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## **AUDITOR-GENERAL'S REPORT** **Efficiency and Effectiveness in Tax Collection – Office of State Revenue**

The Acting Auditor General, Tony Whitfield, has released a performance audit report about the Office of State Revenue.

This performance audit looked at whether the Office of State Revenue was effective in collecting as much tax as it should, and at the lowest cost to the government.

The Office of State Revenue (OSR) plays a crucial role in collecting revenue for NSW Government. About one-third of the money spent on services like our public schools and public hospitals is collected by OSR. This is through NSW Government taxes like stamp duty on real estate and payroll tax.

### **The cost to collect tax has fallen**

There is evidence that OSR does good work. Client satisfaction rates compare well to tax collection bodies in other States, and the cost to collect every \$100 of tax has fallen over the past 15 years.

However, this report found that OSR can enhance its performance measurement framework to better show its effectiveness and efficiency. Without this work, it is difficult to be certain how OSR is performing.

### **Work is needed to identify whether there is unpaid tax in New South Wales**

OSR has had successes with compliance programs that have identified unpaid tax. In some instances, for every additional \$1 dollar spent on activities like audits, OSR has collected an extra \$10 in unpaid tax.

It is difficult to say how much more – if any – unpaid tax could still be collected.

This audit report has recommended OSR do research to better measure how much unpaid State tax is payable to the NSW Government. OSR has accepted this recommendation.

This report has also recommended that OSR build a stronger evidence base to understand the relationship between resources and revenue; that is, for every additional \$1 spent on tax collection activities, how much more revenue could be collected.

### **Better performance indicators would enhance accountability**

OSR has many key performance indicators and other forms of performance metrics, but they do not provide a clear and convincing overall impression of whether OSR collects as much tax as it should and at the least cost to government.

There is limited information made available to the government, parliament and the public on the efficiency and effectiveness of OSR's tax collecting. Accountability and transparency would be enhanced by better public reporting in annual reports to parliament or on the OSR website.

### **Further information**

For further information, please refer the report's Executive Summary or full report on the [Audit Office website](#).

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