



**Sharon Grierson MP**  
Federal Member for Newcastle

**Media Release**  
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### **Federal Government Cracks Down on Phoenix Companies**

Federal Member for Newcastle, Sharon Grierson MP, today supported the Assistant Treasurer, Senator the Hon. Nick Sherry's release of a package of proposals that will crack down on businesses who rip-off of their workers and the general taxpaying community.

"Too often in Newcastle and the Hunter region – particularly in the construction and development industry – have we seen companies engaging in criminal behaviour, leaving former employees owed considerable amounts of back pay and superannuation," Ms Grierson said.

"These proposals will use the tax and corporate legal systems to stop businesses benefiting from the phoenix-like schemes that have caused so much misery."

Fraudulent phoenix activity involves avoiding the payment of tax liabilities, wages, superannuation and leave entitlements and other responsibilities, such as supplier accounts, through the deliberate liquidation of a company.

The business in question then continues, free of liabilities, in the form of another corporate entity, controlled by the same person or group of individuals. Evidence now shows this is increasingly occurring in a systematic and sometimes cyclical manner.

"It is estimated that phoenix activity may be funnelling close to \$600 million from the national revenue base into the hands of these shonky businesses," Ms Grierson said.

"It is time for this sort of corporate behaviour to stop."

Ms Grierson is Chair of the powerful Parliamentary Joint Committee of Public Accounts and Audit, which for the last several years has been working in conjunction with the Australian Taxation Office to combat phoenix activity.

Full details of the package of proposals can be obtained at [www.treasury.gov.au](http://www.treasury.gov.au).

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