TREASURY

Extension of real per capita guarantee on Financial Assistance Grants to the States

Financial Implications ($m)

1998-99	1999-00	2000-01	2001-02
0.0	0.0	191.0	195.7

Explanation

In the context of the 1998 Premiers' Conference, the Commonwealth undertook to maintain Financial Assistance Grants (FAGs) to the States in real per capita terms in 1998-99 and to extend the real per capita guarantee for FAGs for an additional year to include 2000-01. The effect of extending the guarantee will increase the base level of FAGs in 2001-02 and beyond. The per capita component of the guarantee is conditional on the States complying with their obligations under the Agreement to Implement the National Competition Policy and Related Reforms.

TREASURY

Community education and information programme on the tax system

Financial Implications ($m)

1998-99	1999-00	2000-01	2001-02
0.0	0.0	0.0	0.0

Explanation

The Department of Treasury was allocated $10 million in 1997-98 for an information and education programme to inform the public of the nature of the Australian taxation system and changes required to reform it. This is designed to assist taxpayers understand the nature of reform to the tax system which will result in better compliance and development of a more efficient revenue base.

See related Treasury outlays measure titled *Funding to develop systems for implementing tax reform.*

TREASURY

Australian Taxation Office - Information technology asset replacement

Financial Implications ($m)

1998-99	1999-00	2000-01	2001-02
27.7	0.0	0.0	0.0

Explanation

This measure provides interim funding for the replacement of the Australian Taxation Office (ATO) information technology (IT) equipment, including computer hardware, software and communications equipment. The resources will enable the ATO to maintain the IT infrastructure that has been put in place through the Modernisation Project which involved resources for the ATO from 1989-90 to 1997-98.

Further Information

The Modernisation Project commenced in 1989 and involved modernisation of the ATO's computer infrastructure, conversion and redevelopment of business systems and improved management structures, changed work arrangements and decentralisation of branch offices. The outcomes delivered by the project have been reduced staffing and other costs, improved revenue collection, improved client service and an enhanced technology platform to support evolving tax administration needs.

TREASURY

Support for International Monetary Fund programmes through provision of loans to Korea and Indonesia

Financial Implications ($m)

1998-99	1999-00	2000-01	2001-02
0.0	0.0	0.0	0.0

Explanation

The Government has agreed to provide $459 million to the Indonesian government during 1997-98 and $505 million to the Korean government during 1998-99 by way of loans to help support International Monetary Fund (IMF) programmes in stabilising the economies of Indonesia and Korea.

Further Information

In response to financial difficulties experienced by a number of countries in the Asian region since 1 July 1997, Australia and a number of other countries have agreed to provide financial assistance in support of IMF programmes.

This measure decreases the headline balance by $459 million in 1997-98 and $505 million in 1998-99.

TREASURY

Establishment of the Australian Securities and Investments Commission

Financial Implications ($m)

1998-99	1999-00	2000-01	2001-02
15.4	11.6	11.8	12.0

Explanation

As part of its reforms to the Australian financial system, the Government announced the establishment of a new regulatory body - the Australian Securities and Investments Commission (ASIC) - based on the existing Australian Securities Commission. ASIC will be responsible for regulating market integrity and consumer protection across the financial system, including regulation of corporations, securities and futures markets, superannuation, life and general insurance and deposit taking.

Additional funding has been provided to cover the establishment and ongoing costs of ASIC, including administration costs, an increase in the consumer protection function for the financial sector and IT asset replacement. These costs will be recovered from the financial sector and corporations through the collection of levies and statutory fees and charges.

Further Information

New legislation and amendments to existing legislation have been introduced into the Parliament to enable the establishment of ASIC which is planned to be operational from 1 July 1998.

See also:

- the related revenue measure titled *Establishment of the Australian Securities and Investments Commission*; and
- Treasury outlays measure and the related revenue measure titled *Establishment of the Australian Prudential Regulation Authority*.

TREASURY

Establishment of the Australian Prudential Regulation Authority

Financial Implications ($m)

1998-99	1999-00	2000-01	2001-02
26.1	27.6	23.9	24.3

Explanation

As part of its reforms to the Australian financial system, the Government proposes to establish the Australian Prudential Regulation Authority (APRA) as a new prudential regulator.

APRA will combine the prudential functions of the Reserve Bank of Australia, the Insurance and Superannuation Commission and, with the agreement of the States and Territories, the Australian Financial Institutions Commission. It will have comprehensive powers allowing it to act as the single prudential regulatory body in Australia.

Additional funding has been provided to APRA to cover its establishment and ongoing costs. These costs will be recovered from the financial sector through the collection of levies and statutory fees and charges.

Further Information

New legislation and amendments to existing legislation have been introduced into the Parliament for the establishment of APRA and the various levy provisions. APRA is planned to become operational from 1 July 1998.

See also:

- the related revenue measure titled *Establishment of the Australian Prudential Regulation Authority*; and

- Treasury outlays measure and the related revenue measure titled *Establishment of the Australian Securities and Investments Commission.*

TREASURY

Supervision and funding arrangements for self-managed superannuation funds

Financial Implications ($m)

1998-99	1999-00	2000-01	2001-02
2.0	2.0	2.1	2.1

Explanation

As part of its response to the recommendations of the Financial System Inquiry, the Government announced an in principle decision to transfer the regulation of self-managed superannuation funds from the Insurance and Superannuation Commission (ISC) to the Australian Taxation Office (ATO). The transfer will take effect from 1 July 1999. Additional funding has been allocated to the ATO to administer these funds, and to improve their compliance with retirement income objectives by implementing an enhanced audit programme. The costs of administering self-managed superannuation funds are recovered from the Superannuation Supervisory Levy.

Further Information

See also:

- related revenue measure titled *Supervision and funding arrangements for self-managed superannuation funds*;

- related revenue measure titled *Changes to superannuation regulation*; and

- the Treasurer's Statement *Reform of the Australian Financial System* of 2 September 1997.

TREASURY

High Wealth Individuals Taskforce

Financial Implications ($m)

1998-99	1999-00	2000-01	2001-02
9.5	9.5	0.0	0.0

Explanation

Additional funding has been allocated to the Australian Taxation Office (ATO) to extend the activities of the High Wealth Individuals Task Force. The Taskforce was established in 1996-97 to investigate the tax minimisation practices of some high wealth individuals. The extension of funding over 1998-99 and 1999-2000 will enable the ATO to continue developing strategies to take action to address undesirable tax minimisation practices and to improve high wealth individuals' compliance with the tax laws.

Further Information

Additional revenue of $100 million a year is expected in 1998-99 and 1999-00 as a result of this measure. Further information has been included in the related revenue measure titled *High Wealth Individuals Taskforce*.

TREASURY

Funding to develop systems for implementing tax reform

Financial Implications ($m)

	1998-99	1999-00	2000-01	2001-02
Industry, Science and Tourism	1.0	0.0	0.0	0.0
Treasury	24.2	0.0	0.0	0.0
Total	25.2	0.0	0.0	0.0

Explanation

$4.2 million is allocated for continued funding of the Taxation Reform Taskforce and new additional funding of $20 million has been allocated to the Australian Taxation Office (ATO) and $1 million to the Australian Customs Service (ACS) to commence development of new systems required to implement different collections introduced as a result of tax reform. Arrangements are to be put in place during 1999-2000.

See related Treasury outlays measure titled *Community education and information programme on the tax system.*

TREASURY

Fitout of the refurbished Treasury building

Financial Implications ($m)

1998-99	1999-00	2000-01	2001-02
0.0	1.0	2.0	2.0

Explanation

Funding of $19.3 million over 11 years commencing 1999-2000 is being provided under an instalment purchase arrangement to enable the fitout of the refurbished Treasury building. The fitout will proceed as a works package integrated with the refurbishment of the Treasury building, which is expected to commence in January 1999. The refurbishment of the Treasury building arises from a decision taken by Government in 1996 to retain Commonwealth office buildings located in the Parliamentary Triangle within the Commonwealth owned and managed estate.

TREASURY

Corporate Law Reform - Managed Investments

Financial Implications ($m)

1998-99	1999-00	2000-01	2001-02
3.9	2.9	0.3	0.0

Explanation

Significant reforms to the governance structure of collective investment schemes are proposed in the Managed Investments Bill, which is scheduled to commence on 1 July 1998. Transitional budget supplementation will be provided from 1998-99 to 2000-01 to the Australian Securities Commission and its successor, the Australian Securities and Investments Commission, to prepare for and administer the reformed regulatory framework for managed investments. The additional outlays will be funded by corporations fees and charges in 1998-99 to 2000-01.

Further Information

See also:

- related revenue measure titled *Corporate law reform - Managed investments*; and
- the Treasurer's Statement *Regulatory Revamp for Managed Funds* of 24 August 1997.