

APPENDIX 5

Current Reviews

Australia's Future Tax System (The Henry Review)^{1, 2}

On 13 May 2008 the Australian Government announced the review of Australia's tax system. The review will look at the current tax system and make recommendations to position Australia to deal with the demographic, social, economic and environmental challenges of the 21st century.

The review will encompass Australian Government and State taxes, except the GST, and interactions with the transfer system.

The review is being conducted in several stages:

- 6 August – first discussion paper released - Architecture of Australia's tax and transfer system
- 19 August – review panel releases framing questions and calls for submissions
- 19 August to 17 October – first round of public submissions
- December – consultation paper to outline emerging issues from the public submissions process and provide the basis for further submissions, public meetings and direct consultations.

The comprehensive review of Australia's tax system will examine and make recommendations to create a tax structure that will position Australia to deal with the demographic, social, economic and environmental challenges of the 21st century and enhance Australia's economic and social outcomes. The review will consider:

- The appropriate balance between taxation of the returns from work, investment and savings, consumption (excluding the GST) and the role to be played by environmental taxes;
- Improvements to the tax and transfer payment system for individuals and working families, including those for retirees;

1 Australia's Future Tax System, *Timeline for the review*, <http://taxreview.treasury.gov.au/content/Content.aspx?doc=html/timeline.htm> (accessed 19 November 2008).

2 Australia's Future Tax System, *Terms of reference*, <http://taxreview.treasury.gov.au/content/Content.aspx?doc=html/reference.htm> (accessed 19 November 2008).

- Enhancing the taxation of savings, assets and investments, including the role and structure of company taxation;
- Enhancing the taxation arrangements on consumption (including excise taxes), property (including housing), and other forms of taxation collected primarily by the States;
- Simplifying the tax system, including consideration of appropriate administrative arrangements across the Australian Federation; and
- The interrelationships between these systems as well as the proposed emissions trading system.

The review should make coherent recommendations to enhance overall economic, social and environmental wellbeing, with a particular focus on ensuring there are appropriate incentives for:

- workforce participation and skill formation;
- individuals to save and provide for their future, including access to affordable housing;
- investment and the promotion of efficient resource allocation to enhance productivity and international competitiveness; and
- reducing tax system complexity and compliance costs.

In 2009 the review panel will invite further submissions and hold public meetings to inform its recommendations for reform. The final review report will be delivered to the Treasurer at the end of 2009.

Treasury Review of Financial Reporting for Unlisted Companies^{3, 4}

On 6 June 2007, the Parliamentary Secretary to the Treasurer released a discussion paper on financial reporting by unlisted public companies which had been prepared by the Treasury.

The discussion paper analyses the current financial reporting requirements of unlisted public companies under the Corporations Act 2001. The paper aims to promote public

3 The Treasury, *Financial Reporting by Unlisted Public Companies – Discussion Paper*, <http://www.treasury.gov.au/contentitem.asp?ContentID=1269&NavId=037> (accessed 19 November 2008).

4 The Treasury, *Financial Reporting by Unlisted Public Companies – Discussion Paper*, http://www.treasury.gov.au/documents/1269/PDF/Discussion_paper_Financial_Reporting_by_Unlisted_Public_Companies.pdf (accessed 19 November 2008).

debate on the appropriate financial reporting requirements for these companies given their unique nature.

The paper seeks comments on the financial reporting requirements for unlisted public companies in the Corporations Act 2001. Currently, these companies are subject to similar annual reporting requirements as listed public companies. The paper examines the issue of whether some type of differential reporting framework should be introduced for these companies based on the existing differential requirements for proprietary companies.

The paper highlights the unique nature of many unlisted public companies due to their not-for-profit focus. This differentiates these companies from both proprietary companies and listed public companies. In general, members in these companies are not seeking a direct financial return on their investment in the company. This changes the demand from members for comprehensive financial statements. However, these companies are also likely to have a broader range of stakeholders interested in their operations relative to for-profit companies. In addition, financial reporting assists in promoting transparency and good governance in these companies. These issues must be taken into account when determining the appropriate financial reporting requirements.

Submissions on the Discussion Paper closed on 3 August 2007.

National Compact⁵

The Australian Government, as part of its social inclusion agenda, is exploring ways to develop a new and stronger relationship with the not-for-profit sector, based on partnership and respect.

One way to do this is through a National Compact - an agreement between the Australian Government and the not-for-profit sector outlining how the two will work together to improve and strengthen their relationship, now and into the future.

A National Compact could also provide a platform for discussion and agreement between the Australian Government and the sector about how to achieve objectives that will benefit the community.

Similar agreements are in place in many Australian states and territories and have been used overseas.

The Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA) consulted widely seeking the initial views of community organisations and users of community services about the value of developing a compact and

5 Australian Government Social Inclusion, *A National Compact*, http://www.socialinclusion.gov.au/A_National_Compact.htm (accessed 19 November 2008).

whether it could improve the lives of Australians. Submissions closed on 24 September 2008.

The Australian Council of Social Service (ACOSS) was also commissioned to consult and canvass initial views and principles with its members and other organisations. ACOSS distributed a discussion paper on the Compact and held a series of public fora across Australia.

Senator Ursula Stephens, Parliamentary Secretary for Social Inclusion and the Voluntary Sector attended many of these fora and wrote to a range of peak bodies, state and territory governments and not-for-profit organisations seeking their comments.

FaHCSIA is currently reviewing all submissions and comments received as part of the initial phase of consultation.

Election Commitment - Productivity Commission Review⁶

Labor will...commission the Productivity Commission to construct a new tool to measure the contribution of third-sector organisations to our economy as the starting point for maximising the sector's contribution to social inclusion, employment and economic growth.

6 Australian Labor Party, *An Australian Social Inclusion agenda*, p. 11, http://www.alp.org.au/download/now/071122_social_inclusion.pdf (accessed 19 November 2008).