

Senate Economics Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates

2016 - 2017

Department/Agency: Treasury

Question: BET161-165

Topic: Reduction in ATO Staff

Reference: Written - 5 May 2016

Senator: Chris Ketter

Question:

In the 2014-15 Budget, a 4,700-strong reduction in ATO staff was projected to provide savings of \$142.8 million over forward estimates. On February 28 2014, Second Commissioner Neil Oleson told the House Standing Committee on Tax and Revenue that investments in the ATO can yield a return of \$6 for every \$1 spent. In the 2016-17 Budget, the ATO has been given an additional \$679 million which has a return of \$3.7 billion. The following questions relate to this information:

161. Did Treasury model the revenue impact of staff cuts for the 2014-15 Budget?

162. Why did Treasury project savings rather than a loss of revenue from larger staff for enforcement?

163. Does the announcement of additional funding in the 2016-17 Budget, and the approximate return of \$5 in revenue for every \$1 of additional funding given to the Tax Office, confirm Mr Oleson's observation in 2014?

164. Is the ATO taskforce announced simply just replenishing previous staffing levels?

165. How much revenue has been forgone by cutting 4,700 staff?

Answer:

161. Under the Labor Government, as part of efficiency dividends and decisions, total staff redundancies of 4,700 were to occur over the forward estimates period to 2017-18. The Government brought forward the reduction that was to occur in 2015-16. These staff redundancies were already factored into the forward estimates. The expectation is that these efficiencies and the focusing of staff on the biggest risks to revenue will ensure that current levels of revenue collections are maintained.

162. The projected savings, prepared by the Department of Finance, relate to departmental savings from lower ancillary costs (such as building and staff infrastructure costs) that would be realised earlier due to the bringing forward in the reductions of staffing numbers that had been due to occur from 2015-16 onwards.

163. The return yielded by the ATO from compliance activities is dependent on the nature of the activities and the way they are implemented.

164. The 2016-17 Budget measure *'Tax Integrity Package – establishing the Tax Avoidance Taskforce'* provided the ATO with \$678.9 million in departmental funding. This included funding to retain certain staff (otherwise unfunded from 2017-18 onwards) and for up to 390 additional staff per year over the forward estimates period.

165. Refer to the answer to question 161.