

Queensland Revenue Office

2020–21 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.***

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

During 2020-21, QRO has continued to use the risk-based approach that was adopted in 2019-20 to address critical manual processing backlogs of land tax home exemption and primary production exemption claims.

The QRO 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 QRO'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.

The QRO compliance model aligns with the concept of responsive regulation that is based on taxpayers' motivations.

QRO 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. QRO publishes general information online about the QRO compliance approach.

In response to COVID-19 and temporary reprioritisation of resources to support administration of COVID-19 tax relief measures, most compliance activities were paused between March and August 2020, with the exception of payroll tax compliance which resumed after January 2021.

QRO's behavioural insights program uses software solutions to deliver insights into taxpayer behaviour and drivers, enabling QRO to transform interactions with clients, leading to improved client outcomes. Behavioural economics provides the opportunity to nudge clients towards decisions that will help them comply and meet their obligations. Client insights derived from focus groups and control trials were embedded into the design of the 2020–21 online engagement campaign for individual land taxpayers.

Data is driving significant change within QRO, as new technologies make it easy to manage taxpayer obligations and identify revenue risk. A new suite of tools now enables QRO to make faster, informed, data-driven decisions to ensure taxpayers are meeting their obligations, leading to improved outcomes for taxpayers. New technologies are making it easier for QRO to gain new and meaningful insights into taxpayer behaviour and 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 QRO, industry bodies, inter-jurisdictional revenue offices, and where appropriate and possible, individual taxpayers.

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

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

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

QRO is committed to client engagement as a means of improving the administration of Queensland's revenue system. Client engagement activities in 2020-21 included:

- 120 Community Organisations have been recruited to deliver Work and Development Orders to the State Penalties Enforcement Registry (SPER) debtors where people are experiencing hardship and cannot afford to pay their debt. This resulted in the discharging of \$1.47M of penalty debt last financial year.

- Proactive media outreach developed has delivered a targeted communication approach for SPER regional campaigns with the Wide Bay-Burnett region generating coverage in local outlets supporting this community. This work has seen:
 - new footage has been developed for media outlets of SPER field enforcement activities
 - responses to more than 20 media enquiries relating to penalty debt. Responses typically include quotes about the consequences of not paying SPER debts and a call to action for debtors to pay online, reinforcing SPER key messages.
- The petroleum royalty volume model commenced on 1 October 2020. Extensive consultation and communication with royalty payers occurred in the lead-up to, and following commencement of the measures. Several detailed position papers setting out the operation of all key aspects of the volume model were published. Information reflecting the changes was also posted on the Queensland Government website.
- Promotion of payroll tax and land tax COVID-19 relief measures through media releases, website content and social media.
- 27 Right to Information / Information Privacy applications were managed.
- Human rights always considered – checklist completed for all objections and possible human rights issues addressed in all policy briefings and legislative material.

The annual QRO Client Satisfaction Survey is a key performance indicator used to gauge the experience and satisfaction of QRO clients in relation to the services provided. The survey reflects customer satisfaction regarding quality, timeliness, staff knowledge, access and outcome. QRO achieved a satisfaction rate of 74% in 2020-21.

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***

QRO publishes step-by-step guides and tutorials for the QRO Online portal and provides a number of interactive tools to:

- assist clients to 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.

QRO publishes public rulings which evidence the Commissioner of State Revenue's legal interpretations and assessment practices to provide consistency and certainty for taxpayers. In 2020-21 a total of seven public rulings were published.

QRO has an online chatbot called 'Sam' that provides a digital channel for clients to engage with QRO 24/7 on routine enquiries. Sam was deployed to payroll tax webpages in February 2018 and to all remaining revenue lines in July 2018. From February 2018 to 30 June 2021, Sam logged more than 89,167 taxpayer interactions, with over 81 per cent of enquiries being resolved at first contact.

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

QRO uses social media to provide targeted education that supports clients in meeting their obligations, including YouTube videos which received approximately 80,000 views in 2020-21. The news board in QRO Online offers timely alerts in relation to key dates and changes that affect client obligations. Clients can also subscribe to email updates of key information across QRO's revenue product lines.

Examples of targeted support in 2020–21 are detailed below:

- The Regional Home Building Boost Grant was introduced in 2020 as a response to COVID-19 and provides regional home owners with \$5,000

after the purchase or construction of a brand-new dwelling valued at less than \$750,000. QRO administers and by 30 June 2021, QRO had received more than 3,000 expressions of interest in the grant and paid more than \$6.3 million to regional home buyers.

- Due to the unfolding COVID-19 crisis, the Queensland Government introduced measures to provide payroll tax relief to employers who were doing it tough. Teams from across QRO came together and were able to provide relief in record time. QRO delivered an end-to-end, fully automated digital solution and started refunding money to employers within 72 hours. In the first week alone, more than \$155 million was refunded to more than 4,000 Queensland businesses.
- The initial work to provide payroll tax COVID-19 relief meant that QRO was able to quickly repeat the process in the weeks following for land tax and building grant clients.
- In early 2021, the body of COVID-19 relief work was recognised with the Premier's Award for Excellence in the 'create jobs in a strong economy' category'.
- Across the 2020-21 financial year, QRO approved almost 12,000 grant applications—a record number—and paid more than \$176 million to Queensland first home owners. This surpassed the previous record of applications, which occurred in 2017/18 when the grant was temporarily increased from \$15,000 to \$20,000.

Initiatives to adopt best practice royalty administration and simplify the calculation of petroleum royalty were implemented in 2020-21. From 1 October 2020, the administration of mineral and petroleum royalty moved under the *Taxation Administration Act 2001*, in line with Queensland's state taxes, providing benefits to royalty clients (e.g. increased review rights). In addition, from 1 October 2020, the method for calculating petroleum royalty was changed to a simpler model that will reduce uncertainty and the compliance burden for royalty clients. QRO worked with industry to assist petroleum producers implement the new volume method. To provide industry with certainty, the Queensland Government locked in the new model for five years.

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 based on impact on stakeholders and the community.***
- ***Staff have the necessary training and support to effectively, efficiently and consistently perform their duties.***

During 2020–21, QRO completed its transformation program that delivered more client centric, digitally enabled and data driven revenue management services. The program delivered 46 individual digital initiatives, including:

- introducing an online intelligent virtual assistant available to help with general enquiries about state taxes, royalties and homeowner grants
- expanding the QRO Online portal to provide more streamlined online processes, more pre-filled forms, enhanced automation, and greater transparency to all of the revenue laws. The portal operates continuously (24/7)
- more process automations to increase internal efficiencies and reduce work backlogs
- enabling the QGrants system to deliver the Queensland Regional Home Building Boost Grant
- enhancing QGrants to support three external agencies with their programs and peak grant open application days
- implementing a randomised control trial of First Time Taxpayer (FTTP) automated reminder SMS and email campaign.

To further enhance QRO debt recovery capabilities, during the 2020-21 financial year, QRO established a new Debt Management Centre (DMC) in Ipswich. Between early January and 30 June 2021, the DMC:

- operators spoke with (as distinct to attempted contacts) 59,000 debtors
- provided a boost for the local economy, having created 90 new jobs for the Ipswich region and bringing further economic activity to the area.

To improve compliance, QRO has harnessed data sets to better identify clients who either aren't paying or are at risk of not paying the right amounts at the right time. QRO's behavioural economics experts are working to develop new, tailored digital nudges to remind clients about their obligations as part of the vision to make compliance effortless for taxpayers.

As part of the Debt Recovery and Compliance Program (DRCP) the State Penalties Enforcement Registry (SPER) significantly strengthened its escalated enforcement operations during 2020-21. Over the year, SPER targeted high-value debtors across Queensland through escalated enforcement action.

As part of its legislative program, QRO continually reviews the legislation it administers and progresses amendments as necessary to maintain the currency of the legislation and ensure its ongoing proper operation. A range of factors will be considered in prioritising amendments for progression including, for example, the need to clarify the intended operation of the legislation to provide certainty for stakeholders. As part of the Royalty Modernisation Program, the *Taxation Administration Act 2001* (TAA) was applied for petroleum and mineral royalty purposes. Applying the TAA to royalties aligns royalty administration with the same administration framework applying for the State's taxes.

QRO 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 QRO which are used to guide continuous improvement of training programs.

QRO also has an in-house Chief Revenue Counsel, which provides advice on taxation, royalty and penalty debt legislation, as well as advising government on new revenue policy and legislation.

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 QRO Client Charter promotes an open and fair relationship with clients in accordance with the law. It outlines commitment to clients, client obligations and service standards and applies to all compliance activities that we conduct. It is available on the Treasury website.

Information about QRO's objectives, functions, activities and performance is available in Queensland Treasury's annual report and Service Delivery Statements which provide budgeted financial and non-financial information. They are key tools used to ensure QRO is accountable for its activities.

Certain decisions made by the Commissioner of State Revenue can be reviewed through a range of avenues, including by formally objecting against an assessment of tax or notice requiring repayment of a grant, and seeking further review by tribunals and courts if dissatisfied with a decision on an objection. Clients can also seek assistance from the Queensland Ombudsman.

For reviews 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.

Online forms are available for clients to submit a complaint or compliment about QRO's administration or quality of service. QRO's 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 QRO's 'Get involved' client survey to provide feedback on the process. QRO uses this continuous feedback to refine and improve its processes.