

**Senate Economics Legislation Committee**  
**ANSWERS TO QUESTIONS ON NOTICE**  
**Treasury Portfolio**  
Budget Estimates 2014  
3 June to 5 June 2014

**Department/ Agency:** Treasury

**Question:** BET 946-953

**Topic:** Reviews

**Reference:** Written – 12 June 2014

**Senator:** Ludwig

**Question:**

946. Since Additional Estimates in February, 2014, how many new reviews (defined as review, inter-departmental group, inquiry, internal review or similar activity) have been commenced? Please list them including:
- a) the date they were ordered
  - b) the date they commenced
  - c) the minister responsible
  - d) the department responsible
  - e) the nature of the review
  - f) their terms of reference
  - g) the scope of the review
  - h) Whom is conducting the review
  - i) the number of officers, and their classification level, involved in conducting the review
  - j) the expected report date
  - k) the budgeted, projected or expected costs
  - l) If the report will be tabled in parliament or made public
947. For any review commenced or ordered since Additional Estimates in February, 2014, have any external people, companies or contractors being engaged to assist or conduct the review?
- a) If so, please list them, including their name and/or trading name/s and any known alias or other trading names
  - b) If so, please list their managing director and the board of directors or equivalent
  - c) If yes, for each is the cost associated with their involvement, including a break down for each cost item
  - d) If yes, for each, what is the nature of their involvement
  - e) If yes, for each, are they on the lobbyist register, provide details.
  - f) If yes, for each, what contact has the Minister or their office had with them
  - g) If yes, for each, who selected them
  - h) If yes, for each, did the minister or their office have any involvement in selecting them,
    - i. If yes, please detail what involvement it was
    - ii. If yes, did they see or provided input to a short list
    - iii. If yes, on what dates did this involvement occur
    - iv. If yes, did this involve any verbal discussions with the department

**Senate Economics Legislation Committee**  
**ANSWERS TO QUESTIONS ON NOTICE**  
**Treasury Portfolio**  
Budget Estimates 2014  
3 June to 5 June 2014

v. If yes, on what dates did this involvement occur

948. Since Additional Estimates in February, 2014, what reviews are on-going?
- a) Please list them.
  - b) What is the current cost to date expended on the reviews?
949. Since Additional Estimates in February, 2014, have any reviews been stopped, paused or ceased? Please list them.
950. Since Additional Estimates in February, 2014, what reviews have concluded? Please list them.
951. Since Additional Estimates in February, 2014, how many reviews have been provided to Government? Please list them and the date they were provided.
952. When will the Government be responding to the respective reviews that have been completed?
953. What reviews are planned?
- a) When will each planned review be commenced?
  - b) When will each of these reviews be concluded?
  - c) When will government respond to each review?
  - d) Will the government release each review?
    - i. If so, when? If not, why not?

**Answer:**

946.

1. An actuarial study into home building and contents insurance prices in North Queensland
  - a) 9 May 2014
  - b) June 2014
  - c) Acting Assistant Treasurer
  - d) Treasury
  - e) To investigate the causes of home and contents insurance premium increases in North Queensland over the period 2005-06 to 2012-13, and make comparisons with home and contents insurance pricing across Northern Australia more broadly as well as other east coast centres, including Adelaide, Sydney and Melbourne.
  - f) Refer to the terms of reference above.
  - g) Refer to the terms of reference above.
  - h) Australian Government Actuary
  - i) The report is being undertaken by existing Treasury staff (the AGA) and therefore will not incur additional costs in terms of personnel. An SES band1

**Senate Economics Legislation Committee**  
**ANSWERS TO QUESTIONS ON NOTICE**  
**Treasury Portfolio**  
Budget Estimates 2014  
3 June to 5 June 2014

and an APS6 will be undertaking the report. The report will take approximately 180 work hours to complete.

- j) 31 October 2014
- k) Nil.
- l) This will be a matter for the Government to determine.

2. Review of Tax Impediments Facing Small Business

- a-b) 28 March 2014
- c) Acting Assistant Treasurer, Minister for Small Business and Parliamentary Secretary to the Treasurer.
- d) Treasury
- e) Review of systemic tax issues that hinder small business from achieving their commercial goals.
- f) *I, Mathias Cormann, Acting Assistant Treasurer, together with Bruce Billson, Minister for Small Business, request the Board of Taxation (the Board) to conduct a fast-track review to identify features of the tax system that are unreasonably or unnecessarily hindering or preventing small businesses from pursuing and achieving their commercial goals.*

*The Board's report should provide business and broader community perspectives on issues in the tax system that are of most concern to small businesses, and identify the short- and medium-term priorities for small business tax reform in Australia, while noting that frequent change is often cited as a contributing factor to the compliance burden facing small business. In doing so, there should be a particular focus on high priority options for simplification and deregulation.*

*Recognising that the small business sector is highly diverse, as much as possible the report should focus on aspects of the tax system that unreasonably impede the goals of a broad cross section of businesses, with a particular emphasis on impediments to growing into medium and large business. The Board should not feel constrained to use any specific definition of small business.*

*To facilitate the production of this fast-track review, we ask that the Board utilise its extensive links with tax professionals and conduct targeted consultation with key business groups. The Board also should work closely with the Treasury and Australian Taxation Office in preparing its report. Further, the report should utilise and build upon the conclusions of the Board's scoping study of small business tax compliance costs, which was completed in December 2007.*

*We ask that the Board report to Government by 31 August 2014.*

- g) Fast-track review to identify features of the tax system hindering the operation of small business
- h) Board of Taxation

**Senate Economics Legislation Committee**  
**ANSWERS TO QUESTIONS ON NOTICE**  
**Treasury Portfolio**  
Budget Estimates 2014  
3 June to 5 June 2014

- i) 3 x EL2 officers, 1 x APS5 officer (all part-time)
  - j) 31 August 2014
  - k) \$4000 (flights and incidentals only (no consultancy fees; expertise otherwise provided on a voluntary basis).
  - l) This will be a matter for the Government to determine.
3. Taxation of Financial Arrangements (TOFA) Scoping Study
- a-b) 5 May 2014
  - c) N/A
  - d) Treasury
  - e) Identifying and prioritising legislative or administrative changes that have the potential to significantly improve the operation of the TOFA regime for taxpayers.
  - f) *I am writing to seek the Board of Taxation's assistance in determining the scope of the upcoming review of the Taxation of Financial Arrangements (TOFA) regime.*  
  
*You would recall that this review was announced as part of the Government's strategy for managing the backlog of announced but un-enacted measures. The Board of Taxation played a key role in advising the Government on this issue. Since the review was announced, the Board has taken on a new additional role as the Ministerial Advisory Council to provide advice on deregulation matters in the taxation area.*  
  
*This review presents an important opportunity to improve the TOFA regime by removing unnecessary regulatory costs and by addressing issues that give rise to significant practical difficulties for taxpayers. However, there is also a risk that the review identifies a large number of minor legislative amendments that cumulatively add additional complexity to the TOFA regime for little practical gain.*  
  
*In light of this, and given the Board's new role in deregulation policy, I would invite the Board to identify and prioritise legislative or administrative changes that have the potential to significantly improve the operation of the TOFA regime for taxpayers.*  
  
*The review is scheduled to commence in the second half of this year, and we envisage that the Board's advice would be a key input in determining the review's terms of reference. Accordingly, we would be grateful for your advice by mid-July 2014.*
- g) Fast-track review to identify and prioritise legislative or administrative changes that have the potential to significantly improve the operation of the TOFA regime for taxpayers.
  - h) Board of Taxation
  - i) 1 x EL1 officer (part time)

**Senate Economics Legislation Committee**  
**ANSWERS TO QUESTIONS ON NOTICE**  
**Treasury Portfolio**  
Budget Estimates 2014  
3 June to 5 June 2014

- j) 23 July 2014
- k) \$147,640.00
- l) Not applicable.

947.

1. An actuarial study into home building and contents insurance prices in North Queensland – No.
2. Review of Tax Impediments Facing Small Business – yes.
  - a) Matthew Addison, Institute of Certified Bookkeepers;  
Michael Carruthers, Hayes Knight; Michael Parker, Hall & Wilcox Lawyers;  
Robert Powell, Grant Thornton; Shannon Smit, Smart Business Solutions;  
Steve Baxter, Indirecttax;  
Linda Bernard, Westmore Pty Ltd.
  - b) Matthew Addison is Executive Director and CEO, Institute of Certified Bookkeepers  
  
Michael Carruthers is a director at Hayes Knight  
  
Michael Parker is a Partner at Hall & Wilcox  
  
Robert Powell is a Partner at Grant Thornton  
  
Shannon Smit is a Partner at Smart Business Solutions;  
  
Steve Baxter is an Associate Director at IndirectTax. The Directors are Shane Peters, John Walden, and Steve Callanan.  
  
Linda Bernard is Managing Director of Westmore.
  - c) Flights and incidentals only (no consultancy fees; expertise otherwise provided on a voluntary basis). Costs to date: \$1905.00
  - d) The application of independent tax expertise in attending meetings and consultations, considering submissions, considering and providing advice on materials provided by others, responding to ad hoc enquiries from the working group of this review, and assisting generally in the preparation of a final report.
  - e) None are on the lobbyist register, and none of their firms are lobbyists or clients of lobbyists.
  - f) It is understood that the Minister's Office contacted Ms Shannon Smit. We are not aware of any contact by the Minister's office with the other external people assisting the Board.
  - g) The Board identified five of the seven external people assisting with the review. The Board invited the Minister to suggest potential candidates with appropriate expertise. Two of the seven external people were suggested by the Minister's Office, Ms Shannon Smit and Ms Linda Bernard.
  - h) Yes, in relation to Ms Shannon Smit and Ms Linda Bernard.

**Senate Economics Legislation Committee**  
**ANSWERS TO QUESTIONS ON NOTICE**  
**Treasury Portfolio**  
Budget Estimates 2014  
3 June to 5 June 2014

- i. The Board invited the Minister to suggest potential candidates with appropriate expertise. The Board considered the candidates and made final decisions. Two of the seven private sector panel members were suggested by the Minister's Office, Ms Shannon Smit and Ms Linda Bernard.
  - ii. No.
  - iii. Not applicable.
  - iv. Yes.
  - v. End April/ early May.
3. Taxation of Financial Arrangements (TOFA) Scoping Study – Yes
- a) Matt Osmond and Patricia Muscat, PwC  
Jenny Wong, KPMG  
Andrew Hirst, Greenwoods & Freehills  
Tony Frost, Greenwoods & Freehills
  - b) Luke Sayers is the CEO of PwC  
Gary Wingrove is the CEO OF KPMG  
Tony Frost is the Managing Director of Greenwoods & Freehills
  - c) Matt Osmond: cap of \$25,100  
Patricia Muscat: cap of \$19,800  
Jenny Wong: cap of \$32,340  
Andrew Hirst: cap of \$52,800  
Tony Frost: cap of \$17,600.
  - d) The application of independent tax expertise in attending meetings, considering and providing advice on materials circulated by the working group and drafting a report to the Board of Taxation (including the drafting of a TOFA tax compliance costs survey).
  - e) None are on the lobbyist register, and none of their firms are lobbyists or clients of lobbyists.
  - f-h) Not applicable.

948. a.

1. The Financial System Inquiry

As the FSI is still very much ongoing, an accurate cost will be provided after it is concluded.

2. Extension to terms of reference and reporting date of existing review:  
Post-Implementation Review of Division 7A of Part III of the Income Tax Assessment Act 1936

b) \$13,264.07

**Senate Economics Legislation Committee**  
**ANSWERS TO QUESTIONS ON NOTICE**  
**Treasury Portfolio**  
Budget Estimates 2014  
3 June to 5 June 2014

- 3. Debt and Equity Tax Rules
  - b) \$33,358.07
- 4. Thin Capitalisation Arm's Length Debt Test
  - b) \$1,515.00
- 949. Nil.
- 950. The Actuarial Study into Strata Title Insurance Prices in North Queensland was provided to the Government on 28 May 2014.
- 951. Nil.
- 952. Not applicable .
- 953. Nil.