Additional Estimates 2004-2005 Questions on Notice Index Treasury Portfolio

QoN Reference No.	Agency/Program	Senator	Hansard page and date	QUESTION	Comments
T1	ASIC	Sherry	Page 100 16/2/05	Senator SHERRY—Finally on the super choice stuff, there is one last issue I wanted to raise. We will be dealing with this for some years to come. The federal legislation on super choice allows choice to be overridden in certain circumstances: Australian workplace agreements and registered industrial agreements. The fees have to be disclosed, obviously, but how would you prevent a commission based fee being applied in those circumstances where the employee is bound, effectively has no choice? The fee might be disclosed, but they have no choice. Mr Lucy—We will take that on notice. Senator SHERRY—I have written to you, giving you an example of a quite blatant commission based selling product using an AWA, which I think is outrageous. I will wait till you get the details and you can respond to me in due course. Mr Lucy—Thank you.	Answer received 4/4/05
T2	ASIC	Lundy	Page 94 16/2/05	Senator LUNDY—Can I ask the general question: does ASIC believe the principle that	Answer received

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				financial penalties applied to consumers should be relative to their costs or comparable to their costs to the institution—as a principle? Mr Lucy—I think we will take that on notice, too, Senator.	4/4/05
T3	ASIC	Lundy	Page 90 16/2/05	Senator LUNDY—One of the issues you spoke to in your opening statement was action against the get-rich-quick schemes and you mentioned the 60 illegal investment schemes shut down. How many of those were specifically property spruikers? Prof. Collier—I am sorry, I do not have that specific information, so I will have to take that question on notice. Senator LUNDY—Were at least some of them? Mr Lucy—There is some grey in these areas as well because some of the spruikers weave a very close web as to whether they are selling real estate or whether they are selling financing for real estate. Where there is jurisdiction—for example, I can think of Henry Kaye which would be a name perhaps known to this floor—real estate is intrinsically involved. The way that we got involved in that initially was the fact that he was claiming that his processes were supported by ASIC. It was through that medium that we got in,	Answer received 4/4/05

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				notwithstanding the fact that real estate was at the background of what he was spruiking. We could certainly take on notice and provide you advice as to where real estate was a factor. But whether or not it was the significant factor in us becoming involved would require some teasing out. Senator LUNDY—That is an interesting point, to see what the basis was for your intervention in the first instance, because that seems to highlight the lack of powers that you are forced to rely on to take action against some of these rip-off merchants. Could you take on notice providing a list with the detail of that nature to the best of your ability? Mr Lucy—Yes, certainly.	
T4_ATO T22_Treas T23_ABS T24_APRA T25_ACCC T26_ASIC T27_PC T28_SCT T29_NCC T30_AOFM T31_CAMAC	Treasury Portfolio and all agencies	Carr	N/A - Written question on notice	Please provide a table listing details of all consultancies for the 2003/04 financial year, for the department and all associated agencies. Please include the following: • The costs for all completed consultancies, both budgeted and actual; • The costs for ongoing consultancies, both budgeted and for the current financial year; • The total costs for all consultancies, both the amount expended in the current financial year, and the total budgeted value	Answers received 19/4/05 28/4/05

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T32_AASB T33_TP T34_IGOT				of all consultancies running in the current financial year; • The nature and purpose of the consultancy; • The method by which the contract was let; • The name and details of the company and/or individual who is carrying out, or carried out, the contract.	
T5	ATO	Webber	Pages 43-44 17/2/05	Senator WEBBER—Has the tax office done any research work on the types of people that have invested in either mass marketed schemes or employee benefit trusts, and by that I am leaning towards research that identifies them by things like annual salary, occupation or other demographic features? Certainly in my dealings with them as constituents the ones that approach me come from a certain profile. Mr Fitzpatrick—People who have invested in mass marketed investment arrangements come from various backgrounds and, obviously, various states of Australia. There are quite a number, as you would probably appreciate, who invested—about 40,000, from memory. They have different backgrounds, and different home states. The number of people in employee benefit arrangements is much smaller. A lot of the people in employee benefit schemes are running small- or	Answer received 19/4/05

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				medium-sized businesses. Mr Carmody—The only research—at a level you could call research—into mass marketed schemes was done by an institution called the Centre for Tax System Integrity out of the ANU, which, at the moment, we have an arrangement with to partly fund their operations. They did do research into this area. It is not in my mind exactly how far it went and whether it covered the issue, but it may be covered in that paper. Senator WEBBER—Can you check that for me? Mr Carmody—Certainly. I will.	
T6	ATO	Sherry	Page 44 17/2/05	Senator SHERRY—What was the approximate number of individuals promoting these schemes? Mr Fitzpatrick—I cannot give you an answer. I do not know offhand how many different promoters there were. Senator SHERRY—Can you take it on notice to provide that? Mr Fitzpatrick—We can certainly have a look at what information we have in that regard. A number of them worked for the same firm—there were different firms involved—some played different roles and some provided advice. Senator SHERRY—Sure, I understand that. Mr Fitzpatrick—The question is: what is a	Answer received 19/4/05

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				promoter? There is no easy answer to the question: who is the promoter? Senator SHERRY—Could you take it on notice to give us an idea of the numbers—you might have a different definition of who is a promoter and you might want to put a footnote in et cetera?	
T7	ATO	Mason	Page 70 17/2/05	Senator MASON—Looking at the answers to questions I received last time, Mr Konza—and I thank you for them again—I understand that between 1 July 2008 and 8 June 2004 there were 162 Tax Office initiated revocations of the ITEC endorsement and 106 revocations of the DGO endorsement, and 35 to 49 of these entities lost their endorsement as a direct result of a full audit by the Tax Office. That is what you told me last year. Can you tell me how many audits the ATO conducted resulting in that number of disendorsements. In other words, how many entities were audited and got a clean bill of health? Mr Konza—I would need to take that on notice. You understand that we are talking there about both income tax exempt and DGR. So there are two lots there. But we can take that on notice.	Answer received 19/4/05
Т8	ATO	Mason	Page 72 17/2/05	Senator MASON —This morning in my office I was looking at funding and disclosure on the	Answer received

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				AEC's web site and at donations to the Australian Greens in 2001-02. I thought all my Christmases had come at once, because there is a donation—apparently—from the Australian Taxation Office. I am sure it cannot be a donation. It says 'other receipt', and I think it may be a GST reimbursement. Mr Konza—Refundable imputation credits. Senator MASON—Is that what it is? I am certainly not saying that there is a donation from the ATO. I have a copy here. Could you just find out what that is, because I noticed it was not mentioned in more recent years? I am just querying why it was in 2001-02 and not in more recent financial years.	19/4/05
Т9	ATO	Brandis	Page 73 17/2/05	CHAIR—I have one other question, and it is about procedure. Is it the practice of the ATO routinely to monitor disclosure returns to the AEC? Mr Carmody—I am not aware of that. Mr Konza—Not to my knowledge. We would have to take that on notice to give a definite answer.	Answer received 19/4/05
T10	ATO	Murray	Page 89 17/2/05	Senator MURRAY—The total debt disclosed in table 2.7 is not the same figure as that in the financial statements, is it? Is there a reason for	Answer received 19/4/05

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T11	ACCC	Conroy	N/A - Written question on notice	that? Note 2.25 does not give any explanation for that difference. Mr Carmody—You are talking about note 2.25 to the financial accounts? Senator MURRAY—Yes. Mr Carmody—Are they measuring the same thing? I think there is an accounting issue as to how it is disclosed as opposed to the term we use for our purposes, but we will provide that to you. Senator MURRAY—I wonder if on notice you could provide me with a reasonable explanation? Mr Carmody—Yes. 1. There have recently been some reports that the ACCC is investigating whether Optus is complying with the terms of the undertakings it gave to secure the commission's approval of its content deal with Foxtel in 2002. Can the ACCC	Answer received 28/4/05
				confirm that an investigation is underway? 2. Does the investigation relate to whether Optus is fulfilling its commitment to continue to spend money on new Australian Drama programs? 3. Why did the Commission seek that undertaking as part of the deal?	

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				4. When is the investigation expected to be completed?	
				5. Has the ACCC investigated compliance with any of the other undertakings that underpinned the Foxtel-Optus deal? For example are you satisfied that rival cable operators like TransACT and Neighbourhood Cable have been able to purchase pay TV content at "fair and reasonable terms'?	
T12	AOFM	Sherry	N/A - Written question on notice	Page 127 of the Annual Report 2003-04 shows receipts and payments for the Debt Retirement Reserve Trust: 1. What was the source or sources of the receipt	Answer received 28/4/05
				from other sources of \$290, 118,475; and 2. To whom and for what purposes was the payment of \$297,552.493 made.	
T13	ACCC	Conroy	N/A - Written question on notice	Smart Number Has the ACCC received any complaints about the "smartnumber" auctioning system the freecall telephone numbers that spell a word or business name?	Answer received 28/4/05
T14	ACCC	Lundy	Page 13	Has an investigation been conducted? What was the outcome of this investigation? Senator LUNDY—I am getting complaints and	Answer

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			17/2/05	requests—for example, a consumer is told a transposition is not possible by TPG and, when the request is made by Telstra, they are told it is possible. It is a similar issue to the request for ADSL, but it is another layer into the network infrastructure. Mr Cosgrove—It is possible similar principles might apply then to what I have previously outlined. Senator LUNDY—Could I ask you take that on notice and investigate this matter? Mr Cosgrove—I am certainly prepared to take on notice any complaints you have in relation to that. Senator LUNDY—Thank you.	received 28/4/05
T15	ACCC	Lundy	Page 19 17/2/05	Senator MURRAY—When you say that, does that mean the law has to be changed with respect to, say, airfares through the department of transport or are you talking as a general principle. Mr Cassidy—It is more general. Airfares are probably the one that is catching people's eye at the moment, but since these court decisions we now have two-part pricing occurring in relation to white goods—it is becoming reasonably common in white goods. Senator LUNDY—Perhaps I could add another one to the list. I have received complaints about	Answer received 28/4/05

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				Sensis listing prices and products without GST having been included. If you could take that on notice and provide some information back to the committee, that would be appreciated.	
T16	ACCC	Lundy	Page 23 17/2/05	Senator LUNDY—So, with respect to the Quinlivan case, you do not believe it is a case of the laws that you administer being strengthened but rather a stuff-up on that particular litigation? Mr Cassidy—Basically we had external legal advice that we had reasonable prospects. Senator LUNDY—So it was the latter not the former? Mr Cassidy—Yes, basically the court took a different view. We have learnt some lessons from that, I suppose, for if and when we take another such case. It was all on the facts and the judicial interpretation of those, rather than the construction of the law. Senator LUNDY—How much did it cost? Mr Cassidy—We would have to take that on notice. We could obviously tell you, but we just do not have that figure here. Senator LUNDY—If you could provide those figures, I would appreciate it. Mr Cassidy—Sure.	Answer received 28/4/05
T17	ACCC	Lundy	Page 33	Mr Cassidy—Sure. Mr Samuel—I think it is important to say that, if	Answer

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			17/2/05	we look at the movement of retail petrol prices related to the international factors we have talked about, it would only be if we saw a major dislocation in those two movements that we would be saying there was a problem and it needed to be dealt withThat graph simply illustrates in the period that is covered by the graph the correlation between the graph and the movement in retail prices. Senator LUNDY—Can you, on notice, include the figures that you get from the regional centres, factoring them into that graph and then presenting that to the committee? Mr Samuel—Yes, sure	received 28/4/05
T18	Treasury	Sherry	Page 95 17/2/05	Senator SHERRY—Did the unit also look at increased work force participation of Australian parents? Mr Gallagher—We took that to be tracked by the expansion in the number of likely clients in the program. I would have to go back to see whether that was a separate factor in the growth. Essentially there is a microsimulation model costing and then there is a reasonably complex growth model and client model to get back to the people who were not already in the child-care benefits system but who we expected to come into	Answer received 28/4/05

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				the child-care benefits system. Senator SHERRY—If you could take that on notice to clarify. Mr Gallagher—Okay.	
T19	Treasury	Sherry	Page 95 17/2/05	Senator SHERRY—What date was a request made to offer up new costings based on redesign? Mr Gallagher—I do not know the date. I would have to take that question on notice.	Answer received 28/4/05
T20	Treasury	Sherry	Pages 102-103 17/2/05	Senator SHERRY—I have some issues relating to the Future Fund. There was an announcement made during the election campaign of what is known as a Future Fund. Prior to that announcement during the campaign, was Treasury involved in any work on a Future Fund? Mr Martine—I am not really in a position to talk about policy development or advice we may or may not have provided government. Certainly since the announcement and since the election we have obviously been heavily involved in working through the details in close consultation with our colleagues in the department of finance. Senator SHERRY—I do not think that is a satisfactory response Mr Martine—As I said, I do not think I can go into details of development of possible policy	Answer received 28/4/05

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No.				options. Senator SHERRY—I am not going into the detail but I don't think it is unreasonable for you to indicate whether work was done on it or not. I could not go so far as to then ask you, 'Did you do A, B, C, D?' Senator SHERRY—I am not asking for the advice. Mr Tune—No. You are asking whether we did advise on a particular issue. I am saying that I do not think we are in a position where we can do that. Senator SHERRY—I think you are and I think that is an unreasonable response. You do not have to give me the exact day but approximately how long ago was it that work was done on a Future Fund? Mr Tune—Certainly work has been done on the Future Fund since the election. Senator SHERRY—Was any work done prior to the election? Mr Tune—That is the same question you were asking me earlier, Senator. Senator SHERRY—From another angle	
				Mr Tune —You may perceive it as such. I am	

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				providing my view about what I can and cannot answer about the sorts of advice that we provide to the government. Senator SHERRY—Will you take it on notice? Mr Tune—Yes, I certainly will. Senator SHERRY—Will you take on notice that I would like to know the approximate date—I am reasonable about these things—on which you commenced development work on a Future Fund? I am not asking for the detail of that. Mr Tune—Okay	
T21	Treasury	Sherry	Pages 104-105 17/2/05	Senator SHERRY—Are you aware of the last forecast for unfunded public sector superannuation liabilities—percentage and dollars—that was issued? Mr Tune—It is in the vicinity of \$90 billion. I cannot tell you what that is as a percentage. We will take that on notice, if we could. Senator SHERRY—Yes, if you could, because I am aware that there has been a fairly accurate forecast—without taking into account the policy change on 1 July 2005—that goes far beyond the \$90 billion. It looks at a yearly increase and where it peaks. You could provide that; take it on notice? Mr Tune—Yes	Answer received 28/4/05

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				Senator SHERRY—Is it going to cover-off the schemes for judges and politicians? Mr Flavel—I am not familiar with where and how judges' pensions and superannuation feed through to the calculations in the unfunded liability. Senator SHERRY—I am interested to know whether the statement of fully funding unfunded public sector liabilities includes those two schemes. Mr Martine—They are probably in that liability number, but we would need to take that on notice to check. Mr Tune—We will give you a breakdown of that \$90 billion by type of fund. Senator SHERRY—Great. Thank you for that. Certainly from some figures I have seen in the distant past, it is both dollar and percentage of GDP. Can you take that on notice?	
T35	Treasury	Sherry	Page 112 17/2/05	Dr Parkinson—In the old days—and I say that because I cannot remember what is in the budget statements now—there used to be a sensitivity table at the back of budget statements 5 or 6 that showed how the budget balance would move in response to a range of variables. I cannot recall	Answer received 28/4/05

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				whether it is still the case that that is published. Frankly, Mr Martine would have been the best one to have answered that question, just in the sense that the Fiscal Group is responsible for those parts of the budget papers. Senator SHERRY—When you say 'the old days—' Dr Parkinson—When I say 'the old days', when I used to be involved in it, I remember that there used to be such a table, but I cannot recall whether there is such a table there now. I look around, and none of my colleagues know the answer either. If you would like us to pursue that, we can follow that up with Mr Martine. Senator SHERRY—I do read the budget papers but I cannot recall whether it is still there or not. I cannot recall when it ceased to be included. Dr Parkinson—Thinking about it, once you move to accrual budgeting—it was a cash balance effect, so it may well have been quite difficult to produce. We will have a look at that and get back to you.	
T36	Treasury	Sherry	Page 106 17/2/05	Senator SHERRY—I have looked at Dr Henry's comments quite closely and I do not think he saw them as different things. Mr Tune—I will stand corrected and I will check,	Answer received 28/4/05

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				but my recollection is that he was talking there in the context of those comments about an ex ante fund. I will check for you, Senator. Senator SHERRY—Good	
T37	Treasury	Sherry	Page 91 17/2/05	Mr Gallagher—We had to use the model that we had. Subsequent to the election period, when we were also doing lots of costings, we changed the weighting in the microsimulation model to better reflect the changing age structure in the Australian population, so this is an improvement in the estimate. Because baby boomers are moving through that 55- to 64-year age group—particularly through the 55- to 59-year age group—it was very important that we picked up the age specific growth rather than just the general growth in employment. Senator SHERRY—That would lead to what increase in base numbers? Mr Gallagher—I do not have that number with me. I can take the question on notice.	Answer received 28/4/05
T38	APRA	Sherry	Page 105 17/2/05	Senator SHERRY—What would be the number of funds where there are still rectification plans in place? Mr Khoo—I do not have that information with me. Senator SHERRY—If you take that on notice—	Answer received 4/5/05

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				the number of employees where there is a rectification notice still in place.	
T39	APRA	Sherry	Page 105 17/2/05	Senator SHERRY—I am trying to understand the process where a rectification is no longer required, or no longer required at the current level, that is all. Could you take on notice—I would not expect you to have it here—the number of funds that have pre-1999 grandfathered assets. There is an issue I was not aware of. I thought the phase-down was the solution to the problem of trying to diversify and sell significant amounts of in-house assets.	Answer received 4/5/05
T40	APRA	Sherry	Page 106 17/2/05	Senator SHERRY—You may not have the information at the moment, but could you give some examples of where you have not been successful in persuasion. You have used this hightech Korean stock, for example. I do not know whether that is a real-life example or not. Mr R Jones—Neither do I. Senator SHERRY—I would be interested to know the real-life areas where this has occurred and you have not always been successful. Do they come to mind now? Mr R Jones—No, they do not. Fortunately, so far, they have been fairly isolated.	Answer received 4/5/05

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				Senator SHERRY —Even though they have been fairly isolated, could you take it on notice and let the committee know the areas.	
T41	APRA	Sherry	Page 108 17/2/05	Mr Littrell—There is the potential for the contribution expenses of financial planners, the trailing commissions and some master trust in or out fees, which may be charged directly to the member on a cash basis, to not necessarily hit our statistics. Senator SHERRY—Yes, that is what I figured. Would that include where a commission is debited against, for example, the super contribution made by the employer? Mr Littrell—You are getting beyond my competence of how exactly we collect the data. I would have to take that on notice. Senator SHERRY—I am interested in the circumstances where a commission would be captured in your data and where it would not. This becomes pretty important. Mr Littrell—I would prefer to take that on notice. It is a pretty fiddly, technical answer which I would not want to give off the top of my head. Senator SHERRY—I understand it is a difficult issue and it is fiddly, but it is pretty important. Mr Littrell—We can produce for you our answer,	Answer received 4/5/05

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				but I cannot do it tonight on the fly. Senator SHERRY—I understand. You would not be able to capture injury and exit fees, would you, because they are effectively something that is paid if exit occurs and— Mr Littrell—Again, I would prefer to take that on notice and give you a more precise answer. Senator SHERRY—Okay. Mr Littrell—If a trustee makes a cash charge to a member outside the fund or an associate of the trustee makes a cash charge to a member, it just never shows up. If the fund itself charges it and has a unit adjustment, then in some circumstances we do capture it. It is a simple question but a complicated answer. Senator SHERRY—Yes, I know. I am interested in to what extent you capture it, because in this super choice debate there will be lots of comments made about fees—that is the way it is—but the importance of knowing to what extent, say, commissions or entry/exit fees are actually captured in your data is, I think, very important in terms of the public debate. Mr Littrell—We will be happy to give you the	
T42	APRA	Sherry	Page 109	answer, but I would prefer to do it on notice Senator SHERRY—Could you provide the	Answer

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			17/2/05	committee with references to discussion papers on the choice of regulatory models	received 4/5/05
T43	APRA	Watson	Page 112 17/2/05	Senator WATSON—According to your interpretation of the law, a policy committee can only be established if there is a move by the members. It cannot be enforced by the administrator or the employer. Mr Littrell—I am not going to interpret the law without getting a legal opinion, but I can tell you that if— Senator WATSON—I am faced with that decision and you tell me you now need a legal opinion. How do I respond to my constituents? Mr Littrell—If you have constituents who are saying they have not been given the ability to create a policy committee, then that is something we would look at. Senator WATSON—No, I never prefaced that question. You introduced that concept. I indicated that it either came from the trustee or the administrator to enforce an employer to establish a policy committee and then at the same time to give that body the names of the members of that policy committee and copies of all their minutes. Mr Littrell—Right. So if there is a policy	Answer received 4/5/05

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				committee, the trustee might— Senator WATSON—No. There is no policy committee but they have been told to establish a policy committee. Now you are saying that that is not right or you want to take legal advice. Mr Littrell—What I am suggesting is that it is incumbent on the trustee. Senator WATSON—I am quite happy for you to take it on notice. Mr Littrell—We can take it on notice. Senator WATSON—My question was about a demand on an employer to establish a policy committee. Mr Littrell—We can take that on notice but it is an issue we have looked at.	
T44	APRA	Watson	Page 113-144 17/2/05	Senator WATSON—I refer to a report in the Australian <i>Financial Review</i> and other daily papers that appeared on 10 December 2004 concerning industry superannuation funds amassing a \$20 million fighting fund for an advertising campaign in the lead-up to superannuation fund choice from 2005. I have three questions: how is the proposed advertising campaign being funded? Have you looked into this? Is it intended to be funded from contributions	Answer received 4/5/05

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				from current members' retirement funds? Secondly, how does the expenditure of such a significant sum on advertising to prospective investors comply with the sole purpose test provided in the Superannuation Industry (Supervision) Act of 1993, which requires that the funds be maintained for the benefit of existing members? Is it appropriate that retirement savings invested for example in industry funds are proposed to be used in a way that is not part of an investment strategy aimed at ensuring that existing members will have sufficient income in their retirement? Isn't this particularly of concern where industry funds claim that all profits are to their members? Mr Littrell—The first question we should take on notice. We have looked at it but the precise answer is probably better dealt with on notice. Senator WATSON—How do you distinguish between a marketing incentive, such as this, and educating their own members via a medium such as TV? Mr Littrell—You are making an assumption there, Senator. We need to get back to you on the question on notice. It is not necessarily the case that these organisations are using members' funds	

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1100				for their campaign.	
				Mr Littrell—I should note in passing in relation to your first question that the industry fund sector has a number of non-fund affiliates—for example, the administrators—and those people are allowed to spend their money as they see fit. That is not fund money. Senator WATSON—Do you audit this to ensure that it is not fund money? Mr Littrell—That is an enforcement question. I would have to defer to— Senator WATSON—Take it on notice? Mr Littrell—Okay. Senator WATSON—I gather you have not done any auditing up till now, but do you intend to audit on this particular issue to ensure that the sole purpose test is met and that it is not fund money? Mr Littrell—We can come back to you on the question on notice as to where those funds came from and why that is not a problem from APRA's point of view, but that is a fairly precise question	
				and we would prefer not to answer tonight.	
T45	APRA	Watson	Page 115	Senator WATSON—I refer to an ambiguity in	Answer
			17/2/05	relation to the interpretation of the interdependency rules as to when the new	received 4/5/05

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				provisions apply. It has particular relevance to 30 June 2004. Have you advised the government on the need to amend or clarify the regulations where a person, for example, dies before 30 June 2004? I think you would be familiar with those circumstances; the interdependency rules. Mr Littrell—I do not know the answer to that one. I would have to take that on notice. Senator WATSON—For example, is it a date before the member dies or when the payment is made? These are the questions the lawyers have raised in relation to problems in the interpretation of the interdependency rules. Will you take that on notice? Mr Littrell—Yes.	
T46	APRA	Watson	Page 115 17/2/05	 Mr Littrell—It is up to the trustee to come up with the terms and conditions of the trust deed in the fund. Senator WATSON—Is it obligatory for the employer to put the money in that, where there are conditions attached? Mr Littrell—We will have to take that on notice. 	Answer received 4/5/05
T47	Treasury	Sherry	Page 94 17/2/05	Senator SHERRY—At that stage, when you were costing it, was it uncapped? Mr Gallagher—Yes, the cap was later. There was no mention of a cap in that.	Answer received 25/5/05

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				Senator SHERRY—Where did you get	
				information that it was an uncapped rebate?	
				Mr Gallagher —We looked at the coalition's	
				document and attempted to cost it from the	
				description in the document.	
				Senator SHERRY —It is not clear in the	
				document whether it is capped or uncapped. You	
				must have been able to make an assumption from	
				somewhere that it was uncapped.	
				Mr Gallagher —The capping has very little effect	
				on the costing.	
				Senator SHERRY —That is another issue. You	
				would cost it as uncapped.	
				Mr Gallagher—Yes, we costed an uncapped	
				rebated. As the policy was refined subsequent to	
				the election, we costed it capped.	
				Senator SHERRY —I will get to that. Where did	
				you get the assumption, in the costings that were	
				provided to you, that it was uncapped?	
				Mr Gallagher—I would need to look at the detail	
				of the coalition's election policy announcement to	
				see where I got that impression. I do not have that	
				with me. There was no particular restriction put on	
				it in terms of the capping that I can recall.	
				Senator SHERRY —That is as I recall it, too. It	
				was perfectly legitimate for you to do it uncapped.	
				You were not illuminated by the public comments	

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				of the Treasurer, who made it clear that it was an uncapped rebate? Mr Gallagher—I do not recall those. This was being costed by one of my officers. She would have been following the daily media but I was not following the daily media on this one. Senator SHERRY—It may have been there that the issue was clarified. Mr Gallagher—I do not know in what way, if any, that issue was clarified. I do not know whether it was ever clarified. Senator SHERRY—Could you take on notice and clarify how it was that you—not you personally—believed it was uncapped? Did it come about as a result of the Treasurer's public declaration or an interpretation of reading the policy as it was? Perhaps some written clarification might have been given.	
T48	Treasury	Sherry	Page 96 17/2/05	Senator SHERRY—Can the other officers that are here give a breakdown of the money impacts of the two? You said the cap did not have any impact. Are the other officers able to give a breakdown of the backdating and the modification of the time period, the exact amounts? Senator SHERRY—Frankly, I think you are	Answer received 23/5/05

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				being pedantic. It is an unreasonable position to	
				take.	
				CHAIR —Let me hear the question again,	
				Senator.	
				Senator SHERRY—Mr Gallagher went through	
				the factors that led him to recost the measure after	
				the election. He mentioned three issues: the	
				backdating to 1 July 2004, the modifying time	
				period and the cap. They were the three issues he	
				modelled. Mr Gallagher himself does not have	
				with him the cost of each of those three	
				components. We know the cap itself, as he has	
				indicated, did not make any material effect. He	
				does not have that data with him but the other	
				officers may have the actual money impact of the	
				first two measures. I just do not think that is	
				unreasonable to ask and get a response to.	
				CHAIR —As long as it does not trespass into the	
				field of advice to ministers, policy advice or	
				commentary on policy, you can respond, Mr	
				Callaghan.	
				Mr Callaghan—Can we take that on notice,	
				Senator?	
				CHAIR—Yes	
T49	ATO	Brandis	Page 69	CHAIR —By the way, can you tell me if the	Answer
			17/2/05	Rainforest Information Centre enjoys registered	received

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				tax deduction status? Mr Carmody—That is the primary question that has to be satisfied first. CHAIR—Do you know? Mr Carmody—No, I do not. CHAIR—Can you take that on notice. Mr Carmody—Yes. If they do not, then the tax issue does not arise. I was assuming that they were on it. CHAIR—Yes, of course. Mr Carmody—Obviously we would have to check, and if they are on it then this would raise concerns that we would want to have examined.	25/5/05
T50	ATO	Sherry	Page 77 17/2/05	Senator SHERRY—What is the employer to do with the forms they have collected which have been completed by the employees? Mr Jackson—The employer needs to retain those forms. Senator SHERRY—How long do they need to retain these forms for? Mr Jackson—I am sorry, I do not know off the top of my head. I will check for you and confirm that.	Answer received 26/5/05
T51	ATO	Sherry	Page 79 17/2/05	Senator SHERRY—Has any research been carried out in respect of employers? I am not talking about the design of the form but about	Answer received 26/5/05

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				their attitudes to this. Mr Jackson—Not in a formal sense that I can put my hand on at the moment. Certainly, we have talked to employer groups through our various consultative forums to gauge their preparedness and the issues that they face. I will have to check, because there could have been some. Senator SHERRY—If that is the case, could you let me know—and also the type of research with regard to employers. Mr Jackson—Sure. Senator SHERRY—And likewise with employees, if any research been carried out. Mr Jackson—I will take that on notice and check.	
T52	ATO	Sherry	Page 78 17/2/05	Senator SHERRY—Where is that up to? Have contracts been let? Mr Jackson—No, contracts have not been let yet. Briefs have been invited, so people are developing those at the moment. Senator SHERRY—When do you anticipate finalising the contracts? Mr Jackson—In March. I am just not sure of the date. Senator SHERRY—If you would take that on notice.	Answer received 26/5/05

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				Mr Jackson—Yes, I will.	
T53	ATO	Sherry	Page 52 17/2/05	Senator SHERRY—When will that the completed? Mr Jackson—We will have completed seven of the funds by the end of this financial year and we will roll over next year to some more funds. I expect that process will continue as a rolling process. Senator SHERRY—Could you take it on notice to give me a list of those funds. Mr Jackson—Of the funds that we are auditing? Senator SHERRY—Yes. What sort of number are we dealing with, approximately? Mr Jackson—There are 32 funds in total. Senator SHERRY—Can you take it on notice to give me a list. I do not want you to run through them now. Mr Jackson—Of the unfunded defined benefit funds? Senator SHERRY—Yes. Mr Jackson—Yes, I can do that.	Answer received 26/5/05
T54	ATO	Sherry	Page 56 17/2/05	Senator SHERRY—Senator Murray has kindly prompted me on two follow-ups. In respect of the co-contribution, are you able to provide—obviously, I do not think you can do it now—the number of people on zero income who made a	Answer received 26/5/05

QoN Reference No.	Agency/Program	Senator	Hansard page and date	QUESTION	Comments
				contribution? Mr Jackson—Do you want zero taxable income? Senator SHERRY—Zero. Mr Jackson—Below zero? Senator SHERRY—Include below zero. Mr Jackson—Not just the ones who got exactly zero. Senator SHERRY—Or below zero. Mr Jackson—I cannot tell you here, but we can look into that. I could not give you a complete figure until the end of financial year. Will you be happy with a part figure? Senator SHERRY—Yes, and then the complete figure at the end of financial year.	
T55	ATO	Sherry	Page 57 17/2/05	Senator SHERRY—Senator Murray has touched on judges. There is an issue here. Before a judge becomes a judge, invariably they have been practising law for some time. I do not want to generalise, but they are probably in their fifties and usually male. There has been a bit of publicity recently given to judges' superannuation schemes and defined benefits, which by any community standards are quite generous. I am a bit intrigued by this. If people have been lawyers for long periods of time many of them would have been contributing money into superannuation in a	Answer received 26/5/05

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				private capacity through their firm or through personal policies. They are obviously not going to know until shortly before they become judges, given the generous nature of their defined benefit fund, whether in fact there are issues around the retirement benefit, the RBL limit, in respect of superannuation. They have accrued X amount up to the time they are appointed judges and then they become members of a generous defined benefit fund. It seems to me there is significant potential, given the generosity of the DB, to hit the RBL limit and exceed it. Have you done any work in this area? Mr Jackson—Not to this stage, that I am aware of. We keep a record of people's payments and the RBL is populated with that. The system automatically detects when someone exceeds the RBL and issues a termination, so that they then return income in a certain way. But we have not looked at that change in qualification likelihood, if you like—on that change of role late in life that I think you are referring to. We have not done anything on that at this stage. Senator SHERRY—Would you take that on notice and see if there is an issue? I am picking on judges, but it is the nature of the scheme.	
				Lawyers' contributions to private sector super	

QoN Reference No.	Agency/Program	Senator	Hansard page and date	QUESTION	Comments
				could be quite substantial and could then, because they are appointed judges, flick into a DB fund which is generous by community standards. Mr Jackson—Can I just clarify—I am not sure what the question is. I understand the situation you are describing. Senator SHERRY—How many judges are caught by the RBL limit—full stop? Mr Jackson—Ones who have retired or ones who are not yet retired but look as though they will be caught? Senator SHERRY—Both. Mr Jackson—It might be a little hard to estimate the latter. Senator SHERRY—See how you go. If they are not being caught, I would be very interested to know why and how. Mr Jackson—We will look into that for you.	
T56	ATO	Murray	Pages 82-83 17/2/05	Senator MURRAY—Mr Carmody, I am well aware of the relationship of the committees and the convention that we will not and do not pursue policy matters with you. But that is not the point that I am making. The point I am making is that I do not believe the Treasury, the government or the tax office could have known in advance what the cost of this policy would be, because you could	Answer received 27/5/05

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				not anticipate which companies were going to take it up and on what basis. How would you know such a thing? It is a market thing. Mr Carmody—This law was introduced— Senator MURRAY—But now that it has been in action, my request, directly from the committee—and I am sure I can speak for my colleagues—is for you to provide us, on notice, with some measure of the cost of this. It would be appreciated. Mr Carmody—I will take that on notice. There are difficulties in knowing what level of tax shareholders who take it up and all the rest of it—Senator MURRAY—An estimation is perfectly acceptable. Mr Carmody—I will take that on notice.	
T57	ATO	Murray	N/A - Written question on notice	I note the letter of Mr Michael Carmody to the Hon Mal Brough of 18 November 2004 and the Ministers Press Release of 29 November 2004 announcing that 215,000 cases have been found in the initial processing where a co-contribution will be made. It was also reported on 8 February 2005 that 450,000 Australians would be paid approximately \$244 million in superannuation co-contribution	Answer received 27/5/05

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				 Can you provide the number of taxpayers that are eligible for the full \$1,000 co-contribution? How many recipients were non-taxable? How many recipients had assessable income plus reportable fringe benefits below \$6,000? Below \$20,000? Below \$27,500? Below \$32,000? For each recipient of the co-contribution, can the ATO identify: the age of the taxpayer; the recipient's taxable income in 2002-03; whether the recipient was married; if married, the taxable income of the recipients spouse? 	
				If this information is available, of the 450,000 cases, can this number be split as follows: Age – into brackets: under 20 years of age at 30 June 2004, 20 to30, 30 to 40, 40 to 50, 50 to 60, over 60.	
				2003-03 taxable income – non-taxable; taxable income under \$20,000; \$20,000 to \$40,000; \$40,000 to \$60,000; \$60,000 to \$80,000; \$80,000	

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				to \$100,000 and over \$100,000	
				Married – number married, number not married	
				Spouse's income – non-taxable; taxable income under \$20,000; \$20,000 to \$40,000; \$40,000 to \$60,000; \$60,000 to \$80,000; \$80,000 to \$100,000 and over \$100,000.	
				If this information can not be provided, please provide reasons why it is unavailable.	
				5. On an estimated basis, what is the total number of tax returns for the 2003-04 year that the ATO expects to receive where the assessable income plus reportable fringe benefits is below the	
T58	ACCC	Conroy	N/A - Written	maximum co-contribution threshold of \$40,000? Media markets	Answer
			question on notice	1. Late last year you made some comments suggesting that the merger provisions of the Trade Practices Act could be used to stop anticompetitive mergers if the cross media rules where repealed. Because the relevant 'market' has changed? How can the Parliament be confident that the ACCC's new interpretation of	received 31/5/05

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				the relevant market is the one that the courts would accept? Wouldn't a specific provision put the matter beyond doubt?	
				2. The PC has said that there should be a specific public interest test for media mergers? Does the ACCC agree?	
				3. The ACCC has recently suggested that pay TV and free to air television may not be in different markets (particularly if free to air multichannelling was allowed).	
				The ACCC has previously stated that consideration should be given to Telstra divesting its share of Foxtel.	
				Has the ACCC considered the impact on competition in the media market of this recommendation given that the other shareholders in Foxtel have a premptive right to purchase Telstra's share and are significant media players in their own right?	
				Is there a potential conflict between promoting competition in the telecommunications market and promoting competition in the media market?	

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T59	ACCC	Conroy	N/A - Written question on notice	Exclusive deals for 3G Content 1. What legal precedent would there be for pursuing someone for anti-competitive conduct for obtaining exclusive rights over something for which there are a myriad of viable substitutes? 2. Why aren't you pursuing exclusive contracts in other markets? For example it is common for television stations to obtain exclusive rights. 3. If the existing law is not adequate to deal with this issue. Will ACCC ask for specific powers? Eg A regime preventing specified content from being siphoned off exclusively to one carrier? 4. In a recent article in the financial review (attached) you suggested that regulators in the US, UK and Europe were grappling with similar matters. Have regulators in any of those jurisdictions stopped carriers from obtaining exclusive access to sporting content?	Answer received 31/5/05
T60	ACCC	Conroy	N/A - Written question on notice	Mobile Termination Declaration 1. What progress has there been since the issuance of the new declaration for the mobile terminating	Answer received 31/5/05

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				access service in reducing mobile terminating access rates in the market.	
				2. The declaration provided for mobile terminating access service rates to fall in an incremental manner. The first incremental reduction in prices provided that mobile terminating access charges would fall to 21c per minute from 1 July 2004. Has this occurred?	
				3. We understand that disputes have been notified between Telstra, Powertel and Hutchison v Vodafone and Optus, and between AAPT and Vodafone. Why has this declaration caused so many disputes?	
				4. There is significant evidence, acknowledged by the ACCC, that the FTM market is not competitive and that we should be worried that reductions in mobile terminating access rates would never reach consumers. By the ACCC's own admission, FTM rates for residential customers increased by 5% in real terms during the reporting period 2002-03. Appreciating that the declaration will improve competition in the FTM market by removing the ability of vertically-integrated fixed and mobile carriers (ie Telstra and	

QoN Reference No.	Agency/Program	Senator	Hansard page and date	QUESTION	Comments
				Optus) to raise the costs of fixed only operators allowing more price competition in this respect, isn't it obvious that even aside from this, the FTM market is not competitive?	
				5. The ACCC estimates that the underlying costs of the service is 10-17c per minute but the current average price is 38.5c per minute. Does the ACCC attribute all of this margin to gouging by the mobile terminating access providers.	
				6. If the FTM market is not competitive, is there a need to include an obligation, in the price cap regime or in a declaration, requiring fixed operators to pass on the price reductions in mobile terminating access to their consumers? Otherwise aren't you just moving the profiteering centre from the mobile operators to the fixed operators and leaving residential consumers in the cold?	
				7. The ACCC also states in its report that FTM rate pass through is not an issue as the savings from lower mobile terminating access may be passed through in other ways (eg "reductions in the per call prices of other services sold in the same pre-selected bundle of fixed-line services that also includes national long-distance and	

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				international long-distance calls). Is the ACCC really advocating further cross-subsidisation in the telecommunications market as a positive outcome?	
				8. The ACCC also notes in this report that "pass through (resulting from competition in the FTM market) may not be uniform across all classes of consumers." Is this just a euphemistic way of saying that as has occurred in the telco market in the past, business customers will enjoy the benefits of lower prices but residential customers will only be able to dream of seeing a cent of these reductions?	
				9. Does the ACCC believe that residential FTM rates will fall in proportion to the reduction in mobile terminating access rates?	
T61	ACCC	Lundy	N/A - Written question on notice	We know that the ACCC has the ability to look into anti-competitive behaviour. What sort of behaviour qualifies as anti-competitive?	Answer received 31/5/05
				The next 3 questions refer to this particular case: This independent retailer is just battling to get by operating mostly at a loss, occasionally breaking	

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No.				even. The price this independent petrol retailer had to charge for their ULP in early February was 105.9 cents per litre. The Shell service station which has been bought by Coles up the road on the same day was selling ULP for 96.9 before the 4 cent shopper docket discount. • Would this type of situation warrant a closer look from the ACCC? • What advice would this particular retailer have received from the ACCC 'Infocentre'? • Why when this case was brought forward to the ACCC – was the company told the ACCC couldn't do anything and that they should employ a solicitor before the case had been looked into? "Protecting certain businesses or any particular"	
				sector of the Australian community from fair, vigorous and lawful competition is not the ACCC's mandate." (shopper docket report)	
				Am I correct in saying that the ACCC will	

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				not or can not protect the rights of small business if for example if they are gobbled up by a big business with huge buying power and the power to cross subsidise across the country and across both petrol and grocery sectors? • What does the ACCC do to protect small business?	
				• When this service station decides that they can no longer continue to sell petrol at a loss and close down, the town is left with one petrol retailer – a retailer who can pick the price they charge – would the ACCC still be of the opinion that they are promoting competition when they ignore the rights of small retailers?	
				 How can big business cross-subsidising and undercutting small operators and driving them out of town benefit the consumer in the regional centre? The petrol retail industry is rapidly changing does the ACCC forsee the need 	

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				for further powers to regulate the industry which evolves?	
T62	ACCC	Lundy	N/A - Written question on notice	 Output 3.1.3 (consumer affairs) Product Safety Just to give me a bit of an overview on the regulation of product safety in Australia – which agencies have jurisdiction to rule and regulate on issues of consumer safety. What is the Department of Treasury's role in ensuring Australians are not subjected to unsafe products? Is my assumption correct – that there is a lot of doubling up in research and regulation in the current system with so many agencies with a finger in the pie? It was alarming for me to see the CHOICE report late last year which suggested that only 5 in 10 baby cots on the market passed consumer safety product standards. Who is responsible for ensuring that these unsafe products are not placed on the market? 	Answer received 31/5/05

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				 How are unsafe products getting on to the market with so much regulation? 	
				 Do you assist in passing information on product bans between the states? 	
				• Given that reviews have taken place in the past and there has been no Federal Government action is your department confident that this current review will actually move on from the review stage and work to curb the number of accidents, injuries and fatalities caused by unsafe products in Australia?	
				• Have measures ever been discussed to ensure Australia's consumer safety standards are upheld under trans-tasman agreements? What are these measures? The reason I ask the question is that I note that while Australia's consumer safety standards are far from comprehensive - across the Tasman only 6 (compared with our 27) mandatory product safety standards exist.	

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T63	ATO	Mason	Pages 70-71 17/2/05	Senator MASON—Getting back to the question that the chair raised before—we always come back to this 'primary purpose', and what is ancillary or incidental—does 'primary purpose' mean, for example, that, if a body receives \$1 million and they give \$501,000 for the purposes of educating the community about the environment and they give \$499,000 to the Greens, they satisfy that test? Mr Konza—The actual test is that the activities that are not charitable are incidental or ancillary, so the percentage that you are posing there would be much more skewed. For something to be incidental it might, in the case that you have given us this afternoon, be raising awareness about the environment. There might be incidental mention of thinking carefully about voting or something. Ancillary, I would have thought, denoted a relatively small percentage. Senator MASON—Could you give me a ballpark figure, Mr Konza? Mr Konza—No, I am not that brave. These are commonlaw definitions, and I would need to do a bit of research. Senator MASON—How much of the money that goes to the Wilderness Society is ancillary—10 per cent, 20 per cent, 30 per cent, 40 per cent? Mr Konza—I would not want to be drawn on that. I would be speculating. I would need to go and find out what the law says.	Answer received 1/6/05
T70	ACCC	Conroy	17/2/05	Pay TV competition issues 1) Last month the OECD remarked that "there is no effective competition in pay TV	Answer received 2/11/06

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				because the owner of the distribution networks, Telstra also owns the major pay TV operator, Foxtel, making it virtually certain that other pay TV operators cannot face a level playing field.' Does the ACCC agree? 2) The OECD also noted that Telstra has every incentive to restrict the development of email and internet access services over its pay TV network where they compete with Telstra. Does the ACCC have any concerns that this is already occurring or	
T71	ACCC	Webber	16/2/05	is it a potential threat? ASIC investigations 1. In a situation where ASIC applies a penalty or ban to an individual or organisation that is subsequently overturned or downgraded what steps does ASIC undertake to communicate the changes? 2. If a person has appealed to the Administrative Appeals Tribunal as a result of an ASIC determination and the case is set aside or downgraded what rights does an individual have to seek redress for loss of business or reputation? 3. What information or evidence is required prior to ASIC launching an investigation into	Answer received 4/10/06

QoN Reference No.	Agency/Program	Senator	Hansard page and date	QUESTION	Comments
				an individual or an organisation? 4. Does ASIC seek to determine the bona fide nature of complaints or allegations before an investigation is commenced? 5. Does the making of an allegation take precedence over the nature and character of the person making the allegation? 6. During the course of an investigation does ASIC allow its officers to discuss the case with parties not directly involved in the matter? 7. What is the position of ASIC if a person subject to investigation is unable to attend hearings due to illness or family circumstances? 8 Other than the Administrative Appeals Tribunal do individuals or companies have any redress to other authorities or courts once an investigation has been commenced? 9. What are the legislative or legal protections afforded to an individual or company under investigation? 10. Does ASIC ever suggest to investors that they launch a class action against companies or individuals providing services whilst the	
				investigation is ongoing?	