# ABA Steering Group

Access information from meetings of the ABA Steering Group.

### Australian Banking Association Steering Group key messages 16 May 2023

Key messages from the Australian Banking Association Steering Group meeting 16 May 2023.

### Australian Banking Association Steering Group key messages 4 April 2022

Information about the key topics discussed at the Australian Banking Association Steering Group meeting 4 April 2022.

QC 57292

# Australian Banking Association Steering Group key messages 16 May 2023

Key messages from the Australian Banking Association Steering Group meeting 16 May 2023.

**Last updated** 4 August 2023

## On this page



Key messages from the Australian Banking Association Steering Group meeting 16 May 2023

# Welcome and opening statements

The Chair welcomed the attendees.

The purpose of the forum is focused on industry wide issues that are strategic in nature and not necessarily covering specific tax issues which is covered in the quarterly working group meeting.

## Restructure of ATO Client Engagement Group

The Client Engagement Group (CEG) has restructured driven by several key factors including additional funding obtained last year for the Tax Avoidance Taskforce (TAT) which requires an increase in growth. This restructure allows for CEG to deliver on existing and emerging priorities.

The size and scale of the taskforce, which is not limited to large market, but also funds a significant portion of Private Wealth (PW), was becoming unmanageable with the number of Deputy Commissioners (DCs). Two further DCs will be added into the taskforce as a result of that growth which will see changes in the Public Groups (PG) and PW business lines.

Public Groups and Internationals (PGI) will now split into two standalone business lines (BSL).

Internationals will be headed by Hector Thompson. This BSL will primarily take the international relationship functions that deal with other jurisdictions and taskforce management. New functions of Internationals will include leadership of the GST product interfacing the States and Territories around the performance of GST and the broader governance of the organisation. Going forward, Simon Hellmers' portfolio, the Transparency and Information Exchange and the Economist Practice portfolios will be reporting under Internationals.

The Public Groups BSL will be headed by two DCs to manage the over 20 Assistant Commissioners (ACs) as it is not feasible to be led by one DC. Faith Harako will be acting in the new DC role responsible for delivery and overseeing the Engagement and Assurance (E&A) teams. Taxpayer escalation will primarily go to Faith for one-on-one engagements, but not exclusively. Rebecca Saint will lead client experience, large market strategy, tax risk management, advice & guidance and program level reporting for Top 100 and Top 1000.

Taxpayers shouldn't see any change in terms of the teams and strategic direction. The only change will be when a particular case is escalated to the DCs which should always go through the local ACs.

An organisational structure will be released in due course.

The Australian Banking Association (ABA) asked: A lot of time was spent integrating GST with the Income Tax functions, do you see any changes as a result of the reporting to Hector?

The ATO responded: GST functions that will be reporting to Hector previously were under Deborah Jenkins in small business. These are the whole of GST teams dealing with the governance of the program, GST stewardship groups and the GST rulings. The GST compliance teams will remain in their current areas and thus, there will be no change in delivery of compliance.

As a result of the restructure and backfilling, Michelle Sams will lead the Top 100 and Advisor Strategy programs and Jonathan Tang will backfill Michelle in leading the Melbourne operations teams. There will be no practical difference from a one-on-one engagement level.

## Public Groups planning for 2023/24

There is no change in priorities on a macro level for the BSL, the focus remains on taskforce commitments and making capacity and space to deliver on expansion of the taskforce announced. There is interim funding on Justified Trust (JT), Top 100, Top 1000 and these obligations to government still need to be satisfied so there will be no key changes to those programs.

As a result of the expansion, the ATO is heavily recruiting in certain areas, for example, there is larger growth in the work program for the medium & emerging (M&E) population that is below the Top 1000 entities. It is anticipated this area will grow by 70 compliance officers. There will also be some recruiting for areas such as advice and guidance to provide additional resourcing.

Private equity investment is already included in existing compliance and risk management programs but is being called out as an area that requires tailored thinking and responses. An AC has been appointed to lead this strategy.

The recruitment challenge is significant as 1200 officers will be recruited across the taskforce, of which 250-300 will be allocated to PG. An anticipated time lag will be observed before these programs are running to full capacity.

The core priorities for Top 100 and Top 1000 remain the primary focus in large market and is not impacted as a result of the expansion. JT continues to attract significant investment from the ATO.

From a banking perspective, the ATO encourages the banks to continue to engage in the JT program, maintain high levels of assurance as taxpayers transition out of the annual compliance arrangements (ACA) program and to do so in as open and real-time basis as possible.

For Top 1000, banking continues to attract a lot of attention and focus as it is a highly regulated industry.

The program will be tweaked a little, as not all taxpayers are actioning all the recommendations made through the Top 1000 program. The ATO will be checking in to see how taxpayers are progressing in actioning the recommendations.

The ABA asked: is there anything systematic that the ATO has identified?

The ATO responded: In the Top 1000 space, transfer pricing (TP) is a key feature. A letter was issued to the ABA and Australian Financial Markets Association in April 2021 on key issues the ATO observed in the market. The ATO is currently in the process of conducting round two reviews where specific recommendations made in round one were not adopted or amended. This changes the impact on penalties and interest.

The ATO is also starting to engage with the banks on the pre-lodgment compliance review (PCR) framework document.

## Budget and policy developments

The government announced an extension of funding for the GST program of work for another 4 years. This means that the JT funding is part of that policy proposal and part of the rollover. From a PG perspective, there is no significant changes for large market as the focus remains on JT but minor changes will be observed in some other groups.

## Pillar 2 implementation

Implementation of the global minimum tax has been announced in the 2023-24 budget which gives effect to the Global Anti-Base Erosion (GloBE) Rules. As part of this, the Income Inclusion Rule will start on or after 1 January 2024 and the Under-taxed Profits Rule will start on or after 1 January 2025. The government has also introduced a domestic minimum tax which will start on or after 1 January 2024. In terms of the scope of taxpayers covered, it applies to multinational groups with annual revenue of EUR 750m or greater, consistent with the GloBE Rules.

The ATO is supporting Treasury and Office of Parliamentary Counsel with the law design process

A large element of implementation for the ATO will be the technology aspect and systems implementation that supports the lodgment of the GloBE information return and domestic returns. In addition, client engagement processes and how we best support the Australian market in adapting to the new rules will be a strong focus.

As part of this implementation, ATO consultation from an administration perspective will be important. Pre-budget, there were initial consultations with some accounting firms and a focus group of taxpayers across various industries, including two banks. The ATO have been trying to understand how taxpayers were preparing given a number of countries have already made announcements regarding implementing the GloBE Rules.

At the last working group meeting, the ABA offered to have a meeting to discuss. The ATO will reach out to the ABA to organise a dedicated consultation meeting.

The ATO is still developing the structure of taxpayer consultation. It is anticipated that there will be further consultation meetings undertaken more broadly including with industry groups and advisory firms.

Given the feedback from the initial consultations, the ATO is conscious of the compliance burden of the GloBE Rules in the early years. In this regard, a significant focus for the ATO will be around partnering with and assisting taxpayers to support compliance, including tailoring our client engagement approach.

We note that we are still supporting Treasury regarding outstanding technical work at the Organisation for Economic Co-operation and Development (OECD) level. One of the key priorities for the OECD and Inclusive Framework is finalisation of the GloBE Information Return.

# ABA Update

## Economic outlook 2023/24

The ABA presented analysis on economic outlook for the banking industry with a focus on cost of living, cash rate rises, hardship and defaults, consumer sentiment, business sentiment.

## Global banking landscape

The ABA updated the ATO with views on banking issues globally.

## Current Focus Areas for Tax:

### Consumer Data Right (CDR)

The ABA is advocating for access to ATO held customer data for banking credit decision making via the CDR, particularly income data. This will assist members in terms of expediting lending decisions by verifying income data. These are live discussions between the ABA and the ATO and the ABA hopes to continue dialogue on how the banking sector can use data via CDR.

Treasury has spent a significant amount of money in implementing the CDR as well as major banks. The take up has been relatively slow and having ATO data flow through CDR could be a game changer.

There were some discussions in the last calendar year to provide insight into the specific data type that the banks may be able to access. There are a number of challenges with the legal framework and ability to release certain data. These challenges will require law reform or change linked to taxpayer secrecy and data.

### Small Business Tax Debt

During COVID, many regulators including the ATO provided temporary relief to consumers and small businesses in relation to compliance requirements such as the repayment of tax debt whether that be via deferrals or relaxed director penalty notices. It is the ABA's understanding that the amnesty period was coming to an end with a significant volume of tax debt that small businesses have accrued and owed to the ATO in the tens of billions.

Small business is facing a difficult economic environment, high cost of living and labour shortages continue to impact this market. The ABA is currently communicating with the team in Lodge and Pay and accounting bodies to discuss opportunities to collaborate and educate on cash flow and payment plan issues.

The ABA wanted to raise this issue for awareness and seek any feedback, comments or other avenues to deal with the issue.

The ATO commented, there is probably an opportunity to engage with Small Business, led by Deputy Commissioner Will Day, as opposed to Debt. The tax gap for small business is driven in part due to the shadow economy and in part by record keeping. The ATO has invested heavily in toolkits to help and educate small businesses to manage their cash flow and record keeping. If an issue has progressed to collection of debt, this is better dealt with by Lodge and Pay.

## Increasing regulatory burden on the banking sector

The ABA shared a combined exercise with Finance Industry Council of Australia (FICA) (a combined body of the Australian banking associations) looking at the world of regulation that is incoming, not what the members are already complying with. Regulatory burden and complexity have been weighing on the industry.

The ABA reiterates the complexity of the industry and hopes to discuss ways going forward in which regulatory change can happen in a cooperative way such as running through these blueprints in future Working Group meetings.

The ATO asked: where do you see it going more broadly? Is the ABA sensing there are opportunities for consolidation and aggregation?

The ABA responded: it is more sequencing, leeway and notice period and further investigation into the cost of implementation and whether or not there are cost-effective options available.

# PCR Framework

## Latest draft framework and comparison table (ACA v PCR)

There have been some further changes since the last draft shared to take on board comments and feedback, especially around the difference between low-risk and high assurance sign-off and how low-risk translates to high assurance post-lodgment.

The PCR will have a staggered implementation as ACA banks have different year ends. The focus is on ensuring the framework is in place for March and June balancers to start. These will be issued to the banks over the coming weeks. Case teams will obtain feedback and tailor the PCR framework to each bank.

Not all banks are moving from an ACA to a PCR as some banks have historically been in a PCR. When that PCR is up for renewal, the new framework document will be used. There are no significant changes between the previous PCR and new PCR framework.

The Top 100 Findings Report covers the meaning of a high assurance rating and articulates how ABA members can rely on for high assurance. The PCR framework and JT approach isn’t different to what was offered under the ACA and are closely aligned.

## Pre-lodgment sign-off of transactions

Within the PCR, there is an information flow from the bank to the ATO which will cover income tax, GST and the major bank levy. The information will be used by the ATO in the PCR but there may be circumstances where the bank will come to the ATO for more material or contentious issues to look into scope at that point in time and provide a level of sign-off. The E&A teams will consider the scope to provide sign-off and whether it is appropriate for the PCR or rulings program. There are however limitations on the number of transactions that can be dealt with under the PCR.

As the PCR progresses, the framework may become more prescriptive for both sides in terms of what is considered resource effective which is captured in the future assurance plan.

In substance, these engagements will not differ to the past. There will be some scenarios where a private binding ruling (PBR) may not be required and the situation would be more appropriate for the PCR process. The information requirements that will be needed for these types of disclosures and engagements is also outlined which will not differ from the past.

The point at which a 'low-risk' turns into 'high assurance' is at the point of lodgment, where the 'low- risk' tax position is taken into the tax return. If there is confidence the banks can manage the risk, there is not much difference between low-risk and high assurance.

The ABA acknowledged the extra detail provided is helpful.

The ATO is aware that CFOs and Boards are keen to see an outcome from the ATO to help them manage risk. There is still scope to provide extra clarity and make further changes if required to the framework.

The ABA asked: Will there be a similar document that deals with GST?

The ATO responded: The principles around income tax will apply equally to GST. There will be a practical issue around a monthly BAS where a pre-lodgment activity will be different to a 12 month income tax lodgment period.

Further guidance will be released shortly around the GST program which will set a broader framework for engagement with the banks.

## Joint Updates on J5 Nations Work

The Joint Chiefs of Tax (J5) comprises Australia, the United States of America, United Kingdom, Netherlands and Canada commenced 5 years ago and was formed out of the OECD taskforce for tax crime and money laundering. This group came together as a result of common risks including data leaks from Panama papers and has seen operational successes such as Operation Atlantis which disrupted a global facilitator of money laundering which was a bank based in Puerto Rico.

Increasingly the J5 has required engagement with the private sector and financial sectors.

In May 2022, a Global Financial Institution Summit was held in London. Another meeting was held in New York at the end of the year, in conjunction with a J5 Chiefs meeting. It is intended that summits would be held once or twice a year and launching a Global Financial Institutions Partnership (GFIP) which potentially drives some joint work together.

A group of J5 representatives have discussed what the Terms of Reference will look like and would like to invite representatives from the ABA to attend some of the ongoing planning meetings.

Pending final clearance from the ATO internally, the ATO is keen to maintain ongoing engagement on connecting globally on shared threats.

A number of the large global banks were in attendance at the summit in New York and garnered significant input and engagement from the private sector to come up with a way global banks can exchange information and share threats with not only revenue offices but the global J5 network.

The ABA commented: A draft Terms of Reference has been circulated to members and is being revised. It will be helpful to get access to the material to share with members and work out the ABA's engagement position in relation to that. The level of engagement and information sharing is going to become more important going forward and it makes sense for banks and revenue offices to work collaboratively in this space.

There is sometimes an overlap in traditional tax crime and broader syndicates involved in global money laundering but the focus remains on tax crime in terms of international flow.

The J5 is looking to hold the next summit in Amsterdam in late November 2023 in the leadup to the Forum on Tax and Crime.

## Support for small businesses with ATO payment plans

While payment plans are a critical tool in in supporting clients of all sizes in lodging or paying, it is just one of many options the ATO has in supporting small businesses.

The impacts of COVID and current economic pressures have impacted on the ability of clients to pay taxes. As such, there has been an increase in the number of clients in debt with the ATO.

Currently, there is $9 billion in debt on payment plans which represents approximately 20% of Collectable debt collectible. This relates to 400,000 clients, of which 300,000 are small businesses. Of the $9 billion, 93% of this is small business debt.

There are ‘straight-forward’ payment plans available to clients with good compliance history – these clients or their agent can ‘self-serve’ using ATO Online Services or MyGov.

Generally, the preference is for the duration of the payment plan to be shorter, however, exceptions have been made for payment plans to last up to 3 years. Any payment period over 3 years is highly exceptional.

The payment plans take into account future obligations and lodgments to ensure sustainability to the client.

## Other business

The Charter will need to be finalised by the end of the financial year.

## Action items

| | |
|---|---|
| **Action item** | Top 1000 letter |
| **Due date** | ASAP |
| **Responsibility** | ATO |
| **Action item details** | The ATO to provide a copy of the Top 1000 letter to the ABA. |

| | |
|---|---|
| **Action item** | CDR data |
| **Due date** | ASAP |
| **Responsibility** | ATO |
| **Action item details** | The ATO to follow up on recent discussion between the ATO and the ABA on CDR data. |

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|---|---|
| **Action item** | Pillar 2 meeting |
| **Due date** | ASAP |
| **Responsibility** | ATO |
| **Action item details** | The ATO to organise a meeting with the ABA and representatives from the banks on Pillar 2. |

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|---|---|
| **Action item** | Economic outlook presentation |
| **Due date** | ASAP |
| **Responsibility** | ABA |
| **Action item details** | The ABA to confirm whether the presentation on economic outlook can be shared. |

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|---|---|
| **Action item** | PCR framework feedback |
| **Due date** | ASAP |

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|---|---|
| **Responsibility** | ABA |
| **Action item details** | The ABA to collate and provide members' feedback on the PCR framework. |

# Attendees

## Attendees list

| Organisation | Attendees |
|---|---|
| ATO | Bill Neskovski (Chair), Public Groups |
| ATO | Adrian Mow, Public Groups |
| ATO | Andrew Nutman, Public Groups |
| ATO | David Ross, Fraud and Criminal Behaviours |
| ATO | David White, Office of the Chief Tax Counsel |
| ATO | James Campbell, Public Groups |
| ATO | Johanna Tang, Public Groups |
| ATO | Katherine Leung, Public Groups |
| ATO | Michelle Sams, Public Groups |
| ATO | Michael Sapuppo, International, Support and Programs |
| ATO | Rebecca Saint, Public Groups |
| ATO | Shelley Sun, Public Groups |
| ATO | Vivek Chaudhary, Lodge and Pay |
| ATO | Yan Diu (Secretariat), Public Groups |

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|---|---|
| Australian Banking Association | Ellen Choulman |
| Australian Banking Association | Emma Penzo |
| Australian Banking Association | Michelle Jakubauskas |
| Australian Banking Association | Mitchell Frater-Baird |
| ANZ | Anthony Fitzgerald |
| ANZ | Darren Norman |
| BOQ | Bronwyn Puddick |
| BOQ | Danny Nejar |
| Bendigo and Adelaide Bank | Benjamin Edwards |
| CBA | George Spathis |
| CBA | Jeff Barcham |
| HSBC | Jeff Tan |
| Macquarie Bank | Amelia O'Rourke |
| Macquarie Bank | Ernest Chang |
| NAB | Mark Killer |
| NAB | Stephen Southon |
| Rabobank | Philip Duffy |
| Suncorp | Kate Boyd |
| Westpac | Michael Barbour |

QC 102362

# Australian Banking Association Steering Group key messages 4 April 2022

Information about the key topics discussed at the Australian Banking Association Steering Group meeting 4 April 2022.

**Last updated** 9 May 2022

### On this page



## Welcome and introductions

The Chair welcomed attendees and noted that minutes for the meeting will be published the ATO website.

ATO staff are now returning to the office, at least three days a week. If possible, we will look to schedule the next Australian Banking Association (ABA) Steering Group meeting as a face-to-face meeting.

The ATO noted that there have not been any systemic issues coming through to the group this time, which is indicative of the good working relationship it has with the ABA and its members.

## Opening statements

Rebecca Saint,, Deputy Commissioner Public Groups International (PGI) and Bill Neskovski, Assistant Commissioner Banking and Finance Strategy

### ATO–PGI Plan 2021–22 and early thoughts for 2022–23

The ATO made the following comments:

- There is no significant change anticipated in the ATO's work programs for the next year, with a number of program commitments staying reasonably consistent year on year.
- The ATO is in the process of nuancing the Top 100 and Top 1,000 Programs.

### Staffing/structure changes within PGI

The ATO has been recruiting during the pandemic and there have been some movements in the senior levels at the ATO.

Michelle Sams has been permanently promoted to lead Engagement and Assurance in Melbourne and will also look after Staff Experience.

Sydney Engagement and Assurance is now split under two Assistant Commissioners. Bill Neskovski will continue to have leadership over Banking and Finance Strategy, and Tim McCarthy will have a strategic focus on intangibles. Each of Bill and Tim's portfolios will have a diverse range of industries.

Despite the split in Sydney, Tim, Bill, James and Virginia will continue to work very closely such that it will be business as usual for ABA members.

There are some further upcoming changes in senior leaderships for various programs – the ATO will make those announcements once they are confirmed.

### 2022 Budget outcomes and messages

One of the items out of the 2022 Budget for the ATO is the two year extension of Taskforce to 30 June 2025 with a renewed investment of $650 million. This is considered a great sign of confidence from the government in the ATO’s programs and the ability to deliver under these programs.

The renewed investment makes forward planning easier for the coming 12 month period and allows the ATO to continue to shape bigger system programs.

The Justified trust (JT) program is funded by Taskforce, and the ATO will continue to build and embed the JT program into its approach for the large market. Other programs funded by Taskforce such as compliance and advisor programs will also have the confidence going forward.

The ATO continues to exceed its commitments under Taskforce, although this is decreasing over time. This is because the larger cases with larger adjustments are typically done at the beginning. Additionally, there is an increase in voluntary compliance over the duration of the various programs. The ATO’s focus is on gross tax performance – how many taxpayers are getting it right on tax return lodgment.

Some other Budget measures that may have an impact on large business include the extension of the Patent Box regime, and a new levy on oil and gas companies.

The ATO’s International area continues to engage and assist with Treasury regarding Pillar 1and 2. Internally, the ATO is looking at how to integrate Pillar 1 and 2 into existing programs and how to best assist taxpayers in adopting them. The ATO is keen to engage with businesses and to provide early support the market might require.

There is a collaboration between the tax administrators of the US, UK, Canada, Netherlands and Australia to develop the best practice for tax for multinational entities. This will involve tax regulators sharing best practice examples and developing a road map to best practice. There is a lot of interest in Australia’s JT program, Practical Compliance Guidelines and Advisor Strategy.

## Top 1,000 program update

The ATO is about to launch a refined Combined Assurance Review (CAR) program, with changes focused on the GST element.

Currently, taxpayers have a GST risk review in the CAR, and may then be referred to an intensive GST review via a Streamlined Assurance

Review (SAR). The ATO conducts around 70–80 of these SARs in a year.

The feedback from the market is that taxpayers would like GST assurance ratings through the CAR as they receive for income tax. Currently, the work done for GST is not enough to provide an assurance rating.

As such, the ATO is looking to expand the GST component in the CAR in order to provide assurance ratings. For many taxpayers in the CAR program, this will mean performing a GST Analytical Tool (GAT), which can be completed in no more than 6 months as opposed to an eAudit which typically takes 12 months.

The ATO notes that some taxpayers and industries are not suited for GATs. Particularly, for financial service taxpayers, they will not be required to undertake a GAT but will be undertaking other means of data testing.

The ATO will be conducting around 20 CARs in the Financial Service sector over the year, with the first reviews to commence in April. There will be a tailored set of questions for banking, financial services in insurance taxpayers.

The ATO anticipates that all documents will be published online for the whole program with the view to enhance transparency for the program. Longer response times for reporting financial institutions (RFIs) will be built in to reflect the longer GST review.

### Other key messages

The ATO has received questions on taxation of multinationals for the upcoming Senate Estimates. The issue of how large business tax performance is progressing continues to garner interest.

## Top 100 program update – future developments

The ATO made the following comments:

- Over 50% of taxpayers in the Top 100 program have achieved high assurance. This underpins the ATO's high levels of confidence in tax compliance with large business and is critical for community confidence in the large market as well.

- There will be further enhancements and improvements to the Top 100 program, focusing on GST and assurance ratings more generally.
- With respect to GST, the ATO will focus on appropriately tailoring GST inquiries to the taxpayer's business.
- There has been feedback from corporates that they are unsure of the certainty provided by a high assurance rating under a JT review. The ATO will be conducting work on how to provide taxpayers with greater certainty.
- There are 10 Annual Compliance Arrangements (ACAs) in operations, covering various taxes.
- As the JT program matures, the ATO has been considering the need and benefit for the continuation of the ACA program. The current thinking is that the world has changed significantly since the time the ACAs were first implemented. Now, JT is the centrepiece for corporate tax compliance.
- Linking to the point raised earlier in the meeting about enhancing certainty on what high assurance means for taxpayers can lend itself to a model that suits all taxpayers in the Top 100 population.
- The ATO will be reaching out to ACA taxpayers to have a further discussion on what a transition to a full JT experience will look like and what time period it will be done within. It is expected that there will be a transition period.

In relation to the above, the ABA noted:

- What does the ATO suggest as a transition from ACAs to full JT? What will the ATO require from taxpayers in the interim?
- High assurance under JT denotes an element of trust – would this potentially translate to a lighter touch interaction in the future?
- It is important for both sides to sit down and discuss what is required in order to satisfy each party's needs from the interaction before the issuance of any future RFIs.

In response, the ATO stated:

- It is anticipated that the biggest change in moving away from ACAs will be that the ATO is unlikely to provide a full sign-off on the taxpayer’s income tax return each year, though there will still be substantial certainty via high assurance under the JT program.

- Other things that currently exist within ACA such as review of new and/or significant transactions will remain in place.
- The principles underpinning the monitoring and maintenance phase of JT came out of ACAs – for example, the requirement for continued transparency regarding disclosures to the ATO came from the terms of the ACA.
- The point raised earlier in the meeting about providing greater certainty on what the assurance ratings mean for taxpayers will also be key to this work.
- It is recognised that each taxpayer has different businesses – some complex, diverse businesses will require ongoing engagement whereas other businesses that tend to be stable year on year may require less engagement. As such, the ATO will reach out to each ACA taxpayer to discuss this in further detail.

## New and emerging issues in banking and finance

The ABA made the following comments:

- The governor of the Reserve Bank has been putting a dampener on speculation that interest rates will go up this year. Media commentary on interest rates tends to look at western countries, particularly the US and UK for comparison. However, the governor has been quite clear that Australia’s economy is more akin to Asia or a hybrid between Asia and the west.
- While Australia is experiencing a decrease in unemployment, this has not translated into an increase in wages.
- Banks have noted that housing loans have dramatically increased over the recent years, from an increase in movement during COVID-19 as well as a low interest rate environment translating to people bidding up house prices. Banks are monitoring debt-to-income ratios in terms of overall new lending. There is a wider concern regarding whether people are able to pay back their loans when interest rates start to rise.

- Banks have seen a huge increase in consumer and household deposits, but despite recent lockdowns, there has not been long term decrease in expenditure. This is likely due to the fact that Australia was in a low interest rate environment before COVID-19.
- With a low interest rate environment, the Reserve Bank of Australia was hoping that people will invest their money into riskier productive asset, for example, business investment, but that did not eventuate. However, some people have been investing in high-risk assets such as crypto assets.
- There was an expectation that after an economic shock there will be an increase in non-performing assets, but this has not yet eventuated.

## Other business

The ATO will conduct a review of the Annual Pricing Arrangement (APA) program, led by Simon Hellmers. Taxpayers are invited to participate in that review over the coming period.

Reviews in the past have been around the process, but this review will focus on the substance of the APAs and what it should try to deal with.

The Chairperson thanked attendees and drew the meeting to a close.

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| **Action item** | PGI organisational chart |
| **Due date** | As soon as possible |
| **Responsibility** | ATO |
| **Action item details** | The ATO to provide an updated PGI organisational chart when available. |

## Attendees

### Attendees list

| Organisation | Attendees |
|---|---|

| | |
|---|---|
| ATO | Bill Neskovski (Chair), Public Groups and International |
| ATO | Adrian Mow, Public Groups and International |
| ATO | Anna-Maria Stephens, Tax Council Network |
| ATO | David White, Tax Counsel Network |
| ATO | James Campbell, Public Groups and International |
| ATO | Johanna Tang, Public Groups and International |
| ATO | Michelle Sams, Public Groups and International |
| ATO | Rebecca Saint, Public Groups and International |
| ATO | Timothy McCarthy, Public Groups and International |
| ATO | Virginia Gogan, Public Groups and International |
| ATO | Yan Diu (Secretariat), Public Groups and International |
| ANZ | Darren Norman |
| Australian Banking Association | Michelle Jakubauskas |
| Australian Banking Association | Prashant Ramkuman |
| Bank of Queensland | Alexia Pepicelli |
| Bank of Queensland | Dominic Grimson |

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|---|---|
| Bank of Queensland | Michael Hellier |
| Bendigo and Adelaide Bank | Andrew Wright |
| Bendigo and Adelaide Bank | Benjamin Edwards |
| Commonwealth Bank of Australia | George Spathis |
| Commonwealth Bank of Australia | Jeff Barcham |
| HSBC | Jeff Tan |
| Macquarie Bank | Ambrose Leung |
| Macquarie Bank | Ernest Chang |
| National Australia Bank | Anita Schembri |
| National Australia Bank | Mark Killer |
| National Australia Bank | Stephen Southon |
| Rabobank | Anthony Lo Russo |
| Rabobank | Philip Duffy |
| Suncorp | Leah Colley |
| Westpac | Chris Plakias |
| Westpac | Michael Barbour |

QC 69504

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