



Policy costing request—during the caretaker period for a general election

Name of policy:	Ending Tax Avoidance: Restoring Staff to the Tax Office
Person requesting costing:	Senator Di Natale
Parliamentary party:	Australian Greens
Date of request to cost the policy:	24 June
<i>Note: This policy costing request and the response to this request will be made publicly available.</i>	
Has a costing of this policy been requested under Section 29 of the Charter of Budget Honesty (ie from the Treasury or the Department of Finance)?	No
Details of the public release of this policy (Date, by whom and a reference to that release):	http://greens.org.au/sites/greens.org.au/files/Tax%20Avoidance%20Package_0.pdf
Description of policy	
Summary of policy (as applicable, please attach copies of relevant policy documents):	Component 1: This proposal would reverse the funding cuts within the Australian Taxation Office (ATO) that have occurred since the change of government on 12 September 2013. The number of ATO employees would be returned to the level on 12 September 2013. Component 2: Invest \$400 million in global diplomacy to ensure Australia is taking a leadership role in ending global tax avoidance strategies.
What is the purpose or intention of the policy?	To properly resource the Australian Tax Office so that it is well positioned to crack down on tax avoidance in all its forms.
What are the key assumptions that have been made in the policy, including:	
Is the policy part of a package? If yes, list the components and interactions with proposed or existing policies.	Yes, the comprehensive tax avoidance package provided in the link above.

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<p>Where relevant, is funding for the policy to be demand driven or a capped amount? If a capped amount, are the costs of administering the policy to be included within the capped amount or additional to the capped amount?</p>	<p>N/A</p>
<p>Will third parties (for instance the States/Territories) have a role in funding or delivering the policy? If yes, is the Australian Government contribution capped, with additional costs to be met by third parties, or is another funding formula envisaged?</p>	<p>No</p>
<p>Are there associated savings, offsets or expenses? If yes, please provide details.</p>	<p>Higher income tax collections are probable, however given the role that new tax office staff receive is not stipulated, this does not require forecasting.</p>
<p>Does the policy relate to a previous budget measure? If yes, which measure?</p>	<p>Previous government measures to reduce ATO staff</p>
<p>If the proposal would change an existing measure, are savings expected from the departmental costs of implementing the program?</p>	<p>No</p>
<p>Will the funding/program cost require indexation? If yes, list factors to be used.</p>	<p>N/A</p>

Expected impacts of the proposal				
If applicable, what are the estimated costs each year? If available, please provide details in the table below. Are these provided on an underlying cash balance or fiscal balance basis?				
Estimated financial implications (outturn prices) ^(a)				
	2016–17	2017–18	2018–19	2019–20
Underlying cash balance (\$m)	-390	-500	-510	-560
Fiscal balance (\$m)	-390	-500	-510	-560
(a) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A positive number in the underlying cash balance indicates an increase in revenue or a decrease in expenses or net capital investment in cash terms.				
What assumptions have been made in deriving the expected financial impact in the party costing (please provide information on the data sources used to develop the policy)?	Investment in global diplomacy spread evenly across the estimates years.			
Has the policy been costed by a third party? If yes, can you provide a copy of this costing and its assumptions?	No			
What is the expected community impact of the policy? How many people will be affected by the policy? What is the likely take up? What is the basis for these impact assessments/assumptions?	Difficult to quantify outside of higher levels of employment and closer scrutiny on tax affairs.			

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Administration of policy:	
Who will administer the policy (for example, Australian Government entity, the States, non-government organisation, etc)?	Australian Tax Office and Department of Foreign Affairs
Please specify whether any special administrative arrangements are proposed for the policy and whether these are expected to involve additional transactions/processing (by service delivery agencies).	There is no direction to ATO management on the role of the additional staff and would include only direct employment costs.
Intended date of implementation:	1 September 2016
Intended duration of policy:	Ongoing
Are there transitional arrangements associated with policy implementation?	No
List major data sources utilised to develop policy (for example, ABS catalogue number 3201.0).	
Are there any other assumptions that need to be considered?	The diplomacy investment is to be spread evenly over the four years.
<p>NOTE:</p> <p><i>Please note that:</i></p> <p><i>The costing will be on the basis of information provided in this costing request.</i></p> <p><i>The PBO is not bound to accept the assumptions provided by the requestor. If there is a material difference in the assumptions used by the PBO, the PBO will consult with the requestor in advance of the costing being completed.</i></p>	