

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Supplementary Budget Estimates

17 October – 18 October 2012

Question: SBT 25

Topic: Regulation of Trusts - COAG

Hansard Page: pg 112, Thursday 18 October 2012

Senator CAMERON asked:

Senator CAMERON: There have been some high-profile cases, such as the Gina Rinehart case in terms of the super trust that she is involved in, and there have been arguments and litigation about governance. Will your review deal with governance issues?

Mr Heferen: I am pretty sure in saying that governance of trusts would be a matter for state regulation.

Senator CAMERON: So there is no federal regulation of the governance of these massive trusts?

Mr Heferen: That is my understanding. The Commonwealth, as you are probably aware, regulates the behaviour of companies through ASIC, the securities regulator. But my understanding is—and I stand to be corrected—that the regulation of trusts is at state level, although some trusts do have a corporate trustee. So one of the trustees will be a company formed.

Senator CAMERON: There is an issue for COAG, if there ever was one. Would that be a legitimate COAG issue? It is not a policy issue; it is a technical issue that I am asking about.

Senator Wong: We were just pausing to think.

Mr Heferen: I am not sure if I am well placed to comment on that.

Senator CAMERON: Could you take it on notice as to whether it is a issue that technically falls under COAG?

Mr Heferen: The regulation of trusts?

Senator CAMERON: Yes.

Mr Heferen: I will take that on notice.

Answer:

The COAG Secretariat in the Department of Prime Minister & Cabinet has advised that COAG's agenda does not include the regulation of trusts. The role of COAG is to promote policy reforms that are of national significance, or which need co-ordinated action by all Australian governments. However, COAG is not accorded with specific responsibilities, and its agenda is established by the agreement of its members. COAG's current agreed priority areas include skills reform, managing the environmental impacts of coal seam gas and coal mining, schools funding reform, competition and regulatory reform, disability reform, improved environmental regulation, and State tax reform flowing from the October 2011 Tax Forum.