

Office of State Revenue

2018-19 Regulator Performance Framework Report

1. Ensure regulatory activity is proportionate to risk and minimises unnecessary burden

Supporting principles

- ***A proportionate approach is applied to compliance activities, engagement and regulatory enforcement actions***
- ***Regulations do not unnecessarily impose on regulated entities***
- ***Regulatory approaches are updated and informed by intelligence gathering so that effort is focussed towards risk.***

The Office of State Revenue (OSR) employs a risk-based revenue management approach which involves a structured approach to identifying, assessing, prioritising and mitigating risks to improve tax compliance.

Our annual compliance cycle is based on OECD best practice, to manage the risks associated with taxpayer non-compliance and maintain the integrity and confidence of the public in the revenue system. The compliance cycle incorporates:

- an environmental scan that provides a view on OSR's external and internal operating environment
- a detailed view of the overall health of each revenue product line, including internal and external factors
- a risk assessment to identify, assess and prioritise revenue risks.

Our compliance model aligns with the concept of responsive regulation that is based on taxpayers' motivation.

Our compliance programs provide a graduated response, making it easy for those who want to comply and applying credible enforcement to those who don't. Risk treatment strategies employed are dependent on the factors that drive specific compliance behaviours. There is a balance of treatments from compliance/enforcement activities, to targeted education and engagement activities that align with the compliance model.

Examples of proportionate regulatory activity with a minimal burden include:

- the Duties Home Concession Awareness SMS Reminder Campaign to support home owners to understand their obligations with home concession.
- OSR's commitment to ensuring small-to-medium businesses were prompted through early awareness campaigns to ensure they were aware of payroll tax thresholds, and taxable obligations if they engage contractors or labour hire agencies to source workers. These early awareness campaigns ensured employers registered and paid on time, and had all the information required to get their state taxing obligations 'right from the start'. The campaigns were designed to make it easy for business to comply.

Our behavioural insights program uses software solutions to deliver insights into taxpayer behaviour and drivers, enabling us to transform interactions with clients, leading to improved client outcomes.

Behavioural insights were used to identify client cohorts and targeted engagement strategies for the 2018-19 land tax assessment program, with tailored correspondence and supporting materials developed for first time land tax clients to explain their land tax obligations and entitlements. Behavioural insights were also used to conduct an early payment reminder campaign to support land tax clients to meet their payment obligations.

Data is driving significant change within OSR, as new technologies make it easy to manage taxpayer obligations and identify revenue risk. A new suite of tools now enables OSR to make faster, informed, data driven decisions to ensure taxpayers are meeting their obligations. New technologies are making it easier for OSR to detect risk behaviours, which enables us to reach taxpayers earlier, so they can make changes or rectify any errors.

2. Consult and engage meaningfully with stakeholders

Supporting principles

- **Formal and informal consultation mechanisms are in place to allow for the full range of stakeholder input and government decision-making circumstances**
- **Engagement is undertaken in ways that help regulators develop a genuine understanding of the operating environment of regulated entities**
- **Cooperative and collaborative relationships are established with stakeholders, including other regulators, to promote trust and improve the efficiency and effectiveness of the regulatory framework.**

Collaborative relationships have been established between OSR, industry bodies, inter-jurisdictional revenue offices, and where appropriate and possible, individual taxpayers.

The Commissioner of State Revenue has established a number of committees to maintain cooperative and collaborative relationships. These include:

- Taxation Consultative Committee – the main consultative body assisting OSR improve revenue administration. Membership is made up of senior members of OSR, representatives of major tax, law, and accounting professional firms and industry associations.
- Resource Consultative Committee – the main consultative body assisting OSR to improve revenue administration as it applies to the resource industry. Membership is made up of senior members of OSR and representatives of industry associations including Queensland Resources Council and the Australian Petroleum Production and Exploration Association.

OSR is represented on a several interjurisdictional committees which provide an important and valuable network to share information on revenue administration constructively, collaboratively and in a timely manner.

OSR is committed to client engagement as a means of improving the administration of Queensland's revenue system. Client engagement activities in 2018-19 included:

- Payroll Tax Division met with government partners such as the Fair Work Ombudsman, the Australian Taxation Office (ATO) and WorkCover, to improve cross-agency data sharing and referrals, and to leverage communication channels to our client base, such as the ATO's small business newsroom.
- OSR hosted 22 payroll tax webinars, on topics ranging from lodging your Annual Return, to Grouping, and Contractors. OSR also issued a total of 70 e-alert reminders to payroll tax clients throughout the year.
- Regular meetings between OSR and Department of Natural Resources, Mines and Energy (DNRME), established relationships, educated and discussed common issues in relation to royalty administration.
- A pilot education campaign was developed and issued to emerging mining operations with mineral development licences to ensure that they understood their obligations in relation to the calculation of gross value. The campaign included a detailed information guide, *Determining the gross value of minerals for royalty purposes*.
- Client insights gathered during a 2017-18 design sprint were applied to the design of the payroll tax online portal in 2018-19.

The annual OSR Client Satisfaction Survey gauges the experience and satisfaction of OSR clients in relation to the services provided. Clients from land tax, transfer duty and payroll tax revenue streams are surveyed. The survey reflects customer satisfaction regarding quality, timeliness, staff knowledge, access and outcome. The target satisfaction rate of 70% was met in 2018-19.

3. Provide appropriate information and support to assist compliance

Supporting principles

- **Clear and timely guidance and support is accessible to stakeholders and tailored to meet the needs of the target audience**
- **Advice is consistent and, where appropriate, decisions are communicated in a manner that clearly articulates what is required to achieve compliance**
- **Where appropriate, regulatory approaches are tailored to ensure compliance activities do not disproportionately burden particular stakeholders (e.g. small business) or require specialist advice.**

OSR provides up-to-date online information for clients including the rates of duties, tax and royalties, and interest and penalty rates on the Queensland Government and Queensland Treasury websites.

OSR publishes step-by-step guides for OSRconnect and OSR Online portals and provides a number of interactive tools to:

- assist clients determine eligibility for home concession, first home owner grant and land tax home exemptions
- help payroll tax self-assessors determine liability
- help with online transactions for vehicle registration duty and for transfer duty self-assessors
- help people estimate transfer duty and vehicle registration duty.

The Commissioner publishes public rulings which evidence OSR's legal interpretations and assessment practices to provide consistency and certainty for taxpayers. In 2018-19 a total of 20 public rulings were published.

OSR has an online chat service called 'Sam', that provides a digital channel for clients to engage with OSR 24/7 on routine enquiries. Sam was deployed to payroll tax webpages in February 2018 and all remaining revenue lines in July 2018. From February 2018 to 30 June 2019, Sam logged more than 17,300 taxpayer interactions, with over 80 per cent of enquiries being resolved at first contact.

Social media channels are used by OSR to provide timely alerts in relation to key dates, office closures and changes to legislation. Clients can also subscribe to specific revenue line email updates.

Under our Revenue Management System and business processes, decisions are subjected to quality assurance checking for consistency and accuracy. Decisions (other than decisions relating to royalty matters), are also subject to internal and external review and or appeal under Part 6 of the *Taxation Administration Act 2001*.

Examples of targeted support in 2018-19 included:

- In October/November 2018, OSR conducted a webinar to launch its 2018-19 compliance program, providing information to clients and stakeholders (including legal and accounting professional bodies) about the program approach and focus areas.
- Land tax compliance campaigns contacted clients to provide them with an opportunity to voluntarily disclose changes in circumstances that have affected their tax liability.
- Payroll tax seminars were held for taxpayers and their representatives in regional areas of Queensland including Toowoomba, Ipswich, Mackay and Cairns. Southport and Tweed Heads seminars were co-presented with the NSW State Revenue Office.
- OSR participated in GemFest, an annual four-day event in Anakie (in Queensland's gem fields), to provide education and assistance to royalty clients face-to-face as well as gain valuable insights that will help shape operational and compliance plans.

4. Commit to continuous improvement

Supporting principles

- ***Regular review of the approach to regulatory activities, collaboration with stakeholders and other regulators, to ensure it is appropriately risk based, leverages technological innovation and remains the best approach to achieving outcomes***
- ***To the extent possible, reform of regulatory activities is prioritised on the basis of impact on stakeholders and the community***
- ***Staff have the necessary training and support to effectively, efficiently and consistently perform their duties.***

The OSR Transformation Program is currently underway to provide next generation tax and revenue management capabilities that are client centric, digitally enabled and data driven, to improve services and outcomes for taxpayers, government and the Queensland community. The program has a key objective of making it easier for taxpayers to do business with the state's revenue department. By reducing red tape and making it easier to do business with OSR, businesses will be better able to focus on running their business.

As at 30 June 2019, OSR has delivered 23 of the planned 46 individual digital initiatives that vary in size and complexity as part of the Program. Initiatives include:

- A machine learning solution that is delivering insights into client behaviour and drivers, enabling us to transform our interactions with taxpayers and improve revenue outcomes for Queensland. In April 2018, OSR won an SAP global innovation award for this initiative.
- An automated approval process for processing land tax primary place of residence exemptions. Standard approvals which previously were processed in weeks, can now be provided back to the taxpayer in near real time via the new portal, OSR Online.

- An enhanced debt management solution that is introducing greater system flexibility to enable targeted actions that address high risk and high value matters more efficiently and effectively. The solution will allow us to implement earlier interventions and tailored communications through system automation.
- A self-service business intelligence visualisation product to support all aspects of OSR's reporting. The product uses machine learning capability to deliver smart insights that identify and predict trends and will allow us to quickly discover data patterns and drive improved business intelligence outcomes.
- Delivering a new online portal for land tax, OSR Online, which allows land taxpayers to receive and pay assessments online, claim exemptions and have full transparency over their taxable landholdings. Over the next twelve months, the capability of OSR Online will be extended across all revenue lines, implementing streamlined online processes with more pre-filled forms and enhanced automation, providing greater transparency to taxpayers of obligations and entitlements.

As part of its legislative program, OSR continually reviews the legislation it administers and progresses amendments as necessary to maintain the currency of the legislation and ensure its ongoing proper operation in a revenue legislation maintenance Bill. A range of factors will be taken into account in prioritising amendments for progression including, for example, the need to clarify the intended operation of the legislation to provide certainty for stakeholders.

OSR provides comprehensive training to all staff on the legislation it administers, including online modules, face-to-face and work-based learning. Training is delivered at induction for new staff and as a refresher for existing staff.

Training needs analyses are undertaken annually to identify skill and capability gaps across OSR which are used to guide continuous improvement of training programs.

5. Be transparent and accountable in actions

Supporting principles

- **Where appropriate, regulatory frameworks and timeframes for making regulatory decisions are published to provide certainty to stakeholders**
- **Decisions are provided in a timely manner, clearly articulating expectations and the underlying reasons for decisions**
- **Indicators of regulator performance are publicly available**

The *Office of State Revenue Client Charter* outlines our commitment to clients, client obligations and service standards and is available on the Treasury website.

Information about OSR's objectives, functions, activities and performance are available in Queensland Treasury's annual report. It is one of the main tools OSR uses to ensure we are accountable for our activities.

Decisions made by OSR can be reviewed through a range of avenues including a formal objection and review process, tribunals, courts and the Queensland Ombudsman.

For those decisions reviewable under part 6 of the *Taxation Administration Act 2001*, the Commissioner must give a written notice on deciding an objection. The notice must set out the reasons for the decision, rights to appeal and review, and the period in which an appeal or review must be filed. Statements of reasons for royalty matters are governed by Part 4 of the *Judicial Review Act 1991*.

Online forms are available for clients to submit a complaint or compliment about our administration or quality of service. Our goal is to resolve complaints within 30 days. If clients are not satisfied with the resolution of the complaint, they can ask for a further internal review.

Clients who have exercised review rights about their revenue assessments or who have lodged a complaint are offered the opportunity to participate in OSR's 'Get involved' client survey to provide feedback on the process. OSR uses this continuous feedback to refine and improve our processes.

OSR publicly reports on its performance as a regulator in a number of ways including the Queensland Treasury annual report and Service Delivery Statements which provide budgeted financial and non-financial information for the year. This year, the budget papers for the upcoming 2019-20 year included fact sheets to support awareness of specific changes to land tax and payroll tax.