This quote probably best sums up the passion, zeal and combative style brought to his job by outgoing Tax Commissioner Trevor Boucher. It contains all the elements of the Boucher era: the readiness for direct confrontation, the importance of credibility, the challenge to the corporate sector, the threat of documentation and ammunition, the threat of action and the personalisation of issues.

Boucher’s angry statement followed a no-holds-barred meeting with the Business Council in 1989 after the Council had actively campaigned against an audit of Australia’s largest corporations ordered by Boucher. The documents Boucher was referring to (it was subsequently revealed) were details of offshore tax schemes used by a company identifiable as Elders IXL, headed by Liberal Party heavy John Elliott.

Disenchantment on the part of business and the Liberal Party with the Australian Tax Office (ATO), and Boucher in particular, reached a crescendo at the parliamentary Public Accounts Committee in the period leading up to his resignation in October. There, as if to demonstrate that grand conspiracy theories are not the sole prerogative of those labelled as the Left, NSW Senator Bronwyn Bishop concluded her ongoing battle with Boucher with unspecified smears over his new appointment as Ambassador to the OECD. Yet Boucher’s appointment as Tax Commissioner eight years ago, after 24 years in the Tax Office, was welcomed by the Liberal Party with enthusiasm. Indeed, then shadow Treasurer John Howard claimed the Coalition would also have appointed him. To understand their change in attitude, it is necessary to go back to the late 1970s.

By that time, artificial tax avoidance schemes had become prolific, aided and abetted by a compliant High Court led by ex-Liberal Attorney General Garfield Barwick—and the efficiency and equity of the tax system was severely damaged. For those wealthy and clever enough to be able to organise their affairs, paying had become optional. The Tax Office was seen as a toothless tiger; morale was at rock bottom. One can only wonder at Boucher’s frustration in his job as second tax commissioner in charge of policy and legislation.

Enter the Labor Government in 1983, then committed to a broadbanding Accord based upon equity and encompassing restraint over non-wage incomes. More particularly, enter Paul Keating as Treasurer; and then, in 1984, enter a frustrated ‘done-over’ Trevor Boucher—all zeal and determination, if not with gun manoeuvring. Keating unleashed the tiger; Boucher provided it with a few teeth; then Keating added a full set of incisors.

Having seen from the operations of the Costigan Royal Commission what could be achieved by computerising records and statistically analysing results, Boucher set about expanding and renewing the Tax Office’s computer system. Returns were now assessed by computer rather than manually. This not only enabled occupational and industry benchmarks to be established for comparability purposes, but also allowed resources to be diverted out of time-consuming and inefficient paper-processing into auditing.

While these human resources and their computerised backing enabled the Tax Office to take a more aggressive stand, they also highlighted serious deficiencies in tax legislation—the legal loopholes for avoidance. Hence Keating’s push for tax reform, backed by the ATO—a push which culminated in the government’s decision of September 1985 to introduce fringe benefits and capital gains taxes and to close the managerial ‘long lunch’ loophole via the entertainments tax.

Whatever one may think of Keating’s adoption of ‘hands-off’ macroeconomic policy, there can be no doubting his passion to clean up the inequities of the tax system. I recall sitting in on the Taxation Sub-Committee of Cabinet, set up after the 1985 Tax Summit, on the day Keating publicly withdrew his consumption tax proposal, ‘Option C’. It took guts for Keating to withdraw ‘Option C’ of his own volition, without prompting and without bluster or stonewall (perhaps something Dr Hewson should muse over). Nevertheless, I half-expect him to spit the dummy and come out in opposition to the core items of the victorious ‘Option A’—the fringe benefits tax, capital gains tax and entertainment tax—which were next on the agenda. Instead he opened the afternoon session with a withering blast at those who had ripped-off the average Australian taxpayer through a series of artificial tax avoidance mechanisms. They had, he noted, destroyed the fairness, equity, efficiency and simplicity of the tax system.

Such a curt summary doesn’t do Keating’s speech justice; it remains the best off-the-cuff speech I have heard from any politician on equity and tax justice. The true Labor beacon shone brightly that day. With barely
a murmur, Keating got his fair tax measures through—and, I might add, acquired from this observer at least an enormous degree of respect for his courage, integrity, passion and a deep belief in a fair go for all through taxes.

And so the passion of the legislator met the zeal of the administrator. It was that sort of commitment backed by real legislative change that Boucher—the man who said “if you want me to build a road, at least give me a shovel and a wheelbarrow”—was looking for. Now, Boucher realised, his Tax Office had teeth; it could initiate, and not merely try to close the door after the horse had bolted. While the Australia Card legislation was withdrawn, its replacement, the tax file number, facilitated the crackdown on unreported interest income, augmented by changes in the taxation of foreign income and schemes using tax havens.

Having restored the integrity of the tax system for most ordinary PAYE Australians, and utilising the developing ATO computer resources, Boucher set about moving toward greater efficiency in processing by shifting towards self-assessment, and introducing the ‘Tax Pack’ and electronic lodgement. Rather than wasting resources scrutinising every one of the eight million odd returns, the Tax Office’s main weapon became the audit. Boucher backed this cultural shift to ‘truth in reporting’ by focusing publicly on specific professional and industry groups with reputations for using tax lurks.

And so Boucher set the stage for the great confrontation; he set his sights on the corporate sector. In 1988 he launched the audit of Australia’s top 100 companies over a four-year period. Not just hit-and-run visits, but intensive investigative rolling audits using computer-generated benchmarks and industry standards. “It was very important in terms of sending signals to the community,” he was quoted as saying on his retirement. “The corporate sector thought we couldn’t do it and we wouldn’t do it. We did do it, and we did it pretty well.”

To ensure those signals were received the program was accompanied by maximum publicity. In fact, for the first time publicity and the media became a tool of collection as the Tax Commissioner became a public figure. Tax Office initiatives and successes were publicised, and rejuvenated ATO officers took on the persona of latter-day Eliott Nesses with attendant media publicity. The audit program led to a two-year row with the Business Council—a row which culminated in the meeting from which the opening quote came. It should be added that this audit, now nearing completion, produced an additional $1.4 billion in revenue.

By 1989, the Coalition, having moved from seeing Boucher as a mere Keating acolyte to a threat in his own right, were demanding that a board of directors, with business representatives, be installed to run the Tax Office. Far from being daunted by this political attack, however, Boucher prepared to take on another sacred cow—he began including politicians in his random audit program. By the time of his retirement, over 100 federal and state politicians of all parties had been subject to audit. In the light of the self-interested attacks on Boucher by politicians, particularly the re­ doubtable Senator Bishop (principally over charges being laid against her NSW colleague Phillip Smiles), it’s worth noting that half of the politicians audited had their returns adjusted as a result. Nevertheless, given that the ATO is about to extend its intensive audit program to the next largest 600 corporations, one can appreciate Boucher’s decision to retire to less controversial pastures.

Yet his departure places the challenge to maintain and even further enhance the current rigour of the tax system squarely at the feet of his successor, Michael Carmody. Perhaps the time has come to shift the emphasis of the ATO: to concentrate less stringently on audits and to direct its focus (and computer resources) instead towards policy and revenue-forecasting issues. And there is something vaguely hypocritical about a Tax Office which challenges others for not maintaining adequate records when it attempts to defer an audit of itself on much the same grounds.

It should never be forgotten that taxes, paid fairly by all, are an indispensable prerequisite for adequate infrastructure and services. In an age in which the cult of deficit-fetishism has demanded that any shortfalls in revenue be matched by cutbacks in service provision, the Australian community should be grateful to Trevor Boucher, and to his zeal in recouping large amounts of revenue which otherwise would have been lost to the pockets of those able to avoid or evade their fair tax burden.

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