



Senate Economics Legislation Committee
Supplementary Estimates 2022-23
Wednesday, 15 February 2023
Daily summary

The committee met from 9.00am until 11.00pm.

The committee called:

- Department of the Treasury portfolio, including Macroeconomic Group, Corporate and Foreign Investment Group, Reserve Bank of Australia, Australian Prudential Regulation Authority, Australian Competition and Consumer Commission, Markets Group, Revenue, Small Business and Housing Group, Australian Taxation Office, Tax Practitioners Board, Australian Charities and Not-for-Profits, Fiscal Group, Productivity Commission and the Australian Bureau of Statistics.

Topics discussed by the committee included:

Department of the Treasury

Macroeconomic Group, Corporate and Foreign Investment Division (9am Session)

- Inflation IMF report
- IMF says creating new risk
- Government intervention on raising interest rates
- Govt 3-point plan for inflation relief—Stage 3 tax cuts
- Investment in the domestic supply of gas
- Govt investment in gas market
- Electricity prices
- Treasury energy price forecast – interplay with inflation forecast
- Energy price caps and their impact on inflation
- Consultation on Government 3 Point Plan to reduce inflation (the Three Rs)
- Interest rates
- Budget forecast—Peak cash rate vs economic forecasts
- New developments and data that will affect forecasts
- Government spending and its effect on inflation
- Government support of stage 3 tax cuts
- Wage growth
- Cost of housing decrease vs cost of renting increase
- Interest rate rises as a driver of rental increases
- Fiscal policy's subsidiary role impact to monetary policy
- Fiscal consolidation, longer term sustainability
- Treasury analysis on fixed rate loans transferring to variable rates
- Neutral fiscal policy (vs expansionary or contractionary)
- Energy prices—Gas prices in Brisbane above govt price caps
- Migration and its impact on GDP—International students
- Road user charges—economic assessment in relation to Electric vehicles

Macroeconomic Group, Corporate and Foreign Investment Division (5pm Session)

- Stage-3 Tax Cuts effect on cost of living relief in the ACT
- Safeguard mechanism support costs Gas and Electricity impacts
- Total foreign real estate investment total over the last 3 years
- Effects of Foreign investment on the housing market pressures

Reserve Bank of Australia (RBA)

- Current monetary policy behaviour
- Considerations when adjusting the interest rate to address inflation
- Current fiscal policy behaviour
- Central Banks responsibilities in response to inflation
- Governor comments regarding low interest rates causing high consumer spending and mortgaging
- Rent rises to match interest rates from Treasury—Response by Governor
- Record rent increases in Melbourne & Sydney
- Assistant Treasurer statements—Rate increases and Governor's response
- Independence of the Bank—Attack on Governor Lowe's integrity
- Governor Lowe attendance of luncheon over the Monetary address release
- Electorate understanding of inflation effects—Corrosive and eroding effects on savings
- Board decisions—Discussion and whether there are unanimous decisions made?
- Is fiscal policy playing subsidiary role to monetary policy?
- Productive investments to improve economy
- Pressures on business causing bankruptcy and job loss
- Energy market interventions—loss of investments impact flow on to Australian economy
- Big Banks Corporate profits as a result of increased interest rates
- Monetary policy address of supply side issues
- Countercyclical measures—Effects on economy
- Gold Bar refinement by the Bank of England
- Government funding to overseas investment projects in Australia—Iron Boomerang Project
- Money expansion volume concerns by parties (Senator Roberts)—Governor Lowe response
- 7.8% inflation impact to the Australian economy—RBA's consideration of COVID strategy future impacts
- Fixed rate finishing to 800k households and impact
- Reserve Bank of Australia Act—Clause 11 provision
- Information sources—Weight given to concerns of Australian public when considering decisions

Australian Prudential Regulation Authority (APRA)

- Best financial interest duty concept and its effectiveness with super trustee's
- Financial system stability – stress tests on banks, shocks on housing, unemployment (factors that feed into the stress tests of mortgage lenders and the duration), banking funding and liquidity
- Engagement with the banks and their performance during the COVID period
- Competition in the market between banks with mortgages – safety regulations and competition (re-financing activity taking place)
- Lending standards
- Regional banking taskforce – banking services assessment and regional banking services
 - o Consultation process and substitute banking methods (electronic and through Australia Post for example)
- Problems with superannuation disclosure requirements and the government's policy
- Access of death benefits from super funds and the steps to take to resolve any issues with this – complaints with AFCA & management of this issue with ASIC
- macroprudential policy settings, including serviceability buffer and lending standards.
- impact of APRA's work in the climate vulnerability assessment on lending to certain regions and industries, and on insurance availability in certain regions.

Australian Competition and Consumer Commission (ACCC)

- Gas price intervention and timing of the release of advice on how to comply
- Letter provided with the industry association with the update provided to the industry – number of times updates have been provided to industry & clarification of the guidance
- Voluntary code of conduct investigations – transition to a mandatory code – compulsory arbitration
 - o Advice and consultation on the code
- Number of gas producers in Australia
- Fisheries quoter's – comments on investigations in relation to this issue
- Green washing sweep and details of the results – any advancement on the criteria issue
 - o Third party certification
- First nations consumers – scams and fraud
 - o National anti-scam centre & indigenous outreach
- Cyclone and flooding policies and misleading claims investigation with pricing
 - o ACCC's power to set prices
 - o Price gauging in the insurance sector
- Regional mobile infrastructure, commercial investment in this area & consultation on this matter (in the context of emergency natural disasters)
 - o Mandated roaming and impact
- Northern Australian Reinsurance Pool
 - o Data on the baseline operation of the pool & the measure and impact of the effectiveness of the pool
 - o Production of data by insurers and testing of the integrity of that data
 - o Consultation with the ACCC in the future on these topics
- Gas – process of trades under reasonable pricing provisions
- Anti-competitive practices by health insurers
 - o Private health insurers collecting sensitive data and consumer awareness
 - o ACCC inquiry reporting in 2019 identified concerns on collection of highly granular data & non-realisation by community members (through an app) & non-consent issues
 - o Monetisation of data
 - o Matters intercept with the privacy commissioner – post-Medibank data breach they are looking on this data and how long this data is held
 - o ACCC has concern about this in its broader remit (consumer safeguards)

Markets Group

- FOI Request Ref:3159—Correspondence received by Assistant Treasurer re: regulation on superannuation annual meeting communications
- Your Future, Your Super Policy Review
- Leavy Review Stress testing expert advice
- Restraints on meeting with Ms Leavy and members of Treasury
- Treasury consultation in March/April 2022—Regulation of digital asset and crypto space 'Caspers'—Outcome of consultation process
- FARCSLR Amendments by Government

Revenue, Small Business and Housing Group, Australian Taxation Office, Tax Practitioners Board, Australian Charities and Not-for-Profits Commission (ACNC)

- Peter John Collins (PWC) removal of tax practitioners license
- 2019 review of TPB recommendations – progress of implementation of recommendations
- ATO – multinational anti(?)-avoidance laws; schemes being marketed that avoided anti-avoidance provisions notices by ATO; schemes not in line with community expectations
- Cost to taxpayer: multinational anti-avoidance law
- ATO \$12M contract – will there be blacklisting of PwC for future contracts

- Board members of TPB receiving remuneration from PwC
- Is Treasury inviting PwC into consultation for further processes
- PwC employees/associates involved in Board of Taxation – is this cause for concern
- Progress of EOI for ACNC Advisory Panel Process
- Progress of Harmonisation of Progress laws between states and territories
- Regulations and guidelines around advocacy—2023 Communications to Charities by ACNC
- Red tape reduction progression by the ACNC
- Cyber security issues—ACNC advice to charities in protection
- Off-market share buy backs
- Submissions being publicly available for exposure draft inquiries
- Charity advocacy statement by Sue Woodward—Checks and Balances

Fiscal Group

- Emerging issues and interest in inclusion in the economy, as well as social wellbeing and safety
- Measurement of unpaid care work, housing, housing security in OECD Framework
- Employment White paper Taskforce—Progress of release
- Workforce supporting the implementation of the recommendations of the Employment White Paper report
- Question on notice timeliness—Process of qons to be tabled by the committee
- SBE159—Summit Outcomes & 36 action items
- Jobs and Skills Summit dinner event costings
- Interstate and territories jobs and skills summit—Treasury officials attendance

Productivity Commission (PC)

- Productivity Commission review released to Treasurer—Recommendations
- Fiscal Consolidation based on productivity services
- View on price caps to control increasing inflation
- 5-year review to government re: energy market issues
- Independent review into sexual harassment at the Productivity Commission
- Economic and social impacts on unpaid carers leave report by the PC
- Mining sector review receiving least government assistance

Australian Bureau of Statistics (ABS)

- Mortgage rates exclusion in annual CPI reporting
- MADIP—Integrated data asset with information about people
- Standardised death rate
- Provisional mortality statistics—doctor certified death certificates
- Live birth rates delayed since COVID
- Resources available to the ABS to balance demands
- Is the current employment data systems—Fit for purpose?
- HILDA Data comparison—Lack of longitudinal rich data in workplaces and employment
- Selected cost of living index—review of results
- Household groupings increases of cost of living pressures

The committee will next meet at 9.00am on Thursday, 16 February in Committee Room 2R1, for examination of the Treasury portfolio and Industry, Science and Resources portfolio.