

TREASURY EXECUTIVE MINUTE

Minute No.

5 August 2013

Treasurer

ESTIMATES OF SELECTED MEASURES, REPEAL OF THOSE MEASURES AND UPDATED PROFILES FOR CARBON AND MRRT

Timing: At your convenience

Purpose: Your Office requested a series of hypothetical costings to repeal or reverse selected measures along with updated profiles for the Carbon Pricing Mechanism and the MRRT.

Recommendation: That you:

- Note the estimated impacts on revenue as detailed in the tables included in this Minute.

Noted

Signature:

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KEY POINTS

- As requested by your Office, we have provided the following tables on selected measures:
 - the current estimated impact on revenue for the selected measures;
 - the estimated impact of repealing or reversing these selected measures; and
 - to provide updated profiles for the Carbon Pricing Mechanism and the Minerals Resource Rent Tax (MRRT).
- The estimated impacts for the selected measures are provided in underlying cash balance terms over the forward estimates period. These are detailed in the tables below in Additional Information.
- These estimated impacts of repealing or reversing various policies should be considered indicative only. DoFD has not been consulted in relation to expense changes and administrative costs associated with the repeal or removal have not been considered.
- No other areas have been consulted in the preparation of this minute.



Contact Officer:

ADDITIONAL INFORMATION

Current impact for each policy** (in UCB terms - \$billion)

	13-14	14-15	15-16	16-17	Total
Instant Asset Tax write-off (6.5k to \$1k)	-1.16	-1.14	-0.97	-0.96	-4.23
Phasing down interest withholding tax on financial institutions	0.0	-0.08	-0.15	-0.15	-0.38
Loss carry back	-0.15	-0.25	-0.30	-0.30	-1.00
LISC	-0.81	-0.94	-0.92	-0.90	-3.57
SG rate increase	-0.12	-0.36	-0.70	-1.14	-2.32
Raising the SG guarantee age limit from 70 to 75	0.02	-0.02	-0.02	-0.02	-0.04
Raising the SG guarantee age limit from 70 to uncapped	0.02	-0.03	-0.03	-0.03	-0.07
Super contribution caps - higher caps over 50s	-0.20	-0.31	-0.32	-0.34	-1.17

** Income Support Bonus is not included.

- The financial impacts in the table above reflect the most recent estimates available. Some of these estimates have been updated for parameter changes since announcement.
- Estimates of the impact on revenue of repealing or reversing the selected measures, from 1 July 2014, are detailed in the table below:

Repeal or reversal from 1 July 2014** (in UCB terms - \$ billion)

	13-14	14-15	15-16	16-17	Total
Instant Asset Tax write-off (6.5k to \$1k)#	0.0	0.90	0.90	0.70	2.50
Phasing down interest withholding tax on financial institutions	0.0	0.08	0.15	0.15	0.38
Loss carry back	0.0	0.30	0.30	0.30	0.90
LISC (excluding departmental impacts)*	0	0	0.8	0.9	1.7
Defer SG rate increase by 2 yrs (increase to 9.5% now in 16-17)	0	0.2	0.6	0.8	1.6
Reducing the SG guarantee age limit from 75 to 70	0.0	-0.01	0.01	0.01	0.01
Reducing the SG guarantee age limit from uncapped to 70	0.0	-0.02	0.03	0.03	0.04
Super contribution caps - higher caps over 50s	0	0.2	0.3	0.3	0.8

* Additional departmental costs of around \$20-30 million per annum. The Department of Finance has not been consulted in relation to the expense estimates of reversal.

** Income Support Bonus is not included.

Assumes the merged pooling arrangements for small business entities (SBE) remain in place.

- No allowance for additional departmental expenses (except where noted) has been made when estimating the potential saving from reversing these measures.