

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Additional Estimates 2012

15 – 17 February 2012

Question: AET 1262

Topic: Elements of the investment manager regime

Hansard Page: 71

Senator Cormann asked:

The government announced two elements of the investment manager regime in December 2010 and January 2011. The December 2010 changes had immediate effect, and the January 2011 changes to the income tax treatment of investment income of foreign funds were to commence from the 2010-11 income year. Draft legislation was released by Treasury for public consultation in August 2011 for a short, two-week exposure period. To date, no legislation has been introduced into the parliament.

Can Treasury explain why there was only a very short, two-week consultation period for an important piece of detailed legislation, and still no legislation has in fact been introduced? Couldn't you have consulted a bit longer, given that you were obviously not in a hurry?

Mr Heferen: There may be someone who would be able to assist, but I would make the point that the time frames for the decision-making are not time frames that the department usually—

Senator Cormann: So you are saying is that it is a matter for the minister?

Mr Heferen: No, I am not leaping to that straight away. Hopefully, there will be someone who will be able to shed some light on the issue. But maybe not!

Senator Cormann: I see that you are looking behind yourself, and there is not much backup coming!

Mr Heferen: I think the change of personnel involved in that measure must mean that we will need to take on notice the detail that you are going to.

Senator Cormann: So the changes were announced in December 2010 and January 2011, there is no legislation yet, and there was a short consultation. Can you shed any light on what has caused the delay?

Mr Heferen: I could speculate, but I do not think that that would be particularly useful for the committee. I think it may be more useful if we take it on notice so that we can come back with a concrete answer.

Senator Cormann: Sure.

Answer:

- An exposure draft of the legislation relating to elements 1 and 2 of the Investment manager Regime (IMR) was released by the then Assistant Treasurer, Bill Shorten MP, on 16 August 2011. In the accompanying media release the Assistant Treasurer set a dead line for submissions of 30 August 2011. While the Government's standard operating procedure is to provide stakeholders with four weeks in which to lodge submissions relating to exposure drafts, a shortened period was considered appropriate in this case given the desire to introduce the measures in the Spring 2011 sitting of Parliament.

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Additional Estimates 2012

15 – 17 February 2012

- During consultation with stakeholders issues were identified with the draft legislation. These issues, if left unaddressed, would have prevented the law from operating as it was intended.
- Subsequently there has been a further period of consultation on these issues with industry stakeholders.
- A second exposure draft was released on 7 March 2012.