

DRAFT SECOND READING SPEECH

HON. PETER GUTWEIN MP

Unclaimed Money Bill 2015

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Madam Speaker

This Bill replaces the *Unclaimed Moneys Act 1918* and seeks to modernise the legislation and ensure more efficient and effective administration of unclaimed money. The Bill is consistent with the Government's commitment to ensuring that the regulatory framework surrounding financial management is up-to-date and reflects good practice.

Madam Speaker

The overall purpose of the Bill remains to safeguard unclaimed money and ensure that the rightful owners of this money can be identified and located, and importantly, can secure funds that rightly belong to them. The types of unclaimed money dealt with under the Bill remain the same – general unclaimed money such as dividends, interest and unrepresented cheques, money paid into a court, unclaimed superannuation benefits and other unclaimed money.

The current Act was introduced in 1918, and while it has been amended over time, a number of changes are proposed to further modernise and improve the legislation and to reduce the burden on local businesses. The Unclaimed Money Bill lays out the framework for a new model that includes:

- revising the scope of application of the Bill;
- increasing the threshold for general unclaimed money from \$6 to \$50 to reflect current values;
- removing the requirement that local businesses publish copies of their Unclaimed Money Register in the Government Gazette and introducing a more effective publishing regime;
- reducing the time that local businesses are required to hold unclaimed money from six years to a maximum of two years;
- providing that unclaimed money received by the Treasurer can be transferred to the Consolidated Fund, subject to the approval of the Treasurer, after a further two year period has passed, without any extinguishment of an owner's rights; and
- revising the penalties to reflect current values and provide an effective deterrent for non-compliance.

Madam Speaker

The scope of the 1918 Act currently includes all companies registered or incorporated in this State, along with all companies registered or incorporated elsewhere but undertaking operations in this State. The Act also applies to all persons or firms carrying on business as a trader in this State.

It is considered appropriate that entities captured by unclaimed money legislation in other jurisdictions should not also be required to produce general unclaimed money information under the Tasmanian legislation. Therefore, a business that has its head office or primary place of business outside of Tasmania will not be included. The Bill is territorial and relates only to those businesses that have their primary place of business or head office in this State.

At present, State Government entities, including councils, do not fall under the scope of the Unclaimed Moneys Act. Inclusion of State entities within the scope of the Bill will improve transparency and fiscal accountability. It will also provide for greater consistency in the administration of unclaimed money.

The *Audit Act 2008* provides a definition of State entity that encompasses all public sector entities, including those established under the *Local Government Act 1993*. This definition has been adopted for the purposes of the Bill.

Madam Speaker

Currently, the holders of general unclaimed money are required to prepare an annual register of all amounts held over the value of \$6. This threshold is considered to be outdated and needs adjustment to reflect current values.

To ensure consistency with legislation in other jurisdictions and to minimise the administrative impost for Tasmanian entities, the threshold should provide a balance between the objectives of safekeeping unclaimed money and reducing the regulatory burden for local business. With this in mind, a threshold of \$50 is proposed for general unclaimed money.

The register should continue to be updated, as a minimum, on an annual basis. The register should also be available at the holder's head office for public inspection and there is provision for the holder to charge a fee for inspection of up to \$5, an increase from the current inspection fee of 10 cents.

Local companies are currently required to hold unclaimed money for a period of six years before that money can be paid to the Treasurer. The Bill reduces this period to two years for holders of general unclaimed money, thereby further reducing the regulatory burden on Tasmanian businesses.

Madam Speaker

One of the aims of the Bill is to reduce the obligation of local businesses in respect to administering unclaimed money. Under the current Act, a business is required to annually publish a copy of their register of unclaimed money in the Government Gazette. The Bill transfers the requirement for advertising from business to the Treasurer, and provides more flexibility to allow the use of contemporary means of advertising.

Under the current Act, businesses are able to recover costs associated with the publication of information relating to unclaimed money. As businesses will no longer be required to publish such information, no provision has been made for the recovery of costs by holders, as such costs will be negligible.

There is, however, a significant cost associated with the administration of unclaimed money as a result of the large number of transactions undertaken by Treasury. The Bill provides, at the discretion of the Treasurer, for costs incurred by Treasury in the administration of unclaimed money to be met from the balance of unclaimed money held, at a level and on a basis determined by the Treasurer.

Madam Speaker

Since 1 July 2007, private sector superannuation funds have paid unclaimed superannuation benefits to the Australian Taxation Office. In its 2010-11 Budget, the Australian Government announced a measure to allow unclaimed superannuation to be paid by certain State and Territory public sector funds to the Australian Taxation Office. The Retirement Benefits Fund falls outside this arrangement and must continue to pay unclaimed superannuation money to the Treasurer.

As a result, provisions relating to the treatment of unclaimed superannuation benefits and unclaimed retirement savings account money have been amended to deal with unclaimed superannuation benefits held by the Retirement Benefits Fund. All other unclaimed superannuation moneys are administered by the Australian Taxation Office.

Madam Speaker

In recent years, the average total claims of unclaimed money have been significantly less than the amount lodged. Consistent with the Government's objective to ensure effective and efficient use of resources, the Bill provides that any amount received by the Treasurer that remains unclaimed for a further period of two years can be transferred to the Consolidated Fund with the Treasurer's approval. This will in no way impact on an owner's right to claim money, as payments will continue to be met from the Public Account.

In July this year, the Government announced its intention to utilise \$250 000 in unclaimed monies annually to provide funding for Tasracing's capital program. This decision reflected the longstanding position of some stakeholders from the Tasmanian racing industry that the industry should benefit from the accumulation of unclaimed dividends from racing.

More broadly and subject to the passage of this Bill, the Government intends to utilise the accumulated balance of unclaimed monies to the benefit of the Tasmanian community by investing in discrete capital initiatives to support frontline service delivery. Priority areas include recent announcements in relation to additional funding for family violence measures, new funding to address pressing needs for affordable housing, and other once-off additional funding initiatives that meet the needs of those less fortunate in the community.

Madam Speaker

The Bill provides for a significantly enhanced and more efficient administrative process for managing unclaimed money that better meets the needs of local businesses and the Tasmanian community. It also provides a mechanism that will enable the community to benefit from the accumulation of unclaimed monies held by the Government without impacting on the owner's right to claim those funds.

I commend the Bill to the House.