

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates

31 May – 2 June 2011

Question No: BET 45

Topic: Contractor compliance

Hansard Page: 91

Senator Abetz asked:

Senator ABETZ: Continuing from just before dinner on the \$41.6 million in relation to contractors and tax compliance, how many extra staff will be employed? Is it envisaged that more individuals will be engaged? If I recall correctly there was a budget measure of \$41.6 million for the collection of an extra \$513 million. Continuing in that vein, do we have an anticipated extra staff complement?

Mr D'Ascenzo: The breakup of that includes staffing components. Mr Quigley might have precise details on the \$41 million we have budgeted for in terms of the forward estimates.

Mr Quigley: No, I have not.

Mr Heferen: Perhaps I can help. The figure is \$46.4 million.

Senator ABETZ: You are quite right. That is the figure I quoted before dinner as well.

Mr Heferen: That is right.

Senator ABETZ: Sorry. I see now that the \$41.6 million is the extra GST further on in the document that I confused in my mind. You are quite right: \$46.4 million—even more money for potentially even more staff. Do we not have a figure on that as yet?

Mr Quigley: We would have an estimated figure of how that would be broken up between staffing and—

Senator ABETZ: And what is that figure?

Mr Quigley: I do not have it with me. I would have to take it on notice, but we certainly would have that figure. It would also include some capital costs as well as supplier costs.

Senator ABETZ: You must have convinced the government that you needed that sum of money for certain purposes. I would imagine that would have included extra staff.

Mr Quigley: It does.

Mr D'Ascenzo: Yes, it does.

Senator ABETZ: And you will get that to me on notice?

Mr D'Ascenzo: We will provide that information, and the breakdown of the \$46 million.

Answer:

In relation to the tax compliance budget measure - reporting of taxable payments for contractors in the building and construction industry, a break-up of the \$46.4 million additional funding to be provided to the ATO is outlined in the table below:

	2011-12		2012-13		2013-14		2014-15		TOTAL
COSTS	FTE	(\$m)	FTE	(\$m)	FTE	(\$m)	FTE	(\$m)	(\$m)
Operating – Full time equivalent (FTE)	19	2.1	54	5.0	156	12.9	140	11.6	31.6
Operating – Supplier		1.5		3.8		4.3		3.8	13.4
Capital – Full time equivalent (FTE)			2.5	0.3					0.3
Capital – Supplier				1.1					1.1
TOTAL	19	3.6	56.5	10.2	156	17.2	140	15.4	46.4

The staffing costs include direct salary and on-costs and the supplier costs include associated overheads. The costs were agreed using the Department of Finance and Deregulation standard cost model.

In summary, 19 additional FTE will be required in 2011-12, 56.5 in 2012-13, 156 in 2013-14 and 140 in 2014-15. These officers will be engaged in designing, developing and implementing the arrangements that will deliver on the collections commitment and provide for sustainable compliance improvement in the industry.