

Tax Policy Report: Joint Report: Tax Working Group: Extending the Chair's Appointment

Date:	24 January 2019	Report No:	T2019/120 IR2019/032
		File Number:	SH-13-7-8-6

Action Sought

	Action Sought	Deadline
Minister of Finance (Hon Grant Robertson)	Sign the attached letter for Sir Michael Refer the attached letter to the Minister of Revenue for his signature	29 January 2019

Contact for Telephone Discussion (if required)

Name	Position	Telephone	1st Contact
s9(2)(a)	Project Coordinator, Tax Working Group	s9(2)(a)	N/A (mob) ✓
Jordan Ward	Team Leader, Tax Working Group	s9(2)(a)	N/A (mob)

Actions for the Minister's Office Staff (if required)

Return the signed report to Treasury.
 Refer the report and attachment to Hon Stuart Nash, Minister of Revenue.
 Return the letter, signed by both Hon Robertson and Hon Nash, to Treasury.

Note any feedback on the quality of the report

Enclosure: Yes (attached)

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Executive Summary

This report attaches a letter to extend the appointment of the Chair of the Tax Working Group to 30 June 2019.

The members of the Tax Working Group (the Group) were appointed until the delivery of the Final Report (the report) to the Government. This is currently expected to occur in late January 2019.

We understand the report will be published and presented to the public by the Group rather than the Government. In order to facilitate this, the Group will need to be able to respond to the media and issue corrections. Treasury and Inland Revenue (the Secretariat) recommend that the appointment of the Chair of the Group (Sir Michael Cullen) be extended to allow him to carry out these duties.

You can extend the Chair's appointment until the report is delivered to Government.

Recommended Action

We recommend that you:

- a **agree** to extend Sir Michael Cullen's appointment as Chair of the Tax Working Group
Agree/disagree
- b **sign** the attached letter for Sir Michael
Signed/not signed
- c **refer** the attached letter to the Minister of Revenue for his signature
Refer/Not referred
- d **notify** Officials if you want to take an Oral Item to the Appointments and Honours Cabinet Committee to inform them of your decision to extend Sir Michael's appointment
Notified/not notified
- e **note** the Secretariat will continue to support Sir Michael, and no additional funding is sought
- f **note** that if you agree to this extension, the Secretariat intends to extend the Independent Advisor's contract

Jordan Ward
Team Leader, Tax Working Group
The Treasury

Emma Grieg
Policy Director
Inland Revenue

Hon Grant Robertson
Minister of Finance

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Purpose of Report

1. The Tax Working Group (the Group) delivers its Final Report (the report) to the Government in late January 2019. The appointment letters to the Chair and members of the Group state:

Your appointment takes effect from the date of your acceptance of this appointment letter, and continues to the date the Group provides its final report to Ministers, which is scheduled to be in February 2019.

The report is being delivered early, so this appointment end date has shifted as well.

2. Once the report is delivered, there are activities that would benefit from the continued involvement of the Chair. These include:
 - a Facilitating the delivery of the report to the public,
 - b Speaking to media about the report, including radio and television interviews,
 - c Ensuring the reporting on the recommendations is correct, including issuing corrections, and
 - d Attending appropriate speaking opportunities to discuss the report's recommendations.
3. There are 11 members of the Group, including the Chair. The Secretariat recommends the Chair's appointment be extended, as the spokesperson for the Group. Having the Chair complete the activities outlined above promotes clarity on what the *Group* has recommended, in relation to the *Government's* decisions.

Length of Extension and Supporting the Chair

4. The Secretariat anticipates that there will be ongoing media requests and clarifications required until the Government has announced its decisions. The announcement is expected in the first half of 2019. We recommend Sir Michael's appointment be extended until 30 June 2019, the end of the Tax Working Group's appropriation.
5. The Secretariat will continue to support the Chair; this will be managed within current staffing levels, and is not anticipated to have an impact on capacity.

Communication and Consultation

6. As the Group's appointment letters are public, an announcement of the extension will be required. The Secretariat recommend you address this through a Press Release, either as part of acknowledging the report's handover to Government, or as part of the response on the day of release.
7. Treasury has confirmed an extension would not need to be considered by the Appointments and Honours Cabinet Committee. If you want to notify those colleagues

about the extension, we recommend taking an Oral Item to the next meeting on Wednesday 13 February 2019.

8. If you agree to extend the appointment of the Chair, the Secretariat intends to extend the contract of the Independent Advisor, Andrea Black. The Treasury is able to extend the Independent Advisor's contract without further input.

Terms of the Extension

9. We do not propose any change to the terms of the appointment (remuneration, costs, conflicts of interest and confidentiality). For further detail on these, please see the attached original appointment letter.

Costs Involved

10. Sir Michael's rate for this appointment is \$1,062.00 per day over 6 hours. Travel and accommodation costs are also included. No additional funding is being sought to cover these costs; we anticipate they will be met through the current appropriation.

Sir Michael Cullen

s9(2)(a)

Dear Sir Michael

Extension of Appointment as Chair of the Tax Working Group

We have the pleasure of extending your appointment as Chair of the Tax Working Group (the Group).

Your current appointment ends when the Tax Working Group Final Report is delivered to the Government – currently expected on 29 January 2019. This means the publication of the report, and subsequent media discussions and corrections, fall outside of your appointment.

Term of Appointment

This extension takes effect immediately following the delivery of the Final Report to the Government, and ends on 30 June 2019.

The Ministers of Finance and Revenue may remove you from the position as Chair of the Group for any reason by giving notice in writing, which may take effect immediately. Similarly, you may resign from your position as Chair of the Group at any time by giving the Ministers of Finance and Revenue notice in writing.

Duties and Responsibilities

This extension is to enable you to facilitate the presentation of the Tax Working Group Final Report to the public, and to ensure the Group's recommendations are reported accurately. Further consideration of the tax system is not intended to take place during the extension period.

Other Terms

Your extended appointment will be subject to the same terms of remuneration, costs, conflicts of interest and confidentiality as set out in your original appointment letter.

Please indicate your acceptance of your extension by signing and dating below, and return it to Mark Vink, Tax Strategy Team, The Treasury, 1 The Terrace Wellington 6011.

Yours sincerely

Hon Grant Robertson
Minister of Finance

Hon Stuart Nash
Minister of Revenue

Acceptance of extension

I, Sir Michael Cullen, hereby accept the extension of my appointment as Chair of the Tax Working Group in accordance with the Terms of Reference and the terms contained in this letter.

Signature

Date



Sir Michael Cullen

s9(2)(a)

Dear Sir Michael

Appointment as Chair of the Tax Working Group

We have pleasure in formally appointing you as Chair of the Tax Working Group.

Background

As set out in the attached terms of reference, the purpose of the Group is to examine further improvements in the structure, fairness and balance of the tax system.

Your role

You are being appointed as Chair of the Group to consider changes in the tax system and to make recommendations in a final report to Ministers.

As Chair of the Group, you will be responsible to the Ministers of Finance and Revenue for all actions taken, reports issued or advice given by the Group. You will also be responsible for all administrative matters including determining the time and location of meetings, setting the agenda, gathering the necessary papers and inviting attendees, with assistance from the Group's secretariat

Our expectations for yourself and the Group, which have been included in the members' letters of appointment, are that:

- members will need to attend meetings (via teleconference if physical attendance is not possible) of the Group every two to three weeks, to be held in Wellington
- members may also need to attend some of the Group's external engagement events
- members will have thoroughly prepared for these meetings and events, and will participate fully, frankly and constructively.

Term of appointment

Your appointment takes effect from the date of your acceptance of this appointment letter and continues to the date the Group provides its final report to Ministers, which is scheduled to be in February 2019.

This appointment may be extended by written agreement while the appointment remains in force.

The Ministers of Finance and Revenue may remove you from the position as Chair of the Group for any reason, or may terminate the Group's operation, by giving notice in writing, which may take effect immediately. Similarly, you may resign from your position as Chair of the Group at any time by giving the Ministers of Finance and Revenue notice in writing.

Acting Chair

As Chair, you may designate in writing any other member of the Tax Working Group to act in your place. Any person so designated will assume all responsibilities of the Chair for the period of time they are so designated.

Remuneration

As Chair of the Group, you will be paid the daily remuneration fee for a Group 4, Level 1 body under the Cabinet Fees Framework (CO (12) 6). This equates to a rate of \$1,062 per day and includes payment not only for attendance at meetings, but also work properly undertaken outside of meetings (for example preparation for meetings, report writing, and review of the same). However, if work on a day as Chair of the Group involves less than 6 hours of time, the aforementioned daily rate is to be divided by 8 and then multiplied by the number of hours actually worked. Fee invoices presented must include details of the actual number of hours worked

Costs

The Treasury will be meeting expenses related to the direct costs of setting up, running and supporting the Group. Costs incurred as a result of activity associated with the Group will be managed by the Treasury in conjunction with yourself. Any expenses you incur on behalf of the Group will need to be agreed in advance with the Treasury and will be reimbursed on receipt of appropriate documentation.

In particular you and the Group will also be reimbursed actual and reasonable expenses incurred, including:

- transport expenses (taxis, busses, trains, and return flights for those members of the Group who ordinarily reside outside Wellington) that comply with the Treasury's travel policy;
- accommodation of the type approved by the Treasury for those members who ordinarily reside outside Wellington;
- breakfast and evening meals for members of the Group who ordinarily reside outside Wellington;

that in each case have been approved in advance by the Treasury in writing.

Any expenses claims presented or charged to the Treasury in respect of expenses incurred by or for a Group member that have not been approved in advance by the Treasury in writing, may be paid by the Treasury by off-set against fees payable to the member.

Note that in the event of a dispute in relation to a fees invoice or an expense claim, the Treasury reserves the right to withhold payment for the whole or any part of that fees invoice or expense claim that is notified by the Treasury as being in dispute until such dispute is resolved to the reasonable satisfaction of the Treasury.

Conflicts of Interest

As Chair, you will keep a register of any conflicts of interest that have been identified by you or members of the Tax Working Group. It is expected that the Chair and members will declare conflicts of interest where they arise, preferably before meetings, and may need to excuse themselves from discussions if the conflict is of a significant concern.

It is also possible that you may be placed in a situation where, as a result of circumstances which are not related to your position as Chair of the Group, your continuing to act as Chair might nevertheless place the Group or Ministers in a position of embarrassment. If you find yourself in such a situation you must take the initiative and raise the matter with the Ministers of Finance and Revenue. While there are no set criteria for such situations, examples include:

- where legal proceedings have been, or are likely to be, brought against you;
- where you have been, or are likely to be, subject to negative media or public scrutiny;
- where you are placed in a situation of actual or perceived conflict of interest;
- any issue affecting your ability to contribute to the Group (for example, as a result of other time pressures, extended overseas travel (i.e. more than two months), illness, etc); and
- any other similar circumstance which may place the Group or Ministers in a position of embarrassment.

Confidentiality

You confirm that you will not use or disclose any confidential information obtained through your role (other than to the extent necessary for your role) unless the Ministers of Finance and Revenue give prior written approval for the use or disclosure, or the use or disclosure is required by law or parliamentary convention.

If you require any assistance, please contact the Manager of the Tax Strategy Team in the Treasury, Mark Vink: mark.vink@treasury.govt.nz; DDI: 04 917 6952.

Please indicate your acceptance of your appointment by signing and dating the below, and return it to Mark Vink, Tax Strategy Team, The Treasury, 1 The Terrace Wellington 6011.

Yours sincerely



Hon Grant Robertson
Minister of Finance



Hon Stuart Nash
Minister of Revenue

Acceptance of appointment

I, Sir Michael Cullen, hereby accept the appointment as Chair of the Tax Working Group in accordance with the enclosed Terms of Reference and the terms contained in this letter.

Signature

Date