



Senate Economics Legislation Committee
Budget Estimates 2022-23
Friday, 1 April 2022
Daily summary

Here is the summary of today's proceedings in the Economics Legislation Committee estimates hearing.

The committee met from 9.00am until 6.16pm.

The committee called:

- Department of the Treasury portfolio, including Corporate and Macroeconomic Group; Fiscal Group; Revenue Group; Markets Group; and
- Department of Industry, Science, Energy and Resources portfolio, including corporate group; Program 1.1: Investing in science, technology and commercialisation; Program 1.2: Growing innovative and competitive businesses, industries and regions; and Program 1.3: Supporting a strong resources sector.

Topics discussed by the committee included:

Department of the Treasury

Corporate and Macroeconomic Group

- home guarantee scheme;
 - increase in house prices
 - affordability concerns and solutions
 - regional CPI of data
 - impacts of home guarantee scheme on housing affordability, including consideration of serviceability costs, interest rates, land availability
- wages growth;
 - forward looking inflation - including factors affecting inflation such as energy costs, labour market and unemployment, wage growth, changes in demand
 - development of the budget and forecasting scenarios
 - wages growth measures and differences between Wage Price Index (WPI) versus the Average Earnings in the National Accounts (AENA)
 - labour market and wage growth changes and forecasts, particularly in lower-paid sectors, importance of productivity gains
 - productivity in the future to drive wage increases
 - shape of the labour market and unemployment rate to generate the productivity cycle
 - unemployment wages trade-off and rates
- price gouging – impact on regional Australia;
- Productivity Commission reporting
 - discussion of pay increases for sectors such as aged care
- coal pricing and elevated tax revenue;
- Australia's economic performance, including impacts of pandemic and recovery with the assistance of policy measures such as JobKeeper and anticipated flow on effects to employment, wage growth, impacts on younger people, women, underemployment, participation and productivity rates, as well as Australia's handling of the health impacts of the pandemic;
- Australia's AAA credit rating and fiscal sustainability;
- impact of commodity prices on deficit reduction;

- price gouging by private ports and Productivity Commission review of ports;
- net overseas migration;
- disaster recovery measures and funding; and
- advertising campaigns (e.g. in relation to budget, economic plan campaign).

Fiscal Group

- disaster recovery measures and funding;
- economic growth, household income, GST, tax receipts and government revenue and cash balances;
- paid parental leave measures;
- Department of Veterans' Affairs claims processing measure (\$164.6 million over two years from 2021–22 for DVA's operations and to support claims processing);
- Regional Accelerator Program and regional investment package (including infrastructure, Northern Australia Infrastructure Facility) implementation;
- investment across regional Australia;
- assessing impacts of infrastructure effectiveness and return on investment; and
- gender pay gap.

Revenue Group

- OECD Pillar 1 and 2 reforms implementation and anticipated impacts, including changes to corporate tax rates;
- gas pricing and carry forward PRRT receipts and revenue;
- ICT investments by business budget measure;
- skills and training budget measure;
- visa rules – agricultural workers visa scheme; and
- tax integrity measure.

Markets Group

- Treasury communication to APRA – superannuation products and comparison.

Department of Industry, Science, Energy and Resources

*There was an amalgamation of questions across programs and portfolio areas:

Cross Portfolio/Corporate; Program 1.1: Investing in science, technology and commercialisation; Program 1.2: Growing innovative and competitive businesses, industries, and regions; and Program 1.3: Supporting a strong resource sector.

- manufacturing of RAT tests in Australia and importation from Australian sponsors;
 - funding for Australian diagnostic manufacturers – production of RAT tests
 - examination of diagnostic testing landscape to develop capability for manufacturing and supply chain resilience
 - RNA space – development of facility in Victoria underway
 - vaccine production with Moderna – contract to manufacture non-pandemic and pandemic vaccines
 - discussion of estimated employment figures at the facility (including construction of facility) and skilled employment requirements
- medical product manufacturing in general;
 - roadmap and figures for employment in the sector and different aspects of the sector
 - modern manufacturing strategy
- manufacturing employment figures;
 - job vacancy data increases – strength of sector considering the pandemic
- funding for the modern manufacturing strategy;
 - strategic investment in manufacturing – reference to developed roadmaps and plans in the budget
 - supply chain resilience initiative
- new funding for manufacturing in the budget; and

- critical minerals and major projects.
 - research development – partnerships

The committee will next meet at 9.00am on Wednesday, 6 April in Committee Room 2R1, for examination of the Treasury portfolio.