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ATO's Automation Shift Sparks Ongoing Challenges

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A decade after the Australian Taxation Office (ATO) began prioritising automation over human expertise, the agency continues to grapple with significant challenges in fraud detection and system reliability. Under intense pressure from the Coalition government to reduce costs, the ATO cut approximately 4,600 jobs between 2013 and 2017, including specific reductions of 906 in 2013-14, 2,200 in 2014-15, and 590 in 2015-16, according to agency annual reports cited by The Sydney Morning Herald. This strategic shift towards advanced algorithms and digital platforms aimed for greater efficiency and cost savings, but has since exposed vulnerabilities, notably in a \$2 billion social media scam in 2023.

The Community and Public Sector Union (CPSU) consistently warned that these staff reductions would erode the ATO's capacity to tackle tax avoidance. A 2015 survey revealed that 75% of compliance staff felt the cuts hindered audit capabilities, while CPSU official Jeff Lapidos noted in 2017 that the loss of experienced personnel created a "drain of skills," leaving remaining staff fatigued. Further compounding these issues, a 2023 Australian National Audit Office (ANAO) report highlighted the ATO's struggles with artificial intelligence (AI) governance, citing insufficient monitoring of AI models and incomplete ethical frameworks, despite the agency's stated commitment to responsible AI policies.

The reliance on automation played a role in the Operation Protego scandal, where up to 150 ATO staff were investigated for involvement in a \$2 billion Goods and Services Tax (GST) refund scam, as reported by The Guardian in February 2024. Commentary on social media suggested that the shift to automation under the Abbott government, which included cuts of 1,000 GST division jobs, enabled scammers to exploit system weaknesses. While the ATO insists its systems are secure and stated in a 2025 response to The Australian that no hacks occurred, public trust in the agency remains shaky.

Critics contend that the current Albanese government has inherited a weakened ATO, with ongoing IT outages, such as those in 2016 and 2017, exacerbating service disruptions. Although the agency's 2025 AI transparency statement promises improvements, conservative voices on social media claim that the persistent focus on automation over skilled staff has cost billions in uncollected revenue, thereby underscoring the high stakes of prioritising programs over people.