

TREASURY PORTFOLIO
Budget Estimates 2008–09 (June 2008)

Written Questions on Notice

Q No	Senator	Agency	Question	Date answered	Date sent to Senator	Additional Information
<i>Budget announcement – establishment of new funds</i>						
<u>BET-1</u>	Cormann	-	<p>I refer to the Government's budget announcement that it would establish by January 2009 a Build Australia Fund of \$20 billion, and Education Investment Fund of \$11 billion and a Health and Hospitals Fund of \$10 billion, and ask:</p> <ol style="list-style-type: none"> 1) When will each Fund actually be established? 2) By what mechanism and under which legal authority will they be established? 3) What will be the criteria for distributing funds from each Fund? 4) Who will be approving the criteria? 5) Will the criteria be published and when? 6) How will applicants be able to apply for funding from each Fund? 7) Who will be auditing each Fund? 8) Referring to reported comments by Senior Law lecturer Bryan Pape in the Adelaide Advertiser of 23 May 2008 stating that under sections 81 and 94 of our Constitution surplus revenue collected by the Commonwealth has to be paid to the States I ask: <ol style="list-style-type: none"> a) Has the Government sought legal advice to provide assurance on the status of surplus revenues directed into the above three funds in as far as they relate to <u>non-Commonwealth</u> purposes and if not, why not? b) Will the Government seek such advice before finalising the establishment of those funds by January 2009? e) Is the Government confident that the establishment of those three funds is consistent with the requirements of sections 81 and 94 of the Constitution? d) If the funds are surplus and for non-Commonwealth purposes, when will the Government pay the funds to the States for the States to allocate for their purposes as they see fit? 			Question to be answered by the Finance and Deregulation portfolio
<i>ACCC – sections 46 and 51AC of the Trade Practices Act 1974</i>						
<u>BET-2</u>	Siewert	ACCC	1. Have the Australian Competition and Consumer Commission (ACCC) taken any administrative or court actions (under Section 51AC of the TPA) against a party that has	15/08/2008	15/08/2008	

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			<p>engaged in unconscionable conduct since 1998?</p> <p>2. If so, can the Minister provide the details of such actions?</p> <p>3. Can the Minister provide details of any successful actions taken by private parties under section 51AC of the TPA?</p> <p>4. Does the ACCC currently have a full time commissioner with special responsibilities for small business and if so, who are they?</p> <p>5. I refer to a statement by the ACCC in their 1998 submission to the Joint Select Committee on the Retailing Sector:</p> <p>"...the likelihood of establishing a breach of s.46(of the TPA) critically rests, in terms of relevant facts and evidence. However, establishing anti-competitive purpose has proved to be very difficult in practice. For instance, to prove that the predatory nature of acquisitions breaches section 46, it would need to be demonstrated that prices paid in acquiring the independents were only rational in light of some longer term strategy to capture market share and then harm competitors by reducing competition in the expectation of future profits in excess of current opportunity cost/losses." (p 118, Volume 6)</p> <p>Have the ACCC ever gone back to check what the longer term outcomes were some time after decisions have been made to permit "chequebook competition" to enable better judgement for such future cases? If not, why not?</p>			
<i>Australian Valuation Office website</i>						
BET-3	Eggleston	ATO	<p>The AVO website is offline.</p> <p>(a) When did it go offline?</p> <p>(b) What is the cost of redevelopment of the website?</p> <p>(c) When will it be operational again?</p>	31/07/2008	31/07/2008	
<i>Official Development Assistance</i>						
BET-4	McEwen	Treasury	Please provide an update for Official Development Assistance (ODA) eligible expenditure table provided by the Department during Additional Estimates February 2007. (See answer to QON AET-11)	15/08/2008	15/08/2008	

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<i>Road user charge</i>						
BET-5	Boswell	Treasury	<p>I refer to the address by Ken Henry, the Secretary to the Treasury to the Australian Business Economists in Sydney on Tuesday 20 May 2008. In that address, the Secretary discussed a number of economic issues such as the value of an inflation target, the virtues of a flexible labour market and structural policy requirements. In terms of structural policy matters, the Secretary criticised the Opposition, when the Secretary appeared to defend the indexation of the diesel fuel excise – a measure introduced by the Keating Government and then abolished by the Howard Government in early 2001.</p> <p>In terms of context, the Rudd Government tried to reintroduce this tax when it tabled the necessary regulation in the other place on 13 March 2008. This measure, known as the Road User Charge pegs an indexation of the diesel fuel excise at a rate higher than the CPI. It's a measure that would tax the drivers of the nation's 365,000 trucks and increase grocery prices. To protect Australia from this inflationary measure, the Opposition disallowed the regulation in the Senate on Wednesday 14 May.</p> <p>In the speech the Secretary of the Treasury disapproves of this decision and mentions that this Road User Charge is a "pre-condition for other, more important, land transport reforms".</p> <p>What does the Secretary mean by "pre-condition" for other, more important land transport reforms?</p> <p>What are the land transport reforms to which the Secretary of the Treasury refers?</p> <p>The diesel fuel excise, or the Road User Charge, has been defended on the basis that it is a cost-recovery measure to cover the impact of trucks on our road system. Does this mean the Secretary is supporting other road user charges that are designed to implement further cost-recovery mechanisms?</p> <p>What does the Secretary of the Treasury mean by other more important land transport reforms?</p> <p>In terms of the comments of the Secretary of the Treasurer's comments, how is the successful passage of the Road User Charge through Parliament a "pre-condition" for such reforms?</p>	15/08/2008	15/08/2008	

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<i>Petrol prices</i>						
BET-6	Bob Brown	ACCC	Does the Australian Competition and Consumer Commission have information on the relationship between fuel (in particular petrol) prices and consumption? In particular, in the last year, what has been the Australian consumer response to rising prices in terms of fuel consumption, vehicular preference (e.g. type of vehicle, size of motor, type of fuel) and use of alternatives such as walking, cycling or public transport? Is there any evidence that these factors are influenced by concern for the environment?	15/08/2008	15/08/2008	
<i>First Home Saver Accounts</i>						
BET-7	Payne	Treasury	<ul style="list-style-type: none"> a) How many First Home Saver Accounts is it expected will be opened this year? b) Has any modelling been done on expected take up rates? c) If this money is transferred into a superannuation fund, will there be a contributions tax charged? d) Minister Plibersek stated in the second reading of the First Home Saver Accounts Bill 2008 on 2 June, 2008 that \$6.5 billion would be secured in savings accounts by 2012. How was this figure calculated? e) If a young person applies to their superannuation fund to access the funds, will the criteria for release be different for the FHSA funds than for their usual superannuation? What if the person does not have a superannuation fund? f) What are the tax consequences of a couple separating who may have previously combined their FHSA incomes? g) Have there been any steps taken to ensure that investment linked FHSA's do not lose value as they are not capital guaranteed? h) Has the department analysed the potential risks of a short-term investment, superannuation-style account? i) Has Treasury modelled the possible effects of first home savers losing the capital of their investments in these accounts? j) What impact does the number of financial institutions offering the FHSA have on the overall success of the scheme? k) How many institutions does the Government project will offer the FHSA? l) Does the FHSA have the potential to put upward pressure on prices? 	15/08/2008	15/08/2008	
<i>Indigenous art industry</i>						
BET-8	Eggleston	ACCC	1. I noticed Graeme Samuel's article in the Northern Territory News in February this year regarding the indigenous art market – it stated that the ACCC had started	15/08/2008	15/08/2008	

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			<p>distributing information and fact sheets to galleries and art centres. One of the recommendations from last year's Senate ECITA Committee inquiry into Australia's indigenous visual arts and craft sector was that the ACCC be funded specifically to increase its scrutiny of the indigenous art industry, including conducting educational programs for consumers as well as investigation activities. Could you advise me if any funding was given to the ACCC in the budget to fulfil this recommendation because information and fact sheets are undoubtedly helpful, but they do fall short of fulling the report's recommendations?</p> <p>2. Did the ACCC put forward the need for funding in this area to the government and if so, what was their response?</p> <p>3. Other than the information and fact sheets what other steps has the ACCC taken to fulfil the report's recommendations?</p> <p>4. Has the ACCC sought advice from the indigenous art industry itself on the extent of fraud and malpractice in the indigenous art industry, specifically the practise of passing off as the work of 'known name' indigenous artists paintings that are of a similar style (but not actually the work of the supposed artist) that are sold for prices which genuine works of the 'known name' artist would attract?</p> <p>5. The indigenous art industry has been estimates to have a value of \$600 to \$800 million per annum across Australia. Does the ACCC regard the Trade Practices Act which it administers as the most appropriate legislative framework to deal with matters such as the authentication of indigenous art as well as fraud and exploitation of indigenous artists?</p>			
Grocery prices						
BET-9	Eggleston	ACCC	<p>1. On page 289 of Budget Paper 2 it is stated that the Government will provide \$12.9 million over four years to monitor grocery prices and publishing prices data on a dedicated website. How is it proposed to gather and update the prices of literally millions of different products in thousands of supermarkets and grocery stores?</p> <p>2. How practical will it be to include the numerous varieties of products which differ by price, quality, etc? For example, there are numerous differing cereals on sale.</p>	25/08/2008	25/08/2008	

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			<p>3. Do you expect that shoppers would use such a website and find that they could save 5 cents on cereal in supermarket X and 4 cents on milk in supermarket Y and so forth? That they would then go from one supermarket to another to minimise the price for a given selection of grocery products but perhaps maximise the time and travel expenses to do so?</p> <p>4. Will it be mandatory for supermarkets to provide prices to the grocery watch website, or will there be inspectors going around and checking on prices?</p> <p>5. Will prices posted on the website need to be kept constant for 24 hours or some other defined period?</p> <p>6. I understand that the Australia.gov.au website costs something like \$40 million a year to run. Is it likely that this scheme could be only \$12.9 million over four years?</p> <p>7. Since supermarkets such as Coles, Woolworths and Aldi already provide pricing information on their own websites, isn't this policy just encroaching on the private sector and wasting taxpayers' money?</p> <p>8. Will the ACCC be more forthcoming with your data and economic analysis in the grocery inquiry than has been the case with the petrol inquiry? Such data and modelling should be made public do you not agree as it is a matter of public interest and importance?</p>			
<i>Fuelwatch bill</i>						
<u>BET-10</u>	Abetz	Treasury	<p>In relation to the 7.15am meeting in the Assistant Treasurer's office, please advise the full number of attendees and which office the attendees were from.</p> <p>How many communications were had between Treasury and the Assistant Treasurer's office on the drafting of the Bills on the 28th and 29th of May? (Please specify each)</p> <p>How long was the 7.15am meeting?</p>	15/08/2008	15/08/2008	
<i>"Working families"</i>						
<u>BET-11</u>	Abetz	Treasury	What is Treasury's definition of "working families"?	15/08/2008	15/08/2008	

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			In what parts of Australia has the Government undertaken research in debt pressure or stress? (Please list places/cities/towns where this research has been undertaken.)			
Private health insurance						
BET-12	Cormann	Treasury	<p>I refer to evidence provided by Ms Flanagan from the Department of Health and Ageing in the Senate Estimates Committee on Community Affairs on 4 June 2008 in response to a question by Senator Lundy about how many more people are projected to be covered by private health insurance into the future compared to how many have been covered in the past.</p> <p>Ms Flanagan provided the following evidence:</p> <p>Ms Flanagan—The average growth in private health insurance coverage has been around 200,000 people a year over the last three years. Again, we expect that underlying growth will continue into the future.</p> <p>My question on notice to Treasury is:</p> <ol style="list-style-type: none"> 1) Has Treasury included that 'expectation' of the Department of Health and Ageing of a continuation of 'underlying' annual growth of 200,000 people in private health insurance into the future into its modelling? 2) If yes, is that expectation reflected in the budget papers, and if yes where? 3) How does the expectation of the Department of Health and Ageing of a continuation of 'underlying' annual growth of 200,000 people in private health insurance into the future impact on the Treasury's overall estimate that 484,000 adults are expected to leave private health insurance as a result of the increase in Medicare Levy Surcharge thresholds? 4) How will the expectation of the Department of Health and Ageing impact on the estimated saving in each year of the forward estimates, ie \$232 million in 2008/09, \$236.5 million in 2009/10, \$245.6 million in 2010/11 and \$245.6 million in 2011/12? 	25/08/2008	25/08/2008	
Private health insurance – breakdown of age						
BET-13	Cormann	Treasury	1) What is the breakdown by age of the 186,000 singles who according to Treasury modelling are expected to leave private health insurance as a result of the increase in Medicare Levy Surcharge thresholds?	15/08/2008	15/08/2008	

Q No	Senator	Agency	Question	Date answered	Date sent to Senator	Additional Information
			2) What is the breakdown by age of the 149,000 couples who according to Treasury modelling are expected to leave private health insurance as a result of the increase in Medicare Levy Surcharge thresholds?			
Medicare levy surcharge – additional funding for states						
BET-14	Cormann	Treasury	<p>1) Since the budget, has Treasury at a departmental level or has the Treasurer had any formal or informal approaches from any state or territory premier, treasurer, minister for health or state government official with a request for additional funding as a consequence of the decision to increase the Medicare levy surcharge?</p> <p>2) If yes, which States have submitted such requests for additional funding for public hospitals in compensation for the expected impact of the Medicare Levy Surcharge thresholds?</p> <p>3) On what date did each State submit or informally put forward any such request for additional funding?</p> <p>4) What was the level of additional funding that has been requested by each State and Territory since the budget announcement to increase the Medicare Levy Surcharge thresholds?</p>	29/08/2008	29/08/2008	
Appointments and election commitments						
BET-15	Fierravanti-Wells	Treasury	<p>1) What appointments have been made to boards, advisory committees, or any other quasi-autonomous non-governmental organisations (quangos) within the following departments and agencies within the responsibility of these departments since 24 November 2008:</p> <ul style="list-style-type: none"> • Treasury <p>2) Please list all quangos within the following departments and agencies within the responsibility of these departments:</p> <ul style="list-style-type: none"> • Treasury <p>3) In relation to the Department of the Treasury and agencies within its responsibility, please answer the following questions in relation to each of the Federal seats of Banks, Lowe, Bennelong, Macquarie, Cunningham, Throsby, Barton, Watson, Charlton and Werriwa:</p>	20/10/2008	20/10/2008	

Q No	Senator	Agency	Question	Date answered	Date sent to Senator	Additional Information
			<p>a) What programs, initiatives, or other undertakings of the Howard Government will be maintained under the Rudd Government?</p> <p>b) What programs, initiatives, or other undertakings of the Howard Government will be reversed under the Rudd Government?</p> <p>c) What new programs, initiatives or other undertakings will be allocated to these seats under the Budget?</p> <p>4) Please advise whether the list of items under the policy heading on the ALP website http://www.alp.org.au/ constitutes the total sum election "promises" made by the Rudd Government within the following portfolios:</p> <ul style="list-style-type: none"> • Treasury <p>If not, please provide a comprehensive list which includes all promises referred to on the ALP website as well as those that were made but are not contained on the ALP website?</p>			
Green Growth						
BET-16	Milne	Treasury	Given that Australia has signed onto the Regional Implementation Plan for Sustainable Development in Asia and the Pacific and the Seoul Initiative on Environmentally Sustainable Economic Growth, what has Treasury done to develop the conceptual and analytical framework to develop Green Growth? Will Treasury be attending meetings of the United Nations Economic and Social Commission for Asia and the Pacific meetings which promote Green Growth principles in our region?	15/08/2008	15/08/2008	
North West Shelf Joint Venture						
BET-17	Cormann	Treasury	<p>Has the Federal Government, either at the Minister's level or at a departmental level, received any written representations in relation to the proposed \$2.5 billion imposition of excise on condensate produced offshore by the North West Shelf Joint Venture?</p> <p>What was the content of those representations?</p> <p>Will a copy of those written representations be made publicly available?</p> <p>What action, if any, has been taken by the Government as a result of those representations?</p>	08/08/2008	11/08/2008	
Medicare levy surcharge – average incomes						
BET-18	Cormann	Treasury	1) What definition of average income did Treasury use for the purpose of modelling the proposal to increase the Medicare Levy Surcharge thresholds?	15/08/2008	15/08/2008	

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			2) What is the average annual income for singles and households in 2007/08? 3) What is the expected average annual income for singles for 2008/09? 4) If Treasury used a source other than the HILDA survey, what are the respective average incomes for question 2) & 3) according to the HILDA survey?			
Medicare levy surcharge – rebates						
BET-19	Cormann	Treasury	In accordance with Treasury modelling: 1) What proportion of singles expected to drop private health insurance as a result of the Medicare Levy Surcharge change has Treasury estimated would attract the 30%, the 35% and the 40% rebate? 2) What proportion of couples expected to drop private health insurance as a result of the Medicare Levy Surcharge change has Treasury estimated would attract the 30%, the 35% and the 40% rebate?	15/08/2008	15/08/2008	
Medicare levy surcharge – premium changes						
BET-20	Cormann	Treasury	I refer to Mr Ray's evidence before the Committee on 3 June: Mr Ray—The premium information and the forward estimates of premium changes have been taken into account in these costings. Following on from that evidence my questions are: 1) Was the premium information and the forward estimates of premium changes that have been taken into account in these costings based on the information submitted by health funds in their rate change applications towards the end of 2007, which were 'not disallowed' in March 2008? 2) If not, what was the premium information and the forward estimates of premium changes based on instead? 3) Considering that since the most recent round of premium changes, membership levels one of the key variables when forecasting premium increases, are now expected to go down as a result of the proposed changes to the Medicare Levy Surcharge thresholds, was any additional information or assumptions used to identify the relevant premium information and the forward estimates of premium changes, and if yes what were they?	15/08/2008	15/08/2008	

Q No	Senator	Agency	Question	Date answered	Date sent to Senator	Additional Information
			<p>4) As part of your costings, was any assumption made on the likely impact of the changes to Medicare Levy Surcharge thresholds themselves on future premium increases?</p> <p>5) If yes, were those assumptions under 4) included in the costings of the estimated \$959.7 million saving over the forward estimates related to the private health insurance rebate?</p> <p>6) What is the estimated impact of the Medicare Levy Surcharge threshold increases on future premium increases according to the Treasury and Department of Health and Ageing assumptions?</p> <p>7) By how much was the private health insurance rebate related saving reduced (to end up at \$959.7 million over the forward estimates) as a result of expected and costed additional increases to private health insurance premiums?</p>			
<i>Fuelwatch – Treasury advice</i>						
<u>BET-21</u>	Fifield	Treasury	<p>These questions are directed to the Secretary of the Treasury, Dr Ken Henry:</p> <p>I refer to an article by David Uren in The Australian newspaper on 30 May 2008 headed “Petrol fell before state scheme.”</p> <p>It reads in part “Treasury sources now say the scheme was also strongly opposed by Treasury in the initial brief that went to Secretary Ken Henry. The Treasury economists asked to assess the scheme argued it would be ineffective at best and would add an unnecessary regulatory burden. However, it is understood that Dr Henry did not support this advice going to cabinet.”</p> <ul style="list-style-type: none"> • Dr Henry, can you confirm the veracity of this report? • Dr Henry, did you support the Fuel Watch advice prepared by Treasury economists going to cabinet? • Why did you not support the advice going to cabinet? <p>These questions are directed to the Department of the Treasury</p> <ul style="list-style-type: none"> • Did the Department of the Treasury consult with the ACCC during its analysis of Fuel Watch? • Was Treasury aware of the ACCC's view on Fuel Watch before it produced its own advice to government? 	15/08/2008	15/08/2008	

Q No	Senator	Agency	Question	Date answered	Date sent to Senator	Additional Information
			<ul style="list-style-type: none"> Does the Treasury consider its analysis of Fuel Watch to be superior to that conducted by the ACCC? 			
Solar panels						
BET-22	Fifield	Treasury	<p>These questions are directed to the Secretary of the Treasury, Dr Ken Henry</p> <ul style="list-style-type: none"> Did Treasury provide advice to the government on the budget measure to means test the solar panel rebate? Did you personally sign-off on the advice before it was provided to government? Dr Henry, is your salary more than \$100,000 per annum? Can you confirm that, under the government's policy, you would personally be ineligible for the solar panel rebate now? Dr Henry, does the Department have any solar panels on any of its buildings? Are there any plans to install solar panels on Treasury buildings? Do you personally have any solar panels on your home? Did you claim the rebate for these panels? Do you plan on installing any more solar panels at your home? 	15/08/2008	15/08/2008	
Family trusts						
BET-23	Chapman	Treasury	<p>With regard to the Rudd Labor Government's pre-election policy to reverse the previous Howard Government's family trust changes concerning the definition of the family group and the capacity to change the "test individual" in certain circumstances:</p> <ol style="list-style-type: none"> Were the claimed Budget savings of up to \$8 million per annum derived from the previous Government's estimate that its changes would be a cost to revenue of \$8 million per annum? If not, how was the figure calculated? Given that the measure appearing on page 12 of Budget Paper Number 2 "Family trusts – Savings Measure" differs in scope from the Labor Party's pre-election policy "Reversing Family Trust Flexibility" and implies that this policy can be disaggregated into a number of sub-policies, only two of which are now proceeding, that is (a) limiting lineal descendants in the "family" to children and grandchildren of the test individual; and (b) restricting the capacity to make a change to the test individual to circumstances of marital breakdown: <ol style="list-style-type: none"> Can Treasury explain the costing on page 12 of Budget Paper 2 which is said to raise \$6 million per year? 	21/10/2008	21/10/2008	

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			<p>ii) How many trusts and beneficiaries will be affected by this measure?</p> <p>4) Given that the respected Taxation Institute of Australia has said that:</p> <p>a) "there has been no suggestion of any tax avoidance" arising from the previous Government's initiative, is the only purpose of this measure a minor revenue gain of \$6 million per annum?</p> <p>b) If not, what is the purpose of this measure?</p> <p>5) Is the Government aware that taxation experts have declared that this measure will increase the compliance burden on small business, farmers and professional people and that this is inconsistent with Labor's National Platform to "ensure that the taxation system minimises compliance and collection costs"?</p> <p>6) For discretionary trusts which had made a family trust election, how many people over the age of 18 years beyond the generation of grandchildren of the person who became the test person following the previous Government's introduction of the family trust election requirement and how many after the introduction of that requirement? What was the amount of income so distributed in total and disaggregated according to the marginal tax rates of recipients?</p> <p>7) Have any revenue estimates been made of the longer term receipts from Capital Gains Tax as a result of trusts which have made family trust elections, vesting earlier than would otherwise be the case or vesting where otherwise they would not have to vest at all where the laws against perpetuity have been abolished, because the generations up to an including grandchildren of the test person have died out, so that subsequent generations do not suffer family trust distribution tax?</p> <p>8) If so, what are these estimates? If not, why not?</p> <p>9) In particular, has any assessment been made of the longer term consequences of this change to the previous Government's legislation in the circumstances identified in question 7, in relation to the long term intergenerational transfer of the assets of farmers and small business people who may have to make family trust elections because they hold franked dividend paying equities in the trust which also owns their farm or business?</p> <p>10) If not, why not, given that the likely impact of such a Capital Gains Tax imposition will be similar to long abolished death duties, which, in particular, made many farmers unviable through being required to sell portions of their farms to pay death duty assessments, meaning this measure can fairly be described as a "de facto death duty"?</p> <p>11) In the light of its intention to proceed with this measure, why does the Government believe that the inter-generational transfer of assets held in a family trust should be</p>			

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			<p>subject to such capital taxation, when such assets held in any other form of ownership are not? Or is this an unintended consequence?</p> <p>12) In the light of this measure, to ensure equity, is it the intention of the Government to tax all inter-generational transfer of assets, that is to re-introduce some form of death duties?</p> <p>13) If not, why not? If not will the Government not proceed with this proposed change?</p> <p>14) Why was this decision to reverse the previous Government's legislation taken without adequate consultation with the experts or the small business, farming and professional people to be severely detrimentally affected by the decision?</p> <p>15) Is it the Government's intention that the issue of death duties will form part of the review into the Australian taxation system by Dr Ken Henry?</p> <p>16) Would the Government kindly answer these questions no late than Wednesday, 25 June 2008?</p>			
<i>North West Shelf production</i>						
<u>BET-24</u>	Cormann	Treasury	<p>Can you please clarify the operation of the 30 million barrel allowance for condensate production sourced from fields that were in operation prior to 1 July 1987?</p> <p>Will all North West Shelf production be eligible for the 30 million barrel allowance for condensate production?</p> <p>If the answer is yes, how will Treasury (or the ATO) apply that 30 million barrel allowance to North West Shelf project fields in operation prior to 1 July 1987?</p> <p>Is Treasury aware that there is an additional project other than the North West Shelf project, located offshore and subject to Commonwealth excise and royalties?</p> <p>Referring to the answer by Mr Flavel at Senate Estimates on 3 June 2008 that the proposed legislation "lays out the administrative framework" which will apply, I ask: Does the legislation lay out the administrative framework or does it merely provide the basis upon which an excise liability is measured? Isn't the administration and compliance framework determined by the ATO?</p> <p>Referring to the answer by Mr Flavel at Senate Estimates on 3 June 2008 that the "taxpayers involved will be the same as those who are currently paying crude oil excise", isn't it true to say that more taxpayers are now likely to be involved than under the current crude oil excise</p>	08/08/2008	11/08/2008	

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			<p>regime?</p> <p>Are there onshore condensate operations that do not produce crude oil that will now be required to comply with the excise regime, even though they may not ultimately incur an excise liability?</p> <p>Do condensate producers have an exemption from measurement under the excise regime or are they simply not required to measure production as the regime does not apply to them?</p> <p>Are onshore condensate producers in a practical position to provide the information required to comply with aspects of the excise legislation for the assessment of the 30 million barrel field exemption?</p> <p>What are the reporting requirements to the ATO by each condensate producer, whether they produce more than 30 million barrels of condensate or not.</p> <p>I refer to Mr Flavel's evidence that on 3 June 2008 that: "No. Again, both the combination of measurement occurring for the purposes of the offshore petroleum royalty and the fact that the same taxpayers are involved in all the administrative arrangements insofar as their crude oil excise obligations are concerned, I am not aware of any reason that the administrative arrangements surrounding the measure will not work as intended"</p> <p>Is Treasury aware that producers account for production for royalty purposes on a different basis as is required for excise purposes?</p> <p>Is Treasury aware that royalty is assessed on a licence area basis, not a field basis?</p> <p>Is Treasury aware that crude oil excise currently only applies to licences where crude oil is produced, and that for licence areas where crude oil is not produced, producers may not be required as part of their production licence to monitor historical and actual production on the same basis as is required under the excise regime?</p>			
<i>Luxury car tax</i>						
<u>BET-25</u>	Cormann	Treasury	Referring to the budget decision of the Rudd Labor Government to increase the luxury car tax from 25 per cent to 33 per cent on every dollar over \$57,123 after GST, which will result in an additional \$555 million over the forward estimates, what modelling has the government	25/08/2008	25/08/2008	

Q No	Senator	Agency	Question	Date answered	Date sent to Senator	Additional Information
			<p>undertaken to assess the impact of the measure on:</p> <p>a) budget revenue and b) the Automotive industry?</p> <p>Has the government assessed international comparisons of this increase? If so, are these findings available? If not, why not?</p> <p>Has the government undertaken modelling on the environmental impacts of this tax due to the fuel efficiencies of the cars over the threshold?</p> <p>If so, is this modelling available? If not, why not?</p> <p>Is it the case that this tax will be backdated to agreements which were made before, but are not delivered until after 1 July 2008?</p> <p>If so, would it be possible to pay a deposit for a car at the beginning of the year, before the increase was even announced, and still have to pay the increased level of Luxury Car Tax? In that scenario, would the Luxury Car Tax also be payable on the deposit amount?</p> <p>Is it the case that if an agreement was made a) before the announcement was made or b) before the measure comes into effect and the consumer paid the total amount due by 1 July 2008, no increase in Luxury Car Tax would be payable?</p> <p>In the budget papers the 2008-09 forward estimates state that an initial revenue of \$130 million will be gained, with \$140 million over the following two years. Has modelling been done to estimate revenues from pre 1 July 2008 ordered vehicles?</p> <p>If so, is this modelling available? If not, why not?</p> <p>Did the Prime Minister and/or relevant Ministers endorse this retrospective taxation on vehicles ordered but not paid for in full before 1 July 2008?</p> <p>Regarding the threshold level for the Luxury Car Tax which currently sits at \$57,123: a) Is the indexation adjusted annually in line with the CPI as stated by Senator Carr in evidence to the Committee or adjusted annually in line with the movements in motor vehicle purchase sub-group of the CPI</p>			

Q No	Senator	Agency	Question	Date answered	Date sent to Senator	Additional Information
			<p>b) Is it the case that the motor vehicle purchase sub-group is derived from the average price of all car models?</p> <p>Since 2000, the Luxury Car Tax threshold has risen by 3.6%. Yet in the same period the CPI has increased by 25% and the average price of a 6 cylinder sedan by 15%. Has the government:</p> <p>a) assessed bracket creep from cars which were not initially considered as being luxury, but now are included due to an increase in price.</p> <p>b) assessed other indexation measures to truly reflect the rise in price of luxury vehicles?</p> <p>Has the Government considered the option of indexing the Luxury Car Tax threshold level using the same 'indexation formula' as applied to the Medicare levy surcharge threshold for singles which is proposed to be indexed by 100%?</p> <p>By when does the Government expect the Holden Commodore to become subject to the Luxury Car Tax tax trap?</p>			
Medicare levy surcharge – appropriation of revenue						
<u>BET-26</u>	Cormann	Treasury	<p>Is the revenue collected from the Medicare Levy Surcharge appropriated for health related purposes or does it go into consolidated revenue?</p> <p>If it is appropriated for health related purposes, could you please provide me with the detail of what specific purposes it is appropriated for?</p>	29/08/2008	29/08/2008	
Medicare levy – appropriation of revenue						
<u>BET-27</u>	Cormann	Treasury	<p>Is the revenue collected from the Medicare Levy appropriated for health related purposes or does it go into consolidated revenue?</p> <p>If it is appropriated for health related purposes, could you please provide me with the detail of what specific purposes it is appropriated for?</p>	29/08/2008	29/08/2008	
<u>BET-28 to BET-123</u> see oral questions on notice below						

TREASURY PORTFOLIO
Budget Estimates 2008–09 (June 2008)

Oral Questions on Notice

Q No.	Senator	Agency	Hearing date	Question	Proof Hansard Page	Date answered	Date sent to Senator	Additional Information
<u>BET-1 to BET-27</u> see written questions on notice above								
<i>Increased taxation of ready-to-drink beverages</i>								
<u>BET-28</u>	Coonan	Treasury	03/06/2008	<p>Senator COONAN—Perhaps I will withdraw that and ask it in a more helpful way. Can you tell me what material you had access to, that you factored in for the purposes of modelling—</p> <p>Mr Ray—For calculating elasticity? We had reference—</p> <p>Senator COONAN—For any reason.</p> <p>Mr Ray—We had reference to a wide range of academic studies of the price elasticity demand for alcohol both here and overseas.</p> <p>Senator COONAN—Do you have a list of those?</p> <p>Mr Ray—Yes, Mr Brown might be able to help you with that.</p> <p>Mr Brown—I do not have them with me at the moment—</p> <p>Mr Ray—We can get them for you.</p> <p>...</p> <p>Senator COONAN—Let’s get back to what you actually have looked at. Could you tell me, because it was not clear from your earlier answer: have you got the 10 or 12 studies that you referred to as relying on to work out your own price elasticity?</p> <p>Mr Ray—We said we would get that information for you.</p>	E51 & E54	15/08/2008	15/08/2008	
<i>Medicare levy surcharge – advice provided to government</i>								
<u>BET-29</u>	Cormann	Treasury	03/06/2008	<p>Senator CORMANN—Thank you. I have a series of questions in relation to the government’s proposed change to the Medicare levy surcharge thresholds. Before I get into it, can you tell us the</p>	E55 & E62	29/08/2008	29/08/2008	

Q No.	Senator	Agency	Hearing date	Question	Proof Hansard Page	Date answered	Date sent to Senator	Additional Information
				<p>date when you first provided advice to the government about the proposed change?</p> <p>Mr Ray—I would need to take that question on notice.</p> <p>Senator CORMANN—The Department of the Prime Minister and Cabinet was able to answer that in a flash, but I appreciate that you have taken it on notice. Did you provide advice on means testing of the 30 per cent rebate? I am not asking you for the content of your advice; I am just asking you whether you did provide advice.</p> <p>Mr Ray—Again, I will take that question on notice.</p> <p>Senator CORMANN—Thank you. While you are taking it on notice—</p> <p>Senator BOSWELL—He should not have to take that on notice. Either he provided advice or he did not provide advice.</p> <p>Senator CORMANN—I agree with Senator Boswell. I am surprised that you are not able to answer, but I have got a lot of questions and I want to get to the important part. Did you provide advice on abolishing the 30 per cent rebate and on changes to the lifetime health cover arrangements? For each of those questions, could you let us know when you provided that advice?</p> <p>Mr Ray—Certainly.</p> <p>...</p> <p>Senator CORMANN—I just want to confirm whether Treasury will provide advice on notice as to when they first provided advice on this measure to government.</p> <p>Mr Ray—Yes, we took that on notice.</p> <p>Senator CORMANN—Were you aware that the government was in the process of approving rate change applications when you were assessing the merits of this policy? Is that something that you considered as part of your modelling?</p> <p>Mr Ray—My recollection is that it was public that there were rate change proposals being considered, at the time the government was considering this.</p>				

Q No.	Senator	Agency	Hearing date	Question	Proof Hansard Page	Date answered	Date sent to Senator	Additional Information
				Senator CORMANN —The Department of the Prime Minister and Cabinet the other day told us that the first day they provided advice on this measure was 11 March. You will provide us on notice what day your first day was.				
<i>Indexation of the Medicare levy surcharge</i>								
<u>BET-30</u>	Cormann	Treasury	03/06/2008	<p>Senator CORMANN—Okay. Let us go to my question, then. If the Medicare levy surcharge thresholds had been increased by the CPI every year since their introduction, what would those thresholds be today?</p> <p>Mr Ray—I would need to take that on notice because I do not have that spreadsheet.</p> <p>Senator CORMANN—Maybe I can help you, because I have done a bit of research on this—</p> <p>Mr Ray—But I think the government was talking about how this was affecting wage earners.</p> <p>Senator CORMANN—The government has been making the point that the thresholds have not been indexed. I put it to you that, if the thresholds had been indexed, today the threshold for singles would be at \$73,900. Do you disagree with that figure?</p> <p>Mr Ray—I cannot confirm that figure because I do not have the CPI series in front of me or a spreadsheet, but it is obviously in the ballpark—</p> <p>Senator CORMANN—This was an obvious area for questioning, surely? This is the area that your output provides advice on and it is under the revenue measures. I am a bit surprised that an obvious question on what would happen if the Medicare levy surcharge thresholds had been indexed cannot be answered in the light of the fact that that is what a lot of the public debate on this has been centred on.</p> <p>Mr Ray—Senator, I actually provided you with what the numbers would have been if they had been indexed by wages.</p> <p>Senator CORMANN—My question is—and again, please take it on notice: if the Medicare levy surcharge thresholds had been indexed since their introduction, what would be the figure? You</p>	E56-E57	15/08/2008	15/08/2008	

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				say by wages it is \$78,000; I say by CPI it would have been \$73,800. The point I am making is that, whatever it is, it is significantly less than \$100,000.				
<i>Private health insurance – income brackets</i>								
BET-31	Cormann	Treasury	03/06/2008	<p>Mr Ray—Yes, but another way of looking at this—and I think the government has spoken about this—is that, when this policy was introduced, about eight per cent of single taxpayers were affected by it. Under the government’s policy, around nine per cent of single taxpayers will be affected by it by 2011-12.</p> <p>Senator CORMANN—It is funny that you should mention that, because I was going to ask you a question about that as well. You make the point that it will be about nine per cent at the end of the forward estimates. How many taxpayers in 2008-09?</p> <p>Mr Ray—I do not have that in front of me but I can take it on notice.</p> <p>Senator CORMANN—You have the figure for 2011-12 but you do not have the figure for 2008-09? I have to say that this is not very satisfactory, Mr Ray. As you are taking all these things on notice, could you please provide us with information on how many single Australians earning between \$50,000 and \$100,000 per year and how many couples and families currently earning between \$100,000 and \$150,000 currently have private health insurance. The Managing Director of Medibank Private has told us that 85 per cent of Australians in that income bracket have health insurance. As you mentioned earlier, you have access to the best possible data because you would be very clearly aware as to who is and who is not paying that Medicare levy surcharge. Are you able to answer that today or do you have to take it on notice?</p> <p>Mr Ray—I will take that on notice.</p>	E57	15/08/2008	15/08/2008	
<i>Private health insurance – policy holders</i>								
BET-32	Cormann	Treasury	03/06/2008	Senator CORMANN —So far, so good. In your modelling, out of the 149,000 couples, how many couples have you estimated to	E58	15/08/2008	15/08/2008	

Q No.	Senator	Agency	Hearing date	Question	Proof Hansard Page	Date answered	Date sent to Senator	Additional Information
				<p>be older than 65 years of age?</p> <p>Mr Ray—Off the top of our heads, we do not know. We are willing to take it on notice.</p> <p>Senator CORMANN—This is just incredible! How many of those couples are in fact on a family policy?</p> <p>Mr Ray—Again, we do not have that sort of detail with us. We will take it on notice.</p> <p>Senator CORMANN—Can you tell me how many children that you expect, through your modelling, will no longer be covered by private health insurance, based on your assumption as a result of the increase in the Medicare levy surcharge?</p> <p>Mr Ray—I think that is effectively the sort of question that we just said we would take on notice.</p> <p>Senator CORMANN—You are saying it is the same question?</p> <p>Mr Ray—Yes.</p> <p>...</p> <p>Senator CORMANN—How many children are part of that? How many children in a couple?</p> <p>Mr Ray—I just said I would take that on notice.</p> <p>Senator CORMANN—I refer you to the PHIAC data on persons covered by private health insurance. Data up till 31 December 2007 is available. If you look at the correlation between single equivalent units, which is taxpayers, and persons covered—and you make an adjustment for people over 65—you will find the correlation is a ratio of 1.48. I am very happy for you to check that out. Applying it across the 484,000 taxpayers, you will find that it is a figure of more than 700,000 people that you, according to your assumptions, are expecting to leave private health insurance. I note you have just confirmed that the figure of 484,000 people, which has been circulating in the media, is not actually 484,000 people; it is 186,000 singles and 149,000 couples, not making any allowance whatsoever for children. Now that we have established that, I look forward to your answers on</p>				

Q No.	Senator	Agency	Hearing date	Question	Proof Hansard Page	Date answered	Date sent to Senator	Additional Information
				notice in relation to it.				
<i>Average private health insurance premiums</i>								
BET-33	Cormann	Treasury	03/06/2008	<p>Senator CORMANN—I am sure that you will have to take it on notice, based on your capacity to provide answers so far, but can you please also provide us with information on what your assumption is in terms of average private health insurance premiums, paid by dollars, that you expect to leave private health insurance? Are you able to take that on notice or are you able to answer that today?</p> <p>Mr Ray—Those averages were calculated by the Department of Health and Ageing.</p> <p>Senator CORMANN—So you do not know them?</p> <p>Mr Ray—I am quite happy to take it on notice and ask them, or alternatively you—</p> <p>Senator CORMANN—Thank you very much.</p>	E59	15/08/2008	15/08/2008	
<i>Medicare levy surcharge – advice on modelling</i>								
BET-34	Cormann	Treasury	03/06/2008	<p>Senator CORMANN—So you consulted with other relevant departments and agencies to inform your assumptions? You have already said that you have worked closely with the Department of Health and Ageing.</p> <p>Mr Ray—As I said, we worked closely with the Department of Health and Ageing and with the Department of Finance and Deregulation.</p> <p>Senator CORMANN—Can you give me the date on which you first sought advice from the health department about your modelling on the Medicare levy surcharge threshold?</p> <p>Mr Ray—I can take that on notice.</p>	E59	15/08/2008	15/08/2008	
<i>Medicare levy surcharge – states and territories (no. 1)</i>								
BET-35	Cormann	Treasury	03/06/2008	<p>Senator CORMANN—Okay. Have you received any formal or informal representations from any state or territory government since the budget, putting the case for additional funding to compensate—</p>	E60	29/08/2008	29/08/2008	

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				<p>Mr Ray—Are you asking whether the government has?</p> <p>Senator CORMANN—Yes.</p> <p>Mr Ray—We would need to take that on notice and ask the government.</p>				
<i>Medicare levy surcharge – states and territories (no. 2)</i>								
BET-36	Cormann	Treasury	03/06/2008	<p>Senator CORMANN—The question is this: will the Commonwealth compensate the states and territories for a cost shift from the Commonwealth and current privately insured patients, who you are telling us are leaving private health insurance to the tune of 484,000 people? Will there be some compensation—some reasonable and meaningful compensation—for the impacts on the states and territories as a result of that loss of \$2.7 billion worth of revenue?</p> <p>Senator Conroy—That is a policy question rather than—</p> <p>Senator CORMANN—Is it a policy question? Will you answer a policy question then, Minister?</p> <p>Senator Conroy—We will take that on notice.</p>	E61	29/08/2008	29/08/2008	
<i>ABS – ready-to-drink data</i>								
BET-37	Coonan	Treasury	03/06/2008	<p>Senator COONAN—I just want to clarify a couple of earlier answers. Could you provide the full ABS trend data on consumption of RTDs which shows that a 37 per cent fall in consumption is within normal seasonal fluctuations?</p> <p>Mr Ray—That is not quite what I said, but we will see what we can provide to help you on that question. It is not quite what I said.</p>	E63	15/08/2008	15/08/2008	
<i>Ready-to-drink beverages – forecast growth</i>								
BET-38	Coonan	Treasury	03/06/2008	<p>Senator COONAN—What was the forecast growth in the products before the budget measure? Do you have that figure?</p> <p>Mr Ray—I would need to take that on notice.</p>	E63	15/08/2008	15/08/2008	
<i>Ready-to-drink beverages – production</i>								
BET-39	Coonan	Treasury	03/06/2008	<p>Senator COONAN—I think it is important and I am going to</p>	E64	21/10/2008	21/10/2008	

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				ask you this: what gives the government confidence that manufacturers will not simply start producing substitute RTDs made of wine or beer with much higher alcohol content? Senator Conroy —I am not quite sure this is the relevant portfolio for that, but I am happy to take that on notice and seek an answer for you.				
<i>Australian Valuation Office – operations</i>								
<u>BET-40</u>	Bernardi	ATO	03/06/2008	Senator BERNARDI —You may recall that I asked you some questions in regard to the operation of the AVO at estimates last year. Specifically, they were about Dr Parker, who had been retained as a consultant by the AVO. Is he still subject to that retainer? Mr D’Ascenzo —Not that I understand. Senator BERNARDI —Could you detail whether he was at any stage engaged in a consultancy role? Mr D’Ascenzo —Yes, he was. He provided work on a number of AVO matters, and he was paid for that service. Senator BERNARDI —Would you be able to take on notice and perhaps table the matters, if you are happy to provide us with those, and also the time involved, the payments that were received and, in particular, the dates. Mr D’Ascenzo —We can do that.	E80	31/07/2008	31/07/2008	
<i>Australian Valuation Office – non-visual valuations</i>								
<u>BET-41</u>	Bernardi	ATO	03/06/2008	Senator BERNARDI —What percentage of people are unhappy with the visual valuations? Mr D’Ascenzo —I do not have that figure with me. Senator BERNARDI —Could you find out for me? Mr D’Ascenzo —We could see what sort of telephone responses there are. I am not sure that it is broken up. I am not even sure what the proportion of off-the-computer to drive-by valuations is. Senator BERNARDI —Could I ask you to perhaps find out what the proportion is? Specifically, I would be interested in whether the AVO has any decision in the pipeline or has considered	E81-E82	31/07/2008	31/07/2008	

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				<p>increasing the rate of nonvisual valuations. Mr D'Ascenzo—We can provide those strategies. Senator BERNARDI—You should be able to do that by this afternoon or this evening? Mr D'Ascenzo—I think that could be a little bit difficult. I am not sure. We could try. Senator BERNARDI—But you would know whether there was any suggestion that there was going to be an increase in non-visual valuations in regard to Centrelink? You would know that, wouldn't you? Mr D'Ascenzo—No, I would not. Senator BERNARDI—Why not? Mr D'Ascenzo—I do not know everything. Senator BERNARDI—It would be a big change though, wouldn't it? Mr D'Ascenzo—I think we already have a mix of activities that are already agreed with under the Centrelink— Senator BERNARDI—Who would know? Mr D'Ascenzo—It would be the AVO people managing the contract. Senator BERNARDI—That is why I am asking you as representing the AVO. Mr D'Ascenzo—That is right. I am saying that I will have to go back and get the information. Senator BERNARDI—When do you think you could do that for me, Mr D'Ascenzo? Mr D'Ascenzo—We will try now and we will see what happens. Senator BERNARDI—Perhaps after dinner we can come back and ask it again. A nonvisual valuation is reliant on guesswork, really, or informed guesswork. Mr D'Ascenzo—I will get the details for you. I am not an expert in valuations, but my understanding is that you work out with the client the sort of valuation that meets their needs. If you want any valuer to do more in terms of going there to visit and inspect rather than using information that is available to them, the price</p>				

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				<p>goes up. People make choices about how much they are prepared to buy.</p> <p>Senator BERNARDI—My concern relates to the fact that, if there is so much focus on the price of the valuation, there is a temptation to go to a more efficient model from a cost basis that may indeed incorrectly value key assets that would affect pension entitlements, in particular, or any Centrelink entitlements. I am looking for an assurance that there will not be an increase in these what I term desktop valuations, because it could have a very big impact on people's eligibility to receive Centrelink benefits.</p> <p>Mr D'Ascenzo—I understand that, but that is a question you should be putting to Centrelink. We are the provider of the service. Centrelink are saying that this is the sort of service that they need for their business.</p> <p>Senator BERNARDI—But you would know if there has been any request or change in this.</p> <p>Mr D'Ascenzo—I think the contract had a mix of both desktop and drive-by type valuations.</p> <p>Senator BERNARDI—I am interested in whether there was any suggestion of an increase in that mix.</p> <p>Mr D'Ascenzo—I will have to find out. I do not know of any at the moment.</p>				
<i>Australian Valuation Office – relocation</i>								
BET-42	Bernardi	ATO	03/06/2008	<p>Senator BERNARDI—I would like to go to another office relocation. I understand the AVO in South Australia moved out to Marion.</p> <p>Mr D'Ascenzo—I do know that the AVO in Canberra has moved into our new building in Canberra.</p> <p>Senator BERNARDI—I am specifically interested in South Australia.</p> <p>Mr D'Ascenzo—I do not know the details.</p> <p>Senator BERNARDI—It moved out to Marion and I understand that it has now moved back out of that place. Are you familiar with the details?</p>	E83	31/07/2008	31/07/2008	

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				<p>Mr D'Ascenzo—No, I am not aware of that.</p> <p>Senator BERNARDI—I am assured that it has. I have a question that perhaps you can take on notice. I am interested in why the decision to move to Marion was made and then the decision to move back a very short time later was made. I would like the costs of the move in the initial instance. I would also like the cost of the move in the second instance and whether there were any circumstances that gave rise to that move.</p> <p>Mr D'Ascenzo—I will take that on notice.</p> <p>Senator BERNARDI—You will have to. Perhaps you could also take on notice whether there were any incidences of vandalism of employee's cars or indeed any loss of particular equipment in the AVO. Are you aware of any theft issues within the AVO?</p> <p>Mr D'Ascenzo—I am not aware of any.</p> <p>Senator BERNARDI—What would be the AVO policy in regard to insuring any expensive equipment?</p> <p>Mr D'Ascenzo—We have the normal insurance policies that cover all of our equipment. It should be common.</p> <p>Senator BERNARDI—Is there a minimum threshold at which the insurance is taken, or is their some selfinsurance?</p> <p>Mr D'Ascenzo—I am not sure of the level at which we operate our insurance.</p> <p>Senator BERNARDI—Can you find out for me?</p> <p>Mr D'Ascenzo—I can take that on notice.</p> <p>Senator BERNARDI—I would be interested whether there has been any loss of equipment, in particular for the Marion office. Mr D'Ascenzo, I would say that I will have some continuing questions on the AVO and it would be of great help if perhaps someone who is more able to answer questions could actually be in attendance in future estimates.</p>				
<i>Luxury car tax – GST</i>								
BET-43	Abetz	Treasury	03/06/2008	Senator ABETZ —As you know, that rate was set in consultation with the car industry to ensure that when we changed to the GST and away from the wholesale sales tax there was not a sudden	E85	15/08/2008	15/08/2008	

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				<p>dislocation within the car market. This was done in consultation with the car industry. Minister, can you tell us, having picked on that example, what consultation there was with the car industry on this occasion to increase the LCT?</p> <p>Senator Conroy—This is a budgetary decision, so it was something that was done in the confines of the preparation of the budget.</p> <p>Senator ABETZ—Was there any consultation with the industry prior to the announcement?</p> <p>Senator Conroy—I do not believe we consult on budgetary matters.</p> <p>Senator ABETZ—Was there any consultation? Whether you believe or not believe is irrelevant. I want to know the fact of whether or not there was consultation and the answer must be either yes or no. I would assume it is no.</p> <p>Senator Conroy—We would have to take that on notice to be absolutely accurate in our answer to you.</p> <p>Senator ABETZ—All right. Thank you. Take that on notice.</p> <p>Senator Conroy—As you have asked for an absolutely accurate answer, we are happy to give you one.</p> <p>Senator ABETZ—Thank you.</p>				
<i>Luxury car tax – modelling</i>								
BET-44	Abetz	Treasury	03/06/2008	<p>Senator ABETZ—What increase in the tariff rate would this potentially be seen as equating to? Did you do any modelling in relation to that or not? You can take it on notice if you do not know.</p> <p>Mr Ray—I have a slight conceptual difficulty in that some of these things are Australian made and therefore not subject to tariffs and they are subject to this. I have a conceptual difficulty, but I am happy to take it on notice.</p> <p>Senator ABETZ—Thank you.</p>	E87	15/08/2008	15/08/2008	
<i>Demutualisation of MBF</i>								
BET-45	Abetz	Treasury	03/06/2008	Senator ABETZ —Have officials given consideration to the	E90-E91	15/08/2008	15/08/2008	

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				<p>treatment of—and somebody will correct me if my terminology is wrong; undoubtedly, Senator Cormann will—when MBF demutualises, is it, or becomes a company, there is—</p> <p>Senator CORMANN—Demutualising.</p> <p>Senator ABETZ—Demutualising, thank you. When that occurs, I understand those that are MBF policy holders may become the recipients of multi-thousand dollar cheques. That has been put—</p> <p>Mr Ray—I need to declare an interest: I am an MBF policy holder.</p> <p>Senator Conroy—Can I do the same?</p> <p>Mr Ray—I know the answer to your question is yes.</p> <p>Senator ABETZ—All I want to know is: how will that be treated? Will it be treated as income? Will it be treated as a gift? Will it be treated as capital gain? I understand there may have been a special provision when a previous one demutualised—AMP, for example. I am not sure if it is going to be treated the same way. Are you currently giving consideration to that and, if so, are you providing advice potentially to Centrelink as to how they should be dealing with this windfall that will fall to some people who are on a full pension—whether Centrelink should treat it as a gift, as an income that should be divided by 52 over the full year, so it becomes a weekly income that does not affect the pension. The potential of the windfall also has the potential of a downfall for certain people, and I am just wondering what the thinking is. If people are scratching their heads, could I invite them to take it on notice.</p> <p>Mr Ray—I have to be a little bit careful, because you are talking about a specific event involving a particular company and therefore particular policy holders, including Senator Conroy and me.</p> <p>Senator ABETZ—Yes, that is right—and it is still hypothetical.</p> <p>Mr Ray—The previous government announced a measure to provide some form of CGT relief for policy holders of health insurers that demutualised. The current government announced a measure back in February, which I think is broadly consistent</p>				

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				<p>with relief to that which applies to AMP. I am happy to take it on notice but I think the short answer to that question is that a CGT event, the cost base is such that, if you receive cash for your shares, effectively there is no tax to be paid.</p> <p>Senator ABETZ—There will not be any tax to be paid?</p> <p>Mr Ray—Yes, and I am happy to take that on notice.</p> <p>Senator ABETZ—However it is treated, what, as a capital gain?</p> <p>Senator Conroy—Agreed.</p> <p>Mr Ray—There is a capital gains tax event. Policy holders who give up their rights in health insurers for shares do not incur a CGT liability when they do that. There is relief for preliminary transactions relating to the particular mechanism in each case. There are special provisions for so-called lost policy holders, presumably when they are found. Then policy holders whose policies are post-CGT assets receive a cost base for their shares based on their share of the health insurer's net tangible assets at the time of demutualisation. I think that is the right time. Pre-CGT policy holders receive a market value cost base.</p> <p>Senator ABETZ—I am not sure I am understanding all of this, but what I will do is I will read the <i>Hansard</i> and see if I can—</p> <p>Mr Ray—Rather than the <i>Hansard</i>, I think a discussion paper has been released—</p> <p>Senator ABETZ—Could you refer me to it in your—</p>				
<i>Luxury car tax revenue</i>								
<u>BET-46</u>	Abetz	Treasury	03/06/2008	<p>Senator ABETZ—What I am interested in—possibly if you could take this on notice—is what percentage of all luxury car tax revenue is raised on vehicles priced over \$70,000, on vehicles priced over \$100,000 and over \$120,000. What would be the impact on revenue from leaving the luxury car tax at 25 per cent up to, let's say, \$100,000 motor vehicles but applying the proposed rate of 33 per cent only on vehicles over \$100,000; if you could take that on notice?</p> <p>Mr Ray—We are happy to take it on notice.</p>	E92	15/08/2008	15/08/2008	

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				Senator ABETZ—Thank you.				
<i>Luxury car tax – vehicles/models</i>								
BET-47	Abetz	Treasury	03/06/2008	<p>Senator ABETZ—Since the luxury car tax was originally introduced, are you able to tell us how many extra models and vehicles are now captured in the luxury car tax threshold as compared to when it first commenced? I dare say you do not have that information on you, either.</p> <p>Senator Conroy—Good guess. We will take it on notice.</p> <p>Mr Ray—Many things have changed since that time, including the incomes of a lot of people in Australia, but we are happy to take that on notice.</p>	E92	15/08/2008	15/08/2008	
<i>North West Shelf</i>								
BET-48	Cormann	Treasury	03/06/2008	<p>Senator CORMANN—I have some more questions in relation to the government’s decision to impose a \$2.5 billion excise on condensate from the North West Shelf. There will be a specific inquiry by this committee into it, so I will just go on higher level terms. When did you first provide advice on this measure?</p> <p>Mr Ray—We will take that on notice.</p>	E92	08/08/2008	11/08/2008	
<i>North West Shelf – consultation</i>								
BET-49	Cormann	Treasury	03/06/2008	<p>Senator CORMANN—Did you conduct any consultations either with other departments or industry stakeholders to assess the impact of this measure?</p> <p>Mr Ray—No.</p> <p>Senator CORMANN—That was, no, was it?</p> <p>Mr Ray—Yes.</p> <p>Senator CORMANN—So, no partners nor stakeholders?</p> <p>Mr Ray—That is a misleading answer.</p> <p>Senator CORMANN—Hence my follow-up.</p> <p>Mr Ray—I am having difficulty because this goes to cabinet’s decision-making processes, which we do not—</p> <p>Senator CORMANN—I am not asking you to provide me with</p>	E92-E93	08/08/2008	11/08/2008	

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				<p>the content of your advice.</p> <p>Mr Ray—No, I understand that. We did have some discussions with some other departments.</p> <p>Senator CORMANN—Would you be able to tell me which other departments they were?</p> <p>Mr Ray—I will take that on notice.</p>				
<i>Comments by Woodside CEO</i>								
BET-50	Cormann	Treasury	03/06/2008	<p>Senator CORMANN—I asked some questions yesterday of the resources department in relation to this and specifically referred them to comments by Woodside CEO Don Voelte, which you would be aware of:</p> <p>“This is not a loophole—referring to the excise exemption on condensate—which is being closed, or a free ride which has come to an end. This is a negotiated fiscal arrangement which formed the basis of Australia’s largest resource development,”</p> <p>Was it the negotiated fiscal arrangement?</p> <p>Mr Ray—You are testing my memory, because this was introduced back in 1977.</p> <p>Senator CORMANN—You do not have any information available to you to either confirm or reject the assertion that was made by Mr Voelte?</p> <p>Mr Ray—The exact circumstances of the negotiations that may have taken place back in the 1970s I am not privy to, but I am happy to see if we can find out something for you.</p>	E93	08/08/2008	11/08/2008	
<i>Petroleum Resource Rent Tax</i>								
BET-51	Cormann	Treasury	03/06/2008	<p>Senator CORMANN—What is your experience in terms of all of the current offshore gas projects that are subject to PRRT? How soon after commencing production did they start paying PRRT?</p> <p>Mr Ray—I think we would need to take that question on notice.</p> <p>Senator CORMANN—Thank you very much.</p>	E94	08/08/2008	11/08/2008	

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<i>Petroleum Resource Rent Tax – revenue</i>								
BET-52	Cormann	Treasury	03/06/2008	<p>Senator CORMANN—In 2007-08 revenue from PRRT is expected to increase by \$250 million, but then in 2008-09 the PRRT revenue is expected to increase by \$1.1 billion, which I assume reflects recent rises in the price of oil and related energy resources, and by a further \$500 million in 2009-10. Can you tell me which projects that expected increase in revenue will mainly be coming from?</p> <p>Mr Ray—Your assumption about the reason for the rise is correct; it reflects rises in the price of oil and other energy resources. I am not sure that I can tell you exactly which projects it is from.</p> <p>Senator CORMANN—Can you provide us with that information on notice?</p> <p>Mr Ray—I can take the question on notice.</p> <p>Senator CORMANN—Can you take on notice which projects that additional revenue from 2007-08 to 2008-09 and 2009-10 will be coming from—\$1.1 billion and \$500 million respectively. I note that in 2010-11 and—</p> <p>Mr Ray—We think it is the existing projects that are paying now, so from the existing payers. This information we get from our colleagues in resources and energy we will check.</p> <p>Senator CORMANN—I asked the same question yesterday of Mr Hartwell. Mr Hartwell says this is administered by Treasury and that I should ask you. So you tell me that—</p> <p>Mr Ray—He is correct to say that the budget estimates are ours, but the information that we get on projects for PRRT we get from the department of resources and energy.</p> <p>Senator CORMANN—Why was the resources department not in a position to answer that question?</p> <p>Mr Ray—Because they are not responsible for the revenue estimate. As I have said, the reason for the change to the revenue estimate is oil and other energy price changes. But, if you want us to see what we can provide on a specific project basis, we will</p>	E96	15/08/2008	15/08/2008	

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				<p>need to go back to them.</p> <p>Senator CORMANN—I would very much like you to do that. I would be very grateful if you could provide me with that information. Related to this, I note that in 2010-11 and 2011-12 the PRRT revenue drops off significantly. Can you indicate to me why that is? Are there not new projects coming on stream?</p> <p>Mr Ray—There are new projects coming on stream, but what has been happening in the older fields is that production volumes have been falling.</p> <p>Senator CORMANN—Again, can you provide us some detail on that, like which projects you are assuming will lead you to reduction in revenue and which projects you expect to come on stream?</p> <p>Mr Ray—The short answer to the first bit about the loss is Bass Strait. But we will take it on notice.</p> <p>Senator CORMANN—Woodside, again in my home state of Western Australia, has a major gas project expected to come on stream towards the end of 2010 beginning of 2011 at the latest. Why are there no PRRT or expected PRRT payments from the crude oil projects in the forward estimates?</p> <p>Mr Ray—We would need to check whether there are not, first, which is the answer to your earlier question, but it would depend on the sort of discussion you were having with Mr Brown about what time after a project comes on stream it starts paying PRRT. We will need to check all of that.</p> <p>Senator CORMANN—I will conclude on those questions, which I would ask you to take on notice. Do the 2010-11 or 2011-12 forward estimates include provision for a PRRT revenue from crude oil—yes or no? If yes, how much? If no, when do you expect PRRT payments from Pluto to start flowing to the Commonwealth? These are my additional questions on notice.</p> <p>Mr Ray—We will take them on notice.</p>				
<i>Tax Laws Amendment (2008 Measures No. 3) Bill 2008 – consultation</i>								
BET-53	Bushby	Treasury	03/06/2008	Mr Ray —There have been previous consultations with industry	E101	23/07/2008	23/07/2008	

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				<p>on this particular measure or this particular issue. The other thing was that the government wished in this particular case to move quickly because the uncertainty around the way that the tax law would operate post McNeill was causing problems for Australian companies that wanted to manage their capital. I am not denying that the three-day consultation period was less than you would expect in the normal course.</p> <p>Senator BUSHBY—But you are saying there was an imperative?</p> <p>Mr Ray—I think the government would say there was an imperative that justified it. In addition, this was an issue that had been consulted on with industry over some period.</p> <p>Senator BUSHBY—Can you tell me, as a result of the three days of consultation that was allowed, how many changes were made to the draft?</p> <p>Mr Ray—We would have to take that on notice.</p> <p>Senator BUSHBY—When doing so, can you also let me know whether any of those changes made it to the legislation and to which provisions?</p> <p>Mr Ray—We will take all of that on notice.</p> <p>Senator BUSHBY—Can you describe for me the time line for completing your drafting instructions for the Office of Parliamentary Counsel and when was the drafting returned to the department for review or comment concerning this change?</p> <p>Mr Ray—Again, we would need to take that on notice.</p>				
<i>State distribution of the Goods and Services Tax</i>								
<u>BET-54</u>	Eggleston	Treasury	03/06/2008	<p>Senator EGGLESTON—Have there been discrepancies with other states in the past between their estimate of what GST they should receive and what the Commonwealth has predicted they would receive?</p> <p>Mr Ray—There are two issues here. One is we estimate here the total amount of GST that will be collected. And then the allocation to individual states is based on the formula through the Commonwealth Grants Commission, so there a different element.</p>	E102	15/08/2008	15/08/2008	

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				<p>Senator EGGLESTON—The states allocation is based on a Grants Commission estimate?</p> <p>Mr Ray—That is right.</p> <p>Senator EGGLESTON—And yours is not?</p> <p>Mr Ray—We are estimating the total envelope.</p> <p>Senator EGGLESTON—Why is the same basis of estimation not used by the states? I do not really quite follow why there should be a difference.</p> <p>Mr Ray—That is a question for my Fiscal Group colleagues, because that goes to the allocation of the total GST pool. The relevant expert will be with us tomorrow morning. Perhaps we could take that question then.</p> <p>Senator EGGLESTON—Could you take it on notice. I have some documentation about this, which I might see if I can bring down and perhaps you could accept that documentation and give me an answer on notice on the basis of the actual estimated figures that Mr Ripper has referred to.</p> <p>Mr Ray—We are happy to take it on notice and have a look at it.</p>				
<i>The 'Henry' tax review</i>								
BET-55	Eggleston	Treasury	03/06/2008	<p>Senator EGGLESTON—Are we going to have an interim report, do you think?</p> <p>Senator Sherry—From the Henry tax review?</p> <p>Senator EGGLESTON—From this review, yes.</p> <p>Senator Sherry—I do not think it is this area. Questions on Dr Henry's tax review should have gone earlier. I could take it on notice and come back to you and inform you as to the extent of any detailed time frame. Personally, I am not aware of one but one may have been set down. There may have been some announcements on a time frame, so we will have to come back to you on notice with that.</p> <p>Senator EGGLESTON—Thank you.</p>	E106	20/10/2008	20/10/2008	
<i>Rule 22c-2 of the US Investment Company Act</i>								
BET-56	Bushby	Treasury	03/06/2008	Senator BUSHBY —I will ask one final question, which I would	E107	23/07/2008	23/07/2008	

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				<p>imagine you will respond to when you do that. I imagine the joint committee has actually looked at this. Rule 22c-2 of the US Investment Company Act requires all mutual funds to unit price on a daily basis. I was just wondering why we do not do that in Australia.</p> <p>Senator Sherry—I am not aware of that provision and I am not sure whether to the best of my recollection that provision in the United States was actually raised at committee hearings. It may have been but I am not sure. But I will certainly—</p> <p>Senator BUSHBY—Would you mind taking it on notice?</p> <p>Senator Sherry—I will take it on notice and I will check that out for you but, obviously, a response on unit pricing will be to the joint House-Senate committee.</p>				
Office of the Inspector-General of Taxation								
BET-57	Bushby	Treasury	03/06/2008	<p>Senator BUSHBY—As I said, I am very glad you have done that. I note, as you have just mentioned and as the Assistant Treasurer mentioned in his media release at the time, that the decision was made after consultation with the accounting and legal professions. It is good to hear that you finally did that. Can you tell me what consultation the then opposition conducted with the accounting and legal professions prior to making a public announcement that you were going to abolish the office?</p> <p>Senator Conroy—I will take that on notice.</p>	E113	15/08/2008	15/08/2008	
International census								
BET-58	Abetz	ABS	03/06/2008	<p>Senator ABETZ—Can I ask about Uruguay? That is a very helpful analysis. Without you people doing any extra work, is there an easily available chart that sets out each country and the timing of each census, be it five years, 10 years or whatever? If there is, could you provide it to the committee? If there is not, do not burn the midnight oil.</p> <p>Mr Pink—The UN Statistical Commission will have what I will call a table on its website. We will provide you with that reference.</p>	E125	04/07/2008	04/07/2008	

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				Senator ABETZ —Thank you very much. That would be helpful.				
<i>International Consumer Price Index</i>								
BET-59	Abetz	ABS	03/06/2008	<p>Senator ABETZ—Do other countries use a consumer price index for the purpose of measuring real growth in government spending?</p> <p>Mr Harper—I am not aware of what is used in other countries.</p> <p>Senator ABETZ—Would that information be readily available to you or not? I do not want to impose a workload on you by asking you to take that sort of information on notice if it would require a lot of work.</p> <p>Mr Harper—We could certainly look into what might be readily available. It is not a measure that is typically compiled by statistical agencies. It would be measures that would be compiled by governments themselves.</p>	E125-E126	15/08/2008	15/08/2008	
<i>Consumer Price Index</i>								
BET-60	Coonan	Treasury	04/06/2008	<p>Senator COONAN—Yes, I am aware of that. Was this the first time that the CPI has been used this way in Australia?</p> <p>Mr Martine—As far as I am aware that is correct.</p> <p>Senator COONAN—In as far as you know, do other countries use a consumer price index for the purpose of measuring real growth in their budgets?</p> <p>Mr Martine—I would have to take that on notice. I am not too sure whether other countries use the CPI. In fact they may use different deflators, but I would have to take that on notice.</p> <p>Senator COONAN—I would appreciate if you could do that. I do not know the answer to it, but I would be pleased if you could enlighten us. What percentage of Commonwealth government purchases are made of goods and services within the CPI basket?</p> <p>Mr Martine—That is an interesting question. I would once again have to take that on notice. As you can see from the table on page 10-8, we do provide total payments. In terms of the breakdown, most of the details and expenses are outlined in statement 6, but I do not think that we break it down to that level. Just bear with</p>	E5	15/08/2008	15/08/2008	

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				<p>me. I would need to take that on notice.</p> <p>Senator COONAN—Yes. The proposition that I want to put to you, and you can obviously take it on notice, is that it seems that it would be a low percentage of Commonwealth government purchases that do appear in the CPI basket, and I am interested to know if that is correct when you have a look at it. And I want to know how it is reconciled with the statement that you referred to that the CPI provides a more accurate description of real government spending growth, especially in the current economic climate. Can you reconcile that for me? I would appreciate if you could take it on notice.</p> <p>Mr Martine—I will have to take that on notice.</p>				
<i>Consumer Price Index / terms of trade</i>								
BET-61	Coonan	Treasury	04/06/2008	<p>Senator COONAN—I realise in the presentation there are a lot of decisions that have to be made, but if the change is ostensibly due to recent terms of trade increases why would Treasury not use the gross national income deflator or the real net national disposal income deflator?</p> <p>Mr Martine—I would have to take that question on notice.</p> <p>Senator COONAN—Yes. As I have said, I appreciate that judgements have to be made about this when you are looking to present the budget, but I think they are important questions in order to understand your thinking.</p> <p>Senator RONALDSON—I wonder whether the minister has got a view on that.</p> <p>Senator Sherry—No. I am happy to take it on notice as well.</p> <p>Senator BUSHBY—In taking it on notice, if you consider that either of those two measures are broader than CPI and would tend to encompass all of government expenditure better, but also incorporate the terms of trade effect, so if you could incorporate that as well—</p> <p>Senator Sherry—I am happy to incorporate that in the answer on notice.</p> <p>Senator COONAN—I am curious to know why this change that</p>	E5-E6	15/08/2008	15/08/2008	

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				<p>we have discussed was not flagged more prominently in the budget papers, that you have to get to page 6 of paper 10 to understand or find mention of the change.</p> <p>Mr Martine—Statement 10 is where we provide the historic series.</p> <p>Senator COONAN—Yes, the historic account.</p> <p>Mr Martine—There may be a reference in statement 3, but I may be wrong there.</p> <p>Senator COONAN—Would you like to take that on notice?</p> <p>Mr Martine—I can take that on notice.</p>				
<i>Expenditure for 2008–09</i>								
BET-62	Coonan	Treasury	04/06/2008	<p>Senator COONAN—So they are all new measures and none of them were bring-forward?</p> <p>Mr Martine—The big ones that I have just mentioned include the \$500 million for universities. Any bringforwards would show a positive number in 2007-08 but a negative number in 2008-09 in that table in appendix E.</p> <p>Senator COONAN—I will check it, but are you saying that there are none?</p> <p>Mr Martine—Off the top of my head, going through the 600-odd measures, I cannot guarantee that there are not any bring-forwards from 2008-09 to 2007-08.</p> <p>Senator COONAN—Can you check it for me, please, on notice?</p> <p>Mr Martine—I am happy to take that on notice.</p> <p>Senator COONAN—If there are any, I would like your comment on whether it would increase or reduce inflationary pressures?</p> <p>Mr Martine—That question comes back to the size of the surplus in 2007-08 and 2008-09. After taking into account all of those measures and other estimates adjustments, there is a modest tightening in 2008-09 from 2007-08, moving from 1.5 per cent of GDP to 1.8 per cent. Those numbers take into account all of those decisions.</p> <p>Senator COONAN—If this spending had occurred on or after 1</p>	E10-E11	15/08/2008	15/08/2008	

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				<p>July 2008 what would have been the underlying cash surpluses in 2007-08 and 2008-09?</p> <p>Mr Ray—When you say ‘this spending’, is that the spending that we are checking to see whether they were bring-forwards?</p> <p>Senator COONAN—Yes.</p> <p>Mr Martine—Is it just bring-forwards?</p> <p>Senator COONAN—Yes, just a bring-forward.</p> <p>Mr Martine—We would have to take that on notice.</p> <p>Mr Ray—We would have to take that on notice but, as Mr Martine said, we do not think that is going to be significant.</p> <p>Mr Martine—The major measures in 2007-08 are not bring-forwards—for example, the seniors and carers bonus and education.</p> <p>Senator COONAN—Would you provide the estimated budget surpluses for each year from 2007-08 until 2011-12 in both underlying cash and fiscal terms, if there had been no policy decisions taken in the budget? What I am looking for is what these surpluses would have been if there had been no decisions since PEFO. I would also like the calculations in both percentage points of GDP and in dollars.</p> <p>Mr Martine—I will refer you to page 3-11 of Budget Paper No. 1 where we provide the reconciliation table for the underlying cash balance. I will not attempt to do the maths in my head, but the bottom portion of that table shows the underlying cash balance at PEFO and it breaks out the policy decisions and parameter variations to calculate the current underlying cash balance. So, if your question was, ‘What would the underlying cash balance have been if there were no policy decisions?’ then, in 2008-09, for example, it would simply be a matter of adding back to the \$21.703 the \$1.996.</p> <p>Mr Ray—Subtracting.</p> <p>Mr Martine—I am sorry, subtracting.</p> <p>Mr Ray—The short answer to your question is that the underlying cash surpluses for 2008-09 to 2010-11 would have been smaller.</p>				

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				<p>Mr Martine—That is correct. It is smaller.</p> <p>Mr Ray—We can do the arithmetic.</p> <p>Senator COONAN—If you would not mind, just in percentage points of GDP and dollars.</p> <p>Mr Martine—The equivalent table for fiscal balance is on page 3-12.</p> <p>Senator COONAN—Is it normal to describe tax increases as savings?</p> <p>Mr Ray—Yes, in the sense that they are savings to the budget.</p> <p>Senator COONAN—Can you provide a list of the savings—that is, reductions in expenses—over the forward estimates, please? You have probably got a table there.</p> <p>Mr Martine—Broken down or—</p> <p>Senator COONAN—Yes, please.</p> <p>Mr Martine—in aggregate?</p> <p>Mr Ray—Do you want every single one of them?</p> <p>Senator COONAN—You can take it on notice.</p> <p>Mr Ray—Yes. We will need to take that on notice.</p> <p>Senator COONAN—There would be a table.</p>				
Family Tax Benefit A								
BET-63	Boswell	Treasury	04/06/2008	<p>Senator BOSWELL—In your policy advice, how many working families did you determine would have a reduced benefit for family tax benefit A as a result of the budget?</p> <p>Ms Furnell—The changes are related to family tax benefit B.</p> <p>Senator BOSWELL—No; family tax benefit A. The budget says that superannuation salary sacrifice and a number of other reasons will mean that people will lose their benefit under A.</p> <p>Ms Furnell—I am sorry; are you referring to the changes to the income definitions relating to salary sacrifice et cetera?</p> <p>Senator BOSWELL—Yes.</p> <p>Ms Furnell—There have been some questions asked on this in other sessions.</p> <p>Senator BOSWELL—There have been, and I asked them.</p> <p>Ms Furnell—I will need to check on what information I can</p>	E13	15/08/2008	15/08/2008	

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				<p>provide on that.</p> <p>Senator BOSWELL—No. I have asked questions and I have the right to ask you the same questions. Have you got an answer to that?</p> <p>Ms Furnell—I would have to check on notice.</p> <p>Mr Ray—We would need to take the question on notice. We do not have that sort of number with us.</p> <p>Senator BOSWELL—Have you got information on how many families will lose benefits under B?</p> <p>Ms Furnell—Are you referring to the changes to the definitions?</p> <p>Senator BOSWELL—Yes.</p> <p>Ms Furnell—Again, I would have to get further information. I do not have the numbers relating to the changes in income definition?</p> <p>Senator BOSWELL—When can you get those numbers for me?</p> <p>Ms Furnell—I will check and find out.</p> <p>Senator BOSWELL—When will they be able to be given to us?</p> <p>Ms Furnell—I will need to check with others who are not present.</p> <p>Senator BOSWELL—We get an opportunity to ask questions of public servants on very rare occasions. I have found that, once people take things on notice, the answers you get back are absolutely non-answers. I find it difficult when we come here and people who should be able to answer questions then want to take them on notice. It is trying to divert what the system is all about. These are fairly simple questions. I thought you would be able to answer them. They are absolutely fundamental questions that you must have given advice to the government on and I cannot see why they cannot be answered.</p> <p>CHAIR—The answer has been given that they will be taken on notice.</p> <p>Senator BOSWELL—When can I expect the answer to come forward?</p> <p>CHAIR—The date for reply is 1 August.</p> <p>Senator BOSWELL—Is there any way I can get an answer back</p>				

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				today by asking people to supply you with the answer or ringing the office up? First of all, this is crazy. It subverts the whole purpose of estimates. It is a complete waste of time that we have got to do this. Can I get an answer back today? Ms Furnell —I will need to check on that.				
Government assistance programs								
BET-64	Boswell	Treasury	04/06/2008	<p>Senator BOSWELL—I have some more questions. The new adjustable tax income will be used to assess eligibility for a range of government assistance programs. What do these include?</p> <p>Ms Furnell—A range of payments are through the transfer system such as the—</p> <p>Senator BOSWELL—Can you enunciate all the programs?</p> <p>Ms Furnell—I can provide you with some information and I hope these will be complete. The dependency tax offsets include income support payments paid under the Social Security Act, so that is a range of income support payments—parental income test on youth allowance and ABSTUDY, family tax benefit parts A and B, the childcare benefit, child support, the Assistance for Isolated Children scheme, exceptional circumstances relief payments, exceptional circumstances interim income support, family help income support payments and income test for residential aged carers. That is the advice I have.</p> <p>Senator BOSWELL—For each of these programs, how many working families will lose their eligibility or receive a lesser amount of assistance as a result?</p> <p>Ms Furnell—I do not have estimates on any distributional impact on those specific programs. I can check to see what information is available.</p> <p>Senator BOSWELL—Again, I hope I do not receive this on 1 August. I would like to receive it today. I would appreciate it if someone could get on the phone and request an answer to the questions that have been asked, and you can come back to us. Is that possible?</p> <p>Ms Furnell—I will check.</p>	E13-E14	15/08/2008	15/08/2008	

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<i>Family assistance entitlement</i>								
BET-65	Boswell	Treasury	04/06/2008	<p>Senator BOSWELL—Budget Paper No. 2 indicates that the current approach, where the net value of reportable fringe benefits is used to calculate entitlements to family assistance, will be replaced by the use of gross value. This change will directly and adversely affect many low-income disability support workers. Can I mention that National Disability Services says that this is a direct, if unintended, assault on low-income working families in the disability sector by undermining the attractiveness of the salary packaging. Was the impact on the not-for-profit sector considered in the advice that the department gave the government?</p> <p>Ms Furnell—I understand there are some changes resulting from a separate measure announced earlier under the former government that come into effect on 1 July 2008, which are unrelated to the measures announced in this budget, which affect the not-for-profit sector, so I do not have the precise details of that with me, but we may be referring to a separate measure there.</p> <p>Senator BOSWELL—No. I think we are referring to the same measure. I am asking you: did you consider the not-for-profit sector in the advice that you gave to the government?</p> <p>Ms Furnell—I am not aware of specific details of policy advice given on this measure.</p> <p>Senator BOSWELL—How many letters have been sent out advising people of reduced benefits due to the grossing up of fringe benefits tax?</p> <p>Ms Furnell—That is a question that would be more properly directed to the Department of Families, Housing, Community Services and Indigenous Affairs.</p> <p>Senator BOSWELL—No. They asked me to direct it to you. Let us not toss the parcel around. They said it was Treasury's responsibility.</p> <p>Senator Sherry—We will take it on notice and sort out the</p>	E14-E16	12/09/2008	12/09/2008	

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				<p>particular departmental area, but I agree with the officer. It would seem to me that the administration of the measure and the sending out of letters is the responsibility of a particular department. However, we will sort it out and get you an answer. We will take it on notice.</p> <p>Senator BOSWELL—Yes. It will be an absolute nonanswer. They always are when they are taken on notice. As I said before, we do not get a lot of opportunities to do this and it is frustrating when we get one department that says ‘go to A’ and department A says ‘go to B’ and we are going nowhere.</p> <p>Senator Sherry—I do understand and appreciate your concern. We will sort out the jurisdictional issue. Once we have sorted that out we will provide an answer on notice. I do not agree with your all-sweeping critique that answers supplied as a response to a question taken on notice are not informative. I can think of many occasions when you were in government when I did receive informative answers to questions taken on notice.</p> <p>Senator BOSWELL—Thank you for that. Can I just ask you to do it with some degree of urgency, because I have been referred to another department. I would appreciate it if you could do that as soon as possible, not on 1 August. I have some other questions. Do these changes to the fringe benefits tax affect the eligibility for rent assistance?</p> <p>Ms Furnell—I am not an expert in the details of the means testing.</p> <p>Senator BOSWELL—Is there an expert here?</p> <p>Senator Sherry—You will find that the experts on rent assistance would be in another estimates in another program. That is the difficulty that we have.</p> <p>Senator BOSWELL—Again, I was told to refer these questions to Treasury, and then Treasury tells me it is another department.</p> <p>Senator Sherry—We will attempt to sort out the jurisdictional issue and get you a response.</p> <p>Senator BOSWELL—I will put this question on notice, but the answer will be the same. In your advice to government, how</p>				

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				<p>many people did you determine would have a reduced benefit for rent assistance due to changes to salary sacrifice?</p> <p>Senator RONALDSON—I raise a point of order, Madam Chair. Given the circumstances where Senator Boswell has effectively been denied the opportunity to ask the officers he was speaking to from the other department to provide this information as a matter of urgency, which he may well have done had he known of today's events, could this information, in all fairness to Senator Boswell, be provided inside the time frames that have been set for the return of answers? In fairness to the senator, he was denied the opportunity to make that request when he asked these questions previously and I think in those circumstances it would not be unreasonable for this information to be provided well inside the time frame that has been arranged.</p> <p>CHAIR—The officer has indicated that she will check to see if that is available. As the minister pointed out, there are some jurisdictional issues here and I do not think that we can promise anything.</p> <p>Senator Sherry—I cannot promise a specific date but what I can do is commit to making it a high priority to get this response. I cannot give you a specific date now, and that would be misleading if I set a specific date, but we will give it high priority.</p> <p>Senator BOSWELL—I had a distressed community worker ring me yesterday. She receives \$15,000 tax free; I suppose you would call it a free kick. On talking to her, I was told that hospital workers receive an \$18,000 tax-free fringe benefits rate. In your policy advice did you consider the effect on hospitals?</p> <p>Ms Furnell—I am not across the details of this particular matter. I think it is quite likely it is handled through another group. It is a tax matter rather than this particular matter, but we can undertake to check.</p> <p>Senator BOSWELL—But you are the Treasury, aren't you?</p> <p>Senator Sherry—Yes, but the tax group spent almost a day here yesterday.</p>				

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				<p>Senator BOSWELL—While the tax group was here I was asking the families group who told me to refer it to Treasury. I feel like a bit of a parcel being—</p> <p>Senator Sherry—When you say Treasury, it appears to me that, given the ongoing questions you are asking, it is a taxation matter—and tax was on yesterday.</p> <p>Senator BOSWELL—And meanwhile I was with the families group asking questions and they did not tell me to go to the tax group; they told me to go to the Treasury group. Anyhow—</p> <p>Senator Sherry—This is Treasury portfolio estimates and in Treasury portfolio estimates there is the tax area which we dealt with yesterday—very comprehensively, I might say.</p> <p>Senator BOSWELL—How will the change affect nurses and hospital workers who have an \$18,000 taxfree fringe benefit level tax? You will obviously respond to that. How many hospital workers and community workers—I want a figure for each—will be affected as a result of the tax-free fringe benefit?</p> <p>Senator Sherry—We will take those questions on notice and we will ensure we get a response.</p> <p>Senator BOSWELL—This is the last question: have you considered the effect on the wider community of the not-for-profit sector and how many employees will be affected by the changes?</p> <p>Senator Sherry—We will take those on notice and we will get our response from the tax area when we can.</p> <p>Senator BOSWELL—Thank you.</p>				
CSIRO – assets held								
BET-66	Joyce	Treasury	04/06/2008	<p>Senator JOYCE—That being the case, in the change of the use of the asset at Rockhampton held by the CSIRO—a multimillion dollar beef facility—that is a very particular asset. It is the biggest undercover beef facility in the southern hemisphere. Since it is now in moth balls, where is that going to be reflected on your budget papers?</p> <p>Mr Martine—You are probably asking a question outside my</p>	E19	15/08/2008	15/08/2008	

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				<p>area of expertise. The CSIRO is a government entity and therefore all its assets, by definition, have to appear somewhere in the aggregated balance sheet. Exactly where these assets sit is probably more a question for either the CSIRO itself or the department of finance, in terms of the aggregate statement.</p> <p>Senator JOYCE—I am talking to the competence of the figures. Can you then take that on notice as to the fair market valuation of that asset, its diminution in value and how that is reflected in the figures that have been provided to us?</p> <p>Senator Sherry—We will take it on notice in an endeavour to assist you. However, the valuation of a specific asset is not an issue for this department’s estimates. That is an issue for the CSIRO and perhaps the department of finance.</p> <p>Senator JOYCE—It is going to end up being filtered back through. It talks to the competency of the books. That is certainly part of the fiscal groups’ oversight, isn’t it?</p> <p>Senator Sherry—But can Treasury be reasonably expected to have precise knowledge and understanding of that particular issue? No. The CSIRO and the department of finance would. We will take it on notice and we will endeavour to assist you.</p> <p>Senator JOYCE—I hear what you say but they can certainly be expected to have a system in place that deals with such issues. If in this instance we find it has not dealt with that issue then it should lead to further questions in other areas where we would further question the competency of the books.</p> <p>Senator Sherry—It is for the CSIRO and the department of finance, which has responsibility for oversighting evaluation of assets, to do that if it has a question or concern, not the Treasury. But we will take it on notice. But I am a little concerned that if you come here and expect the Treasury to give you a precise asset valuation of an individual asset—</p>				
<i>Presentation of budget papers</i>								
<u>BET-67</u>	Bushby	Treasury	04/06/2008	Senator BUSHBY —I appreciate that you might not have the details to hand. I do not want to spend a lot of time going through	E19	15/08/2008	15/08/2008	

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				the budget papers now, but could you please take on notice and provide me with the details of where presentation of budget papers or the accounting for measures and so on have changed from normal practice in this year's budget papers compared to past budget papers, particularly focusing on those which were not already planned as at the date of the election last year? Mr Martine —We can take that on notice.				
<i>National debt-free day</i>								
BET-68	Bushby	Treasury	04/06/2008	Senator BUSHBY —Would Treasury confirm that 21 June 2006 was national debt-free day? Mr Martine —We probably need to take that on notice. Clearly you are talking about what you describe as net debt becoming, in a sense, negative? Senator EGGLESTON —It is paying off government debt; it is pretty clear. Mr Ray —We can recall the Treasurer referring to a particular day in that way and we can take on notice whether that was the date that he— Mr Martine —On page 10-10 of Budget Paper No. 1, which provides the historic series on net debt, one season in 2005-06 is where it drops to negative. From memory, it would have been in the latter half of that financial year, just looking at the series. But trying to pin down an exact day is one of those difficult things.	E20	15/08/2008	15/08/2008	
<i>Productivity and growth in Australia</i>								
BET-69	Coonan	Treasury	04/06/2008	Senator COONAN —I will be brief on this, but there are a few more things I want to ask about. If you were to rank giving the \$20 billion say as tax cuts as targeted transferred payments or presenting them as government own purpose spending, which in Treasury's view is more likely to improve the productivity and growth of Australia and which the least likely? Mr Ray —I am not quite sure that I am following your question. What are we ranking? Senator COONAN —How do you characterise the \$20 billion	E20-E21	15/08/2008	15/08/2008	Updated answer provided on 12/09/2008

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				<p>tax cuts? Do you characterise it as a targeted transfer payment or is it government own-purpose spending? That was really the premise on which I put the question. Which is more likely to improve the productivity and growth of Australia and which is the least likely? Is there any difference?</p> <p>Mr Ray—I think I know where you are going but if I am not going in the right direction, stop me.</p> <p>Senator COONAN—Yes.</p> <p>Mr Ray—Whether or not you have a tax cut or a spend, a payment, what would be the different effect?</p> <p>Senator COONAN—Yes.</p> <p>Mr Ray—I think you would need to look at that in the context of the overall budget. It is hard to make comments about particular elements like that. As you know, over the last few years we have been building some capacity in the department to analyse the impact on labour supply decisions of various programs, including tax cuts. The previous government and this government have published some of those estimates.</p> <p>Senator COONAN—Could you take it on notice and just have a think about it, if you can provide a view? I know you have done your best now, but I am just—</p> <p>Mr Ray—I probably have not done my best.</p> <p>Senator COONAN—Would you do your best then?</p> <p>Mr Ray—That is because you probably asked—</p> <p>Senator MURRAY—Too much honesty is bad.</p> <p>Senator COONAN—Mr Ray is always honest.</p> <p>Mr Ray—Because I think what you are asking me for is a treatise on fiscal policy which would take a long time but I am happy to take it on notice to see what we can provide.</p> <p>Senator COONAN—Short of a tome, what you could do would be appreciated. Could you please provide us with a breakdown of the effects on the fiscal and underlying cash balances, in per cent of GDP and dollars, of the changes in the accounting treatment in the budget and the reindexation on the basis of CPI rather than the non-farm GDP deflator?</p>				

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				<p>Mr Martine—Just to answer the second part of your question first, as we were discussing previously, the change from non-farm GDP deflator to CPI is simply one of reflecting in the historic series to calculate real growth trends. The actual indexation of all government programs, whether it is defence or age pension or departmental costs et cetera, has remained unchanged. That is what feeds through to the budget bottom line. The discussion we are having about non-farm GDP versus CPI is simply one of how you calculate a real increase in the spending number but the actual impact on the budget remains unchanged from that.</p>				
<i>Review of spending pressures</i>								
<u>BET-70</u>	Coonan	Treasury	04/06/2008	<p>Senator COONAN—On the basis of your experience of these things in terms of new spending, have you anticipated what spending pressures you might expect to arise by reason of the hundreds of reviews commissioned by the government?</p> <p>Mr Martine—As part of our normal advice to government, as we have been doing for many years, likely spending pressures are something that we always keep an eye on so we are always in a position to provide the appropriate advice.</p> <p>Senator COONAN—Notwithstanding what might come forward from these hundreds of reviews, Treasury is always able to respond and advise appropriately?</p> <p>Mr Ray—As long as I have been in this business there have always been spending pressures and we have provided advice on them.</p> <p>Senator COONAN—Are there any spending pressures that you anticipate? Can you indicate where they are?</p> <p>Mr Ray—No. I would not want to chance my arm indicating where they are but there are always spending pressures and we provide advice on them.</p> <p>Senator COONAN—Except that is not really something that you are advising on; it is something that is a matter of fact. As part of Treasury's operations can you be a bit more specific?</p>	E21-E22	15/08/2008	15/08/2008	

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				<p>Mr Ray—I do not know that it is a matter of fact because these things do not become fact until the government takes a decision.</p> <p>Senator COONAN—I understand that but it is a matter of the operations of the department that this is a function and understanding where pressures are and what they are is a function—</p> <p>Mr Ray—It is a function and—</p> <p>Senator COONAN—I am just wondering if you could be a bit more specific.</p> <p>Mr Ray—that is something that we have always done and it is something we will continue to do: to provide advice to the government on our view of the sorts of spending pressures that are around in order to assist them when they are thinking about their budget policy decisions.</p> <p>Senator COONAN—What spending pressures do you anticipate?</p> <p>Mr Ray—I would need to take that on notice.</p> <p>Senator COONAN—You cannot indicate any at this stage?</p> <p>Mr Ray—That question, as we have been saying, goes to advice to government so I would need to take it on notice.</p>				
<i>Funding to Western Australia</i>								
BET-71	Webber	Treasury	04/06/2008	<p>Senator WEBBER—I have one last question on this, which you will need to take on notice. Going back, say, over the last five years, can you give me the projection of what you think you are going to give Western Australia and what you end up giving them, so I can try to work out where we are going.</p> <p>Mr Ray—Yes.</p>	E28	15/08/2008	15/08/2008	
<i>Intergovernmental agreement</i>								
BET-72	Macdonald	Treasury	04/06/2008	<p>Senator IAN MACDONALD—I understand in the early years of the intergovernmental agreement total resources to the state, including transfers, GST revenue, special purpose payments and own-source revenue grew by about eight per cent in nominal terms. Can you confirm or deny that. That is my suggestion to</p>	E28-E29	15/08/2008	15/08/2008	

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				<p>you.</p> <p>Mr Ray—If you look on the next page, page 9, table 1.2, the second last column, you see the growth rate of total Commonwealth payments to the states in each year.</p> <p>Senator IAN MACDONALD—That is right. In the early years of the GST they were quite substantial, but falling as they go. In those times inflation was about 1.5 per cent lower than it is now, in those years from the introduction of the GST.</p> <p>Mr Ray—Off the top of my head that is about right, yes.</p> <p>Senator IAN MACDONALD—What I am suggesting to you is that we are looking in total financial resources from the Commonwealth to the states dropping from five per cent growth in real terms down to one per cent over the next years, 2011-12? Take it on notice.</p> <p>Mr Ray—I will take it on notice. I cannot do the arithmetic in my head.</p>				
<i>National health and hospitals reform plan</i>								
<u>BET-73</u>	Macdonald	Treasury	04/06/2008	<p>Senator IAN MACDONALD—I could do no more than quote the Treasurer's speech: The Government's National Health and Hospitals Reform Plan will revitalise the public health system. In this Budget we are committing to an extra \$3.2 billion ...</p> <p>Is it not true that the states prior to the election commissioned a report which indicated they needed \$7.5 billion for the things which Mr Swan has committed \$3.2 billion?</p> <p>Mr Heferen—We would have to take it on notice to check the state report. But when you say the state is saying \$7.5 billion for that which the government has allocated \$3.2 billion, I think on examination of that we would be comparing apples with oranges. No doubt the \$7.5 billion is about the recurrent funding from the Commonwealth under the health care agreement. As the senator has pointed out, that is yet to be determined.</p> <p>Senator IAN MACDONALD—Good try. But those of us average Australians who might have voted prior to the election on the basis that the new Labor government would increase</p>	E31	20/10/2008	20/10/2008	

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				<p>funding by \$7.5 billion as their mates in the state determined through this report they commissioned will find from the budget that they have got \$3.2 billion, which is exactly half of what is required. You can take that on notice.</p> <p>CHAIR—We have just over half an hour before lunch.</p> <p>Senator IAN MACDONALD—I am just winding up, as you might have noticed, Madam Chair, although I have not noticed you holding back other senators. That is your prerogative as chair. If you will take that on notice for me.</p>				
<i>Increase in state distributions</i>								
BET-74	Macdonald	Treasury	04/06/2008	<p>Senator IAN MACDONALD—Also, relative to the questions that Senator Webber and Senator Eggleston were asking, but in the broader sense, could you perhaps give me the response to my earlier question about the states expecting they would get huge increases from a Labor government but finding now that their increases in Commonwealth to state transfers are remarkably less than they were over the last four or five years—and, might I say, it serves them right.</p> <p>CHAIR—Was that a question?</p> <p>Senator IAN MACDONALD—Yes, it was.</p> <p>Senator Sherry—That was not a question for officers. It is—</p> <p>Senator IAN MACDONALD—Well—</p> <p>Senator Sherry—Let me finish. It is not a question; it is a series of assertions and political claims that is not appropriate for the officers. But I will take it on notice for Mr Swan to respond to.</p> <p>Senator IAN MACDONALD—I am asking the officers—they have agreed to do this before; I was just summarising—to calculate the increases in the outcomes, compare it with the increases in the last four or five years, and can they confirm or otherwise that the increases, which have been substantial in the last four or five years, to the states are now running back to one per cent or less than inflation even?</p> <p>Senator Sherry—We will take it on notice.</p>	E31	15/08/2008	15/08/2008	

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<i>Emissions trading scheme</i>								
<u>BET-75</u>	Eggleston/ Bushby	Treasury	04/06/2008	<p>Senator EGGLESTON—What are the short to medium-term costs that you anticipate to the Australian economy from an ETS, including effect on growth rate, productivity growth, employment and, as previously mentioned, inflation? Are you able to comment on any of those points?</p> <p>Ms Mrakovcic—Only to the effect that they will depend on the design of the emissions trading scheme.</p> <p>Senator BUSHBY—You mentioned that you could not comment on the timetable that has been set because that is properly in another department's hands. Presumably you are aware that there has been a timetable set, even though you cannot confirm what the time lines are. Has Treasury been asked to deliver its part of the overall ETS regime presumably based around the modelling by a certain time to fit in with that timetable?</p> <p>Ms Mrakovcic—You would have to ask that question of other areas of Treasury that are more directly associated with that.</p> <p>Senator BUSHBY—Maybe the minister can answer that. Has Treasury been asked?</p> <p>Senator Sherry—I would need to take that on notice.</p>	E35	15/08/2008	15/08/2008	
<i>International 'future funds'</i>								
<u>BET-76</u>	Bushby	Treasury	04/06/2008	<p>Senator BUSHBY—What other countries have a sovereign welfare fund/Future Fund type arrangement?</p> <p>Senator Sherry—Again, the same question was asked at Finance estimates. In Finance we agreed to take it on notice and provide a list with a bit of a description. It is pretty long.</p> <p>Senator BUSHBY—It is very helpful having you here, given that you were also at Finance.</p> <p>Senator Sherry—I am not sure it is helpful asking the same questions at two estimates, but that has a flowon impact for your ability to ask questions in other areas. That is your call. I will take that on notice. We will provide the information on sovereign wealth funds and a description of that, because they do vary in</p>	E40	15/08/2008	15/08/2008	

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				<p>terms of their structure and purpose from country to country.</p> <p>Senator BUSHBY—Whilst doing that, could you also provide information as to which of the SWFs in those countries have a draw-down of capital provision and for what purposes capital is permitted to be deployed?</p> <p>Senator Sherry—We will endeavour to get you that detail. I will not absolutely commit to it, because I am not sure of the extent of the research or, in fact, even the degree to which that information would be available in terms of some of the operations of the sovereign wealth funds. We will certainly endeavour to obtain it.</p> <p>Senator BUSHBY—Presumably you will be able to tell me when that is not available. Is there any macroeconomic modelling of accumulating these funds and then spending them? Have you conducted any economic modelling on the effects of it, or of the accumulation and then the spending in a broad sense?</p> <p>Dr Henry—In supporting the development of our macroeconomic policy advice to government we use economic modelling and so, in the development of the macroeconomic advice to government in the lead-up to each budget, we always provide governments with advice on the prevailing macroeconomic circumstances, informed in part by our macroeconomic model.</p> <p>Senator BUSHBY—I presume that any such modelling that you may have done, as you say, is advice and you would not be in a position to release it?</p> <p>Dr Henry—It is entirely up to the Treasurer as to what part of our advice to him he wishes to release into the public domain.</p> <p>Senator Sherry—I will take that on notice.</p> <p>Senator BUSHBY—Thank you.</p>				
<i>Workplace relations policy</i>								
BET-77	Bushby	Treasury	04/06/2008	<p>Senator BUSHBY—I am very happy to do that. What economic analysis or modelling has been provided to the government on its workplace relations policies to assess the likely impact on unemployment and employment? Do you want to go?</p>	E44	15/08/2008	15/08/2008	

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				<p>Dr Henry—Yes. Given that you have asked the question, I think I do want to go.</p> <p>Senator Sherry—That is what I was trying to work out.</p> <p>Dr Henry—This is the signalling system that we worked out beforehand. Because you are talking about advice that may or may not have been provided to the Treasurer, I would seek the committee's indulgence to consult the Treasurer on what details of that advice he might want to make available.</p> <p>Senator Sherry—I am happy to take it on notice and seek such a request from the Treasurer.</p>				
Workplace relations – modelling								
BET-78	Bushby	Treasury	04/06/2008	<p>Senator BUSHBY—Are you saying that the modelling that you have done and provided to the Treasurer to assess the impact of the government's workplace relations policies does not necessarily directly address economic growth?</p> <p>Dr Henry—Again, you are asking about advice provided to the Treasurer.</p> <p>Senator BUSHBY—I was asking whether you have done economic modelling that addresses that? I am not asking what the results of it were or the resultant advice, just where the modelling was done to look at the impact on economic growth of the government's workplace relations policies.</p> <p>Dr Henry—I would have to take that question on notice.</p>	E46	15/08/2008	15/08/2008	
Workplace relations – modelling (no. 2)								
BET-79	Coonan	Treasury	04/06/2008	<p>Senator COONAN—I just have a couple of questions before Senator Bushby resumes. I may have misheard the earlier evidence, but is it correct to say that Treasury made no forecasts or undertook no modelling of the impact of changes to workplace relations policy changes, or that you made forecasts without first modelling the impact of changes?</p> <p>Mr Ray—You probably should be talking to our macro colleagues who are responsible for these forecasts. These forecasts are for 2008-09 and I think it is right that the</p>	E51-E52	15/08/2008	15/08/2008	

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				<p>government has announced a package of policy changes in this area that will not take full effect until some time after that, but the forecasts will take account of all of the relevant institutional arrangements that apply during the forecast period and the effect of previous things that are working their way through the economy, but we do not break those forecasts down and say that a particular thing is going to have a particular impact. The forecasts are done at an aggregate level, but they take account of all of these things, including in this case the relevant policies.</p> <p>Senator COONAN—I did understand your colleague, Mr Tune, at estimates in February saying that no modelling had been done, so he would not have been referring to the specific breakdown. Is that right? Would he be referring in the aggregate?</p> <p>Mr Ray—I would have to take that on notice and check what particular question he was answering.</p> <p>Senator COONAN—All right.</p>				
<i>Fuel excise indexation</i>								
BET-80	Boswell	Treasury	04/06/2008	<p>Senator BOSWELL—I will just finish with this one, then, if you will allow me to. Are you in favour of using fuel excise indexation as a policy instrument, because that is what we voted against. This policy that you condemned us—</p> <p>CHAIR—I think that was a policy question, so—</p> <p>Senator BOSWELL—I am sorry. The legislation you attacked us for used excise indexation as a policy instrument. Are you in favour of excise indexation as a policy instrument?</p> <p>Dr Henry—That is a policy question.</p> <p>Senator Sherry—We will take it on notice.</p> <p>Senator BOSWELL—You criticised the—</p> <p>CHAIR—Senator Sherry has said he will take it on notice.</p> <p>Senator ABETZ—Can I make this point to Dr Henry—</p> <p>CHAIR—No, I do not think so.</p> <p>Senator ABETZ—Can I ask this question of Dr Henry, then? Can you see the difficulty that you get yourself into when you make a speech about policy critical of in this case the coalition's</p>	E55	15/08/2008	15/08/2008	

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				<p>policy? We then ask you about that policy and you say, 'Sorry, I cannot answer at Senate estimates because that is a policy issue.' But you give yourself free rein to talk about policy issues at the public forum—</p> <p>CHAIR—I will say to Dr Henry that he should not answer that question because the issue of whether policy questions are asked at estimates is a matter for this committee and I read in the opening statement that policy questions were not to be answered.</p> <p>Senator BOSWELL—But this is not a policy question.</p> <p>CHAIR—The minister has said he will take it on notice.</p> <p>Senator BOSWELL—I did not ask the minister. I asked Dr Henry.</p> <p>Senator Sherry—And I am taking it on notice, as is my right.</p> <p>CHAIR—It has been taken on notice. As that is your last question, Senator Boswell, I will turn to Senator Bushby.</p>				
<i>Workplace relations – inflation and interest rates</i>								
<u>BET-81</u>	Bushby	Treasury	04/06/2008	<p>Senator BUSHBY—Can you confirm whether economic modelling has been done by Treasury to assess the impact of the government's workplace relations policies on inflation and interest rates?</p> <p>Mr Ray—I do not think we can add anything to the answers we have already given.</p> <p>Senator BUSHBY—The other answers were specific to other measures. In terms of inflation and interest rates, I want to know whether any modelling was undertaken on this issue.</p> <p>Mr Ray—Other than the compilation of our macroeconomic forecasts, I do not think so, no, but I am happy to take it on notice to double-check.</p>	E59	15/08/2008	15/08/2008	
<i>Economic modelling of unemployment/employment – consultation</i>								
<u>BET-82</u>	Bushby/ Fisher	Treasury	04/06/2008	<p>Senator BUSHBY—In respect of the economic modelling that you have done on the impact of these policies, when was it prepared and by which agency, or did you use external consultants?</p>	E59-E60	15/08/2008	15/08/2008	

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				<p>Mr Ray—In terms of our forecasts?</p> <p>Senator BUSHBY—You have answered that you have completed economic analysis or modelling in respect of unemployment and employment at least, and you are not sure about other areas that we mentioned. In respect to those ones that you are sure of, when was it undertaken and by whom?</p> <p>Mr Ray—I think we might be talking slightly at cross-purposes and I apologise for that. What I said earlier was that when we construct economic forecasts we take into account everything that is going on in the economy. That is possibly not where you are heading here. You might be asking a slightly different set of questions, and therefore I apologise, as to whether or not we have modelled and singled out the impact of a particular policy on various macroeconomic variables. I think the answer to that is that that is not the way we do it, but I am happy to take it on notice and check for all the variables you have listed.</p> <p>Senator BUSHBY—I thought my question was fairly clear. The government has fairly well outlined workplace relations policies which were to implement a number of changes in the regulation of workplace laws, and I asked whether you had conducted any economic analysis or modelling which you then provided to the government. We went through one after the other. In respect of the first ones you said that you had.</p> <p>Mr Ray—Whether we provided economic analysis is I think a broader question than modelling—</p> <p>Senator BUSHBY—So you have provided analysis?</p> <p>Mr Ray—As Senator Coonan reminded me earlier—and which I now recall—some specific questions on modelling of various elements of these policies were asked at the last estimates, and I think that the evidence provided was that we had not done that specific modelling going from a policy to a macro variable. That is slightly different from the more generic answers we gave earlier about how we construct our forecasts where we are by definition doing economic modelling and all that sort of thing. That is one set of things. Economic analysis can be done with and</p>				

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				<p>without modelling, so it is a broader question. We will take it on notice and check.</p> <p>Senator BUSHBY—You are not sure whether you have done any economic modelling on any of that?</p> <p>Mr Ray—I am quite sure that we have done some economic analysis, because that would have underpinned our advice.</p> <p>Senator BUSHBY—You are not sure whether that included modelling?</p> <p>Mr Ray—I am not sure whether it included specific modelling, no.</p> <p>Senator BUSHBY—Modelling specific for the impacts of the government's workplace relations?</p> <p>Mr Ray—That is right.</p> <p>Senator BUSHBY—Could you take it on notice to find out whether you have provided analysis, including modelling. When you do, could you also provide us with information on when it was prepared, by which agency, or whether an external consultant was involved, and whether Treasury considers that the analysis is sufficiently rigorous, detailed and comprehensive to be definitive.</p> <p>Senator FISHER—And to whom it was provided?</p> <p>Senator BUSHBY—And to whom it was provided.</p>				
<i>Employment agreements</i>								
BET-83	Coonan	Treasury	04/06/2008	<p>Senator COONAN—Finally, is there any evidence that individual employment agreements have a lesser impact on inflation than enterprise level agreements, if I can put it in those terms?</p> <p>Dr Henry—I am not personally aware of empirical studies on this. I do not know whether any of my colleagues are, but I am not.</p> <p>Mr Heferen—In response to previous questions on notice from this committee in past years, the same sort of question was asked and we provided answers to the committee. It will be on the <i>Hansard</i> I think for the year before last. That was a survey of</p>	E62-E63	08/08/2008	11/08/2008	

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				<p>some international evidence. It seemed from the survey of the evidence that there was no real distinction between the outcomes of a firm-level deregulation and at an individual level. That material has been provided to the committee in past years. The committee secretary may be able to find that to assist the committee.</p> <p>Senator COONAN—Perhaps if it is not inconvenient I might ask you if you would kindly provide it again.</p>				
Fuelwatch – Australian Government Solicitor advice (no. 1)								
<u>BET-84</u>	Abetz/ Birmingham	Treasury	04/06/2008	<p>Senator ABETZ—The question is: you had sought Australian Government Solicitor’s advice. We were told that it was part and parcel of the consultative process with AGS. That is fine. We are now asking: when was the last AGS advice provided in relation to this bill? We are not asking what it was.</p> <p>Mr French—I cannot recall the precise date. We can take that on notice.</p> <p>CHAIR—You can take that on notice, if you like, Mr French.</p> <p>Senator ABETZ—Can I ask: was the AGS involved in the consultations and discussions that took place on 28 May?</p> <p>Mr French—Yes.</p> <p>Senator ABETZ—Were they involved in discussions on 29 May?</p> <p>Mr French—No.</p> <p>Senator ABETZ—At what stage on 28 May was the last advice received from the AGS?</p> <p>Ms Holdaway—We had received legal written advice from AGS in the week—</p> <p>Mr French—It was some time ago.</p> <p>Ms Holdaway—It was some time ago. I can provide you with that date on notice.</p> <p>Mr French—We will take that on notice.</p> <p>...</p>	E79-E80	15/08/2008	15/08/2008	

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				<p>Senator BIRMINGHAM—When was the last advice received from AGS relating to constitutionality?</p> <p>Mr French—In terms of written advice?</p> <p>Senator ABETZ—No, any advice.</p> <p>Senator BIRMINGHAM—Let’s do both written and verbal.</p> <p>Mr French—I have said previously we would take on notice when the written advice was provided to us.</p>				
<i>Fuelwatch – Australian Government Solicitor advice (no. 2)</i>								
BET-85	Coonan	Treasury	04/06/2008	<p>Senator COONAN—Can I clarify with Mr French, please, a question I asked earlier that got subsumed by others. When was advice first sought on this matter?</p> <p>Mr French—From the AGS?</p> <p>Senator COONAN—I am coming to whether there was other advice; but when was advice first sought from the AGS?</p> <p>Mr French—I cannot recall that. I would have to take that on notice. It was some time ago.</p> <p>Senator COONAN—Self-evidently it would be, but I am just trying to put it within the time frame of policy authority or drafting instructions, which was early May—was it?</p> <p>Ms Holdaway—That is right.</p> <p>Mr French—We were in discussion with them in advance of the drafting instructions.</p> <p>Senator COONAN—How many written advices from AGS were there?</p> <p>Mr French—There are ongoing discussions with them. There may have been email correspondence. I would need to take on notice the nature of those communications.</p> <p>Senator COONAN—I want to know whether there were communications—you have said there were—with AGS, how many, when they commenced, when they finished and how many pieces of advice or communications were received in writing.</p> <p>Mr French—We can take that on notice.</p> <p>Senator COONAN—In addition to that, I want to know how many meetings at which AGS was present and there were some</p>	E80-E81	15/08/2008	15/08/2008	

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				<p>consultations about the subject of this bill.</p> <p>Mr French—We can take that on notice.</p> <p>Senator COONAN—Was advice sought from any source other than AGS?</p> <p>Mr French—In what respect?</p> <p>Senator COONAN—In relation to constitutionality or legal effects or implications of the scheme?</p> <p>Mr French—No.</p> <p>Senator COONAN—No? So you did not get Senior Counsel's advice, for instance?</p> <p>Mr French—No.</p> <p>Senator COONAN—Did AGS get counsel's advice?</p> <p>Mr French—I do not know. We could check that for you and take that on notice.</p> <p>Senator COONAN—So you do not recall having seen any other advice in writing other than from AGS?</p> <p>Mr French—No.</p> <p>Senator COONAN—Who has got a copy of any written advice between AGS and Treasury—any other departments?</p> <p>Mr French—I would need to check that. I will take that on notice. We need to check our records.</p> <p>Senator COONAN—It just seems that the Attorney did not seem to be aware that there was all of this consultation going on between AGS and Treasury.</p> <p>Senator Sherry—They are taking it on notice.</p>				
<i>Fuelwatch bill – timing</i>								
<u>BET-86</u>	Abetz	Treasury	04/06/2008	<p>Senator ABETZ—I have no criticism in any way, shape or form of the way the officers have conducted themselves in this matter, the way that they have met the requests of the minister. The question was: why did the minister make this quite—if I might suggest—unreasonable demand on the officers when there does not seem to have been a genuine reason as to the urgency? What would have happened if this bill had been introduced a week or a fortnight later?</p>	E83 & E88	15/08/2008	15/08/2008	

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				<p>Senator Sherry—I am sure there have been previous occasions—I do not know about under this government—under your government where there were very tight time lines. I do not know the precise reason—</p> <p>Senator ABETZ—Of course there have been. I am asking about this particular one—</p> <p>Senator Sherry—And you keep interrupting—</p> <p>CHAIR—The minister was attempting to answer.</p> <p>Senator Sherry—You just cannot resist it. I am sure there were previous occasions when you were in government where there were tight time lines set and there were officials who worked in a very dedicated and committed way. I am sure that there were similar requests made when you were in government. As to the reasons for Mr Bowen, the Assistant Treasurer, setting that deadline and the precise terms in which he set the deadline, I will take it on notice and ask for his response.</p> <p>Senator ABETZ—Thank you very much. That is all that I wanted to know.</p> <p>...</p> <p>Senator ABETZ—Can I commend you, Ms Holdaway and other staff, Mr French and Mr Murphy. I have no criticism of the way you worked and performed. Indeed, I am sort of tempted to make a job offer and say you have only got to work 18 hours a day, but can I ask the minister or Dr Henry: when does Fuelwatch kick in? Isn't it 30 November 2008?</p> <p>Mr Murphy—There are a lot of administrative arrangements but the ACCC has got to set up—</p> <p>Senator ABETZ—But a week was neither here nor there in the scheme of things, was it? You could possibly take that on notice when you ask the minister what the urgency was to require these excellent, dedicated staff to work around the clock.</p>				

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<i>Fuelwatch – operation</i>								
<u>BET-87</u>	Coonan	Treasury	04/06/2008	<p>Senator COONAN—Certainly. That is more than reasonable. Once again I apologise to them. I am sure they are watching or listening. I wanted to go to a few questions about the operation of the scheme and the analysis. First of all, there have been some questions as to the constitutionality of using the corporations power and insofar as it would bind sole traders or individual operators. No doubt this is a matter of legitimate public interest. I am going to ask the officials or the minister whether or not you would consider releasing the legal advice, or whatever series of legal advices that have been committed to writing, so that we could have confidence more broadly that this scheme is constitutional?</p> <p>Senator Sherry—I will take that on notice.</p> <p>Senator COONAN—Thank you.</p> <p>Mr Murphy—If you looked at recent High Court cases the extent of the corporations power is fairly clear.</p> <p>Senator COONAN—I understand that. Therefore, there should not be much problem in confirming it and I think that would be appropriate. I know that there are occasions where it is not appropriate to release legal advice, but if it is not much of an issue and it has been well and truly canvassed, which you say it has, we will look forward to—</p> <p>Senator Sherry—I will take your request on notice. I am just trying to think when you released legal advice as a minister. I am just trying to cast my mind back. Anyway, I will take it on notice.</p> <p>Senator ABETZ—I am sure you were highly critical.</p> <p>Senator COONAN—If it is not contentious or is fairly straightforward, as Mr Murphy says, perhaps some of the usual caveats about releasing legal advice might be overcome.</p>	E90	15/08/2008	15/08/2008	
<i>Fuelwatch – December report</i>								
<u>BET-88</u>	Coonan	Treasury	04/06/2008	<p>Senator COONAN—Did any part of Treasury engage any earlier than the furnishing of the December report on matters to</p>	E90	15/08/2008	15/08/2008	

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				do with FuelWatch? Mr Murphy —No. The government commissioned the inquiry. We got the report and then we took it from there. Senator COONAN —Can you tell me when you received the report? Mr Murphy —In December, shortly before they released it. Mr French —We could take that on notice.				
<i>Fuelwatch – ACCC (no. 1)</i>								
BET-89	Coonan	Treasury	04/06/2008	Senator COONAN —Are you able to give me some idea of when the ACCC was asked to clarify their earlier data? Mr French —Can you please clarify? Mr Murphy —The meetings we had with the ACCC. Mr French —Do you mean when we met with the ACCC following the report? Senator COONAN —Yes. Mr French —It was early in this calendar year, but we could take it on notice if you wish. Senator COONAN —Yes, thank you very much. I am just interested in the progression to the ACCC doing further work or further results, as they describe it, and when Treasury’s consultations with the ACCC prompted that work to be undertaken, if I understand you correctly. Mr Murphy —That is correct. Senator COONAN —You think that was early this year? Ms Holdaway —Yes. Senator COONAN —Could you have a stab at which month? Mr French —We would have to check our records, so we will take it on notice. Senator COONAN —At that time were you preparing the cabinet submission? Mr French —We would have been in discussions with the ACCC prior to that. Senator COONAN —Forgive me. I am not trying to test your recollection unreasonably, but it is important to understand the	E91	15/08/2008	15/08/2008	

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				<p>sequence and time frame of how this contentious piece of work that has somehow or other jumped your office and superseded every department which normally does this work, how this comes to be the preferred modelling of the government. You can appreciate I am interested in what consultations you had with the ACCC on the shortcomings, if I can put it that way, of their original work.</p> <p>Mr Murphy—We will give you the dates and the times of our meetings with the ACCC. That is what we did; that is where we were. We did not find any shortcomings in their work. In their initial work we found the methodology that they used was robust and we felt that if you ran further regressions that you could get a better case or justification of what you were trying to do. We did not find fault. We thought if more work was done, then they could get clarification as to the results that will occur through introducing a Fuelwatch scheme. That is all.</p>				
<i>Fuelwatch – ACCC (no. 2)</i>								
BET-90	Coonan	Treasury	04/06/2008	<p>Senator COONAN—You gave the evidence that as part of the sequence they presented to senior ministers. Was this presentation before or after Treasury asked the ACCC to do some further work to clarify what their data showed?</p> <p>Mr French—We would need to check our records on that. We could take that on notice.</p> <p>Mr Murphy—We will have to get you the date.</p>	E92	15/08/2008	15/08/2008	
<i>Petrol price rise</i>								
BET-91	Coonan	Treasury	04/06/2008	<p>Senator COONAN—I have a couple of further questions on the point that I was on before the break, and then I want to go on to a couple of other issues. Given the nature of the weekly price cycle, how often would a 10c jump in the price of petrol occur in the same day? Wouldn't it only be likely to occur on the most expensive day of the week, which we know to be Thursday?</p> <p>Mr French—I do not think we can answer that.</p> <p>Mr Murphy—If we can go back and look at the papers we will</p>	E94-E95	15/08/2008	15/08/2008	

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				<p>provide you with a written answer on that. But we cannot answer that.</p> <p>Senator COONAN—You cannot answer that now?</p> <p>Mr Murphy—No, not tonight.</p> <p>Senator COONAN—I am interested to know whether or not the situation has changed. If you would not mind taking—</p> <p>Mr Murphy—Are you referring to some—</p> <p>Senator COONAN—The earlier report—the report that I was on before.</p> <p>Mr Murphy—The 2001 report?</p> <p>Senator COONAN—Yes.</p> <p>Mr Murphy—Certainly.</p>				
Fuelwatch – ACCC (no. 3)								
BET-92	Coonan	Treasury	04/06/2008	<p>Senator COONAN—I know you have not analysed this, but can you confirm now—and, if not, can you confirm for me when you have had a chance to consider it—that the results on page 4 of the further analysis released by the ACCC on 29 May appear to show that there was a structural break eight months before Fuelwatch was introduced?</p> <p>Ms Holdaway—Just looking at the table that is provided, it highlights that it was around May 2000 where the structural break commenced or occurred.</p> <p>Senator COONAN—That was eight months before FuelWatch was introduced?</p> <p>Ms Holdaway—I am not sure of the exact time that FuelWatch was introduced in WA and how much of it was discussed beforehand.</p> <p>Senator COONAN—Can you take this on notice: is it not a fact that the results of the analysis appear to show that there was a structural break eight months before FuelWatch was released in WA? I think you will find that the answer to that is yes, but I will wait for you to confirm it.</p>	E95	15/08/2008	15/08/2008	

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<i>Fuelwatch – ACCC (no. 4)</i>								
BET-93	Coonan	Treasury	04/06/2008	<p>Mr Murphy—Yes. We are doing other things, but we will look at it. Now that we have got it, we will look at it and talk to the ACCC about it again.</p> <p>Senator COONAN—When did you receive it?</p> <p>Mr Murphy—On 29 May.</p> <p>Senator COONAN—Did you have any further consultation or conversations with the ACCC between the date when you originally asked them to test it and run it again to get greater clarity and 29 May, when you received your report in writing?</p> <p>Ms Holdaway—Yes.</p> <p>Mr Murphy—Yes.</p> <p>Senator COONAN—When was that?</p> <p>Ms Holdaway—I cannot give you a specific date. There were probably a number of phone calls and discussions that took place, certainly at my level. There were also meetings held between officers higher than me and the ACCC. I could not give you exact dates.</p> <p>Mr French—But we could take that on notice if you want the dates.</p> <p>Senator COONAN—I am very interested to know the dates. If I can have another run at this; I do want, as soon as possible, please, the date that you made the request of the ACCC to run the extra testing.</p> <p>Mr Murphy—If we can hit a date. It was in discussions we pointed to questions about the original analysis, and in discussions these issues came up. But we will give you the date when that occurred. This is a dialogue going on over a period of time. It is not like we write a request for advice to the ACCC.</p> <p>Senator COONAN—I absolutely appreciate that, but forgive me if I draw on my own experience for the moment. You as the lead department were busily engaged in preparing the cabinet submission for advice to government—</p> <p>Mr Murphy—Yes.</p>	E96-E97	15/08/2008	15/08/2008	

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				<p>Senator COONAN—on this and you did not have a resolution at the time or at least you had not seen this additional work that you had asked the ACCC to undertake prior to the cabinet decision.</p> <p>Mr Murphy—But even when we prepared the cabinet—</p> <p>Senator COONAN—Is that right?</p> <p>Mr Murphy—Yes, this is additional work.</p> <p>Senator COONAN—So—</p> <p>Mr Murphy—But even without that work we recommended that the government adopt the Fuelwatch option.</p> <p>Senator COONAN—Yes, I understand what you recommended.</p> <p>Mr Murphy—This work is helping to clarify things, but we would say the initial work was good enough for the government to make a decision on it.</p> <p>Senator COONAN—Yes, except it was not good enough, as we now know, for the co-ordinating departments, the four other departments, including the Prime Minister’s department.</p> <p>Mr Murphy—They looked at the analysis themselves. They make their own calls. I do not know whether they looked at the econometric analysis.</p> <p>Senator Sherry—Cabinet makes its decision based on a range of views and it did so.</p> <p>Senator COONAN—I am not saying it does not.</p> <p>Senator Sherry—It did.</p> <p>Senator COONAN—I am really trying to ascertain when what is now said to be the definitive work by the ACCC was available to Treasury, and it obviously was not prior to the cabinet decision.</p> <p>Senator Sherry—Hang on. They have agreed to take it on notice and find out. They are going to take it on notice, and we will get back to you with the date if we can.</p>				
<i>Grocery prices</i>								
BET-94	Coonan	Treasury	04/06/2008	<p>Senator COONAN—I gather from your answer—correct me if I am incorrect in asserting this—that Treasury would not have done any particular analysis of what this measure is all about or what it is going to cost?</p>	E104	15/08/2008	15/08/2008	

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				<p>Mr Murphy—If it is a budget measure—and I personally have not looked at it—it would be reviewed by the Treasury, and by the Treasurer before it was put forward. And Finance would have run the ruler over it as well. This was a budget where they were seeking to save money. Obviously a case is put forward for the community’s benefit that, if they do this work, we will get some good results.</p> <p>Senator COONAN—At the moment you do not have any detail at all?</p> <p>Mr Murphy—No. But we can get you that. We will get it. But all budget proposals have a policy proposal that goes with them. We can dust that off and provide you with some written information. We have to do that. We will convert that into some meaningful information for you and provide it.</p> <p>Senator COONAN—I am not quite sure what ‘meaningful’ is, but I gather, just to be clear about it, that what you will do is try to give me what information you can about how this would in the broad term be implemented?</p> <p>Mr Murphy—Yes.</p> <p>Senator COONAN—What it is going to involve, what kind of items it will include, where it will be, that sort of thing?</p> <p>Mr Murphy—Yes.</p> <p>Senator COONAN—It is a national scheme?</p> <p>Mr Murphy—Yes. I will see if I can get down to the fruit and veg and whatever as best I can.</p>				
<i>First home Saver Accounts (no. 2)</i>								
BET-95	Bushby	Treasury	04/06/2008	<p>Senator BUSHBY—I have one question on first home saver accounts. Would it be fair to say that the first home saver account is effectively a demand side measure to address housing affordability?</p> <p>Dr Moore—That is actually a question that is better addressed to revenue group, which was on this morning, I think. We could take that on notice.</p> <p>Senator BUSHBY—Dr Henry, are you not in a position to shed</p>	E104	20/10/2008	20/10/2008	

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				<p>some light on that? Would you say the first home saver account is essentially a demand side measure?</p> <p>Dr Henry—I would want to take some advice from my revenue group colleagues on that.</p> <p>Dr Moore—But we could take it on notice.</p> <p>Mr Murphy—We will give you something on that.</p> <p>Senator BUSHBY—And also in the context of that, could you advise whether you consider it would have any supply side benefits?</p> <p>Dr Moore—We will take that on notice.</p>				
<i>Sub-prime</i>								
BET-96	Eggleston	Treasury	04/06/2008	<p>Senator EGGLESTON—Lastly, does the Treasury feel there are any risks to the global financial sector, which has already been affected by the subprime crisis, from the growth of sovereign wealth funds and their activities around the world, being as they are government controlled?</p> <p>Mr Colmer—There are probably other people who may have a more specific financial sector perspective on that. But I think the evidence from around the world to date has been that sovereign wealth funds have been a stabilising influence in the current financial turmoil around various parts of the world. For example, they have taken some stakes in a variety of US financial institutions and that has helped maintain their liquidity and that is generally considered to be a good thing.</p> <p>Senator EGGLESTON—That is an interesting answer.</p> <p>Senator Sherry—I think it might have been in Finance we gave an undertaking to provide some analysis of wealth funds and their structure. When that becomes available from Finance we will make it available to this committee as well.</p> <p>Senator EGGLESTON—Thank you very much, Minister.</p> <p>Senator Sherry—But they are quite different in their structure and their governance and ownership and investment profile and guidelines, et cetera.</p> <p>Senator EGGLESTON—I am sure the committee will be very</p>	E105-E106	15/08/2008	15/08/2008	

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				grateful for that.				
<i>Senate Economics Legislation Committee inquiry into the price of petrol in Australia</i>								
BET-97	Coonan	Treasury	04/06/2008	<p>Senator COONAN—This question is also on the price of petrol. The ACCC said in its submission to the 2006 Senate Economics Legislation Committee inquiry into the price of petrol in Australia:</p> <p>First, consumer welfare analysis suggests that, in general, consumers in aggregate are better off with variable prices than they are with a fixed (simple average) price. When the price is fixed, consumers have to pay that price and that price alone. However, if the price is variable around this fixed price, consumers can buy at the lower price—and they will tend to buy more at the lower price and restrict their purchases when the price is high. The opportunity to do this will tend to make consumers better off.</p> <p>I was interested to know whether Treasury agrees with that view?</p> <p>Mr Murphy—That is the basis of their analysis. I would have to think about it and go back and look at its more recent report. That was their view in 2006. They were then commissioned by the former Treasurer to look at all of this. The sense I get from what you are saying is that it would be less advantageous if you fix prices, is that what you are saying, from the consumers' point of view?</p> <p>Senator COONAN—That is what they are saying.</p> <p>Mr Murphy—I do not know. I would have to think about that in light of this report, which is more updated information.</p> <p>Senator COONAN—Would you perhaps give that a more considered look?</p> <p>Mr Murphy—Yes.</p> <p>Senator COONAN—And give me your view?</p> <p>Mr Murphy—Certainly.</p>	E107	15/08/2008	15/08/2008	
<i>Price increases</i>								
BET-98	Coonan	Treasury	04/06/2008	<p>Senator COONAN—Can you confirm that the effect of a government policy on the CPI can be calculated by multiplying the percentage price change due to government policy by the</p>	E109	08/08/2008	11/08/2008	

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				<p>share of that item in the CPI? For example, fuel is about 3.8 per cent of the CPI. A five per cent increase in fuel prices will increase the CPI by 3.8 per cent times five per cent or I suppose that would be 0.19 percentage points. Would that be broadly right?</p> <p>Dr Henry—Yes, I think that is how the arithmetic would work.</p> <p>Senator COONAN—Can you provide an estimate of the percentage price increase due to the following policy changes—I will do them one by one because I do not expect you to keep it all in your head—the increase in the luxury car tax and the effect on car prices?</p> <p>Dr Henry—I am not going to be able to do the mental arithmetic. Anyway, I do not know the weights. I do not know the percentage price increases, either, for that matter. I do not have the information available to perform the mental arithmetic and so I think I am going to have to take these questions on notice.</p> <p>Senator COONAN—I will run through them and note that you will take them on notice. The increase in excise on pre-mixed drinks, the increase in the passenger movement charge, the increase in the passport application fee and the increase in visa application fees. Can you now provide an estimate of the proportion of the CPI that is made up of each of these items—that is, cars, pre-mixed drinks, passenger movement charge, passport application fee and visa application fee?</p> <p>Dr Henry—We will have a go at that. Seriously, I cannot promise anything in respect of that second question, because there are not that many weights. The CPI weights are not at that level of granularity, as I am sure you would understand. I could be wrong, but I doubt very much that the passenger movement charge has a weight in the CPI.</p> <p>Dr Gruen—I have a couple of those numbers for you, if you would like them. For the price of ready-to-drink beverages, the direct estimated increase in the CPI is 0.042 percentage points. For the increase in luxury car tax the estimate is 0.024 percentage</p>				

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				points. The others I do not have. Senator COONAN —Take those on notice if you can get them. Thank you for giving me the ones that you had.				
<i>Medicare levy surcharge – premiums</i>								
<u>BET-99</u>	Coonan	Treasury	04/06/2008	Senator COONAN —Taking specifically the change in the Medicare levy surcharge, can you confirm that the industry estimates that premiums will rise by around 10 per cent? How much of this is reflected in the government estimate? Dr Henry —I am sorry, I cannot confirm industry estimates. Senator COONAN —Does anyone know the answer to that? Senator Conroy —Sorry. Senator COONAN —Let me rephrase it: does the government have an estimate or does Treasury have an estimate as to the extent to which premiums will rise by reason of the changes in the Medicare Levy surcharge? Dr Henry —If we do—and I really do not know—it would not have been an estimate produced by the people at the table. I am sorry, but I will need to take that question on notice. Senator COONAN —What percentage of the CPI is private health insurance? Dr Henry —I do not know. We will have to take that on notice. Senator COONAN —Can you also take on notice the extent to which this measure will directly increase the CPI—that is, by what percentage? Dr Henry —Certainly, we can take that on notice.	E110	15/08/2008	15/08/2008	
<i>Fuel excise/GST</i>								
<u>BET-100</u>	Coonan	Treasury	04/06/2008	Senator COONAN —How much will a 5c per litre reduction in fuel excise on petrol and diesel cost the federal government? Senator Conroy —We are happy to take that on notice, but I am not sure that we are here to do your modelling for you and I am not sure what that has to do with Senate estimates. Senator COONAN —Let us just continue a little bit. Just indulge me for the sake of it or otherwise we will be here forever. How	E111	08/08/2008	11/08/2008	

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				<p>will it affect the GST revenue to the states? Senator Conroy—There is no proposal before government to do that, so I am not sure— Senator COONAN—That is right. We have the tax review, have we? Senator Conroy—I am not sure what that has to do with budget estimates. There is nothing wrong with your asking me the question, but it is just that I am not sure that it is relevant to why we are here tonight. Senator COONAN—We are asking about the operations of Treasury and no doubt that is something that they would consider. I have a few more questions. Can you confirm that a 5c per litre reduction in excise will reduce prices at the pump by about 5.5c per litre with the GST included? Dr Henry—I can answer that in a conceptual way. If that is all that happened and there were no impacts on wholesale or retail margins, then that would be the automatic effect. Those are significant qualifications. Senator COONAN—Fuel prices feed through to many other prices in the economy. Dr Henry—Yes. Senator COONAN—Do you have any estimate of this indirect effect of higher or lower fuel costs on other goods and services? Senator Conroy—Budget estimates is not for you to ask Treasury to analyse the opposition's policy initiatives. It is for you to ask about government policy. Senator COONAN—I can ask— Senator Conroy—You can ask, but I am not sure it is relevant. Senator COONAN—I can understand— Senator Conroy—We are happy to take on notice your questions about your opposition policies. Senator COONAN—They are not policy questions. They are perfectly straightforward questions to Treasury. Senator Conroy—They are perfectly straightforward but they are not relevant to budget estimates.</p>				

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				<p>Senator COONAN—Yes, they are. I think you and I have had this conversation many times: Treasury estimates relate to the operations of a department, and this is the sort of work they do.</p> <p>Senator Conroy—No, but you are asking them to reveal information that would properly be, if they have done it, advice to government.</p> <p>Senator COONAN—They have not actually said that.</p> <p>Senator Conroy—But if it is not actually government policy that they have been working on, because it is your policy, then—</p> <p>Senator COONAN—Let me ask whether or not they have done any work, and that is exactly what I did ask.</p> <p>Senator Conroy—No, you asked them to confirm as to why it would happen.</p> <p>Senator COONAN—I withdraw that. This is what you used to do. I was trying to be a bit quicker for them. Have you done any work that estimates the indirect effect of higher or lower fuel costs or other goods and services in the economy?</p> <p>Dr Henry—We will have to take it on notice. I am not personally familiar with such work in recent times.</p>				
<i>Forecast of unemployment</i>								
BET-101	Bushby	Treasury	04/06/2008	<p>Senator BUSHBY—Thank you. That is very helpful. If the forecast for employment, unemployment and the participation rate eventuate that is contained in the budget—and you may need to take this on notice—how many more people would be unemployed at that point than there are today?</p> <p>Dr Gruen—The unemployment rate currently is 4.2 per cent and our forecast for the June quarter of 2009 is 4¾ per cent. I do not have the increase in the number of unemployed in front of me. It is not published in the budget. We can take it on notice.</p> <p>Senator BUSHBY—I am happy for that.</p>	E116	12/09/2008	12/09/2008	
<i>Appointments to the Reserve Bank of Australia</i>								
BET-102	Bushby	Treasury	04/06/2008	<p>Senator BUSHBY—I have some concerns. I think the idea is fine in concept. I understand from evidence tonight that the main</p>	E121	15/08/2008	15/08/2008	

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				<p>difference between past and present practice is that the Treasurer is required to select from that list. But it is not legislated; it is private. There is no way for anybody sitting around this table to ascertain whether an appointment, when it occurs, has come from the list other than our being told of that when it happens. What guarantee is there that all future appointments will come from that list when we have no way of ascertaining whether that is the case? Presumably, if we asked you guys sitting around at estimates, you would say that was a matter of advice and you would not tell us either.</p> <p>Senator Conroy—I think you have got it. Senator BUSHBY—So there is no guarantee? Dr Henry—Do you mind if I take that question on notice? Senator BUSHBY—That is fine.</p>				
Role of the Petrol Commissioner								
BET-103	Abetz	ACCC	05/06/2008	<p>Senator ABETZ—Are they written down? Mr Samuel—I do not believe they have been. Mr Cassidy—No, not as such. We do have publications, which we will happily give you a copy of, which set out quite clearly the structure of the commission, the structure of the committees and which commissioners are responsible for which committee, but there is no formal documentation that says, ‘This commissioner, you do this’ and ‘This commissioner, you do that.’</p>	E9	15/08/2008	15/08/2008	
Perth – lowest petrol prices								
BET-104	Abetz	ACCC	05/06/2008	<p>Senator ABETZ—Can you then explain to me—and that is very helpful—as to why the ACCC put out a useless, irrelevant press release which says, on its second page, ‘Analysis of petrol pricing in a 9 am snapshot today shows the Coles Express sites have set the highest prices in four capital cities.’ If a day snapshot is irrelevant and useless, surely a snapshot at 9 am of only four sites is even more useless and irrelevant. So why would the ACCC in a media release seek to rely on such useless and irrelevant</p>	E14	15/08/2008	15/08/2008	

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				<p>information?</p> <p>Mr Cassidy—Because, lying behind that was two weeks of consistent data showing the same thing—that Coles was leading prices in four major capital cities.</p> <p>Senator ABETZ—It says ‘today’.</p> <p>Mr Cassidy—Yes, it says ‘today’. I am telling you that the analysis showed that they had been doing that for two weeks.</p> <p>Mr Samuel—If you take note of the transcripts of all the media interviews that were given by Commissioner Walker and me following the issue of that media release, you would appreciate that the purpose of that release was to indicate that for a period of two weeks before Coles had been leading the price up—hiking the price, as we describe it—in a somewhat unusual fashion. They had been the price mover in a number of capital cities. It was to draw the attention of Australian motorists to just that.</p> <p>Senator LUNDY—A bit of an own goal there.</p> <p>Mr Samuel—I would also indicate that, if you as a motorist are going to take into account the 4c a litre discount offered by the shopper docket, you need to be aware that Coles was hiking the price up before any of their competitors during that two- to three-week period.</p> <p>Senator ABETZ—That is another issue.</p> <p>Senator LUNDY—That is zero, Senator Abetz.</p> <p>Mr Cassidy—I hope I am not being unhelpful in saying this but, to throw another useless figure into the ring, over four of the last six months Perth has on average had the lowest prices.</p> <p>Senator ABETZ—By how much?</p> <p>Mr Cassidy—I could take that on notice and give you exact figures, but in four of the last six months Perth has had the lowest prices.</p> <p>Senator ABETZ—Why do you have to take that on notice?</p> <p>Mr Cassidy—Let me say I do not regard that as being a particularly useful figure either. We could sit here all day exchanging figures like that, which are not terribly useful, because of the volatility in petrol prices.</p>				

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<i>Fuelwatch – December report</i>								
BET-105	Coonan	ACCC	05/06/2008	<p>Senator COONAN—I would like to come to the timing of this additional work. We have got the report from December 2007. Could you just track through that and tell us when that was presented to government and when did you first have conversations, say, with Treasury about it? We know now that they did a very rigorous test of the information, particularly the information in annexure S.</p> <p>Mr Samuel—I just missed the first part of that question. You were talking about when something was first presented to government. Was that this report?</p> <p>Senator COONAN—Yes. It was presented to government presumably about the time of its date.</p> <p>Mr Samuel—Yes, that is right.</p> <p>Senator COONAN—18 December or something like that?</p> <p>Mr Samuel—14 December is the date that it was presented to the minister.</p> <p>Senator COONAN—When did you first have conversations with Treasury about the data contained in the December report?</p> <p>Mr Dimasi—I am relying on my memory on this, but I think it was some time in February that we started discussing the data with Treasury, late January or early February. I do have the exact date. We had a series of discussions and conversations over a period of time after that.</p> <p>Senator COONAN—I am trying to establish the dates in February.</p> <p>Mr Dimasi—I cannot remember the exact date, but I can certainly provide it to you. It was some time in February. We will take it on notice.</p> <p>Senator Sherry—Take it on notice and get the information on the precise date.</p>	E19	15/08/2008	15/08/2008	
<i>Fuelwatch – information provided to the government</i>								
BET-106	Coonan	ACCC	05/06/2008	Senator COONAN —Thank you. I have one final question on	E23	15/08/2008	15/08/2008	

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				<p>this particular bracket. Can you tell the committee: apart from the report, what additional information was made available to the government prior to the announcement of Fuelwatch in April and when was it provided?</p> <p>Mr Samuel—I would have to take that on notice to give you a full, detailed answer. What I can say to you is that each of the issues that I referred to before in that sentence that set out the areas that we thought needed to be further examined were examined further. Mr Cassidy has given some answers regarding the issue of independents. In particular, we worked with Finance on the administrative costs. We worked on some of the compliance costs. We worked through the process of setting up the scheme and how compliance could be done in a way that would have minimal impact, indeed negligible impact, on those that were required to be participants in the scheme—that is, retailers—so there are a range of issues that were dealt with.</p>				
<i>Fuelwatch – volume of modelling information</i>								
<u>BET-107</u>	Abetz	ACCC	05/06/2008	<p>Senator ABETZ—That was the point I was making. Mr Samuel, you told Sky News that there were hundreds of pages of modelling and chances are that people other than the ACCC might not be able to analyse this modelling. Can you tell us how many hundreds of pages are there?</p> <p>Mr Samuel—I would have to defer to my—</p> <p>Mr Dimasi—It is computer files that we are talking about. I am not sure what number of pages it is. I have no idea what the number of pages is.</p> <p>Senator ABETZ—All I am doing is quoting your chairman's words, that there are hundreds of pages, so what I want to know is what does that mean in A4 sheets of paper?</p> <p>Mr Dimasi—I expect that my chairman, who is not a computer modeller, I might add, was trying to convey—</p> <p>Senator ABETZ—I thought he was everything.</p> <p>Mr Dimasi—He was probably trying to convey the correct information that there are significant working files involved. I</p>	E37-E38	15/08/2008	15/08/2008	

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				<p>think that is the point.</p> <p>Senator ABETZ—That is how we are supposed to interpret that claim?</p> <p>Mr Dimasi—I am happy to stand corrected and to change the words to ‘lots’.</p> <p>Senator ABETZ—Would it be more in volume than, say, your December report? I am not talking about quality, or anything.</p> <p>Mr Dimasi—We would have to print out those things to have a look and see. I have no idea.</p> <p>Senator ABETZ—You cannot give us a rough idea—you have no idea?</p> <p>Mr Dimasi—No idea.</p> <p>Senator ABETZ—If you could take that on notice, thank you.</p>				
<i>Fuelwatch – regulatory impact statement</i>								
<u>BET-108</u>	Abetz/ Coonan	ACCC	05/06/2008	<p>Senator ABETZ—Then I turn the page and I see ‘Business Compliance Costs’. I am told there that it imposes a series of compliance costs upon retail businesses of \$20.7 million.</p> <p>Mr Cassidy—This is where, I am afraid, we run into a problem. The ACCC has no understanding whatsoever of that figure or what the basis for it is or how it was derived. Our view is, particularly with the way we are designing the Fuelwatch system, that the compliance costs for petrol retailers will be almost nonexistent, but certainly absolutely minimal.</p> <p>Senator ABETZ—This is the interesting point here because Treasury in its considered documentation is telling us that the estimated business compliance cost is \$20.7 million, including the initial start-up costs and one year of ongoing business compliance costs. The estimated start-up cost is \$2 million, or \$424 per business. The estimated annual ongoing cost is \$18.7 million, or \$3,974 per business. Let us amongst friends round it up to \$4,000 per business—</p> <p>Senator COONAN—That is before you have got any benefit for consumers.</p>	E44-E45	15/08/2008	15/08/2008	

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				<p>Senator ABETZ—That is quite right. I am wondering if you, Minister, or one of the people at the table can assist me if the budget documentation dealing with Fuelwatch in any way, shape or form covers this \$20.7 million.</p> <p>Mr Cassidy—As far as I am aware the only place that that figure appears is in this RIS because it is not actually a budget figure in any sense; it is what purports to be the cost to retailers—</p> <p>Senator ABETZ—Which may be passed onto consumers. It is not something that the government has budgeted for or factored into its budget and that is why you cannot find it, and you have confirmed to me that I could not find that figure either in the budget papers. Treasury and the government tabled this regulatory impact statement indicating the cost per business, \$4,000 or \$18.7 million per annum total, that may be passed on to consumers, yet we interestingly have the minister for Fuelwatch on Sunday, 27 April, telling Sky News in an interview with David Speers about Fuelwatch:</p> <p>This will be a free service. We'll be covering the cost of the setup, and there'll be no increased compliance costs for service stations whatsoever.</p> <p>Minister, you as a government accept in the regulatory impact statement that \$20.7 million is going to be the cost to business. We also have you, Minister, promising that there will not be any cost to business. Where is this \$20.7 million going to come from?</p> <p>Senator Sherry—I will be happy to refer that to the minister and I will take it on notice for you.</p> <p>...</p> <p>Senator Sherry—I have some information on the earlier issue that Senator Abetz has asked about and I said I would take on notice. The government's Fuelwatch program will improve competition in the market by empowering consumers. We are concerned about potential cost to businesses from Fuelwatch. As part of the assessment of potential compliance costs there will be the provision of a toll-free number for reporting fuel prices once</p>				

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				<p>a day to ensure they do not face these costs. The minister believes in net terms many businesses will in fact be better off. They will only have to phone through prices once a day instead of every time the fuel price changes through the day as they now do with private monitoring services. Fuelwatch will make use of existing accounting and record keeping and it will also cost consumers less to find the cheapest petrol, so consumers will obtain information for free that the oil companies can use to pay a price to obtain. I suspect that is not going to satisfy your questions—</p> <p>Senator ABETZ—Well picked up—</p> <p>Senator Sherry—I will take it that this question is still on notice, but I wanted to inform you as soon as I could on the views of the Assistant Treasurer, which undoubtedly were the views that he was informing the community of in that interview you referred to.</p> <p>Senator ABETZ—Which, of course, was on 27 April 2008. But he then, as I understand it, tabled a regulatory impact statement on 29 May, about a month later. One assumes that, by tabling this document, he, at least on this occasion, is accepting Treasury advice in relation to the impact of Fuelwatch. I am not sure that he does it all the time, but I think on this occasion he may have done. So what we are trying to get is: how do the promises in this interview on 27 April marry up with the costs that will be incurred according to the regulatory impact statement and the, I think, agreed fact that there is nothing in the budget documentation to cover that shortfall and that which the regulatory impact statement predicts will, in fact, be passed onto consumers?</p> <p>Senator Sherry—The question is on the record. I anticipated my response would not be sufficient for covering the issues you have raised, and we take it on notice.</p> <p>Senator COONAN—Could you just also as part of taking on notice refer the Assistant Treasurer to the contents of paragraph 71, which also seem at odds? It sets out a number of matters which are said to go to compliance costs for small businesses</p>				

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				<p>establishing and maintaining information technology, daily notification of prices, learning the new legislation, establishing record keeping, info-tech systems, maintaining records, complying with auditing and compliance, developing and applying petrol pricing et cetera. The cost to business, no doubt, will also be reflected in their need to be able to properly keep their records and undertake audits. There is obviously a huge compliance burden involved in Fuelwatch before we will see any benefit at all to any consumer. It is a perfectly reasonable piece of information that we want to know now before we have to actually look at this legislation in the Senate.</p> <p>Senator Sherry—I will take your question on notice, but you are reading from the EM, aren't you?</p> <p>Senator COONAN—Sorry, I am reading from the RIS?</p> <p>Senator Sherry—The RIS, yes. So it is known. The issues are dealt with in that document, but I will take your question on notice.</p>				
<i>Fuelwatch – section 45 of the Trade Practices Act</i>								
<u>BET-109</u>	Joyce	ACCC	05/06/2008	<p>Senator JOYCE—Do you believe that your recommendations in section 45 have to go hand in hand with Fuelwatch?</p> <p>Mr Samuel—No. They are addressing separate issues. These are matters that have been put to government in the context of the report and my understanding is that—</p> <p>Senator JOYCE—Do they talk to the same issue?</p> <p>Mr Samuel—My understanding is that the minister has indicated that government will be reviewing this particular issue.</p> <p>Senator JOYCE—When?</p> <p>Mr Samuel—I would put that question to the minister.</p> <p>Senator Sherry—As I have previously indicated, I will take it on notice.</p>	E53	15/08/2008	15/08/2008	
<i>Monitoring of diesel and LPG prices</i>								
<u>BET-110</u>	Joyce	ACCC	05/06/2008	Senator JOYCE —Have you been given formal monitoring powers under part VIIA in relation to diesel and LPG?	E53-E54	15/08/2008	15/08/2008	

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				<p>Mr Cassidy—No.</p> <p>Senator JOYCE—Why not?</p> <p>Mr Samuel—I would refer that matter to the government, I think.</p> <p>Senator JOYCE—Do you think diesel and LPG are part of the same Fuelwatch scheme? Why don't you have formal monitoring powers on diesel and LPG?</p> <p>Mr Cassidy—Again, our formal monitoring powers have nothing to do with Fuelwatch. It is a separate exercise. The direction was given to us by the government. Again, that is a question that should be directed to the government as to why formal monitoring direction only covers unleaded petrol.</p> <p>Senator JOYCE—Luckily the government is here; Senator Sherry.</p> <p>Senator Sherry—The minister is not here, so I am happy to refer that on.</p> <p>Senator JOYCE—Why has the government not given formal monitoring powers under VIIA for diesel and LPG, especially taking into account the current public outcry with regard to the escalation of diesel prices—diesel being a formative refining of petrol and actually a by-product of the refining of petrol?</p> <p>Senator Sherry—I am happy to take it on notice and provide you with some information.</p>				
<i>Agricultural and mining use of petrol</i>								
BET-111	Joyce	ACCC	05/06/2008	<p>Senator JOYCE—What about agricultural use and what about mining use?</p> <p>Mr Cassidy—I have spoken to you already about that. Ninety-one percent of all fuel used by passenger vehicles is petrol.</p> <p>Senator JOYCE—Passenger vehicles.</p> <p>Senator Sherry—I will take on notice. I am not sure whether the ACCC can help, but I will get that specific data that you have asked for through another area of economics, if necessary, Senator Joyce.</p>	E65	15/08/2008	15/08/2008	

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<i>Drafting instruction for section 15.1.3</i>								
<u>BET-112</u>	Brandis	ACCC	05/06/2008	<p>Senator BRANDIS—On what date—you might need to take this on notice—were the drafting instructions for section 15.1.3 given to whoever was the draftsman of this section of the report?</p> <p>Mr Samuel—Certainly I could not give you that information at this point in time. I would have to take that question on notice.</p> <p>Senator BRANDIS—Sure.</p> <p>Mr Samuel—Let me take that on notice. I think that is the best.</p> <p>Senator BRANDIS—All right.</p> <p>...</p> <p>Senator BRANDIS—All right, fair enough. Let us limit ourselves then just to be efficient with the time. It is pretty obvious, I hope, that I am interested in that part that states the conclusion, that expresses the opinion rather than being descriptive. So when were the drafting instructions given for those parts of section 15.1.3 which state the commissioners' conclusions about FuelWatch?</p> <p>Mr Samuel—I would have to take that on notice.</p> <p>Senator BRANDIS—Roughly?</p> <p>Mr Samuel—I could not tell you. I would think that it would be somewhere through the latter parts of November—mid-November or the latter part of November—because we were at all points of time awaiting the outcome of the econometric modelling.</p> <p>...</p> <p>Senator BRANDIS—I am not pressing you, by the way. That is fair enough. The best you can do, unaided by your notes and minutes et cetera, is to say the latter part of November, and that is fine.</p>	E70 & E71	15/08/2008	15/08/2008	

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				<p>Mr Samuel—But I have said that I have to take those questions on notice. I am trying to give you some assistance.</p> <p>Mr Dimasi—Perhaps I could clarify one thing. You refer to the drafting instructions. That sounds very specific. We do not have a set of drafting instructions. What we have is a debate. We write the papers. We meet with the commissioners and we develop the position. If you are looking for the specific point—</p> <p>Senator BRANDIS—But somebody had to write this.</p> <p>Mr Dimasi—Yes, of course. But, sorry, you are looking to focus on the drafting instructions on a particular day, when the instruction was given to write this recommendation. It was not as simple as that. We will certainly check the dates, but I cannot assure you that we will be able to find a specific date for such an instruction.</p> <p>CHAIR—We have about one minute before the afternoon tea break.</p> <p>Senator BRANDIS—My last question is this: whether it be in the form of a drafting instruction or in the mind of the draftsman himself, when the decision was made ultimately to state the conclusion he has stated about Fuelwatch—was that before or after 24 November?</p> <p>Mr Samuel—I will have to take that on notice.</p> <p>Senator BRANDIS—November 24 was a Saturday, wasn't it—in the week after or the week before?</p> <p>Mr Samuel—I would have to take that on notice. I cannot give you those dates based on what we have at the present time, I am sorry.</p>				
Indigenous art – fraud								
BET-113	Eggleston	ACCC	05/06/2008	<p>Senator EGGLESTON—Mr Samuel, last year, as you may know, the Senate Standing Committee on Environment, Communications, Information Technology and the Arts, as I mentioned in the February estimates, brought down a report on Indigenous art. I notice that you had an article in the <i>Northern Territory News</i> in February this year regarding the Indigenous art</p>	E71-E72	15/08/2008	15/08/2008	

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				<p>market. It said that you had started distributing information and fact sheets to galleries and art centres about fraud and malpractice in the Indigenous art area. Could you tell us what you are doing in that area? One of the specific recommendations of that report was that the ACCC set up a special Indigenous art unit. There is a lot of fraud in this area. As you know, it is a \$600 million a year business. Have you been offered funding by the federal government for this purpose?</p> <p>Mr Samuel—There are a few questions there. I think it would be better if we take that question on notice and give you a proper report on it.</p>				
Reappointment of ACCC Chairman								
BET-114	Abetz/ Fierravanti-Wells	ACCC	05/06/2008	<p>Senator ABETZ—I have had placed in front of me an article from the <i>Australian</i> on 30 May. Minister, are you able to assist us as to the appointment/reappointment of Mr Samuel? I understand that is about to come up.</p> <p>Senator Sherry—It is obviously a decision of government.</p> <p>Senator ABETZ—But I gather it is coming up relatively soon.</p> <p>Senator Sherry—I know the issue is under consideration, but that is as much as I know personally. I am happy to take the question on notice and refer it on to Minister Bowen.</p> <p>...</p> <p>Senator FIERRAVANTI-WELLS—Mr Samuel, I understand that your appointment is due to expire. Can you tell me when that is?</p> <p>Mr Samuel—On 31 July.</p> <p>Senator FIERRAVANTI-WELLS—Could you tell me, Minister, when the process of reappointment of Mr Samuels or an appointment of his replacement is due to commence?</p> <p>Senator Sherry—It is an appointment for government. Obviously, the minister, as I indicated earlier, is considering the matter. I do not think I have a brief on the precise timetable,</p>	E72 & E84-E85	15/08/2008	15/08/2008	

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				<p>formatting, et cetera, so I will have to take that on notice for you.</p> <p>Senator FIERRAVANTI-WELLS—Could you also, if you do not mind, set out the criteria for the appointment for Mr Samuel’s position.</p> <p>Senator Sherry—I will take that on notice as well.</p> <p>Senator FIERRAVANTI-WELLS—Also, could you tell me what other positions in the ACCC are due to come up for reappointment and when those terms are due to expire.</p> <p>Senator Sherry—I will take those on notice for you.</p>				
<i>Fuel used by passenger vehicles</i>								
BET-115	Abetz	ACCC	05/06/2008	<p>Senator ABETZ—All right. We will not take that any further. Mr Cassidy, if you refer to page 1 of the report, 91 per cent of all fuel used by passenger vehicles was petrol. Does that mean when I pull up at a service station, unless I accidentally pull out the diesel bowser, basically all the petrol that is sold on the apron of the service station is covered by that 91 per cent? What I am wondering is: does the unleaded include the premium? Do they still sell super or call it something else—octane whatever it is and biofuel enhanced unleaded? What are we actually talking about? If you do not know, not much rides on it; it is just of interest. Could you take it on notice.</p> <p>Mr Cassidy—If you look at the footnote on that, we actually got that from an ABS publication, a survey of motor vehicle use.</p> <p>Senator ABETZ—I was just wondering if you knew.</p> <p>Mr Cassidy—No, not off the top of my head. But, if you like, we could take that on notice.</p> <p>Senator ABETZ—If you could, I would be much obliged to you.</p> <p>Mr Cassidy—We will check that publication and see if there is clarification. For example, does it include on-farm use of petrol for motor vehicles, for argument’s sake? Let us take that on notice.</p>	E72	15/08/2008	15/08/2008	
<i>Fuelwatch – discussions with APCO</i>								
BET-116	Abetz	ACCC	05/06/2008	Senator ABETZ —Has the ACCC spoken with APCO about the	E78	15/08/2008	15/08/2008	Updated

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				<p>issue of Fuelwatch in recent times? I know you have spoken with them in court, but have you spoken with them about Fuelwatch in recent times?</p> <p>Mr Samuel—They gave evidence at our inquiry hearing in Ballarat, I think. But, frankly, I cannot recall whether we asked them about Fuelwatch. I would have to take it on notice.</p>				answer (and attachment) provided on 10/10/2008
Code of Banking Practice								
BET-117	Murray	ACCC	05/06/2008	<p>Senator MURRAY—That is my observation after a long listening period. I want to ask you about the Code of Banking Practice. As I understand it, that is a voluntary code?</p> <p>Mr Cassidy—You are wandering into territory which I think is more ASIC's.</p> <p>Senator MURRAY—No, it is not. I will come to what I am after.</p> <p>Mr Cassidy—I think you are right. It is a voluntary code.</p> <p>Senator MURRAY—My impression has been that it has almost entirely been an area of interest for ASIC. I cannot recall the ACCC ever having anything to do with that.</p> <p>Mr Samuel—I think that is right.</p> <p>Senator MURRAY—There has, however, recently been a court case which indicates people are taking a relatively liberal view of the misleading and deceptive conduct provisions of the Trade Practices Act. You will know the one I am referring to. I do not know what they have decided, whether the case will be heard in the Supreme Court. I think that judgement is still pending. But I will quote to you from the Code of Banking Practice. It says it 'sets standards of good banking practice'. I do not have the primary document with me so I hope the quote I have got is accurate. It says: The Australian Code of Banking Practice sets standards of good banking practice when dealing with individual or small business customers, prospective customers and their guarantors. Then there is a sentence: All banks that adopt the Code are contractually bound by their obligations under the Code.</p>	E82-E83	15/08/2008	15/08/2008	

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				<p>I do not want you to give me a legal opinion, because I do not think that is right; you need to look at each circumstance. But it has been suggested to me that a breach of the code, given that it says participants are contractually bound, could in certain circumstances therefore trigger the misleading and deceptive provisions, if people alleged that the conduct of the bank was contrary to their agreement. I raise this with you as a policy issue. What concerns me is that if this interpretation is possible then all the codes, which I think are part of the fabric of good governance in Australia, could start to be under some assault and people might not want to sign up to them anymore because of the liability issues. Do you understand where I am going with this?</p> <p>Mr Cassidy—Yes.</p> <p>Senator MURRAY—Has that been raised with you before, that issue or that problem?</p> <p>Mr Cassidy—No.</p> <p>Mr Samuel—I am not aware of it, no.</p> <p>Senator MURRAY—You understand—</p> <p>Mr Samuel—I understand the issue, yes. I think we would have to take the issue on notice. But I am not aware of it.</p> <p>Mr Cassidy—We will take it on notice and have a look at the proposition you put and try and give you, as best we can, our view in a hypothetical sort of way of whether that would take us to the misleading and deceptive conduct provisions or not.</p> <p>Senator MURRAY—Without telling you how to do your business, what I want to alert you to is a potential problem I see. I think a code is a good thing and I think—</p> <p>Mr Cassidy—Yes.</p> <p>Senator MURRAY—if people are exposed to legal liability, that may be justified in some circumstances but it could be dangerous if it was general; it would result in people not signing up to codes. It might be an area you might want to give advice to the government on in due course.</p> <p>Mr Samuel—We will take that on notice. We will have a look at the code, too, that you have referred to, the banking code, and</p>				

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				just understand what— Senator MURRAY —Particularly given the court case which is currently before the court. It is signalling that more liberal approach. Thank you for that.				
Export industry								
BET-118	Abetz	PC	05/06/2008	Senator ABETZ —The industry employs about how many workers, do you think, or in your analysis? Mr Banks —My understanding of that—and again the exact number will be in the report, so do not hold me to it—is that there are about 45,000 employees. CHAIR —Directly? Mr Banks —Yes. Senator ABETZ —And indirectly? Mr Banks —I am not sure that we have that number in there, but I can get back to you on that if you like. Senator ABETZ —Yes, if you could, that would be helpful.	E105	12/09/2008	12/09/2008	
Phoenix companies								
BET-119	Fierravanti-Wells	ASIC	05/06/2008	Senator FIERRAVANTI-WELLS —What are the trends in relation to phoenix companies? From what you have said, the trend seems to be downwards. Do I read that into what you are saying? Mr Cooper —I do not have specific phoenix— Senator FIERRAVANTI-WELLS —If you could just take that on notice. Mr Cooper —I will take that one on notice.	E117	15/08/2008	15/08/2008	
Public companies – insurance cover								
BET-120	Bushby	ASIC	05/06/2008	Senator BUSHBY —Thank you; that was very helpful. There was a report in the <i>Australian Financial Review</i> recently—I apologise that I do not have a date for that—that directors of public companies are facing financial problems in obtaining suitable insurance cover. Can you tell the committee whether you consider those fears are well founded. Is that an issue?	E120	15/08/2008	15/08/2008	

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				Mr D'Aloisio —We could take that on notice. I am not personally aware that there are difficulties.				
<i>Anti-Money Laundering and Counter-Terrorism Financing Act 2006</i>								
<u>BET-121</u>	Bushby	ASIC	05/06/2008	<p>Senator BUSHBY—As to the Anti-Money Laundering and Counter-Terrorism Financing Act, which came into effect on 12 December 2007, I understand that as at 23 May, according to the <i>Financial Review</i>, only 6,000 of the 17,000 organisations required to comply had actually complied. Is that correct?</p> <p>Mr D'Aloisio—It is not an area within our immediate jurisdiction, but I am happy to take it on notice, to the extent that it is, to answer it or to have it answered for you.</p> <p>Senator Sherry—It is within Attorney-General's. Coincidentally, I actually went for a three- or four-hour briefing with them in Melbourne two weeks ago. They obviously have high relevance to activities of the financial sector. I was just interested in terms of the performance and the impact on the financial services sector. It is actually a financial services regulatory agency, but it is not within the Treasury portfolio.</p>	E124-E125	15/08/2008	15/08/2008	
<i>Unincorporated bodies</i>								
<u>BET-122</u>	Joyce	ASIC	05/06/2008	<p>Senator JOYCE—Just from their title, 'unincorporated bodies', I know they probably do not involve you. As to the merging of unincorporated bodies, especially where there is multiple membership and they do not have perfect knowledge of what is going on in their structures—and obviously they involve assets—does ASIC have any oversight whatsoever?</p> <p>Mr D'Aloisio—It would be state jurisdiction, I guess. It would not fall, as you say, under our jurisdiction. Can I take it on notice, have a look at it and give you a more considered answer as to where the responsibility lies?</p> <p>Senator JOYCE—Certainly, and I will make it a bit more detailed. If an unincorporated body is used as a vehicle, and under which hangs certain incorporated bodies, such as trust companies et cetera—</p>	E125-E126	15/08/2008	15/08/2008	

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				<p>Mr D'Aloisio—Yes, it would have to have other vehicles to act through.</p> <p>Senator JOYCE—does that mean that they can say that it is a state legislation and ‘it has nothing to do with us’? Can you say: ‘Hang on. Just your management vehicle is an unincorporated body. Underneath you is a whole heap of incorporated bodies’? Can I leave that with you.</p> <p>Mr D'Aloisio—Unincorporated bodies can take various forms. Partnerships, associations, clubs—there is a whole range of unincorporated bodies. I think we get the gist of what you are asking. Let us have a look at it and give you a considered answer on how it works at a state level and how that interacts with the Corporations Act.</p> <p>Senator JOYCE—And what authority you have, if something goes wrong, to go to someone and say, ‘You have misled the membership.’</p> <p>Ms Gibson—To the extent that it obviously relates to some of the companies that sit underneath it we regulate those companies. To the extent that those companies have change of control elements and disclosures in there, we regulate that. But at the next level it is not ours.</p> <p>Senator JOYCE—You have those companies just controlling assets. As wealth is made they are held in assets, but the unincorporated membership does not—</p> <p>Ms Gibson—They would be directors of those companies and those directors would have duties to the creditors.</p>				
<i>Australian Valuation Office accommodation in Victoria</i>								
BET-123	Bernardi	ATO	03/06/2008	<p>Senator BERNARDI—Is it correct that the AVO has recently joined the ATO in Melbourne? When I say joined, I mean: are they now in the same building?</p> <p>Mr D'Ascenzo—Yes. We are rationalising our accommodation holdings and moving AVO into where we have ATO accommodation.</p> <p>Senator BERNARDI—Where was the AVO previously?</p>	E82	31/07/2008	31/07/2008	

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				<p>Mr D'Ascenzo—I am not sure.</p> <p>Senator BERNARDI—Are you sure whether there was any requirement to maintain an existing lease or break an existing lease?</p> <p>Mr D'Ascenzo—I am not aware that that is the case. It would be unlikely if that was the case, but I can get that checked out as well.</p> <p>Senator BERNARDI—That would be great if you could. We have got a couple of hours. I am interested in the cost of the lease, if it had to be maintained for a period of time and also the length of tenure.</p>				