

**Senate Standing Committee on Economics**

**ANSWERS TO QUESTIONS ON NOTICE**

**Treasury Portfolio**

Budget Estimates

1 June – 3 June 2010

**Question: BET 186**

**Topic: Portfolio Reviews**

**Hansard Page: Written**

**Senator Barnett asked:**

**Cleared by Minister's Office:**

**Signature: .....**

**Date: .....**

1. What is the total number of Reviews *both completed and ongoing* in the portfolio/agency or affecting the portfolio agency since November 2007?

Please provide a breakdown of reviews completed since the government came to office (only those commenced after the current government came to office) including:

- a) when those reviews were provided to Government,
  - b) estimated cost of producing each review (and total cost); and
  - c) if the Government has responded to the review or information about when the Government has indicated it will/will not respond to the review.
2. How many reviews are ongoing?
  3. How many reviews have been completed since additional estimates?
  4. What further reviews are planned in the portfolio/agency?

**Answer:**

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<b>Review</b>	<b>(a) When provided to Government</b>	<b>(b) Estimated cost of producing review</b>	<b>(c) Government Response</b>
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. The outcomes of the study will be reported to government in December 2010		
Review of the Report on Government Services	The Review of the Report on Government Services was provided to COAG at its 7 December 2009 meeting.	The review secretariat was staffed by Commonwealth and state and territory officials from treasuries and First Minister's departments, with costs absorbed from within existing resources	COAG endorsed the review's recommendations at its 7 December 2009 meeting, including that 'the Steering Committee's central role in collecting and publishing data on government service delivery, and the need for timely access to data held by data providers, should be stated in [a] new terms of reference and mandated by COAG' (COAG 2009, recommendation 20).

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<p>Review of statutory implied conditions and warranties – <i>Consumer rights: Reforming statutory implied conditions and warranties.</i></p>	<p>October 2009</p>	<p>The review included a comparison of all state, territory and commonwealth legislation by consultants at a cost of \$43 000. The review was conducted by the Commonwealth Consumer Affairs Advisory Council (CCAAC) at the request of Government. Treasury provides secretariat support to CCAAC. Total cost to CCAAC members involved in the review is \$9 048 Total cost: \$52 048</p>	<p>The Ministerial Council on Consumer Affairs (MCCA) endorsed the review’s recommendations at its 4 December 2009 meeting. The review informed the development of the Australian Consumer Law. The Australian Consumer Law is scheduled for introduction on 1 January 2011.</p>
<p>Review of unconscionable conduct and the Franchising Code of Conduct – <i>Strengthening statutory unconscionable conduct and the Franchising Code of Conduct.</i></p>	<p>February 2010</p>	<p>The review was conducted by an expert panel with secretariat support from Treasury and the Department of Innovation, Industry, Science and Research. Total cost of the expert panel: \$9048.</p>	<p>The Minister for Competition Policy and Consumer Affairs agreed to the findings of the expert panel which informed the development of the Competition and Consumer Legislation Amendment Bill (CACLAB).</p>

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Scoping study of small business tax compliance costs	The final report was provided to Government in December 2007.	Review conducted by the Board of Taxation, with assistance from Treasury & ATO staff. Consultants were used at a cost of \$78,114.	The then Assistant Treasurer announced the Government response in conjunction with the release of the review on 12 November 2008 (Media Release No. 96).
Review of the foreign source income ant-tax deferral regimes	The final report was provided to Government in September 2008.	Review conducted by the Board of Taxation, with assistance from Treasury & ATO staff. Consultants were used at a cost of \$57,500.	The then Assistant Treasurer announced the Government response in conjunction with the release of the review on 12 May 2009 (Media Release No. 49).
Review of the taxation treatment of off market share buybacks	The final report was provided to Government in June 2008.	Review conducted by the Board of Taxation, with assistance from Treasury & ATO staff. Consultants were used at a cost of \$53,900.	The then Assistant Treasurer announced the Government response in conjunction with the release of the review on 12 May 2009 (Media Release No. 48).
Review of the tax arrangements applying to managed investment trusts	The Government has introduced legislation into the Parliament implementing the Board of Taxation's interim advice to provide deemed capital account treatment to eligible managed investment trusts.  The final report was provided to Government in August 2009.	Review conducted by the Board of Taxation, with assistance from Treasury & ATO staff. Consultants were used at a cost of \$90,410.	The then Assistant Treasurer announced the Government response in conjunction with the release of the review on 7 May 2010 (Media Release No. 086).

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Review of the legal framework for the administration of the GST	The final report was provided to Government in December 2008.	Review conducted by the Board of Taxation, with assistance from Treasury & ATO staff. Consultants were used at a cost of \$49,148.	The then Assistant Treasurer announced the Government response in conjunction with the release of the review on 12 May 2009 (Media Release No. 42).
Post-implementation review into the alienation of personal services income rules	The final report was provided to Government in October 2009.	Review conducted by the Board of Taxation, with assistance from Treasury & ATO staff.	The then Assistant Treasurer released the review on 16 December 2009 (Media Release No. 109).
Review into the taxation of employee share schemes	The final report was provided to Government in February 2010.	Review conducted by the Board of Taxation, with assistance from Treasury & ATO staff.	The then Assistant Treasurer announced the Government response in conjunction with the release of the review on 23 April 2010 (Media Release No. 073).
Review of the application of GST to cross-border transactions	The review was submitted to the Government in February 2010.	Review conducted by the Board of Taxation, with assistance from Treasury & ATO staff.	The then Assistant Treasurer announced the Government response in conjunction with the release of the review on 11 May 2010 (Media Release No. 095).
Post-implementation review of certain aspects of the consolidation regime	Report date not yet determined.	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 \$40,000.	

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Review of the operation of the Tax Issues Entry System (TIES)	The review is due to report to the Government in October 2010.	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 \$50,000.	
Review of the taxation treatment of Islamic finance, banking and insurance products	The review is due to report to the Government by 30 June 2011.	Review is being conducted by the Board of Taxation, with assistance from Treasury & ATO staff.	
Review of the taxation treatment of collective investment vehicles	The review is due to report to the Government by 31 December 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.	
Review of the Tax Design Review Panel's recommendations	Report date not yet determined.	Review is being conducted by the Board of Taxation, with assistance from Treasury & ATO staff.	
Expert review of the need for a statutory compensation scheme for financial services	Report date not determined	Ongoing Review	Ongoing Review

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Diversity on Boards of directors	Report provided to the Government March 2009	\$4935	<p>The reports on <i>Diversity on boards of directors</i> and <i>Guidance for directors</i> did not recommend any legislative initiatives.</p> <p>On 30 June 2010, the ASX Corporate Governance Council released the final changes to its <i>Corporate Governance Principles and Recommendations</i>, which include a response to the CAMAC reports <i>Diversity on boards of directors</i> and <i>Aspects of market integrity</i>.</p> <p>The Corporations Amendment (No 1) Bill 2010, introduced into Parliament on 24 June 2010 after the release of an exposure draft in May, provides for an increase in the criminal penalties that can be imposed for breaches of the insider trading and market manipulation provisions and allows for telecommunications interception warrants to be applied for in the course of investigations into those offences. This is consistent with a recommendation in the CAMAC report <i>Aspects of market integrity</i>.</p>
Aspects of market integrity	Report provided to the Government June 2009	\$7135	
Members' schemes of arrangement	Report provided to the Government December 2009	\$4855	
Guidance for directors	Report provided to the Government April 2010	\$4057	
Executive remuneration	Ongoing		

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The Native Title, Indigenous Economic Development and Tax	Consultation paper was released in May 2010		
Super System Review	The review was provided to Government on 30 June 2010	An estimated \$2.4 million has been spent on producing the review	On 1 August 2010 the Government partially responded to the review through its election commitments regarding MySuper and the use of Tax File Numbers in superannuation. The Government also committed to respond to the remaining recommendations of the review before the end of 2010.
Australia's Future Tax System Review	The Review Panel delivered its final report to the Treasurer in December 2009.	Estimated cost of the Australia's Future Tax System Review is \$10.59 million	The Treasurer announced the Government's response on 2 May 2010 and in the 2010-11 Budget (Media Release No. 028).
Review into delayed or changed Australian Taxation Office views on significant issues	2010	\$366,627	N/A
Review into the ATO's Change Program	Ongoing		



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There is currently 1 *ongoing* review being undertaken by the Treasury portfolio: the Heads of Treasuries Review of National Agreements, National Partnerships and Implementation Plans under the *Intergovernmental Agreement on Federal Financial Relations*.

There are 5 reviews ongoing within the Board of Taxation. The reviews are;

- 1) Post-implementation review of certain aspects of the consolidation regime
- 2) Review of the Tax Design Review Panel's recommendations
- 3) Review of the operation of the Tax Issues Entry System (TIES)
- 4) Review of the taxation treatment of Islamic finance, banking and insurance products
- 5) Review of the taxation treatment of collective investment vehicles

CAMAC – One review - Executive Remuneration

IGT – One review – Review into the ATO's Change Program

## 3

Two reviews have been completed by the Board of Taxation since additional estimates. The two reviews completed are:

- 1) Review of the application of GST to cross-border transactions
- 2) Review into the taxation of employee share schemes

CAMAC – one

IGT - One

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In early September, ASIC launched its Stakeholder Survey 2010 which seeks external stakeholders' views on the organisation's performance over the past two years and which will help identify issues for the commission over the next five years.

To facilitate this feedback, ASIC has commissioned the Allen Consulting Group to undertake the survey on the Commission's behalf.

The survey is anonymous with respondents only asked to nominate the industry they represent. Results from the 2010 ASIC Stakeholder Survey will be publicly available on the ASIC website.

CAMAC is considering executive remuneration, with a report to the Government requested by 30 November 2010. As well as responding to any further requests for advice from the Minister, the Committee will keep under consideration other areas that may be suitable for review.