

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Additional Estimates 20-21 February 2008

Question: aet 16

Topic: Revenue Forecast

Hansard Page: E7

Senator MURRAY asked:

Senator MURRAY—Mr D’Ascenzo, apart from being a very able lawyer, you are a good numbers man. Senator Faulkner is fond of saying one should not make assumptions in estimates, but I assume the government is not stupid. If you were to present them with a document which said that this reduction in your budget would result in a greater loss of potential revenue gains, they would be likely to say that the game was not worth the candle. The question I put to you is: have you put a numerical assessment before the government which says that the result of this efficiency dividend will have no, or some, or significant effect on your ability to raise the additional revenue forecast under your compliance plan?

Mr D’Ascenzo—Yes, I have advised government that there are impacts of the efficiency dividend on the proposal.

Senator MURRAY—Have you simply made that as a statement or have you done a numerical calculation?

Mr D’Ascenzo—We have worked out the sensitivity analysis of what might be the outcome if it was rolled out and the two per cent reduction was taken off the compliance aspects of our work. With the current proposition we would see what we could do to manage that shortfall through other areas of our organisation, subject to what strains and concerns that may arise to be addressed as a separate matter.

Senator MURRAY—You may feel free to reject my question on the grounds that you have given this as policy advice to the government, but are you able to give this committee that sensitivity analysis?

Mr D’Ascenzo—That is a matter that perhaps the government might want to decide upon.

Senator Conroy—If it is advice to government then it is advice to government.

Senator JOYCE—And following up on that—

Senator MURRAY—Sorry, what is the minister’s response?

Senator Conroy—Obviously, advice to government is advice to government and falls into the usual caveat, but I am happy to take that on notice and check that.

Senator MURRAY—I think you are right; it does fall into the broad policy advice category, but you can see that from a cost-benefit view of that situation, if the effect of the efficiency dividend was to reduce the revenue expected from compliance by a greater figure than the efficiency dividend, then plainly it is an inefficient efficiency dividend. I would appreciate that in taking it on notice you might advise the committee whether that sort of analysis will be made by government, and the efficiency dividend adjusted if the efficiency dividend was to end up being inefficient.

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Senator JOYCE—Can I just follow up?

Senator Conroy—The point that you make is a complex point. I am happy to take it on notice and see what the Treasurer has to say.

Answer:

The impact of the increase in the efficiency dividend on the Australian Taxation Office's operations, including its ability to deliver the further compliance dividends, is being considered as part of the Tax Office's internal planning processes for 2008-09.