

## Senate Standing Committee on Economics

### ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates

31 May – 2 June 2011

Question No: BET 289

Topic: Fair Work Act

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Senator Abetz asked:

Senator ABETZ: Fair Work Act.

**Mr D'Ascenzo:** Yes, the Fair Work Act type definitions. It may be wider than the ATO, but certainly the ATO does have a role in ensuring that rules are being followed properly and that guidance is provided to people so that they can do that.

**Senator ABETZ:** Did I read correctly that it is anticipated—correct me if I am wrong—that, with the investment of \$46.4 million over the forward estimates, you are anticipating an additional income flow of \$513 million in revenue over the forward estimates? Is that correct?

**Mr Heferen:** That is correct. That is the measure description that Mr McCullough was talking about—the better reporting. As we have agreed, they are related but still conceptually distinct from the issue of sham contracting.

**Senator ABETZ:** So how did we come across that figure of \$513 million being raised in extra revenue? Who sat down and worked that out?

**Mr McCullough:** Again, the tax office may like to supplement this but, as I recall it, they had done, as the commissioner said, a deal of work over 12 or 24 months to look into compliance within particular industries and then supply government with advice about what their estimates of potential revenue forgone was. From memory I think that was all built into the regulation impact statement, which has been made public.

**Senator ABETZ:** It is just interesting that we get the figure so exact to \$513 million over the forward estimates. It is an interesting figure. You could estimate it at 500 or even 510, but that we get it down with such exactitude always interests me, especially when, with the best will in the world, it seems that no figure in Treasury estimates ever come out as predicted.

**Senator Sherry:** You are suspicious. There are plenty figures in the budget with ones and twos.

**Senator ABETZ:** No, I have seen figures in the round and I have never seen it—

**Senator Sherry:** Not even I was that paranoid when I was sitting where you are.

**Senator ABETZ:** I have never seen a figure in a budget come out as asserted in these sorts of circumstances.

**Mr D'Ascenzo:** I may be wrong because I am not sure about just how the figure was calculated, so if I am incorrect I will certainly—

**Senator ABETZ:** You can come back on notice.

**Mr D'Ascenzo:** Can I surmise. I mentioned before that in the 2009-10 budget we did get some further funding. That funding enabled us to put on a team of something like 50 people. From 1 July 2009 to 31 March 2011 we did 1,675 field audits and the average adjustment there was something like 19,043 per case. So I imagine that the figure was done by multiplying those out.

**Senator ABETZ:** All right.

**Answer:**

The figures for the Reporting Taxable Payment measure in the Budget are simply the unrounded estimates from the costing model. The methodology for the estimates was developed as outlined by the Commissioner of Taxation in his response.