Parliamentary Joint Committee on Law Enforcement

ANSWERS TO QUESTIONS ON NOTICE

Australian Taxation Office

Commonwealth unexplained wealth legislation and arrangements

Topic:	**Initiation of disclosures**
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Senator MASON: Thank you for your submission. Mr Cranston, in your submission, in the first paragraph below the heading, 'Areas for possible law reform', you say:

Success in tackling organised crime depends largely on sufficient information sharing powers for law enforcement agencies.

And I am sure that is right. You go on to say:

Prescription of a taskforce allows the ATO to disclose information to an officer of an agency in any prescribed taskforce for a purpose of that task force.

In effect, the other members of that task force—the AFP, for example—then have access to the information that otherwise only the ATO would have access to.

That all makes sense and is good news. But help me here, if you can. That is great when you have a task force, but before you have a task force how are we going to detect that there is a problem? When you have your figure Mr X, you have a task force and are going to grab this guy and you can all coalesce your powers. I follow that. But is there an issue about detecting in the first place whether in fact there is a problem, if the ATO cannot give out information to people like the AFP?

Mr Cranston: There are two answers to that. In detecting it, sometimes law enforcement will come to us. Their information powers allow them to provide us with the relevant information in saying, 'There is a concern here; a serious order crime. We've found some money' and they will hand it over to us. That is one way of detecting it and then we will work with that.

When we ourselves work on matters—either in-house or through direct audits—if we establish something that is high-risk, we have a problem in providing that information directly to the AFP, you are right, unless we can establish that it is a serious offence. You do not have to have the serious offence over the line, but there has to be a suspicion of a serious offence. Then we can provide that information to the law enforcement agencies.

Senator MASON: How often does it happen, Mr Cranston? How often do you refer matters to the AFP because you are concerned that a serious offence is being or has been committed?

Mr Cranston: We publish that in our annual report.

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Mr Day: We would make something like 1,500 disclosures a year to other law enforcement agencies. I will not say that all of those, where we have initiated the disclosure—many of those would be in response to a request from a law enforcement agency.

Senator MASON: How many do you initiate?

Mr Day: I think I will have to take that on notice. I do not know the answer, I am sorry, off the top of my head.

Answer:

For the 2010-11 financial year, the ATO made 1,154 disclosures to Commonwealth, State and Territory law enforcement agencies for the purposes of investigating serious offences, or the making or possible making of proceeds of crime orders. Of the 1,154 disclosures, 85 were ATO-initiated referrals to external agencies, including 49 ATO-initiated referrals made to the Australian Federal Police.

For the 2010-11 financial year, the ATO also made 432 disclosures to Project Wickenby partner agencies. Of the 432 disclosures, 418 were ATO-initiated referrals to external agencies including 120 ATO-initiated referrals made to the Australian Federal Police.

Further information is contained in the *Commissioner of Taxation's Annual Report 2010-11*, which is published on the ATO's website www.ato.gov.au.