

Senate Economics Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates 29, 30 & 31 May 2007

Question: bet 17

Topic: Non-Forestry Managed Investment Schemes

Hansard Page: E9

Senator O'BRIEN asked:

Could you advise us on notice exactly who was consulted with regard to the non-forest managed investment schemes?

Mr Callaghan—I would have to take that on notice. I do not have that information.

Senator O'BRIEN—Thank you for doing that. Could you also advise the period over which that consultation took place?

Mr Callaghan—Certainly I can say that the starting date was May 2006.

Senator O'BRIEN—But you said in relation to the forest managed investment scheme decision that there was a consultation which took place. I am interpreting that answer to mean that you are talking about a consultation post December 2006.

Mr Callaghan—Sorry, no. What I was talking about was that it was announced in the 2005-06 budget that there would be consultation on forestry. There was a time limit for the pre-payment rule and it was announced that there would be consultation dealing with the forestry industry. The government in May 2006 made an announcement regarding the forestry and proposed new arrangements for the forestry business. In May 2006, it indicated that it would be consulting on the basis of the application of these new arrangements for the forestry to the non-forestry business. From May 2006, then, was a period when there was consultation on the application of what was announced for the forestry to the non-forestry business. I cannot remember the exact date—I have not got them in front of me—when the government indicated that it would not be applying the same arrangements for the forestry business to the non-forestry business in the light of the change in the ATO's interpretation of the carrying on business rules.

Senator O'BRIEN—Most people who come to my office about that issue claim that there was no such consultation, that indeed they were told to wait until after the forestry decision was announced and then afterwards there was no effective consultation. I am very interested if you could advise us who was consulted about non-forestry and when that consultation took place.

Mr Callaghan—As I said, I would have to take that on notice. I do not have it in front of me.

Senator O'BRIEN—I will await those answers.

Answer:

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Consultation over the taxation arrangements applying to non-forestry MIS investments largely took place in conjunction with consultation associated with the proposed arrangements for forestry MIS. This reflected the fact that many of the larger organisations and representative bodies involved in forestry MIS also have operations or interests in non-forestry MIS. In addition, certain organisations or individuals made their views about non-forestry MIS arrangements known to Treasury through meetings or correspondence. It is not usual practice to publicly identify organisations or individuals who made representations directly to Treasury.