

SUBMISSION

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The Members,
The Advisory Group on Reform of Australian Government Administration,
Department of Prime Minister and Cabinet,
PO Box 6500,
CANBERRA, 2600.

Dear Members,

1. You cannot reform that which you do not understand, and the first step to reform is to admit that you have serious problems in the Australian Public Service (APS). Let me spell out your two problems: C-O-R-R-U-P-T-I-O-N and I-N-C-O-M-P-E-T-E-N-C-E.
2. Apart from the occasional mention of better whistleblower protection (which, no doubt, will not be made retrospective to help whistleblowers like me), there is no obvious determination in your discussion paper to get to grips with what thousands of public servants actually do (or do not do). Those corrupt and/or incompetent officers who bothered to read your discussion paper thought to themselves: "The more things change the more they stay the same. We have nothing to fear."
3. I do not think that you realise just how widespread incompetence and corruption is in the APS. I think it is time for a history lesson.
4. I started my first job on 16 April 1973 as a Clerk Class 1 in the Department of the Army (I resigned in 1981). I was stationed at the Southern Command Pay Office at Victoria Barracks in St. Kilda Road, Melbourne. I was amazed to find that the incidence of Roman Catholicism amongst the public servants in the Southern Command Pay Office was about 60%. For our Navy counterparts it was about 80%, and for our Air Force counterparts it was about 90%. The Roman Catholics in these agencies were overwhelmingly White Irish Roman Catholics; the incidence of White Irish Roman Catholics in the Victorian population at the time was about 20%. Other agencies were also dominated by White Irish Roman Catholics, such as the Australian Taxation Office (ATO) (where I worked from 1990 to 1995) and the Public Service Commission.

5. The domination of governmental agencies by White Irish Roman Catholics did not occur by chance, but by patronage and favouritism. Protestants and Jews were simply forced out of the APS. Patronage and favouritism *is* corruption, and it is alive and well today. Federal agencies like the ATO are still dominated at the top by White Irish Roman Catholics.
6. When the Departments of Defence, Army, Navy and the Air amalgamated in 1975 into the supersized Department of Defence we know today, and the Southern Command Pay Office was absorbed into the newly created Regional Finance Branch, I came to feel the full brunt of the brutal White Irish Roman Catholic culture they created. I was their worst nightmare, a White Anglo-Saxon Protestant who stood up against their bullying. An example of their bullying was the time they put me into a Clerk Class 2/3 position where I had about two hours of Clerical Assistant Grade 1 work a week to do, and the rest of the time I just had to sit there.
7. However, I will say this for the White Irish Roman Catholics in the Regional Finance Branch: at least they knew how to do their duties and did them (even when they were drunk which most of them were about two afternoons per week), and they did not have contempt for soldiers, sailors and airmen.
8. One of the reasons they did their duties per their duty statements was because they were constantly audited. When I was in the Department of the Army and the Department of Defence, I was regularly audited by internal audit within the branch, Army Audit, Commonwealth Audit (which had an outpost on site) and the Establishments Team from Civil Manpower (a fancy way of saying "Personnel"). People actually sat down with you and you showed them what you did. In fact, it was the Establishments Team that saved me. Soon after I was given the above position where I just had to sit there, the Establishments Team came through the area and said that the position did not need to be filled and, in any event, the work value was that of a Clerical Assistant not a Clerk Class 2/3. The Regional Finance Branch was then forced to give me a real job.
9. I started at the ATO as a Graduate Taxation Officer on 30 January 1990. I knew that the ATO was incompetent before I joined, but it was not until I started working for it that I realized that the incompetence was far, far worse than I had ever imagined possible. The attitude of too many ATO officers for taxpayers was nothing less than contempt. What I did not know before I joined was that the ATO was (and is) a racketeer influenced and corrupt organization.
10. According to the ATO's 2009 report (currently on its website), as at 30 June 2009 it had 22,429 ongoing and non-ongoing employees under the Public Service Act. (Your figure in your discussion paper says 24,423.) According to the ATO's 2009 report, it processed 16,553,592 income tax returns in "2008-09". For a country of 22,000,000 people, that seems to be extraordinarily high. In a previous report, there were 7,306,791 income tax returns prepared by tax agents and 2,614,121 income tax returns prepared by "self-preparers" for 1996-97.

11. Let us round off some figures. Not every ATO officer deals with income tax, but let us say that about half do, so we will say 11,000 officers. Let us say they process 17,000,000 income tax returns a year. Of course, a lot (probably the majority) of income tax returns are lodged electronically, but let us pretend that all income tax returns are paper returns. In my experience, an experienced ATO officer can process a paper return in about 15 minutes. Let us say that ATO officers spend 40 weeks at work a year. So, how much time per day would one of those 11,000 have to spend processing income tax returns so that the 11,000 process 17,000,000 returns in a year? (Remember, because of self-assessment, we are only concerned with processing the returns, not auditing them before processing.)
12. 17,000,000 paper income tax returns divided by 11,000 officers equals 1546 returns for each officer. 1546 returns divided by 40 weeks equals 39 tax returns per week or 8 tax returns a day. 8 returns a day multiplied by 15 minutes equals 120 minutes or 2 hours a day. (Figures rounded up where applicable.) **So what have thousands of ATO officers being doing with their spare time?**
13. Yesterday, I surface mailed to you (because I could not email it) a copy of my submission to the Tax Consultative Task Force dated Friday 27 February 1998. This submission (although it was not headed "submission") was accepted by the Task Force; as far as I know it has parliamentary privilege. In any event, it is now part of my submission to you. Please read it, because it shows how the ATO really operates and why then Commissioner Boucher's attempt to reform the ATO failed (there is a lesson there for you).
14. The ATO is a law unto itself and almost beyond reform (not least of all because it will threaten its enemies with income tax audits). How did it come to this? Simple, there was no scrutiny. In the five and a half years I was in the ATO, I was never audited even though at one stage I was a Studies Support Officer who was authorising payments to ATO officers. I was never subjected to an Establishments Audit and I have never even heard of anyone auditing establishments in the ATO then or since.
15. I will spare you the details of the court cases that happened following my sacking on 17 August 1995 (another date that will live in infamy) except to say that I now know of more corruption than I knew when I was sacked and I am going back on appeal in the Federal Court of Australia as soon as I can. You see, I have been trying to access my file since before Christmas last year, but the Federal Court Registry in Melbourne cannot find it. Previously they lost the transcripts, now they have lost the two archive boxes that comprise the file.
16. The Senate Economics References Committee's enquiry into the operation of the Australian Taxation Office that began in 1998 was a joke. The Senators were more concerned about the GST than conducting a proper enquiry into corruption in the ATO. It took Chris Masters and the television show "Four Corners" to expose corruption in the ATO ("The Office", 30 June 2003).

17. Unfortunately, I do not have the time to go into what I consider to be the unethical behaviour of staff in the Office of the Australian Government Solicitor, but I question why some public servants who have obviously done the wrong thing get free legal representation courtesy of the taxpayers.
18. I will now tell you what should be done to reform the APS, although I note that the reason the APS needs reforming at all has been due to both parliamentary failure and judicial failure (one stupid decision in the Federal Court of Australia in a case called *Preston v Carmody* virtually gave a green light for agencies to sack whistleblowers).
19. Parliament must set up an Independent Commission Against Corruption (ICAC) to cover all the APS and the Federal Judiciary. ICAC staff would include auditors outposted to APS agencies to ensure that APS agencies are subjected to financial audits. ICAC staff would include establishment auditors outposted to APS agencies to ensure that APS positions do need to be filled. ICAC staff would include Freedom of Information Officers outposted to APS agencies because it is too easy to coerce Freedom of Information Officers when they are on the staff of an agency. ICAC financial auditors, establishment auditors and Freedom of Information Officers should be sworn officers with the power to arrest.
20. Finally, the ridiculous laws surrounding the use of tax file numbers is an expensive nonsense (and such laws are broken every day of the week). The greatest democracy in the world, America, uses its Social Security Numbers for government administration. We should use tax file numbers as Americans use Social Security numbers.

Yours faithfully,

Philip R. La Roche