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# TRANSCRIPT OF PODCAST

WORK WITH PURPOSE  
EPISODE 19

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Commissioner  
Australian Taxation Office

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DAVID PEMBROKE: Hello, ladies and gentlemen, and welcome to Work with Purpose, a podcast about the Australian Public Service. My name's David Pembroke, thanks for joining me. I begin today's podcast by acknowledging the traditional custodians of the land on which we meet today, the Ngunnawal people and pay my respects to their elders past, present, and future, and acknowledge the ongoing contribution they make to the life of our city and this region.

Today, my guest on Work with Purpose is the Australian Tax Commissioner, Chris Jordan AO. Chris, has held the position of tax commissioner since 2013, but his first full time public service role was as a policeman. We will come to that in a moment, but since taking over the tax office, Chris Jordan has overseen a dramatic change in culture, practise and performance. Indeed, that attitude and willingness to change and to experiment in the ATO, was recognised in the recent Public Sector Innovation Awards, when the Single Touch Payroll, system was the winner of the Culture and Capability Award.

Before his time with the ATO, Chris made his reputation in the private sector where he served in a variety of roles and spent 12 years as the chairman of partners at KPMG, in New South Wales. Chris Jordan's term as Tax Commissioner ends in 2024, but between now and then he has plenty on his plate, like the rest of the leadership across the APS. He has had to deal with the challenges of the COVID-19 global pandemic, focused on how the critically important taxation system could be adapted to help smooth the crisis. That, as we all know, is a long way from over and particularly this most important role that the ATO, will play in the weeks, months and indeed years ahead. He joins me now from the ATO's office in Sydney. Chris Jordan, welcome to Work with Purpose.

CHRIS JORDAN: Good morning. Pleasure to be here with you.

DAVID PEMBROKE Before we get started and we come to the discussion about COVID, and about the role of the Tax Office. Policeman, tell me that story.

CHRIS JORDAN: I was really part of a police family, I suppose. My father was a policeman and so were two of his brothers. They had grown up in Coffs Harbour, during the depression, all the boys had to come down to Sydney, to try to find work, three of them ended up in the police force. He was quite a senior person, he was a superintendent first-class, and oversaw the Greater Sydney metropolitan area when he retired, and I had this notion of wanting to be a barrister.

I thought it would be a good way to get into the police force, get into their legal prosecution's area, have a great grounding as a lawyer, as a barrister, and I started what was called this Barrister's Admission Board course. They had a SAB and BAB, I am not sure if they even have them anymore, but it was a bit hard to combine the shift work. In those days, the police force was not flexible and organising to get the classes was a bit difficult.

I was assigned a very nice little area. I grew up in Kingsford, at Randwick area, but they put me over in Chatswood. They said, "That's nice, quiet little area for you so you can try to get to your classes."

I only lasted 12 months, and I realised it was going to be a bit difficult to get the qualifications and to then have a pathway to the prosecution unit. I then went to New South Wales University and started a Bachelor of Commerce. I did well in the first year, and was able to transfer, and I did the Bachelor of Commerce, Bachelor of Law, combined degree and then the College of Law.

As a little anecdote to that, I now Chair the Business Advisory Council for the School of Business for the New South Wales University. Nicholas Moore, from Macquarie Bank, was the prior Chair. I was on the Council, and when he stood down, he asked if I would take that on. It is a great little follow up now to be Chairman of the Advisory Council for the very large School of Business, including the MBA programme, all sorts of things.

DAVID PEMBROKE: Good. Interestingly enough, in fact, I am an alumni of the University of New South Wales Business School as well. I did a Bachelor of Commerce way back in the 1980s. I am very pleased that you are continuing to supervise the great University of New South Wales.

But if I might take you back to that time, growing up in a police family, and that notion and ambition to serve, where did you learn, growing up in and around that sort of police environment, that you felt attracted to public service?

CHRIS JORDAN: I was one of seven. I was number six out of seven. My parents owned our own house, but it was very small. It was basically a two bedroom house with a closed in front veranda. Seven kids stacked in there meant you had to put up with others and must be quick at dinner time. I still am a quick eater, people say you really eat quickly, I say, "Yes, I do." I grew up in a room with two double bunks and a chest of drawers and we were not poor by any means, but it did make me appreciate a willingness to want to do something better. It was just assumed in our family that everyone would go to university.

Mum worked from home whilst bringing up the seven kids, and that was certainly enough, but it was sort of just put into us that you will go to university, so it was not any great discussion. It was just an assumption that, that would happen in all the kids before me. It was a bit cramped, you had to learn to get on with people. When I did become a police officer, I had some very distinct memories of Chatswood and fairly wealthy areas in Northbridge, Castlecrag, Linfield. As a 19-year-old growing up in a modest house, I'm not doing that log cabin stuff, but it was modest. I had shoes, so that's okay.

DAVID PEMBROKE: It was interesting though. That back at that time, everyone was pretty much in the same boat. Big families, life was a lot simpler.

CHRIS JORDAN: We would go out, mum will be to be saying, get outside, right. We'd go riding around on my sister's hand me down bike, which I was most embarrassed about because it was a girl's bike. My mum was a great knitter. She would sit on the football sidelines knitting away, so when I first got my first 'bought' jumper I was so excited. I used to talk about 'bought' food because mum would always make our own things to take everywhere.

DAVID PEMBROKE: Listen, you went into the private sector and obviously performed very strongly before you came into the ATO. I do want to talk about that because I was having a chat with a few people this week, who tell stories of your early days when you arrived at the ATO. It was obviously quite clear that you came in with a clear idea about what it was that you wanted to do. I thought that transition from the private sector to the public sector and this notion of "What can the public sector learn?" Indeed, as we go through COVID, what can the public service learn from the private sector?

CHRIS JORDAN:

I think the things over the last year have very much complimented what I did when I came in here was just to challenge the status quo. I often used to ask now, "Why do we do that?"

I was told "Well, it's just required."

"Required by whom?"

"Well, it's a regulation."

"Well, if it's a regulation, it must be written down. Can you show me?"

It either was just an internal practise statement or it was just the way things were done. It was really in a polite way of challenging a whole lot of things that just seem to be overly complex, overly bureaucratic, checklist driven. I suppose there was a reason that I was the first person ever to be appointed to the commissioner from outside of the ATO, every single commission had come up through the ranks before that.

Martin Parkinson, who was Secretary of Treasury at the time and Wayne Swan was Treasurer, made it clear to me that I felt that the ATO, whilst it was a great institution, had become insulator and a little detached from its stakeholders and that it was very black and white. As we know, there are rapidly changing business processes. It's hard to get law onto the political agenda for the parliament to pass. There was a very technical view of the ATO that sort of lacked a bit of commerciality, and it just bound the people up. We came up with this notion of reinvention. In other words, it's not broken, we just need to reinvent, we need to freshen everything up, we need to open the doors and windows, we need to declutter.

We threw out tens of thousands of pages of instructions and check lists. We stopped doing all sorts of things because they were just being done, because they were always being done. I am very firmly of the view that you got to give a good staff experience for them to give a good client experience. I really wanted the staff to feel better about their day to day work and not feel bound up in process and checklists, because if they were bound up in process, what do you think they're going to do to their clients? They're going to treat the client the same way, right? They're going to be rigid, they're going to be unforgiving in a way and they're going to tick a box, and if you doesn't fit in a box, I'll just put you to the side because I don't know what to do with you sort of thing.

I talked a lot about exercising common sense and judgement. Here you are, you've got a lot of education, a lot of training, you're intelligent and well experienced, you should be capable of exercising common sense and judgement. If you get it wrong, we're going to stand behind you. Everyone was afraid of getting something wrong. A lot of people actually liked the checklist because they knew exactly what they had to do. They had to tick these boxes. However, most people did understand that a lot of what they were doing was just silly and unnecessary.

This was really embraced. I had friends and colleagues when this role was announced, they said, are you mad? Do you know what you're getting yourself in for? I said, it's sort of like the police. It's a closed shop. You will just be chewed up and spat out of this big machine, this big ship, that's going down the ocean. You won't be able to do anything. Well, it was the total contrary. People would say to me, thank goodness we have been given an opportunity, to make a judgement and make a decision, and get on with what we really know what we need to do.

I think what is happened now has exactly pushed that as a notion, right across the public service, we have to be adaptable. We have re-deployed 5,000 people within the ATO to help on these stimulus measures. We have had up to 15,000 people working from home. We brought on 2,000 casuals, to train them up for tax time, as well as the stimulus measures. This is just inconceivable in the past.

I have got say, the unions have been really good on this front too, the Community and Public Sector Union and the Australian Services Union. They could have been obstructionist in a way of, "Well you can't force these people to do a function that is different from what they are classified as."

We spent a lot of time talking with the unions and they were very cooperative. I think they sort of knew that the community required this. The people love it. We have got the highest engagement scores from our staff ever since records have been kept. We have got the highest scores than any other large public sector agency. People have really enjoyed the ability to feel like they're doing something good.

DAVID PEMBROKE: Interestingly, we now sit at again that uncertainty that sort of is sitting ahead of us. We just do not know what the impacts are going to be on jobs on business, on tax revenues. What are you now doing and saying to your team to prepare them for the future, given that it's been such a busy and tough year for people working inside the ATO. First, obviously the bushfires, at the beginning of the year, then the early stages, the crisis stage of the COVID. Given there is so much more to go, how are you preparing your workforce to continue to deliver for the Australian people?

CHRIS JORDAN: It's not an easy task. I am really fortunate to have such a talented executive team and leadership team. We really have focused over the last five years in building a high-quality team of leaders. We have really encouraged people to take a pause because the bushfires have happened. We had to deliver programmes of some significance. Then we had to do the stimulus measures. We only had a matter of weeks to build a system to deliver tens of billions of dollars through JobKeeper, through cashflow stimulus, through early release of Super, this was an enormous task that I had to reassure government we could actually do. People were working seven days a week, extraordinary hours every single day to be able to do this.

Now it's just not sustainable clearly forever. However, we do now have JobKeeper 2.0, and JobKeeper 1.2. We have got a sort of keep up a momentum, that of encouraging people to say, look, take the weekend off, have a break, things will get done. You can't all be working that period of time. There is an enormous dedication amongst the staff, there's an enormous sense of pride and support for each other. But you are right, it can't go on forever. I think this time we had a couple of months, rather than a couple of weeks. It has made it lot easier to be put in JobKeeper 2.0, as we call it.

It was also quite pressured. If we had not got it together, people would be going, "where is the money?" and we have been paying out the money for JobKeeper within four days of applications. We have been turning this around quickly, and I think there is a huge amount of pride, both at the executive level, but also at the level of people dealing with this. We have got the lawyers, who are used to doing all these technical analysis on funds, talking to people. Some of these lawyers don't to talk to anyone other than some of their colleagues and they're out there going, this is a whole different world. I can see a huge benefit for our organisation, the ATO, by the empathy that people have given and the understanding of personal difficulties.

In July 1st this year, we had 400,000 applications just on the early release of Super, we had 740,000 lodgements. The prior year, which had that low- and middle-income tax offset, LMITO, we had something like 104,000. We had planned on six times that, and it came in at 7.4 times that, so there was a little bit of slowness in those first few hours on July 1st, but you think of 400,000 people wanting access to that second lot of \$10,000 now to me, and I don't want to get into the politics of whether this is good or bad, but to me that indicated a sense of need.

If you were a young person and you wanted the money to buy something, you would not have bothered on July 1st, you would have got around to it. I know my kids would not have. They had talked about it for a month and then maybe get around to doing it.

If you are there on July 1st, you need the money. Here we are being able to pay it out or approve it to be paid out by the Super funds, because it is actually the Super fund that pays the money to the people, but that's extraordinary. 400,000, 7.4 times the number of lodgements in the all-time high of the year before. 740,000 lodgements in one day.

DAVID PEMBROKE: Now, one of the features of this podcast are the questions from IPAA's future leaders. It is this question from Megan Aponte-Payne, from the Department of Prime Minister and Cabinet, that goes to the very issue that you just raised. What Megan wants to know is the mechanics of how you made it work, how did you make that happen? So, her question is, "Tax reform and associated systems changes usually take months or even years to design and implement, what were the biggest challenges in implementing the JobKeeper programme in a matter of weeks?"

If I can suggest what she is looking for us to really understand is, what did you do inside the tax office? How did you make that agility work? How did you make it happen? How did you bring the teams together?

CHRIS JORDAN: I suppose every year we have a similar thing, but on a smaller scale called 'Tax Time' on July 1st. The government often makes changes during the year, not just to the right of tax, but to deductions or offsets or credits. We always must put through significant changes to our system to deal with tax time. There was an existing process and governance arrangements in place that we could pick up and use, but on a whole of ATO, which is a much bigger scale. It was a massive tax time exercise in our organisation, because we have so much of it driven by IT. We have to have very strong governance around who does what and when, and how to plan it out. We have very good people at project planning and at using external expertise where are required to provide a quality assurance process.

So, in this case, there was a combination from our client engagement group, the old compliance group, because they had to determine the eligibility and then do any follow-up compliance activities. There was our IT group, that had to actually build the system cope with this. Then there was our service delivery group that had to man the phones, to actually answer the queries, to send correspondence out, to send the requests to the reserve bank, to pay money out, to send the money out to employers. So, three very distinct arms of the ATO had to come together and work as one. That there was everyone left their egos at the door, and there was an absolute knowledge that this was a whole of ATO.

It's funny, you mentioned KPMG, as Chairman, I used to talk about the whole KPMG, because there used to be tax audit and consulting and that all go off and do their own thing with the clients. Here I am, I have several years talking about the one ATO, it is the same thing. This was a classic example.

Our reinvention programme allowed us to be able to do this, to give us the flexibility, to give us the cultural attributes that people needed to be able to say, "Yes, I know I'm part of a team, I'm willing to do something that I've never done before. I'm willing to get out of my comfort zone, because I know it's for the benefit of the one ATO."

That was really the way that we were able to do it. Some of the things, like the Single Touch Payroll, without that we couldn't have actually been able to match the employees with the employer's statements, so right there, there was an inbuilt compliance check because people had put in every payday who they were paying, the tax file number, and what they were paying them. Therefore, when they put in the replication for employees, well, we could say, "Yep, we can see you got 20 employees. You're saying it turnover's drop by 30%, there you go, you're eligible."

That would not have happened previously. Online services for agents. We got rid of AUSkey, which was a really clunky way of authenticating yourself with the ATO. It was clunky because it was attached to your machine, whatever machine you used to register the AUSkey, typically a desktop in an office. You had to use that device every time. Now by doing online services, you can now use a smart phone, or home device, you can now use whatever.

Thankfully that was all brought in before this, because it would have been a huge issue with tax agents bringing out, our law's BAS forms, and you had to lodge the bars to get this early cashflow stimulus. This reform has not had much publicity, but people have been paid billions, tens of billions of dollars to the employer. JobKeeper, goes to the employee, but this an early release of Super, is the Super fund paying the member, but this early release, this cashflow boost, again, we couldn't have done because agents wouldn't have been able to put the best forms in that generated the payment.

DAVID PEMBROKE: I am a small business owner and I can account for that. I can tell you that it certainly delivered for us, and it has certainly delivered for businesses that I know, and that was gratefully accepted.

Now to a second question from an IPAA future leader. This time it's from Holly Noble, from the Department of Finance, and Holly, asks you Commissioner, "The ATO has released some great guidelines to streamline the claimable allowances for working from home. What other innovations do you see on the horizon for the ATO, as Australians, changed the way we work to accommodate a more flexible digital world where people work from home and are incorporating new types of business into their lives?"

CHRIS JORDAN:

It is really important to be able to give that help and guidance to people because people don't want to be there with receipts and trying to work out precise figures. We do have an app, the ATO app you can download, which has a "my deductions" feature to it, where you can take a photo of a receipt and you can upload that amount directly into your tax return at year end. For example, if you buy a briefcase or something, you can put that down in the relevant box, take a photo of the receipt, so you've got up there, so come year end you have already put that in a work related expenses in your tax return. We are trying to help and do that, and we are trying to help with guidance there.

I think for individuals, the big issue we have is the claiming of work-related expenses. It's incredible when you look at the graphs, and you see these extraordinary spikes around \$150 for laundry expenses and \$300 for unsubstantiated expenses, it's all these little graphs, and then this enormous line comes up where people think they can claim those amounts. We have done a lot of education on that front.

If we look at the small business area, that is where I think we do have a greater opportunity for streamlining even further. If we can use natural systems like bank accounts, let's say. Cash is becoming increasingly less, and some places are now saying no cash, rather than only cash. If we could say, "Okay, you let your bank know to give us approval, and we draw down from your bank, and that's all the deposits, that your income, and all the outgoings, as long as you don't take private stuff out of there, are your deductions. With all these automatic write-offs up to \$20,000, \$50,000, most small businesses do not spend more than that on any one thing. The most thing they might spend on is a computer or something like that.

We could draw down that each quarter, do your BAS for you, and at the end of the year, you might still want to go to your accountant or tax agent say, "Okay, well, this is what the Tax Office has done for three quarters. Can you make sure that the overall is to my advantage?"

People might have a suspicion that we would hurl on them the revenue side, but they are some of the things. It's all about tapping into a natural system, and that's just like STP, it tapped into a payroll. We had people and other saying "We want this, or we want that."

We said, no, we are only going to collect what they pay the person on the payday. We, the ATO, are not going to ask of anything more because the payroll function is a natural system, and so is their banking.

If we think you sit in the right range for your industry and number of employees and area of operation, we have got very sophisticated benchmarks now, very sophisticated analytics. If you sit within a range, we might go, we will just take your bank account, and that's it. That's your BAS, that's your tax return, that's everything. We will tell you just give us five grand every quarter, or 50 grand, whatever the tax is, and that's it. We will send you a notice, you spend us the money, and all your obligations could be done. That is the exciting stuff that is on the horizon.

DAVID PEMBROKE:

In terms of these as a final question you been very generous with your time. Thank you for spending some of that time with us today. As I mentioned in the opener, you're here in your current role until 2024, you have been here since 2013. When you get to the end of your time as the Tax Commissioner, what would you like people to say about the time Chris Jordan spent as the Tax Commissioner?



- CHRIS JORDAN: We have one of our sort of mission, vision statements as being known as a leading tax and Super administration known for our contemporary service expertise and integrity. When I say leading, I don't mean comparing us against other tax authorities around the world. If we do that, we actually brush up well. One of the international consulting firms has said that the Australian Taxation Office, overall is the best performing Tax Office and revenue authority in the world. I don't want to compare ourselves to other government departments or agencies. I want to compare the tax office to the best of any large organisation that has a complex client base.
- That's the comparison. If people can say, well against any large organisation, private or public, the Tax Office actually performs well when measured against that. We will never have people jumping for joy, dealing with us. We start from a difficult position, right? Our relationship is about me taking money from you, right? However, given that starting point, I want people to think when they deal with us that their experience was about as good as I ever would have thought a transaction with a Tax Office would be.
- DAVID PEMBROKE: It's about simplicity. It's about clarity. You really have to keep things simple. If you are able to instil that people, and that feeling and that sense of empathy, that vast workforce you have there at the ATO, will help to get the work done, and you will encourage them in their role to deliver on the big vision that you've set for them.
- CHRIS JORDAN: There are a lot of consultants that will charge you a lot of money to make things complex. So, stay simple and keep saying it. I have been saying that since about the end of 2013, and I still say it, I want to compare us with the best of anyone in the world. And I want people to think that's about as good as I ever would have expected.
- DAVID PEMBROKE: Chris Jordan, thank you so much for your time today, but also thank you for your service. Just before I do go, how are you holding up personally? It's obviously a challenging, difficult time, and I'm sure during those seven days, a week, 18 hours a day, through the crisis that you would have been front and centre, how are you holding up?
- CHRIS JORDAN: I'm really fortunate that I have an extraordinarily good Executive. I'm a great delegator. They appreciate being able to get on and deal with their job and not have me interfering all the time. So they're the ones that are probably a little bit more pressured than I am.
- DAVID PEMBROKE: Excellent. Chris Jordan, thank you so much for your time today and thanks to you, the audience for coming back, once again. The reaction and the response to Work with Purpose, has continued to be just fantastic. I think the opportunity and the generosity of the APS leadership to give us some of their valuable time each week to share their insights is just as the Commissioner has done today, is so valuable. For people to hear what the leadership are up to, but also the pride that the leadership has in their people, and the way that they continue to work to deliver, because we are a long way from clear of the impact of this wicked, wicked virus.
- This week, you will see promotion and I hope you do see a social media promotion and the links to the programme. If you would be able to share that with your groups, that would be gratefully accepted. If you do have time to rate or review the programme, that would be gratefully accepted. It is just important to get that stuff done, because it does help us to be discovered.

Listen, I think it is important that we do try to get it seen far and wide because it's the work of people like Chris Jordan, and his Executive team that we need people to hear and understand what they're doing. If you could do that much appreciated.

Thanks again to the wonderful team here at IPAA, doing a great job, leading the APS and helping with the education, and also to the Australian Public Service Commission, because without their ongoing support, this programme would not happen. It really is fantastic, and it doesn't happen without them, but for the moment, another great conversation, we'll be back at the same time next week, but for the moment it's bye for now

SPEAKER 3:

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