

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Additional Estimates 14 – 15 February 2007

Question: aet105

Topic: Tax Deductibility of Political Donations (relates to **Bet 31 and Sbt 56**)

Hansard Page: E77

Senator SHERRY asked:

Thank you for that, Mr Gallagher. As part of your analysis, what was the cost of the tax deductibility of political donations under the old regime? Do you have that information?

Mr Gallagher—No, we did not assess the base; we assessed the change. I do not have that information with me.

Senator SHERRY—Did you examine it?

Mr Gallagher—It may have been a by-product of the costing process. I would have to take the question on notice.

Senator SHERRY—Presumably you would have examined it in calculating the increase in the tax deductibility?

CHAIR—I think the witness said he wants to take this on notice.

Senator SHERRY—Yes, but I think it is reasonable to keep asking aspects of the question. I do not think I am being unreasonable with the witness. He would have had to examine both sets of costs to identify the difference.

Mr Gallagher—We had to look at what donations were over the threshold, the extent to which donations were over the threshold, and where there are multiple donations from essentially the same person/company we attempted to put them together so we could assess the application of the threshold.

Senator SHERRY—Was there any assumption made about behavioural effect and change as a consequence of the deductibility rules?

Mr Gallagher—I think there were behavioural assumptions in the costings. The costings were some time ago now. I cannot remember exactly what they were. But there were assumptions about behaviour.

Answer:

The cost of existing donations under the previous reporting threshold cannot be estimated because they were not reported.

People making donations that fall below the reporting thresholds do not have to report these donations, thus reliable estimates of the total value of such donations (as well as the cost of their tax deductibility) cannot be formed.

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The previous reporting requirements for donor and party annual returns collated by the Australian Electoral Commission (AEC) for registered political parties were \$1,500 and above. Those for a candidate or Senate group that was not endorsed by a registered political party were \$200 and above.