidence

Successful provision of strategic and operational information technology services (eg mainframes, networks, mid-range and desktop computing and corporate applications development), thus facilitating the ATO's achievement of goals in each of these areas.

Efficiency and Adaptability

Improved productivity, efficiency and adaptability across the ATO through the application of strategies — including use of electronic service technologies, office productivity and knowledge management systems for information collection, collaboration and communication; preparation for Year 2000; technologies to support remote office and flexible working arrangements; more effective management of infrastructure and technologies to ensure security of data.

Government Initiatives

Completion of competitive tendering process for IT infrastructure.

4.3.5 Financial Services (FS)

Compliance

Increased revenue forecasting accuracy, and enhanced analysis of revenues, with the development and implementation of improved revenue forecasting models.

Compliance Costs

Improved quality of advice to Government on the compliance costs attaching to legislative proposals with the development and implementation of high quality compliance cost models.

Community Confidence

Refinement of the ATO Corporate Governance framework.

Efficiency and Adaptability

Improved productivity, efficiency and adaptability through application of strategies — including a new accrual-based financial management information system commencing

July 1998, a training strategy to upgrade accounting and financial management skills, improved management of large contracts and adoption of principles of contestability in service provision.

Government Initiatives

Successful implementation of the APS procurement reforms, the requirements of the *Financial Management and Accountability Act* and an accrual budgeting framework.

4.3.6 Office of the Commissioners

Compliance

Achieve budgeted revenue outcomes and improvements in compliance through provision of advice in the development of strategies based around the integration of compliance model and Taxpayers' Charter.

Compliance Costs

Reduce compliance costs through the promotion of better decision-making processes within the ATO.

Community Confidence

Providing an independent entry point to the ATO which acknowledges the rights and obligations of the tax paying community.

Achievement of standards specified in the Taxpayers' Charter for all relevant categories of work.

A strong system for staff accountability increases community confidence in the integrity of staff and the ATO.

Efficiency and Adaptability

Improved productivity, efficiency and adaptability of the administration of the taxation system through a range of measures including improved use of technology and people, and improved knowledge of our clients.

Government Initiatives

Successful implementation of Government initiatives, including the Taxpayers' Charter.

Sub-Programme 4.4 — Australian Valuation Office

Objectives

To provide independent valuation services and advice.

Table 4.2: How the Sub-Programme is Resourced; Reconciliation of Appropriations to the Sub-Programme and Summary of Underlying Outlays

	1997-98 Budget (i) \$'000	1997-98 Revised Approp (ii) \$'000	1997-98 Estimated Outcome \$'000	1998-99 Budget \$'000	Variation (iii) %
ANNUAL APPROPRIATIONS					
<i>Appropriation Bill No. 2</i>					
Division 980 - Australian Taxation Office					
1. Capital Works and Services					
02. Establishment Grants - New trust accounts	9,000	9,000	6,000	-	-100
Total Appropriation Bill No. 2	9,000	9,000	6,000	-	-100
TOTAL ANNUAL APPROPRIATIONS	9,000	9,000	6,000	-	-100
TOTAL SPECIAL APPROPRIATIONS	-	-	-	-	-
TOTAL APPROPRIATIONS	9,000	9,000	6,000	-	-100
Less annotated appropriations	-	na	-	-	-
Less other adjustments					
AVO - Dividends	1,260	na	50	203	306
AVO - Net Effect of Trust Account	7,650	na	3,741	115	-97
TOTAL ADJUSTMENTS	8,910	na	3,791	318	-92
TOTAL UNDERLYING OUTLAYS	90	na	2,209	-318	-114
Staff years	143	na	145	145	0

- (i) As presented in 1997-98 Budget documentation (May 1997 — adjusted, where necessary, to reflect underlying outlays).
(ii) 1997-98 Revised Approp figures amended to include Additional Estimates, Advance to the Minister for Finance, running cost borrowings, savings and other revisions.
(iii) Variation percentage = ((1998-99 Budget less 1997-98 Estimated Outcome)/1997-98 Estimated Outcome).

Sub-Programme Variation

The following table shows changes of more than 5 per cent in the underlying outlays of the Sub-Programme in 1998-99.

Table 4.5: Variations to Sub-Programme Underlying Outlays 1997-98 to 1998-99

	Amount of Variation (+ or -) \$'000	Total \$'000
1997-98 Estimated Underlying Outlays (i)		2,209
Adjustments		
AVO - Net effect of trust account transactions	3,473	
AVO - Establishment Grant for new Trust Account	-6,000	
Total Variations		-2,527
1998-99 Budget Underlying Outlays (ii)		-318

(i) The 1996-97 figure appears in column 3 in Table 4.2 above.

(ii) The 1997-98 Budget figure appears in column 4 in Table 4.2 above.

Performance of the Sub-Programme in 1996-97 and 1997-98

Information on the performance of the Sub-Programme in 1996-97 is at pages 24 to 26 of the Department of Administrative Services Annual Report. Performance information for 1997-98 will be published in the 1997-98 Commissioner of Taxation Annual Report to be tabled in Parliament by 31 October 1998.

Performance Forecasts for 1998-99

Compliance

Assist government agencies achieve compliance objectives by the provision of independent valuation service and advice.

Compliance Costs

Assist government clients to reduce their cost by improved targeting of services and benefits.

Community Confidence

Provision of impartial valuation advice to government agencies, critical to the success of asset testing of applicants for welfare benefits while maintaining community confidence through equitable decision making and programme administration.

Efficiency and Adaptability

Achievement of financial and performance objectives and standards.

Government Initiatives

Continued application of competitive neutrality principles and implementation of other government reforms.