

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Inquiry into the Management and Assurance of Integrity by Consulting Services

Department: Department of the Treasury
Topic: Distribution of Unincorporated Consultancies
Reference: Spoken
Senator: Barbara Pocock

Question:

Senator BARBARA POCKOCK: I would find it useful to have a distribution of unincorporated consultancies by size, just to think about cut-off points if you were to change a regulation to capture 100 or more partners. Are you the right people to ask for that assistance?

Ms Brown: It is not a register that I suspect the Commonwealth keeps because it deals with matters regulated by the states, but if we can help, we will.

CHAIR: It will depend on business structure, will it not? The Commonwealth would have information through ASIC and the ATO around corporations. Partners are a state-regulated process.

Ms Brown: It might be ATO data. That would be subject to secrecy laws, but that doesn't mean that they cannot necessarily give it to us. We can try there and see what we can do. Ms Paton may have something she can add.

Ms Paton: I have nothing further to add to Ms Brown's testimony, other than to say we would look to public records, as well. Some of the consultancies are incorporated. Their details would be available to the ATO in that context.

Answer:

Treasury does not have information available on the distribution of consultancy partnerships by the number of partners.

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Inquiry into the Management and Assurance of Integrity by Consulting Services

Department: Department of the Treasury
Topic: Improving transparency accountability through splitting of audit functions
Reference: Spoken
Senator: Deborah O'Neill

Question:

Senator O'NEILL: Could I ask on notice for you to look at Mr Sayers's evidence today? He put on the record today that he took a proposal to split the consultancy section of the business from audit, legal and tax, and that was rejected. Project Kookaburra was rejected in 2018, I believe he said, by the international entity. Could I ask you to look at his evidence with regard to that, which is at odds with much of the public commentary about the impossibility of separating that off? Also, in the context now of Scyne being spun off, could you perhaps give the committee some indication of your thinking around improving transparency accountability through the splitting of audit function of the big four?

Ms Paton: Of course, and I'm very happy to take that on notice. We've obviously also been cognisant of the public commentary around this point on either side, and then there was the Ernst & Young endeavour to also split, which didn't go ahead. In that context, our thinking to date has been that we are focusing at the very start on trying to get a handle on what the problems are in this space and whether those problems are linked to structure or whether they're linked to governance practices or other matters such as the competitive tensions in the field and so forth. We're at the start of the process, where we're looking to investigate what really could be improved and then what the mechanisms would be. We're also aware of the need to seek advice on the Commonwealth's capacity to regulate in this space also.

Answer:

Treasury is examining the impact of current settings, with a view to evaluating whether the regulatory settings for this sector are appropriate. As part of this work, we expect to issue a Consultation Paper in coming months. Treasury will provide advice to the Government once the review has been completed.