

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates

29 May – 31 May 2012

Question: BET 143

Topic: APRA Levy – SuperStream

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Senator CORMANN asked:

Senator CORMANN: That sounds like a good process, but how much flexibility is there in terms of the quantum? You have a figure of \$400 million in the budget papers. Are you saying that once you have done some more work and you have gone through the consultation that could go up or down depending on what the final findings of that process are? What will the consultation focus on?

Mr Lonsdale: This is an estimate that has been put together with the departments and agencies involved. It is an estimate that has been agreed by government and it is in the budget papers. I think the methodology is reasonably clear. That will then be put to industry for comments. As is always the case, the government will look at what comes back and then make a final decision.

Senator CORMANN: What is the methodology that was used to determine the \$467 million in costs? When you say it is reasonably clear, it is not clear to me.

Mr Lonsdale: The vast bulk of that will be provided to the tax office, as I understand it.

Senator CORMANN: I know where the money is going. You talk about methodology and how you have determined how much it is, like the costings of it. I am interested in the methodology on how you have determined how much it is going to be.

Mr Lonsdale: The detail around the costing itself is governed by our Revenue Group colleagues. If you want detail around the method and the calculation then we are happy to come back to you on that.

Senator CORMANN: You can take it on notice.

Mr Lonsdale: We are very happy to do that.

Senator CORMANN: That would be very much appreciated.

Answer:

The allocation of funding for SuperStream was subject to an extensive review process that involved a detailed assessment and examination from the Department of Finance and Deregulation of the business costs and information technology costs outlined in the SuperStream business case. As the lead agency, the Australian Taxation Office was responsible for preparing the business case and for integrating Department of Industry, Innovation and Science Research and Treasury costs associated with the implementation of SuperStream.

A review of the information technology (IT) costs was undertaken by the Australian Government and Information Management Office who have expertise in the analysis of major IT expenditure

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projects. The review covered all components (including staffing and infrastructure costs) of the planned expenditure.

The SuperStream funding was subject to the Government 'Two Pass' process - an extensive review process to provide assurance to Government that the project is cost efficient and will meet the outcomes to be achieved. The First Pass Business Case involved the provision of estimates and necessary information to enable Government to make a decision on the overall need and appropriateness of the planned expenditure and to commission further development and analysis through the Second Pass Business Case. The Second Pass Business Case involved a comprehensive and detailed analysis of all costing options, including the technical scope, and took into account design considerations developed through industry consultation, a through-life cost estimate, risk assessment and schedules (including a costed and scheduled scope of work), and an assessment of the benefits to be derived.