

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 2016-17 is to achieve this by delivering independent advice for improvement through:

- establishing and maintaining an effective and efficient complaints handling function;
- identifying and prioritising areas of tax administration for improvement; and
- conducting reviews and making recommendations for improvement to government, the Australian Taxation Office (ATO) and the Tax Practitioners Board (TPB).

1.2 ENTITY RESOURCE STATEMENT

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

Information in this table is presented on a resourcing (i.e. appropriations/cash available) basis, whilst the 'Budgeted expenses for Outcome 1' table 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 2016-17 as at Budget May 2016

	<i>2015-16 Estimated actual \$'000</i>	2016-17 Estimate \$'000
Departmental		
Annual appropriations - ordinary annual services (a)		
Prior year appropriations available (b)	4,321	3,780
Departmental appropriation	6,503	6,565
Departmental capital budget (c)	29	29
Annual appropriations - other services - non-operating (d)		
Prior year appropriations available	-	-
Equity injection	198	-
<i>Total departmental annual appropriations</i>	<i>11,051</i>	<i>10,374</i>
Total departmental resourcing	11,051	10,374
Total resourcing for the Inspector-General of Taxation	11,051	10,374
	<i>2015-16</i>	2016-17
Average staffing level (number)	<i>34</i>	35

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

Please note: All figures shown above are GST exclusive – these may not match figures in the cash flow statement.

(a) Appropriation Bill (No.1) 2016-17.

(b) Excludes \$0.542 million subject to administrative quarantine by the Department of Finance and withheld under section 51 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

(c) 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'.

(d) Appropriation Bill (No.2) 2016-17.

1.3 BUDGET MEASURES

The IGT has no 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.

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

Note:

From 1 July 2015, performance reporting requirements in the Portfolio Budget Statements sit alongside those required under the enhanced Commonwealth performance framework. 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 from October 2016 – to provide an entity's complete performance story.

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

Table 2: Changes to the outcome and program structures since the last portfolio budget statement

New Outcome 1	<i>Improved tax administration through investigation of complaints, conducting reviews, public reporting and independent advice to Government and its relevant entities</i>
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Description of change:

New outcome, created for Budget 2016-17, supersedes the old Outcome 1.

Old Statement:

Improved tax administration through community consultation, review, and independent advice to Government

Budgeted expenses for Outcome 1

Table 2.1 shows how much IGT intends to spend (on an accrual basis) on achieving the outcome.

Table 2.1: Budgeted expenses for Outcome 1

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
Program 1.1: Inspector-General of Taxation					
Departmental expenses					
Departmental appropriation (a)	6,503	6,565	6,621	6,670	6,715
Expenses not requiring appropriation in the Budget year (b)	29	29	30	31	32
Departmental total	6,532	6,594	6,651	6,701	6,747
Total expenses for program 1.1	6,532	6,594	6,651	6,701	6,747
	2015-16	2016-17			
Average staffing level (number)	34	35			

(a) Estimated expenses incurred in relation to receipts retained under section 74 of the PGPA Act.

(b) Expenses not requiring appropriation in the Budget year are made up of depreciation expenses, 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

The table below details the performance criteria for each program associated with Outcome 1. It also summarises how each program is delivered and where 2016-17 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 – Inspector-General of Taxation		
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"> investigating tax administration complaints conducting reviews into tax administration issues publicly reporting on tax administration providing independent advice to Government and its relevant entities on improvements to the administration of the tax laws 	
Performance information		
Performance criteria	2015–16 targets	2016–17 and the forward year targets
<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"> the effective establishment of the complaints handling function positive feedback on IGT reviews and continued support from community stakeholders including taxpayers, tax practitioners, other citizens and relevant government entities reports of IGT reviews published recommendations for improvements in tax administration agreed and implemented by the ATO or adopted by the Government 	<ul style="list-style-type: none"> positive feedback on IGT complaints handling and broader reviews from community stakeholders including taxpayers, tax practitioners, other citizens and relevant government entities responding to tax administration complaints responding to tax administration issues through reviews issuing public reports on tax administration issues providing independent advice and recommendations to Government and its relevant entities on improvements in tax administration
Purposes	<p>Our role is to improve tax administration through investigation of tax complaints, conducting broader reviews, public reporting and independent advice to Government and its relevant agencies.</p> <p>Our objectives are to:</p> <ul style="list-style-type: none"> establish and maintain an effective and efficient complaint handling function; identify and prioritise areas of tax administration for improvement; and conduct reviews and make recommendations for improvement to Government, the ATO and the TPB. 	

Section 3: Budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of IGT's finances for the 2016-17 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 IGT's 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 2016-17.

3.1.3 Budgeted financial statements tables

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

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
EXPENSES					
Employee benefits	5,207	5,348	5,392	5,292	5,285
Suppliers	1,296	1,217	1,229	1,378	1,430
Depreciation and amortisation	29	29	30	31	32
Total expenses	6,532	6,594	6,651	6,701	6,747
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Other	-	-	-	-	-
Total own-source revenue	-	-	-	-	-
Total own-source income	-	-	-	-	-
Net (cost of)/contribution by services	(6,532)	(6,594)	(6,651)	(6,701)	(6,747)
Revenue from Government	6,503	6,565	6,621	6,670	6,715
Surplus/(deficit) attributable to the Australian Government	(29)	(29)	(30)	(31)	(32)
OTHER COMPREHENSIVE INCOME					
Changes in asset revaluation surplus	-	-	-	-	-
Total other comprehensive income	-	-	-	-	-
Total comprehensive income/(loss)	(29)	(29)	(30)	(31)	(32)
Total comprehensive income/(loss) attributable to the Australian Government	(29)	(29)	(30)	(31)	(32)

Note: Impact of net cash appropriation arrangements

	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000
Total comprehensive income/(loss) excluding depreciation/amortisation expenses previously funded through revenue appropriations	-	-	-	-	-
less depreciation/amortisation expenses previously funded through revenue appropriations (a)	29	29	30	31	32
Total comprehensive income/(loss) - as per the statement of comprehensive income	(29)	(29)	(30)	(31)	(32)

(a) From 2010-11, the Government introduced net cash appropriation arrangements where 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.

Prepared on Australian Accounting Standards basis.

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

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	114	114	114	114	114
Trade and other receivables	4,216	4,216	4,216	3,347	3,347
Total financial assets	4,330	4,330	4,330	3,461	3,461
Non-financial assets					
Land and buildings	100	100	100	100	100
Property, plant and equipment	212	212	212	1,081	1,081
Intangibles	248	248	248	248	248
Other non-financial assets	25	25	25	25	25
Total non-financial assets	585	585	585	1,454	1,454
Total assets	4,915	4,915	4,915	4,915	4,915
LIABILITIES					
Payables					
Suppliers	71	71	71	71	71
Other payables	50	50	50	50	50
Total payables	121	121	121	121	121
Provisions					
Employee provisions	543	543	543	543	543
Total provisions	543	543	543	543	543
Total liabilities	664	664	664	664	664
Net assets	4,251	4,251	4,251	4,251	4,251
EQUITY*					
Contributed equity	1,201	1,230	1,260	1,291	1,323
Reserves	438	438	438	438	438
Retained surplus	2,612	2,583	2,553	2,522	2,490
Total equity	4,251	4,251	4,251	4,251	4,251

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

Prepared on Australian Accounting Standards basis.

Table 3.3: Departmental statement of changes in equity — summary of movement (Budget year 2016-17)

	Retained earnings	Asset revaluation reserve	Other reserves	Contributed equity/ capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2016					
Balance carried forward from previous period	2,612	438	-	1,201	4,251
Opening balance	2,612	438	-	1,201	4,251
Comprehensive income					
Surplus/(deficit) for the period	(29)	-	-	-	(29)
Total comprehensive income	(29)	-	-	-	(29)
Transactions with owners					
Contributions by owners					
Departmental capital budget (DCB)	-	-	-	29	29
Total transactions with owners	-	-	-	29	29
Closing balance attributable to the Australian Government	2,583	438	-	1,230	4,251

Prepared on Australian Accounting Standards basis.

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

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	6,503	6,565	6,621	7,539	6,728
Total cash received	6,503	6,565	6,621	7,539	6,728
Cash used					
Employees	5,207	5,348	5,392	5,292	5,285
Suppliers	1,296	1,217	1,229	1,378	1,443
Total cash used	6,503	6,565	6,621	6,670	6,728
Net cash from/(used by) operating activities	-	-	-	869	-
INVESTING ACTIVITIES					
Cash received					
Cash used					
Purchase of property, plant and equipment and intangibles	227	29	30	900	32
Total cash used	227	29	30	900	32
Net cash from/(used by) investing activities	(227)	(29)	(30)	(900)	(32)
FINANCING ACTIVITIES					
Cash received					
Contributed equity	227	29	30	31	32
Total cash received	227	29	30	31	32
Net cash from/(used by) financing activities	227	29	30	31	32
Net increase/(decrease) in cash held	-	-	-	-	-
Cash and cash equivalents at the beginning of the reporting period	114	114	114	114	114
Cash and cash equivalents at the end of the reporting period	114	114	114	114	114

Prepared on Australian Accounting Standards basis.

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

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
NEW CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 (DCB)	29	29	30	31	32
Equity injections - Bill 2	198	-	-	-	-
Total new capital appropriations	227	29	30	31	32
<i>Provided for:</i>					
<i>Purchase of non-financial assets</i>	227	29	30	31	32
Total items	227	29	30	31	32
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriations (a)	198	-	-	-	-
Funded by capital appropriation - DCB (b)	29	29	30	31	32
Funded Internally by Departmental resources (c)	-	-	-	869	-
TOTAL	227	29	30	900	32
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	227	29	30	900	32
Total cash used to acquire assets	227	29	30	900	32

(a) Includes both current Bill 2 and prior Act 2/4/6 appropriations and special capital appropriations.

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

(c) Consists of funding from current Bill 1 and prior year Act 1/3/5 appropriations (excluding amounts from the DCB).

Prepared on Australian Accounting Standards basis.

Table 3.6: Statement of asset movements (Budget year 2016-17)

	Land and Buildings \$'000	Property, plant and equipment \$'000	Intangibles \$'000	Total \$'000
As at 1 July 2016				
Gross book value	217	464	256	937
Accumulated depreciation/amortisation and impairment	(117)	(252)	(8)	(377)
Opening net book balance	100	212	248	560
Capital asset additions				
Estimated expenditure on new or replacement assets				
By purchase - appropriation ordinary annual services (a)	-	29	-	29
Total additions	-	29	-	29
Other movements				
Depreciation/amortisation expense	-	(29)	-	(29)
Total other movements	-	(29)	-	(29)
As at 30 June 2017				
Gross book value	217	493	256	966
Accumulated depreciation/ amortisation and impairment	(117)	(281)	(8)	(406)
Closing net book balance	100	212	248	560

(a) 'Appropriation ordinary annual services' refers to funding provided through Appropriation Bill (No.1) 2016-17 for depreciation/amortisation expenses, DCBs or other operational expenses.

