



06

The 1960s

MARKING TIME TO A NEW BEAT



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## CHAPTER SIX: The 1960s

# Marking time to a new beat

The 1960s was a period of rapid change when the youth and energy of the post-war generation began to reshape Australia's social and cultural landscape. By this time, however, the ATO had settled into a kind of equilibrium that balanced responsibilities and powers between Head office and the branches and between tradition and change. Orderliness and discipline were the orders of the day and necessary if the ATO was to keep pace with its growing workload.

This order was matched by government through the decade. Although the politics of the times was often turbulent the Liberal Party remained in government. It was content with the existing taxation system so there was almost no change in the basic structure of tax laws, although income tax and the social services contribution were combined in 1965 and the ATO began collecting the ACT Stamp Duty in 1968.<sup>261</sup>

A number of detailed legislative changes following appointment of the Commonwealth Committee on Taxation (Ligertwood Committee) in 1959 to review anomalies in the income tax legislation, including some tax avoidance through arrangements such as superannuation schemes. The Committee completed its report in June 1961 and many of its recommendations were implemented in amendments to income tax law in 1963 and 1964. Although they affected how tax was assessed and the amount collected, they had very little effect on ATO operations.<sup>262</sup>

One of the Committee's recommendations was that the ATO should stop issuing the tax clearance certificates for people travelling overseas that had been introduced in the 1920s. By the beginning of the 1960s overseas travel was becoming commonplace and in 1960–61 the ATO issued 183,184 tax clearance certificates, a process which had become a great inconvenience to travellers and a growing work burden on the ATO. The government recognised that abandoning this system might result in some lost revenue but the estimated savings of about £100,000 a year in administration costs would probably compensate for it, so the ATO stopped issuing the certificates on 28 May 1962.<sup>263</sup>

The most significant financial change during the decade was the introduction of decimal currency on 14 February 1966. The ATO began planning for it in October 1963 and was ready for the transition to dollars and cents by late 1965. All active records had to be converted to the new currency, a massive project that was done manually and, in New South Wales alone, staff manually converted 200,000 accounts worth almost \$450 million. Cash registers and accounting machines were also converted, new forms designed and printed, new procedures, manuals and ready reckoners prepared and staff trained. Assessment notices for the 1964–65 year were the last to be completed in pounds, shillings and pence, but the net amount of tax payable was also included in dollars and cents and all assessments and records were prepared in the new currency from 1 July 1966. The change was an enormous job but the ATO had decades of experience in these kinds of processes so the conversion went smoothly and had no long term effects on ATO operations, except for the simplified calculations of decimal currency.<sup>264</sup>

## Converting to decimal currency

**John McCarthy was one of the clerks who converted the ATO from pounds, shillings and pence to decimal currency.**

My job, along with a group of about 10 others, was very basic. You had to get all the income tax files in a range and see if any of them had a document inside, a plant register. Officers used to write on it any plant that was to be depreciated; when it was bought and the amount it was bought for so that any depreciation adjustments could be made. We had to leave a couple of lines and rule a line under it and whack a dollar stamp below and a pound stamp above. The other document you had to look for was any primary producers who could average their income over five years. You'd look for the income history sheet where they would hand write the taxable income for the last so many years and you had to get the last four years, whack in a dollar stamp and multiply by two to convert it from pounds to dollars. We did that for about six months.<sup>265</sup>

The 1960s was the second decade of the long boom. Australia's population grew from just under 11 million at the beginning of the decade to almost 12.5 million by the end and the prosperity of the period saw the gross domestic product double from \$13,746 million in 1960 to \$27,562 million in 1969. Part of Australia's prosperity came from a mining boom that began in 1960 when the government lifted the embargo on iron ore exports that dated from before the war. Exploitation of Australia's rich mining

resources began quickly and by 1966 Japan replaced Britain as Australia's main overseas market. As a result of this growth the ATO collected \$4,234.35 million in revenue in the final year of the 1960s, more than twice its collection a decade earlier.<sup>266</sup>



Sydney branch Bunnerong storage facility at Maroubra. The ATO received and had to store a vast amount of paper.

The number of income tax returns increased from 4.08 million in 1960 to 5.31 million in 1969, property valuations increased from 144,000 to 303,000 and the number of letters, documents and other correspondence received by the ATO, apart from return forms, increased from 1.8 million to 2.4 million. To handle all this, its staff grew from 7,649 in 1960 to 10,670 in 1969. The operating costs of the ATO rose from \$20.32 million to \$49.11 million but the cost of collecting taxes only rose from 95 cents for every \$100 collected to 99 cents.<sup>267</sup>

## Brisbane ATO building official opening

Staff moved into the Brisbane ATO building before it was officially opened. A circular told staff how their routine would be disrupted by the opening.

Due to certain factors in connection with the official opening of this building by the Postmaster-General, Honourable C W Davidson, OBE, MP, on Thursday 15th February 1962 at 3 pm, it will be necessary to amend for that afternoon the tea-to-desk service to all floors.

Afternoon tea will be delivered at the following times -

Ground Floor	-	2.20 pm
4th Floor	-	2.30 pm
8th Floor	-	2.30 pm
6th Floor	-	2.30 pm
11th Floor	-	2.30 pm

All other floors 30 minutes earlier than time at present delivered.

2. As the Cafeteria staff will be assisting at the function all staff are asked to co-operate by obtaining their tea from the tea attendants at the tea trolley in lieu of them being served at their respective tables.
3. Those people using the Cafeteria at lunch time are also requested to assist by vacating the dining room immediately they have eaten.
4. It is also advised that the Cafeteria will be closed from 3 pm on that day and that there will be no afternoon tea runner service on that afternoon.
5. Co-operation as requested above will assist greatly towards the success of the official opening of this the biggest office building in Brisbane.

(F W Hucham)  
Chief Property Officer.<sup>268</sup>

Increased staff put more pressure on accommodation so overcrowding and inconvenience remained a problem in most states for the entire decade. The only cities where accommodation was not a serious problem were Adelaide, where staff had moved into one building in 1960, Brisbane, where the ATO moved into its long-promised new building in 1961 and Darwin, where the ATO moved into new

accommodation in the early 1960s. Office buildings big enough to accommodate a complete ATO branch were very large by the standards of the day and the ATO buildings in Adelaide and Brisbane stood out clearly above the rest of the city skyline, as they also would in other places in later years.<sup>269</sup>

In Hobart the ATO was spread over three offices by the end of the decade. Perth staff were accommodated across three buildings by 1962, and although construction of a new building to house them was approved in 1963, it was still not ready by the end of the decade. In Victoria, Central and Melbourne branches were spread across three city offices each at the beginning of the decade and even more as time passed, although a partial resolution came in 1969 when most of the Melbourne branch moved into a new 15-storey building at 350 Collins Street. In Sydney some working conditions were improved by moving from old buildings to new ones, but the branch occupied four buildings by 1963. A big improvement came in February 1967 when the branch occupied a new building adjacent to the main office in the Savings Bank with links constructed between them, so the branch then occupied only two buildings. The new building was fully air conditioned with vinyl tiled floors, and carpet in the typing and machining areas to reduce noise. There were new training facilities on the third floor, the central tea room on the tenth floor and a penthouse and courtyard with a takeaway food service on the roof. However, as staff numbers continued to grow



Treasury building, Canberra, housed the ATO Head office from 1969.

there were plans to also occupy a building in North Sydney by 1969. In Canberra staff concerned with the affairs of ACT taxpayers moved into Civic Centre during 1962 to be more accessible to the community, and the following year more space was rented there to take some of the pressure off accommodation in West Block. With further growth Head office had spread to five separate locations by 1965 but consolidation began in June 1969 when sections began moving into the new Treasury building constructed in the Parliamentary Triangle not far from West Block.<sup>270</sup>



A scene from the *Pirates of Barrack Street*, a variety show staged by Perth branch in July 1964.

The social life of the ATO continued to blossom. All the social groups of the previous decade – social clubs, sporting clubs and other special interest clubs – continued to prosper while Tax Balls, picnics, dances and variety shows, such as the *Pirates of Barrack Street* (where the Perth office was then located) staged by the Perth branch at His Majesty's Theatre in 1964, continued to grow in popularity. Some branches also held 'Miss Taxation' contests which were part of statewide fundraising for major charities. Winners were chosen on appearance, personality and the amount of money they raised and these money-raising activities helped to swell the ATO's social calendar. The winner of Miss Taxation went on to compete in higher levels of the statewide contest which involved even more branch fundraising.<sup>271</sup>



Melbourne branch choral group with Deputy Commissioner, Leo Canavan, in July 1961. This was one of many sporting and social groups that a large branch like Melbourne could support in the 1960s.

The growing ATO workforce could support even more staff clubs and associations and welfare funds and cooperative credit unions were established in many branches. In Sydney, the biggest branch, several groups had been established for the common good and well-being of the staff by the middle of the 1960s. One was the Staff Canteens Association that ran a small shop selling things like biscuits, confectionery, and cigarettes and operated a discount purchasing scheme that helped staff buy an almost unlimited range of household goods at well below retail price. Profits from the Association were distributed back to the staff through grants and donations to other clubs and sporting events. A Welfare Fund was established in about 1962 that replaced the spasmodic collections that had previously been taken up to assist officers in need. It helped contributors with financial problems such as loss of pay through sickness, heavy medical expenses or a death in the family and was financed by a 'bob-a-pay' subscription and grants from the Staff Canteens Association. The ATO sub-branch of the RSL also carried on a lively welfare service for its members and their families. Two credit unions were also established, for Third and Fourth Division officers, which made loans of up to £1,000 at reasonable interest rates and encouraged regular saving.<sup>272</sup>





ATO netballers playing on the Sydney Domain in the Public Service competition.

Sport continued to play a major role in the ATO. It allowed tax officers to put aside the hierarchies of the office in usually friendly competition and create friendships outside the sections staff worked in. Interstate sporting carnivals became very popular and the 1960s began with carnivals in Sydney in 1961 and Brisbane in 1962. In Brisbane the sports included bowls, cricket, swimming, tennis and table tennis, basketball, golf and billiards and snooker. The social activities included a welcome social, a river trip and dance, an all day excursion to the Gold Coast, a slide competition in the ATO roof garden cafeteria and culminated in the Grand Carnival Ball on the final night.<sup>273</sup>

## The Commissioner's welcome

In 1962 Commissioner O'Sullivan wrote a welcome to all the tax officers attending the sporting carnival in Brisbane, setting the tone for the week-long event.

Looking back over the history of the Australia-wide Taxation Sporting Carnivals I find that we are about to embark on the fourth of these friendly contests. That it has proved possible to stage four of these carnivals in the short space of less than six years is a tribute, I think, not only to the popularity of the events themselves but also to the efficiency of the hard-working organisations in the various offices that are responsible for the staging of the carnivals.

Each of the three previous carnivals has, I think I may safely say, enjoyed a considerable success. I have had a look at the programme that has been arranged for the carnival about to be held in Brisbane and I feel I may, with perfect confidence, predict that it will enjoy the same measure of success as its predecessors.

We call these friendly interstate battles 'sporting carnivals' and I think it is a description that is very apt, for while due emphasis is given to the sports aspect and there are many meritorious performances in this field, the social aspects are also considered to be of no little importance. It seems to me that the carnivals are of inestimable value in this way in that they provide opportunities for members of the widespread taxation staff to get to know each other that would otherwise be lacking.

I am looking forward to visiting Brisbane for this carnival and I extend to everyone who will attend my sincere wishes for a pleasant and entertaining time both on the fields of sport and in the social sphere.<sup>274</sup>

The 1960s saw a rapid change in the ATO workforce as staff numbers increased after a decade of staff ceilings. The new generation of tax officers were the first wave of the baby boomer generation, fresh from school, keen to earn an income and happy to spend at least some of it on an active social life and consumer goods like transistor radios, records and record players and, later, motor scooters and cars. The ATO created the opportunities for upward social mobility that had not been available to earlier generations, along with other occupations such as teachers and bank officers who were also employed in great numbers during this period.

The baby boomer generation formed their own social circles, going out and partying together while the social clubs also welcomed them and accommodated their new tastes and values. By the end of the decade dances were often '40/60' so there was music and dancing for the older generation, and the new. As the decade progressed the young men and women of the ATO began their own office romances and the pages of the social club magazines began filling with notices of engagements. Before long the social life of the ATO was catering for a wide range of people; from those recently out of school to those who were newly married and starting families, to the middle-aged and those on the verge of retiring.<sup>275</sup>



Assessors in Hobart branch in the 1960s, a new generation learning tax technical skills on the job.

Only a few of the many thousands who came to the ATO from this time did so deliberately, most joined as the result of random selection. Entry to the public service was gained by sitting entrance examinations for the Third and Fourth Divisions and those who were placed high on the resulting merit list were offered positions in the public service as they became available. New recruits were invited to attend a Public Service Board office where they were given the choice of going to whichever departments needed new recruits at that time and many made decisions on the spur of the moment based on things like which office was closest to home. As a result, most new recruits knew nothing about the ATO when they joined it and a large number planned to spend only a little time there before finding 'a real job', although

many found a place in the ATO and stayed. The Public Service Board continued to supply the ATO with the majority of its recruits for several decades, each year sending people who had been successful at the entrance examinations, most of them school leavers in their mid-to-late teens.<sup>276</sup>

However, since the ATO was a large public service employer its name probably came up more often than most in the positions that were offered and those who had family and friends already working in the ATO often took a position there if it was offered. As a result family members often worked together in the ATO and most branches had brothers and sisters and other family members working in them, which made the ATO a family employer for many as well as feeling like a family.<sup>277</sup>

Despite their youth and a growing youth revolution, most of this new generation settled into ATO life easily, enduring the drudgery of much ATO work and the stern discipline of many supervisors just as they had endured those things during school years. If managers objected to women wearing short skirts or men with long hair, unemployment was low so it was hard to find and keep good staff, so resisting the change for long was like trying to hold back the tide.<sup>278</sup>



Commissioner Cain (centre), with Second Commissioner JM Belcher (left) and First Assistant Commissioner V Grant (right) seated on their raised dais at the 1966 Deputy Commissioners Conference.

New fashions and attitudes also marked a divide between the generations. While this new generation was used to showing respect to the older generation, they were much more informal with their peers and a sense of informality began to spread in the lower levels of the ATO. However, the old formalities remained embedded at the top of the ATO. Senior executives remained secluded in wood-panelled rooms in the executive area and expected staff to treat them with deference. An example of this attitude was the seating arrangements when the Commissioner, senior Head office executives and Deputy Commissioners convened for a conference in Perth in 1966. They sat at a specially constructed round table, which signalled their joint stewardship of the ATO, but the Commissioner sat on a large chair on a raised dais with his executives at his right and left hands, above the Deputy Commissioners. Tax officers who were invited to attend a session were told they were not to turn their backs on the Commissioner and to bow slightly in his direction as they left the room. On the other hand, the new generation's observations of the older generation led to gentle mocking of old habits. For example, in some branches young assessors began using the term 'Grey Cardigan Brigade' to describe the older assessors who habitually came in to work in suits but took off their jackets and put on cardigans, usually grey, before beginning work.<sup>279</sup>



The Melbourne Deputy Commissioner, wearing his grey cardigan, helps count cash collected by tax officers from cars at intersections during the 1965 Miss Taxation competition.

The 21st century ATO has its roots in the cultural and technological changes that emerged in the 1960s. Although the office itself changed little during that period, the changes taking place in the wider world affected the lives of tax officers, those who would become tax officers in the future and what they would do and how they would do it. These changes were the result of many factors including the Cold War, the baby boom and the prosperity of the long boom that led to a paradigm shift in the way people thought about their lives and work.

Advances in communications and transport during the Cold War brought great change. A coaxial communications cable, opened in 1962 between Sydney, Canberra and Melbourne, led to direct dialling telephone calls that later extended to all Australia. Automatic telex, introduced in 1966, allowed subscribers to send text quickly and easily for the first time. New jet airliners brought Melbourne and Sydney within an hour's flight and the east and west coast within four hours flight. These innovations brought Australians closer together as one nation rather than individual states and began to create a national media with the launch of a national newspaper, *The Australian*, in 1964 and the ABC's nightly national current affairs television program, *This Day Tonight*, launched in 1967. These innovations also drew Australia out of its isolation from the rest of the world, including the introduction of telecommunication satellites from the mid 1960s and new high speed, high capacity airliners that brought Australia to within a day's flight of anywhere in the world.<sup>280</sup>

The Cold War probably prevented a cataclysmic third world war but broke out in several skirmish wars. The most important for Australia was the Vietnam War which began with the arrival of the first 30 military advisors in 1962 and reached a peak of more than 8,000 Australian troops in Vietnam in 1968. Almost 60,000 Australians served in Vietnam, over 3,000 were wounded and 521 died. The war became the staple of television nightly news programs and involved baby boomers personally from November 1964 when the government introduced compulsory military service for two years for males aged 20, selected by a birthday ballot. This, and growing social outrage over the war, led to large public demonstrations in Australian cities and the moratorium marches in 1970 that drew hundreds of thousands into the streets.<sup>281</sup>

## National service news

**The NSW ATO sub-branch of the RSL acknowledged the tax officers who were conscripted for National Service in a Christmas message in 1968.**

Another Christmas season is with us and it is hoped that as many of our representatives now in National Service as could be spared from their army commitments were able to join their families for this occasion. Notable absentees of course will be those of you serving in Vietnam, however, the happiness of home coming can be in your thoughts to keep you going at this rather dreary time.

If you are bemoaning the fact that time appears to stand still in the army take heart from the fact that time may pass slowly but it passes surely. Evidence of this is that, since National Service commenced, six tax toilers have already completed their two years service. Three of these, RAY MEALE, GARRY SMITH and COLIN WOOD, resumed here at the office in October last and are free men once more – and were welcomed back by our Deputy Commissioner, Mr Gray. Also to mark the occasion, Ray, Gary and Col enjoyed an extended lunch hour on October 25th when it was the pleasure of Tax RSL President, Jim McNally, Ross Ewin, Wally Meiler and myself to entertain them at lunch at the Combined Services Club. This of course was in line with the policy of the Sub-Branch committee as mentioned in *Revenews* a couple of issues ago, and was our chance to say “nice to see you back” over a leisurely lunch.<sup>282</sup>

Anti-war sentiment led to a rejection of many of the values of the older generation and when Bob Dylan sang ‘The times they are a-changing’ in 1964 he gave voice to that generation. New kinds of rock and roll music and colourful and extravagant fashions alarmed the older generation. These changes opened the door to even more liberal attitudes to sexual relations and illicit drugs which were shared by only a minority of young people at the time, but gradually seeped into the attitudes of the wider community. And although many young tax officers accepted the old fashioned ways and disciplines of the ATO, many came to work in the latest fashions and adopted many of the freer, less restrictive and hierarchical ideas in their personal lives.<sup>283</sup>

Another significant change to Australian culture came through migration. Between 1947 and 1969 two million migrants came to Australia, almost half from Britain and New Zealand, a quarter from southern Europe and most of the rest from northern and eastern Europe. Although the 'White Australia' policy gradually disappeared there was little encouragement for Asians to come to Australia and they made up only 2.6 per cent of the migrant intake. The government expected migrants to assimilate into the community and called them 'New Australians' but, while British migrants submerged into the existing culture, those from other European cultures tended to congregate in inner-city communities where they preserved their existing ways of life.<sup>284</sup>



The traditional eating habits of Australians up until the 1960s are shown in the staff canteen menu board in the Engadine Chambers of Sydney branch.

The new migrant cultures and emerging youth culture combined to create a new Australian culture and a new pride in being Australian. In earlier times Australians had thought of themselves as inferior to older western cultures but, beginning in the 1950s and emerging in the 1960s, they began to see themselves as being distinctively Australian with nothing to be ashamed of. Australian music, literature, theatre, film and art boosted this self-assurance and helped create a greater Australian self awareness. Anti-war protest grew into the environmental and conservation movements that began to recognise the unique nature of Australian landscape and heritage. Along with this



Australians also began to understand the values of their country's original inhabitants, who were granted the right to vote in Commonwealth elections in 1962. The 1967 referendum gave the Commonwealth government powers in Aboriginal affairs, and indigenous Australians began asserting their rights in many acts including the Wave Hill walk-off in 1966.<sup>285</sup>



Women doing clerical work in Sydney branch in the 1960s.

The 1960s also saw the beginning of a radical change of women's place in society and in the ATO. One important aspect was birth control, with oral contraceptives going on sale for the first time in Australia in January 1961. They liberated women from the fear of unwanted pregnancies and the expectation of having to have children as soon as they married. In 1966 the public service regulations that had forced women to resign when they married were removed, allowing women to have careers in the ATO, although there had probably been women who had kept their marriage secret so they could keep their jobs. These advances were matched in 1969 by the announcement that women would receive equal pay for equal work from January 1972. At the same time women's liberation led to a decline in the belief about fundamental differences between women and men that said women were only suitable for society's more lowly-paid roles.<sup>286</sup>



Prosecution section, Adelaide branch, in the 1960s. Only two women are present.

These changes did not have an immediate effect on the lives of women in the ATO. They remained in the typing pools and the lower paying and lower status jobs. There were no women in senior positions including management, inspectors and investigation officers in 1965 and only seven, out of a total of 1,221, in 1969. Ten per cent of assessors were women in 1965 and 11 per cent in 1969.<sup>287</sup>

These changes also had little immediate effect on ATO working conditions where everything was designed to run like clockwork. Staff worked a regulation seven hours and 21 minutes, five days a week, at desks that were lined up with military precision. They took a regular lunch hour, had morning and afternoon teas delivered to them by tea ladies and lined up once a fortnight to receive their pay in cash. There were few telephones, and those for official use only. Stationery was strictly controlled and a new pen was only issued when the used one was returned. Photocopying machines began appearing but they had special operators who would only make copies if they received a properly authorised form. Three weeks annual leave was introduced in 1963 and staff were allowed two weeks sick leave (several days without a doctor's certificate) and compassionate leave.<sup>288</sup>

## Men in suits

### Mike Bond recalls the first time he became aware of the big men of the ATO.

My first job in the Tax Office was to calculate provisional tax. The returns came down from the hallowed halls of assessing and I spent all day with a pen and a rubber calculating. It was quite detailed work.

Picture the scene. We're in 436 Lonsdale Street, five or six floors up in quite an old building and the open windows were the air conditioning. I was by a window, you only had a desk, there wasn't room for cabinets because we were squashed in like sardines. As you worked you moved files from one pile to another and they were building up against the window ledge. You're working away and whoosh, what's that, holy hell, it's a file gone out the window. Not long before this I'd taken the oath of secrecy about revealing taxpayer's affairs, and this was a taxpayer's affair, a return, and it's gone out the window. I was 17, I was frightened and I did nothing, I probably did a lot more calculations in the next hour than I would have normally. I finally went up to this character, Alex McCallack who was very old to a 17 year old. I said, 'I think a file has gone out the window'. He said, 'leave it with me, go back to your desk and keep working'.

I came back from lunch and you know something's going on. Picture us all in shirt sleeves and ties and there are two people at the front of the room in suits. You think, who are these people? At no stage did he call me up, he just handed it over. What had happened, the blue covering sheet had come away and landed somewhere and was returned to the information desk in the office. The return landed in Bourke Street and was returned to the tax agent, who returned it. From that day forward we weren't allowed to open the windows.<sup>289</sup>

Everyone started at the bottom in the ATO and the highest academic qualification required to reach the top was a pass in the public service entrance examination, usually taken by those who had passed the equivalent of Year 11 at high school. The ATO had its own training programs and processes with induction courses for all new employees and a full range of courses to give tax officers all the skills and knowledge they needed. Around 4,600 trainees attended 314 courses offered on 34 different topics in 1968–69.<sup>290</sup>

That year 1,237 trainees attended 62 courses in basic assessment. Across the various branches the details of assessing varied but the principles were generally the same. Trainee assessors were taught by experienced assessors who gave

instruction in application of the tax laws to assessing and the processes used. Those who passed started at the bottom of the ladder in Sections E and F, which were for individual and other incomes and, if they performed satisfactorily, they could progress by stages through Section D, small business enterprises, Section C, primary production, Section B that included partnerships and trusts, and finally Section A which was company assessment. In Section E there was one checker for every three or four assessors who checked assessments and sent back those with mistakes so assessors learned through experience. There were always difficult checkers and supervisors but new assessors generally learned their craft in a helpful and encouraging environment.<sup>291</sup>

## The difference between Sydney and Melbourne

### Denis Cortese ponders on the differences between Sydney and Melbourne in the 1960s.

In 1966 they were concerned about allocation of resources in the assessing areas. They had these formulas which were based on output and averages and that kind of thing, and they were intrigued why Melbourne seemed to get through so much more work than Sydney. So they got two of us together, myself and Ray Scanlan who was the auditor in the Tax Office at the time, and we went to Sydney to take a look. I knew how things worked there, Ron Gray had these instructions that he wanted things checked, things like exorbitant claims for medical expenses and claims for other expenses, we had to check them all.

When we got to Melbourne it seemed to be open slather. As it happened I knew a former union delegate who had worked in Sydney and was working in Melbourne. So when we were down there I went and saw him and said, 'Hey Les, tell us what the difference is?' He said, 'up there you have to look at things, down here you don't have to look at anything'.

We rationalised it on the basis that Sydney came from the background of the convict era and therefore there was this culture that you had to have a go. That reminded me of this investigation officer who used to work out in the Broken Hill area who said to me, 'You've got to remember you're dealing with people like the little old lady who goes into Coles or Woolies and would not think of pinching a packet of pins, but when it comes time to fill in her tax return she becomes a different person altogether'. And we rationalised that Victoria was a more genteel, settled society and therefore they were more conservative and didn't need the same checking.<sup>292</sup>

All assessors were expected to complete a large number of assessments, in Melbourne the daily quota in Section E was 150 to 160 a day and in Sydney each assessor's work was totalled and tallies were well known so people could compare their performance with others. In Melbourne assessors never handed in more than their daily quota and tried to build up a bank of assessed returns on a good day so they could still meet their quota on a bad day, but in Sydney and some other branches such banks were discouraged. There was no allowance for the difficult returns or other problems so young assessors soon learned the tricks. When they went to pick up a bundle of returns to be assessed they tried to pick an easy one. The best contained returns that had nothing more than a group certificate and they were easily assessed, but some returns came with thick wads of group certificates, sheets of tax stamps and receipts that had to be checked and totalled before the assessment could be completed, so assessors tried to avoid them. Assessors also sent out queries to taxpayers about questionable or incomplete returns and had to prepare reports if taxpayers objected to their assessments, which also ate into their working day.<sup>293</sup>

## In the bank

**Peter Simpson recalls his early days as an assessor.**

There were quotas. You had to do about 160 salary returns a day and sometimes if you were lucky you got a bundle – they always came in bundles of 200 – of what they called SNR (Search No Record), they were mainly kids starting work and all they had was a group certificate so you just went stamp, stamp, stamp, and 160 were finished by lunchtime. Then you'd do another 100 in the afternoon so you had a bank and you always built up a bank so when you had the bad ones you had this bank. It was bit of a factory, process work, and that was the basis of the whole organisation.

The day to day life of an assessor was all paper. You'd examine the returns and check them. Most people had one job and one group certificate and they had a wife and some kids and there were concessions for that, and there'd also be medical and education expenses. We had certain guidelines to go by, you could allow all deductions for education expenses up to £40, I think, for primary state schools, and a bit higher after that. If they went over that you had to send out a query asking for receipts. One of the lessons the Tax Office learned was that once they started asking for receipts more often than not they began allowing more expenses. Taxpayers were so scared of getting it wrong that they understated their claims, but once they started putting the paper together, if they paid 200 you had to allow them 200, and they got a nice bonus.<sup>294</sup>

Assessing was demanding and strenuous work but it paid well for the time, offered the possibility of quick promotion to higher levels with better pay and promised to lead to more interesting work. An assessor who did well could expect to be promoted to more challenging work where the quotas were lower but the returns more complex, and success at each level opened the door to future promotion. At the lower levels of assessing, promotions were decided by supervisors as a matter of course and announced to staff without them having to do anything. In some branches the senior assessor stood on a table or chair and read out the list of names and in other branches the lists were just stuck on the wall for all to read.<sup>295</sup>



Adelaide branch assessing section.

Many staff had shown their interest in assessing by starting part-time studies in accounting or economics but it was not unusual for young assessors to get distracted by marriage and a young family so they did not finish their studies. However, from 1967, they were barred from reaching the higher levels of assessing if they did not complete their studies. Some were content to stay at the lower levels but those with ambition, ability and the time completed their studies and were able to move on to those higher levels.<sup>296</sup>

## Getting the stats right

### Trevor Boucher learned an important lesson about assessing.

My time in Melbourne gave me an idea of the way the place worked. It sowed the seeds of the conclusion that we reached later on that we were just kidding ourselves when we thought we were assessing liability from income tax returns.

I was in company assessing, being Central office we had the big companies and each assessor had a list, my list was 150 companies, it wasn't that many. You did your work and it was checked, and I got called up one day ... When you did the assessment you filled out an assessment form of the information that went onto the assessment notice, but the Bureau of Statistics depended on us for lots of information so you had to do the stats entry and that included a plant depreciation block that included plant on hand at the beginning of the year, plant on hand at the end, and a reconciliation. I didn't add up this one so the checker called me in and, nicely enough, criticised me for this error because it had come back from Canberra. He said 'you've got to be careful with this stuff. They check it.' What was important was not the determination of liability but getting the statistics right.<sup>297</sup>

Commissioner McGovern's second seven year term as Commissioner of Taxation came to an end in 1960 and was extended for one year until April 1961. He had spent almost all of his working life in the ATO after starting as a post office messenger in 1911. He had moved to Canberra in 1930 and been appointed Commissioner in 1946. Some saw him as very stern but he was also a natural leader and when he was knighted in 1959 he thanked all tax officers for their contribution to the success of the ATO that had been recognised by his award.<sup>298</sup>

Towards the end of his term Commissioner McGovern became concerned about who would succeed him, and the workload on senior management, leading to the creation of a second Second Commissioner's position in 1959. John O'Sullivan was appointed to one of the Second Commissioner positions in September 1959 and Edward Cain was appointed to the other in October. Both came from strong tax technical backgrounds.<sup>299</sup>

John O'Sullivan was appointed the next Commissioner of Taxation from 4 April 1961. He had joined the ATO in 1916 and moved to Head office in Canberra in 1936 where he was a widely respected, capable and efficient administrator. However, he was within two years of retirement and, in recommending him for appointment, McGovern noted that his short term as Commissioner would 'be invaluable to the administration in the circumstances which exist in enabling a successor for him to emerge'. O'Sullivan retired in January 1963.<sup>300</sup>



John O'Sullivan, fifth Commissioner of Taxation.

Most people expected that the other Second Commissioner, Edward Cain, would be appointed the next Commissioner but Leo Canavan, the Deputy Commissioner, Victoria, was appointed instead. He had joined the ATO in about 1916 and risen to become Deputy Commissioner of Central office, Deputy Commissioner (Income Tax), Victoria, and then Deputy Commissioner, Victoria, in 1959 and he had spent some time in Canberra acting as a Second Commissioner. He was the first Commissioner of Taxation to possess a tertiary qualification, a degree of Bachelor of Commerce. Like O'Sullivan, Canavan was close to retirement with less than two years left to serve so he and his wife moved into a small government-owned two-bedroom flat on Northbourne Avenue where they lived until his retirement on 20 November 1964.<sup>301</sup>

Edward Cain was appointed the next Commissioner of Taxation. He was a generation younger than his predecessors, having joined the ATO in 1936 and served in the army during the war. On his return to the ATO he had worked for a short time in Canberra and then in Perth before being appointed again to Head office in 1956.<sup>302</sup>





Leo Canavan, sixth Commissioner of Taxation.

The rapid succession of four Commissioners had little effect on the day-to-day activities of the ATO. Commissioners continued to spend most of their time considering high level tax technical issues and taxation policy, which was natural because they were so close to Australia's political and public service leaders and Head office continued to resolve the more complex tax technical issues.

Head office also had a unique role in helping to prepare new tax legislation so the implementation of Ligertwood Committee recommendations kept the legislation section particularly busy during the first half of the 1960s. If the government decided

to initiate a new tax policy the section advised the government on how new tax policies or amendments to existing tax laws should be worded to achieve the government's objectives. If the ATO found a defect in the tax law the section prepared submissions to government explaining the need for a change and, if it was agreed, proposed the wording of the amendments. The section became so proficient in handling these legislative matters that the ATO was the only government agency from which parliamentary draftsmen would accept draft legislation.<sup>303</sup>

During the 1960s the ATO embarked on two new ventures to help improve its service to taxpayers. One was adoption of some automatic data processing systems and the other was opening regional offices to improve taxpayer access.

## Poetic correspondence

Not all ATO correspondence was dull. A poetic letter from a taxpayer elicited a response in kind from a Deputy Commissioner.

Wollongong

1 September 1965

Dear Mr Grey

Spring is Sprung, the grass is riz,  
I wonder where my return iz.  
My 'Rego's' due, my cash is nil,  
A cheque from you would pay the till.  
So, how about it Mr Grey, -  
Take what you must and then repay.

Yours truly

**MT73563**

3 September 1965

Dear Sir

With enterprise we sympathise,  
But fail at once to realise  
Why Abalone is your dish ...  
Seems not much profit in such fish.

Lucky man you are today,  
Your refund cheque is on its way.  
Do better if you can next year  
Provis'nl tax will cut your beer.

And, oh that car for private fun,  
Must run you to a tidy sum.  
Be wise and good within the law,  
We'll justly even up the score.

Yours faithfully

**Deputy Commissioner of Taxation<sup>304</sup>**

Regional offices were the logical extension of the ATO desire to make itself more accessible to the community. It continued to publish booklets and pamphlets, used the press, radio and television to make announcements and continued to answer taxpayer letters and telephone calls. However, its service to the public remained focused on face-to-face contact so while its annual tours of regional areas were gradually expanding, a permanent presence there was preferable. As a result the Deputy Commissioners agreed to the establishment of regional offices, so long as they were sub-branches of their branches, and the Treasurer approved the plan in April 1965.<sup>305</sup>

Regional offices usually had five staff, led by an experienced assessor (at company level) who was supported by a sales tax inspector who also handled sales tax issues, two clerks to answer enquiries and take tax payments and a typist. They answered enquiries, received payments for all taxes, had limited power to extend time for lodgment of returns and payments and conducted some sales tax and payroll tax investigations. Regional offices also served as bases for other tax officers while they were working in a region.<sup>306</sup>

The first regional office was opened in July 1965 when the Newcastle sub-branch moved into larger accommodation. The next regional office was opened in Geelong in November that year. Prior to the opening advertisements were placed in the local newspaper and on the radio to tell people about it and the officer-in-charge also told local accountants and businesses personally about the new office. In the first month 346 people visited the Geelong office, 104 people telephoned it and 120 payments totalling over £3.6 million were made there.<sup>307</sup>

These two offices lived up to expectations and a regional office was opened in Wollongong in May 1966, and another in Townsville in June. In May 1968 another regional office was opened in Parramatta and, by the end of the decade, further offices had been set up in Lismore, Ballarat and Launceston. By the mid 1970s more regional offices had opened in Bankstown, Orange, Tamworth and Wagga Wagga in New South Wales, Bendigo in Victoria, Cairns, Rockhampton, Mackay and Toowoomba in Queensland and Elizabeth in South Australia.<sup>308</sup>



Lismore regional office, 1969. It was the first office in a predominantly regional area, situated about 800 kilometres from Sydney and serving about 12,000 residents.

Automatic data processing was the other big ATO development. It was in its infancy when the ATO first began thinking about it in 1961, but some overseas revenue authorities had begun exploring its potential so the ATO set up a small group in Sydney to study whether automatic data processing could improve its efficiency. That study suggested that it could be useful so the ATO commenced a more detailed feasibility study in 1962 and an automatic data processing (ADP) branch was established and transferred to Canberra in August 1963. Its final detailed report on the potential application of automatic data processing in the ATO was completed in 1964.<sup>309</sup>

Computers were first used in an exploratory way in the Adelaide branch from July 1965, working on instalment deductions and other minor projects. Success warranted expansion to other ATO functions and an extension to Sydney and Melbourne in July 1966, Brisbane and Perth from July 1967 and Hobart from July 1968, however the small volume of work conducted in the Northern Territory made it more convenient to relocate some of the processing functions to Adelaide where they could be done by computer.<sup>310</sup>

## Starting in ADP

**Jack Wheeler was in at the beginning of automatic data processing in Canberra.**

The Tax Office was just going into something called ADP. I was interviewed and, while I was doing sales tax investigations in Cairns, I was rung from Canberra and they said ‘Can you start in three weeks?’ It was a promotion so I went to Canberra and began to work in the very beginnings of automatic data processing.

We started in the Treasury building. There were two sections, one was called ADP that did the actual programming and the other area was called Special Projects and did the systems work. I was in Special Projects, there were about 14 people in the branch and 40 or 50 in ADP and the two areas worked together very closely.

We started off with what was really an automated typing system and it gradually moved forward into doing accounting, which was the most difficult part, and then on to assisting assessing by statistical analysis to find those returns that were three deviations away from the mean, and sending out letters to them all. All that worked extremely well except that if we sent out too many letters we got far too much correspondence so the thing was dying under the weight of its own paper. The professionalism and the quality of the people you worked with was extremely high and you had the ability to do a lot of things because it was all new, so it was very, very interesting work.<sup>311</sup>

By the end of the 1960s the ATO was starting to comprehend some of the possibilities of this new technology including internal accounting, extraction of statistical data from tax information, and computer-assisted assessing. It had 370 tax officers working in automatic data processing, 75 were computer technical staff (all but four were men) and 295 data processors (all women) and ran training courses on data processing and on ADP appreciation and procedures.<sup>312</sup>

The first large scale use of automatic data processing was in issuing income tax refund cheques. In about 1963 the Treasury and the Reserve Bank began developing a standardised cheque for all Commonwealth departments. The ATO did not have a

major role in this because, while it sent out around five million refund cheques a year, this was only 12 per cent of Commonwealth government cheques issued each year and only 40 per cent of cheques issued in the peak income tax processing period. The new cheques would have special symbols printed on them in magnetic ink so they could be read by an electronic sorter to replace the tedious and time consuming process of hand-sorting and recording all returned cheques. The new cheques would be printed on continuous stationery so they could be processed quickly and had to be smaller than previous cheques to reduce the time taken to process them. (The shorter a cheque was the quicker a batch could be printed and the narrower they were the



Computer printed cheques. After the cheques were printed at the Bureau of Statistics they returned to the ATO to be fed through another machine that counted and prepared them for postage. Paul Gleeson holds the pile of cheques and John Gay watches as they are processed. (*The Sydney Morning Herald*)<sup>314</sup>

quicker they could be processed by the magnetic sorter.) By 1966, around the time that decimal currency was introduced, the format of the new cheques and what would be printed on them had been agreed upon and the ATO, and other government agencies, started using them.<sup>313</sup>

There were difficulties at first because the Reserve Bank only set up the new cheque-sorting machines in Melbourne and Sydney so cheques for other states either had to be sorted by hand or transported to and from the sorting machines. The ATO soon experimented with other cheque-sorting machines and, in July and August 1965, the Melbourne branch conducted tests that included sorting 116,849 cheques on a privately-owned machine in 13 and a half hours at a cost of £135. The branch estimated that by using the sorter it could save £1,541 on employing casual staff or use them to do other things that would not be done if cheques had to be hand-sorted. Another advantage of the new system was that there

was no delay in sorting cheques so taxpayer queries about possibly lost cheques could be answered more quickly. As a result of these advantages the ATO began using cheque-sorting machines regularly towards the end of September 1965.<sup>315</sup>

The ATO did not have its own computers, it used the computers that had been bought by the Bureau of Statistics and installed in each state on the basis that they would also be used by the ATO. To prepare data for computers, information was keyed from tax returns onto punched cards or paper tape and checked by re-keying them. That data was then transferred to magnetic tape and the tapes and blank continuous feed cheque forms went to the computer facility under strict security where they were printed and then returned to the branch. Although printing cheques by computer was more efficient, preparing them to be posted was still labour intensive and time consuming. The cheques had to be separated, checked to see that the address and amount on assessment notices and cheques matched, run through a cheque-signing machine and then put into envelopes and posted. In reality these first computers were little more than very fast ways of printing refund cheques and they lacked the necessary accounting facilities to check the process, so most of the work was still done manually.<sup>316</sup>