



the **board** of
taxation
www.taxboard.gov.au

annual report

2000-2001

CONTENTS

Introduction.....	1
Activities of the Board in 2000-2001.....	2
Appendix A: Membership of the Board.....	9
Appendix B: The Charter of the Board of Taxation.....	13
Appendix C: Official Meetings of the Board of Taxation.....	15
Appendix D: Tax Value Method Working Group.....	16
Appendix E: Consultation.....	17
Appendix F: Consultancies.....	19
Appendix G: Financial Statements.....	20

INTRODUCTION

The establishment of the Board of Taxation was announced by the Treasurer on 7 August 2000. The Board is a non-statutory body charged with advising the Government on the development and implementation of taxation legislation and the ongoing operation of the tax system. The Treasurer has placed particular emphasis on the role of the Board in facilitating full and effective community consultation in the implementation of tax policy decisions.

The Board consists of ten members, seven of whom, including the Chair of the Board, Mr Richard Warburton, have been appointed from the non-government sector, plus three *ex officio* members — the Secretary to the Commonwealth Treasury, the Commissioner of Taxation and the First Parliamentary Counsel. Further details on the membership of the Board can be found at Appendix A. The Board is supported by a small Secretariat located in the Treasury and which includes a secondee from the Australian Taxation Office.

The operations of the Board are governed by its Charter, from which the Board's Mission and Functions are shown below. The Charter is reproduced in full at Appendix B.

The Board's Mission

Recognising the Government's responsibility for determining taxation policy, and the statutory role of the Commissioner of Taxation, to contribute a business and broader community perspective to improving the design of taxation laws and their operation.

The Board's Functions

The Board will provide advice to the Treasurer on:

- the quality and effectiveness of tax legislation and the processes for its development, including the processes of community consultation and other aspects of tax design;
- improvements to the general integrity and functioning of the taxation system;
- research and other studies commissioned by the Board on topics approved or referred by the Treasurer; and

- other taxation matters referred to the Board by the Treasurer.

ACTIVITIES OF THE BOARD IN 2000-2001

Overview

The emphasis of the initial meetings of the Board was necessarily on establishing the administrative and operating procedures for the Board and the Board's Secretariat. In its first ten months of operation the Board also commissioned and oversaw two significant projects: the development and evaluation of the tax value method for determining taxable income; and a review of community consultation arrangements employed by the Government in the development of tax legislation. These projects are continuing in 2001-2002. As well, the Board and its members individually consulted extensively with community stakeholders, both to discern views about the current operation of the tax system and the Government's reforms, and in the course of further refining the Board's modes of operation and processes needed to meet the requirements of its Charter.

Meetings

The Board met for the first time in September 2000 and met eight times in total in 2000-2001. The Board generally met once a month, although meetings were not held in January and April. Details of Board members' attendance at meetings are provided at Appendix C.

Board of Taxation Meetings, 2000-2001

<i>Date</i>	<i>Location</i>
14 September 2000	Sydney
14 October 2000	Canberra
14 November 2000	Sydney
18 December 2000	Canberra
14-15 February 2001	Canberra
21 March 2001	Sydney
17 May 2001	Canberra
15 June 2001	Melbourne

Review of Consultation Arrangements for the Development of Tax Legislation

The Board commenced a project to review general arrangements for Government consultation with the community on the development of tax legislation. The review is seen by the Board as potentially very important to

establishing processes needed to facilitate full and effective community consultation in the design and implementation of tax legislation and in refining and delineating the Board's role.

Ultimately, the Board will be seeking to make recommendations to the Government on consultation arrangements that lead to improved legislative outcomes. For example, tax legislation that:

- reflects the Government's policy intent.
- is more compatible with commercial realities and the circumstances of individuals;
- minimises complexities and resulting compliance costs; and
- avoids unintended consequences.

As part of this review, in early May 2001 the Board commissioned KPMG Australia (KPMG), following a select tender process, to prepare a report on the methods by which the community is consulted in the course of the development of Australia's tax laws. Board member Mr John Harvey was given the role by the Board of project sponsor for this exercise and served as the first point of contact with the KPMG project team.

The objective of the review is to identify "best practice" community consultative processes, recognising the range of circumstances in which tax laws can be developed. KPMG was asked to:

- document existing consultative processes;
- survey stakeholder views about the relative strengths and weaknesses of current approaches and ideas about potential future processes; including, importantly, the role the Board should play in them;
- assess practices in selected overseas jurisdictions (New Zealand, UK, Canada, Ireland, US);
- assess processes used in developing other Commonwealth and State Government laws;
- examine the goals of Government consultation with the community on the development of tax legislation;
- recommend best practice principles for consultation, recognising the range of different circumstances in which tax legislation can be developed;
- consider possible processes or procedures for providing feedback from the Government on its consideration of community ideas or views contributed during consultation;

- identify performance measures that can be used to assess the effectiveness of consultation on an ongoing basis;
- recommend 'operational' improvements to the methods and procedures employed by the Government for consultation with the community on tax legislation.

The Board received a progress report from KPMG for its 15 June 2001 meeting. KPMG's final report to the Board is expected in September 2001.

The Tax Value Method

At the direction of the Treasurer, the Board has been actively involved in the development and evaluation of the Tax Value Method (TVM) for calculating taxable income (sometimes referred to as 'Option 2'), the adoption of which was a key recommendation of the Ralph Review of Business Taxation.

The Treasurer, in a press statement of 7 August 2000, noted that, if implemented properly, the TVM has the potential to underwrite the development of a stable, less ambiguous and more understandable income tax system. He added that, potentially, the TVM could result in a system that is more conducive to accommodating changes into the future.

At the same time, it was acknowledged that there are many detailed issues that need to be resolved before the TVM can be implemented. The Treasurer announced that the required further development of the concept "...will be done with consultation through the Board of Taxation providing input from business users (and other stakeholders), and aiding in the education process."

The Board announced in May 2001 a two-stage strategy for advancing the development and evaluation of the TVM.

- The first stage is centred on developing a draft legislative framework sufficient to demonstrate and effectively test the TVM concept.
- The second stage involves evaluating and quantifying where practicable the relative costs and benefits of adopting TVM legislation, including the likely transitional and on-going costs and other aspects of compliance. Evaluation will also extend to testing the robustness of the concept in terms of its capacity to accommodate future changes to the law and to maintaining the law's integrity.

Throughout both stages, the Board determined that emphasis would be given to comprehensive 'road-testing', based on actual financial information and circumstances of affected taxpayers, and to open and transparent engagement with all affected stakeholder interest groups.

Developing a draft legislative framework

The Board's draft legislative framework is being developed through its TVM Legislative Group and associated TVM Working Group. A significant volume of new demonstration legislation and associated material has been publicly released on the Board's internet site.

The TVM Legislative Group has the primary responsibility for developing and drafting the draft TVM legislation and explanatory material. This small group comprises relevant officers from the Australian Taxation Office (ATO) and the Treasury and two private sector tax practitioners engaged as consultants.

The TVM Working Group comprises members drawn from the tax practitioner, accounting, corporate finance, legal and academic spheres. Members of the Legislative Group also participate in Working Group meetings. The Working Group is chaired by a member of the Board — Mr Chris Jordan. The purpose of this group is to contribute practical advice and ideas to the legislative drafting process as well as contribute to other elements of the development and evaluation process. The Working Group first met on 7 February 2001. Members of this group are free to consult more broadly with the business community or their constituent groups. A list of the non-government members of the Working Group and the dates it met in 2000-2001 is at Appendix D.

Evaluating the TVM

The Board commissioned some early testing of the TVM concept utilising the 1999-2000 financial transactions and accounts of BHP Limited, Telstra Corporation and Australia Post as well as a number of small and medium sized enterprises. The results of this testing were disseminated at the Tax Value Method Consultative Conference which the Board conducted in conjunction with the Australian Taxation Studies Program (ATAX) (University of New South Wales), on 23 and 24 July 2001.

The Board intends to commission testing or otherwise promote further evaluation of the TVM in the following key respects or areas:

- issues testing – harnessing transactional data of sufficient complexity and diversity comprehensively to test the conceptual robustness of the TVM;
- compliance cost impacts – quantification of the transitional and on-going impacts on users of the law including administrators, taxpayers, accountants and other “second-tier” service providers;
- certainty and transparency– measuring/infering the extent to which TVM might result in greater legal certainty and transparency of the law;
- whether the TVM is “simpler” than the current income tax law;

- durability – the TVM legislative framework’s ability to accommodate changes to the law; and
- integrity – the extent to which TVM might offer a more robust foundation for maintaining the integrity of the law.

The Board is aiming to report to the Treasurer on the TVM in the first half of 2002.

The key functions of the Board

In addition to overseeing the two major projects discussed above, the Board has been focussing on identifying processes by which it can effectively perform, on an ongoing basis, its key functions of advising the Treasurer on the 'quality and effectiveness of tax legislation' and on 'improvements to the integrity and functioning of the tax system'. To date, this work has not generally been visible to the public, but it is expected that the results will be increasingly evident in the operations and activities of the Board in 2001-2002. The Board is committed to adopting, to the maximum extent possible, open and transparent approaches in carrying out these functions.

Business tax reform

Implementation of the Government's New Business Tax System and other aspects of tax reform were well advanced by the time the Board was established. In addition to a number of significant changes already introduced for 1 July 2000, extensive community consultation and other processes for the development of some remaining key measures, scheduled to commence on 1 July 2001, had already been undertaken. These included the proposed entity taxation, company consolidation, thin capitalisation, uniform capital allowances and simplified tax system regimes.

There were, however, a number of issues outstanding in relation to these measures that remained a major priority for the business and broader community. In particular, Board members detected, from their own networks and from discussion with the accounting profession, very strong concerns in relation to the entity taxation and consolidation regimes. Consequently, the Board recommended to the Treasurer in February 2001 that implementation of these two major legislative packages be deferred. The Board also suggested that the Government consider generally revising the implementation timeframes for other key remaining elements of the reform agenda, to allow business to better plan for and cope with them.

The Treasurer announced on 27 February 2001 that the entity tax legislation released in exposure draft form in October 2000 would not be legislated by the Government. Instead, the Treasurer stated that the Government would begin a new round of consultations on principles which can protect legitimate small

business and farming arrangements whilst addressing any tax abuse in the trust area, with the Board to be a part of this consultation.

The Treasurer made a further announcement on 22 March 2001 in relation to the timetable for delivering the remaining elements of the business tax reform package. The Treasurer noted that an orderly phasing of these reforms would assist business adjust to the new provisions and ensure that the benefits of the new tax system and business tax arrangements are fully captured. The commencement date for several measures originally intended for 1 July 2001 was deferred to 1 July 2002, including the consolidation regime, general value shifting rules, foreign income account and non resident withholding tax regime, and simplified imputation arrangements. In announcing his decision to defer these regimes, the Treasurer noted that the Government is consulting with the Board of Taxation on progressing further measures.

Consultation

At its February, March, May and June meetings, the Board met with representatives from various organisations with a strong interest in tax system issues. Specifically, the Board met with representatives of the accounting profession, welfare groups and large and small business organisations (a detailed list is provided at Appendix E).

These meetings have become an integral part of Board meetings and are intended to give the Board some early indication of community concerns with, and priorities for, the tax system. They also provide the Board with an avenue for disseminating information about its activities.

Individual members have also been very active in participating in conferences, seminars and the like, and in consulting through their networks on tax issues. A list of speeches and presentations given by Board members is at Appendix F. Members and staff of the Board Secretariat also separately visited or hosted meetings with representatives of a number of organisations, including the Insurance Council of Australia, the National Tax and Accountants Association, Anglicare Australia, the Business Council of Australia, and the Group of 100.

Integrated Tax Design Project

In October 2000, the Chairman of the Board accepted an invitation from the ATO to join the Sponsor's Group for the ATO's Integrated Tax Design (ITD) project. The Board review of consultation arrangements, and more generally the Board's mission, is closely linked to ITD.

The ITD project was established in response to a recommendation by the Review of Business Taxation that there be a continuation and further development of the integrated tax design processes that were employed during the Review. These processes were aimed at overhauling the essentially sequential working arrangements between the Treasury, the ATO and the

Office of Parliamentary Counsel for the development of tax legislation into a far more integrated process that facilitated greater collaboration with other stakeholders in the tax system.

The Chairman attended two Sponsors' Group meetings in 2000-2001 and delivered a presentation at the ATO's in-house ITD Conference on 6 December 2000. Mr Chris Jordan gave a presentation to a subsequent ITD Conference on 29 May 2001.

Board of Taxation Internet Site

The Chairman officially launched the Board of Taxation's internet site, www.taxboard.gov.au, on 15 December 2000. The site provides general information on the Board, including its membership, the Board's charter, contact details and Board press releases. It has also been used to disseminate information about the Board's two major projects — the review of consultation arrangements and the development and evaluation of the tax value method for determining taxable income. The Board intends to make increasing use of the internet site in 2001-02 in disseminating information to, and communicating with, the community.

APPENDIX A: MEMBERSHIP OF THE BOARD

The Board of Taxation consists of ten members, seven of whom have been appointed from the business and community sector in their personal capacities. Also on the Board, as *ex-officio members*, are the Secretary to the Treasury, the Commissioner of Taxation, and the First Parliamentary Counsel.

Chairman - Richard F E Warburton

Mr Warburton is currently the Chairman of David Jones Ltd, Goldfields Ltd and Caltex Australia Ltd. Mr Warburton also holds a number of directorships, including Southcorp Ltd, Nufarm Ltd, Tabcorp Holdings Ltd and Note Printing Australia Ltd. He was recently appointed Chairman and Director of HIIH Claims Support Ltd, which has been formed to oversee the payments agreed to by the Commonwealth Government for HIIH policyholders who have suffered hardship due to the liquidation of HIIH.

Mr Warburton is a member of the Reserve Bank Board. He is also a Director on the Advisory Boards of Allen Allen & Hemsley, Macquarie Graduate School of Management, The Microsearch Foundation of Australia and The Garvan Research Foundation. He is also immediate past National President of the Australian Institute of Company Directors and was formerly Chairman of the NSW Olympic Business Roundtable.

Mr Warburton is a former Chairman and CEO of Du Pont Australia and New Zealand. In November 1991, he was named BRW/Alcatel Business Leader of the Year in the Manufacturing category in recognition of his involvement with Australian Best Practice efforts, both for Du Pont's operations in Australia and as Chairman of the Commonwealth Government's Best Practice Program.

Tony D'Aloisio

Mr D'Aloisio is the Chief Executive Partner of Mallesons Stephen Jaques. He is a Member of the Business Council of Australia, Chairman of its Regulatory Task Force and a Member of its Taxation Task Force. He is a Member of the International Legal Services Advisory Council and the Chairman of its Globalisation of Legal Services Committee. Mr D'Aloisio is also a Member of the Business Higher Education Round Table, the WTO Advisory Board and the University of Melbourne Strategic Advisory Board.

Mr D'Aloisio joined the Board on 16 August 2001, replacing Mr Chaney.

John Bronger

Mr Bronger is the National President of the Pharmacy Guild of Australia and is a practising pharmacist of Wetherill Park, New South Wales. He is a Member of the Australian Pharmacy Advisory Committee and a Director of Opal/Return

Unwanted Medicines Limited. Mr Bronger is also a former Vice Chairman of the Australian Institute of Pharmacy Management and a former Board Member of the Australian Association of Consultant Pharmacy.

Michael Carmody

Michael Carmody has been Commissioner of Taxation since 23 January 1993 after 25 years experience in the Australian Taxation Office.

Mr Carmody previously worked in the Policy and Legislative area and was involved in a wide-range of tax-reform legislative initiatives. In 1983 he was appointed as First Assistant Deputy Commissioner before moving to become Deputy Commissioner of the ATO in Parramatta. Mr Carmody was appointed Second Commissioner in 1986 and took responsibility for the ATO's Modernisation Program in 1987, before appointment to his current position.

Michael Chaney

Mr Chaney is the current Managing Director and Chief Executive Officer of Wesfarmers Limited. He is also a director of BHP-Billiton, CEDA, Gresham Partners Group and a number of Wesfarmers subsidiaries. Mr Chaney resigned from the Board of Taxation on 6 August 2001. Other work commitments prevented Mr Chaney from serving out his full term on the Board.

Ted Evans AC

Mr Evans assumed the position of Secretary to the Treasury in May 1993. He joined Treasury in 1969 and from 1976 to 1979 was a member of the Australian Permanent Delegation to the OECD in Paris. In 1984 he was appointed Deputy Secretary and was heavily involved in taxation and microeconomic reform. Mr Evans joined the Board of the International Monetary Fund in 1989 as Executive Director representing Australia and some other Asia-Pacific countries.

Mr Evans retired from the Treasury on 26 April 2001.

John Harvey

Mr Harvey was recently appointed to the position of Chief Executive of the Mount Eliza Business School. He is the immediate past CEO of PricewaterhouseCoopers in Australia. Mr Harvey chaired the 2001 Tax Review Committee for the Victorian Government and is a Trustee of the Melbourne Cricket Ground and a Board Member of Opera Australia.

Brett Heading

Mr Heading is presently a Partner and Head of the Corporate Advisory Group of McCullough Robertson Lawyers. He is also an experienced company director and is presently Chairman of Metal Storm Ltd and Clovelly Estate Ltd, and a

director of Peplin Biotech Ltd and Burnett Valley Vineyards Pty Ltd. Mr Heading is a member of the Corporations and Securities Panel.

Ken Henry

Dr Henry commenced his appointment as Secretary to the Treasury on 27 April 2001, following the retirement of Mr Ted Evans.

Dr Henry's experience in taxation matters began when he joined Treasury as a member of the Treasury's Taxation Policy Division from 1984 to 1986. After fulfilling various positions both inside and outside Treasury, Dr Henry returned to the Treasury in January 1994 as head of the Taxation Policy Division. In August 1997 he was appointed Chairman of the Government's Taxation Task Force, responsible for providing advice to the Government on tax reform options. Dr Henry was then appointed to other executive roles before taking up his current position.

Chris Jordan

Mr Jordan is Chairman of KPMG's Partners in New South Wales and was previously Partner in Charge of the New South Wales Tax and Legal Division of KPMG. Mr Jordan is the former Chairman of the New Tax System Advisory Board. He was also previously the State Chairman of the New South Wales Division of the Taxation Institute of Australia and a member of its Education Committee.

Alison McClelland

Ms McClelland is presently Associate Professor, School of Social Work and Social Policy in the Faculty of Health Sciences at La Trobe University. She is also a member of a number of Advisory Committees, including the National Institute for Governance and the Melbourne Institute of Applied Economic and Social Research. Prior to joining La Trobe, Ms McClelland was a Director of the Brotherhood of St Laurence, responsible for Social Action and Research. Ms McClelland was also previously Deputy President of the Australian Council of Social Service and its principal policy coordinator on economic and tax issues.

Hilary Penfold QC

Ms Penfold joined the Office of Parliamentary Counsel in 1977. She was appointed as First Parliamentary Counsel in July 1993, and re-appointed for a further 7 years in 2000. In May 2001 she was appointed as a Commonwealth Queen's Counsel.

SECRETARY TO THE BOARD OF TAXATION

Murray Edwards

Mr Edwards is a career Treasury officer with more than 25 years of public policy experience. He has worked extensively in the fiscal and financial markets policy areas of the Department. From December 1996 to January 2000, Mr Edwards was Treasury's Senior Representative in Japan.

APPENDIX B: THE CHARTER OF THE BOARD OF TAXATION

Mission

Recognising the Government's responsibility for determining taxation policy, and the statutory role of the Commissioner of Taxation, to contribute a business and broader community perspective to improving the design of taxation laws and their operation.

Membership

The Board of Taxation will consist of up to ten members.

Up to seven members of the Board will be appointed, for a term of two years, on the basis of their personal capacity. It is expected that these members will be appointed from within the business and wider community having regard to their ability to contribute at the highest level to the development of the tax system. The Chairman will be appointed from among these members of the Board. Members may be re-appointed for a further term.

The Secretary of the Department of the Treasury, the Commissioner of Taxation and the First Parliamentary Counsel will also be members of the Board. Each may be represented by a delegate.

Function

The Board will provide advice to the Treasurer on:

- the quality and effectiveness of tax legislation and the processes for its development, including the processes of community consultation and other aspects of tax design;
- improvements to the general integrity and functioning of the taxation system;
- research and other studies commissioned by the Board on topics approved or referred by the Treasurer; and
- other taxation matters referred to the Board by the Treasurer.

Relationship to other Boards and Bodies

From time to time the Government or the Treasurer may establish other boards or bodies with set terms of reference to advise on particular aspects of the tax law. The Treasurer will advise the Board on a case by case basis of its responsibilities, if any, in respect of issues covered by other boards and bodies.

Report

The Chairman of the Board will report to the Treasurer, at least annually, on the operation of the Board during the year.

Secretariat

The Board will be supported by a secretariat provided by the Treasury, but may engage private sector consultants to assist it with its tasks.

Other

Members will meet regularly during the year as determined by the Board's work program and priorities.

Non-government members will receive daily sitting fees and allowances to cover travelling and other expenses, at rates in accordance with Remuneration Tribunal determinations for part-time public offices.

The Government will determine an annual budget allocation for the Board.

APPENDIX C: OFFICIAL MEETINGS OF THE BOARD OF TAXATION

Attendance at Board Meetings, 2000-2001

<i>Member</i>	<i>Number of meetings eligible to attend</i>	<i>Number of meetings attended</i>
Mr Warburton (Chair)	8	8
Mr Bronger	8	7
Mr Carmody*	8	7
Mr Chaney	8	6
Mr Evans*	6	6
Mr Harvey	8	5
Mr Heading	8	7
Dr Henry*	2	2
Mr Jordan	8	8
Ms McClelland	8	7
Ms Penfold*	8	8

* Or delegate. The Board's Charter allows for *ex officio* members of the Board to be represented by a delegate at Board meetings.

APPENDIX D: TAX VALUE METHOD WORKING GROUP

Tax Value Method Working Group - Membership

<i>Name</i>	<i>Organisation</i>
Mr Chris Jordan	Chair; Member of the Board of Taxation
Mr Paul Abbey	Shaddick & Spence (consultant to the TVM Legislative Group)
Mr Tony Baxter	A.J. Baxter & Associates
Mr Peter Burn	Business Council of Australia
Mr Graeme Cooper	University of Melbourne
Mr Michael Dirkis	Taxation Institute of Australia
Mr Frank Drenth	Corporate Tax Association of Australia
Mr Paul Drum	CPA Australia
Mr Chris Evans	University of New South Wales
Mr Paul Hooper	Lend Lease
Mr Geoffrey Lehmann	PricewaterhouseCoopers
Mr Luigi Mottolini	Wesfarmers
Mr Romano Nenna	Coles Myer
Mr Brian Richards	BDO Kendalls
Mr Kevin Stevenson	Stevenson McGregor (consultant to the TVM Legislative Group)
Mr Ken Traill	The Institute of Chartered Accountants in Australia
Mr Ian Edney	BHP Ltd

Tax Value Method Working Group - Meetings in 2000-2001

7 February 2001	Canberra
3 April 2001	Melbourne
15 May 2001	Sydney

APPENDIX E: CONSULTATION

Speeches and Presentations

<i>Date</i>	<i>Presentation</i>	<i>Event</i>	<i>Member</i>
17/10/2000	Tax Reform – Financial Sector Restructuring Impacts	38 th Australia-Japan Joint Business Conference, Brisbane QLD	Mr Warburton
06/12/2000	Stakeholder Interest in Tax Design	Australian Taxation Office Integrated Tax Design Conference, Canberra ACT	Mr Warburton
06/02/2001	Business Tax Reform	Business, Economics and Trade Committee of the NSW Farmers' Federation, Young NSW	Mr Bronger
27/02/2001	Role of the Board of Taxation	Committee for Economic Development of Australia, Melbourne VIC	Mr Jordan
15/03/2001	Latest Developments in Business Tax Reform	Committee for Economic Development of Australia, Melbourne VIC	Mr Warburton
28/03/2001	Role of the Board of Taxation	Trustees' Corporations Association of Australia National Council Conference, Canberra ACT	Mr Jordan
05/04/2001	Tax Reform and the Taxation Board	Large Business and International Tax Technical Conference, Sydney NSW	Mr Jordan
06/04/2001	Business Tax Reform	National Small Business Forum, Canberra ACT	Mr Bronger
10/04/2001	Tax Reform and the Taxation Board	Large Business and International Tax Technical Conference, Melbourne VIC	Mr Harvey
10/04/2001	The Role and Activities of the Board of Taxation	Business Coalition for Tax Reform, Melbourne VIC	Mr Edwards (Secretary)
08/05/2001	Tax Reform – Do the Benefits Outweigh the Traditional Angst?	Institute of Chartered Accountants Business Forum, Randwick NSW	Mr Warburton
09/05/2001	World Economic Conditions and the Significance of Tax Reform	American Chamber of Commerce, Sydney NSW	Mr Warburton
17/05/2001	Family Trusts – How they are used in Australia today	Treasury, Canberra ACT	Mr Heading
29/05/2001	Community Consultation in Tax Design	Australian Taxation Office Integrated Tax Design Conference, Canberra ACT	Mr Jordan

Meetings with Externals

<i>Date</i>	<i>Attendees</i>
15 February 2001	Taxation Institute of Australia
Board of Taxation Meeting, Canberra	CPA Australia Institute of Chartered Accountants Australia
21 March 2001	Anglicare Australia
Board of Taxation Meeting, Sydney	Australian Council of Social Service Australian Catholic Social Welfare Commission UnitingCare Australia
17 May 2001	Business Council of Australia
Board of Taxation Meeting, Canberra	Corporate Tax Association
15 June 2001	Small Business Coalition
Board of Taxation Meeting, Melbourne	Australian Chamber of Commerce & Industry National Farmers' Federation National Institute of Accountants

Board of Taxation Press Releases

<i>Number</i>	<i>Title</i>	<i>Date</i>
1	Board of Taxation Web Site	15 December 2000
2	Review of Community Consultation Arrangements for Taxation Legislation	15 May 2001

APPENDIX F: CONSULTANCIES

Contracts Commenced in 2000-2001

<i>Consultant</i>	<i>Project</i>	<i>Cost (\$)</i>	<i>Reason</i>	<i>Procurement Method</i>
AJ Baxter & Associates	Devise program for practical testing of Tax Value Method legislation through case studies and report on test findings.	66,495	a, c, e	Direct engagement
Andersen	Provide consultant to provide services as a member of the Board of Taxation Secretariat.	36,645	f	Select
Andersen	Development of specifications for research project to test and evaluate the Tax Value Method concept.	7,826	b, c, d, e	Direct engagement
Taxation Institute of Australia	Development of specifications for research project to test and evaluate the Tax Value Method concept.	4,000	b, c, e	Direct engagement
ATAX, University of New South Wales	Co-ordination, facilitation, administrative support covering all aspects of Tax Value Method Conference.	103,983	d, e	Direct engagement
KPMG	Provide services in relation to the Board of Taxation's review of community consultation arrangements for the development of taxation legislation.	261,723	c, e	Select

- a Need for rapid access to latest technology and expertise in its application
b Specialist in-house resources unavailable in time allowed
c Need for independent study
d Need for change agent or facilitator
e Specialist skill or knowledge not available in-house
f Other

NB: Costs shown not necessarily fully incurred in 2000-2001.

APPENDIX G: FINANCIAL STATEMENTS

The Government provided the Board with a budget allocation of \$2 million in 2000-2001, included formally as part of the annual budget appropriations for the Department of Treasury. Expenses incurred by the Board in 2000-2001, including the running costs of the Board and the Board's Secretariat and the engagement of a number of consultants on Board projects, were considerably less than \$2 million. This reflected the fact that the Board did not fully commence operations until September 2001 and the time required by the Board to consider and establish its work program.

Revenue, Expenses and Operating Result, 2000-2001

	\$
Expenses	
<i>Employee Expenses</i>	
Wages	176,104
Superannuation	28,175
Leave Provision	20,459
Other Employee Expenses	30,816
<i>Total Employee Expenses</i>	<u>255,554</u>
<i>Other Expenses</i>	
Travel	72,876
Conferences & Training	1,985
Consultants & Contracts	142,024
Other Operating Costs	60,704
<i>Total other expenses</i>	<u>277,589</u>
Total Expenses	<u><u>533,143</u></u>
Revenue	
Funding from Government	2,000,000
Operating Surplus	<u><u>1,466,857</u></u>

Notes

1. Travel Expenses include airfares, travel allowances and other transport costs.
2. Consultants & Contracts include a number of contracts that were raised in FY2000/2001 and had outstanding commitments as at 30 June 2001.
3. Other Operating Costs include printing, publications, venue hire, intra-departmental expenses and other miscellaneous expenditure.

Fees Paid to Board Members, 2000-2001

<i>Member</i>	<i>\$</i>
Mr Warburton	14,520
Mr Bronger	5,040
Mr Chaney	2,940
Mr Harvey	4,284
Mr Heading	3,360
Mr Jordan	6,972
Ms McClelland	3,360

Notes

1. Members receive daily sitting fees for attending Board meetings and participating in other official business of the Board (eg, representing the Board in meetings with externals, giving presentations). The ex-officio members of the Board do not receive sitting fees.
2. Includes amounts paid to members after 30 June 2001 in respect of activities undertaken in 2000-2001.