

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Supplementary Budget Estimates
20 – 21 October 2010

Question: SBT 51

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 since Budget Estimates 2010?

Please provide a breakdown of reviews completed since Budget Estimates 2010 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 additional estimates?

What further reviews are planned in the portfolio/agency?

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

Answer:

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Review	(a) When provided to Government	(b) Estimated cost of producing review	(c) Government Response
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)	TBA

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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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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 early 2011	Finance are the lead agency on this review, so would be best placed to estimate a cost	N/A
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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</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. 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 is scheduled for introduction 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</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 now 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	<p>The review was conducted by PricewaterhouseCoopers on behalf of Ministerial Council on Consumer Affairs (MCCA). All states and territories contributed to the review according to the agreed funding requirements of MCCA.</p> <p>Treasury's contribution to the review is \$90,000, which is 30 percent of the total cost.</p>	The Review is still being finalised and will be considered by the MCCA at its 3 December 2010 meeting.
Review of the practice of ticket onselling	November 2010	<p>The review is being conducted by the Commonwealth Consumer Affairs Advisory Council (CCAAC) at the request of MCCA. Treasury provides secretariat support to CCAAC.</p> <p>Total cost to the CCAAC member involved will be approximately \$2,500</p>	The review will be finalised in November 2010 and considered by the Ministerial Council on Consumer Affairs (MCCA) at its 3 December 2010 meeting.

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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.	The cost of the review is being met from within existing resources.	Not applicable. See (a).
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>The Super System Review (SSR) was provided to Government on 30 June 2010.</p>	<p>The total cost of the SSR was \$2,427,318.</p> <p>This consisted of \$1,924,945 of operating expenses, \$2,373 of employee expenses and \$500,000 of overhead costs.</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 SSR's recommendations by the end of 2010.</p> <p>The Government announced it would consult broadly before responding to other SSR recommendations.</p>
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Review of Commonwealth policies that impact on the housing market	June 2011	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. However, Treasury has five staff participating in this review.	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. The HSAR Working Party will report to COAG.
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	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.	
Review of the operation of the Tax Issues Entry System (TIES)	The final report was provided to 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.	The Government is considering its response to this review

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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.	

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2 (How many reviews are ongoing?)

There are currently 15 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 consumer protection in the travel and travel related services market
- Review of the practice of ticket onselling
- Heads of Treasuries review of agreements under the intergovernmental Agreement of Federal Financial Relations
- 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

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?)

Six reviews have been completed since additional estimates

- Review of unlimited amendments period
- 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*
- Super System Review (Cooper Review)

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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?)

None