



ASSISTANT TREASURER

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**PRESS
RELEASE**

ABBOTT BLOWS NEW MULTI-BILLION DOLLAR HOLE IN BUDGET

Assistant Treasurer, Senator Nick Sherry, today revealed that the Leader of the Opposition, Tony Abbott, has managed to blow a minimum \$2.1 billion hole in the forward estimates, and seriously put at risk another \$1.8 billion in new measures, through his public sector job freeze.

By not exempting the Australian Taxation Office from his jobs freeze and by not replacing core Tax Office staff, Mr Abbott will ensure the Commonwealth doesn't collect a minimum of \$2.1 billion in tax receipts it would otherwise collect.

"Mr Abbott has just blown a \$2.1 billion hole in the Budget bottom-line by cutting Tax Office jobs and effectively allowing those in the community who rip off the rest of us an easier pathway to get away with it," said the Assistant Treasurer.

"This is core Tax Office compliance activity that will be gutted."

"Mr Abbott either doesn't care about returning the Budget to surplus, doesn't care about the vast majority of our community who do comply with tax laws, or both."

"As your commitment to slash the Tax Office was in the "scripted and pre-prepared" Budget-in-Reply speech, I guess we are safe to assume you are telling the truth on this – so what's your answer?"

Applying the 2008-09 Tax Office staff attrition rate of 4.9 per cent will see 1,070 fewer staff by the end of 2010-11 and 2,087 fewer staff by the end of 2011-12, continuing at that level over the remainder of the forward estimates.

If the Tax Office shed these numbers evenly across each its functions, including its programmed active compliance areas where the average cash collected per full-time equivalent staff in is around \$900,000 per annum, a conservative figure of \$2.1 billion in foregone receipts results.

"But let's be clear, the Tax Office has a range of core functions like processing income tax returns and administering the GST that cannot be sized-down, so in reality compliance activity will take an even bigger hit," said the Assistant Treasurer.

In addition to this, the 2010-11 Budget included two important new compliance programs focused on the collection of GST and on the cash economy. These measures raise a further \$1.8 billion over the forward estimates.

"New staff are obviously required to see these measures through – is Mr Abbott going to put these at direct risk too, or is he even saying he will effectively cut both programs?" said the Assistant Treasurer.

“That would be another \$1.8 billion to his Tax Office slash and burn.”

CANBERRA

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Media contact: Joe Scavo 0413 800 757