

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Additional Estimates

23 – 24 February 2011

Question: AET 92

Topic: Reviews

Senator Bushby asked:

What is the total number of Reviews both completed and ongoing in the portfolio/agency or affecting the portfolio agency this financial year?

Please provide a breakdown of reviews completed this financial year including:

- i. when those reviews were provided to Government,
- ii. estimated cost of producing each review (and total cost) and
- iii. if the Government has responded to the review or information about when the Government has indicated it will/will not respond to the review.

How many reviews are ongoing?

How many reviews have been completed since October estimates?

What further reviews are planned in the portfolio/agency?

Answer:

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The following list provides details on reviews underway or completed as at 24 March 2011.

Review of options to reduce fraudulent phoenix companies	In progress	Review is being conducted internally	During the 2010 election campaign the Government announced that it would implement a number of measures in response to the options paper. The Government also announced that it would further consider a number of other options that were canvassed in the options paper.
Review of elections in the income tax law	In progress	Review is being conducted internally	TBA
Review of unlimited amendment periods	Completed	Review was conducted internally	The Parliament passed legislation to implement some of the recommendations on 17 June 2010. However, the Government has not as yet considered all of the issues raised in the review.
Review of the anti-avoidance provisions	In progress	Review is being conducted internally (with the assistance of a consultant at a cost \$67,584), a discussion paper was issued on 18 November 2010	The Government announced that a discussion paper would be released for consultation.

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Review of the characterisation of fixed trusts	In progress	Review is being conducted internally	TBA
Review of the tax arrangements applying to Managed Investment Trusts	Completed The Board of Taxation (the Board) provided its report to Government in August 2009.	Review was conducted by the Board, with assistance from Treasury and ATO staff. Consultants were also used at a cost of \$90,410	On 7 May 2010, the Government announced its response to the Board's report, accepting 38 of the Board's recommendations. On 18 October 2010 the Government published a discussion paper on the implementation of a new tax system for Managed Investment Trusts. The Parliament has enacted legislation introduced by the Government to implement the Board's interim advice to provide deemed capital account treatment to eligible managed investment trusts.

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<p>Shared Services Review: The Treasury is participating in a study with the Departments of Finance and Deregulation and the Prime Minister and Cabinet as to the feasibility of jointly operating a shared services arrangement to deliver transactional human resource and finance services.</p>	<p>The outcomes of the study will be reported to Government in early 2011</p>	<p>Finance are the lead agency on this review, so would be best placed to estimate a cost</p>	<p>N/A</p>
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<p>Review of statutory implied conditions and warranties –</p> <p><i>Consumer rights: Reforming statutory implied conditions and warranties.</i></p>	<p>October 2009 Completed</p>	<p>The review included a comparison of all state, territory and commonwealth legislation by consultants at a cost of \$43,000.</p> <p>The review was conducted by the Commonwealth Consumer Affairs Advisory Council (CCAAC) at the request of Government.</p> <p>Treasury provides secretariat support to CCAAC.</p> <p>Total cost to CCAAC members involved in the review is \$9,048</p> <p>Total cost: \$52,048</p>	<p>The Ministerial Council on Consumer Affairs (MCCA) endorsed the review's recommendations at its 4 December 2009 meeting.</p> <p>The review informed the development of the Australian Consumer Law.</p> <p>The Australian Consumer Law came into effect on 1 January 2011.</p>
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<p>Review of unconscionable conduct and the Franchising Code of Conduct –</p> <p><i>Strengthening statutory unconscionable conduct and the Franchising Code of Conduct.</i></p>	<p>February 2010 Completed</p>	<p>The review was conducted by an expert panel with secretariat support from Treasury and the Department of Innovation, Industry, Science and Research.</p> <p>Costs for the review were shared between departments.</p> <p>Total cost of the expert panel: \$9,048.</p>	<p>The Competition and Consumer Legislation Amendment Bill 2010 (The Bill) would have introduced interpretative principles that would have applied to the unconscionable conduct provisions of the <i>Trade Practices Act 1974</i>.</p> <p>The Bill was introduced into Parliament on 27 May 2010 and lapsed with prorogation of the Parliament for the 2010 Federal Election.</p> <p>The Government is considering the reintroduction of the Bill.</p>
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Review of consumer protection in the travel and travel related services market	December 2010 Completed	<p>The report cost \$294,600 and was jointly funded by the Standing Committee of Officials of Consumer Affairs (SCOCA) members, according to an agreed funding formula for SCOCA projects.</p> <p>Treasury's contribution to this project was 30 per cent of the cost - \$88,380.</p> <p>Departmental staff involved: one EL2 and one APS 4.</p>	<p>The current status of the report – SCOCA is conducting a consultation on consumer protection in the travel and travel-related services market and has released a consultation paper. Submissions are due 1 April 2011.</p> <p>A decision making RIS will be tabled at the Ministerial Council on Consumer Affairs meeting on 3 June 2011.</p>
Review of the practice of ticket onselling	3 December 2010 Completed	<p>The report cost \$3,144.</p> <p>Departmental staff involved included one EL2, one APS6 and one APS4.</p>	<p>It was agreed that no action was required. Although to supplement the findings of the report, NSW Office of Fair Trading have produced a factsheet and webpage for consumers.</p>

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Heads of Treasuries review of agreements under the Intergovernmental Agreement of Federal Financial Relations.	Heads of Treasuries will provide a final report to COAG through the Ministerial Council for Federal Financial Relations by 31 December 2010. Completed	The cost of the review is being met from within existing resources.	COAG noted the HoTs review report at its meeting on 13 February 2011.
Review of Executive Remuneration	Ongoing	Ongoing	Ongoing
Expert review of the need for a statutory compensation scheme for financial services	Ongoing	Ongoing	Ongoing

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<p>Super System Review (Cooper Review)</p>	<p>30 June 2010 Completed</p>	<p>The total cost of the Cooper Review was \$2,427,318.</p>	<p>On 1 August 2010, the Government announced that it would introduce a new cost-effective default superannuation product called MySuper. Superannuation funds will be able to offer MySuper products from 1 July 2013.</p> <p>The Government is also committed to allowing an individual's tax file number to be the primary identifier of member superannuation accounts, from 1 July 2011.</p> <p>The Government has committed to responding to the remainder of the Cooper Review recommendations by the end of 2010.</p> <p>The Government announced it would consult broadly before responding to other Cooper Review recommendations.</p>
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Review of Commonwealth policies that impact on the housing market	June 2011	<p>Given that this COAG agreed process requires State level and Commonwealth commitment to review housing initiatives across a range of departments, it is difficult to precise figure on the Commonwealth's resource commitment.</p> <p>However, Treasury has five staff participating in this review.</p>	<p>As a part of the Housing Supply and Reform Agenda (HSAR) process, Treasury has been asked to review, in conjunction with the States and Territories, the entire housing supply pipeline and Government policies that may impact on the housing market.</p> <p>The HSAR Working Party will report to COAG.</p>
Post-implementation review of certain aspects of the consolidation regime	It is expected that the Board will report to the Government in the second quarter of 2011	<p>Review is being conducted by the Board of Taxation, with assistance from Treasury & ATO staff.</p> <p>Consultants are to be used at an expected cost of \$40,000.</p>	
Review of the operation of the Tax Issues Entry System (TIES)	<p>The final report was provided to Government in October 2010.</p> <p>Completed</p>	<p>Review is being conducted by the Board of Taxation, with assistance from Treasury and ATO staff.</p> <p>Consultants are to be used at a cost of \$22,738.12.</p>	

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Review of the taxation treatment of Islamic finance, banking and insurance products	The Board of Taxation (the Board) is due to report to the Government in the second quarter of 2011.	Review is being conducted by the Board, with assistance from Treasury and ATO staff.	
Review of the taxation treatment of collective investment vehicles	The Board is due to report to the Government by 31 December 2011. In addition, the Board will report on the Venture Capital Limited Partnership component of the review by June 2011.	Review is being conducted by the Board of Taxation, with assistance from Treasury & ATO staff. Consultants are to be used at an expected cost of \$70,000.	
Post-Implementation review of the Tax Design Review Panel's recommendations	It is expected the Board will report to the Government in the second quarter of 2011.	The review is being conducted by the Board of Taxation, with assistance from Treasury & ATO staff. Consultants are to be used at an expected cost of \$20,000.	

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Account Portability Review ('Fraser Review')	<p>The Government has appointed former RBA Governor, Bernie Fraser, to conduct the review.</p> <p>Mr Fraser is currently progressing the review and will report to Government on the findings of the review by 30 June 2011</p>	<p>Terms of reference for the review can be found on the Treasury website at http://www.treasury.gov.au/banking/content/_downloads/TORS_feasibility_study.pdf</p>	
ATM Taskforce	<p>In progress</p> <p>An early report on appropriate action for dealing with ATM issues specifically affecting Australian indigenous and other remote communities was provided to the Government on 28 February 2011.</p>	N/A	N/A

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Natural Disasters Insurance Review	In progress	The cost is being met from within existing resources.	TBA
Review of Financial Claims Scheme	In progress	The cost is met from within existing resources.	N/A
Advisory Panel on Financial advice and Professional Standards	Ongoing	Ongoing	Ongoing

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2 (How many reviews are ongoing?)

There are currently 17 ongoing reviews

- Review of options to reduce fraudulent phoenix companies
- Review of election in the income tax law
- Review of anti-avoidance provisions
- Review of characterisation of fixed trusts
- Shared Services Review
- Review of Executive Remuneration
- Expert review of the need for a statutory compensation scheme for financial services
- Review of Commonwealth policies that impact on the housing market
- Account Portability Review ('Fraser Review')
- ATM Taskforce
- Natural Disasters Insurance Review
- Review of Financial Claims
- Advisory Panel on Financial Advice and Professional Standards

Board of Taxation ongoing Reviews:

- Post-implementation review of certain aspects of the consolidation regime
- Review of the taxation treatment of Islamic finance, banking and insurance products
- Review of the taxation treatment of collective investment vehicles
- Review of the Tax Design Review Panel's recommendations

3 (How many reviews have been completed since additional estimates?)

Nine reviews have been completed since additional estimates

- Review of unlimited amendments period

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- Review of statutory implied conditions and warranties – *Reforming statutory implied conditions and warranties*
- Review of unconscionable conduct and the Franchising Code of Conduct – *Strengthening statutory unconscionable conduct and the Franchising Code of Conduct*
- Review of consumer protection in the travel and travel related services market
- Review of the practice of ticket onselling
- Review of Heads of Treasuries agreements under the Intergovernmental Agreement of Federal Financial Relations
- Super System Review (Cooper Review)

Board of Taxation completed Reviews:

- Board of Taxation - Review of Tax Arrangements applying to Managed Investment Trusts
- Review of the operation of the Tax Issues Entry System (TIES)

4 (What further reviews are planned in the portfolio/agency?)

None

5 (Will any of these reviews cease due to the 2010 Election?)

Not relevant.