

**Senate Standing Committee on Economics**

**ANSWERS TO QUESTIONS ON NOTICE**

**Treasury Portfolio**

Supplementary Budget Estimates

20 – 21 October 2010

Question: SBT 141

Topic: Election Commitments

Senator Bushby asked:

- a) Were any of the government's election promises in your portfolio costed before the election was called by the department or Treasury or Finance? If so, which ones? Provide details of what work was done.

The Department of Finance and Deregulation received the costing request (ref GOV97) for the *Helping our kids understand finances* initiative on the 19 August 2010, but there was insufficient time to complete the costing prior to Polling day. The costing request documentation is available at <http://electioncostings.gov.au/2010/08/19/gov97-helping-our-kids-understand-finances/>.

While ASIC had provided some advice and general costings to Treasury on the recommendations of the Super System Review, ASIC was not directly involved in the costing of the *Fairer, simpler superannuation* initiative that is available at <http://electioncostings.gov.au/2010/08/06/gov25-mysuper/>.

- b) Had your department or any agency in your portfolio provided information on any of the government's election promises in your portfolio to the Government before the election was called? Was any work done on formulating any of the Government's election commitments? If so, which ones? Provide details of what work was done.

The initiatives contained in the *Helping our kids understand finances* election commitment derive from some of the elements of the National Financial Literacy Strategy drafted by ASIC and provided to Minister Bowen in 2009. Costings to implement the key elements of the Strategy were also included. Since that time, ASIC has been in regular contact with Minister Bowen's office on the priorities outlined in the draft National Strategy. As part of the ongoing conversation with Minister Bowen's office on the National Financial Literacy Strategy, ASIC confirmed the key elements of the National Strategy, one of which was the need to support integration of financial literacy in the new national school curriculum.

In respect of the *Greater protection for reverse mortgages* and *Fairer, simpler banking* initiatives, the underlying issues these initiatives seek to address were discussed in the stakeholder consultations conducted by Treasury for Phase 2 of the National Credit Reforms. Along with industry and consumer groups, ASIC was a participant in those consultations.

ASIC provided general comments about the Super System Review recommendations to Treasury in July and August 2010.

- c) What is the status of each election commitment from the 2007 election within the portfolio?

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The only election commitment from the 2007 election which affected ASIC was the election commitment saving of a 2% efficiency dividend. Initiatives were implemented to achieve the savings.

- d) Which 2007 election commitments are experiencing slippages? Why? Where relevant, what are the revised implementation dates? What are the implications of this slippage?

None

- e) Are there any 2007 election commitments that will not be implemented? If yes, please provide details. Were departmental resources provided to implement these commitments? How much? What will happen to the funding now?

Not applicable to ASIC.

- f) What is the status of each election commitment from the 2010 election within the portfolio? Please provide a list.

In respect of the *Helping our kids understand finances* initiative, now that the funding has been committed in the forward estimates for the Mid-Year Economic Fiscal Outlook (MYEFO), implementation scoping and planning for the new initiative will begin by end of November.

In respect of the *Greater protection for reverse mortgages* and *Fairer, simpler banking* initiatives, the initial implementation of these initiatives is the responsibility of the Treasury.

In respect of the *Fairer, simpler superannuation* initiative ASIC has been asked to submit a new policy proposal funding bid to implement the recommendations of the Super System Review supported by the Government.

- g) Has implementation of the 2010 election commitments within the portfolio commenced? If yes, provide details. If no, why not?

See response to f) above.

- h) Will additional departmental resources be required to implement 2010 election commitments within your portfolio? If yes, provide details. If no, why not? If unable to provide an answer please explain why.

Yes, additional resources will be required to implement the *Helping our kids understand finances* initiative and the *Fairer, simpler superannuation* initiative. The former has already been funded by Government and we are in the process of submitting a funding bid for the latter.

At this stage, apart from the initial involvement of stakeholder consultations and possible future regulatory guidance, there is no requirement for new resources for the *Greater protection for reverse mortgages* and *Fairer, simpler banking* initiatives.

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- i) How will the election commitments in your portfolio be offset? Will your portfolio be required to offset the new spending in your portfolio?

In respect of the *Helping our kids understand finances* initiative, ASIC has not been required to offset the new spending. In respect of the *Fairer, simpler superannuation* initiative, the funding is still being determined and decisions are yet to be made in respect of any funding offsets.