

INSPECTOR-GENERAL OF TAXATION

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INSPECTOR-GENERAL OF TAXATION

Section 1: Entity overview and resources

1.1 STRATEGIC DIRECTION STATEMENT

The objective of the Inspector-General of Taxation (IGT) is to improve tax administration through investigation of tax complaints, conducting broader reviews, public reporting and independent advice to Government and its relevant entities.

The IGT's strategic direction for 2018-19 is to achieve this by delivering independent advice for improvement through:

- providing a specialised tax complaints handling service to the Australian community;
- identifying and prioritising areas of tax administration for improvement through our complaints handling service and consultations with the community; and
- conducting reviews into these areas and providing independent advice and recommendations to Government, the Australian Taxation Office (ATO) and the Tax Practitioners Board (TPB) through public reporting.

1.2 ENTITY RESOURCE STATEMENT

Table 1.1 shows the total funding from all sources available to the entity for its operations and to deliver programs and services on behalf of the Government.

Information in this table is presented on a resourcing (that is, appropriations/cash available) basis, whilst the 'Budgeted expenses by Outcome 1' tables in Section 2 and the financial statements in Section 3 are presented on an accrual basis.

Table 1.1: Inspector-General of Taxation resource statement — Budget estimates for 2019-20 as at Budget April 2019

	<i>2018-19 (a)</i> <i>Estimated</i> <i>actual</i> <i>\$'000</i>	2019-20 Estimate \$'000
Departmental		
Annual appropriations - ordinary annual services (b)		
Prior year appropriations available	5,187	5,938
Departmental appropriation (c)	6,451	6,449
Departmental capital budget (d)	30	31
Total departmental annual appropriations	<u>11,668</u>	<u>12,418</u>
Total departmental resourcing	11,668	12,418
Total resourcing for Inspector-General of Taxation	11,668	12,418
	<i>2018-19</i>	2019-20
Average staffing level (number)	35	35

(a) Annual appropriation amounts appearing for 2018-19 do not include the Appropriation Bills (No. 3) and (No. 4) 2018-2019, as they had not been enacted at the time of publication.

(b) Appropriation Bill (No. 1) 2019-20.

(c) Excludes departmental capital budget (DCB).

(d) Departmental capital budgets are not separately identified in Appropriation Bill (No.1) and form part of ordinary annual services items. Please refer to Table 3.5 for further details. For accounting purposes, this amount has been designated as a 'contribution by owner'.

All figures shown above are GST exclusive - these may not match figures in the cash flow statement.

Prepared on a resourcing (i.e. appropriations available) basis.

1.3 BUDGET MEASURES

The IGT has no new budget measures.

Section 2: Outcomes and planned performance

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Commonwealth programs are the primary vehicle by which government entities achieve the intended results of their outcome statements. Entities are required to identify the programs which contribute to government outcomes over the Budget and forward years.

The IGT's outcome is described below together with its related program. The following provides detailed information on expenses for each outcome and program, further broken down by funding source.

Note:

Performance reporting requirements in the Portfolio Budget Statements are part of the enhanced Commonwealth performance framework established by the *Public Governance, Performance and Accountability Act 2013*. It is anticipated that the performance criteria described in Portfolio Budget Statements will be read with broader information provided in an entity's corporate plans and annual performance statements - included in Annual Reports - to provide an entity's complete performance story.

The most recent corporate plan for the IGT can be found at:

<http://igt.gov.au/about-us/accountability-and-reporting/corporate-plan-2018-19/>

The most recent annual performance statement can be found at:

<http://igt.gov.au/publications/annual-reports/annual-report-2017-18/performance-report/>

2.1 BUDGETED EXPENSES AND PERFORMANCE FOR OUTCOME 1

Outcome 1:

Improved tax administration through investigation of complaints, conducting reviews, public reporting and independent advice to Government and its relevant entities.

Budgeted expenses for Outcome 1

This table shows how much the entity intends to spend (on an accrual basis) on achieving the outcome, broken down by program, as well as by Departmental funding sources.

Table 2.1: Budgeted expenses for Outcome 1

	2018-19 Estimated actual \$'000	2019-20 Budget \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000	2022-23 Forward estimate \$'000
Program 1.1: Inspector-General of Taxation					
Departmental expenses					
Departmental appropriation	6,451	6,449	6,493	6,557	6,602
Expenses not requiring appropriation in the Budget year (a)	336	346	345	336	281
Departmental total	6,787	6,795	6,838	6,893	6,883
Total expenses for Program 1.1	6,787	6,795	6,838	6,893	6,883
Total expenses for Outcome 1	6,787	6,795	6,838	6,893	6,883

	2018-19	2019-20
Average staffing level (number)	35	35

(a) Expenses not requiring appropriation in the Budget year are made up of depreciation and amortisation expenses.

Note: Departmental appropriation splits and totals are indicative estimates and may change in the course of the budget year as government priorities change.

Table 2.2: Performance criteria for Outcome 1

Table 2.2 below details the performance criteria for each program associated with Outcome 1. It also summarises how each program is delivered and where 2019-20 Budget measures have created new programs or materially changed existing programs.

Outcome 1 – Improved tax administration through investigation of complaints, conducting reviews, public reporting and independent advice to Government and its relevant entities.		
Program 1.1 – To improve tax administration through investigation of complaints, consulting with stakeholders to prioritise areas of tax administration for review as well as providing independent advice to the Government, the ATO and the TPB.		
Delivery	<ul style="list-style-type: none"> • effective handling of tax administration complaints • identify and prioritise areas of tax administration for improvement • conduct reviews and make independent recommendations for improvement to Government, the ATO and the TPB 	
Performance information		
Year	Performance criteria	Targets
2018-19	<ul style="list-style-type: none"> • effective handling of tax administration complaints • efficient conduct of reviews into tax administration issues • publication of reports on tax administration • independent advice to Government and relevant entities on improvements to tax administration 	<ul style="list-style-type: none"> • tax administration complaint responses • positive feedback on complaints handling and broader reviews from community stakeholders including taxpayers, tax practitioners, other citizens and relevant government entities • areas of tax administration for improvement identified and prioritised through complaints handling and stakeholder consultation • reviews, reports and recommendations on areas of tax administration
2019-20 and beyond	As per 2018-19 targets	As per 2018-19 targets
Purposes	<p>The IGT is an independent statutory agency. Our role is to improve tax administration in Australia through:</p> <ul style="list-style-type: none"> • an effective and efficient complaints handling function; • identifying and prioritising areas of tax administration requiring improvement; and • conducting reviews and making recommendations for improvement to the Government, the ATO and the TPB. 	

Section 3: Budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2019-20 budget year, including the impact of budget measures and resourcing on financial statements.

3.1 BUDGETED FINANCIAL STATEMENTS

3.1.1 Differences between entity resourcing and financial statements

There are no material differences between entity resourcing and the financial statements.

3.1.2 Explanatory notes and analysis of budgeted financial statements

The financial statements have been prepared on an Australian Accounting Standards basis.

The IGT is budgeting for a break-even operating result in 2019-20.

3.2. BUDGETED FINANCIAL STATEMENTS TABLES

Table 3.1: Comprehensive income statement (showing net cost of services) for the period ended 30 June

	2018-19 Estimated actual \$'000	2019-20 Budget \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000	2022-23 Forward estimate \$'000
EXPENSES					
Employee benefits	4,522	4,718	4,850	4,856	4,887
Suppliers	1,929	1,731	1,643	1,701	1,715
Depreciation and amortisation (a)	336	346	345	336	281
Total expenses	6,787	6,795	6,838	6,893	6,883
Net (cost of)/contribution by services	(6,787)	(6,795)	(6,838)	(6,893)	(6,883)
Revenue from Government	6,451	6,449	6,493	6,557	6,602
Surplus/(deficit) attributable to the Australian Government	(336)	(346)	(345)	(336)	(281)

Note: Impact of net cash appropriation arrangements

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Total comprehensive income/(loss) excluding depreciation/amortisation expenses previously funded through revenue appropriations	-	-	-	-	-
less depreciation/amortisation expenses previously funded through revenue appropriations (a)	336	346	345	336	281
Total comprehensive income/(loss) - as per the statement of comprehensive income	(336)	(346)	(345)	(336)	(281)

(a) From 2010-11, the Government introduced net cash appropriation arrangements. This involved Bill 1 revenue appropriations for the depreciation/amortisation expenses of non-corporate Commonwealth entities (and select corporate Commonwealth entities) were replaced with a separate capital budget (the Departmental Capital Budget, or DCB) provided through Bill 1 equity appropriations. For information regarding DCBs, please refer to Table 3.5 Departmental Capital Budget Statement.

Prepared on Australian Accounting Standards basis.

Table 3.2: Budgeted departmental balance sheet (as at 30 June)

	2018-19 Estimated actual \$'000	2019-20 Budget \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000	2022-23 Forward estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	56	56	56	56	56
Trade and other receivables	5,166	5,166	5,166	5,166	5,166
Total financial assets	5,222	5,222	5,222	5,222	5,222
Non-financial assets					
Land and buildings	1,000	754	508	262	16
Property, plant and equipment	253	248	244	203	201
Intangibles	145	81	17	-	-
Other non-financial assets	83	83	83	83	83
Total non-financial assets	1,481	1,166	852	548	300
Total assets	6,703	6,388	6,074	5,770	5,522
LIABILITIES					
Payables					
Suppliers	141	141	141	141	141
Other payables	84	84	84	84	84
Total payables	225	225	225	225	225
Provisions					
Employee provisions	1,474	1,474	1,474	1,474	1,474
Other provisions	162	162	162	162	162
Total provisions	1,636	1,636	1,636	1,636	1,636
Total liabilities	1,861	1,861	1,861	1,861	1,861
Net assets	4,842	4,527	4,213	3,909	3,661
EQUITY*					
Contributed equity	1,291	1,322	1,353	1,385	1,418
Reserves	453	453	453	453	453
Retained surplus	3,098	2,752	2,407	2,071	1,790
Total equity	4,842	4,527	4,213	3,909	3,661

*'Equity' is the residual interest in assets after the deduction of liabilities.

Prepared on Australian Accounting Standards basis.

Table 3.3: Departmental statement of changes in equity — summary of movement (Budget year 2019-20)

	Retained earnings \$'000	Asset revaluation reserve \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2019				
Balance carried forward from previous period	3,098	453	1,291	4,842
Adjusted opening balance	3,098	453	1,291	4,842
Comprehensive income				
Surplus/(deficit) for the period	(346)	-	-	(346)
Total comprehensive income	(346)	-	-	(346)
Transactions with owners				
Contributions by owners				
Departmental Capital Budget (DCB)	-	-	31	31
Total transactions with owners	-	-	31	31
Closing balance attributable to the Australian Government	2,752	453	1,322	4,527

Prepared on Australian Accounting Standards basis.

**Table 3.4: Budgeted departmental statement of cash flows
(for the period ended 30 June)**

	2018-19 Estimated actual \$'000	2019-20 Budget \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000	2022-23 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	6,451	6,449	6,493	6,557	6,602
Total cash received	6,451	6,449	6,493	6,557	6,602
Cash used					
Employees	4,522	4,718	4,850	4,856	4,887
Suppliers	1,929	1,731	1,643	1,701	1,715
Total cash used	6,451	6,449	6,493	6,557	6,602
Net cash from/(used by) operating activities	-	-	-	-	-
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment and intangibles	30	31	31	32	33
Total cash used	30	31	31	32	33
Net cash from/(used by) investing activities	(30)	(31)	(31)	(32)	(33)
FINANCING ACTIVITIES					
Cash received					
Contributed equity	30	31	31	32	33
Total cash received	30	31	31	32	33
Net cash from/(used by) financing activities	30	31	31	32	33
Net increase/(decrease) in cash held	-	-	-	-	-
Cash and cash equivalents at the beginning of the reporting period	56	56	56	56	56
Cash and cash equivalents at the end of the reporting period	56	56	56	56	56

Prepared on Australian Accounting Standards basis.

Table 3.5: Departmental capital budget statement (for the period ended 30 June)

	2018-19 Estimated actual \$'000	2019-20 Budget \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000	2022-23 Forward estimate \$'000
NEW CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 (DCB)	30	31	31	32	33
Total new capital appropriations	30	31	31	32	33
<i>Provided for:</i>					
<i>Purchase of non-financial assets</i>	30	31	31	32	33
Total items	30	31	31	32	33
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation - DCB (a)	30	31	31	32	33
TOTAL	30	31	31	32	33
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	30	31	31	32	33
Total cash used to acquire assets	30	31	31	32	33

(a) Does not include annual finance lease costs. Includes purchases from current and previous years' Departmental capital budgets (DCBs).

Prepared on Australian Accounting Standards basis.

Table 3.6: Statement of asset movements (Budget year 2019-20)

	Buildings \$'000	Other property, plant and equipment \$'000	Computer software and intangibles \$'000	Total \$'000
As at 1 July 2019				
Gross book value	1,502	349	405	2,256
Accumulated depreciation/ amortisation and impairment	(502)	(96)	(260)	(858)
Opening net book balance	1,000	253	145	1,398
Capital asset additions				
Estimated expenditure on new or replacement assets				
By purchase - appropriation ordinary annual services (a)	-	31	-	31
Total additions	-	31	-	31
Other movements				
Depreciation/amortisation expense	(246)	(36)	(64)	(346)
Total other movements	(246)	(36)	(64)	(346)
As at 30 June 2020				
Gross book value	1,502	380	405	2,287
Accumulated depreciation/ amortisation and impairment	(748)	(132)	(324)	(1,204)
Closing net book balance	754	248	81	1,083

(a) 'Appropriation ordinary annual services' refers to funding provided through Appropriation Bill (No.1) 2019-20 for depreciation/amortisation expenses, DCBs or other operational expenses.

Prepared on Australian Accounting Standards basis.