



15 October, 2021
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Mr Jason Lange
Executive Director
Office of Best Practice Regulation
Department of the Prime Minister and Cabinet
1 National Circuit
BARTON ACT 2600

Email: helpdesk-OBPR@pmc.gov.au

Dear Mr Lange

**Regulation Impact Statement – Corporate Collective Investment Vehicle Regulatory and Tax Frameworks
– Second Pass Final Assessment**

I am writing in relation to the attached Regulation Impact Statement (RIS) prepared for Corporate Collective Investment Vehicle (CCIV) Regulatory and Tax Frameworks.

The chosen option, option 3, has an estimated regulatory cost of around \$1.2 million per year for fund managers that choose to implement a CCIV. The CCIV regime will offer fund managers and investors an internationally competitive fund management vehicle by aligning Australia's legal fund structures with those found in other jurisdictions.

I am satisfied that the RIS addresses the concerns raised in your letter of 4 October 2021. Specifically, I am satisfied of the following:

- The differentiating features between options 2 and 3, including the bespoke tax regime of option 2, are now better articulated in section 3 under the heading 'Consideration of Options'.
- Further information has been added to the descriptions of options 2 and 3, and a full explanation of the bespoke tax regime proposed in option 2. The difference between the two options has been described.
- In section 4, the qualitative analysis has been expanded to demonstrate the net benefits of each option. A reliable estimate of the impact of this measure is not quantifiable and as such, a qualitative estimate of the net benefit is provided. This measure will position Australia as a more competitive jurisdiction to invest for foreign fund managers and investors which is the driver behind the regime.
- We have provided more information around the regulatory costing assumptions in relation to uptake. Estimates of the number of CCIVs have not been included as these are not able to be constructed to an acceptable degree of confidence at this point in time – recognising the large number of variables affecting the operations of the international fund market.

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- We have provided further context and information regarding the RIS throughout the decision-making process and how the considerations of the regulatory impact have influenced the policy development.
- Minor formatting and editorial suggestions noted in OBPR's marked-up version of the RIS have been noted and addressed as appropriate.

Australia's CCIV regime has been in development for several years and draft RISs have been prepared for milestone decision points in this process. This is the final RIS for assessment by the OBPR. This RIS addresses the decision points required for the legislation introduction.

I note that the implementation of this proposal will increase the regulatory burden. No offset measure has been identified, however Treasury is reviewing whether there are regulatory burden reductions elsewhere in the Mid-Year Economic and Fiscal Outlook process to identify offset measures. Treasury is also seeking to pursue net reductions in compliance costs and will work with affected stakeholders and across Government to identify regulatory burden reductions where appropriate.

Accordingly, I am satisfied that the RIS is now consistent with the six principles for Australian Government policy makers as specified in the *Australian Government Guide to Regulatory Impact Analysis*.

I submit the RIS to the Office of Best Practice Regulation for formal final assessment.

Yours sincerely



Meghan Quinn PSM
Deputy Secretary, Markets Group
The Treasury