

**TREASURY PORTFOLIO**  
**Budget Estimates 2010-2011 Questions on Notice**

<b>BET No.</b>	<b>Senator</b>	<b>Agency</b>	<b>Subject</b>	<b>Question</b>	<b>Date Answered</b>	<b>Proof Hansard Page</b>
<b>BET - 1</b>	<b>Abetz</b>	Treasury	Resources Sector: Projected Tax in 2013-14	<p><b>Senator ABETZ</b>—Thank you for that. Turning to the resources super profits tax: as I understand it, the budget projection showed that the proposed resource super profits tax will raise an additional \$3 billion in 2012-13 and an additional \$9 billion in 2013-14 from the resources sector. What will be the total projected tax from all sources paid by the resource or mining sector in 2013-14? Are we able to put a figure on that?</p> <p><b>Dr Henry</b>—I am sorry, I would have to take that question on notice. I do not have that figure with me.</p> <p><b>Senator ABETZ</b>—If you could, and possibly, with respect to other Treasury officials, if that could be provided when we meet next week that would be very helpful.</p> <p><b>Dr Henry</b>—Yes.</p> <p><b>Dr Gruen</b>—Yes.</p> <p><b>Senator ABETZ</b>—I would assume it is a relatively easy figure to obtain. Thank you, Dr Gruen.</p>	30/09/2010	E7 (27/05/2010)
<b>BET - 2</b>	<b>Abetz</b>	Treasury	Modelling of Individual Recommendations of the AFTS Report	<p><b>Senator ABETZ</b>—...Was there detailed modelling performed on the economic impacts of any individual recommendations of your review? If so, are you in a position to share that with the committee? Are you able to make the modelling available?</p> <p><b>Dr Henry</b>—I think some modelling has been made available—</p> <p><b>Senator ABETZ</b>—That is the KPMG—</p> <p><b>Dr Henry</b>—Yes.</p> <p><b>Senator ABETZ</b>—Any other modelling?</p> <p><b>Dr Henry</b>—On individual components?</p> <p><b>Senator ABETZ</b>—Yes.</p> <p><b>Dr Henry</b>—I would have to check. I must admit that nothing springs to mind.</p> <p><b>Senator ABETZ</b>—If you could take that on notice and if possible via Treasury officials next week advise us, that would be very helpful to inform us for the questioning that might take place next week.</p> <p><b>Dr Henry</b>—Sure.</p>	30/09/2010	E8 (27/05/2010)
<b>BET - 3</b>	<b>Abetz</b>	Treasury	Treasurer's Economic Note of 9 May 2010: Mining Profits and Taxes	<p><b>Senator ABETZ</b>—Are you able to tell us what the tax paid and the level of profit is that gives us the result of 27 per cent?</p> <p><b>Dr Henry</b>—No, not right now I am not, although obviously those numbers could be made available to the committee.</p> <p><b>Senator ABETZ</b>—Once again, I ask if Dr Gruen and other Treasury</p>	02/12/2010	E9 & E10 (27/05/2010)

				<p>officials could be made available.</p> <p>...</p> <p><b>Senator ABETZ</b>—Could I then ask Dr Gruen—given your absence next week, Dr Henry—to provide to us the underlying figures for those charts, which I assume would be the company tax actually paid, the royalties paid and the taxable income. Would that be obtainable?</p> <p><b>Dr Gruen</b>—We will certainly take it on notice.</p> <p><b>Senator ABETZ</b>—While taking it on notice gives you 30 days, it would be helpful if you could supply that to us relatively quickly in anticipation of next week’s estimates. But, of course, I cannot put it any more strongly than that—a request. Thank you for that.</p>		
<b>BET - 4</b>	<b>Xenophon</b>	Treasury	Modelling of the RSPT	<p><b>Senator XENOPHON</b>—Dr Henry, I want to ask you about the issue of modelling. I think Senator Abetz raised some issues in terms of the robustness and sensitivity of the modelling. Did the KPMG Econtech model of the RSPT that the government is proposing was that in the form that the government has actually proposed? In other words, was the modelling done on the proposal that has actually come from the government?</p> <p><b>Dr Henry</b>—I believe so but I do not wish to mislead the committee obviously. I will check that but I believe so. I am quite confident about the RSPT part of it because, in the modelling that was done for the panel, we had a resources taxation arrangement which is, in economic terms, equivalent to the RSPT. The model could not have treated the two things differently. What I am not absolutely sure of is whether the modelling of the company tax rate cut was the same or not. That is the thing I would need to check.</p> <p><b>Senator XENOPHON</b>—Could you take that on notice.</p> <p>...</p> <p><b>Senator XENOPHON</b>—Again, you may wish to take this on notice: insofar as there has been any modelling on the regional and sectoral effects, it would be reasonable for that to be published or disclosed.</p> <p><b>Dr Henry</b>—We will certainly take that on notice. I understand the question. I agree with you that the sectoral impacts are of interest, so I will take the question on notice and see what there is in the model results that can be provided to the committee.</p> <p>...</p> <p><b>Senator XENOPHON</b>—...In terms of the KPMG Econtech modelling, is it fair to say that it appears only to look at the economic effects in the long run—is that a fair assumption?</p>	30/09/2010	E13 & E14 (27/05/2010)

				<p><b>Dr Henry</b>—I am not sure about this either; I would need to check. I think that when we are talking about the long run we are talking about more or less a decade, as far as the model is concerned. I do not think we are talking about 50 years; I think we are talking about more or less a decade.</p> <p><b>Senator XENOPHON</b>—Not what Keynes says about the long run. So is your understanding that the long run would be 10 years or so, in the modelling?</p> <p><b>Dr Henry</b>—That is my understanding but I will check that.</p> <p><b>Senator XENOPHON</b>—Would it be fair to say, then, that it does not appear to have modelled the shorter term transition—the first two, three or four years of the tax?</p> <p><b>Dr Henry</b>—Again, that is my understanding but, if you do not mind, I would like to check that.</p> <p><b>Senator XENOPHON</b>—That is fine.</p>		
<b>BET - 5</b>	<b>Brown</b>	Treasury	RSPT: Flow of Profits Overseas	<p><b>Senator BOB BROWN</b>—Has there been modelling of the impact of the proposed resources rent tax on the flow of profits overseas?</p> <p><b>Dr Henry</b>—I am not aware of any precise figuring on that. But, again, I am happy to take that question on notice.</p> <p><b>Senator BOB BROWN</b>—Thank you.</p>	30/09/2010	E21 (27/05/2010)
<b>BET - 6</b>	<b>Joyce</b>	Treasury	Resource Super Profits Tax	<p><b>Senator JOYCE</b>—During Dr Henry’s appearance before this committee last Thursday, questions were asked concerning the Treasurer’s <i>Economic note</i> of 9 May 2010 which had been tabled in the House of Representatives. Dr Henry was asked if he could provide the statistics behind the charts. Dr Henry was unable to do so at the time. For the purpose of this I will just take you to this graph here—do you remember that?—a pie chart.</p> <p><b>Senator Sherry</b>—Yes.</p> <p><b>Senator JOYCE</b>—Very good. The pie chart is on page 4. Those statistics were requested to be given to this committee no later than today’s session. Do you have those numbers?</p> <p><b>Ms Granger</b>—No, I do not. I think this question—without knowing the content—may be better directed to Treasury.</p> <p><b>Senator Sherry</b>—This is the ATO to my right and the Treasury to my left.</p> <p><b>Senator JOYCE</b>—I did actually say at the start that these were questions for revenue.</p> <p><b>Senator Sherry</b>—You see, last week, Senator, we had macro; I do not think we had anyone from the ATO. So, just for the purposes of questions in reference to last week, I do not think the ATO are able to help.</p>	11/06/2010	E92-93 (01/06/2010)

				<p><b>Senator JOYCE</b>—That is why it is a question to revenue.</p> <p><b>Senator Sherry</b>—It went to the ATO. To my right are sitting the ATO officials and to my left are the revenue officials.</p> <p><b>Senator JOYCE</b>—Revenue is sitting beside you, to your left-hand side. The question to revenue is: do you have any details on the information that was requested for today?</p> <p><b>Ms Mrakovcic</b>—That question was taken on notice by the secretary and we have not got those figures as yet.</p> <p><b>Senator JOYCE</b>—Ms Mrakovcic, may I ask why it is so hard to get those figures? We have two pie charts.</p> <p>It cannot be that complicated. I imagine that even in the notes in the greater elaboration of the document they would be there; there would be a footnote there somewhere, surely. I presume that it would be something that would take half an hour to get, not days.</p> <p><b>CHAIR</b>—It has been taken on notice, Senator Joyce. I wonder indeed if it is that relevant to budget estimates. It has been taken on notice and that is the answer to your question.</p> <p><b>Senator JOYCE</b>—I note that Treasury has had several days of notice of this issue. The charts are in the public domain. They have been relied on. It is a simple matter of clicking on the charts to view the numbers underlying it. Why then are you unable to provide the numbers and, if you cannot provide the numbers, how can we believe in the accuracy of the charts?</p> <p><b>Ms Mrakovcic</b>—Just to go back to the point that was made: essentially the question was taken on notice.</p> <p>We are actually looking into it and preparing an answer to that question on notice. There is a process that will see the answer to that question and it will make its way back to the committee, hopefully. We are undertaking a comprehensive answer to the question that was asked in terms of the numbers underlying that chart. I am happy to speak in methodological terms to some of the numbers underlying that, such as what the concepts used in it are to the extent that I can help the committee with any of the questions it asks.</p>		
<b>BET - 7</b>	<b>Boyce</b>	Treasury	Cigarette Tax	According to the Prime Minister's statement announcing the increase in cigarette tax, an estimated 87,000 people will give up smoking as a result of this cost increase. How was the figure calculated?	29/09/2010	Written
<b>BET - 8</b>	<b>Ronaldson</b>	Treasury	AFTS - Independent Communications Committee	<p><b>Senator RONALDSON</b>—...Minister, I take you to the Independent Communications Committee, which, according to the Treasurer, reviewed the communications strategy. Can you provide the committee with a copy of that strategy, please?</p> <p><b>Senator Sherry</b>—As I am sure you are aware, this is in Senator Ludwig's</p>	30/09/2010	E65 (01/06/2010)

				<p>area. I would have to take that on notice.</p> <p><b>Senator RONALDSON</b>—It is not in Senator Ludwig’s area because this is a strategy that was given by your department to the ICC. It is not actually a question for Senator Ludwig. This is your department’s communications program presented to the ICC.</p> <p><b>Senator Sherry</b>—Let me see if we can provide you with any details.</p>		
<b>BET - 9</b>	<b>Ronaldson</b>	Treasury	AFTS - Independent Communications Committee Briefing	<p><b>Senator RONALDSON</b>—On 20 April, the SPBC approved an allocation of funding. When was the brief prepared for the ICC?</p> <p><b>Ms Balzary</b>—I do not have that with me.</p> <p><b>Senator RONALDSON</b>—There must be someone who knows the answer.</p> <p><b>Ms Balzary</b>—It would be me that knows the answer. It was in the days preceding, but I would have to take on notice the exact day.</p> <p><b>Senator RONALDSON</b>—Days preceding 21 April?</p> <p><b>Ms Balzary</b>—Yes.</p> <p><b>Senator RONALDSON</b>—You will take that on notice?</p> <p><b>Ms Balzary</b>—Yes.</p>	30/09/2010	E67 (01/06/2010)
<b>BET - 10</b>	<b>Bushby</b>	Treasury	Increase in the Superannuation Guarantee	<p><b>Senator BUSHBY</b>—The Henry review claims that savings will be 20 per cent higher consistently were its recommendations applied. How much higher would national savings be in the long run if the superannuation guarantee is increased in the manner the government proposes?</p> <p><b>Mr Gallagher</b>—The national savings effects, which are reported in the budget papers, are 0.7 of one per cent of GDP for private saving and 0.4 per cent of GDP for public saving. The reason that the public saving is lower is a number of the measures in the package, particularly the contribution caps measure, have a cost to public revenue and lead to public dissaving, which is accounted for in the national savings analysis.</p> <p><b>Senator BUSHBY</b>—That is the percentage of GDP, but the Henry review actually talks about a 20 per cent increase in savings.</p> <p><b>Senator Sherry</b>—But the independent tax review’s recommendations on superannuation are not the same in some areas as the ultimate policy announcement of the government.</p> <p><b>Senator BUSHBY</b>—Absolutely, which is why I am asking the question. The recommendation of the independent review was that it would result in a 20 per cent increase in savings. I am interested in doing a direct comparison with what the government chose.</p> <p><b>Mr Gallagher</b>—In the tax review report, there is a presentation of the national savings analysis which compares a superannuation guarantee increase with the panel’s recommendation for superannuation to be taxed in personal tax at marginal rates and a flat 20 per cent concession. That analysis will talk about the increase in national savings. On page 115,</p>	02/12/2010	E73-74 (01/06/2010)

			<p>chart A2-10 it does a comparison. The reason that the AFTS proposal was more significant is that involved a considerable increase in concessions for low-income workers because of the flat 20 per cent concession that would be given to everyone. In part, the increased tax revenue from high-income earners was moved into the superannuation accounts of low-income workers by virtue of the fact that contributions tax was abolished. In the government's current proposals, contributions tax is not abolished and so you do not get the same effect.</p> <p><b>Senator BUSHBY</b>—Can you draw a comparison at all?</p> <p><b>Mr Gallagher</b>—I think the closest comparison we have is that chart on page 115 of the Henry report.</p> <p><b>Senator BUSHBY</b>—Which part?</p> <p><b>Mr Gallagher</b>—That is part 2, detailed analysis. The difference here is it is only an increase in the SG to 12 per cent. It does not include the government's superannuation contributions rebate for low-income earners. That rebate is worth 15 per cent. So it is not a direct comparison of the two things. We could do it.</p> <p><b>Senator BUSHBY</b>—I am interested. If you can do it and it is not an overly onerous task.</p> <p><b>Mr Gallagher</b>—I will take that on notice.</p>		
<b>BET - 11</b>	<b>Bushby</b>	Treasury	<p>AFTS - Taxation of Superannuation Contributions and Earnings</p> <p><b>Senator BUSHBY</b>—The Henry review's recommendations Nos 18 and 19 relate to the taxation of superannuation contributions and earnings. These measures would presumably have revenue and cost implications for the government budget if they were implemented. What is the separate cost or revenue of implementing each of these recommendations over the forward estimates? Has that been looked at?</p> <p><b>Mr Gallagher</b>—There are costings of the Henry recommendations. I do not have those with me because I thought we would be discussing the budget estimates. I will take that on notice.</p> <p><b>Senator Sherry</b>—I think it is reasonable expectation, on past performance of this committee going back many, many years, as you know, Mr Gallagher, that there are all manner of questions on research, outcomes and costings.</p> <p><b>Senator BUSHBY</b>—I imagine the minister has probably been guilty of a few of those himself.</p> <p><b>Senator Sherry</b>—I plead guilty.</p> <p><b>Senator BUSHBY</b>—If you could take that on notice it would be much appreciated. In doing so, would you also take on notice how much these two measures, if they were implemented, would increase national savings.</p> <p><b>Mr Gallagher</b>—Yes.</p>	30/09/2010	E74 (01/06/2010)

<b>BET - 12</b>	<b>Bushby</b>	Treasury	RSPT - Australian Stock Exchange	<p><b>Senator BUSHBY</b>—This is my final question before we move on to some other stuff. You mentioned then and highlighted that when the shares started falling the materials sector, including mining stocks, fell less than some of the other things. What I am interested in is when did the ASX start falling?</p> <p><b>Mr Gallagher</b>—My recollections from looking at the series is that they began falling on about 15 April. The high point of the market was not close to 30 April; it was already falling.</p> <p><b>Senator BUSHBY</b>—It may well have been, but there was a marked increase in the level of that fall—and I do not have the dates in front of me—around mid-May when there were problems in Greece which led to—</p> <p><b>Mr Gallagher</b>—I do not want to speculate on causes. What we saw was the drama over Greece’s debt getting higher and higher at the same time as the package was released.</p> <p><b>Senator BUSHBY</b>—I think there may well be some questions later for Revenue which address the timing of these falls and the variance between—</p> <p><b>Senator Sherry</b>—Perhaps Markets Group would be more appropriate. Macro are here tomorrow and Markets on Thursday, but I am more than happy to get comparative share market index movements over whatever time frames you want, both in Australia and internationally.</p> <p><b>Senator BUSHBY</b>—You might put them on notice that we will be looking at that.</p> <p><b>Mr Gallagher</b>—I can take that on notice and perhaps provide them to my colleagues.</p> <p><b>Senator BUSHBY</b>—My rough analysis of it indicates that mining shares started falling some days before the dramatic fall that was seen in the rest of the stock market and immediately following the announcement of the RSPT. I will hand over to someone else to ask questions.</p>	30/09/2010	E75 (01/06/2010)
<b>BET - 13</b>	<b>Joyce</b>	Treasury	RSPT - Assumptions	<p><b>Senator JOYCE</b>—I was very interested when you started telling me about what the superannuation guarantee or this new cost was going to be in 2020? You said \$3.2 billion, is that correct?</p> <p><b>Mr Gallagher</b>—\$3.6 billion.</p> <p><b>Senator JOYCE</b>—That is interesting. What is the tax going to bring in 2020? How do you know how much?</p> <p><b>Mr Gallagher</b>—The people behind me may know.</p> <p><b>Senator JOYCE</b>—Is there anyone behind you who knows how much it is going to bring in 2020?</p> <p><b>Senator Sherry</b>—We will get to that when we get to—</p>	02/12/2010	E79 (01/06/2010)

				<p><b>Senator JOYCE</b>—So how do I know that you might not have been collecting enough from the tax?</p> <p><b>Mr Parker</b>—It is certainly the case that projecting the revenue from the RSPT over that length of time is very dependent on the assumptions that one makes in the projections for commodity prices, the exchange rate and the terms of trade. Those numbers have been done. The government has published them.</p> <p><b>Senator JOYCE</b>—They have been done?</p> <p><b>Mr Parker</b>—Yes.</p> <p><b>Senator JOYCE</b>—Who did them?</p> <p><b>Mr Parker</b>—Treasury did them.</p> <p><b>Senator JOYCE</b>—Would you be able to table them?</p> <p><b>Senator Sherry</b>—We will take it on notice. In accordance with past practice, those figures are not normally published. We publish estimates and projections over the four years. When I was sitting in your place, Senator Joyce, I can recall on numerous occasions asking for figures and estimates—including to Mr Gallagher and I think he has got a wry smile on his face here—beyond the four years. It was invariably taken on notice and depending on the issue a response was given or not given.</p> <p><b>Senator JOYCE</b>—I think it is crucial that we get this because you have given as one of your answers ‘\$3.6 billion’ or what was it?</p> <p><b>Mr Gallagher</b>—It is \$3.6 billion. As I said, it is on page 43 of budget paper No. 2.</p> <p><b>Senator JOYCE</b>—So it is \$3.6 billion in 2020 and they are the forward years. You have acknowledged that you have actually done the figures out to 2020. You have acknowledged the concerns that are there in discovering the terms of trade. So I think it is crucially important that we find out in the figures that you have done what exactly the tax is bringing in and whether we are going to be able to cover all of this generosity we are seeing from the government.</p> <p><b>Senator Sherry</b>—We will take it on notice.</p>		
<b>BET - 14</b>	<b>Eggleston</b>	Treasury	Superannuation Clearing House	<p><b>Senator EGGLESTON</b>—I would like to ask you some quick questions on the superannuation clearing house. Registration opened for the government’s superannuation clearing house, through Medicare, on 24 May. I wondered how many registrations have been made in the first week or so of the registration period and to date?</p> <p><b>Senator Sherry</b>—These questions would need to go to Medicare because they are doing the clearing house activity. The ATO cannot help you.</p> <p><b>Senator EGGLESTON</b>—Okay. I accept that. Thank you.</p> <p><b>CHAIR</b>—Is that all we have in the superannuation section of Revenue</p>	22/12/2010	E80-81 (01/06/2010)



				<p>Group in the ATO?</p> <p><b>Senator EGGLESTON</b>—There are other questions which do relate to Treasury in the same area, such as how many businesses are Treasury expecting to register for the clearing house services? I would have thought that would be a matter of Treasury modelling.</p> <p><b>Mr Willcock</b>—I would have to take that on notice, I think. We certainly were working on some sort of estimate as to the take-up rate. I cannot remember off the top of my head just what those estimates were, so I would have to take that on notice.</p> <p><b>Senator EGGLESTON</b>—Superannuation funds can also register for the clearing house. How many superannuation funds have registered and how many superannuation funds is Treasury expecting to register for the clearing house?</p> <p><b>Senator Sherry</b>—The question on actual numbers that have registered would have to go to Medicare. I do not know whether Treasury can help you with an estimate.</p> <p><b>Senator EGGLESTON</b>—Can Treasury detail all the expenditure on the government clearing house since 2007, broken down into years, and the costs of continuing to operate the clearing house over the forward estimates? You might have to take that on notice.</p> <p><b>Mr Willcock</b>—We would have to take that on notice.</p> <p><b>Senator EGGLESTON</b>—The clearing house is only available to employers with less than 20 employees. What is the procedure when an employer reaches over 20 employees if it is already registered as having under 20 employees? How will Treasury ensure that all employers registered have less than 20 employees? How will you police this scheme, in other words?</p> <p><b>Mr Willcock</b>—I understand that there are some business rules that Medicare has developed in consultation with the industry, but I will have to take that on notice to provide you with details.</p> <p><b>Senator Sherry</b>—For convenience, the questions which you have asked that should go to Medicare, we will transmit to the appropriate committee and try to give you a composite response.</p> <p><b>Senator EGGLESTON</b>—I am grateful for that. Thank you.</p>		
BET - 15	Cameron	Treasury	Treasury Employees	<p><b>Senator CAMERON</b>—How many employees are there in your department?</p> <p><b>Mr Parker</b>—I do not have the number off the top of my head. We can take a question on notice.</p> <p><b>Senator CAMERON</b>—Are you likely to have someone who can answer this question tomorrow?</p> <p><b>Mr Parker</b>—It should be a pretty easy question to answer, so we will get</p>	21/12/2010	E100 (01/06/2010)

				you the answer tomorrow.		
<b>BET - 16</b>	<b>Eggleston</b>	Treasury	Resources Rental Tax - Minerals	<p><b>Senator EGGLESTON</b>—I would like to ask some questions about minerals. The Henry review recommended against applying the resource rental tax to lower value minerals, for which it can be expected to generate no net benefits. The government is recommending extending the application of the tax to all non-renewable minerals. I wonder what the rationale for that is. Can you enlighten us?</p> <p><b>Mr Parker</b>—I have already traversed that territory. Very quickly, some of those minerals pay royalties. We would not expect low-value—</p> <p><b>Senator EGGLESTON</b>—Some of those minerals are?</p> <p><b>Mr Parker</b>—Brown coal pays a royalty. We can take that question on notice.</p>	30/09/2010	E100-101 (01/06/2010)
<b>BET - 17</b>	<b>Eggleston</b>	Treasury	Mining Flow-Through Share Scheme and State Royalties	<p><b>Senator EGGLESTON</b>—You referred to the Canadian flow-through share schemes, and the view of AMEC, which is the Association of Mining Exploration Companies—the small mining companies which carry out a lot of the prospecting work in Australia and are very active in Western Australia—is that they would prefer to have a flow-through share scheme. I wonder how much consultation was carried out with that segment of the mining industry.</p> <p><b>Mr Parker</b>—I would have to take that question on notice, as to the amount of consultation specifically over the exploration rebate. But, for the purposes of the analytical story, if you read through pages 176 to the bottom of 177 it makes the case for doing it as a rebate as opposed to a flow-through share design.</p> <p><b>Senator EGGLESTON</b>—And yet, strangely, the industry prefer the flow-through share scheme, according to the briefing they gave to a group of Western Australian senators. We will just leave that there, because it is—</p> <p><b>Senator Sherry</b>—I do not think there is a contradiction. You say the industry prefer it; well, the tax panel did not prefer it.</p> <p><b>Senator EGGLESTON</b>—I am just making the point that the industry obviously felt that the Canadian system would encourage more exploration than this would. My question really was, as I said: would this tend to increase the amount of exploration for minerals in Australia? It appears from the AMEC briefing that the people in the industry do not think it will, but that is another matter.</p>	02/12/2010	E101-102 (01/06/2010)
<b>BET - 18</b>	<b>Joyce</b>	Treasury	Analysing Coalition policies	<p><b>Senator JOYCE</b>—Can you provide a list of all the policies of the coalition you have analysed?</p> <p><b>Mr Parker</b>—Over what time period, Senator?</p> <p><b>Senator JOYCE</b>—Over the last six months.</p> <p><b>Mr Parker</b>—I would have to take that on notice.</p>	03/03/2011	E105-106 (01/06/2010)

				<p><b>Senator JOYCE</b>—Over the last year.</p> <p><b>Mr Parker</b>—I would have to take that on notice too.</p> <p><b>Senator JOYCE</b>—Over the last week.</p> <p><b>Mr Parker</b>—Over the last week? I am not aware of any. Maryanne, when was the advice on PPL sent?</p> <p><b>Ms Mrakovcic</b>—It was 21 May.</p> <p><b>Senator JOYCE</b>—What happened then?</p> <p><b>Ms Mrakovcic</b>—The advice on the paid parental leave—</p> <p><b>Senator JOYCE</b>—That is 21 May.</p> <p><b>Mr Parker</b>—There may have been other requests for advice of which I am not aware.</p> <p><b>Senator JOYCE</b>—So apart from the paid parental leave, can you think of another policy that you have analysed?</p> <p><b>Mr Parker</b>—In the last week?</p> <p><b>Senator JOYCE</b>—In the last six months?</p> <p><b>Mr Parker</b>—Yes. We were asked to look at the effects of a freeze on Public Service hiring insofar as it may have an effect on the revenue raising capability of the ATO.</p> <p><b>Senator JOYCE</b>—Will you provide to the committee all of these analyses? Would you be prepared to make them public?</p> <p><b>Mr Parker</b>—I think the analysis on revenue raising has been effectively made public in the form of a press release by Minister Sherry. As to the other ones, I will take the question on notice and put it to the Treasurer.</p>		
<b>BET - 19</b>	<b>Joyce</b>	Treasury	RSPT #2	<p><b>Senator JOYCE</b>—Can you put aside and clearly identify how much of that is RSPT revenue?</p> <p><b>Ms Mrakovcic</b>—The costing of the RSPT measure was given as \$3 billion and \$9 billion. That is if you go to the measure and specifically BP2.</p> <p><b>Senator JOYCE</b>—That is a net figure, is it? But that is a net figure.</p> <p><b>Ms Mrakovcic</b>—It is a net figure in the sense that we undertook a costing of the introduction of a RSPT and the actual costing was \$3 billion and \$9 billion. It has a number of components to it, as I mentioned, that go across a number of revenue heads. But at the end of the day, the way it is costed and presented as a measure is as having an impact of \$3 billion and \$9 billion.</p> <p><b>Senator JOYCE</b>—In your sectoral analysis, can you split out agriculture, manufacturing and services?</p> <p><b>Mr Parker</b>—KPMG could do that.</p> <p><b>Senator JOYCE</b>—Can we get that figure?</p> <p><b>Ms Mrakovcic</b>—We will take that on notice.</p> <p><b>Senator JOYCE</b>—How long before we can get that back?</p>	25/02/2011	E108 (01/06/2010)

				<p><b>Mr Parker</b>—Well, it will depend on what KPMG does.</p> <p><b>Senator JOYCE</b>—It is dependent on KPMG?</p> <p><b>Mr Parker</b>—Yes.</p> <p><b>Senator JOYCE</b>—As soon as they provide it to you, you will provide it to us?</p> <p><b>CHAIR</b>—As the minister described, Senator Joyce, it goes through the minister's office. So the officers here are not able to give you a specific answer.</p> <p><b>Senator JOYCE</b>—So are you able to detail each component of the calculation that produces the gross figure to the net figure of \$9 billion?</p> <p><b>Mr Parker</b>—So that is the figure of \$15.9 billion?</p> <p><b>Senator JOYCE</b>—Yes.</p> <p><b>Mr Parker</b>—That would include PRRT.</p> <p><b>Senator JOYCE</b>—How much? Can you identify?</p> <p><b>Mr Parker</b>—We can put those numbers together for you, Senator.</p> <p><b>Ms Mrakovcic</b>—Yes. We have to take that on notice.</p> <p><b>Senator JOYCE</b>—How many companies will pay the RSPT in 2013-14?</p> <p><b>Mr Parker</b>—I do not have that number with me.</p> <p><b>Ms Mrakovcic</b>—We will have to take it on notice.</p> <p><b>Mr Parker</b>—We will have to take it on notice.</p> <p><b>Senator JOYCE</b>—Will you be able to identify how much of the royalties is paid back to the states?</p> <p><b>Mr Parker</b>—Yes. Under the design, all of the royalties are paid back to the companies, which pay them to the states.</p>		
<b>BET - 20</b>	<b>Joyce</b>	Treasury	RSPD & Personal Income Tax Analysis	<p><b>Senator JOYCE</b>—What are the estimates for RSPT beyond 2013-14?</p> <p><b>Mr Parker</b>—I think the Treasurer has mentioned a number of, on average, between \$10 billion and \$12 billion.</p> <p><b>Senator JOYCE</b>—You said previously that Treasury had prepared the costings for all the recommendations in the tax review. What is the estimated cost of raising the personal income tax-free threshold to \$25,000?</p> <p><b>Mr Parker</b>—We would have to take that on notice, Senator.</p> <p><b>Senator JOYCE</b>—Would you be prepared to also, in taking that on notice, provide the committee with the costings of these recommendations?</p> <p><b>Mr Parker</b>—Of all 138 recommendations?</p> <p><b>Senator JOYCE</b>—Yes.</p> <p><b>Mr Parker</b>—We can take that on notice, Senator.</p> <p><b>Senator JOYCE</b>—The budget shows the company tax reduction costs of \$2 billion in 2013-14. What is the effect on personal income tax payments of the proposed reduction in company tax because of the dividend</p>	22/12/2010	E109-110 (01/06/2010)

				<p>imputation?</p> <p><b>Ms Mrakovcic</b>—We will have to take that on notice.</p> <p><b>Mr Parker</b>—Let me just pick into the conceptual issue. If the company has the same payout ratio as previously and it did not have an excess franking credit account, it can do two things compared with the previous situation. Firstly, it will have more after tax income than before because its tax rate is lower. It will be able to frank that higher dividend at a lower rate. To the extent that its dividend payout ratio of profits was unaltered by that, you would end up with exactly the same result at the personal tax level because it would all get netted out. That is, the person would report a higher dividend but franked at a lower level.</p> <p><b>Senator JOYCE</b>—How much has the personal income tax received risen in 2013-14 because of the reduction in company tax?</p> <p><b>Mr Parker</b>—We would have to take that on notice.</p>		
<b>BET - 21</b>	<b>Joyce</b>	ASIC	Brien Ernest Cornwell Case	<p><b>Senator JOYCE</b>—I have a brief question. Mr D’Aloisio, I have been looking on your website. Are you aware of a gentleman by the name of Brien Ernest Cornwell?</p> <p><b>Mr D’Aloisio</b>—I am sorry?</p> <p><b>Senator JOYCE</b>—Brien Ernest Cornwell.</p> <p><b>Mr D’Aloisio</b>—It does not ring a bell immediately, Senator.</p> <p><b>Senator JOYCE</b>—He had an investment scam around Newcastle. I note that on the website on Tuesday, 13 May 2008, the Supreme Court of New South Wales ordered the operators of an unregistered managed investment scheme linked to Newcastle property development to stop promoting or issuing further interests in the scheme following an application by ASIC. You had an enforceable undertaking taken against him, but it now appears that Mr Cornwell is driving around in a black sports car, taking holidays in Croatia and has managed to peel off things to his wife. Why is it that ASIC, with these dodgy dealers, cannot nail them down?</p> <p><b>Mr D’Aloisio</b>—First, in relation to the specifics of the case that you are mentioning, I am happy to look at that further and provide you with a more specific answer. I am not aware of the case. But certainly I will look into that and give you a more detailed answer. In terms of the comment, ‘Why aren’t they nailable?’, of course they are. We do in terms cancel people’s licences. We ban directors. We do follow up that to the best to ensure that they do not come back into schemes and so on. But ultimately we enforce the law as we find it. Once we have done that, unless someone has been incarcerated or they are in prison, we cannot monitor them on a 24-hour basis.</p> <p><b>Senator JOYCE</b>—So there was a section 93AA enforceable undertaking taken against him. What does that actually mean?</p>	29/09/2010	E115-117 (01/06/2010)

**Mr D’Aloisio**—It depends on its terms. It is an alternative to, for example, going to court. You can get by agreement under the relevant legislative provisions these enforceable undertakings. They have the force of law. The undertaking will be not to do something or to pay something. It will be the sort of order you would get in a court, for example, except it is done by agreement with legislative backing. If it is breached, there are remedies that ASIC would have, including going to court and including enforcing that enforceable undertaking in a court of law.

**Senator JOYCE**—We know that issues such as Storm get a lot of publicity. The Commonwealth Bank come out and say, ‘Oh, well, sorry about that. We’ll fix up our section of it.’ Everything looks very earnest. What do we say to the investors in Brien Ernest Cornwell’s scams who see him now basically living pretty comfortably? I notice he has his own personalised number plates on his own nice sports car. He is taking holidays and other people have lost their house. Does an enforceable undertaking mean that they are going to get their money back?

**Mr D’Aloisio**—Senator, I understand what you are saying. Where people have been subjected to a scam and they have lost money and they see perhaps the promoters of those scams re-establishing and doing other things, that is really disheartening. I understand that. At the end of the day, we can only work with the law, and if there is a breach of the law, we take action in relation to that. If in this circumstance there are breaches of the enforceable undertaking—and I will take it on notice and look at it—clearly we could take some action. But does that mean that once a person has been banned or lost a licence that that person cannot engage in any other form of business and build up wealth elsewhere? Of course it does not mean that. I will say this: in relation to the work that ASIC does with schemes, in any given year we close down a substantial number of these schemes. We do ban a substantial number of people. A lot of them do not actually come back in and run the schemes again. But you are right; if there are those that do, simply taking action against an illegal scheme and banning someone does not necessarily mean that they are out of play in a business sense for the rest of their lives. It just does not extend that far.

**Senator JOYCE**—Well, this gentleman has come to my notice because he is living in a hilltop house overlooking Newcastle. Either he has a BMW and his wife has a Mercedes or it is the other way around. He has been on holidays to Croatia. He seems to be living a pretty comfortable life yet there is a whole range of people around him who are basically broke because of him. He is back in business. What are we doing wrong that we cannot chase these people down? Are we missing the resources? Are we missing the laws? What is going wrong that these can be flaunted

in front of the people who basically are living without, living on the bones of their backside because they have been done over?

**Mr D'Aloisio**—As I say, I will look at it further and give you a more specific response in relation to the case you have mentioned because I do not know the facts. In our system, when there is corporate wrongdoing, at the end of the day at the heart of our system is the corporation. The corporation is there because there actually is limited liability. The liability does not actually pass to the directors and the shareholders. You have a corporate veil, if you like, in terms of your business dealings which have significant advantages in the way that our economy works. So if it is the corporation, for example, that has been at the centre of the problem, it does not necessarily then follow that the individual is liable—that the director is liable—and that their personal assets are at risk. They will only be at risk if they themselves have breached a provision of the Corporations Act or if a shareholder has breached a provision of the Corporations Act. So, generally speaking in our system, where you work through corporate structures and trust structures with corporate trustees, the purpose of those vehicles is actually to protect the personal assets of individuals. But I am saying that there is a limit to that as well. The limit is where you then prove wrongdoing of the individuals who are involved in those corporations, and then of course, through sections such as 180 of the Corporations Act, you can get compensation for investors. An example is us taking action in that sense in the Westpoint case where we have sued the directors and the auditors.

**Senator JOYCE**—Lifted the corporate veil because of the illegality of the actions of the director?

**Mr D'Aloisio**—Correct.

**Senator JOYCE**—Which in this case is Mr Cornwell. You apply for court orders for him to repay investors. Would that be correct? Is that one of your roles?

**Mr D'Aloisio**—We can. It depends on the action that we might take. We can seek compensation orders. If, for example, we close down an illegal managed investment scheme and we feel that those individuals involved in it breached provisions of the Corporations Act, we may, under the powers that we have, seek compensation orders from a court in relation to the individuals who are involved and their assets. But that would depend on the particular case. But we would have the power to be able to do that just as we have the power to sue directors and to seek compensation orders against directors.

**Senator JOYCE**—Mr D'Aloisio, taking on notice that there is this person called Mr Cornwell and that he has a house overlooking Newcastle, that he

				<p>has a couple of sports cars and that he is going on holidays, will you give a guarantee that you will look into his file? If it warrants it, will you bring about orders to enforce him to repay the people he ripped off?</p> <p><b>Mr D’Aloisio</b>—Senator, as I have said, I would like to look into it and take it on notice. Indeed, if we receive complaints or information that indicates there is wrongdoing and there are issues, we would clearly pursue them. You have used the word ‘guarantee’. I do not have enough facts at the moment to know what course of action we would take. But I am quite prepared to look at it and to come back and outline what we have decided to do in relation to it.</p>		
<b>BET - 22</b>	<b>Xenophon</b>	ASIC	Brien Ernest Cornwell Case #2	<p><b>Senator XENOPHON</b>—I am conscious of time. Under the conditions of the enforceable undertaking, Brien Cornwell was required to report back to ASIC regularly with progress of the undertaking. Did this occur? When this did not occur, did ASIC chase up the matter? On what occasions did Mr Cornwell contact ASIC pursuant to that undertaking?</p> <p><b>Mr D’Aloisio</b>—Again, I am more than happy to take on notice all the specifics of it and give you an answer. As I say, in the general sense we would follow up enforceable undertakings.</p> <p><b>Senator XENOPHON</b>—Again, you may take some of these on notice. I hope you will be able to answer some here. From the moment that ASIC was made aware of Brien Cornwell’s actions and made an order against him, how long did it take for an enforceable undertaking to be reached?</p> <p><b>Mr D’Aloisio</b>—I will get that as well.</p> <p><b>Senator XENOPHON</b>—According to papers that I have received, Brien Cornwell signed the enforceable undertaking in December 2007 but it was not signed by ASIC until May 2008. If that is the case, what was the reason for the delay? Does ASIC concede that this gave Brien Cornwell an additional five months to move his assets? This is on the basis of the paperwork I have been shown.</p> <p><b>Mr D’Aloisio</b>—I can only take that on notice.</p> <p><b>Senator XENOPHON</b>—Again, according to information I have received, could you confirm that is the case? If so, why the delay? Further to that, on the basis of the enforceable undertaking with Brien Cornwell and the fact that no moneys have been returned to investors, does ASIC feel that there needs to be a review of enforceable undertakings as a mechanism to deal with such matters? Can it understand why members of the public, particularly the victims of Mr Cornwell, can feel completely let down by the system in terms of enforceable undertakings?</p> <p><b>Mr D’Aloisio</b>—With regard to the first part of that question, Senator, I can say that I do not think we would be seeking an amendment to the</p>	29/09/2010	E117-118 (01/06/2010)



			<p>enforceable undertaking provisions. I think from what you are referring to and depending on the facts—talking again more generally—what we would need to do is make an assessment. Rather than go for an enforceable undertaking, we would actually go to court. If we feel there is money there or likely to be money there and there has been wrongdoing, it would probably be better for us to go straight to court rather than go through an enforceable undertaking. So we would not need to amend the enforceable undertaking provisions. I think we would have other powers that we could proceed under, but in this case we did not. Obviously there will be reasons why that was not the case, and I will look into it.</p> <p><b>Senator XENOPHON</b>—Further to that, during the negotiation of the terms and conditions of an enforceable undertaking, does ASIC use its power to freeze assets? Did it do so in this case?</p> <p><b>Mr D’Aloisio</b>—Again, I cannot speak for the case. Generally speaking, if we feel that it will protect investors and there could be a pool of money that could be returned to them, we would seek freezing orders, if we can establish them.</p> <p><b>Senator XENOPHON</b>—My understanding is that freezing orders were not sought in this case. Given what Senator Joyce has said about the way Mr Cornwell and his wife are living, you can understand why that is particularly galling to investors.</p> <p><b>Mr D’Aloisio</b>—I understand the thrust of what you are putting. As I have said to Senator Joyce, I will look into that and we will give you a response on all those issues.</p> <p><b>Senator XENOPHON</b>—As far as investors go, some of them understood that an enforceable undertaking, if not a guarantee, gave them some security in a broad sense that they would be paid. But it is fair to say that an enforceable undertaking is not a guarantee of any sort?</p> <p><b>Mr D’Aloisio</b>—It depends on its terms, Senator. If one of the terms is a payment of money and ASIC is satisfied that the money was there and took steps to protect it, then yes, that could happen. But that would be unusual with an enforceable undertaking, I must say, in my experience.</p> <p><b>Senator XENOPHON</b>—One of the specific issues that has been raised by me in relation to Mr Cornwell is that given that the Palais investment was sold for \$5 million, how can ASIC now advise investors that neither Newcastle Palais Holdings nor Mr Cornwell has the financial capacity to make repayments as required? There is a real issue there about that particular asset.</p> <p><b>Mr D’Aloisio</b>—I am sorry, but I do not have the facts.</p> <p><b>Senator XENOPHON</b>—No. I understand that a lot of these have to be taken on notice. I think you can understand the despair of many of the</p>		
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				<p>investors—the victims of this matter—as I think Senator Joyce has outlined. Finally, in relation to this, if enforceable undertakings are in effect unenforceable, as in this case, will the Cornwell case and other cases prompt ASIC to look at a review of mechanisms to protect investors in such cases?</p> <p><b>Mr D’Aloisio</b>—Clearly the answer would be yes. As I said earlier, I suspect that it would not be necessary for us to seek legislative change to enforceable undertaking provisions. I think what it would indicate to us is that we probably should be looking at other powers that we could be using under the Corporations Act, which more directly enable us to get court orders for the compensation or for other fines and so on. We will look at it in the context of the way you have asked the question. But I think really our choices are that you look at the wrongdoing. You make an assessment as to whether it is just the corporation or whether it is the corporation and the directors, the shareholders and who else—the investors—and whether it is a registered scheme or unregistered scheme. From that you will make an assessment of the nature of the actions you may take. In some cases, you may, as for example in Westpoint, go directly against individuals rather than the companies. In other cases, you may concentrate on the companies. So it is a case of looking at the facts.</p> <p><b>Senator XENOPHON</b>—... Mr D’Aloisio, insofar as the answers that you will provide on notice, can you provide any documents or supporting documentation in terms of a paper trail of the enforceable undertakings and dates and times when things were followed up and the like?</p> <p><b>Mr D’Aloisio</b>—Certainly enforceable undertakings are a public record and they are on our website. We can provide them. As to whether I can provide any other papers, I will need to look into that.</p> <p><b>Senator XENOPHON</b>—Insofar as—</p> <p><b>Mr D’Aloisio</b>—Insofar as I can as a matter of law.</p> <p><b>Senator XENOPHON</b>—Insofar as those documents reflect what level of compliance was there with respect to the enforceable undertaking.</p> <p><b>Mr D’Aloisio</b>—I see what you mean, yes.</p> <p><b>Senator XENOPHON</b>—And what follow-up there was by ASIC to follow up Mr Cornwell and his activities, thank you.</p>		
<b>BET - 23</b>	<b>Xenophon</b>	ASIC	Mr MacAulay & Westpoint Investors Group	<p><b>Senator XENOPHON</b>—Mr D’Aloisio, I have been asked by Graham MacAulay, who is the president of the Westpoint Investors Group, to put some questions to you.</p> <p><b>Mr D’Aloisio</b>—Yes. I know Mr MacAulay.</p> <p><b>Senator XENOPHON</b>—He has contacted my office. Firstly, did ASIC commission a solvency review of the Westpoint group and its entities?</p> <p><b>Mr D’Aloisio</b>—In what year?</p>	29/09/2010	E118-120 (01/06/2010)

**Senator XENOPHON**—Prior to action being taken by ASIC?

**Mr D’Aloisio**—I am not sure. I think there was. Whether it is a solvency report I am not sure. Again, I think so, but I will take it on notice and answer that specifically.

**Senator XENOPHON**—Thank you. Following on from that, was there a Deloitte’s solvency review carried out in relation to Westpoint before action was taken by ASIC? Did that solvency review find that Westpoint was not insolvent?

**Mr D’Aloisio**—I cannot answer that either. I will have to take that one on notice. It does not ring a bell with me.

**Senator XENOPHON**—Further to that, would that be a public document in relation to any solvency reviews carried out?

**Mr D’Aloisio**—I will have a look.

**Senator XENOPHON**—The question that Mr MacAulay has raised with me is: why did ASIC make the winding up application against ASIC’s own expert opinion, given his understanding that Deloitte’s solvency review found that Westpoint was not in fact insolvent?

**Mr D’Aloisio**—Again, I will look more carefully at that, because this now goes back to about 2004-05. ASIC was quite clear at the time that it needed to take action to put the companies into liquidation in order to protect investors. That then led to a series of actions that ASIC took. So ASIC made a judgment that it was in the best interests to put those companies into liquidation. I think as history has proven, that was correct. As to what the basis of it was and the nature of the reports ASIC received, I will have a look at that and answer the question.

**Senator XENOPHON**—I have a couple more questions. If that is the case, did not ASIC suppress the Deloitte’s solvency report when making an application to the Federal Court? In other words, that solvency report was not provided to the Federal Court when the application was made.

**Mr D’Aloisio**—I will take that on notice. That is not ASIC—we would not—

**Senator XENOPHON**—Again—

**Mr D’Aloisio**—I will take it on notice.

**Senator XENOPHON**—I want to make it clear that these are concerns—

**Mr D’Aloisio**—These are questions—

**Senator XENOPHON**—These are questions that have been expressed to me. If that is not the case, it will be terrific if you could clarify that. The other matter that has been put to me is that there is a perception amongst investors who have lost their money that ASIC timed their action to prevent the rollovers and repayments proceeding and that led to a chain of events that led to the collapse of this group when a solvency review found

			<p>that the group was still solvent at that time.</p> <p><b>Mr D’Aloisio</b>—ASIC has worked hard to recover money. We are now in the process where, I think of the \$370 million or \$380 million lost through liquidations and ASIC actions, investors have now received somewhere in the order of \$100 million. There is a major litigation matter outstanding with the auditors. There is litigation outstanding with the directors. The directors have cross-claimed. Indeed, one of the cross-claims that the directors have made is that the company should never have been put into liquidation and that if ASIC had not done that, the company would be solvent today. I am paraphrasing.</p> <p><b>Senator XENOPHON</b>—Sure.</p> <p><b>Mr D’Aloisio</b>—Our view is that there is just no substance to that defence. But these are before a court of law. In due course, the court will rule on those issues as well. We commenced some 17 actions, of which a significant number were against financial advisers. Pretty much all of those have now been settled and moneys have been recovered for the investors. So we are working very hard to protect the interests of people like Mr MacAulay.</p> <p><b>Senator XENOPHON</b>—But if there were any expert reports, including a Deloitte’s solvency review, into Westpoint, ASIC would not have difficulty in releasing that document?</p> <p><b>Mr D’Aloisio</b>—I have to look at the nature of the document and how it was obtained and what its relevance is in the current court proceedings. In principle, one would look at it. If it is a document that can be made available, of course it would. But I do have to weigh up the nature of the litigation that is going on in this. These are not resolved matters at the moment.</p> <p><b>Senator XENOPHON</b>—Sure, but go back a step. Before any litigation, there was not a document—</p> <p><b>Mr D’Aloisio</b>—No. But all this will be relevant to litigation that is going on today.</p> <p><b>Senator XENOPHON</b>—Sure. But insofar as a document was not prepared for the purpose of litigation, it is not in the nature of an expert report for the purposes of litigation. It was a preparatory report as to the solvency of the Westpoint group. As a general principle, if a document is prepared prior to any litigation, not in anticipation of litigation, would not that document be in the public interest to be released for those concerned about this matter?</p> <p><b>Mr D’Aloisio</b>—There are very strict rules under the ASIC Act as to what we can and cannot make available. Under section 127, for example, there are things that have to be maintained, such as confidentiality, and what we</p>		
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				<p>can and cannot release. I am not disagreeing with you, Senator, and I am not suggesting that I will not make a document available if we can. What I would like to do is to take it on notice and have a look at it. If we can make it available, we will.</p> <p><b>Senator XENOPHON</b>—And you can let the committee know—</p> <p><b>Mr D’Aloisio</b>—Absolutely.</p> <p><b>Senator XENOPHON</b>—if you do not wish to make it available, as to what basis?</p> <p><b>Mr D’Aloisio</b>—Absolutely.</p> <p><b>Senator XENOPHON</b>—And any other expert reports in relation to the solvency of this group before action was taken.</p> <p><b>Mr D’Aloisio</b>—Okay, I will have a look at that as well.</p> <p><b>Senator XENOPHON</b>—Insofar as there was any opinion or advice given prior to the action taken by ASIC. Thank you very much.</p> <p><b>Mr D’Aloisio</b>—Thank you.</p>		
<b>BET - 24</b>	<b>Bushby</b>	ASIC	ASIC Coercive Powers	<p><b>Senator BUSHBY</b>—I want to ask some questions initially about the use of coercive powers. Which of the coercive powers available to you do you make most frequent use of?</p> <p><b>Ms Gibson</b>—There are three that spring to mind, Senator. One would be the power to require people to acquire documents. The second is the power to attend investigation hearings. The third one would be a power we have to require financial services licensees to give reasonable assistance, which would be to prepare documents rather than just respond to directions.</p> <p><b>Senator BUSHBY</b>—What legislative powers give you the right to use those particular three? For the record, which sections?</p> <p><b>Mr D’Aloisio</b>—Section 19 and section 33.</p> <p><b>Ms Gibson</b>—I am not sure of the other ones either. There is 944DA or something.</p> <p><b>Mr D’Aloisio</b>—Asking commissioners that question is a bit tricky. We will take that on notice and give you the answer. It will not take us long to get.</p>	29/09/2010	E120 (01/06/2010)
<b>BET - 25</b>	<b>Bushby</b>	ASIC	ASIC Coercive Powers #2	<p><b>Senator BUSHBY</b>—Do you keep any record of when you use the coercive powers? Is that something you would keep a—</p> <p><b>Mr D’Aloisio</b>—For every matter, there would be a record of what—</p> <p><b>Senator BUSHBY</b>—Within that file?</p> <p><b>Mr D’Aloisio</b>—Within that file.</p> <p><b>Senator BUSHBY</b>—You do not keep a separate record of the use of coercive powers?</p> <p><b>Mr D’Aloisio</b>—Not that I am aware of. You would not have an aggregated list of how many of those. We could do some spot testing and do some extrapolation, but really each case takes its own course and you</p>	30/09/2010	E120-121 (01/06/2010)

				<p>use a range of powers.</p> <p><b>Senator BUSHBY</b>—And given that you do not have the record, you would not be able to provide a state-by-state basis of where you have used it.</p> <p><b>Mr D’Aloisio</b>—It is an interesting question. I have not thought of that.</p> <p><b>Senator BUSHBY</b>—Of keeping the record generally?</p> <p><b>Mr D’Aloisio</b>—Yes.</p> <p><b>Senator BUSHBY</b>—Since we are on it, I will ask you now: do you think it would be important to keep such a record? The ACCC does keep such a record of its use of its coercive records. The ABCC even has a separate report for disclosing the use of coercive powers. They are acknowledged as significant powers that are open to being abused, so it is important that the transparency is there so that people have a comfort that they are not being abused. Is that something that ASIC would consider?</p> <p><b>Mr D’Aloisio</b>—First of all, I will take it on board. Secondly, I think there may well be reports we do produce, because I know with the model litigant provisions and the way we work with the Attorney-General’s Department we provide a lot of statistics and a lot of information. Why don’t I take it on board and have a look at that and answer both what we do have and then, secondly, come back to you on the issue of whether we should extend that? In principle, what you are saying in terms of a broader record, it might be useful in some respects.</p> <p><b>Senator BUSHBY</b>—I think it is useful for transparency, if nothing else, and giving people the confidence that their regulators are using the powers available to them in appropriate manners.</p>		
<b>BET - 26</b>	<b>Bushby</b>	ASIC	Section 33 of the ASIC Act 2001	<p><b>Senator BUSHBY</b>—What about section 33—the power to compel a person to produce books or documents? How often would that be used? As often as section 19, or only once you are further through an investigation? What sort of threshold would be required before that would be employed?</p> <p><b>Mr D’Aloisio</b>—Again, it would depend on the investigator. We can take that on notice as well.</p> <p><b>Senator BUSHBY</b>—Do you have any internal policy for when the use of coercive powers should be employed?</p> <p><b>Mr D’Aloisio</b>—No. Not in the sense of trying to have generalisations about cases. But with the experience that our investigators and lawyers have, they would, I guess, intuitively work out how they are going to approach a particular inquiry into an investigation and so on. Through discussion and so on, they would work it out. Generally they would take a similar procedure in each case. I do not think we have it written down as such.</p> <p><b>Senator BUSHBY</b>—Once again, without casting any aspersions on your</p>	29/09/2010	E122 (01/06/2010)

				<p>investigators—I am quite sure that the confidence you have in them is justified—for transparency purposes it would seem to me that there is some advantage in people knowing the terms and the circumstances that would actually lead to the use of coercive powers. Is that something that you would agree with?</p> <p><b>Mr D’Aloisio</b>—We will take that on and come back to you and, again, outline what we do and assess the point you are making.</p>		
<b>BET - 27</b>	<b>Bushby</b>	ASIC	Basis Yield Alpha Fund	<p><b>Senator BUSHBY</b>—I will move on from there. Have you heard of a fund regulated under the Australian Managed Investments Act known as the Basis Yield Alpha Fund?</p> <p><b>Mr D’Aloisio</b>—Yes, I have.</p> <p><b>Senator BUSHBY</b>—Is this fund currently operating?</p> <p><b>Mr D’Aloisio</b>—There are two Basis funds. I think one was frozen and I think the other one is operating. There are two of them. One is operating and one, I think, is frozen.</p> <p><b>Senator BUSHBY</b>—Are you aware of whether there have been any losses in this fund or the other Basis funds following the collapse of the CDO market in 2007? If so, what is the extent of those losses?</p> <p><b>Mr D’Aloisio</b>—Clearly there are issues around specific cases. I think in relation to this in terms of the public record, the Basis capital, from memory, the investments related to CDO, or collateralised debt obligations and they were pursuant to a registered managed investment scheme. There were product disclosure statements. The product disclosure statements were quite extensive in outlining the risk and the leverage and the nature of these models. My understanding is that in turn those funds invested in offshore funds and ultimately invested in funds in the United States and in more sophisticated synthetic CDOs, which they have. As a consequence of those investments, when assets declined when we had the crisis, those funds then either, from memory, closed or were at least frozen for a period of time just to look at the investor returns. Beyond that, I would have to take it on notice, because I am trying to recollect here.</p> <p><b>Senator BUSHBY</b>—There were reports that there were losses of \$700 million, which is the largest loss under the MI Act since its inception in 1998.</p> <p><b>Mr D’Aloisio</b>—I cannot confirm that.</p> <p><b>Senator BUSHBY</b>—Are you aware of whether the fund is being wound up? I am talking about the Basis fund that is not operating. What will be its final distribution?</p> <p><b>Mr D’Aloisio</b>—When I looked at it, one of them was, as I said, frozen. The other one was still operating. Again, this is a matter that we can take up. Indeed, I suspect our people are in touch with the fund managers. We</p>	29/09/2010	E122, E123 (01/06/2010)

				<p>can get that information. I do not want to guess at it.</p> <p>...</p> <p><b>Senator BUSHBY</b>—Did the ASIC annual report of 2008-09 have any reference to Basis and/or the Timberwolf episode?</p> <p><b>Mr D’Aloisio</b>—Have any?</p> <p><b>Senator BUSHBY</b>—Any reference to Basis and/or the Timberwolf episode?</p> <p><b>Mr D’Aloisio</b>—I will need to check, but I would not have thought so because normally we would report on what we take action on. We have not taken action on that.</p>		
<b>BET - 28</b>	<b>Bushby</b>	ASIC	ASIC Staff 2009-10	<p><b>Senator BUSHBY</b>—As I said, I will move on to some more administrative matters. What was total staff turnover in 2009-10? How many employees left ASIC and how many were recruited?</p> <p><b>Mr D’Aloisio</b>—Again, I will get these numbers and we will confirm them more specifically.</p>	28/09/2010	E123 (01/06/2010)
<b>BET - 29</b>	<b>Bushby</b>	ASIC	ASIC Staff Overtime	<p><b>Senator BUSHBY</b>—Are you able to detail the total amount of overtime worked by ASIC staff members in 2009-10?</p> <p><b>Mr D’Aloisio</b>—Yes, we can. Obviously I do not have it, but we can get that for you, yes. We would keep those records. For where we pay overtime?</p> <p><b>Senator BUSHBY</b>—Well, where you pay it, yes.</p> <p><b>Mr D’Aloisio</b>—In those categories where we pay overtime, we can get those statistics for you.</p> <p><b>Senator BUSHBY</b>—Taking that further, do you have any understanding of unpaid overtime that is worked by members of staff? Is there a high incidence of staff working longer hours than they are required to for no extra recompense?</p> <p><b>Mr D’Aloisio</b>—Well, at the professional level, if you look at the tiers of staff, there are the senior executives—the SES level—</p> <p><b>Senator BUSHBY</b>—You work until you get the job done?</p> <p><b>Mr D’Aloisio</b>—And the commission and the SES would work to get the job done. Then at the EL1 and EL2 level again, it is very professional. They work to get the job done. So there would be a considerable amount of time. Now we obviously try to ameliorate that—</p> <p><b>Senator BUSHBY</b>—Do you monitor that at all?</p> <p><b>Mr D’Aloisio</b>—We will see if we can get you some estimates, but we try to ameliorate that by obviously allowing people to then take some time off and pick up, particularly when they have been under heavy stress. But with the sort of work we have had in the organisation for the last two or three years, the organisation has worked very hard. I am sure I would not be doing justice to things—</p>	29/09/2010	E124 (01/06/2010)



				<p><b>Senator BUSHBY</b>—It is one of the reasons why I am asking these questions.</p> <p><b>Mr D’Aloisio</b>—At the commission level we are obviously very conscious of it as well. You can overwork people, because we have had a lot of jobs on. We will see if we can give you a clearer answer. But we are alive to the issue, particularly at that senior level, and our people in development group are really conscious of what we need to do to ease the pressure. But there is a lot of work on.</p> <p><b>Senator BUSHBY</b>—One way it might highlight if the pressure is getting to people is if people are going out on leave for stress reasons. I wonder whether you could advise the number of staff that ASIC currently has on leave for stress purposes.</p> <p><b>Mr D’Aloisio</b>—Again, we will take that on notice.</p>		
<b>BET - 30</b>	<b>Eggleston</b>	ASIC	Frozen Mortgage Funds	<p><b>Senator EGGLESTON</b>—How many people have applied to access their money under hardship provisions since the freezing of those funds? How many have been successful with accessing redemptions?</p> <p><b>Mr D’Aloisio</b>—We actually have those numbers, but I do not have them in my briefing note, so I will get that for you. It is quite substantial, of those that apply. My recollection is that really a high proportion satisfy the hardship grounds and do get some of their money out. But I can get you those numbers. I know we have them. <b>Senator EGGLESTON</b>—I have been approached with quite a specific case. It involves a foreign national professional—a Scottish veterinary surgeon—who has money invested under a fund in Australia. They want to withdraw that money and return to live and retire in Scotland, but they find they can only partially withdraw the money. Why would that be if they are leaving the country wishing to return to their own homeland and retire?</p> <p><b>Mr D’Aloisio</b>—It is an issue of fairness with other unit holders that are locked in. Really the trustee probably in that case may have exercised a judgment and said that it is not really a hardship case in the sense of financial needs. The fact that someone is overseas still means that they can get access to drip feed returns over a period of time. You are not naturally a hardship case because you are relocating to another country. You would need other factors. In answer to your previous question, Belinda has just pointed out that in fact some 4,642 applications, representing \$162 million, were received by the schemes. They paid out on 3,721, or \$86.8 million. We will give you more detailed figures on that. But there are substantial numbers that apply.</p> <p><b>Senator EGGLESTON</b>—I return to this particular constituent that I am referring to. They are Australian residents at the moment, not overseas. What you are saying is that, in the interests of equity to the other unit</p>	29/09/2010	E125-126 (01/06/2010)

				<p>holders, they should not be allowed to withdraw all of their capital?</p> <p><b>Mr D'Aloisio</b>—If you create a system, a hierarchy, you say, 'These funds are illiquid. In order to protect all investors we will have a periodic workout. As income comes in, we will pay it out.' However, in order to deal with hardship cases, you say, 'Okay, we'll allow on need, on family and on incapacity.' The wider you put that class, the greater the risk there is of what I call not having horizontal equity between the unit holders. Clearly, the trustees can approach us and say, 'Well, we would like relief', for example, to extend the hardship relief to include people who go overseas. We will look at it, but it is unlikely because intuitively, if that person going overseas has other means, does it really matter that part of their funds remains locked up in Australia?</p>		
<b>BET - 31</b>	<b>Williams</b>	ASIC	Colonial First State Mortgage- Frozen Funds	<p><b>Senator WILLIAMS</b>—Thank you, ASIC representatives, for your time tonight. I want to follow on from Senator Eggleston as far as the freezing of the funds. Was it not the case that these funds were in fear of having a run on them or actually did have a run on them during the global financial crisis? That would have been the main reason they were frozen.</p> <p><b>Mr D'Aloisio</b>—It is an issue of if, for example, they depended on new money coming in and new money did not come in, then clearly you would get a run if there were a lot of withdrawals. So there could be a number of reasons. But, yes, in broad terms what you say is probably right.</p> <p><b>Senator WILLIAMS</b>—I think that would have been the case. Senator Sherry was well aware at the time, because I spoke to him personally, when the government underwrote those investments in the ADIs but not in these companies that are not registered ADIs. Of course, as I have said before, if you underwrite investments in that lot of companies and not that lot, they do not have the government guarantee, and people are going to withdraw their money out of that and put it into a safer haven. That was a serious problem with the way the government underwrote these various funds, banks and ADIs et cetera. Those other companies were not covered under ASIC. The Colonial First State mortgage income fund was terminated on 1 March. Are you aware of that?</p> <p><b>Mr D'Aloisio</b>—It does ring a bell, yes.</p> <p><b>Senator WILLIAMS</b>—They were making payments over a period of time, but they would not pay any interest, apparently. Is Colonial First State mortgage owned by the Commonwealth Bank? We found out through the Storm issue that Colonial Margin Lending is. As soon as I see the word 'Colonial', I think, 'Perhaps that is owned by the Commonwealth Bank.' Do you know if it is?</p> <p><b>Mr D'Aloisio</b>—I think it is, yes.</p> <p><b>Senator WILLIAMS</b>—They are a big organisation. If one of their</p>	29/09/2010	E126-127 (01/06/2010)

				<p>subsidiary companies were frozen, you would wonder why they could not pay their money back with interest. But it has obviously caused a lot of heartache. The person who has referred this to me is a self-funded retiree and he relies on that interest from those investments to actually live. Of course, he is not getting interest. Now he may get a dribble of his principal back over time, as you have mentioned, Mr D'Aloisio, but with no interest. You should never assume, but I assume that the Colonial First State mortgage income fund is owned by the Commonwealth Bank. They are not paying interest. That is what has been brought to my attention. I assume it is correct—once again, we should not assume. Is that not a breach of contract with the investor? You invest your money and all of a sudden the organisation is frozen and you are not getting interest back. Would that not be a breach of contract?</p> <p><b>Mr D'Aloisio</b>—Senator, I am happy to look at it. I do not remember the details, so I would like to take it on board. But, in general speak, it will depend on the terms of the constituent documents and what they say in certain events and what a manager and trustee can do. So there will be a legal answer. I do not have it with me. I would need to look at it.</p> <p><b>Senator WILLIAMS</b>—It would be good if you could get that. I would appreciate that.</p>		
<b>BET - 32</b>	<b>Eggleston</b>	ASIC	Financial Services Licence	<p><b>Senator EGGLESTON</b>—What investigation of an adviser does ASIC perform before granting a financial services licence? What sorts of background checks or qualifications do you look for?</p> <p><b>Mr D'Aloisio</b>—There is in the legislation a need to go through certain checks that our people go through before the licence is issued. I can take that notice and give you the exact framework that we go through.</p> <p><b>Ms Gibson</b>—It is fair to say that at this point the regime gives us very limited discretion. It is an experience test and it is not something that we test exhaustively in terms of each licence application. Another way of putting it is that it is very difficult for us to refuse a licence.</p> <p><b>Mr D'Aloisio</b>—We will set that out for you.</p> <p><b>Senator EGGLESTON</b>—I think in a general way the committee would be quite interested in that because of the other inquiry that we are doing, so I would be very grateful if you could provide that information on notice.</p> <p><b>Mr D'Aloisio</b>—Indeed. For the other inquiry we could give you a supplementary submission or a comparison of the registration system and the licensing system.</p>	29/09/2010	E139 (01/06/2010)
<b>BET - 33</b>	<b>Williams</b>	ASIC	Exit and Establishment Fees on Loans	<p><b>Senator WILLIAMS</b>—I think I have used this analogy before: if you take your car to the garage and are not happy with the job, you get home and the sump plug is not done up properly so it is dripping oil et cetera,</p>	02/12/2010	E130-131 (01/06/2010)

you can then just take your car down the road to another garage, you do not have to take it back and there is no contract. With exit fees on variable loans—and I specify variable loans as I understand that on fixed loans you have a contract and you have to meet your deal; if you want to get out early on a fixed loan you have to pay the difference—but on variable loans shouldn't it be the case that there should be a legislated ban on exit fees to bring proper competition into the finance industry? As well as banning establishment fees, let the banks and financial institutions put the establishment costs onto the interest rate on a margin so you have proper competition where you can just walk out of one institution, go into the next institution and all you have to pay is the stamp duty on your mortgage, and then you would have real competition. While you have an exit fee the bank might have a monthly charge of \$10 on your account. They could put it up to \$12 a month and you would say, 'That's not very nice; I'm not happy,' but you are not going to pull out of it, because you would have to pay the \$1,000 or \$2,000 exit fee. So they actually have you hand-cuffed to their product and you cannot get out. For proper competition in finance, shouldn't we be looking at banning exit fees and establishment fees on variable loans?

**Mr D'Aloisio**—It is a policy matter for government, Senator.

**Senator WILLIAMS**—Perhaps the minister might address it.

**Mr D'Aloisio**—Obviously, ASIC has looked at account switching. We have clearly come up with the industry enabling people to switch accounts so that their periodic payments transfer across if they go to another bank. We have been working with industry on the exit fees on mortgages to make it easier for consumer rights to be determined. We will now work with the unfair terms legislation to do that. Ultimately, the broader policy issue that you are referring to is a government policy issue.

**Senator WILLIAMS**—Minister, would you like to comment on it?

**Senator Sherry**—Well, the chair is right. Prohibition or regulation, and the extent to which you do that on particular types of fees and practices, is a policy matter for government. In a perfect well-informed competitive market, conceptually, an informed individual—and obviously that is a heavy caveat; it is not a criticism—would have an unfettered choice or right of selection. In other words, they would have the ability to move from one product to another, maximising competitive pressure. That is the theory.

**Senator WILLIAMS**—The theory, yes.

**Senator Sherry**—That is the theory but obviously in some areas of financial services the practice in reality can be quite different.

**Senator WILLIAMS**—Exactly.

**Senator Sherry**—There are a number of inhibiting factors to that theory of perfect competition. One is a knowledge base to make an informed choice. Another is conflicts of interest in the advice that may be given—whether that is direct ownership or a reward which represents a conflict. I think you point to a legitimate barrier to competition in some circumstances.

**Senator WILLIAMS**—Of course it is.

**Senator Sherry**—An exit fee can clearly represent a barrier to moving from one product to another, if a consumer wishes to do that, in some circumstances.

**Senator WILLIAMS**—I would say that it would be a barrier in many circumstances because many—probably hundreds of thousands—people in Australia have variable loans on their homes. When we had an interest rate rise—I think it was in December—my rate went up 0.44 per cent but it would have cost me \$1,000 to exit my loan. I was not happy with my bank when they did that and I told them: next time you move it up past the Reserve Bank rate of 0.25 then I will gladly pay the \$1,000 to go down the road. But the cost of getting out of a loan—because of monthly charges—makes a mockery of that ability. Also, when we see the banks cribbing up above the Reserve Bank price, Treasurer Wayne Swan said, ‘Go down the road; use your competition.’ You cannot use competition when you have to pay to get out of the loan you are in, by way of an exit fee.

**Senator Sherry**—I have already accepted and acknowledged that in some circumstances it can be an inhibition or a restriction on the operation of effective competition. There are some circumstances where that does occur—I am making an observation—however, the extent to which that requires any direct policy intervention, regulatory oversight, is a matter for my colleague Chris Bowen and broader government. It is a matter of policy and I would have to take on notice whether or not the government would intend to act in any area, as you would suggest.

**Mr D’Aloisio**—If it assists you, we produced a report for the Treasurer in April 2008—which I think is on our website or I can make it available to you—where we did an industry review of the mortgage entry and exit fees, to give a bit of a feel for what was going on in the industry, as a bit of benchmark. We will use that and go back and do further reports to see how issue develops with new laws and so on.

**Senator WILLIAMS**—That would be good if you did because—

**Senator Sherry**—There is another issue or another factor in all this, and that is what is called inertia—the actual time and focus that an individual gives once they are in a particular product provided by a particular provider. Do you need an opt-in or an opt-out approach?

				<p><b>Senator WILLIAMS</b>—You can do it at a credit union. It did not cost me anything to walk out of the credit union to change.</p> <p><b>Senator SHERRY</b>—But there are a certain proportion of people that remain locked in because of the inertia of not making a decision. There is some interesting work there.</p> <p><b>Senator WILLIAMS</b>—I am a big believer in free enterprise and competition. I think it inhibits competition in the finance industry, and the finance industry should be no different to the ordinary retail shop down the street, in my opinion.</p> <p><b>Senator Sherry</b>—I accept that there is an argument in some areas, but the level of direct regulatory intervention is a policy matter for government which I have to take on notice.</p>		
<b>BET - 34</b>	<b>Macdonald</b>	Treasury	Econtech Modelling - Regional Impact of the Resources Super Profits Tax	<p><b>Senator IAN MACDONALD</b>—I thank Senator Abetz and Senator Eggleston for allowing me two minutes to ask just one question. Was any modelling done that looked at the impact of the mining tax on regional and remote businesses, the north-west mineral province, Northern Australia or anything? I am really looking at what impact the mining tax might have on communities like Cloncurry, Mount Isa, Mackay and towns in the Bowen Basin coalfields area—not so much the mining tax itself but the impact it might have on those areas. Was that sort of modelling done?</p> <p><b>Dr Gruen</b>—I believe a question very similar to that one was asked of Dr Henry last week. If my memory is correct, his answer was that, as far as he was aware, we had not done any modelling of the regional impact. To the extent that modelling was done, it was not released.</p> <p><b>Senator IAN MACDONALD</b>—I can read what Dr Henry said. He said that he was not aware if we—I assume ‘we’ means you people—</p> <p><b>Dr Gruen</b>—Treasury.</p> <p><b>Senator IAN MACDONALD</b>—‘We’ meaning you people at the table.</p> <p><b>Dr Gruen</b>—That is right.</p> <p><b>Senator IAN MACDONALD</b>—Surely someone here will know whether or not you have done that modelling.</p> <p><b>Dr Gruen</b>—I was just continuing.</p> <p><b>Senator IAN MACDONALD</b>—I am sorry.</p> <p><b>Dr Gruen</b>—Part of the KPMG Econtech modelling is an economy-wide model. An economy-wide model will, as part of the modelling, generate results for the disaggregated regions that are in that model. I am not fully on top of the detail of how much disaggregation is in the Econtech model, though we may well have people here who know more about that than I do. I am not aware of whether that regional dimension has been published. I do not think it has. I do not think the results from the regional analysis have been published. We could take it on notice, if you would like.</p>	02/12/2010	E10-11 (02/06/2010)

**Senator IAN MACDONALD**—Dr Gruen, you made the invitation, which I gratefully accept, that there may be other people in the room who have the information. I cannot believe that not one of the six top people from Treasury knows whether or not regional modelling was done. You have indicated in words that I do not quite understand that, because it is an economy-wide model, it will pick up the regional impacts.

**Dr Gruen**—Yes.

**Senator IAN MACDONALD**—So does that mean, yes, there is information? I am not at this stage asking whether I can see it. I am asking: is there work done that would indicate the impact on the regions?

**Senator Sherry**—We are just checking for you, Senator, to see if there is anything already available.

**Mr Ewing**—I should begin by clarifying that my area is not responsible for the MM900 model from Econtech that was used and so I am not the world's greatest expert on it; however, I can tell you that—

**Senator IAN MACDONALD**—You are probably better than most of us on this side of the table.

**Mr Ewing**—To the best of my knowledge, it does not have the regional dimension that you are asking about, in that it does not have substate regions within the model. Its primary focus is on national results and industry results. Those would give you some insight into the impacts on regions, but you have to do that outside of the model rather than having a nice model that tells you that Mount Isa does this or that.

**Senator IAN MACDONALD**—I am not talking about Mount Isa so much as the impact on all of non-big-city Australia. It is really remote Australia where most of the mines are.

**Mr Ewing**—My understanding is that the modelling that was done for Treasury by KPMG Econtech does not include that dimension.

**Senator IAN MACDONALD**—So you disagree with what Dr Gruen said—that the economy-wide model will generate results for disaggregated regions?

**Mr Ewing**—I never like to disagree with Dr Gruen. There are many disaggregated results that would inform your understanding of the different regions. It is simply that the model does not do the work for you. You have to take the results of the model and apply them yourself.

**Senator IAN MACDONALD**—Okay. Has anyone in Treasury taken the results and applied them themselves?

**Mr Ewing**—My area has not.

**Senator IAN MACDONALD**—Perhaps I can come back to Dr Gruen.

**Dr Gruen**—Let me just clear up the apparent suggestion that Robert and I have some fundamental disagreement about the KPMG Econtech model. I

have a broad overview of that model and Mr Ewing has a more detailed knowledge than I do. So I defer to him when it comes to what level of disaggregation—

**Senator IAN MACDONALD**—Mutual admiration!

**Dr Gruen**—Absolutely.

**Senator IAN MACDONALD**—Forget that.

**Dr Gruen**—But you brought it up, Senator.

**Senator IAN MACDONALD**—I am not here to play a game. I just want to know whether those economy wide models do generate results for a disaggregated region. I am getting half answers from both you and Mr Ewing. All I want to know is what the impact is on that part of Australia.

**Dr Gruen**—I do understand. We are not in a position to give you definitive answers because this modelling was commissioned by the Treasury from KPMG Econtech. We in the macro-economic group did not commission the modelling. So you really should talk to the people who did commission the modelling if you want more detailed information about what is in it.

**Senator JOYCE**—How about a sectoral analysis on agriculture? Did you do that?

**Dr Gruen**—As I said, the macro-economic group did not do any sectoral analysis of the effects of the RSPT.

**Senator IAN MACDONALD**—I understand, from very strange circumstances, that someone in Treasury either has done that work or is aware of the answers that I am trying to get. I understand someone in Treasury knows the answer to my questions, whether it is you guys or someone else. On the assumption that it is there, is that the sort of thing that you would make public?

**Dr Gruen**—To be told that there is someone in Treasury who knows something and then be asked what am I going to do about it—

**Senator Sherry**—We have heard that line before.

**Senator IAN MACDONALD**—I am really not here to play a game. There is information that I want to get about the impact, not so much on the mining industry, but on all of those communities, towns and regions that are hugely impacted by the wealth or otherwise of the mining industry. I understand modelling has been done. You are saying you do not know and I accept that. Rather than waste the time of everyone here, because I am obviously not going to get much more this group at the table—or am I? Can you confirm that?

**Dr Gruen**—I do not have any more information.

**Senator IAN MACDONALD**—When you said I should ask the right people, who are the right people?



				<p><b>Dr Gruen</b>—Revenue Group commissioned the modelling.</p> <p><b>Senator IAN MACDONALD</b>—Minister, could you take my questions on notice for the Revenue Group?</p> <p><b>Senator Sherry</b>—Yes, I will.</p> <p><b>Senator IAN MACDONALD</b>—I would be very grateful, bearing in mind that I understand the information is available. Whether or not you can release it to me is one thing, but denying that it is there or otherwise is of course quite a separate thing. I appreciate your advice, Minister, that you will take it on notice.</p>		
<b>BET - 35</b>	<b>Abetz</b>	Treasury	Mining Sector - Company Tax and Royalties 2008-09	<p><b>Senator ABETZ</b>—Yesterday we did not quite get to the answer to this question: how much company tax and royalties did mining companies pay last year?</p> <p><b>Dr Gruen</b>—That is a question for Revenue Group.</p> <p><b>Senator ABETZ</b>—Do we have that available?</p> <p><b>Senator Sherry</b>—No, we finished them yesterday.</p> <p><b>Senator ABETZ</b>—It is just not known by Dr Gruen and others at the table?</p> <p><b>Dr Gruen</b>—I certainly do not know the dollar amount, but I would imagine it is available.</p> <p><b>Senator ABETZ</b>—Yes, pretty easily, so if somebody could look that up for us and let us know, say, after morning tea that would be helpful.</p> <p><b>Senator Sherry</b>—We are not going to have time imposed on us by you, Senator. I will take it on notice and I will do the best I can.</p> <p><b>Senator ABETZ</b>—That is why I said it would be very helpful. I am not imposing anything; I am only asking.</p> <p><b>Senator Sherry</b>—I will go back to Revenue Group; we will get someone in Treasury to see if the figure is available. We will get back to you as soon as is practicable.</p> <p><b>Dr Gruen</b>—Senator, can I get you to define as precisely as possible what the question is?</p> <p><b>Senator ABETZ</b>—How much company tax and royalties did the mining sector pay last year—</p> <p><b>Dr Gruen</b>—Last financial year?</p> <p><b>Senator ABETZ</b>—Last financial year.</p> <p><b>Dr Gruen</b>—In '08-09?</p> <p><b>Senator ABETZ</b>—That would be the last financial year, yes.</p>	02/12/2010	E11-12 (02/06/2010)
<b>BET - 36</b>	<b>Milne</b>	Treasury	Future Fund Investment in the USA	<p><b>Senator MILNE</b>—I remain concerned about Australia's exposure to the fallout of the subprime mortgage crisis in the US and the GFC. I want to know what our vulnerability is in relation to the Future Fund and in relation to any loans that the US Federal Reserve might have made to the Reserve Bank. I understand the Future Fund has a considerable investment</p>	02/12/2010	E21 (02/06/2010)

				<p>in the USA. Can you tell me what percentage of that investment in the US was invested in derivatives or collateralised debt obligations and what losses the Future Fund has incurred because of that.</p> <p><b>Dr Gruen</b>—You have a higher estimate of the number of things I keep my head than I in fact do. We can take a question like that on notice. Do you have a copy of the budget with you?</p> <p><b>Senator MILNE</b>—No, I do not have those papers here.</p> <p><b>Dr Gruen</b>—On page 7-6 there is a table which gives the asset allocation for the Future Fund as of 31 March 2010. The categories are: Australian equities, global equities, private equity, property, infrastructure, debt securities, alternative assets, cash and Telstra holdings. So there is a breakdown there that can at least give you some information about that.</p> <p><b>Senator MILNE</b>—Maybe you could just take it on notice for me what percentage of the Future Fund is invested in the US, what was invested in derivatives and collateralised debt obligations, and what your estimate is of any losses to the Future Fund because of that.</p> <p><b>Senator Sherry</b>—The questions you are asking go to the Future Fund itself, which appeared in Finance last week. To the best of my recollection, some of the issues you have touched on were put to the Future Fund. But they should definitely go to the Future Fund. Macro do not have responsibility.</p> <p><b>Senator MILNE</b>—Could I just ask macro to tell me whether they think we do have ongoing exposure through the other question I asked, which was: did the US Federal Reserve loan the Reserve Bank money which it then loaned on to the banks, and what is our vulnerability about that?</p> <p><b>Dr Gruen</b>—My understanding is that there was a swap agreement between the Reserve Bank and the Fed, but we can certainly find out what information there is and get back to you on that.</p>		
<b>BET - 37</b>	<b>Milne</b>	Treasury	Definition of Subsidies - International Energy Agency	<p><b>Senator MILNE</b>—Thank you. I have a question in relation to the G20. At the G20 meeting in Pittsburgh in September last year the Australian Prime Minister signed on to the communiqué, and there was a commitment to reform fossil fuel subsidies. The ministers there called upon their finance and energy ministers to prepare implementation lines and timetables. I understand there is a meeting in Korea at the end of this week at which there will be a final review of each country's plan for the phase-out of fossil fuel subsidies. I ask Treasury now to table Australia's submission to the finance ministers' meeting in Korea—or to the meeting in Toronto—this week. Can you also tell me whether Treasury, in doing that work, accepts the definition of subsidies that the International Energy Agency or the OECD make, because the definition of what a fossil fuel subsidy is going to make a big difference as to what is declared and what</p>	29/09/2010	E15/16 (02/06/2010)

				<p>is phased out.</p> <p><b>Mr Flanagan</b>—The communiqué established a set of work that has been taken up by a working group. The lead agency for Australia within that working group is actually DRET, rather than Treasury, but we are participating in that working group and, obviously, have the lead in the actual meetings that will be occurring in Busan at the end of this week. At this stage we are not in a position to table any of the inputs around the G20. As to what information will be released on those various reports, that is usually left as a consideration for the meeting itself and the ministers at the meeting. I can indicate at this stage that this meeting certainly will not be at a point where it will finalise the views for some of the issues you have touched on about definitions and what, indeed, a subsidy is. There are still issues where discussion is going on between different countries as to what the appropriate definition is for subsidy. As I understand it, the report is still very much in progress, and there will not be a resolution of these issues in Busan.</p> <p><b>Senator MILNE</b>—I recognise there is a contestability about the definition of subsidy, that is why I asked whether Australia—not what other countries might do, but Australia—accepts the OECD or the International Energy Agency definition of subsidy for the purposes of this international negotiation.</p> <p><b>Mr Flanagan</b>—I would have to take that level of detail on notice.</p> <p><b>Senator MILNE</b>—If you would not mind</p>		
<b>BET - 38</b>	<b>Milne</b>	Treasury	Analysis of Subsidies for Fossil Fuels	<p><b>Senator MILNE</b>—If you would not mind; and can you tell me if Treasury has conducted any analysis of subsidies for fossil fuels in Australia?</p> <p><b>Mr Gruen</b>—Not in macro group. To the extent that this has been done, it would have been done by an area that was interested in the detail of that industry. So I guess—</p> <p><b>Senator MILNE</b>—So who would be doing the work?</p> <p><b>Mr Gruen</b>—You could ask that of fiscal group, but I am not sure—it may not be them either. But I would suggest that you ask that question of fiscal group later in the day.</p> <p><b>Senator MILNE</b>—On who is doing—</p> <p><b>Mr Gruen</b>—Whether they have done any analysis—</p> <p><b>Senator MILNE</b>—Done any analysis of the subsidies for fossil fuels, and which ones can be eliminated et cetera.</p> <p><b>Mr Gruen</b>—I think so.</p> <p><b>Senator Sherry</b>—We will take it on notice: if any work has been done and, if so, by whom. It is certainly not macro—I think we can safely say</p>	24/09/2010	E16 (02/06/2010)

				that. I will come back to you. We will also take on notice—I am not sure which minister, if any, is representing us in Korea; I just do not know—the details of any statements or presentations that are made by whomever is attending that meeting, whether it is a minister or an official. I just do not know at this point in time? Mr Flanagan, do you know the minister?		
<b>BET - 39</b>	<b>Milne</b>	Treasury	Analysis of Subsidies for Fossil Fuels #2	<p><b>Senator MILNE</b>—From the point of view of people around this table, who are representing the Australian people, we might have an interest in knowing whether the Australian government is committed to phasing out fossil fuel subsidies. If so, what is the time line that we are proposing to put to the rest of the world? We have a right to know that.</p> <p><b>Senator Sherry</b>—Beyond what we have been able to outline so far we will just have to take it on notice. Given the timing of the meeting is this weekend, I do not see that we can do anything but that.</p> <p><b>Senator MILNE</b>—I will put it on notice that I would like all the documents that Australia is putting forward in relation to its proposition about what constitutes a fossil fuel subsidy and the time line that Australia is committing to. You can take that on notice because you will have it in a few days time, presumably.</p>	27/04/2011	E17 (02/06/2010)
<b>BET - 40</b>	<b>Boswell</b>	Treasury	Carbon Emissions - 50% Reduction	<p><b>Senator BOSWELL</b>—I am sorry; I will get you the document. I have got two questions to ask and then you will not need the document—but I will go and get it for you. In the ACTU-ACF report, they model their preferred option of reducing carbon emissions by 50 per cent by 2030. They judge that the ratio of household debt to gross disposable income will stabilise at around 200 per cent. What would be the implications if we tried to reduce carbon emissions by 50 per cent? This is your mob, Doug.</p> <p><b>Dr Gruen</b>—As you know, Treasury did some modelling about what would be the economic implications of reducing carbon emissions over an extended period, and I think we have been through that on many occasions. I think the report on the economics of introducing emissions trading talked about what the economic implications would be of deep cuts in carbon emissions over an extended period of time. The answer to that was that, for most of the scenarios that were looked at, it meant that average growth was slower by 0.1 per cent per annum.</p> <p><b>Senator BOSWELL</b>—Per what—one per cent, two per cent?</p> <p><b>Dr Gruen</b>—Sorry? It reduced GNP per capita growth by 0.1 per cent per annum for the scenarios that were modelled by the Treasury.</p> <p><b>Senator BOSWELL</b>—But that was a five per cent reduction. What would 50 per cent do?</p> <p><b>Dr Gruen</b>—It rounds to the same number, if my memory is correct. But</p>	29/09/2010	E33-34 (02/06/2010)

Mr Ewing will know this—

**Mr R Ewing**—I was not entirely certain what time period the 50 per cent was referring to?

**Dr Gruen**—Yes, it will depend.

**Senator BOSWELL**—I am quoting the ACTU and ACF report. Their preferred option for reducing carbon emissions was by 50 per cent—

**Dr Gruen**—By when?

**Senator BOSWELL**—by 2030.

**Dr Gruen**—Okay. Well, that is a deeper cut than would have been modelled in our modelling.

**Mr R Ewing**—I do not have the exact figures to hand. We probably have numbers in that broad area, as the Garnaut minus 25 scenario had a 25 per cent reduction from 2000 levels in 2020, which then went on to a 90 percent reduction by 2050, and in that case the figure that Dr Gruen quoted is the case: it was a reduction in growth of 0.1 per cent per annum, I believe, in GNP.

**Senator BOSWELL**—Okay. So you think it will reduce GDP by 0.1 per cent?

**Dr Gruen**—The growth rate.

**Mr R Ewing**—Annual GNP growth by 0.1 per cent. The total impact on GNP would be different.

**Dr Gruen**—Of course, this depends on imposing a carbon price and therefore the reductions being on the minimum cost basis.

**Senator BOSWELL**—What would the carbon price go to, then, if the 50 per cent reduction by 2030 was implemented?

**Dr Gruen**—Sorry, Senator, we have not done that particular scenario, but you could certainly find out the carbon price for the Garnaut minus 25 scenario that Mr Ewing was talking about. That would have been in the report.

**Senator BOSWELL**—Mr Ewing, would you have any idea what that was, off the top of your head?

**Mr R Ewing**—In what year would you be interested in the carbon price?

**Senator BOSWELL**—2030.

**Mr R Ewing**—I do not have that figure to hand, I am afraid. I will have to take that on notice.

**Senator BOSWELL**—What figures have you got there?

**Mr R Ewing**—I have 2020 and 2050.

**Senator BOSWELL**—Give us both, then.

**Mr Ewing**—In the Garnaut 25 scenario we had an emissions price in real 2005 Australian dollars of \$60 in 2020, which was increasing to \$197 in 2050. If you did the maths you could work 2030 from that, I just do not

				<p>have that figure in front of me.</p> <p><b>Senator BOSWELL</b>—I am sure you could do that for us, as you are more qualified than I am.</p> <p><b>Dr Gruen</b>—We will take it on notice.</p>		
<b>BET - 41</b>	<b>Boswell</b>	Treasury	Carbon Emissions - 50% Reduction #2	<p><b>Senator BOSWELL</b>—For the uninitiated can you explain that to me. If you want to reduce your carbon footprint by five per cent it costs how much? Your modelling was five per cent.</p> <p><b>Dr Gruen</b>—We did four scenarios, if I am right—</p> <p><b>Mr R Ewing</b>—Yes.</p> <p><b>Dr Gruen</b>—of a range of cuts. We are always talking about them relative to 2000 levels. So these are not five per cent cuts compared to what would otherwise be the case; they are much bigger than that. A five percent cut by 2020 relative to 2000 levels is a much more substantial cut from the level of CO2 emissions than you would see if you did nothing. So these are substantial cuts.</p> <p><b>Senator BOSWELL</b>—I am taking it that this \$463 billion figure would be taken from 2020.</p> <p><b>Dr Gruen</b>—Indeed. The scenarios that we looked at had those sorts of cuts by 2020 and then they had very much bigger cuts by 2020 so you are on a path to an economy with very much lower levels of CO2 emissions than are currently being emitted into the atmosphere. The estimates were as for each of those scenarios, and obviously they have different costs: the deeper the cuts the larger the costs. But they all round to about a reduction in growth of GNP per capita of 0.1 per cent per annum.</p> <p><b>Senator BOSWELL</b>—So if we were to cut our carbon emissions by 50 per cent by 2030 it would cut the growth by 0.01 per cent. Is that what you are saying?</p> <p><b>Dr Gruen</b>—It is 0.1. As Mr Ewing said, we did not do that particular scenario. But the scenario we did do, which was the Garnaut minus 25 scenario, has cuts which are not quite as deep as the ones you are talking about—we do not know exactly because we have not looked—but comparable.</p> <p><b>Senator BOSWELL</b>—So what was the outcome of that?</p> <p><b>Dr Gruen</b>—We did not report the results to two significant figures but to one figure it was a 0.1 per cent per annum cost to GNP per capita growth.</p> <p><b>Senator BOSWELL</b>—So if we go out and spend \$463 million by the year 2030 we are going to cut our GNP growth by 0.1 per cent.</p> <p><b>Dr Gruen</b>—Per annum. Except that I know nothing about the \$463 billion.</p> <p><b>Senator BOSWELL</b>—Well, that is the guts of the question. The ACTU</p>	21/02/2011	E35 (02/06/2010)

				<p>want to put \$463 billion into decarbonising Australia by 2030. Your answer to me, and you may correct it, is that if we do that we are going to affect the GNP by 0.1 per cent.</p> <p><b>Dr Gruen</b>—No. I said the modelling that we did—</p> <p><b>Senator BOSWELL</b>—Can you just tell me what will happen if we—</p> <p><b>Dr Gruen</b>—I cannot tell you because I do not know the details of this report.</p> <p><b>Senator BOSWELL</b>—Maybe Mr Ewing has got the report there.</p> <p><b>Dr Gruen</b>—Even if he has, the point is we are not going to give you off the top of our heads, from what some detailed alternative modelling suggests, what our estimate is of the economic cost of some alternative scenarios. We have done a series of scenarios which we have published and given extensive detail on. We can take on notice a question about what Treasury’s estimate is of the economic cost of someone else’s proposal but we cannot give you an answer here and now. Not even Mr Ewing can do that.</p> <p><b>Senator BOSWELL</b>—Well, if you would do that for me and if you would also put this on record now.</p>		
<b>BET - 42</b>	<b>Boswell</b>	Treasury	Overseas Climate Aid	<p><b>Senator BOSWELL</b>—I do not know if this is the appropriate committee in which to ask this. How much overseas aid was given for climate aid? How much money was spent for overseas climate aid?</p> <p><b>Mr Flanagan</b>—Part of it is a definitional issue as to which parts would be ODA eligible. I would have to quickly go through and see which parts would be ODA eligible components, but that would probably be more a question for AusAID rather than for ourselves.</p> <p><b>Senator BOSWELL</b>—But you must know. You are the Treasury, so you must know.</p> <p><b>Senator Sherry</b>—Not necessarily. This is the macro area of Treasury.</p> <p><b>Senator BOSWELL</b>—Well, this is a macro question.</p> <p><b>Senator Sherry</b>—Whilst they have got massive and significant expertise, it is just a touch unfair to expect them to be able to lay their hands on other areas of estimates in detail quickly.</p> <p><b>Senator BOSWELL</b>—Okay. Maybe I could put it on notice.</p> <p><b>Senator Sherry</b>—Yes, we will take it on notice.</p>	29/09/2010	E36 (02/06/2010)
<b>BET - 43</b>	<b>Bushby</b>	Treasury	Terms of Trade	<p><b>Senator BUSHBY</b>—In estimating last year’s structural deficit, what value did you use for the terms of trade? What did you assume was the natural level?</p> <p><b>Mr T McDonald</b>—The value for the terms of trade was the same as the end point of the medium-term fiscal projections. The easiest way to look at this is to refer to the <i>Intergenerational report</i>, because it is equivalent to</p>	02/12/2010	E40-41 (02/06/2010)

				<p>where the terms of trade finishes in the <i>Intergenerational report</i> projections.</p> <p><b>Senator BUSHBY</b>—Does it have a figure?</p> <p><b>Mr T McDonald</b>—It does have a figure. One of the slight complications is that the terms of trade figures from year to year are comparable but need to be adjusted because the ABS rebases the national accounts to a different year because it is an indexed number.</p> <p><b>Senator BUSHBY</b>—You would have had to assume a figure as the normal terms of trade to do a structural deficit calculation.</p> <p><b>Dr Gruen</b>—We could take it on notice and give you an answer.</p> <p><b>Senator BUSHBY</b>—I do not know whether you can tell me this: is the terms of trade now higher or lower than last year's assumption?</p> <p><b>Mr T McDonald</b>—It is higher.</p> <p><b>Senator BUSHBY</b>—If you take that other question on notice it would be very good.</p> <p><b>Dr Gruen</b>—The question you would like the answer to is what the level was assumed to be here and what it is now in the comparable period.</p> <p><b>Senator BUSHBY</b>—And also what you would consider the normal level is now, yes. You are saying it would be adjusted. With structural deficit calculations you assume capacity and normally that is your growth and your unemployment rate, but in Australia, because it is a commodity country, we also do terms of trade. I want to know what the assumption is for the purpose of last year and whether that has changed.</p> <p><b>Dr Gruen</b>—Yes, indeed.</p> <p><b>Mr T McDonald</b>—I guess on the first part of that, what we said in last year's budget was that the terms of trade assumption that we used was consistent with the end point of the medium-term projections outlined in appendix B of statement 3, and that says that the phase-down assumes the terms of trade decline by around 15 per cent from the end of the medium-term projection periods by 2022-23. That end point, when we reach it, is later now. But that end point is consistent with the equivalent end point in the <i>Intergenerational report</i> for the terms of trade. I believe there is a chart that has that. We can take it on notice to see what extra we can provide.</p>		
<b>BET - 44</b>	<b>Bushby</b>	Treasury	Terms of Trade - Structural Budget	<p><b>Senator BUSHBY</b>—I have a couple of final questions on this. You mention you had done some work on the structural budget deficit this year. Would the structural budget balance be above or below the actual underlying cash balance for 2009-10 and 2010-11—that is, is the structural element of the budget expansionary or contractionary?</p> <p><b>Dr Gruen</b>—We may need to take that on notice because it will depend on the assumption you make, particularly for the terms of trade. Obviously</p>	29/09/2010	E41 (02/06/2010)



				<p>the unemployment rate is much closer to our assumed full employment rate than we had thought it would be. We would have to take it on notice.</p> <p><b>Senator BUSHBY</b>—Are you aware of whether any other organisations produce structural deficit estimates for Australia?</p> <p><b>Dr Gruen</b>—I think the OECD does.</p> <p><b>Mr T McDonald</b>—The OECD and IMF do and Access Economics also does. Just one thing on the Access Economics estimates, I think they are in the <i>Budget monitor</i>. One of the things that the most recent <i>Budget monitor</i> has done is make a significant adjustment to the assumption that they make for the underlying or structural terms of trade estimate—quite substantially, as far as I can understand. That has an impact on their estimates as well.</p> <p><b>Senator BUSHBY</b>—Bearing in mind that impact, what do those other organisations say has happened to Australia’s structural deficit over the last year?</p> <p><b>Mr McDonald</b>—Again there are questions of timing on this. I do not have the latest OECD ones because they have only just come out last week. The IMF estimate—</p> <p><b>Senator BUSHBY</b>—Can you take it on notice to provide the latest ones that came out last week?</p> <p><b>Mr McDonald</b>—Yes.</p>		
<b>BET - 45</b>	<b>Bernardi</b>	Treasury	Appointment of the Minister for Population	<p><b>Senator BERNARDI</b>—And so you are unable to give me a specific date when Treasury were advised that a Minister for Population was going to be appointed?</p> <p><b>Mr R Murray</b>—We probably became aware of it literally a day or so before that.</p> <p><b>Senator Sherry</b>—We will take that on notice and get you the exact date. As to the conversations, briefings, advices to ministers and discussions prior to that, obviously that will not be provided.</p>	29/09/2010	E45-46 (02/06/2010)
<b>BET - 46</b>	<b>Bernardi</b>	Treasury	Intergenerational Report - Migration Figures	<p><b>Senator BERNARDI</b>—This is what I find interesting: you are making assumptions about changes to policy settings in the future, and yet the minister has said on a number of occasions that the <i>Intergenerational report</i> is based on a business as usual approach over the last 40 years. If we were going on business as usual, we would be on track for a 43.9 million population.</p> <p><b>Mr Gallagher</b>—It was also the case that if we had looked at the average for the last five or 10 years we would have arrived at a substantially lower net migration figure. If we had looked at the average for the previous five years, I think we would have come out with 180,000 anyway. So it was perfectly consistent. It is the normal thing when you are doing projections, which is that you do not project off the top of a cycle. You do not project</p>	21/02/2011	E49 (02/06/2010)

				<p>off the peak. You assume some return to average levels for a long-term projection.</p> <p><b>Senator BERNARDI</b>—That would be assuming that there was a similar policy setting in place. There was a change in government, I am loath to remind you, Mr Gallagher, a couple of years ago!</p> <p><b>Mr Gallagher</b>—But the increases in net migration began occurring before the change in government. In 2005-06, on the ABS numbers, net migration was 146,750. In 2006-07, it had already risen to 232,824. Then in 2007-08—and the current government was not elected until November 2007, so it did not have much say in this—the number had already risen to 277,000. The rise was already on.</p> <p><b>Senator BERNARDI</b>—But you must have a figure for the average over the period of the previous government. The economic cycle was somewhat different to the one we have got now.</p> <p><b>Senator Sherry</b>—Before we go any further with the answer, that was off a figure in 1997-98, under the former government, of 79,200. So if you contrast the movement and in fact—</p> <p><b>Senator BERNARDI</b>—That would have been in the guts of ‘the recession we had to have’; is that right?</p> <p><b>Senator Sherry</b>—Can I finish my answer.</p> <p><b>Senator BERNARDI</b>—You are trying to be misleading.</p> <p><b>Senator Sherry</b>—I am entitled to contribute to answers, if I want, without being cut. In fact, I can give you all the figures from 1996-97 through to 2007-08. There is significant long-term growth, and the figures are significantly different from year to year; hence Minister Burke’s reference, which you referred to earlier, about the long-term historical average. You asked for an average, for example, over the last 40 years. I am sure we can—</p> <p><b>Senator BERNARDI</b>—No, I did not.</p> <p><b>Senator Sherry</b>—If we do not have the figure here now I am sure we can calculate it for you.</p> <p><b>Senator Bernardi</b>—I did not ask for an average over the last 40 years; I asked for an average over the life of the previous government.</p> <p><b>Senator Sherry</b>—I am sure we can give that to you as well. I am happy to take that on notice if we do not have an average figure here now.</p>		
<b>BET - 47</b>	<b>Brown</b>	Treasury	Economic and Populations Growth	<p><b>Senator BOB BROWN</b>—Is economic growth predicated on population growth?</p> <p><b>Mr Gallagher</b>—The framework that we used for the <i>Intergenerational report</i> is often described as the three-P framework: productivity, participation and population. The total size of GDP is influenced by each of those factors and all combined.</p>	30/09/2010	E50 (02/06/2010)

				<p><b>Senator BOB BROWN</b>—Is it possible to have economic growth without population growth?</p> <p><b>Mr Gallagher</b>—With increasing participation and increasing labour productivity it is possible to have economic growth, as is discussed. At the moment we have about 260,000 births on 130,000 deaths a year. You will get population growth from natural increase. It is very hard to stop population growth in Australia. As we have been discussing, the lever is overmigration.</p> <p><b>Senator BOB BROWN</b>—Yes, but I am really interested to hear from Treasury that it is possible to have economic growth without population growth. Could you tell the committee how that scenario may unfold?</p> <p><b>Mr Gallagher</b>—I think that, as we have already discussed, even if we went to zero net migration, we would end up with population growth to 25 or 26 million people. In that scenario there could be increasing labour force participation, which would contribute to economic growth. Certainly you would hope that there would be growth in labour productivity that would contribute.</p> <p><b>Senator BOB BROWN</b>—Ultimately we are in a finite world and we have to accept that population globally has to stop growing.</p> <p><b>Senator Sherry</b>—I think that is an opinion, Senator Brown.</p> <p><b>Senator BOB BROWN</b>—I am asking what your view on that is.</p> <p><b>Senator Sherry</b>—I do not accept that.</p> <p><b>Senator BOB BROWN</b>—You do not accept there is any limit to population growth?</p> <p><b>Senator Sherry</b>—It is an argument just as much as a question. I do not accept it and, if Minister Burke has anything more to add in detail, I will take it on notice for him to give you are response.</p> <p><b>Senator BOB BROWN</b>—Thank you. So you see infinite population growth as the reality that we have on the planet?</p> <p><b>Senator Sherry</b>—I did not say that. I said I do not agree with your view and the way you put your question.</p> <p>I am more than happy to take it on notice to get you some more detail from Minister Burke.</p>		
<b>BET - 48</b>	<b>Brown</b>	Treasury	Populations Growth and Food Production	<p><b>Senator JOYCE</b>—You have brought up water and we have before us the Wentworth report that talks about a 30 per cent reduction in water for the Murray-Darling Basin. So when these 22 million people turn up, what are they going to eat?</p> <p><b>Mr Murray</b>—I think people have to think pretty carefully about issues around food and food production. Trying to project forward what is going to happen to the industrial structure of Australia is pretty difficult. There will be a lot of market forces going on and a lot of factors will come into</p>	02/12/2010	E51 (02/06/2010)

				<p>play.</p> <p><b>Senator BOB BROWN</b>—Just on that question, coming from what Senator Joyce asked, you are using current food production in Australia. Would that be adequate for a population of 36 million?</p> <p><b>Mr Murray</b>—I do not know. We are a significant exporter of food at present. What happens in the overall trade is an important issue, and what happens in the overall effects, say, on our terms of trade is again an important factor in terms of driving the economy.</p> <p><b>Senator BOB BROWN</b>—Could you take that—</p> <p><b>Senator Sherry</b>—We can take on notice—</p> <p><b>Mr Murray</b>—But also, Senator Brown, if we are looking at projected population figures, I think we would provide you with not just current net production figures in agriculture but net projected agricultural figures, because there will be productivity improvements and output improvements that may be identified. I do not know whether those figures are available but we will certainly supply them.</p> <p><b>Senator BOB BROWN</b>—Minister, have you taken into account the Garnaut report which estimates that on current climate change projections with business as usual, productivity in the Murray-Darling Basin may be reduced by over 90 per cent this century.</p> <p><b>Senator JOYCE</b>—Then you will be very hungry.</p> <p><b>Senator BOB BROWN</b>—Have you correlated that with the population growth that is being projected here?</p> <p><b>Senator Sherry</b>—What I have indicated here, Senator Brown, is that we will take on notice what you started to ask for and which I think I anticipated, which is the current net surplus agricultural production for Australia and also, if it is available and I do not know whether it is, the projected surplus of agricultural production in what I think is the relevant year here, which is 2050.</p> <p><b>Senator BOB BROWN</b>—Yes, whether the current food production would be enough for that population.</p> <p><b>Senator Sherry</b>—And also the projected food production is enough for the projected population.</p> <p><b>Senator BOB BROWN</b>—You may do that. I am not asking that question. I am asking the question about current—</p> <p><b>Senator Sherry</b>—I am always trying to be helpful so if we have got that figure I will provide that as well.</p>		
<b>BET - 49</b>	<b>Brown</b>	Treasury	Populations Growth and Food Production #2	<p><b>Senator BOB BROWN</b>—And I will get it back to you as an answer to your question. Is Treasury tracking the rapidly diminishing food reserves of planet Earth in view of the growing population?</p>	29/09/2010	E51-52 (02/06/2010)

				<p><b>Mr Murray</b>—Not that I am aware of.</p> <p><b>Senator BOB BROWN</b>—Would you—?</p> <p><b>Mr Murray</b>—Well, the answer is no.</p> <p><b>Senator BOB BROWN</b>—Would you have a look at that and come back to me with how Treasury assesses those figures—from the UN.</p> <p><b>Mr Murray</b>—We can certainly take that on notice.</p>		
<b>BET - 50</b>	<b>Brown</b>	Treasury	UN Report - Biodiversity and Population	<p><b>Senator BOB BROWN</b>—The UN report that is flagged in the <i>Guardian Weekly</i> and in a number of newspapers, with an article indeed in the <i>Hobart Mercury</i> this week, projects that loss of biodiversity on current projections on the planet will cause the global economy to be hit to the value of \$3 trillion to \$4 trillion by the end of the century. Has Treasury got any assessment of that cost of loss of biodiversity on the planet at current rates?</p> <p><b>Mr Murray</b>—Not that I am aware of.</p> <p><b>Senator BOB BROWN</b>—Would Treasury look at the <i>Guardian Weekly</i> report of that UN report which is coming out in October and give the committee its assessment of the biodiversity factor in assessing future economic wellbeing in a country that is losing biodiversity at one of the highest rates in the world.</p> <p><b>Mr Murray</b>—I will certainly take that on notice. Whether we have the wherewithal—the expertise—to do that is another matter. Certainly if we do then we will be able to supply an answer.</p> <p><b>Senator BOB BROWN</b>—As part of this population assessment—and we have talked about immigration—has Treasury done any assessment of the UN projection that there will be 150 million people moving on the planet and seeking other domicile by the year 2050 due to climate change alone.</p> <p><b>Mr Murray</b>—No.</p> <p><b>Senator BOB BROWN</b>—Would Treasury look at that figure and see if it can assess what impact that may have on Australia?</p> <p><b>Mr Murray</b>—We will take that on notice.</p> <p><b>Senator BOB BROWN</b>—Thank you very much.</p>	24/09/2010	E52 (02/06/2010)
<b>BET - 51</b>	<b>Pratt</b>	Treasury	Female Labour Supply to Child Care Costs	<p><b>Senator PRATT</b>—Thank you. I understand that there was a Treasury working paper published in April on the responsiveness of female labour supply to child-care costs. This showed that the effects of child-care costs on labour supply were indeed statistically significant—I appreciate that this might not actually be your report—and on that basis is it true to say that changes—</p> <p><b>Senator Sherry</b>—Senator, sorry to cut you off, but that is actually for revenue group. It would have to go to revenue group.</p> <p><b>Senator PRATT</b>—If you would let me conclude the question you would find that it is not about the report necessarily.</p>	30/09/2010	E52 (02/06/2010)

				<p><b>Senator Sherry</b>—I have just been advised that it needed to go to revenue group.</p> <p><b>Senator PRATT</b>—On the basis of what that report found, my question is: is it true to say that child-care costs could have a significant impact not only on birth rates but also on workforce participation rates in the future and thus mitigate the effects of an ageing population, particularly when we are looking at trying to keep in balance the ratio of workers versus those that the community supports?</p> <p><b>Mr R Murray</b>—Senator, I am not across that particular analysis. We could certainly take on notice where it relates to that analysis. Just from a general proposition, as I have pointed out previously and as Mr Gallagher has pointed out, at least the OECD studies and some country studies indicate that there is a positive relationship between participation and family-friendly policies, including child care. They also have a positive effect on fertility.</p> <p><b>Senator PRATT</b>—Great. Thank you.</p>		
BET - 52	Bernardi	Treasury	Population Policies	<p><b>Senator BERNARDI</b>—Can you detail what the first round of consultations will be?</p> <p><b>Mr R Murray</b>—I cannot because that would be pre-empting decisions that the minister needs to make around that.</p> <p><b>Senator BERNARDI</b>—The minister has repeatedly said that 12 months is a very tight time frame to do this major task and that there was going to be a broad range of consultation two months into it. There has still been nothing decided. Is that what you are telling me?</p> <p><b>Mr R Murray</b>—No. I am not saying that the minister has not made decisions. He clearly has in his own mind and we have assisted him in coming to some of those decisions about what the first phase of consultation would be between now and, say, over the next six months, because we do need a significant amount of time in the first phase of actually getting across all the issues. You can hear from Senator Brown one side of all of these issues, and they are pretty complicated. There are a lot of trade-offs between a lot of the issues. So we want to have a reasonable amount of time over this first consultation period so that we can get all the issues on the table and all the issues discussed.</p> <p><b>Senator BERNARDI</b>—My concern is that there are a huge number of issues to be considered; it crosses over an enormous number of portfolio areas. There was clearly very little consultation before the announcement. There has been nothing concrete announced since the announcement by the minister. I am looking at his website. He has not put out one press release about it or anything else.</p> <p><b>Senator Sherry</b>—Your questions are going to the role of the minister. In</p>	29/09/2010	E53-54 (02/06/2010)

				<p>terms of the minister, I know firsthand that, in gathering briefs, material and information in his own responsibilities, he sought—by way of example—a very significant set of data from the Australian Bureau of Statistics on population issues as well as face-to-face briefings. I know this because I have responsibility for the Australian Bureau of Statistics, so I signed off on the briefs and the documents. So that is an example of preparatory work. Just because a minister does not issue a press release does not mean that he is not focused on the job at hand.</p> <p><b>Mr R Murray</b>—I add to that that it is not as if we or the minister have been sitting around twiddling our thumbs. The minister has been trying to absorb as much information he can around this whole topic and having discussions and multiple meetings with a whole range of people. I am not quite sure how many, but it certainly must—</p> <p><b>Senator BERNARDI</b>—You would be able to take it on notice, wouldn't you—</p> <p><b>Senator Sherry</b>—I will take that on notice.</p> <p><b>Senator BERNARDI</b>—Who he has met with and the times he has met with them?</p> <p><b>Senator Sherry</b>—I do not necessarily believe we will be disclosing who he has met with. That is up to the minister. As you very well know, no ministers current or past in this place have disclosed their diaries. That has not been the practice. But I will take it on notice, and I am sure we can give you an indication of the—</p> <p><b>Senator EGGLESTON</b>—Posthumously!</p> <p><b>Senator Sherry</b>—Pardon?</p> <p><b>Senator BERNARDI</b>—The <i>Latham Diaries</i>. He helped us out!</p> <p><b>Mr R Murray</b>—We want to get to a position where we have a more structured program of consultations, and that is where the minister is moving. You are asking me to answer questions on the minister's behalf, and I just cannot pre-empt what he is going to say.</p> <p><b>Senator BERNARDI</b>—Time is short. Would you be to take on notice to undertake to provide me with the times and dates of briefings that your department has provided to the minister in regard to population policies?</p> <p><b>Senator Sherry</b>—Will take it on notice.</p> <p><b>Mr R Murray</b>—We will certainly do that.</p>		
BET - 53	Bernardi	Treasury	Populations Policies - Key Stakeholders	<p><b>Senator BERNARDI</b>—Would you be to also take on notice and provide a list of key stakeholders that you consider in this debate?</p> <p><b>Mr R Murray</b>—What do you mean by 'that we consider in this debate'?</p> <p><b>Senator BERNARDI</b>—I mean those that you are going to include as part of the consultation process.</p> <p><b>Mr R Murray</b>—We can certainly take that on notice. Like every other</p>	30/09/2010	E54

				<p>part of advising, we are not the decision-makers in any of this. The fact that we consider somebody to be a key stakeholder is neither here nor there, quite frankly.</p> <p><b>Senator BERNARDI</b>—It certainly is important.</p> <p><b>Mr R Murray</b>—But we will certainly take this on notice and we will see what we can—</p> <p><b>Senator BERNARDI</b>—It is important because if you say that these are key stakeholders that you consider and the minister chooses to ignore those, that is the minister’s decision. So it is important.</p>		
<b>BET - 54</b>	<b>Joyce</b>	Treasury	Petroleum Resource Rent Tax - Modelling	<p><b>Senator JOYCE</b>—What was the growth dividend we got from that?</p> <p><b>Mr Ray</b>—That measure was not large enough—</p> <p><b>Senator JOYCE</b>—To measure.</p> <p><b>Mr Ray</b>—to measure.</p> <p><b>Senator Sherry</b>—We can certainly take it on notice. In fact, I think it is a very good idea, Senator Joyce—</p> <p><b>Senator JOYCE</b>—Doesn’t it seem a little bit fortuitous—</p> <p><b>Senator Sherry</b>—Just let me finish my answer.</p> <p><b>Senator JOYCE</b>—I have not asked you a question, so what is the answer?</p> <p><b>Senator Sherry</b>—You did.</p> <p><b>Senator JOYCE</b>—I have not asked you any questions, but I am glad I am about to get an answer to a question I never asked. I am fascinated as to what it will be.</p> <p><b>Senator Sherry</b>—Senator, Mr Ray has indicated that there was no modelling, no analysis done of that. I am sure there are other areas, such as when the PRRT was introduced more broadly across the economy and when the tax on the gold sector was introduced that Treasury would have done some analysis. I am sure they were right. When we look back historically at the ridiculous and extraordinary claims made against those tax changes, if we do have any modelling analysis of those two measures, for example—I will take it on notice; we will get Treasury to scour their records—I am sure that their analysis turned out to be correct.</p>	30/09/2010	E59 (02/06/2010)
<b>BET - 55</b>	<b>Joyce</b>	Treasury	KPMG Econtech Report	<p><b>Senator JOYCE</b>—You are incredible! Is this growth dividend consistent with the underlying economic assumptions on which the projected budget outcomes are based?</p> <p><b>Mr Ray</b>—The growth dividend comes from the measure, and it is consistent with the modelling that was commissioned from KPMG Econtech.</p> <p><b>Senator JOYCE</b>—So the growth dividend is consistent with which KPMG report?</p> <p><b>Mr Ray</b>—The report that you discussed with my colleagues yesterday.</p>	30/09/2010	E60-61 (02/06/2010)



				<p><b>Senator JOYCE</b>—Which is the?</p> <p><b>Senator Sherry</b>—This is the one that we discussed yesterday, Senator Joyce. I am just trying to be helpful.</p> <p><b>Senator JOYCE</b>—There are two KPMG reports. As you would know, Minister, there are two KPMG reports out at the moment, aren't there?</p> <p><b>Senator Sherry</b>—Yes. This is the report of 30 April 2010, extended 14 May. We believe that is the report.</p> <p><b>Senator JOYCE</b>—There is another one out at the moment. You are aware of that, aren't you?</p> <p><b>Senator Sherry</b>—No, I am not.</p> <p><b>Senator JOYCE</b>—Well, there is. It was put out by KPMG for the mining sector. It shows completely different outcomes.</p> <p><b>Senator CAMERON</b>—That is the Minerals Council. He who pays the piper, eh?</p> <p><b>Senator JOYCE</b>—I will take that interjection. Who paid for the first report? Senator Cameron has just said, 'He who pays the piper calls the tune.' So who paid for the KPMG Econtech report, Mr Ray? Who paid for it, Mr Ray? Who paid for that report? Who paid for that report—the first one, Mr Ray?</p> <p><b>Mr Ray</b>—You are asking the wrong person—</p> <p><b>Senator JOYCE</b>—Minister, who paid for that report? I am following up an interjection from your colleague, Senator Cameron. Who paid for that report?</p> <p><b>Senator Sherry</b>—It is revenue. I will have to take it on notice for revenue.</p> <p><b>Senator JOYCE</b>—You will have to take that on notice? Did the government pay for it, Minister.</p> <p><b>Senator Sherry</b>—Certainly I accept that the government paid for it.</p>		
<b>BET - 56</b>	<b>Eggleston</b>	Treasury	Building the Education Revolution	<p><b>Senator EGGLESTON</b>—I would like to move on to a different subject, which is developing and monitoring programs. The fiscal group has responsibility within Treasury for policy development in education, and its mission statement is 'to ensure government spending arrangements are effective'. First of all, I would be grateful if you could explain the department's role in relation to the Building the Education Revolution, a program that had a \$1.7 billion blow-out, and its effectiveness has been questioned around the country. What was your role in developing that program?</p> <p><b>Mr Ray</b>—We provided advice to the Treasurer during the course of that policy's development.</p> <p><b>Senator EGGLESTON</b>—How long was the Treasury given to analyse the policy and provide advice. How long did you have to do this?</p> <p><b>Mr Ray</b>—The policy was announced in the first week of February 2009.</p>	02/12/2010	E65 (02/06/2010)

				The policy development work around that package commenced in 2008, but whether that particular component of that package—I would need to take it on notice.		
<b>BET - 57</b>	<b>Eggleston</b>	Treasury	Building the Education Revolution #2	<p><b>Senator EGGLESTON</b>—Was the department aware of the need for the extra \$1.7 billion that was subsequently required.</p> <p><b>Mr Ray</b>—When, Senator?</p> <p><b>Senator EGGLESTON</b>—A question of timing? Were you monitoring the expenditure?</p> <p><b>Mr Ray</b>—We do not monitor expenditure. We became aware at some point that there would be a need. There were further processes involving cabinet around that, and a package was announced where changes were made to some elements of the UEFO package that offset the need to vary the estimates for Building the Education Revolution. In the process of the development of that package, you could expect that we provided advice.</p> <p><b>Senator EGGLESTON</b>—I would expect that. I am trying to tie it down to a point where you might have become aware that there would be a need for extra funding presumably prior to you working out some sort of submission to present to cabinet. Is it possible for you to give some sort of indication of when it was you first became aware that there was a problem that needed to be addressed.</p> <p><b>Mr Ray</b>—I do not want to mislead you. I do not know that we did make a submission to cabinet.</p> <p><b>Senator EGGLESTON</b>—You did not say that; I said that, I agree. I was trying to be helpful!</p> <p><b>Mr Ray</b>—I can take it on notice and see if we can provide any particular dates. I think the general answer is that quite clearly you would expect, given that we are likely to provide advice to the Treasurer ahead of cabinet discussions, that at some point we became aware.</p> <p><b>Senator EGGLESTON</b>—We are interested in what some point is. If you could assist the committee with an answer on notice, that would be very helpful.</p> <p><b>Mr Ray</b>—I know you are interested in what that some point is and I will take it on notice.</p>	02/12/2010	E65-66 (02/06/2010)
<b>BET - 58</b>	<b>Eggleston</b>	Treasury	Building the Education Revolution - Funding	<p><b>Senator EGGLESTON</b>—Obviously the department’s advice was sought about the need for additional funding and I presume the department’s advice was that additional funding should be provided for this program. Or was that not it?</p> <p><b>Mr Ray</b>—That is going to what our advice was. I am happy to take it on notice but, as you know, it would be very unusual for it to be provided.</p> <p><b>Senator EGGLESTON</b>—We would be interested to know how you felt the program was going.</p>	02/12/2010	E66 (02/06/2010)

				<p><b>Senator Sherry</b>—I love the way you say you would just be interested to know. Mr Ray has made the position clear. It is advice to the minister.</p> <p><b>Senator BUSHBY</b>—You could provide the answer in accordance with the orders of the Senate.</p> <p><b>Mr Ray</b>—I said I am happy to take the question on notice.</p> <p><b>Senator Sherry</b>—I am more than happy for the question to be taken on notice.</p> <p><b>Senator EGGLESTON</b>—All right, we will have that question on notice.</p>		
<b>BET - 59</b>	<b>Bushby</b>	Treasury	Budget paper No.1 - Commonwealth Investments and Loans	<p><b>Senator BUSHBY</b>—Looking at budget paper No. 1, page 9-23, note 15: can you explain what assets make up the ‘Others’ row in the presentation of the Commonwealth’s holding of investments, loans and placements? I am interested in you providing a precise disaggregation of this ‘other’ row into all of its constituent elements such that there is no residual ‘other’ row. We are talking about \$60-plus million.</p> <p><b>Mr Ray</b>—I am happy to take it on notice to see what we can provide. It is mainly Future Fund holdings. We do not have a detailed disaggregation.</p> <p><b>Senator BUSHBY</b>—Anything else you are aware of, that you can give me today?</p> <p><b>Mr Ray</b>—The national building funds are in that line as well.</p> <p><b>Senator BUSHBY</b>—We are talking about \$60-plus million. It would be worth having another line that did not say ‘Other’ when you are looking at this—an awful lot of money that belongs to taxpayers of Australia. A little bit more transparency would be good.</p> <p><b>Mr Ray</b>—We can go back and have a look but I suspect it has been this way for some time.</p> <p><b>Senator Sherry</b>—We will take it on notice. I remember having a significant fight about the disaggregation from revenue for that surcharge measure. It took me four or five years to finally get it disaggregated, but we finally got it disaggregated.</p> <p><b>Senator BUSHBY</b>—Minister, I have enjoyed your reminiscing over the last two days of the year-and-a-half, I think you said, that you have spent in estimates. It is good to hear that it continues today; telling us all about your memories of past times.</p> <p><b>Senator Sherry</b>—It sounds like a reasonable suggestion; I will put it on notice. There has been disaggregation before, following the questioning of non-government senators.</p>	02/12/2010	E70 (02/06/2010)
<b>BET - 60</b>	<b>Bushby &amp; Joyce</b>	Treasury	Non-Equity Investments	<p><b>Senator BUSHBY</b>—On the assets side of the general government balance sheet, how much constitutes cash or the non-equity investments of the Future Fund, the Building Australia Fund, the Education Investment Fund or the Health Investment Fund?</p> <p><b>Mr Ray</b>—So the cash holdings of all those funds?</p>	21/12/2010	E70-71 (02/06/2010)

				<p><b>Senator BUSHBY</b>—How much constitutes cash or the non-equity investments of any of those funds?</p> <p><b>Mr Ray</b>—I think it is best if we take that question on notice because the answer is quite detailed.</p> <p><b>Senator Sherry</b>—I think those details were provided at finance.</p> <p><b>Senator BUSHBY</b>—Okay, then it would probably be very easy for you to hunt them out and provide them to me. What is the justification for using these cash holdings of the Future Fund and other funds to offset gross debt?</p> <p><b>Mr Ray</b>—It is the accounting standard. I will go back a question. I can tell you the Future Fund's cash holdings at 31 March were \$10.5 billion. Its debt securities were \$14 billion.</p> <p><b>Senator JOYCE</b>—So how much is in other than that? How much of the \$62,925 million, or \$62 billion, is from the Future Fund?</p> <p><b>Mr Ray</b>—I think it is best if I take that question on notice, to make sure that we—</p> <p><b>Senator JOYCE</b>—It is definitely at 10.5 but there is also the other amount as well.</p> <p><b>Mr Ray</b>—Yes. Senator Bushby asked me what is the justification. It is consistent with the accounting standard.</p> <p><b>Senator BUSHBY</b>—I understand that the Building Australia Fund, for example, holds considerable cash due to imminent drawdowns for the government. But since these current liabilities are not recognised on the balance sheet why do we use them to offset our gross debt?</p> <p><b>Mr Ray</b>—Again, as I said, it is consistent with the accounting standard.</p> <p><b>Senator JOYCE</b>—Which accounting standard?</p> <p><b>Mr Ray</b>—I suspect it is ABS GFS.</p> <p><b>Senator BUSHBY</b>—And that treatment under than standard has been consistent for a number of years as to how you would show those relevant entries? Has anything changed in the last two or three years?</p> <p><b>Mr Ray</b>—It is safest if I take that question on notice.</p> <p><b>Senator JOYCE</b>—Can you just tell me though which accounting standard?</p> <p><b>Senator BUSHBY</b>—You have got the accountant very excited by mentioning accounting standards!</p> <p><b>Mr Ray</b>—Generally speaking, the budget is prepared using two accounting standards, AAS and ABS GFS, and there is a technical note towards the end of statement 9.</p>		
<b>BET - 61</b>	<b>Bushby</b>	Treasury	Commonwealth Spending	<p><b>Senator BUSHBY</b>—What are the costs to the Commonwealth of the forgone interest of this \$1½ billion being brought forward a year earlier? In terms of interest.</p>	24/05/2011	E74-75 (02/06/2010)

**Mr Ray**—We do not estimate those sorts of things.

**Senator BUSHBY**—But there is a cost. By spending that \$1½ billion a year earlier than otherwise planned, in a debt financing scenario, that means that we have to be able to have a million and a half dollars available to spend a year earlier. Presumably that would come with an interest cost.

**Mr Ray**—The way that you have framed the question I do not disagree with the concept, but as a general rule we do not separate it all out. It will depend on when in the year. As you know, our financing needs are not just a question of the aggregate, end-of-year budget balance position—

**Senator BUSHBY**—You have got bonds that are maturing and—

**Mr Ray**—Yes, and there are the cash flows through the year, and so the question is quite a complex one.

**Senator BUSHBY**—But on an average basis you could actually look at it and say, ‘We are going to have to increase our financial requirement to cover that this year, and therefore there is an interest cost.’

**Senator Sherry**—But also presumably, it depends where it is—because it is brought forward from one financial year to another, it does not mean that the actual payment is brought forward for a full year.

**Senator BUSHBY**—That is right. It is not necessarily 1½ billion times your average bond rate. I acknowledge that. But there is, nonetheless, a cost in terms of interest terms of interest by spending that money earlier than if you had not—

**Mr Ray**—I agree with that in concept. On the other hand, other spending has been deferred in the budget process. Equally, on the same analysis there would be an interest saving from that.

**Senator BUSHBY**—What other spending has been deferred? It is a good point. In the context of the reason why I am asking these questions, I am very interested to know whether there has been major spending that was planned and has been pushed out into the coming years.

**Mr Ray**—I suspect the numbers of movements of funds are in the hundreds. We can take it on notice to find out, but there is a range of spending that has been deferred, including in the capital program for the Department of Defence—

**Senator BUSHBY**—Deferred with a particular date identified, or deferred indefinitely.

**Mr Ray**—Deferred with dates identified, including in the water program. There are a number of them, and some are included in the budget.

**Senator BUSHBY**—Could you give me a complete list of spending that has been deferred together with the amounts and the time lines.

**Mr Ray**—I will certainly take that on notice. Again, it is one that I am going to send to the Department of Finance.

BET - 62	Joyce	Treasury	Accounting Treatment of Net Debt	<p><b>Senator JOYCE</b>—Without being too pedantic, I want to jump back into your accounting treatment of net debt. What is the current outstanding public service liability?</p> <p><b>Mr Ray</b>—For?</p> <p><b>Senator JOYCE</b>—It is about \$125 billion or something, isn't it?</p> <p><b>Mr Ray</b>—The superannuation liability?</p> <p><b>Senator JOYCE</b>—How much are we actually—</p> <p><b>Mr Ray</b>—It is disclosed in the—</p> <p><b>Senator JOYCE</b>—Maybe it is \$130 billion now.</p> <p><b>Mr Ray</b>—The actual number is probably not in here.</p> <p><b>Senator JOYCE</b>—I am trying to do this from memory. It was \$125 billion. It may be up to \$132 billion or something.</p> <p><b>Mr Ray</b>—This is an estimate, not an actual. The estimate for the end of 2009-10 is \$123 billion, in round numbers.</p> <p><b>Senator JOYCE</b>—How much have we got in the Future Fund?</p> <p><b>Mr Ray</b>—I do know that.</p> <p><b>Senator JOYCE</b>—Is it \$65 billion or something like that?</p> <p><b>Mr Ray</b>—Ms Harris will get it for you.</p> <p><b>Ms Harris</b>—As at 30 March 2010 the Future Fund had total assets of \$67.6 billion.</p> <p><b>Senator JOYCE</b>—What is our liability?</p> <p><b>Mr Ray</b>—It is \$123 billion. That is an estimate.</p> <p><b>Senator JOYCE</b>—Where is that \$56 billion liability booked? Seeing that we are putting the assets—</p> <p><b>Mr Ray</b>—We book it in net financial worth. I think we have discussed this before. It is precisely for this reason that the government in its medium-term fiscal strategy looks to net financial worth not to net debt.</p> <p><b>Senator JOYCE</b>—What is the net financial worth of the government's position in 2012-13?</p> <p><b>Mr Ray</b>—In 2012-13 it is negative 11.1 per cent of GDP.</p> <p><b>Senator JOYCE</b>—What is that as a number?</p> <p><b>Mr Ray</b>—It is \$173.8 billion.</p> <p><b>Senator JOYCE</b>—Dollars out the back door.</p> <p><b>Mr Ray</b>—I do not want to say 'out of the back door', but negative.</p> <p><b>Senator JOYCE</b>—Negative 11 per cent.</p> <p><b>Mr Ray</b>—It has been negative for as long as the series has been kept.</p> <p><b>Senator Sherry</b>—Including under the previous government, obviously.</p> <p><b>Senator JOYCE</b>—How do you define 'booking the asset' in your net debt position when you are not booking the liability in the same process?</p> <p><b>Mr Ray</b>—We do not book all of the assets for the Future Fund in net debt. Some of the assets of the Future Fund, the equity fundings and the Telstra</p>	21/12/2010	E75-76 (02/06/2010)
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<b>BET - 63</b>	<b>Joyce</b>	Treasury	Net Debt Comparison with Japan	<p><b>Senator JOYCE</b>—Basically, to get a full picture and to look at our net debt position now, you have to take into account our future liability position as well for debt in the future.</p> <p><b>Mr Ray</b>—I am not quite sure what you mean when you say ‘a full picture.’ I do not think that we or the department of finance or the government would disagree with you that net financial worth is a more complete measure of the strength of a balance sheet than net debt, but in terms of international comparisons net debt tends to be the one that is used because that is the one that is most consistent.</p> <p><b>Senator JOYCE</b>—There is a timing issue that comes into play and also the big monster in the room is that the government has underwritten \$57 million of state debt but that is not booked in your net debt position, is it?</p> <p><b>Mr Ray</b>—No, but it is reported in the statement of risks because it is a contingent liability which is remote.</p> <p><b>Senator JOYCE</b>—If you look at the debt of Japan, does Japan disaggregate the government’s debt and the debt of the other related—</p> <p><b>Senator Sherry</b>—If Mr Ray does have some knowledge of the Japanese budget and their fiscal groups, accounting standards and reporting then fine. I suspect he does not. We are happy to take that on notice and get some sort of international comparison with perhaps Canada, which has a federal structure, and Germany. I am not sure about Japan but we are</p>	30/09/2010	E76 (02/06/2010)

				<p>happy to take it on notice.</p> <p><b>Mr Ray</b>—Just to try and help: if you look at the sorts of indicators that people who look at these things for a living do—that is, people in financial markets, ratings agencies and international organisations—you can look at gross debt to GDP, net debt to GDP, gross interest to GDP, net interest to GDP and tax to GDP, which gives you an indication of future capacity to raise revenue. You can look at various spreads. No single one of these indicators is necessarily the single thing to look at but, if you look at the whole range of those things, Australia’s balance sheet is in pretty good shape.</p>		
<b>BET - 64</b>	<b>Joyce</b>	Treasury	Change to National Accounts System	<p><b>Senator JOYCE</b>—...Can you explain the changes...to the definition of gross national income, which defines the amount of aid we pay under the 0.5 per cent target?</p> <p><b>Mr Ray</b>—The short answer is that, when the annual national accounts were released last December, both current and historical GNI were revised up, the current by about \$50 billion, I think. The change came from moving from the old system of national accounts to a new system. I cannot remember the exact reason, so I will take that bit on notice, but it meant that we had a larger base. Absent anything, it would have meant that, if the government maintained its ratios of ODA to GNI, there would have been a sharp increase in the number of dollars of aid, just as a result of this definitional change, so the government decided to phase in the effect of this change in the denominator on the numerator.</p>	22/12/2010	E80 (02/06/2010)
<b>BET - 65</b>	<b>Joyce</b>	Treasury	Treasury Speechwriter	<p><b>Senator JOYCE</b>—So that is the weather for today. That is two minutes of our lives we will never get back. I have been looking at an ad that you have had in the paper. You are seeking a suitably qualified and experienced speechwriter—I would like to suggest Senator Cameron—to prepare engaging and influential speeches to be delivered by the Treasurer, other Treasury portfolio ministers and senior Treasury staff. I notice that you are paying them more than we get paid.</p> <p><b>CHAIR</b>—That is because they are going to be engaging.</p> <p><b>Senator JOYCE</b>—Can you please explain to me what an engaging speech is?</p> <p><b>Senator CAMERON</b>—The one you gave at the Press Club. Remember the one before you got sacked?</p> <p><b>Senator JOYCE</b>—Can you give me an example of an engaging and influential speech, as opposed to a boring and pointless speech?</p> <p><b>Senator CAMERON</b>—The one you gave at the Press Club. Remember that one?</p> <p><b>CHAIR</b>—Order! I think we are all interested in this question.</p> <p><b>Senator JOYCE</b>—\$157,505 per annum is not a bad wicket. Has that job</p>	30/09/2010	E82-83 (02/06/2010)



				<p>been filled?</p> <p><b>Mr Ray</b>—I have a feeling it may have been.</p> <p><b>Senator JOYCE</b>—Who is the lucky soul who got that?</p> <p><b>Mr Ray</b>—That is a question I do not know the answer to.</p> <p><b>Senator JOYCE</b>—What speeches have they written lately?</p> <p><b>Mr Ray</b>—I do not know that the person has started.</p> <p><b>Senator BRANDIS</b>—We will know when they have started when we start hearing engaging speeches.</p> <p><b>Senator JOYCE</b>—Can you direct us to when you think we might be seeing the first work from this bard of the Treasury?</p> <p><b>Mr Ray</b>—I am happy to take on notice when we expect this person to start work.</p>		
<b>BET - 66</b>	<b>Eggleston</b>	Treasury	Modelling of the RSPT #2	When modelling the Resources Super Profits Tax, what assumptions were made as to the impact of any failing projects?	22/12/2010	Written
<b>BET - 67</b>	<b>Fisher</b>	Treasury	CPRS	<p>Page 9 of Budget Paper 2, on the CPRS deferral states there will be savings of \$2.7 billion over five years.</p> <p>1. Aside from \$652 million for renewables, where will the rest of the funds be spent?</p> <p>2. Do you commit to using it to retire debt?</p>	29/09/2010	Written
<b>BET - 68</b>	<b>Bushby</b>	Treasury	Superannuation Concessional Contributions Caps	<p><b>Senator BUSHBY</b>—Do you have any current estimates of how much additional revenue will be raised, or do you have further information from when the measure was first announced as to how much additional revenue will be raised in this and coming financial years from the change that has been implemented?</p> <p><b>Mr Olesen</b>—In relation to the most recent reductions in the cap?</p> <p><b>Senator BUSHBY</b>—Yes.</p> <p><b>Mr Olesen</b>—No, because, as I said before, we do not have the information.</p> <p><b>Senator BUSHBY</b>—You do not have any additional information that points to that?</p> <p><b>Mr Olesen</b>—It is too early for us to have that yet.</p> <p><b>Senator BUSHBY</b>—If you or Treasury could confirm what the predictions are for that year currently then I would appreciate that.</p> <p><b>Mr Gallagher</b>—Which year was that?</p> <p><b>Senator BUSHBY</b>—This current financial year and then next year as well.</p>	30/09/2010	E80 (01/06/2010)
<b>BET - 69</b>	<b>Xenophon</b>	ACCC	Senior Counsel - Birdsville	<p><b>Senator XENOPHON</b>—On how many occasions has the advice of senior counsel been sought in Birdsville type cases?</p> <p><b>Mr Cassidy</b>—I suspect we have probably got them in twice. I was going to say that we might have to take that on notice.</p> <p><b>Senator XENOPHON</b>—You believe it is twice?</p>	23/09/2010	E91 (02/06/2010)

				<p><b>Mr Bezzi</b>—It has been at least once but it might be twice.</p> <p><b>Senator XENOPHON</b>—Okay—but it is in that order?</p> <p><b>Mr Bezzi</b>—Yes.</p> <p><b>Senator XENOPHON</b>—Thank you. Sorry, Senator Joyce.</p> <p><b>Senator JOYCE</b>—At least once and possibly twice—that is a lot.</p>		
<b>BET - 70</b>	<b>Joyce</b>	ACCC	Anti-Competitive Prices	<p><b>Senator JOYCE</b>—Has the commission undertaken any investigation into allegations of anticompetitive price discrimination?</p> <p><b>Mr Samuel</b>—Again, I would perhaps be interested to get your interpretation of what—</p> <p><b>Senator JOYCE</b>—anticompetitive price discrimination is?</p> <p><b>Mr Cassidy</b>—That comes under section 46, Senator. I do not know whether my colleagues have it, but I do not know whether I have the information to say what period. It was an open-ended question.</p> <p><b>Senator JOYCE</b>—Let us take—</p> <p><b>Mr Cassidy</b>—Section 46 has been there since 1974.</p> <p><b>Senator JOYCE</b>—Thank you very much. I will not go back that far. I won't even do that to you, Mr Cassidy! Let us take the last 12 months.</p> <p><b>Mr Cassidy</b>—I will have to take that on notice.</p> <p><b>Senator JOYCE</b>—What about the last three months?</p> <p><b>Mr Cassidy</b>—We would still have to take that on notice to see if we had the information.</p> <p><b>Senator JOYCE</b>—Do you have any one before you at the moment? Do you have any case before you at the moment?</p> <p><b>Mr Cassidy</b>—At the moment we have 15 detailed investigations relating to section 46. Off the top of my head, I am not quite sure whether or not any of those 15 involve price discrimination. Let us take it on notice and we will give you an answer.</p>	23/09/2010	E93 (02/06/2010)
<b>BET - 71</b>	<b>Joyce</b>	ACCC	Complaints - Anti Competitive Prices	<p><b>Senator JOYCE</b>—Has the ACCC received any complaints alleging anticompetitive price discrimination?</p> <p><b>Mr Cassidy</b>—I dare say we have. I cannot tell you the number. Again, I will take that on notice and give you a number if you like.</p>	23/09/2010	E94 (02/06/2010)
<b>BET - 72</b>	<b>Joyce</b>	ACCC	Small Business Collective Bargaining Applications	<p><b>Senator JOYCE</b>—I am not going to pursue it. You are wrong. I am bigger than that. Can the commission indicate how many small business collective bargaining applications under the Trade Practices Act it has received since the last estimates?</p> <p><b>Mr Cassidy</b>—I note that the total of collective bargaining notifications has been 22 since the amendment was introduced. I am just not quite sure what it is since the last estimates.</p> <p><b>Mr Chadwick</b>—I probably do not have them with me here since the last estimates only.</p> <p><b>Senator JOYCE</b>—What does that mean? Just translate that. What does</p>	23/09/2010	E96 (02/06/2010)

				<p>that mean?</p> <p><b>Mr Chadwick</b>—I think it means I do not have the figures here—we can take it on notice—of how many collective bargaining notifications there have been.</p> <p><b>Senator JOYCE</b>—You can take it on notice and get back to me.</p> <p><b>Mr Cassidy</b>—There have been 22 since the amendment was introduced. I do not think we know immediately how many it was since the last estimates.</p>		
<b>BET - 73</b>	<b>Joyce</b>	ACCC	Horticulture Code of Conduct	<p><b>Senator JOYCE</b>—Can the commission indicate how many complaints it has received in relation to the Horticulture Code of Conduct since the last estimates, so we do not go back to 1974?</p> <p><b>CHAIR</b>—November?</p> <p><b>Senator JOYCE</b>—Since the last estimates.</p> <p><b>CHAIR</b>—February.</p> <p><b>Senator JOYCE</b>—I do not care—whichever one makes it convenient. Just give me a number.</p> <p><b>Mr Samuel</b>—Well, it had better be an accurate number.</p> <p><b>Senator JOYCE</b>—We are going all right so far. We just had a substantial lessening of competition test in section 46, so that was a big advancement. I will put that in the act tomorrow.</p> <p><b>Mr Cassidy</b>—Again, I do not think we have a figure since the last estimates. So we had better take that on notice.</p> <p><b>Senator JOYCE</b>—You had better take that on notice as well.</p>	24/09/2010	E96 (02/06/2010)
<b>BET - 74</b>	<b>Xenophon</b>	ACCC	Gambling	<p><b>Senator XENOPHON</b>—On a related issue, recently in the <i>Australian</i> Professor Kevin Harrigan from the University of Waterloo in Canada gave a number of lectures about the design of poker machines and features of near misses and losses disguised as wins, where you play 10 lines in a poker machine, you lose on nine but you win on one and it comes up as a win in terms of reinforcing that. Is this something that the ACCC has looked at? What liaison is there between the ACCC and various gambling regulators about issues of machine design? You may wish to take this on notice. It is a genuine question based on Professor Harrigan’s recent evidence in Australia about features and machines that could be inherently misleading to consumers.</p> <p><b>Mr Cassidy</b>—Yes. We will have to take that on notice.</p>	30/09/2010	E98
<b>BET - 75</b>	<b>Xenophon</b>	ACCC	Unit Pricing Code of Conduct	<p><b>Senator XENOPHON</b>—Perhaps I will correspond with you further in relation to that. That would be useful. In answer to question No. 1 placed on notice in February, the ACCC stated that at the time it had spent \$313,924 of the \$1 million allocated to administer the unit pricing code of conduct in the 2009-10 financial year. Can you tell me how much more of that has been spent in this financial year? Can you give a breakdown of</p>	21/12/2010	E98-99 (02/06/2010)

				<p>that money? Perhaps that latter part of the question could be taken on notice.</p> <p><b>Mr Ridgway</b>—We might have to take the question, which is back to the amounts expended, on notice.</p> <p><b>Mr Cassidy</b>—What we will have to do here is actually add up the different things we have done and what we have spent on the picture in total. It is not something that just falls out of our system.</p> <p><b>Senator XENOPHON</b>—Sure.</p> <p><b>Mr Cassidy</b>—Let us take it on notice.</p>		
<b>BET - 76</b>	<b>Xenophon</b>	ACCC	Petrol Pricing	<p><b>Senator XENOPHON</b>—Thank you. I want to move to the issue of petrol pricing. I understand that the ACCC provided—if I am wrong, I am sure you will correct me—a confidential report on anticompetitive behaviour in the petrol pricing market to the Minister for Competition Policy and Consumer Affairs in December 2009. Are there any plans to release this report publicly?</p> <p><b>Mr Samuel</b>—That is a matter for government.</p> <p><b>Mr Cassidy</b>—I would have to say that, if it were to be released, it would have to be somewhat redacted because it contains information that we had obtained under our section 155 powers. There is a specific legal prohibition in that section against making that information available other than to—</p> <p><b>Senator XENOPHON</b>—Perhaps I should direct it to the minister.</p> <p><b>Mr Cassidy</b>—But it is an issue for government.</p> <p><b>Senator XENOPHON</b>—In relation to the confidential report on anticompetitive behaviour in the petrol pricing market that was provided to the Minister for Competition Policy and Consumer Affairs in December 2009, is the government proposing to release that report, even in a redacted form, given that Mr Cassidy has said some aspects of it cannot be released?</p> <p><b>Senator Sherry</b>—I will have to take that on notice. I will personally discuss it with Minister Emerson and see how we can facilitate it.</p>	24/05/2011	E99 (02/06/2010)
<b>BET - 77</b>	<b>Xenophon</b>	ACCC	Petrol Pricing Monitoring	<p><b>Senator XENOPHON</b>—I want to go to the issue of petrol. Can the commission indicate how much it has spent on the issue of petrol price monitoring and the monitoring of issues of competitive behaviour in the market, including the wholesale market, in the last 12 months.</p> <p><b>Mr Cassidy</b>—Again, can we take that on notice?</p> <p><b>Senator XENOPHON</b>—Sure.</p>	30/09/2010	E100 (02/06/2010)
<b>BET - 78</b>	<b>Xenophon</b>	ACCC	Uniform Pricing by Supermarkets	<p><b>Senator XENOPHON</b>—Has the ACCC welcomed the move by, I think, Coles and Woolworths to have uniform pricing over a number of their products throughout their stores?</p> <p><b>Mr Samuel</b>—In fact, we had this discussion, I think I recall, two Senate</p>	29/09/2010	E101-102 (02/06/2010)

				<p>estimates committees ago, Senator. What I said—</p> <p><b>Senator XENOPHON</b>—It is an oldie but a goodie, though.</p> <p><b>Mr Samuel</b>—Yes. It is an old but good one. I think I indicated at the time that the general reaction from consumers seemed to be to welcome that. Insofar as consumers are better able to assess the competitive offerings of different suppliers and that is facilitated by having similar prices across geographic regions, so be it. But there is no process for the ACCC to approve or disapprove of geographic price differentials that are charged by suppliers. That is just not part of the act.</p> <p><b>Senator XENOPHON</b>—I understand that. But whilst you do not have a role in respect of that because there are no laws at the moment for uniform pricing, does the commission monitor claims by major supermarket chains insofar as they make claims that they have uniform pricing?</p> <p><b>Mr Samuel</b>—There is no question that if a claim is made that in marketing a product they have uniform pricing—</p> <p><b>Senator XENOPHON</b>—Which has been the case.</p> <p><b>Mr Samuel</b>—which is not the case—</p> <p><b>Senator XENOPHON</b>—But they have, have they not?</p> <p><b>Mr Samuel</b>—That is correct, yes. But if in fact it was demonstrated that that was not the case in practice, that may well form a basis for an investigation as to misleading and deceptive conduct.</p> <p><b>Senator XENOPHON</b>—That is right. My question is: given that it has been a marketing tool by a couple of the chains that they have the same prices across the metropolitan region across the state, has there been any monitoring by the ACCC of the veracity of those claims?</p> <p><b>Mr Samuel</b>—I think it is fair to say that since the claims were made so widely and so publicly, the matter has been under constant review by the commission.</p> <p><b>Senator XENOPHON</b>—Does ‘review’ mean—</p> <p><b>Mr Samuel</b>—A review means monitoring, watching and checking.</p> <p><b>Mr Cassidy</b>—We have checked, yes.</p> <p><b>Senator XENOPHON</b>—Perhaps on notice you could indicate the extent of checking in respect of that.</p> <p><b>Mr Samuel</b>—Yes, without going over the line of not commenting upon matters we may or may not be investigating.</p>		
<b>BET - 79</b>	<b>Xenophon</b>	ACCC	Country-Of-Origin Claims	<p><b>Senator XENOPHON</b>—Sure. I understand the constraints. I think the Chair might be generous in giving me one more minute. Can the commission indicate the number of complaints it has received on country-of-origin claims since the last estimates, in terms of food labelling?</p> <p><b>Mr Samuel</b>—We will have to take that one on notice, I think.</p>	23/09/2010	E102 (02/06/2010)

<b>BET - 80</b>	<b>Bushby &amp; Eggleston</b>	ACCC	New Release DVDs	<p><b>Senator BUSHBY</b>—Can the commission indicate if the supermarket chains lodged a notification under the Trade Practices Act in relation to exclusive dealing involving the DVDs?</p> <p><b>Mr Samuel</b>—We are not aware that they have, Senator.</p> <p><b>Senator BUSHBY</b>—But you can check it and take it on notice, just to make sure? Thank you. Can you indicate the length of time it took to investigate the matter?</p> <p><b>Mr Cassidy</b>—Sorry?</p> <p><b>Senator BUSHBY</b>—The length of time it took to investigate.</p> <p><b>Mr Bezzi</b>—We received the matter on 9 December and we closed it on 24 March.</p> <p><i>* Senator Eggleston submitted this question in writing on 8 June 2010.</i></p> <p>Can the Commission update the Committee on the Commission's investigation regarding the major supermarket chains offering DVDs at greatly reduced prices when a certain amount of groceries were purchased?</p> <p>Can the Commission indicate what areas of the Trade Practices Act the Commission considered in the DVD matter?</p> <p>Did the Commission consider allegations of predatory pricing?</p> <p>Did the Commission consider possible breaches of the Birdsville Amendment?</p> <p>Can the Commission indicate if the supermarket chains lodged a notification under the Trade Practices Act in relation to exclusive dealing involving the DVDs?</p> <p>Can the Commission indicate the length of time it took to investigate the matter?</p>	28/09/2010	E107 (02/06/2010) & in writing
<b>BET - 81</b>	<b>Bushby &amp; Eggleston</b>	ACCC	Telecommunications Scams	<p><b>Senator BUSHBY</b>—I have some questions about so-called telecommunications scams. Can you indicate how many complaints the commission has received from small businesses in relation to telco finance scams, where cheap calls are offered and so-called free plasma TVs or similar equipment are offered as part of the deal?</p> <p><b>Mr Gregson</b>—The ACCC has a matter before the courts involving allegations similar to that which you have raised. We have received a large number of complaints not only in relation to those matters before the court but also in relation to perhaps similar conduct.</p> <p><b>Senator BUSHBY</b>—Can you indicate the scale? What does 'a large number' mean?</p>	23/09/2010	E107 (02/06/2010) & in writing

				<p><b>Mr Gregson</b>—I might have to take that on notice, Senator.</p> <p><b>Senator BUSHBY</b>—Are we talking tens, hundreds, thousands?</p> <p><b>Mr Gregson</b>—I think we will take it on notice, Senator—but certainly more than tens.</p> <p><b>Senator BUSHBY</b>—Obviously you have investigated those to some extent because you have a matter before the court. I presume that there are other cases or other allegations that have been raised that you are currently looking into as well?</p> <p><b>Mr Gregson</b>—Certainly; we look at a number of those complaints. We also look at other ways of ensuring compliance outcomes not only by education but also by working with others in the industry to try to address some of our concerns.</p> <p><i>* Senator Eggleston submitted this question in writing to the committee on 8 June 2010.</i></p> <p>Will Mr Samuel indicate how many complaints it has received from small businesses in relation to Telco Finance Scams where cheap calls and so called free plasma TVs and telecommunications equipment are offered?</p> <p>Will the ACCC outline if it has investigated the cases of Telco Scams of the ACCC’s investigation into Telco Scams? When is the ACCC likely complete the investigation? If it has been already completed what was the outcome?</p> <p>Will the ACCC indicate what action it is taking to assist small businesses/ offerees that have signed bundled Telco Scams contracts from further Financial harm and hardship?</p>		
BET - 82	Bushby & Eggleston	ACCC	Dispute Resolution Process	<p><b>Senator BUSHBY</b>—Can the commission indicate whether it advises small business complainants to pursue mediation as a precondition to the commission investigating a small business complaint?</p> <p><b>Mr Samuel</b>—Certainly not as a precondition, no. But in appropriate cases, it may well be that we would try to direct parties or advise parties to go into a mediation, particularly where there would not appear on the surface to be a direct breach of the Trade Practices Act involved or the various codes of conduct. In some cases, we may even assist in bringing about that mediation process. But it is certainly not a precondition to investigation.</p> <p><b>Mr Cassidy</b>—Particularly in relation to the codes—the franchising code,</p>	28/09/2010	E110 (02/06/2010) & in writing

the horticultural code and the petroleum industry code—because there are mediation processes provided for each of those codes.

**Senator BUSHBY**—Is it a precondition in those codes?

**Mr Cassidy**—No, it is not a precondition either. But, depending on the nature of the complaint, quite often they can be resolved more quickly and cheaply through that mediation process than, say, if the matter were to proceed to litigation.

**Mr Bezzi**—I will just add in relation to franchising that it is usually a continuing relationship, so the last thing that the parties really want is to be in protracted litigation. They really need to try to resolve the thing quickly through a mediator, if possible. So while we do not require it, often people are encouraged to facilitate it.

**Senator BUSHBY**—On those codes, has the commission received any formal complaints from mediators under any of them—the franchising, oil or horticultural codes—particularly regarding possible breaches?

**Mr Cassidy**—We refer obviously to a lot of mediators, where we have a complaint that we think is suitable for mediation. Similarly, the mediators, if they have someone come in where the conduct is basically fairly egregious, they will say to them, ‘Look, we think this is a matter that you should be taking up with the ACCC’, and they will cross-refer to us. So we do have those arrangements with each of the mediators.

**Senator BUSHBY**—What about regarding specifically possible breaches of the dispute resolution processes under those codes?

**Mr Samuel**—Well, if it is a breach of the code itself, it is more likely to be referred to us for enforcement action, being a breach of the code.

**Senator BUSHBY**—By whom? The mediator?

**Mr Samuel**—Generally what happens is that the mediator discerns that the dispute cannot be resolved and/or that there is a breach of the code that is involved. That may be referred to us for appropriate investigation and enforcement action.

**Senator BUSHBY**—Can the commission indicate how many complaints it has received in relation to possible breaches of the dispute resolution processes under those three codes?

**Mr Samuel**—I would have to take that on notice.

*\* Senator Eggleston submitted this question to the committee in writing on 8 June 2010.*

Can the Commission indicate whether it advises small business



				<p>complainants to pursue mediation as a pre-condition to the Commission investigating a small business complaint?</p> <p>Has the Commission received any formal complaints from mediators under the Franchising Code, Oilcode or the Horticulture Code regarding possible breaches of the dispute resolution processes under the Codes?</p> <p>Can the Commission indicate how many complaints it has received in relation to possible breaches of the dispute resolution processes under the Codes?</p>		
<b>BET - 83</b>	<b>Bushby</b>	ACCC	Dispute Resolution Process #2	<p><b>Senator BUSHBY</b>—Has the commission ever conducted a full investigation into specific alleged breaches of the dispute resolution processes under the codes?</p> <p><b>Mr Ridgway</b>—In my experience, the number of concerns that we have had raised with us directly related to conduct in relation to the mediation requirements have been resolved upon contact from the ACCC to the other party to clarify their obligations on the one hand where it has been perhaps unclear to them. Increasingly, the trend has been under the franchising code for franchisors to raise concerns about franchisees not meeting the obligations they feel they should be meeting. Sometimes clarification has assisted. On other occasions, it has become apparent that the concern has not been substantiated so it has not required further investigation.</p> <p><b>Senator BUSHBY</b>—Well, that is very useful. So the answer ultimately is that you have not actually conducted a full investigation because they have been resolved in other ways?</p> <p><b>Mr Cassidy</b>—Let us take it on notice. I think the tenor of what you are getting is that they are probably fairly few.</p>	23/09/2010	E110-111 (02/06/2010)
<b>BET - 84</b>	<b>Bushby &amp; Eggleston</b>	ACCC	Unconscionable Conduct	<p><b>Senator BUSHBY</b>—I will just finish these questions about unconscionable conduct. Does the commission consider unconscionable conduct a priority enforcement area?</p> <p><b>Mr Samuel</b>—I think I covered that in my opening statement, Senator, as to our position there.</p> <p><b>Senator BUSHBY</b>—Some of these have been asked already. Senator Joyce asked them. Can the commission indicate how many acquisitions it has considered in the grocery sector by reference to local markets since the last estimates?</p> <p><b>Mr Cassidy</b>—Again, Senator, it might be easiest if we take that on notice.</p> <p><b>Mr Grimwade</b>—Look, I think we will have to take that on notice. It would be a handful, I imagine, if not that.</p>	23/09/2010	E111 (02/06/2010) & in writing

				* Senator Eggleston submitted this question to the committee in writing on 8 June 2010.		
<b>BET - 85</b>	<b>Abetz</b>	ACCC	King Island Brand Management Group	<p><b>Senator ABETZ</b>—Or rabbits, yes. But I will not take that point any further. Has your attention been drawn to the King Island <i>Courier</i> front page article of 19 May 2010 in which the King Island brand management group say they are struggling with ACCC ambiguity? From the article it seems as though you have been engaging with the group and providing information, if I might say, to the King Island <i>Courier</i> as well. You are responding to them. In the question, I want to compliment you for doing that because it would be very easy to try to ignore a relatively small and regional community and paper, so good on you for engaging with them. But that article did refer to ACCC ambiguities. Have you tried to assist the group to understand those ambiguities and get over those ambiguities? Have you confirmed that there are ambiguities in the laws that you have to administer that occasion some difficulty for you?</p> <p><b>Mr Cassidy</b>—Senator, I do not know which part of the question to take first. I think the ambiguities are probably the sorts of things I was just referring to about not having bright lines, if you like, around exactly what constitutes ‘produced on King Island’. We have been dealing with local people and entities on King Island in relation to the issue. I must confess that I am not aware of that particular article in the King Island <i>Courier</i>. But what we will do, if you can give us the article, is take the question on notice and perhaps give you a bit more detail about what is said in the article.</p>	23/09/2010	E112 (02/06/2010)
<b>BET - 86</b>	<b>Eggleston</b>	ATO	Superannuation Fraud	<p><b>Senator EGGLESTON</b>—This is about superannuation fraud and police investigation of a scam using superannuation fraud and transferring funds, using a false identity, to other accounts. This has been under investigation in New South Wales. I understand the minister, in 2009, put a public watch out for superannuation scams which, of course, would concern everybody. It has been said the real problem is that the police are frustrated because private and self-managed funds refuse to provide details of their accounts, on the grounds of privacy. The question has been put to me to ask whether or not a different body should be administering private and self-managed insurance funds, because there appears to be a degree of fraud in that area. Do you have any comment on that, Minister?</p> <p><b>Senator Sherry</b>—The self-managed super funds sector is overseen by the ATO, so issues in respect of the self-managed super funds sector would not come to APRA. The only issue, and there might be some comment about this, is that I am aware there have been actual cases of fraud involving false self-managed super funds established in order to access</p>	30/09/2010	E8-E9 (03/06/2010)

				<p>funds from prudentially regulated funds, which would fall into APRA's area. One of the officers might like to make some comment about that aspect, but the oversight of SMSFs is for the ATO.</p> <p><b>Mr Venkatramani</b>—We have been working very closely, apart from with the industry, with the ATO in terms of transfers between other funds and their funds, as well as with the federal police with reference to general criminal activity in terms of identity theft et cetera. Following on from that we have recently issued guidance to other own entity trustees, giving clear guidance as to what other things they should be looking for and what proactive steps they can take to minimise fraud. In doing this, obviously we feel one aspect of the operational risk management of trustees will require a proper risk management framework and controls, and we also need to be mindful of doing it in such a fashion to balance it so that legitimate requests for transfers are not stymied. So it is something that we are working on constantly with the industry, making presentations, and we have even suggested to the industry that where fraud occurs, or attempted fraud occurs, the industry would be better off sharing that information to form defences against fraudsters.</p> <p><b>Senator EGGLESTON</b>—That sounds like a very sensible idea. I am advised the Federal Police have not taken action on these matters for over 12 months, in spite of warnings given to them. It was suggested that there should be amendments to strengthen proof of identity and security of transfer provisions. What is the scale of this problem of removal of funds from superannuation funds through fraud? Is that a question for this group?</p> <p><b>Senator Sherry</b>—I do know that the ATO, who are responsible for the self-managed super funds sector, would have some further information they could provide. It is not my direct ministerial remit, but I am aware that the ATO has been issuing warnings and actually giving some examples of the way in which the SMSF is used illegally as a vehicle to access funds from superannuation via transfer from an APRA regulated fund. As I have indicated, that aspect of this matter, and it is the SMSF that is used as the vehicle for illegal access and fraud, is a matter for the ATO. I will take your question on notice, because I am confident the ATO could provide some more detailed information on this, and we will provide that to you.</p> <p><b>Senator EGGLESTON</b>—I will have a discussion with you after and advise you who the questions came from. Then you might like to deal with that individual fairly directly.</p>		
<b>BET - 87</b>	<b>Bushby</b>	APRA	Subprime Financial Crisis - Fund	<b>Senator BUSHBY</b> —In terms of the top quartile performance of large or large-ish funds, has there been any major movement in their ranking	29/09/2010	E13 (03/06/2010)

			Rankings	because they have had to bring to book major losses in their unlisted assets in particular? <b>Mr Chapman</b> —We would have to take that on notice to give you a detailed answer.		
<b>BET - 88</b>	<b>Cameron</b>	APRA	European Commission - Hedge Funds	<p><b>Senator CAMERON</b>—Can anyone explain to me the proposal that is before the EU Commission at the moment for a directive on alternative investment fund managers?</p> <p><b>Mr Chapman</b>—I doubt whether we can.</p> <p><b>Senator CAMERON</b>—Could you take that on notice?</p> <p><b>Senator Sherry</b>—We have the markets group coming next. They may well be able to give you more information. To the extent that hedge funds are used in prudentially regulated superannuation funds it is a subinvestment category. They have outlined the areas of interest here at APRA. The direct oversight of the hedge fund sector is something for ASIC but the markets group would have some information.</p> <p><b>Mr Chapman</b>—APRA were the overseers of much of these issues and—</p> <p><b>Senator Sherry</b>—Not of hedge funds specifically.</p> <p><b>Senator CAMERON</b>—No, I am not talking about hedge funds; I am talking about superannuation funds that are investing in hedge funds. This is where the link comes to APRA, from my perspective. APRA needs to have, I would think, some understanding of the risks that superannuation funds would take when they invest in hedge funds. Is that a proper analysis?</p> <p><b>Mr Chapman</b>—That is a fair statement, and we would need to understand the risks when they invest in infrastructure, equities, fixed interest, foreign investment, et cetera. We would not be looking specifically at what the proposals are around the world on how those hedge funds should be regulated.</p> <p><b>Senator CAMERON</b>—I am sure the market group is listening in so I am just letting people know that I will be raising this issue.</p> <p><b>Mr Venkatramani</b>—In addition to the issues of responsibility of ASIC and the market group, as far as we are concerned hedge funds are one sector into which our superannuation funds can invest. I go back to the statements made by Dr Laker and Mr Trowbridge: in assessing the capacity for regulated institutions to properly care for beneficiaries we first put that test on them. Do you understand what you are investing in? Can you tell me what can go wrong here and what you will do if it does, in terms of member balances, your ability to pay your members on time, sudden drops in value, simply not being able to get hold of information if that hedge fund is operated out of, say, Cayman Islands or British Virgin Islands?</p>	28/09/2010	E19-20 (03/06/2010)

				<p><b>Senator CAMERON</b>—I accept that. I would expect that to happen. But in terms of hedge funds, this is a particular area where the European Commission are now saying that hedge funds were part of the problem in the global financial crisis, and that hedge funds are a significant area that requires regulation. That is what they are saying. If you do not know about it can I ask you to take it on notice? I do think it is important in the context of your supervision of superannuation funds that you have a look at the directive on alternative investment fund managers and advise this committee as to whether it has any implications for your prudential supervision of superannuation funds.</p> <p><b>Dr Laker</b>—We will take that on notice.</p>		
<b>BET - 89</b>	<b>Cameron</b>	APRA	European Commission - Hedge Funds 2	<p><b>Senator CAMERON</b>—Yes, I just thought you were a bit defensive. In terms of where I am coming from, I accept and understand that you cannot regulate hedge funds, but you can regulate the behaviour of superannuation trustees and funds who are making investments in this area. So what I am asking you is: is it appropriate that there be some education programs on these types of funds, given the concerns that are being raised in this report? I have not read the report in great detail; it has only just come out. I am just asking you: does this provide any warning bells for our superannuation industry and for you as a regulator that we might need more education of trustees in relation to investment in this type of investment group, which is hedge funds? Should there be some standards set for superannuation trustees in relation to investing, and what checks and balances do we have to make sure we can get the gains of hedge funds if they are there, with the appropriate protections? That, in my view, is what APRA should be about and that is why I have raised it in this session with you.</p> <p><b>Mr Chapman</b>—Yes. We will take that on board.</p> <p><b>Dr Laker</b>—We will certainly take it on board. I think, while we have mentioned this in other contexts, I need to add here that the Cooper review may well have views about the role of trustees and investor choice. So by the time we meet next we will have the recommendations of Cooper in this area, if it addresses these questions.</p> <p><b>Senator CAMERON</b>—Could I just ask you a general question then to take on notice. Could you have a look at the European proposals—</p> <p><b>Dr Laker</b>—We certainly will.</p> <p><b>Senator CAMERON</b>—and have a look at this report and give me and this committee your view as to whether there are any issues that arise from this that APRA should be dealing with?</p> <p><b>Dr Laker</b>—I will take that as a question on notice and we can reply formally.</p>	28/09/2010	E21 (03/06/2010)

<b>BET - 90</b>	<b>Cameron</b>	APRA	APRA Staffing	<p><b>Senator CAMERON</b>—If we look at it conservatively, seeing as that word is being bandied around, you have 600 odd staff so you lose 60-odd staff a year. What are the implications of the proposed freeze by the opposition if you cannot replace 120 staff over two years?</p> <p><b>Dr Laker</b>—The turnover number at the moment is eight per cent so, as I say, it is in the high single digits. At the moment we are fully staffed and stretched with those numbers. We have been supported by the additional funding we got from government over a four-year period. We know that that has two more years to run. Beyond that, in any event, we would need to talk to government about appropriate resourcing. We are working that discussion up within APRA, because there is quite a drop down in our funding down the track. In the end it is a decision for the government of the day to work out what is the appropriate commitment of society's resources to a prudential regulator. The industry funds that but the government make that decision; we have accepted that. So I would wait and see what the government had in mind at the time for the kind of intensity of supervision that was expected of APRA, and we would work within that.</p> <p><b>Senator CAMERON</b>—Sure. You are being very diplomatic, and I can understand that, but I am after a bit more meat than that response, I must say. In terms of losing 120 staff, do they go from across the board, from your very high-level staff down?</p> <p><b>Dr Laker</b>—Senator, can I just understand where the 120 comes from. I was looking through my papers when you asked about it before.</p> <p><b>Senator CAMERON</b>—That would be roughly a 10 per cent turnover of staff with a two-year freeze.</p> <p><b>CHAIR</b>—I will have to ask Dr Laker to take that on notice because we are at the morning tea break and the end of APRA's appearance.</p>	28/09/2010	E25 (03/06/2010)
<b>BET - 91</b>	<b>Humphries</b>	Treasury	Dwelling Investment	<p><b>Senator HUMPHRIES</b>—I want to ask about the reference in Budget Paper No. 1, on page 217, under the heading 'Dwelling investment': Demand in the sector is expected to be supported over the forecast period by strong population growth, rising incomes and a positive employment outlook, but tempered by higher mortgage interest rates. Could you give me an idea of what sort of work Treasury has done to support that statement?</p> <p><b>Dr Kennedy</b>—Unfortunately, those questions would normally go to the Macroeconomics Group who prepare the forecast. I can talk in general terms, and I will, around the housing market forecast, but our Macroeconomics Group prepares the budget forecast and makes those assessments, although we feed into them. I am happy to make a couple of remarks. Were you particularly interested in an aspect of that</p>	28/09/2010	E26 (03/06/2010)

				<p>assessment—the demand aspect?</p> <p><b>Senator HUMPHRIES</b>—I am particularly interested in the higher interest rates aspect. When you make reference to higher interest rates, do you have a projection or modelling on how high interest rates might go?</p> <p><b>Dr Kennedy</b>—I am sorry, Senator, but that is a question that would have to go directly to the Macroeconomics Group. They have a set of assumptions they use in preparing the forecasts. I am sorry that I cannot provide you with that detail, but I would be happy to take it on notice for you. I do know for a fact that they do not independently forecast those interest rates. They have an assumption that they use. In the past it was a 30-day average struck at the time when the forecasts were prepared. I noticed that in more recent times people have tended to use the forward curve—what the market is suggesting interest rates will be. I do not have those technical details with me. The assumptions are usually outlined in the section that discusses the forecast. I will ask one of my colleagues whether he can find that assumption for you.</p> <p><b>Senator HUMPHRIES</b>—Thank you. I could find assumptions about growth and unemployment but not one about interest rates. I would be grateful if you could direct me to that.</p> <p><b>Mr Lonsdale</b>—The key assumptions are outlined on page 2-7, but the issue of interest rates is not explicitly one of those.</p> <p><b>Dr Kennedy</b>—We will take that on notice for you and talk to our colleagues in Macro Group and tell you how that was derived.</p> <p><b>Senator HUMPHRIES</b>—Thank you very much.</p>		
<b>BET - 92</b>	<b>Joyce</b>	Treasury	RSPT and the Financial Sector	<p><b>Senator JOYCE</b>—Okay has Treasury consulted with the financial sector on whether banks will adjust finance costs to reflect the role of government as the silent partner in the RSPT?</p> <p><b>Mr Lonsdale</b>—In terms of the work of the Markets Group it has not been the case, but in the case of other parts of the Treasury that could well have been the case. We would have to check.</p> <p><b>Senator Sherry</b>—To that extent we will take it on notice.</p>	30/09/2010	E26 (03/06/2010)
<b>BET - 93</b>	<b>Joyce</b>	Treasury	Australia's Debt	<p><b>Senator JOYCE</b>—I put a question on notice to Treasury last time—and I got an answer back—about the overall portion of indebtedness of Australia to all sectors in relation to other countries. I think we came in as the sixth most indebted nation as a percentage of GDP in the world. What is the total amount of the debt from all sectors, both the public sector and the private sector?</p> <p><b>Mr Lonsdale</b>—I do not have those figures with me. In fact I think it is something that I would have to draw on from other groups to come back to you.</p> <p><b>Senator JOYCE</b>—Can you come back to me with that?</p>	29/09/2010	E27 (03/06/2010)

				<p><b>Mr Lonsdale</b>—I am happy to take that on notice.</p> <p><b>Senator JOYCE</b>—I also want to know how much of that is rolling, and what the terms are of that debt. How much is it? Is it 90 days? What is the tenure of that debt?</p> <p><b>Mr Lonsdale</b>—I suspect it would be difficult to get that level of granularity, but I am happy to check.</p> <p><b>Senator JOYCE</b>—Have a go at it.</p>		
<b>BET - 94</b>	<b>Joyce</b>	Treasury	Australia's Debt - Private Sector	<p><b>Dr Kennedy</b>—Excuse me, Senator, but, as John was saying, there is some information on the maturity of foreign debt that is held that the Reserve Bank regularly publishes an assessment of the maturity of. My understanding in broad terms is that it has gone out in more recent times as people have tended to borrow on a longer basis through the global financial crisis. But John is right: to get the details we will have to go to macroeconomic group and talk to them about that. Off the top of my head, I think foreign debt as a proportion of GDP is—</p> <p><b>Senator JOYCE</b>—Fifty-six per cent or something.</p> <p><b>Dr Kennedy</b>—Yes, I thought around 60 per cent of GDP.</p> <p><b>Senator JOYCE</b>—What I am trying to break down is when people say, ‘Oh well, that’s all invested in mining projects,’ I do not think it is. I think the vast majority of it is invested in houses. What proportion of Australian debt is for the purchase of domestic housing?</p> <p><b>Mr Lonsdale</b>—So private-sector debt?</p> <p><b>Senator JOYCE</b>—Yes.</p> <p><b>Mr Lonsdale</b>—Again, I would have to check that. I do not have that data.</p> <p><b>Senator JOYCE</b>—From what I recollect, it is about \$1.3 billion—sorry, \$1.3 trillion in total debt—</p> <p><i>Senator Cameron interjecting—</i></p> <p><b>CHAIR</b>—Senator Joyce, sorry about that. Please keep going.</p> <p><b>Senator JOYCE</b>—of which \$850 billion is held by the bank sector. Half of that again is just for housing, and about the same amount that is in housing is on terms of 90 days. I just want to clarify that, because this is part of correspondence that is going around. I want to get to the bottom of it.</p> <p><b>Mr Lonsdale</b>—Sure, we are happy to talk to our macroeconomic colleagues and come back to you.</p>	21/12/2010	E27 (03/06/2010)
<b>BET - 95</b>	<b>Joyce</b>	Treasury	Australia's Debt - Investment	<p><b>Senator JOYCE</b>—What countries have less debt than us? Or what countries have more? From the answer I got back on notice, the ones that were more than us were Greece, Iceland, Ireland, Hungary, Portugal and Spain.</p> <p><b>Mr R Murray</b>—New Zealand.</p> <p><b>Senator JOYCE</b>—And New Zealand. That was about it. Every other</p>	28/09/2010	E28 (03/06/2010)



			<p>country was better off than us.</p> <p><b>Mr R Murray</b>—Here you are talking about figures of total debt and of course a lot of those countries have significant deficits. As you know with Greece, it has a very long history of a significant lack of credibility in financial markets and that translates through, when you look at it, to the significant premium on all of their government debt, but also on their private debt. So when you say whether countries are better off or worse off, then I think you would need to take into account all of those factors. We have been, over a very long period, a net importer of capital. That has waxed and waned. A lot of this is because we have significant investment opportunities. If you look at the overall savings record within Australia, in fact taking into account total savings—so that is by the business sector, the household sector and the government sector; the government sector has to be taken into account as well—we have a pretty good track record against OECD countries from a saving point of view. But particularly over recent times we have had significant investment—</p> <p><b>Senator JOYCE</b>—Where is that significant investment?</p> <p><b>Mr R Murray</b>—It is true that in the early part of this decade some of that was driven by the housing sector, but in recent times most of that build up in private investment to GDP has in fact been in the business sector, and a lot of it in the resources sector.</p> <p><b>Senator JOYCE</b>—In the resources sector, right.</p> <p><b>Mr R Murray</b>—So you need to take into account all of those issues.</p> <p><b>Senator Sherry</b>—A lot of it is in the resources sector.</p> <p><b>Senator JOYCE</b>—That is interesting.</p> <p><b>Mr R Murray</b>—But it is not the only place where there has been a lot of business investment.</p> <p><b>Senator JOYCE</b>—But that is by far and away the majority of it.</p> <p><b>Mr R Murray</b>—No, I am not sure that that is true.</p> <p><b>Senator JOYCE</b>—If not, then where is it?</p> <p><b>Mr R Murray</b>—I would have to check that; I am not sure if that is true.</p> <p><b>Senator Sherry</b>—Senator, one of the difficulties here is that—you referred to this in your earlier reference to the answer which was provided by the macro group—we are really crossing back into significant areas of responsibility of the macro group. If you want to ask, as I suspect you will, some detailed questions about foreign investment in Australia then there certainly are issues in relation to foreign investment in Australia we could go to, because that is the direct responsibility of the markets group. But the broader macro issues of national debt, government debt and private debt are issues for macro.</p>		
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<b>BET - 96</b>	<b>Joyce</b>	Treasury	Resource Sector	<p><b>Dr Kennedy</b>—This might help, Senator: as a proportion of GDP, about six per cent of GDP is allocated to housing construction. So that is roughly the size of the economy in terms of activity that is housing—that is renovations as well as new housing. But I cannot go much further into the details.</p> <p><b>Senator JOYCE</b>—So how much of the economy is in the resource sector?</p> <p><b>Mr R Murray</b>—Again, these questions should really go to macro group. But from recollection, it is about six per cent.</p> <p><b>Dr Kennedy</b>—Roughly the same.</p> <p><b>Mr R Murray</b>—About two per cent by employment, something like that.</p> <p><b>Dr Kennedy</b>—But, Senator, we would have to take these detailed questions on notice and ask our colleagues in macro group for the figures. It is not something that we do.</p> <p><b>Senator JOYCE</b>—If there is a discernible effect in the resource sector, what will be the effect for our economy?</p> <p><b>Senator Sherry</b>—Can you clarify ‘discernible effect’—</p> <p><b>Senator JOYCE</b>—If there is a downturn in the resource sector in the long term, what will be the vulnerabilities in our economy?</p> <p><b>Mr R Murray</b>—You should really ask the macro group that question. We can take that on notice, but that really is a question for the macro group.</p> <p><b>Dr Kennedy</b>—These are questions for Dr Gruen, who appeared in front of you yesterday.</p>	28/09/2010	E29 (03/06/2010)
<b>BET - 97</b>	<b>Joyce</b>	Treasury	Government Borrowing	<p><b>Senator JOYCE</b>—Is government borrowing in capital markets having an impact on the quantity and cost of finance available to the private sector?</p> <p><b>Mr Lonsdale</b>—Again, that is difficult for me to comment on. That would be something that I would have to consult on with our macroeconomic colleagues. I am not aware that that is happening.</p> <p><b>Senator JOYCE</b>—Could you take that one on notice.</p> <p><b>Mr Lonsdale</b>—I am happy to, yes.</p>	21/12/2010	E30 (03/06/2010)
<b>BET - 98</b>	<b>Joyce</b>	Treasury	House Prices	<p><b>Senator JOYCE</b>—Would you say that the Australian domestic house price is at a high level compared to OECD countries? Do we have a high price for houses or a low price for houses?</p> <p><b>Mr Lonsdale</b>—Again, I think our Macro colleagues would have a better international perspective of the comparison of Australian housing prices to others.</p> <p><b>Dr Kennedy</b>—I could probably help you with that, Senator. If you looked at house price to income ratios in the OECD, I think Australia would have around the fourth highest house price to income ratio.</p> <p><b>Senator JOYCE</b>—The fourth highest?</p> <p><b>Dr Kennedy</b>—Again, we have to check all these facts.</p>	29/09/2010	E31 (03/06/2010)

BET - 99	Cameron	Treasury	Hedge Funds - IOSCO Principles	<p><b>Senator CAMERON</b>—Assistant Professor Baquero, who is part of the team on this report, says, ‘Now is the time to discuss deep, substantial and effective regulation that will genuinely be of use to investors and protect our financial system for the future.’ Do you agree with that proposition?</p> <p><b>Ms Kljakovic</b>—I would agree with that, yes.</p> <p><b>Senator CAMERON</b>—So what are we doing to deal with this deep, substantial—does somebody behind you want to say something? I saw a startled expression behind you.</p> <p><b>Mr Miller</b>—I think the question ignores in some ways what I was saying. We have a fairly strong system already.</p> <p><b>Senator CAMERON</b>—No, it is not ignoring. I was not satisfied with your response. Your response says, ‘This is what we are doing.’ What the professor says is that we need deep, substantial and effective regulation. I did not get the impression from what you said that the regulation is deep, substantial or effective. I am asking the question.</p> <p><b>Ms Kljakovic</b>—Certainly in relation to hedge funds as such, compared against the international principles we stack up very well and we are working to make sure that we stack up even better. I think for hedge funds we do have an external measure that we can say we are doing very well against the IOSCO principles.</p> <p><b>Dr Kennedy</b>—Senator, are your concerns more the global regulation of hedge funds or particularly the—</p> <p><b>Senator CAMERON</b>—Both. This is a global issue but it has got specific issues for Australia because APRA gave evidence to say that some funds have got up to four per cent of their investment in this type of investment instrument. If you take that across Australia, that is a significant amount of investment money going into what this report says is an opaque industry that requires deep, effective and substantial discussion. That is my concern. I just want to make sure that workers whose funds are being invested on their behalf across the industry can be confident that we are doing everything we possibly can to make sure that the concerns that have been raised by this report, the red flag, are being dealt with effectively.</p> <p><b>Senator JOYCE</b>—Dougie would know a lot about red flags.</p> <p><b>Senator CAMERON</b>—You seem to know a lot about all these houses that have taken Australia over, so give us a break, you dope.</p> <p><b>Senator JOYCE</b>—Go back to your red flags.</p> <p><b>Senator CAMERON</b>—No wonder the Libs gave you the flick. That is all I can say to you.</p> <p><b>CHAIR</b>—Can we get an answer to the question, please, from Senator Cameron, Mr Miller?</p> <p><b>Mr Miller</b>—The work that IOSCO are doing is in response to the</p>	29/09/2010	E33-34 (03/06/2010)
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<b>BET - 100</b>	<b>Cameron</b>	Treasury	Treasury Markets Group - Employment	<p><b>Senator CAMERON</b>—I am happy with that. I just did want to raise the red flag because this is a big problem and we certainly need to deal with it. When the red flag is up there you have to deal with it, you see. Dr Kennedy, what is the total employment level in your department?</p> <p><b>Dr Kennedy</b>—In Treasury?</p> <p><b>Senator CAMERON</b>—No, in your specific markets group.</p> <p><b>Dr Kennedy</b>—Mr Murray might be able to help you there.</p> <p><b>Mr Murray</b>—I had all those figures with me yesterday and I have gone and left them back in the Treasury.</p> <p><b>Senator CAMERON</b>—You are obviously pre-empting the question, so, as you are aware, can you give me the responses on notice. I want to know how many employees you have and what your turnover is. Do you have that figure, off the top of your head?</p> <p><b>Mr Murray</b>—Do you mean in terms of this group?</p> <p><b>Senator CAMERON</b>—Yes.</p> <p><b>Mr Murray</b>—I am not sure I have got those figures even back in the Treasury. I am not sure how reliable those figures would be anyhow, given that it is just one segment of the Treasury. Certainly, I can take on notice whether we do have that breakdown.</p>	21/12/2010	E35 (03/06/2010)

				<b>Senator CAMERON</b> —Okay.		
<b>BET - 101</b>	<b>Eggleston</b>	Treasury	State Royalty Scheme	If the state royalty schemes were completely removed, what would be the tax effect, at both the state and federal level?	30/09/2010	Written
<b>BET - 102</b>	<b>Abetz</b>	Treasury	Medicare Benefits Schedule	<p><b>Senator ABETZ</b>—Senator Sherry, as I indicated, I have two brief brackets of questions. OzCar was brief; I think this one will be as well. In the 2009 budget there was a decision taken to deregulate the collection centre scheme for pathology services.</p> <p><b>Dr Kennedy</b>—I will just check with my colleagues.</p> <p><b>Senator ABETZ</b>—Yes, of course. For what it is worth, it is supposed to start on 1 July this year.</p> <p><b>Dr Kennedy</b>—I think the best I can do for you, Senator, is take the question on notice. In fiscal group our colleague Ms Peta Furnell looks after social policy inclusion.</p> <p><b>Senator ABETZ</b>—I should have asked this in fiscal group rather than in markets. Fair enough. That is fine.</p> <p><b>Dr Kennedy</b>—Certainly we look after competition issues, but where they go to a specific industry or market we would look at the area that is responsible for that area, and in this case it is social policy division. But if you want to give me your question—</p> <p><b>Senator ABETZ</b>—Thank you. Would you be so kind as to take it on notice, albeit I may be in the wrong area. I would be interested in what Treasury modelling or advice was provided as the background to this decision, because the proposition that has been put to me is that, by deregulating the number of collection centres, there will be a lot more collection centres; therefore, the capital cost will increase; therefore, there will be a driver to try to cover those extra costs; and, therefore, we will see an increase in pathology services to cover all that. When the licensing system was introduced it was designed to restrict the growth in pathology services, and it seemed to have worked. I will leave all that on the <i>Hansard</i>. If you can get back to me on notice I would be much obliged.</p> <p><b>Dr Kennedy</b>—Yes. I will just clarify. Are you most concerned about overservicing arising out of this deregulation, rather than price?</p> <p><b>Senator ABETZ</b>—The extra cost to MBS payments—whether advice was sought from Treasury or any analysis done. I am interested in what the likely impact might be. Can I ask the minister: is this part of the government’s policy of letting the market rip by completely deregulating the licensing centres?</p>	30/09/2010	E37 (03/06/2010)
<b>BET - 103</b>	<b>Eggleston</b>	Treasury	Medicare Benefits Schedule#2	<b>Senator EGGLESTON</b> —Can I ask my question in relation to the question that Senator Abetz was asking. As I understood it, the policy rationale for the no co-location rule was to avoid vertical integration	30/09/2010	E37-38 (03/06/2010)

				<p>between corporate practices and the providers and the orderers of the services, the general practitioners. Is that in effect no longer a concern? Is that the implication of this decision, which is what you alluded to as well?</p> <p><b>Dr Kennedy</b>—I am just not across the details of this issue, so I am not sure whether that is a concern or not. I can certainly take your question on notice as well. Are you concerned about a degree of vertical integration and driving less competition in the market?</p> <p><b>Senator EGGLESTON</b>—Not less competition, but the deregulation. Vertical integration means that you have a pathology-radiology practice that owns a series of general practices, and doctors in all of those practices refer patients to the pathology and radiology services.</p> <p><b>Senator Sherry</b>—I understand the issue you raise, Senator. I am not indicating I agree with your point, but I understand the issue. The difficulty at the moment is that we are not even sure; we will have to check.</p> <p><b>Senator EGGLESTON</b>—I understand that. We have put it on notice.</p> <p><b>Senator Sherry</b>—We suspect the markets group—but we will take it on notice—probably had no direct input to this policy. It may have been consulted. If it was, we will find out to what degree and give you what we can on that.</p> <p><b>Dr Kennedy</b>—I suspect it may have been consulted, but the policy issue clearly would have been led by those responsible for health policy in Treasury.</p>		
<b>BET - 104</b>	<b>Joyce</b>	Treasury	Government Defaulting Debt	<p><b>Senator JOYCE</b>—Has the Commonwealth ever defaulted on its debt?</p> <p><b>Mr Lonsdale</b>—Not that I am aware of, but I am more than happy to check.</p>	29/09/2010	E39 (03/06/2010)
<b>BET - 105</b>	<b>Joyce</b>	Treasury	Resources Super Profits Tax - Macroeconomic Stability	<p><b>Senator JOYCE</b>—In the markets group are ‘measures to promote competition, macroeconomic stability and market confidence’. If you believe the RSPT has nothing to do with macroeconomic stability or market confidence then I have to disagree with you, Minister. Do you believe that the RSPT has any effect on macroeconomic stability or market confidence?</p> <p><b>Senator Sherry</b>—The RSPT issue has been well canvassed in the appropriate areas of estimates and Treasury.</p> <p><b>Senator JOYCE</b>—This is exactly the appropriate area.</p> <p><b>Senator Sherry</b>—To the extent that I can add anything further, I will have to take it on notice.</p>	30/09/2010	E39 (03/06/2010)
<b>BET - 106</b>	<b>Joyce</b>	Treasury	Average House Prices	<p><b>Senator JOYCE</b>—What is the average house price? Is it possible to give a price for the average house in the outer suburbs of Sydney as opposed to Roma, Charleville or Tamworth? Is any study being done on that?</p> <p><b>Dr Kennedy</b>—I cannot give you those off the top of my head. We would</p>	30/09/2010	E42 (03/06/2010)

				<p>be able to provide a regional break-up of median house prices in cities and in the regions. Some of that data is available. It is not perfect. That is another problem in trying to evaluate what is going on in the housing sector. We spoke earlier about the ratio of house prices to income. That has certainly been much higher in Sydney than in any other capital city, although it has fallen back in more recent times. That is a broad measure of affordability—how much people are going to need to borrow relative to their income. I would be happy to take on notice for you those city and non-city house price comparisons and provide some data if you are interested.</p>		
<b>BET - 107</b>	<b>Bushby</b>	Treasury	COAG Reform Council	<p><b>Senator BUSHBY</b>—You mentioned the 27 priority reform areas and the eight competition areas, and in respect to the 27 you mentioned there was progress reported, basically. How many of those 27 and the eight competition areas are actually complete?</p> <p><b>Mr Paine</b>—I am now doing it from memory. I think there are about 10 or so of the deregulation ones that are complete and good progress in, I think, all of the others. On the competition ones, I am now looking at my colleague, Mr Archer.</p> <p><b>Mr Archer</b>—I am just trying to recall exactly what each of the eight were. There is one reform stream that relates to the Australian government amending the National Access Regime as set out in the Trade Practices Act. Certainly progress has been made in that regard in the sense that there is a bill that has passed through the House and is now awaiting debate in the Senate. The reforms have not been implemented as quickly as were originally envisaged. Partly that has to do simply with the nature of moving legislation through the parliament and delays that can emerge. There is another set of reforms around access regulation, which are set out in a COAG agreement called the Competition and Infrastructure Reform Agreement, which was agreed in early 2006. An implementation plan was subsequently agreed to in early 2007. Those reforms are still being implemented and, in fact, there are some key milestones to be met by the end of this calendar year. So there were some quite long dated milestones in that original agreement and we think that that is largely on track. There are other competition reform streams. Steven, can you help with those?</p> <p><b>Dr Kennedy</b>—That is probably as much detail as we can provide you with at the moment. The Department of Finance and Deregulation, of course, has the BRCWG secretariat. Minister Tanner chairs the BRCWG where a seamless national economy reforms reported on and progressed. I am not sure if you have had an opportunity to talk to them—</p> <p><b>Senator BUSHBY</b>—I have not.</p> <p><b>Dr Kennedy</b>—They do all the reporting for government against all of</p>	30/09/2010	E49 -50 (03/06/2010)

these reforms dreams. So we are pretty much going off the top of our head here, but we will continue to do our best.

**Senator BUSHBY**—But you do acknowledge that this is an area that you do overseas, to some extent?

**Dr Kennedy**—We are certainly involved in it, particularly the competition reforms.

**Senator BUSHBY**—If you could take the detail that you cannot answer on notice. I do have some more questions about it nonetheless.

**Dr Kennedy**—Sure, as I said, we will continue to try and answer them, but I am just alerting you to the fact that the Department of Finance and Deregulation has a secretariat which—

**Senator BUSHBY**—has more hands-on knowledge in some respects.

**Dr Kennedy**—They do all the monitoring, basically, produce the reports and feed the information through to the CRC, but we are happy to take questions.

**Mr Archer**—I can add a little more information. There are another two reform streams which have now come to my mind. One of them are too previously agreed to transport reforms which go to reforms around road user charging for heavy vehicles. That is progressed under the auspices of the Australian Transport Council of the ministerial council. I think the COAG Reform Council's remarks that that reform stream is largely on track. Similarly, there is another reform stream around energy market reform. There has been some quite significant progress made in that area, including the establishment of the Australian Energy Market Operator from the middle of last year and other associated reforms as well and, again, quite solid progress made in a number of areas. Again, there might be some areas of detail where the CRC has observed things are not tracking as well as they might be.

**Dr Kennedy**—There was one other reform that has come to mind that has been finalised, which was parallel import restrictions on books. That I believe was one of the competition reforms. That reform stream has been finalised and the government has announced its position on that.

**Senator BUSHBY**—I am interested in both the 27 priority reforms and the eight competition areas. You mentioned that of the 27 10 are complete, and Mr Archer, you mentioned that at least energy and transport and others were on track. With respect to the 10, I am interested in what information that is based on, because the report in February did not indicate that. In respect of the eight, the report in February indicated that both energy and transport were actually behind schedule. I am interested in what has changed since February to enable you to provide the answers that you are providing?



				<p><b>Dr Kennedy</b>—We will start with the 27, perhaps, with Mr Paine.</p> <p><b>Mr Paine</b>—I do not have a CRC report in front of me, but the report related to 2008-09 and there was a period of grace, although that is probably the not the right word, up to 30 September 2009. So of course there has actually been quite a lot of progress since the CRC cut-off for its report. That it essentially explains why, as at this time or very shortly—</p> <p><b>Senator BUSHBY</b>—Has any of that been publicly reported?</p> <p><b>Mr Paine</b>—No, perhaps they are not publicly reported that they will be included in the CRC's next report, which is 2009-10. The formal cut-off is in a few more weeks. Then they probably again look for the three months, because they recognise there is a bit of a delay while a produce a book of several hundred pages—you might have it there. They do recognise governments take decisions.</p> <p><b>Dr Kennedy</b>—I will have to take this bit of it on notice, but I do recall Minister Tanner and Minister Emerson have publicly released some information on this. As I said, is it is a process run by Minister Tanner and his department, but we will undertake to a track that down for you. I do vaguely recall a press release being put out updating some of the progress since the CRC report cut-off, but, to be honest, I do not have that to hand. I will undertake to track it down for you.</p> <p><b>Senator BUSHBY</b>—Anything you can give me on notice would be appreciated and also an update in respect of each of the 27 and each of the eight, so that I know which of the 10 are completed, which are making good progress et cetera.</p> <p><b>Dr Kennedy</b>—Yes.</p>		
<b>BET - 108</b>	<b>Bushby</b>	Treasury	Infrastructure Australia	<p><b>Senator BUSHBY</b>—Has Treasury given any thought to the future role of Infrastructure Australia? One of its core functions when it was established was to advise on funding from the Building Australia Fund. That fund has now only \$705 million left unallocated. What is Infrastructure Australia going to do in the future?</p> <p><b>Mr Archer</b>—Once again, that is probably a portfolio responsibility matter for the Department of Infrastructure, Transport, Regional Development and Local Government. It is not a Treasury agency matter. It is probably not appropriate for us to comment.</p> <p><b>Senator BUSHBY</b>—But I would have thought this section of Treasury would have had policy input into the future of Infrastructure Australia.</p> <p><b>Dr Kennedy</b>—It is fair to say we think about all these issues but it is difficult for us to go to the specifics of policy advice that we might be developing for government. That broader set of issues you have identified, around infrastructure governance and the roles of various institutions, are certainly issues that we think about and would, in the normal course of</p>	28/09/2010	E53-54 (03/06/2010)

				<p>events, provide advice to government on.</p> <p><b>Senator BUSHBY</b>—Is the minister able to assist on policy position?</p> <p><b>Senator Sherry</b>—No. One, because if it were policy I would not be and (2) we are getting into the position now where it is a bit like some of the questions we get at Finance. It is not the role of Finance nor is it the role of Treasury, indeed this area of Treasury, to comment about another department's responsibilities.</p> <p><b>Senator BUSHBY</b>—Treasury has 12 market group outputs and one of them is 'measures to promote the efficient use of national infrastructure including in transport, communication and energy markets'. It is one of the 12 core market group outputs. I am not asking for the details of who spends what and how you do this, that and the other; these are overarching policy questions about how these things are approached. I would have thought that it was reasonable to ask Treasury, given that is one of their 12 key outputs.</p> <p><b>Senator Sherry</b>—I think you are fundamentally misunderstanding it, as Senator Joyce is. I know it is difficult sometimes, because I have been in your place when I have sought, in this area and others in Finance, more detailed responses and have not had them because the carriage of the policy is in another department or in another division of a department.</p> <p><b>Senator BUSHBY</b>—I am not asking how the policy is being delivered; I am asking what policy direction there is.</p> <p><b>Senator Sherry</b>—We will see where we can help you but I will give you the caveat that we may or may not be able to help you on particular issues.</p>		
<b>BET - 109</b>	<b>Bushby</b>	Treasury	Private-Public Partnerships	<p><b>Senator BUSHBY</b>—Is Treasury doing any work on the effectiveness of private-public partnerships in financing the infrastructure investment task that we face?</p> <p><b>Mr Archer</b>—The role that private-public partnerships can play in the financing and delivery of infrastructure is an issue that we have spent some time on. It is an issue that has received quite a bit of attention in Infrastructure Australia, through a number of work streams and, again, through the role that we have played in participating in the COAG Infrastructure Working Group, which is a bit of a funnel for IA reports. We have certainly had input to, and had been involved with, some of that work.</p> <p><b>Dr Kennedy</b>—Dr Henry is on the Infrastructure Australia council. Of course, they have had some quite detailed considerations of PPPs. Of course, we have supported his involvement in those processes through advice on papers and considerations by IA around PPPs.</p> <p><b>Senator BUSHBY</b>—Is this looking at effectiveness and efficiency and assessing how effective it is, how it could be improved and that type of</p>	29/09/2010	E55 (03/06/2010)

				<p>approach?</p> <p><b>Dr Kennedy</b>—I guess they have taken pretty much a principles approach.</p> <p><b>Mr Archer</b>—There has been a couple of streams of work in relation to PPPs. One has been the establishment of national guidelines, which all jurisdictions have agreed to, to achieve some consistency of approach and provide greater certainty to potential participants in PPPs. That had been agreed in COAG. There has also been work to assess whether there have been any barriers to competition and efficiency in the financing and the provision of infrastructure and the procurement processes around them. So there has been quite a lot of work across PPPs over the last 12 to 18 months.</p> <p><b>Senator BUSHBY</b>—The reason I am asking is that there have been some pretty high-profile cases of failures of PPPs, particularly in toll roads. There are also concerns about the costs of bidding for a PPP, which can go into the tens of millions of dollars. What I am trying to establish is how we can improve the efficiency in the way that they work and the process, so that we can get the full benefits for Australians, whilst making sure that it works, essentially.</p> <p><b>Mr Archer</b>—Those are questions that are being examined at present.</p> <p><b>Senator BUSHBY</b>—Are there any lessons that you can help us with today?</p> <p><b>Mr Archer</b>—I am not sure that, off the top of my head, I am in a position to do that today.</p> <p><b>Senator BUSHBY</b>—You could take that on notice.</p> <p><b>Mr Archer</b>—I think some of the results of that work are likely to see the light of day fairly soon, in that those work streams are nearing completion, and final consideration is taking place within Infrastructure Australia and the infrastructure working group.</p>		
<b>BET - 110</b>	<b>Bushby</b>	Treasury	Infrastructure & Private-Public Partnerships	<p><b>Senator BUSHBY</b>—Which would give some of the foreign companies a higher degree of confidence that it is worth setting up here?</p> <p><b>Mr Archer</b>—Yes, I think that is right. I guess you move to the fact that there have been some notable failures in the market. That might have had some effect, although there are different perspectives from which a PPP project might be considered a success or a failure. If a road is built and people are driving on it, then from that point of view you have a road that is being used but, from the investor's perspective, it might not be such a successful enterprise.</p> <p><b>Senator BUSHBY</b>—Although as well that question about the concentration of the construction market is broader than just PPPs. Not all infrastructure is done as a PPP. So it is more in the sense that I was asking about barriers. I do not know whether you were answering in the broad or</p>	29/09/2010	E56 (03/06/2010)

				<p>specifically.</p> <p><b>Mr Archer</b>—In terms of international participation in the market and barriers, I think I was not necessarily just talking about PPPs.</p> <p><b>Dr Kennedy</b>—It is certainly a consideration that barriers to entry or mechanisms that might work against competition in these sectors are definitely important to look at. I would also pick up Mr Archer's other point about being a relatively small country and the public sector giving a business the best sense that it can of the projects that are on the horizon and that are likely to be coming to market. Well-known PPP type processes, if that is the way they are going to be delivered, and well-established bidding processes and all those sorts of things would seem to us to be important features of a well-functioning infrastructure market.</p> <p><b>Senator BUSHBY</b>—We seem to be experiencing significant escalation in the order of seven to eight per cent a year in construction costs. Is there any sign that this will moderate in the near future? Correct me if I am wrong with those figures and update me with some that are more accurate.</p> <p><b>Dr Kennedy</b>—I am aware of strong growth in construction costs. There is a link here back to the macro group and, if you like, the deflators or the construction cost prices that they have got as part of our forecast. I do not know about that aspect and I would need to take it on notice. I probably do not have much more to add than that. Do you, Brad?</p> <p><b>Mr Archer</b>—No.</p>		
<b>BET - 111</b>	<b>Bushby</b>	Treasury	Transport Investment & Government Policy	<p><b>Senator BUSHBY</b>—I want to ask a few questions about a speech that Mr Jim Murphy delivered earlier this year entitled 'An Overview of Transport Investment and Government Policy'. In that speech Mr Murphy stated:</p> <p>... investment in Australia's rail network has gone hand-in-hand, in the past, with higher aggregate output levels in comparison to other types of investment. What research is Treasury drawing on here to make that point?</p> <p><b>Mr Archer</b>—I would have to take that on notice, if I could.</p> <p><b>Senator BUSHBY</b>—There is nobody here who assisted Mr Murphy in the preparation of that speech?</p> <p><b>Mr Archer</b>—Not directly, no.</p> <p><b>Dr Kennedy</b>—No, there isn't. Sorry, Senator, would you mind repeating that?</p> <p><b>Senator BUSHBY</b>—I was just wondering what research basically underpinned that statement by Mr Murphy.</p> <p><b>Dr Kennedy</b>—I am sorry to ask you this, Senator, but could you repeat the quote?</p> <p><b>Senator BUSHBY</b>—Okay. It was:</p> <p>... investment in Australia's rail network has gone hand-in-hand, in the past, with</p>	29/09/2010	E56-57 (03/06/2010)

				<p>higher aggregate output levels in comparison to other types of investment. So the return on rail investment is higher than that from other forms of infrastructure.</p> <p><b>Dr Kennedy</b>—I did not prepare that aspect of the speech so I do not know that specific piece of research.</p> <p>We can take that on notice and find out for you.</p> <p><b>Senator BUSHBY</b>—Okay.</p> <p><b>Dr Kennedy</b>—I am sorry Mr Murphy was not able to attend.</p>		
<b>BET - 112</b>	<b>Eggleston</b>	Treasury	National Broadband Network	<p><b>Senator EGGLESTON</b>—No; we take that point, then. We are still rather disappointed that there has been no cost-benefit analysis done, of course, and I think a lot of people would have liked to have seen something such as that done. I would now like to move on to the question of radio frequency spectrum. The budget has announced that we will be releasing a large amount of spectrum in coming years. How much is it estimated will be received from the auctioning of spectrum? Obviously this is for the digital economy and network.</p> <p><b>Dr Kennedy</b>—Yes—the digital switchover dividend, as it is being referred to. I will ask Mr Archer to correct me if I am wrong, but I think the government has announced its intention to target a 126 megahertz dividend. The valuation of that dividend would be a matter for Finance; we would not value that dividend. And it would be done in that way.</p> <p><b>Senator EGGLESTON</b>—So has any plan been developed relating to how this spectrum might be auctioned off? Obviously it is very valuable—</p> <p><b>Dr Kennedy</b>—Yes.</p> <p><b>Senator EGGLESTON</b>—and there will be many groups competing for it.</p> <p><b>Dr Kennedy</b>—Yes. It is an issue that is currently under consideration by government.</p> <p><b>Senator EGGLESTON</b>—And you are confident that you can maximise the returns to the taxpayer from this sale?</p> <p><b>Mr R Murray</b>—We were heavily involved in the earlier part of this where a lot of the issues were about how much spectrum could become available to be auctioned, and I think it is true to say that the outcome of that—the 126 megahertz—is very similar, both in size and positioning on the spectrum, to the United States, and is a particularly good outcome.</p> <p><b>Dr Kennedy</b>—In fact I think it is a little larger, Senator, than digital dividends that have been generated in other countries. So, from the perspective of the amount of dividend to be auctioned, made available down the track, that is a good outcome. But the government is still considering all the final processes around that.</p> <p><b>Senator EGGLESTON</b>—Do you want to tell us anything about how the United States auctioned off this spectrum? Was there anything particularly</p>	29/09/2010	E63-64 (03/06/2010)

				<p>different, interesting or innovative about what was done there?</p> <p><b>Dr Kennedy</b>—No. I mean, the department of broadband and communications could talk to you about those issues, and Finance may also know about some of those issues, but, just from memory, as Mr Murray was alluding to, a 126 megahertz dividend, if you like, is a very useful piece of spectrum, in part—and, again, we are not experts on these issues, as for the NBN—because it allows the potential for that dividend to be used very efficiently by people who may wish to use it.</p> <p><b>Mr R Murray</b>—There are lessons, apparently, that have come out of various auctions around the world, and we certainly should be taking those into account.</p> <p><b>Senator EGGLESTON</b>—What other countries have auctioned their digital spectrum? I suppose the UK, France—</p> <p><b>Mr R Murray</b>—You are stretching my memory now!</p> <p><b>Senator EGGLESTON</b>—It is a very contemporary matter, of course.</p> <p><b>Dr Kennedy</b>—Yes.</p> <p><b>Mr R Murray</b>—Indeed.</p> <p><b>Dr Kennedy</b>—It is—we are in the midst of digital switchover, so yes. Switchover has occurred in the US and—</p> <p><b>Mr Archer</b>—The UK.</p> <p><b>Dr Kennedy</b>—the UK. As to the spectrum auction processes, I cannot tell you. I would be happy to take it on notice and follow it up for you.</p> <p><b>Senator EGGLESTON</b>—If you would, that would be helpful, because I am quite interested in that.</p>		
<b>BET - 113</b>	<b>Joyce</b>	Treasury	OECD Competition Test	<p><b>Senator JOYCE</b>—In your study of the OECD, did you make a comparative analysis between their threshold test for the instigation of an action and the Australian threshold test for the instigation of an action?</p> <p><b>Mr Deitz</b>—Sorry, the review—</p> <p><b>Senator JOYCE</b>—The threshold test—the substantial lessening of competition test being one of them.</p> <p><b>Mr Deitz</b>—The review was conducted by the OECD competition committee secretariat. Australia was subjected to a peer review process during that review, but we did not run that process.</p> <p><b>Senator JOYCE</b>—Did the report specify encumbrances to the initiation of an action in Australia as opposed to the initiation of a similar action in, say, the US?</p> <p><b>Mr Deitz</b>—Which encumbrances?</p> <p><b>Senator JOYCE</b>—The substantial lessening of competition test is one threshold that is incredibly hard to prove. In fact, I do not think they have ever proved it. I am talking about an Australian encumbrance that stops the progression of cases and therefore impedes the trade practices law—</p>	29/09/2010	E68-69 (03/06/2010)

although it may be glamorously portrayed, it is muted in its effect.

**Mr Deitz**—I would have to take on notice any of those kinds of concerns, but I would observe that the substantial lessening of competition test is used quite broadly. It is not just an Australian test. It is used throughout our region and in the US and Canada, for example. I do not recall that review commenting negatively in any sense on the use of the phrase ‘substantial lessening of competition’.

**Senator JOYCE**—Hasn’t it been the interpretation since the Boral case that, before you can instigate an action, you have to prove that a competitor has the capacity to raise prices without losing customers?

**Mr Deitz**—To raise prices without losing customers would require you to be an absolute monopolist—

**Senator JOYCE**—A monopsonist.

**Mr Deitz**—with an elastic demand curve, and such a scenario does not exist. The competition law has a far broader application than that.

**Senator JOYCE**—Does it? Since Boral? Are you sure of that?

**Mr Deitz**—If you want me to come back to you on notice, I am happy to confirm that. But I would also note that there are specific subsections of section 46 which say it does not require absolute freedom from constraint. There is a specific section which deals with that.

**Senator JOYCE**—Could you inform me of the cases that have been successfully prosecuted since Boral?

**Mr Deitz**—Safeway is one case which, I believe, was handed down after Boral. There would be others, but I would have to take that on notice.

**Senator JOYCE**—Was that a successful prosecution?

**Mr Deitz**—Yes.

**Senator JOYCE**—How many others do you know of?

**Mr Deitz**—I would have to take that on notice. I do not have that information in front of me.

**Senator JOYCE**—When was the Boral decision?

**Mr Deitz**—I believe it was in 2003.

**Senator JOYCE**—How many successful cases do you reckon there have been since 2003?

**Mr Deitz**—Again, I would have to take that on notice.

**Senator JOYCE**—Would you be surprised if it was three or four?

**Mr Deitz**—Again, I would have to take that on notice.

**Senator JOYCE**—The OECD also saw merit in encouraging more private enforcement of competition laws. Is that something Treasury is considering at the moment?

**Mr Deitz**—As we said, the government is considering the OECD review. It has put out a response to that. I do not have that in front of me and I

				cannot recall the details.		
<b>BET - 114</b>	<b>Joyce</b>	Treasury	Enterprise Act	<p><b>Senator JOYCE</b>—It was in criminal cartels for a short section after mergers and acquisitions, but only for a short period of time. Can you instruct me, through your knowledge of the OECD, how divestiture powers are expressed—for instance, in the Enterprise Act of the UK?</p> <p><b>Mr Deitz</b>—I would have to take that on notice.</p>	23/09/2010	E70 (03/06/2010)
<b>BET - 115</b>	<b>Joyce</b>	Treasury	Sherman Antitrust Act & the Clayton Antitrust Act	<p><b>Senator JOYCE</b>—Are you aware of the Sherman Antitrust Act and the Clayton Antitrust Act in the United States?</p> <p><b>Mr Deitz</b>—Yes, I am.</p> <p><b>Senator JOYCE</b>—Are their divestiture powers stronger than ours?</p> <p><b>Mr Deitz</b>—Again, I would have to take that on notice.</p> <p><b>Senator JOYCE</b>—You would? Come on.</p> <p><b>Mr Deitz</b>—The one thing I would refer you to is that the 2003 Dawson review of the Trade Practices Act did consider the role of a divestiture power as a remedy for breaches of section 46, and that review did conclude that there was no such role. That comes on the back of the 1993 Hilmer review of the Trade Practices Act, which also considered these issues and, on balance, recommended against having divestiture powers in the Trade Practices Act. It also concluded on that basis that such a power was better held by governments through legislation rather than through an administrative authority such as the ACCC.</p>	23/09/2010	E70-71 (03/06/2010)
<b>BET - 116</b>	<b>Joyce</b>	Treasury	Dawson & Hilmer Reviews	<p><b>Senator JOYCE</b>—I looked at the Dawson and Hilmer reviews and they both said ‘do nothing’. Do you think we should still do nothing or do you think we should get to a point some day where we actually do something?</p> <p><b>Dr Kennedy</b>—I do not think we would accept your characterisation that we do nothing. I presume these are matters you might have discussed with the ACCC in the past. While there is always scope for reform and review of the improvement of the Trade Practices Act, as seen through these rather substantial reforms around the Australian Consumer Law, I would not characterise the current situation as: we do nothing about our competition concerns. I do not think the ACCC would accept that characterisation either.</p> <p><b>Senator JOYCE</b>—I was talking about divestiture. I know we do so from trade practices law. With regard to divestiture there is a glaring difference between our Trade Practices Act, the UK’s trade practices act, the United States trade practices act and, I imagine, a number of other trade practices acts throughout the world. That would be a fair statement, wouldn’t it?</p> <p><b>Mr Deitz</b>—Again, I would prefer to take that on notice and give you an answer.</p> <p><b>Senator JOYCE</b>—You have read the report, though, haven’t you?</p>	23/09/2010	E71 (03/06/2010)



				<p><b>Mr Deitz</b>—Which report?  <b>Senator JOYCE</b>—The OECD report.  <b>Mr Deitz</b>—Not recently, but yes.</p>		
<b>BET - 117</b>	<b>Xenophon</b>	Treasury	Murray-Darling Basin	<p><b>Senator XENOPHON</b>—Thank you. Dr Kennedy, you are familiar with the Productivity Commission research report of March this year, <i>Market mechanisms for recovering water in the Murray-Darling Basin</i>? Is that a yes?  <b>Dr Kennedy</b>—Yes, sorry.  <b>Senator XENOPHON</b>—You are aware that the Productivity Commission in its findings was concerned about the value for money that taxpayers were getting in terms of water recovery mechanisms such as infrastructure, saying that there needed to be—I think this is a fair summary—a more rigorous approval process to all irrigation infrastructure projects to prevent inefficient and inequitable investment, with surplus funds reallocated to the buyback and other priorities? That is from their summary of that. Can you advise what advice Treasury has given both to the water minister and to Treasury in terms of a more efficient use of taxpayers' funds in line with the concerns of the Productivity Commission?  <b>Dr Kennedy</b>—I would be happy to take that question on notice. It is a policy responsibility dealt with by the Industry, Environment and Defence Division in the Fiscal Group in Treasury. I am not across the details of the advice that they may or may not have provided on that issue, but I would be very happy to take it on notice for you.  <b>Senator XENOPHON</b>—And, in particular, what advice has been given to the minister? For instance, will there be a more rigorous approval process? Minister Wong, in response to the Productivity Commission report, said that there was already a substantial due diligence process but she would be seeking advice as to whether any further steps were necessary. Did Treasury advise as to whether any further steps were necessary for a more rigorous approval process for infrastructure projects?  <b>Dr Kennedy</b>—As I said, I am very happy to approach my colleagues in Fiscal Group about those issues.  <b>Senator XENOPHON</b>—Thank you, and thank you to the chair and Senator Joyce.</p>	24/09/2010	E74 (01/06/2010)
<b>BET - 118</b>	<b>Joyce</b>	Treasury	Food Inflation	<p><b>Senator JOYCE</b>—Have we got the highest food inflation in the Western world or not?  <b>Mr Paine</b>—I could not answer that. I do not know the facts on that.  <b>Senator JOYCE</b>—Have we got comparatively high food inflation?  <b>Dr Kennedy</b>—We had comparatively high food inflation, I think, over the period running up to around early 2008, and since that period I think, comparatively speaking, our food inflation has been relatively low</p>	29/09/2010	E74 (03/06/2010)

				<p>compared to the OECD. As Mr Paine was saying, there have been a number of factors at play—but, yes, we did. That question is difficult because it is again always dependent on the time period over which you are calculating these things. We would be happy to produce those international comparisons I have just described in general.</p> <p><b>Senator JOYCE</b>—This is interesting. Has our proportion of consumption of imported food increased or decreased over the same period of time?</p> <p><b>Mr Paine</b>—I do not know off the top of my head what the facts are. Irrespective of what they are, that might not have all that much to do with the changes in prices, but we are happy to try to find out.</p>		
<b>BET - 119</b>	<b>Joyce</b>	Treasury	Resources Rent Tax & the Australian Dollar	<p><b>Senator JOYCE</b>—If the resources rent tax has the effect that the mining industry says it will, then, quite obviously, there will be an effect on the Australian dollar—that is, the Australian dollar will depreciate, won't it?</p> <p><b>Mr R Murray</b>—I am not sure that I am here to make comments about—</p> <p><b>Senator Sherry</b>—They are making a range of claims. You and I have had some exchange about their claims. They have made a range of claims, Senator. I understand that predicting the value of a currency, up or down, is one of the most difficult areas in economic forecasting. But there is a considerable range of issues that impact on the value of the Australian dollar. If we have anything to add in terms of the resource super profits tax, we will take that on notice and come back to you—if there is any claimed relationship with the currency and whether it moves up or down.</p>	30/09/2010	E75 (03/06/2010)
<b>BET - 120</b>	<b>Eggleston</b>	PC	Productivity Commission Reports	<p><b>Senator EGGLESTON</b>—How many reports has the Productivity Commission started and finished in this financial year and what were they for?</p> <p><b>Mr Banks</b>—I would love to answer that off the top of my head. When you say this financial year, is it the one that just started? No, it is right at the very end of it so I cannot get out of it that way. We can get back to you on that.</p>	24/09/2010	E79 (03/06/2010)
<b>BET - 121</b>	<b>Xenophon</b>	PC	Murray-Darling Basin#2	<p><b>Senator XENOPHON</b>—In relation to your research report on market mechanisms for recovering water in the Murray-Darling Basin—which I, and I hope others, found very useful in terms of informing the policy debate—is it fair to say that the commission expressed quite serious concerns about the rigour of approval for irrigation infrastructure projects and that there is a real risk at the moment of inefficient and inequitable investment under the current framework in terms of the current processes in place? Is that stating fairly what the commission's concerns were?</p> <p><b>Mr Banks</b>—There were concerns as to the relative pay-off from that kind of spending relative to buybacks, for example. As with any infrastructure spending, having a good understanding of the costs and benefits is very important. That was a general observation that was made. I think the other</p>	30/09/2010	E89-90 (03/06/2010)

			<p>one was that there was some information in that report about what the cost was of saving water through that route versus others. In general terms, that seemed—with some of the information available to us—a much more costly way of going about it.</p> <p><b>Senator XENOPHON</b>—I do not know whether you can answer this, but was the commission surprised at what appeared to be inefficiencies in the current infrastructure program and what is being proposed in terms of water infrastructure relative to, say, buybacks or other water efficiency measures?</p> <p><b>Dr Kirby</b>—I think there had been some data around for a while which suggested that infrastructure spending was a relatively expensive way of getting water compared with many other alternatives. So I think that information had been around for a while. There is quite a difference there.</p> <p><b>Senator XENOPHON</b>—Given the work the commission did on the Murray-Darling Basin and your March report, is there a concern that there could be stranded assets—and I think some water economists, such as Professor Mike Young, talk about having gold-plated assets in some areas—as a result of the relative inefficiencies of going down that path rather than, say, water buybacks?</p> <p><b>Mr Banks</b>—I guess that as a general proposition—my colleagues might want to comment more—you would be wanting to invest in those assets in a sustainable way, so you would be wanting to invest in areas that were likely to have the highest economic return, which means you need to be comparing an investment in one place with the potential investments in the others that might not otherwise have occurred. To follow your logic, if those investments were inappropriately directed then down the track you could find that they were stranded in the sense that the activity was not viable anyway.</p> <p><b>Dr Kirby</b>—We do not yet know what the new diversion limits will be.</p> <p><b>Senator XENOPHON</b>—No.</p> <p><b>Dr Kirby</b>—So it is hard to judge which assets may be in danger of becoming stranded or not.</p> <p><b>Mr Banks</b>—Yes. Are you talking about existing assets or—</p> <p><b>Senator XENOPHON</b>—Also building new infrastructure, in terms of your concerns about appropriate use of taxpayers’ funds with respect to new water efficiency projects. There is another issue which relates to this issue of infrastructure and the sustainable diversion limits. One of the concerns that have been expressed to me by my constituents in the Riverland of South Australia, which could also apply to other areas, is that they went through a process of installing underground pipes and a number of water efficiency measures over many years, largely self-financed—I</p>		
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				<p>think there were some government subsidies, but nowhere near the extent of government subsidies that are now being proposed in other parts of the basin—so their scope for water efficiency measures is much reduced because they have already put in the hard yards. My irrigator constituents tell me that following the 1967 drought they took various steps. If you are looking at sustainable diversion limits, isn't it reasonable in the context of the Productivity Commission's work on this—the Wentworth group, a very respected group, looked at 40 per cent across the board—to take into account whether any particular region has previously undertaken water efficiency measures in considering whether a sustainable diversion limit ought to be across the board? In fixing a sustainable diversion limit for a region, should you take into account whether the region is an earlier adopter, if you like, of water efficiency measures? Is that relevant, in your view as an economist, in any public policy framework? It is not a very elegant question; I am sorry.</p> <p><b>Dr Kirby</b>—It sounds as if the solution to the problem that you are posing would be extremely complex in a planning sense as well for decision makers, but your question does remind me—</p> <p><b>Senator XENOPHON</b>—Would it necessarily be, though? If you can work out how water-efficient a region is in terms of their being able to produce a tonne of oranges, wheat or irrigated crops so many per cent more efficiently than another region which has open-channel irrigation, do you take that into account?</p> <p><b>Dr Kirby</b>—It sounds to me as if it is getting to be a very complex, very detailed analysis for the public policy decision maker to undertake.</p> <p><b>Senator XENOPHON</b>—But complexity in itself should not be something we shy away from in trying to deal with a complex problem.</p> <p><b>Dr Kirby</b>—I hesitate to use the phrase 'central planning', but that is sort of the challenge that you are moving towards, it seems to me.</p> <p><b>Mr Banks</b>—With these sorts of things, it is a bit hard. We were not directly involved in that report, and it is a thick report, but if you like, Senator, we could look at the report and draw from the report—</p> <p><b>Senator XENOPHON</b>—Perhaps on notice.</p> <p><b>Mr Banks</b>—Yes.</p>		
<b>BET - 122</b>	<b>Cameron</b>	PC	Back to the Future: Restoring Australia's Productivity Growth	<p><b>Senator CAMERON</b>—If I have time, I might come back to that issue. Can I take you to the speech you made on 5 November 2009, 'Back to the future: restoring Australia's productivity growth.' I will alert you to the fact that there may be a number of questions that I want to put on notice in relation to issues in that speech. However, I do not have time tonight so I just want to go to a couple of points in the speech. On page 5 you talk about procurement policies and you single out the New South Wales</p>	24/09/2010	E94-95 (03/06/2010)

				<p>government for introducing a price preference on locally supplied goods and services but you also mention that at least 15 countries have imposed such measures over the past year. I am happy for you to take this on notice, but could you provide details of those countries that you have looked at and what those impositions, as you call them, have been in terms of procurement? Is that logistically feasible?</p> <p><b>Mr Banks</b>—I think we can do that. That would have drawn on our publication the <i>Trade and assistance review</i> which we bring out once a year. So I will have a look at that. It may have come from a secondary source that we may have used, from the WTO, but to the extent that we can get those country details, we will.</p> <p><b>Senator CAMERON</b>—Can you also take on notice in terms of procurement and preference for procurement whether in your analysis of the differential in price you take in the carbon cost of imported goods, whether you take into account the benefits to the skill base of producing goods here, whether you take into account the benefits of improving management skills and the management in Australia and whether you take into account the multiplier effect that these price preferences bring about. Because you talk about all the negatives but I never hear any of the positives. I just want to see if there are no positives from your point of view or whether there are some balancing issues.</p> <p><b>Mr Banks</b>—I would want to give a considered response to that. I guess the context for this was a concern in previous periods where you have had something akin to a global financial crisis or a great depression and you have had protection in a whole bunch of countries compounding the problems for each of them. So it was in the context of asking whether there were signs that this could happen and adversely affect Australia or not, and it looked more optimistic this time. This was one area where quite a lot of countries had introduced local procurement policies which discriminate against Australian exporters of goods and services. The point that was made was that, to the extent that one of our governments has a similar policy in place, it is hard for us to argue in the WTO for other countries to reduce barriers to Australia's exports.</p> <p><b>Senator CAMERON</b>—I only have a few minutes left. You are going to give me a more considered response to that.</p>		
<b>BET - 123</b>	<b>Cameron</b>	PC	Industry Assistance	<p><b>Senator HEFFERNAN</b>—Will you consider non-market currency and currency speculation? That has a big part to play when you are competing against a non-market currency like China. Do you think about that?</p> <p><b>Senator CAMERON</b>—Can you come in later on that? You are going to have a few minutes, I understand. You also are very critical of industry assistance, which I think reflects the school of thought within the</p>	24/09/2010	E95 (03/06/2010)

				<p>Productivity Commission. You talk about the level of industry assistance. Have you benchmarked industry assistance in other OECD countries, other comparable countries or trading countries?</p> <p><b>Mr Banks</b>—We could get back to you on that. We have compared Australian tariff levels and so on, internationally, because they are more measurable. It is much harder once you get into non-tariff forms of assistance and so on to make international comparisons.</p> <p><b>Senator CAMERON</b>—Could I ask you to take that on notice, because I am running out of time.</p> <p><b>Mr Banks</b>—Okay.</p>		
<b>BET - 124</b>	<b>Cameron</b>	PC	Coastal Shipping & Foreign Vessels	<p><b>Senator CAMERON</b>—On page 8 of your speech you talk about coastal shipping and the need to open up Australia to foreign vessels. Again, can you take on notice and give me a response to the question of the implications of foreign vessels coming in here—the so-called ‘ships of shame’—and the issues surrounding that, and whether that is an issue the Productivity Commission takes into account when it deals with this issue. Can you also come back to me in relation to what I was told the night before last night at a tourism dinner— that there are tax benefits for indigenous seafarers in most countries in the world. Indigenous seafarers in the UK and in Europe are employed on the basis of some tax incentives. Can you tell me whether you have taken that into account when you talk about opening up our coastline even more? If so—</p> <p><b>Mr Banks</b>—What I did talk about was the cost of unduly restricting access. There are legitimate reasons for having regulations about access of foreign vessels. I was not here arguing that there should be just an opening up, but rather that we need to think about not unduly restricting access. The point I was making was that those costs are likely to be higher for us, given the length of our coastline relative to the scale of our economy. So it was an observation; not a recommendation.</p>	29/09/2010	E95 (03/06/2010)
<b>BET - 125</b>	<b>Cameron</b>	PC	Industrial Relations - WorkChoices	<p><b>Senator CAMERON</b>—I will have other questions. This is the last question tonight, because I want to give Senator Heffernan a go. On page 9 you raised the issue of industrial relations and the need to have flexibility in industrial relations. Do you want to go back to Work Choices, because the public have made a decision about that and we have brought a balance into the industrial relations system? Where do you want to go in terms of industrial relations, and what are the social implications of going back to a Work Choice type of approach, because that is where you have to go if you do not go down the track that we have adopted? Can you take that on notice, as well.</p> <p><b>Mr Banks</b>—I am not sure how much more there is for us to say, because both sides of politics accept that it is important to balance the legitimate</p>	30/09/2010	E95-96 (03/06/2010)

				<p>rights of workers with the need for enterprises to be able to make organisational changes to enhance their productivity. Again, it was an observation; it was not a recommendation about any specific aspect of the regulatory framework.</p> <p><b>Senator CAMERON</b>—I am so thankful for that!</p>		
<b>BET - 126</b>	<b>Heffernan</b>	PC	Availability of Water	<p><b>Senator HEFFERNAN</b>—It is just a shame that it is going on all around the world. In Canada they are in severe reversal and wondering whether they should continue with a single desk arrangement, because the price of wheat has collapsed, the same as here. Could I take you to the Productivity Commission's view on water?</p> <p><b>Mr Banks</b>—I can handle it, or we could get back with you in a question on notice.</p> <p><b>Senator HEFFERNAN</b>—Your mission statement says, 'well-informed policy decision making and public understanding on matters relating to our productivity.' Do you take into account, on water, the actual vagary of the science for the future of water availability?</p> <p><b>Mr Banks</b>—Are you talking now about the buy-back regime?</p> <p><b>Senator HEFFERNAN</b>—I am talking about how much water will be available, if the science and a percentage of the science—all science has vagary—how much water will be available based on the science of the future rather than, I hope that the Productivity Commission does not take a snapshot of what happened back when granddad was around. Do you take into account what the science is saying is going to happen? If you do, you would know that, if the science is 40 per cent right, in most river systems in the lower Murray- Darling Basin will have zero allocation for general purpose water in most years. Do you give consideration to that in terms of the buy-back?</p> <p><b>Mr Banks</b>—We are not scientists. When we are doing an inquiry that requires an understanding of the science, as we did years ago when we looked at greenhouse—I think we did the first inquiry into that—we have people who know about that. I guess in broad terms, however, the point you make is quite valid. That is that you need a policy framework that is sustainable or robust—</p> <p><b>Senator HEFFERNAN</b>—And you need a framework that allows for the vagary of the science to be 10 per cent right, 20 per cent right, 50 per cent right. Somewhere between 3,500 gigs and 11,000 gigs is predicted to disappear from the runoff in the Murray-Darling Basin. The biggest impact is going to be 38 per cent of the runoff which comes from the two per cent of the landscape—</p> <p><b>CHAIR</b>—Senator Heffernan, if you have got a question you had better ask it now, because time is about to run out.</p>	30/09/2010	E96-97 (03/06/2010)

				<p><b>Senator HEFFERNAN</b>—Can you come back to me on that, on notice?  <b>Mr Banks</b>—I will—</p>		
<b>BET - 127</b>	<b>Colbeck</b>	PC	Shipping Stem	<p>The Productivity Commission sees merit in port terminal operators developing a voluntary code of conduct to govern port access after 1 October 2014 (page 127). How well does the Commission believe this would work?</p> <p><i>Background details:</i></p> <p>An example of the risks to the industry and growers from the dominance of Viterra is the shipping schedules that show that for the first months of the recent harvest nearly all the shipping slots were booked for Viterra. This stopped growers from selling to other exporters and creating difficulties for other exporters to even buy grain ready for export. For the period from December to May, nearly 1.4 million tonnes of wheat was initially scheduled for shipping, with over 70% booked for Viterra. Viterra has now cancelled the shipping of 1.1 million tonnes, but left these cancellations too late for other traders to take up these shipping slots. This meant growers lost the opportunity to sell to other traders with competitive bids.</p> <p>Another example is that the shipping stem is dominated by the bulk handler with a \$5 a tonne nomination fee. If an exporter needs on a 50000 tonne boat, \$250 000 has to be paid up front. And any change is considered a new booking nomination. This means the same boat in the same slot requires another \$250 000. This fee is not refunded if the boat is not loaded for any reason. Viterra does not have the same fiscal restraint as in effect the left hand can pay the right hand, so that overall the business does not hand over cash under current nominations. If there was an independent stem operator, it is estimated that Viterra would be required to pay up to \$13.25 million when cancelling previously booked shipping slots.</p>	24/09/2010	Written
<b>BET - 128</b>	<b>Joyce</b>	ABS	Population Growth	<p><b>Senator JOYCE</b>—What are the ABS's long-term projections for population growth? What does the ABS predict that Australia's population will be by 2050?  <b>Mr Farrell</b>—We do not make a prediction. We build a set of assumptions</p>	29/09/2010	E113 (03/06/2010)



				<p>and we project the population based on those assumptions. It is not actually a prediction or a forecast.</p> <p><b>Senator JOYCE</b>—What is your assumption of what it will be?</p> <p><b>Mr Farrell</b>—What period did you say?</p> <p><b>Senator JOYCE</b>—2050.</p> <p><b>Mr Farrell</b>—Offhand I do not have it. We will have a look and get back to you on that. Offhand I cannot answer.</p> <p><b>Senator JOYCE</b>—That is all right. Can you also give me the assumptions of what you think the cities will be at that point in time?</p> <p><b>Mr Farrell</b>—We can. I do not have them at hand.</p> <p><b>Senator JOYCE</b>—Can I get that on notice as well?</p> <p><b>Mr Farrell</b>—Yes, certainly.</p>		
<b>BET - 129</b>	<b>Joyce and Eggleston</b>	ABS	Gross Operating Surplus	<p><b>Senator JOYCE</b>—Is there any appreciable difference between the ABS projections of Australia’s population and those produced in the <i>Intergenerational report</i> either in results or methodology?</p> <p><b>Mr Farrell</b>—The <i>Intergenerational report</i> was prepared some time after the projections done by the ABS. The assumptions were taken independently. There are some differences—they are not substantial—around the three main series. They fall somewhere between the middle assumption and the higher assumption that the ABS uses as the three main series that we produce.</p> <p><b>Senator JOYCE</b>—I want to go to some questions about the Treasury paper that was released last Monday entitled <i>Disparities in average rates of company tax across industries</i>. On page 5 of the Treasury paper, it says about gross operating surplus—GOS:</p> <ul style="list-style-type: none"> <li>- GOS is a measure of the surplus from the production of goods and services available for distribution to those that hold a claim to corporations (ABS 2000). However, GOS is not the most appropriate measure of a corporate income tax base as it excludes income unrelated to production — such as property income, land and natural resource rents, net interest receipts, and capital gains or losses — which rightly forms part of company income and profits.</li> </ul> <p>Emphasis added. But when I go to the <i>Australian National Accounts: Concepts, Sources and Methods</i>, paragraph 11.48, the ABS defines the gross operating surplus as follows:</p> <ul style="list-style-type: none"> <li>- Both gross operating surplus (GOS) and gross mixed income (GMI) measure the surplus accruing from processes of production before deducting any explicit or implicit interest charges, land rent or other property incomes payable on the financial assets, land or other tangible non-produced assets required to carry on the production.</li> </ul> <p>So the Treasury seems to be saying that the gross operating surplus includes things like interest rates and land rents whereas your definition</p>	21/12/2010	E113-114 (03/06/2010) & Written

				<p>seems to suggest it does not. Can you clear up the definition of gross operating surplus for me? Please do not say, 'Repeat the question.' But I can if you need me to.</p> <p><b>Mr Pink</b>—I am looking at the definition of gross operating surplus as we include it in the quarterly national accounts. There it says that we are calculating gross operating surplus before deduction of consumption of fixed capital dividends, interest, royalties and land rent and direct taxes payable but after deducting the inventory valuation adjustments; so gross operating surplus does include most of those elements.</p> <p><b>Senator JOYCE</b>—So you are saying that the two definitions are the same?</p> <p><b>Mr Pink</b>—Well, I believe I am, if I understood as you were going through reading out the Treasury one.</p> <p><b>Senator JOYCE</b>—I will read out the Treasury one. On page 5 of the Treasury paper, it says:</p> <ul style="list-style-type: none"> <li>- GOS is a measure of the surplus from the production of goods and services available for distribution to those that hold a claim to corporations (ABS 2000). However, GOS is not the most appropriate measure of a corporate income tax base as it excludes income unrelated to production — such as property income, land and natural resource rents, net interest receipts, and capital gains or losses — which rightly forms part of company income and profits.</li> </ul> <p>Treasury are saying they exclude those amounts. You are including them.</p> <p><b>Mr Pink</b>—Yes. We are.</p> <p><b>Senator JOYCE</b>—You are. So there is a difference?</p> <p><b>Mr Pink</b>—We will take that on notice and come back because I do not know what is in the Treasury document, but we will certainly reference it and clarify it for you.</p> <p><i>*Senator Eggleston submitted this question in writing on 8 June.</i></p>		
<b>BET - 130</b>	<b>Abetz</b>	ABS	Micro Business	<p><b>Senator ABETZ</b>—Where have I heard that figure before? We will not go there. The ABS has a category of small business. Does it also have a category of micro business?</p> <p><b>Mr Ewing</b>—I would have to take that on notice. I am not sure.</p>	29/09/2010	E116 (03/06/2010)
<b>BET - 131</b>	<b>Abetz</b>	ABS	Australian Industry' Publication	<p><b>Senator ABETZ</b>—Well, that is not what I am asking. Was any of the information that was being gathered for the purposes of this publication at any stage shared with Treasury or the Henry review as the information was coming together?</p> <p><b>Mr Farrell</b>—No. What I meant by a previous edition was the survey is run annually, so it is released annually.</p> <p><b>Senator ABETZ</b>—Sorry. I thought you were trying to make a distinction</p>	30/09/2010	E116 (03/06/2010)

				<p>between the draft and the final draft.</p> <p><b>Mr Farrell</b>—No.</p> <p><b>Senator ABETZ</b>—I accept that. Thank you for that. I do not know if you have the document in front of you or available to you.</p> <p><b>Mr Farrell</b>—No. I do not have it with me.</p> <p><b>Senator ABETZ</b>—Let us see how we go. On page 7 of that document we are told that the operating profit before tax of the mining sector in 2008-09 was \$63.636 billion. Is somebody able to confirm that or not?</p> <p><b>Mr Farrell</b>—Sorry. I do not have the publication with me. We produce a very large number of publications.</p> <p><b>Senator ABETZ</b>—Of course you do. I am not critical of that. I was just hoping to potentially obtain some assistance in relation to this document's interpretation.</p> <p><b>Mr Farrell</b>—All we can do is take it on notice.</p>		
<b>BET - 132</b>	<b>Abetz</b>	ABS	Type-of-Activity Unit	<p><b>Senator ABETZ</b>—Let us move on. This document tells me at page 7, if I am reading it correctly, that the operating profit before tax is \$63.636 billion, yet when I go to the document entitled <i>Stronger, fairer, simpler: a tax plan for our future: an overview</i> put out by Treasurer Swan, I have a bar graph for resource profits as coming in at about \$90 billion for 2008-09. I am just trying to get a handle as to what the difference between those figures might be and what it might be due to. As I go on, you can take some of the questions on notice if you are unable to answer them now.</p> <p><b>Mr Farrell</b>—Yes.</p> <p><b>Senator ABETZ</b>—Just remind me: do we date the global financial crisis to the collapse of Lehmann Brothers in September 2008?</p> <p><b>Mr Farrell</b>—Yes.</p> <p><b>Senator ABETZ</b>—So the profit figures for 2008-09 would be the financial year in which we would say the global financial crisis occurred?</p> <p><b>Mr Farrell</b>—Yes. In the company's report on this, we run the statistical collection in respect of that financial year, but you would be aware that many companies do not operate on a July to June financial year, and those companies that report on a different financial year may have reported on a different financial year based on their financial accounts. So it would vary from company to company.</p> <p><b>Senator ABETZ</b>—It would, but the totality of profit and income is still that \$63.636 billion, if that is the right—</p> <p><b>Mr Farrell</b>—Within the context of that collection, yes.</p> <p><b>Senator ABETZ</b>—figure that I have identified. What does the TAU—and please do not ask me to remember what it stands for, although it is in your glossary or definitions at the back—<b>Mr Farrell</b>—It stands for type-of-activity unit.</p>	29/09/2010	E117-118 (03/06/2010)

**Senator ABETZ**—That is right. Unfortunately you do not have the chart on page 43, where there is the heading, ‘contribution to sales and service income’ and then the left-hand column is the TAU. What does that tell us? Is it a case of the higher the percentage the better or the higher percentage the worse in relation to contribution to sales and service income?

**Mr Farrell**—Let me explain what a TAU is so that you get the context. The register of businesses we use for our collections comes from the Australian Business Register. At the very top end of the size of businesses, the structures of companies are much more complex, and the structures for organisational and other reporting purposes may or may not suit the reporting for statistical purposes, so we changed the structure of the businesses at the top end into type-of-activity units for the purposes of statistical reporting. So we are talking about the very large companies in Australia with very complex structures. We work with those companies to identify the best methods for reporting for statistical purposes for those organisations. We restructure them for statistical purposes, and the units that come out of that process are called type-of-activity units. Good examples might be a mine which has substantial construction activity or other businesses that cut across industries and would otherwise contribute very differently according to those types of activities.

**Senator ABETZ**—So what are you telling us on page 43, where you have a heading ‘Contribution to sales and service income’ and then list the various sectors, and down the left-hand side you have got the TAU percentage?

**Mr Farrell**—I really need to look at it, Senator.

**Senator ABETZ**—All right. If you can take that on notice, because in that chart mining is 89 per cent and, if I read the chart correctly—if the term is right—is making the highest, what, contribution?

**Mr Farrell**—Yes.

**Senator ABETZ**—Yes, the highest contribution?

**Mr Farrell**—Without seeing it, I suspect what you are talking about is specialisation and coverage, and what that means is, if you put all the mining companies together, what proportion of the total mining activity in Australia would that cover—that is, those companies that are predominantly involved in mining. It might end up being, say, 85 per cent, because some of the mining activity might be done by companies that are actually classified primarily to construction activity. Now, I am partly guessing because I cannot see the document, but I strongly suspect that is what we are talking about there.

**Senator ABETZ**—All right. If you could be so kind as to read the *Hansard* later and take it on notice for me, I will try to digest the written

				word when it comes back to me. Thanks for that.		
<b>BET - 133</b>	<b>Abetz</b>	ABS	Royalties Statistics	<p><b>Senator ABETZ</b>—...Do you keep any statistics on royalties paid to the various state governments in relation to mining?</p> <p><b>Mr Ewing</b>—In the government finance statistics we would collect that information.</p> <p><b>Senator ABETZ</b>—And I am sure you do not have in your back pocket the amount that may have been paid in 2008-09?</p> <p><b>Mr Ewing</b>—No, I would not have that.</p> <p><b>Senator ABETZ</b>—So it is in the government finance statistics?</p> <p><b>Mr Ewing</b>—Yes.</p> <p><b>Senator ABETZ</b>—All right. I will have a look there for that. The Commonwealth Grants Commission for whatever reason believes that, in 2008-09, \$8.3 billion was paid in royalties to the various states, which is an interesting figure. I have never been good at maths, but if you take the \$63.636 billion profit that is in your document and round that up to \$64 billion, and round down the \$8.3 billion to \$8 billion so it is easier to calculate, then the royalties represent about one-eighth of the profit before tax, which is around 13 per cent and, giving the averages, comes to about the 14 per cent figure which found its way into Mr Swan's pie chart. That would therefore seem to verify that top figure in Mr Swan's pie chart—when I say his 'pie chart' I am referring to the Treasurer's Economic Note from Sunday, 9 May 2010, just to identify the document—which I found of some passing interest. So, when we have in this document here the operating profit before tax, does that take into account profit before the payment of royalties or after the payment of royalties?</p> <p><b>Mr Farrell</b>—I will take it on notice.</p> <p><b>Senator ABETZ</b>—All right. Thank you.</p>	02/02/2011	E118 (03/06/2010)
<b>BET - 134</b>	<b>Abetz</b>	ABS	Royalties Statistics#2	<p><b>Senator ABETZ</b>—All right. Thank you. If I may go through this document, on page 5, for example, we are told that in 2008-09: Mining recorded the largest percentage increase ... and the largest absolute increase— in total income. All these statistics are outlined, such as the fact that mining recorded the largest absolute increase for EBITDA. It says: Mining experienced a result counter to the decreasing trend in OPBT, showing substantial growth ...</p> <p>It also says: MINING this year has overtaken MANUFACTURING as the largest contributing industry ...</p> <p>I can go through. It seems to me that in 2008-09, according to the Australian Bureau of Statistics, the mining sector still performed exceptionally well. Yet in this room I think it was a week ago in the</p>	30/09/2010	E118-119 (03/06/2010)

				<p>morning we had Treasury telling us in that mining had let down the Australian economy during the global financial crisis.</p> <p><b>Senator Sherry</b>—Is there a question here, Senator Abetz?</p> <p><b>Senator ABETZ</b>—Yes. Yet the day after that evidence, the Australian Bureau of Statistics comes out with a whole array of statistics, and it does not matter what you look at, mining outperformed every other category of the Australian economy.</p> <p><b>Senator CAMERON</b>—They had 19 per cent unemployment.</p> <p><b>Senator ABETZ</b>—So, if it is not asking too much, could the ABS just verify for me their assertions in relation to chapter 1, Overview in relation to the mining sector, and also in chapter 2, Industry performance, which included on page 18:</p> <p>Most industries have reported relatively stable profit margins over time. The main exceptions to this, which each recorded large decreases in their profit margins between 2007-08 and 2008-09, were Rental, hiring and real estate services (from 44.0% to 16.3%), Education and training (private) (from 24.5% to 9.8%) and Information, media and telecommunications (from 15.7% to 9.1%).</p> <p>So they were all down substantially.</p> <p>Mining returned the largest profit margin (37.1%), however this margin has been steady over time.</p> <p><i>Senator Cameron interjecting—</i></p> <p>So every single statistical analysis provided to the Australian people the day after Treasury gave us these statistics—</p> <p><b>Senator Sherry</b>—Chair, we are getting a lot of rhetoric. If you have a question, fine. It is getting late. We are getting interjections as well, which is not helpful, either, Senator Cameron. It is late at night. If we have a question, let's have the question.</p> <p><b>CHAIR</b>—Can you come to the question, Senator Abetz.</p> <p><b>Senator ABETZ</b>—I am requesting, please, of ABS to verify these statements, which seem to contradict the evidence provided by Treasury. I may well be misinterpreting all these statements and, if that be so, if I could be advised on notice as to what I am misreading in relation to that document.</p>		
<b>BET - 135</b>	<b>Abetz</b>	ABS	Company Tax Paid by the Mining Sector	<p><b>Senator ABETZ</b>—...Moving on, do you have any analysis of the total amount of company tax paid by the mining sector for the year 2008-09? I was told I would find the royalties in government finance statistics. Would that be the same place where I would find that analysis by the ABS?</p> <p><b>Mr Ewing</b>—No, it would not be.</p> <p><b>Senator ABETZ</b>—Where should I be looking, if at all?</p> <p><b>Mr Ewing</b>—I would have to take that on notice, but I suspect in the distribution of income accounts. But I am not sure they are broken down</p>	30/09/2010	E119 (03/06/2010)

				<p>by industry. It would have the amount of tax paid in total within the economy, but I would have to look into whether it is broken down by industry. I could not guarantee that.</p> <p><b>Senator ABETZ</b>—If you could provide it to me in any event, but if it is not broken down, you must add, I would assume, all the various industry components to give you the total figure. Is that a fair assumption, if it is only a total figure?</p> <p><b>Mr Ewing</b>—Unless it is collected from an administrative source like the tax office's total tax. It may or may not be. I would have to take it on notice and let you know whether we can break it down by industry.</p> <p><b>Senator ABETZ</b>—I was going to ask if you could disaggregate the figure and advise me as to what the mining component was—that would be very helpful. Trying my luck even further, if you could try to differentiate between the oil and gas sector and the mineral sector, that would be of substantial benefit to me. That is the end of my questions, thank you very much.</p>		
<b>BET - 136</b>	<b>Abetz</b>	ABS	Annual Integrated Collection	<p><b>Mr Ewing</b>—Could I make a small point of clarification please?</p> <p><b>Senator ABETZ</b>—Yes.</p> <p><b>Mr Ewing</b>—I point out that a lot of the numbers the ABS compiles are compiled in the context of the system of national accounts on the basis of economic concepts rather than accounting concepts under which businesses report and are taxed, so there may be some variation between the numbers published by the ABS and those which might be relevant to considering what taxes and so on are paid or might be payable by companies under different circumstances.</p> <p><b>Senator CAMERON</b>—That is very interesting.</p> <p><b>Senator ABETZ</b>—So where is this information gleaned from then? For example, the wages and salaries paid by, let us say, the agriculture, forestry and fishing sector is determined to be \$6.122 billion?</p> <p><b>Mr Ewing</b>—Those figures would have been collected from the <i>Annual integrated collection</i> that Denis referred to before and they are probably collected on a business reporting basis. But I know that a number of the figures that are published in the national accounts, for example, that refer to gross operating surplus are adjusted to reflect national accounts and economic concepts that are somewhat different from accounting. In providing you with the answers to the questions you have asked, we will have to be careful to point out where those figures relate to economic concepts and where they relate to accounting concepts.</p> <p><b>Senator ABETZ</b>—All right. And the operating profit before tax?</p> <p><b>Mr Ewing</b>—That would have come from the same source. The publication you are referring to is based on the <i>Annual integrated</i></p>	29/09/2010	E119-120 (03/06/2010)

				<p><i>collection.</i></p> <p><b>Senator ABETZ</b>—So that is a collection of actual data?</p> <p><b>Mr Ewing</b>—Actual data from a survey of some 16,000 businesses across the economy.</p> <p><b>Senator ABETZ</b>—Whereas some of the other aspects that I have been asking about would relate to broader economic concepts?</p> <p><b>Mr Ewing</b>—In some instances some of the numbers you were referring to, such as distribution of tax and so on, within the income distribution account would be adjusted to a national accounts basis to be consistent with the rest of the SNA.</p> <p><b>Senator ABETZ</b>—So I get this clear, the figures in your document, <i>Australian industry</i>, released last Friday are from data collected?</p> <p><b>Mr Ewing</b>—They are from the <i>Annual integrated collection</i>, the data collection.</p> <p><b>Senator ABETZ</b>—So those figures can be relied upon without the caveat, but some of the figures that I might be supplied in relation to other matters that I have asked for will need that caveat. Is that correct?</p> <p><b>Mr Ewing</b>—Again, I do not have the publication with me, but I am saying that in supplying you with the data we will accompany them with appropriate definitions and caveats that will enable you to interpret them, in terms of their relationship to each other, in a coherent way.</p> <p><b>Senator ABETZ</b>—That would be very helpful. I apologise in advance to the poor people in the ABS who will have to undertake that task, but if they do undertake the task I can assure them it will be valued by me. Thank you.</p>		
<b>BET - 137</b>	<b>Barnett</b>	Treasury	Staffing (Treasury)	<ul style="list-style-type: none"> <li>• How many permanent staff recruited since additional estimates (Feb 2010)?</li> <li>• What level are these staff?</li> <li>• How many temporary positions exist or have been created since additional estimates?</li> <li>• Since additional estimates, how many employees have been employed on contract and what is the average length of their employment period?</li> </ul>	21/12/2010	Written
<b>BET - 138</b>	<b>Barnett</b>	ABS	Staffing (ABS)	<ul style="list-style-type: none"> <li>• How many permanent staff recruited since additional estimates (Feb 2010)?</li> <li>• What level are these staff?</li> <li>• How many temporary positions exist or have been created since additional estimates?</li> </ul> <p>Since additional estimates, how many employees have been employed on contract and what is the average length of their employment period?</p>	29/09/2010	Written



<b>BET - 139</b>	<b>Barnett</b>	ACCC	Staffing (ACCC)	<ul style="list-style-type: none"> <li>• How many permanent staff recruited since additional estimates (Feb 2010)?</li> <li>• What level are these staff?</li> <li>• How many temporary positions exist or have been created since additional estimates?</li> </ul> <p>Since additional estimates, how many employees have been employed on contract and what is the average length of their employment period?</p>	23/09/2010	Written
<b>BET - 140</b>	<b>Barnett</b>	AOFM	Staffing (AOFM)	<ul style="list-style-type: none"> <li>• How many permanent staff recruited since additional estimates (Feb 2010)?</li> <li>• What level are these staff?</li> <li>• How many temporary positions exist or have been created since additional estimates?</li> </ul> <p>Since additional estimates, how many employees have been employed on contract and what is the average length of their employment period?</p>	30/09/2010	Written
<b>BET - 141</b>	<b>Barnett</b>	APRA	Staffing (APRA)	<ul style="list-style-type: none"> <li>• How many permanent staff recruited since additional estimates (Feb 2010)?</li> <li>• What level are these staff?</li> <li>• How many temporary positions exist or have been created since additional estimates?</li> </ul> <p>Since additional estimates, how many employees have been employed on contract and what is the average length of their employment period?</p>	24/09/2010	Written
<b>BET - 142</b>	<b>Barnett</b>	ATO	Staffing (ATO)	<ul style="list-style-type: none"> <li>• How many permanent staff recruited since additional estimates (Feb 2010)?</li> <li>• What level are these staff?</li> <li>• How many temporary positions exist or have been created since additional estimates?</li> </ul> <p>Since additional estimates, how many employees have been employed on contract and what is the average length of their employment period?</p>	30/09/2010	Written
<b>BET - 143</b>	<b>Barnett</b>	ASIC	Staffing (ASIC)	<ul style="list-style-type: none"> <li>• How many permanent staff recruited since additional estimates (Feb 2010)?</li> <li>• What level are these staff?</li> <li>• How many temporary positions exist or have been created since additional estimates?</li> </ul> <p>Since additional estimates, how many employees have been employed on contract and what is the average length of their employment period?</p>	24/09/2010	Written
<b>BET - 144</b>	<b>Barnett</b>	PC	Staffing (PC)	<ul style="list-style-type: none"> <li>• How many permanent staff recruited since additional estimates (Feb 2010)?</li> <li>• What level are these staff?</li> <li>• How many temporary positions exist or have been created since additional estimates?</li> </ul>	24/09/2010	Written

				Since additional estimates, how many employees have been employed on contract and what is the average length of their employment period?		
<b>BET - 145</b>	<b>Barnett</b>	Treasury	Staffing - Efficiency Dividend/Budget Cuts (Treasury)	<p>Have staffing numbers been reduced as a result of the efficiency dividend and/or other budget cuts?</p> <ul style="list-style-type: none"> <li>- Since the efficiency dividend was introduced?</li> <li>- Since additional estimates?</li> </ul> <p>If so, where and at what level?</p> <p>Are there any plans for staff reduction? If so, please advise details i.e. reduction target, how this will be achieved, services/programs to be cut etc.</p> <p>If your Department/agency has been identified in the budget as delivering further efficiencies (savings), how will these be delivered? (for example, if the budget papers say 'improvement to strategic work practices' or similar, what are these and how will they be delivered?)</p> <p>What changes are underway or planned for graduate recruitment, cadetships or similar programs? If reductions or increases are envisaged please explain including reasons, target numbers etc.</p>	21/12/2010	Written
<b>BET - 146</b>	<b>Barnett</b>	ABS	Staffing - Efficiency Dividend/Budget Cuts (ABS)	<p>Have staffing numbers been reduced as a result of the efficiency dividend and/or other budget cuts?</p> <ul style="list-style-type: none"> <li>- Since the efficiency dividend was introduced?</li> <li>- Since additional estimates?</li> </ul> <p>If so, where and at what level?</p> <p>Are there any plans for staff reduction? If so, please advise details i.e. reduction target, how this will be achieved, services/programs to be cut etc.</p> <p>If your Department/agency has been identified in the budget as delivering further efficiencies (savings), how will these be delivered? (for example, if the budget papers say 'improvement to strategic work practices' or similar, what are these and how will they be delivered?)</p> <p>What changes are underway or planned for graduate recruitment, cadetships or similar programs? If reductions or increases are envisaged please explain including reasons, target numbers etc.</p>	22/12/2010	Written

<b>BET - 147</b>	<b>Barnett</b>	ACCC	Staffing - Efficiency Dividend/Budget Cuts (ACCC)	<p>Have staffing numbers been reduced as a result of the efficiency dividend and/or other budget cuts?</p> <ul style="list-style-type: none"> <li>- Since the efficiency dividend was introduced?</li> <li>- Since additional estimates?</li> </ul> <p>If so, where and at what level?</p> <p>Are there any plans for staff reduction? If so, please advise details i.e. reduction target, how this will be achieved, services/programs to be cut etc.</p> <p>If your Department/agency has been identified in the budget as delivering further efficiencies (savings), how will these be delivered? (for example, if the budget papers say 'improvement to strategic work practices' or similar, what are these and how will they be delivered?</p> <p>What changes are underway or planned for graduate recruitment, cadetships or similar programs? If reductions or increases are envisaged please explain including reasons, target numbers etc.</p>	29/09/2010	Written
<b>BET - 148</b>	<b>Barnett</b>	AOFM	Staffing - Efficiency Dividend/Budget Cuts (AOFM)	<p>Have staffing numbers been reduced as a result of the efficiency dividend and/or other budget cuts?</p> <ul style="list-style-type: none"> <li>- Since the efficiency dividend was introduced?</li> <li>- Since additional estimates?</li> </ul> <p>If so, where and at what level?</p> <p>Are there any plans for staff reduction? If so, please advise details i.e. reduction target, how this will be achieved, services/programs to be cut etc.</p> <p>If your Department/agency has been identified in the budget as delivering further efficiencies (savings), how will these be delivered? (for example, if the budget papers say 'improvement to strategic work practices' or similar, what are these and how will they be delivered?</p> <p>What changes are underway or planned for graduate recruitment, cadetships or similar programs? If reductions or increases are envisaged please explain including reasons, target numbers etc.</p>	29/09/2010	Written
<b>BET - 149</b>	<b>Barnett</b>	APRA	Staffing - Efficiency Dividend/Budget Cuts (APRA)	<p>Have staffing numbers been reduced as a result of the efficiency dividend and/or other budget cuts?</p> <ul style="list-style-type: none"> <li>- Since the efficiency dividend was introduced?</li> </ul>	29/09/2010	Written

				<p>- Since additional estimates?</p> <p>If so, where and at what level?</p> <p>Are there any plans for staff reduction? If so, please advise details i.e. reduction target, how this will be achieved, services/programs to be cut etc.</p> <p>If your Department/agency has been identified in the budget as delivering further efficiencies (savings), how will these be delivered? (for example, if the budget papers say 'improvement to strategic work practices' or similar, what are these and how will they be delivered?)</p> <p>What changes are underway or planned for graduate recruitment, cadetships or similar programs? If reductions or increases are envisaged please explain including reasons, target numbers etc.</p>		
<b>BET - 150</b>	<b>Barnett</b>	ATO	Staffing - Efficiency Dividend/Budget Cuts (ATO)	<p>Have staffing numbers been reduced as a result of the efficiency dividend and/or other budget cuts?</p> <p>- Since the efficiency dividend was introduced?</p> <p>- Since additional estimates?</p> <p>If so, where and at what level?</p> <p>Are there any plans for staff reduction? If so, please advise details i.e. reduction target, how this will be achieved, services/programs to be cut etc.</p> <p>If your Department/agency has been identified in the budget as delivering further efficiencies (savings), how will these be delivered? (for example, if the budget papers say 'improvement to strategic work practices' or similar, what are these and how will they be delivered?)</p> <p>What changes are underway or planned for graduate recruitment, cadetships or similar programs? If reductions or increases are envisaged please explain including reasons, target numbers etc.</p>	30/09/2010	Written
<b>BET - 151</b>	<b>Barnett</b>	ASIC	Staffing - Efficiency Dividend/Budget Cuts (ASIC)	<p>Have staffing numbers been reduced as a result of the efficiency dividend and/or other budget cuts?</p> <p>- Since the efficiency dividend was introduced?</p> <p>- Since additional estimates?</p> <p>If so, where and at what level?</p>	22/12/2010	Written

				<p>Are there any plans for staff reduction? If so, please advise details i.e. reduction target, how this will be achieved, services/programs to be cut etc.</p> <p>If your Department/agency has been identified in the budget as delivering further efficiencies (savings), how will these be delivered? (for example, if the budget papers say 'improvement to strategic work practices' or similar, what are these and how will they be delivered?)</p> <p>What changes are underway or planned for graduate recruitment, cadetships or similar programs? If reductions or increases are envisaged please explain including reasons, target numbers etc.</p>		
<b>BET - 152</b>	<b>Barnett</b>	PC	Staffing - Efficiency Dividend/Budget Cuts (PC)	<p>Have staffing numbers been reduced as a result of the efficiency dividend and/or other budget cuts?</p> <ul style="list-style-type: none"> <li>- Since the efficiency dividend was introduced?</li> <li>- Since additional estimates?</li> </ul> <p>If so, where and at what level?</p> <p>Are there any plans for staff reduction? If so, please advise details i.e. reduction target, how this will be achieved, services/programs to be cut etc.</p> <p>If your Department/agency has been identified in the budget as delivering further efficiencies (savings), how will these be delivered? (for example, if the budget papers say 'improvement to strategic work practices' or similar, what are these and how will they be delivered?)</p> <p>What changes are underway or planned for graduate recruitment, cadetships or similar programs? If reductions or increases are envisaged please explain including reasons, target numbers etc.</p>	30/09/2010	Written
<b>BET - 153</b>	<b>Barnett</b>	Treasury	Government Advertising (Treasury)	<p>What communications programs has the Department/Agency undertaken since additional estimates and what communications programs are planned to be undertaken?</p> <p>For each program, what is the total spend?</p> <p>(by 'communications program' it is meant communication of a government message to the public – possibly by advertising (print, television etc), possibly through the erection of signs, plaques etc, or</p>	30/09/2010	Written

				<p>through other mediums. The recent (current) Government TV advertising campaign on health reform and specific health initiatives are examples, BER signage is an example, advertising on the Government's proposed new tax system would be another example.)</p> <p>A breakdown of how much was spent/is planned to be spent on each program/initiative should be provided.</p>		
<b>BET - 154</b>	<b>Barnett</b>	ABS	Government Advertising (ABS)	<p>What communications programs has the Department/Agency undertaken since additional estimates and what communications programs are planned to be undertaken?</p> <p>For each program, what is the total spend?</p> <p>(by 'communications program' it is meant communication of a government message to the public – possibly by advertising (print, television etc), possibly through the erection of signs, plaques etc, or through other mediums. The recent (current) Government TV advertising campaign on health reform and specific health initiatives are examples, BER signage is an example, advertising on the Government's proposed new tax system would be another example.)</p> <p>A breakdown of how much was spent/is planned to be spent on each program/initiative should be provided.</p>	29/09/2010	Written
<b>BET - 155</b>	<b>Barnett</b>	ACCC	Government Advertising (ACCC)	<p>What communications programs has the Department/Agency undertaken since additional estimates and what communications programs are planned to be undertaken?</p> <p>For each program, what is the total spend?</p> <p>(by 'communications program' it is meant communication of a government message to the public – possibly by advertising (print, television etc), possibly through the erection of signs, plaques etc, or through other mediums. The recent (current) Government TV advertising campaign on health reform and specific health initiatives are examples, BER signage is an example, advertising on the Government's proposed new tax system would be another example.)</p> <p>A breakdown of how much was spent/is planned to be spent on each program/initiative should be provided.</p>	29/09/2010	Written

<b>BET - 156</b>	<b>Barnett</b>	AOFM	Government Advertising (AOFM)	<p>What communications programs has the Department/Agency undertaken since additional estimates and what communications programs are planned to be undertaken?</p> <p>For each program, what is the total spend?</p> <p>(by 'communications program' it is meant communication of a government message to the public – possibly by advertising (print, television etc), possibly through the erection of signs, plaques etc, or through other mediums. The recent (current) Government TV advertising campaign on health reform and specific health initiatives are examples, BER signage is an example, advertising on the Government's proposed new tax system would be another example.)</p> <p>A breakdown of how much was spent/is planned to be spent on each program/initiative should be provided.</p>	29/09/2010	Written
<b>BET - 157</b>	<b>Barnett</b>	APRA	Government Advertising (APRA)	<p>What communications programs has the Department/Agency undertaken since additional estimates and what communications programs are planned to be undertaken?</p> <p>For each program, what is the total spend?</p> <p>(by 'communications program' it is meant communication of a government message to the public – possibly by advertising (print, television etc), possibly through the erection of signs, plaques etc, or through other mediums. The recent (current) Government TV advertising campaign on health reform and specific health initiatives are examples, BER signage is an example, advertising on the Government's proposed new tax system would be another example.)</p> <p>A breakdown of how much was spent/is planned to be spent on each program/initiative should be provided.</p>	29/09/2010	Written
<b>BET - 158</b>	<b>Barnett</b>	ATO	Government Advertising (ATO)	<p>What communications programs has the Department/Agency undertaken since additional estimates and what communications programs are planned to be undertaken?</p> <p>For each program, what is the total spend?</p> <p>(by 'communications program' it is meant communication of a government message to the public – possibly by advertising (print,</p>	30/09/2010	Written

				<p>television etc), possibly through the erection of signs, plaques etc, or through other mediums. The recent (current) Government TV advertising campaign on health reform and specific health initiatives are examples, BER signage is an example, advertising on the Government's proposed new tax system would be another example.)</p> <p>A breakdown of how much was spent/is planned to be spent on each program/initiative should be provided.</p>		
<b>BET - 159</b>	<b>Barnett</b>	ASIC	Government Advertising (ASIC)	<p>What communications programs has the Department/Agency undertaken since additional estimates and what communications programs are planned to be undertaken?</p> <p>For each program, what is the total spend?</p> <p>(by 'communications program' it is meant communication of a government message to the public – possibly by advertising (print, television etc), possibly through the erection of signs, plaques etc, or through other mediums. The recent (current) Government TV advertising campaign on health reform and specific health initiatives are examples, BER signage is an example, advertising on the Government's proposed new tax system would be another example.)</p> <p>A breakdown of how much was spent/is planned to be spent on each program/initiative should be provided.</p>	29/09/2010	Written
<b>BET - 160</b>	<b>Barnett</b>	PC	Government Advertising (PC)	<p>What communications programs has the Department/Agency undertaken since additional estimates and what communications programs are planned to be undertaken?</p> <p>For each program, what is the total spend?</p> <p>(by 'communications program' it is meant communication of a government message to the public – possibly by advertising (print, television etc), possibly through the erection of signs, plaques etc, or through other mediums. The recent (current) Government TV advertising campaign on health reform and specific health initiatives are examples, BER signage is an example, advertising on the Government's proposed new tax system would be another example.)</p> <p>A breakdown of how much was spent/is planned to be spent on each program/initiative should be provided.</p>	24/09/2010	Written



<b>BET - 161</b>	<b>Barnett</b>	Treasury	Hospitality (Treasury)	What is the Department's hospitality spend FYTD? Please detail date, location, purpose and cost of all events.  For each Minister/Par Sec's office, please detail total hospitality spend FYTD. Please detail date, location, purpose and cost of each event.	24/09/2010	Written
<b>BET - 162</b>	<b>Barnett</b>	ABS	Hospitality (ABS)	What is the Agency's hospitality spend FYTD? Please detail date, location, purpose and cost of all events.	29/09/2010	Written
<b>BET - 163</b>	<b>Barnett</b>	ACCC	Hospitality (ACCC)	What is the Agency's hospitality spend FYTD? Please detail date, location, purpose and cost of all events.	30/09/2010	Written
<b>BET - 164</b>	<b>Barnett</b>	AOFM	Hospitality (AOFM)	What is the Agency's hospitality spend FYTD? Please detail date, location, purpose and cost of all events.	29/09/2010	Written
<b>BET - 165</b>	<b>Barnett</b>	APRA	Hospitality (APRA)	What is the Agency's hospitality spend FYTD? Please detail date, location, purpose and cost of all events.	29/09/2010	Written
<b>BET - 166</b>	<b>Barnett</b>	ATO	Hospitality (ATO)	What is the Agency's hospitality spend FYTD? Please detail date, location, purpose and cost of all events.	30/09/2010	Written
<b>BET - 167</b>	<b>Barnett</b>	ASIC	Hospitality (ASIC)	What is the Agency's hospitality spend FYTD? Please detail date, location, purpose and cost of all events.	29/09/2010	Written
<b>BET - 168</b>	<b>Barnett</b>	PC	Hospitality (PC)	What is the Agency's hospitality spend FYTD? Please detail date, location, purpose and cost of all events.	24/09/2010	Written
<b>BET - 169</b>	<b>Barnett</b>	Treasury	Board Appointments	What is the gender ratio on each board and across the portfolio?  What is the gender ratio of appointments made to boards since the Government came to office in November 2007?	30/09/2010	Written
<b>BET - 170</b>	<b>Barnett</b>	Treasury	Grants (Treasury)	Has the Department complied with interim requirements relating to the publication of discretionary grants?	21/12/2010	Written
<b>BET - 171</b>	<b>Barnett</b>	ABS	Grants (ABS)	Has the Department complied with interim requirements relating to the publication of discretionary grants?	29/09/2010	Written
<b>BET - 172</b>	<b>Barnett</b>	ACCC	Grants (ACCC)	Has the Department complied with interim requirements relating to the publication of discretionary grants?	29/09/2010	Written
<b>BET - 173</b>	<b>Barnett</b>	AOFM	Grants (AOFM)	Has the Department complied with interim requirements relating to the publication of discretionary grants?	29/09/2010	Written
<b>BET - 174</b>	<b>Barnett</b>	APRA	Grants (APRA)	Has the Department complied with interim requirements relating to the publication of discretionary grants?	29/09/2010	Written

<b>BET - 175</b>	<b>Barnett</b>	ATO	Grants (ATO)	Has the Department complied with interim requirements relating to the publication of discretionary grants?	30/09/2010	Written
<b>BET - 176</b>	<b>Barnett</b>	ASIC	Grants (ASIC)	Has the Department complied with interim requirements relating to the publication of discretionary grants?	29/09/2010	Written
<b>BET - 177</b>	<b>Barnett</b>	PC	Grants (PC)	Has the Department complied with interim requirements relating to the publication of discretionary grants?	24/09/2010	Written
<b>BET - 178</b>	<b>Barnett</b>	Treasury	Freedom of Information (Treasury)	<ul style="list-style-type: none"> <li>- Has the Department/agency received any advice from the Government or any other source on how to respond to FOI requests?</li> <li>- How many FOI requests has the Department received?</li> <li>- How many have been granted or denied?</li> <li>- How many conclusive certificates have been issued in relation to FOI requests?</li> </ul>	02/12/2010	Written
<b>BET - 179</b>	<b>Barnett</b>	ABS	Freedom of Information (ABS)	<ul style="list-style-type: none"> <li>- Has the Department/agency received any advice from the Government or any other source on how to respond to FOI requests?</li> <li>- How many FOI requests has the Department received?</li> <li>- How many have been granted or denied?</li> <li>- How many conclusive certificates have been issued in relation to FOI requests?</li> </ul>	10/09/2010	Written
<b>BET - 180</b>	<b>Barnett</b>	ACCC	Freedom of Information (ACCC)	<ul style="list-style-type: none"> <li>- Has the Department/agency received any advice from the Government or any other source on how to respond to FOI requests?</li> <li>- How many FOI requests has the Department received?</li> <li>- How many have been granted or denied?</li> <li>- How many conclusive certificates have been issued in relation to FOI requests?</li> </ul>	28/09/2010	Written
<b>BET - 181</b>	<b>Barnett</b>	AOFM	Freedom of Information (AOFM)	<ul style="list-style-type: none"> <li>- Has the Department/agency received any advice from the Government or any other source on how to respond to FOI requests?</li> <li>- How many FOI requests has the Department received?</li> <li>- How many have been granted or denied?</li> <li>- How many conclusive certificates have been issued in relation to FOI requests?</li> </ul>	10/09/2010	Written
<b>BET - 182</b>	<b>Barnett</b>	APRA	Freedom of Information (APRA)	<ul style="list-style-type: none"> <li>- Has the Department/agency received any advice from the Government or any other source on how to respond to FOI requests?</li> <li>- How many FOI requests has the Department received?</li> <li>- How many have been granted or denied?</li> <li>- How many conclusive certificates have been issued in relation to FOI requests?</li> </ul>	28/09/2010	Written
<b>BET - 183</b>	<b>Barnett</b>	ATO	Freedom of Information (ATO)	<ul style="list-style-type: none"> <li>- Has the Department/agency received any advice from the Government or any other source on how to respond to FOI requests?</li> <li>- How many FOI requests has the Department received?</li> <li>- How many have been granted or denied?</li> </ul>	30/09/2010	Written

				- How many conclusive certificates have been issued in relation to FOI requests?		
<b>BET - 184</b>	<b>Barnett</b>	PC	Freedom of Information (PC)	- Has the Department/agency received any advice from the Government or any other source on how to respond to FOI requests? - How many FOI requests has the Department received? - How many have been granted or denied? - How many conclusive certificates have been issued in relation to FOI requests?	10/09/2010	Written
<b>BET - 185</b>	<b>Barnett</b>	Treasury	Community Cabinet	What was the cost of Ministers travel and expenses for the Community Cabinet meetings held since additional estimates?  How many Ministerial Staff and Departmental officers travelled with the Minister for the Community Cabinet meeting?  What was the total cost of this travel?  What was the total cost to the Department and the Ministers office?	02/12/2010	Written
<b>BET - 186</b>	<b>Barnett</b>	Treasury	Portfolio Reviews	What is the total number of Reviews both completed and ongoing in the portfolio/agency or affecting the portfolio agency since November 2007?  Please provide a breakdown of reviews completed since the government came to office (only those commenced after the current government came to office) including  - when those reviews were provided to Government, - estimated cost of producing each review (and total cost) and - if the Government has responded to the review or information about when the Government has indicated it will/will not respond to the review.  How many reviews are ongoing?  How many reviews have been completed since additional estimates?  What further reviews are planned in the portfolio/agency?	02/12/2010	Written
<b>BET - 187</b>	<b>Barnett</b>	Treasury	Consultancies (Treasury)	How many consultancies have been undertaken or are underway since November 2007? Please identify the name of the consultant, the subject matter of the consultancy, the duration and cost of the contract, and the method of procurement (i.e. open tender, direct source, etc).  Please also include total value for all consultancies, including figures for	21/12/2010	Written

				<p>total spending on consultancies and also value of contracts awarded? Provide total figures since November 2007 and a breakdown on these figures for FY 2008/09 and 2009/10 FYTD.</p> <p>Is the Department/agency up to date with its reporting requirements on the Government's tenders and contacts website? Are the figures available on that site correct?</p> <p>How many consultancies are planned for this calendar year? Have these been published in your Annual Procurement Plan (APP) on the AusTender website and if not why not? In each case please identify the subject matter, duration, projected cost and method of procurement as above, and the name of the consultant if known.</p> <p>All answers should be current at the time the answer is submitted.</p>		
<b>BET - 188</b>	<b>Barnett</b>	ABS	Consultancies (ABS)	<p>How many consultancies have been undertaken or are underway since November 2007? Please identify the name of the consultant, the subject matter of the consultancy, the duration and cost of the contract, and the method of procurement (i.e. open tender, direct source, etc).</p> <p>Please also include total value for all consultancies, including figures for total spending on consultancies and also value of contracts awarded? Provide total figures since November 2007 and a breakdown on these figures for FY 2008/09 and 2009/10 FYTD.</p> <p>Is the Department/agency up to date with its reporting requirements on the Government's tenders and contacts website? Are the figures available on that site correct?</p> <p>How many consultancies are planned for this calendar year? Have these been published in your Annual Procurement Plan (APP) on the AusTender website and if not why not? In each case please identify the subject matter, duration, projected cost and method of procurement as above, and the name of the consultant if known.</p> <p>All answers should be current at the time the answer is submitted.</p>	29/09/2010	Written
<b>BET - 189</b>	<b>Barnett</b>	ACCC	Consultancies (ACCC)	<p>How many consultancies have been undertaken or are underway since November 2007? Please identify the name of the consultant, the subject matter of the consultancy, the duration and cost of the contract, and the method of procurement (i.e. open tender, direct source, etc).</p> <p>Please also include total value for all consultancies, including figures for</p>	23/09/2010	Written

				<p>total spending on consultancies and also value of contracts awarded? Provide total figures since November 2007 and a breakdown on these figures for FY 2008/09 and 2009/10 FYTD.</p> <p>Is the Department/agency up to date with its reporting requirements on the Government's tenders and contacts website? Are the figures available on that site correct?</p> <p>How many consultancies are planned for this calendar year? Have these been published in your Annual Procurement Plan (APP) on the AusTender website and if not why not? In each case please identify the subject matter, duration, projected cost and method of procurement as above, and the name of the consultant if known.</p> <p>All answers should be current at the time the answer is submitted.</p>		
<b>BET - 190</b>	<b>Barnett</b>	AOFM	Consultancies (AOFM)	<p>How many consultancies have been undertaken or are underway since November 2007? Please identify the name of the consultant, the subject matter of the consultancy, the duration and cost of the contract, and the method of procurement (i.e. open tender, direct source, etc).</p> <p>Please also include total value for all consultancies, including figures for total spending on consultancies and also value of contracts awarded? Provide total figures since November 2007 and a breakdown on these figures for FY 2008/09 and 2009/10 FYTD.</p> <p>Is the Department/agency up to date with its reporting requirements on the Government's tenders and contacts website? Are the figures available on that site correct?</p> <p>How many consultancies are planned for this calendar year? Have these been published in your Annual Procurement Plan (APP) on the AusTender website and if not why not? In each case please identify the subject matter, duration, projected cost and method of procurement as above, and the name of the consultant if known.</p> <p>All answers should be current at the time the answer is submitted.</p>	29/09/2010	Written
<b>BET - 191</b>	<b>Barnett</b>	APRA	Consultancies (APRA)	<p>How many consultancies have been undertaken or are underway since November 2007? Please identify the name of the consultant, the subject matter of the consultancy, the duration and cost of the contract, and the method of procurement (i.e. open tender, direct source, etc).</p>	30/09/2010	Written

				<p>Please also include total value for all consultancies, including figures for total spending on consultancies and also value of contracts awarded? Provide total figures since November 2007 and a breakdown on these figures for FY 2008/09 and 2009/10 FYTD.</p> <p>Is the Department/agency up to date with its reporting requirements on the Government's tenders and contacts website? Are the figures available on that site correct?</p> <p>How many consultancies are planned for this calendar year? Have these been published in your Annual Procurement Plan (APP) on the AusTender website and if not why not? In each case please identify the subject matter, duration, projected cost and method of procurement as above, and the name of the consultant if known.</p> <p>All answers should be current at the time the answer is submitted.</p>		
<b>BET - 192</b>	<b>Barnett</b>	ATO	Consultancies (ATO)	<p>How many consultancies have been undertaken or are underway since November 2007? Please identify the name of the consultant, the subject matter of the consultancy, the duration and cost of the contract, and the method of procurement (i.e. open tender, direct source, etc).</p> <p>Please also include total value for all consultancies, including figures for total spending on consultancies and also value of contracts awarded? Provide total figures since November 2007 and a breakdown on these figures for FY 2008/09 and 2009/10 FYTD.</p> <p>Is the Department/agency up to date with its reporting requirements on the Government's tenders and contacts website? Are the figures available on that site correct?</p> <p>How many consultancies are planned for this calendar year? Have these been published in your Annual Procurement Plan (APP) on the AusTender website and if not why not? In each case please identify the subject matter, duration, projected cost and method of procurement as above, and the name of the consultant if known.</p> <p>All answers should be current at the time the answer is submitted.</p>	30/09/2010	Written
<b>BET - 193</b>	<b>Barnett</b>	ASIC	Consultancies (ASIC)	<p>How many consultancies have been undertaken or are underway since November 2007? Please identify the name of the consultant, the subject matter of the consultancy, the duration and cost of the contract, and the method of procurement (i.e. open tender, direct source, etc).</p>	29/09/2010	Written

				<p>Please also include total value for all consultancies, including figures for total spending on consultancies and also value of contracts awarded? Provide total figures since November 2007 and a breakdown on these figures for FY 2008/09 and 2009/10 FYTD.</p> <p>Is the Department/agency up to date with its reporting requirements on the Government's tenders and contacts website? Are the figures available on that site correct?</p> <p>How many consultancies are planned for this calendar year? Have these been published in your Annual Procurement Plan (APP) on the AusTender website and if not why not? In each case please identify the subject matter, duration, projected cost and method of procurement as above, and the name of the consultant if known.</p> <p>All answers should be current at the time the answer is submitted.</p>		
<b>BET - 194</b>	<b>Barnett</b>	PC	Consultancies (PC)	<p>How many consultancies have been undertaken or are underway since November 2007? Please identify the name of the consultant, the subject matter of the consultancy, the duration and cost of the contract, and the method of procurement (i.e. open tender, direct source, etc).</p> <p>Please also include total value for all consultancies, including figures for total spending on consultancies and also value of contracts awarded? Provide total figures since November 2007 and a breakdown on these figures for FY 2008/09 and 2009/10 FYTD.</p> <p>Is the Department/agency up to date with its reporting requirements on the Government's tenders and contacts website? Are the figures available on that site correct?</p> <p>How many consultancies are planned for this calendar year? Have these been published in your Annual Procurement Plan (APP) on the AusTender website and if not why not? In each case please identify the subject matter, duration, projected cost and method of procurement as above, and the name of the consultant if known.</p> <p>All answers should be current at the time the answer is submitted.</p>	24/09/2010	Written
<b>BET - 195</b>	<b>Barnett</b>	Treasury	Government Payments of Accounts (Treasury)	<p>Has the portfolio/agency paid its accounts to contractors/consultants etc in accordance with Government policy in terms of time for payment (i.e. within 30 days)? If not, why not, and what has been the timeframe for</p>	21/12/2010	Written

				<p>payment of accounts? Please provide a breakdown, average statistics etc as appropriate to give insight into how this issue is being approached.)</p> <p>For accounts not paid within 30 days, is interest being paid on overdue amounts and if so how much has been paid by the portfolio/department agency for the current financial year and the previous financial year?</p> <p>Where interest is being paid, what rate of interest is being paid and how is this rate determined?</p>		
<b>BET - 196</b>	<b>Barnett</b>	ABS	Government payments of Accounts (ABS)	<p>Has the portfolio/agency paid its accounts to contractors/consultants etc in accordance with Government policy in terms of time for payment (i.e. within 30 days)? If not, why not, and what has been the timeframe for payment of accounts? Please provide a breakdown, average statistics etc as appropriate to give insight into how this issue is being approached.)</p> <p>For accounts not paid within 30 days, is interest being paid on overdue amounts and if so how much has been paid by the portfolio/department agency for the current financial year and the previous financial year?</p> <p>Where interest is being paid, what rate of interest is being paid and how is this rate determined?</p>	29/09/2010	Written
<b>BET - 197</b>	<b>Barnett</b>	ACCC	Government Payments of Accounts (ACCC)	<p>Has the portfolio/agency paid its accounts to contractors/consultants etc in accordance with Government policy in terms of time for payment (i.e. within 30 days)? If not, why not, and what has been the timeframe for payment of accounts? Please provide a breakdown, average statistics etc as appropriate to give insight into how this issue is being approached.)</p> <p>For accounts not paid within 30 days, is interest being paid on overdue amounts and if so how much has been paid by the portfolio/department agency for the current financial year and the previous financial year?</p> <p>Where interest is being paid, what rate of interest is being paid and how is this rate determined?</p>	30/09/2010	Written
<b>BET - 198</b>	<b>Barnett</b>	AOFM	Government Payments of Accounts (AOFM)	<p>Has the portfolio/agency paid its accounts to contractors/consultants etc in accordance with Government policy in terms of time for payment (i.e. within 30 days)? If not, why not, and what has been the timeframe for payment of accounts? Please provide a breakdown, average statistics etc as appropriate to give insight into how this issue is being approached.)</p> <p>For accounts not paid within 30 days, is interest being paid on overdue amounts and if so how much has been paid by the portfolio/department</p>	29/09/2010	Written



				<p>agency for the current financial year and the previous financial year?</p> <p>Where interest is being paid, what rate of interest is being paid and how is this rate determined?</p>		
<b>BET - 199</b>	<b>Barnett</b>	APRA	Government payment of Accounts (APRA)	<p>Has the portfolio/agency paid its accounts to contractors/consultants etc in accordance with Government policy in terms of time for payment (i.e. within 30 days)? If not, why not, and what has been the timeframe for payment of accounts? Please provide a breakdown, average statistics etc as appropriate to give insight into how this issue is being approached.)</p> <p>For accounts not paid within 30 days, is interest being paid on overdue amounts and if so how much has been paid by the portfolio/department agency for the current financial year and the previous financial year?</p> <p>Where interest is being paid, what rate of interest is being paid and how is this rate determined?</p>	29/09/2010	Written
<b>BET - 200</b>	<b>Barnett</b>	ATO	Government Payment of Accounts (ATO)	<p>Has the portfolio/agency paid its accounts to contractors/consultants etc in accordance with Government policy in terms of time for payment (i.e. within 30 days)? If not, why not, and what has been the timeframe for payment of accounts? Please provide a breakdown, average statistics etc as appropriate to give insight into how this issue is being approached.)</p> <p>For accounts not paid within 30 days, is interest being paid on overdue amounts and if so how much has been paid by the portfolio/department agency for the current financial year and the previous financial year?</p> <p>Where interest is being paid, what rate of interest is being paid and how is this rate determined?</p>	30/09/2010	Written
<b>BET - 201</b>	<b>Barnett</b>	ASIC	Government Payment of Accounts (ASIC)	<p>Has the portfolio/agency paid its accounts to contractors/consultants etc in accordance with Government policy in terms of time for payment (i.e. within 30 days)? If not, why not, and what has been the timeframe for payment of accounts? Please provide a breakdown, average statistics etc as appropriate to give insight into how this issue is being approached.)</p> <p>For accounts not paid within 30 days, is interest being paid on overdue amounts and if so how much has been paid by the portfolio/department agency for the current financial year and the previous financial year?</p> <p>Where interest is being paid, what rate of interest is being paid and how is this rate determined?</p>	29/09/2010	Written

<b>BET - 202</b>	<b>Barnett</b>	PC	Government Payment of Accounts (PC)	<p>Has the portfolio/agency paid its accounts to contractors/consultants etc in accordance with Government policy in terms of time for payment (i.e. within 30 days)? If not, why not, and what has been the timeframe for payment of accounts? Please provide a breakdown, average statistics etc as appropriate to give insight into how this issue is being approached.)</p> <p>For accounts not paid within 30 days, is interest being paid on overdue amounts and if so how much has been paid by the portfolio/department agency for the current financial year and the previous financial year?</p> <p>Where interest is being paid, what rate of interest is being paid and how is this rate determined?</p>	28/09/2010	Written
<b>BET - 203</b>	<b>Bushby</b>	Treasury	Company Tax	<p>These two examples suggest that at least in some cases, the cost to revenue of cutting company tax will be fully covered by higher income tax payable by shareholders. Can you please identify the extent to which this is likely? How much is personal income tax forecast to rise in 2013-2014 because of the reduction in company tax?</p>	30/09/2010	Written
<b>BET - 204</b>	<b>Macdonald</b>	ATO	Tax Allowances in Remote Australia	<ol style="list-style-type: none"> <li>1. What is the number of people receiving Zone A Tax allowances in Remote Australia?</li> <li>2. What is the number of people receiving Zone B Tax allowances in Remote Australia?</li> <li>3. What is the number of people receiving other zone Tax allowances in Remote Australia?</li> <li>4. What is the total value of the allowances referred to in 1-3 above?</li> <li>5. What is the definition of Remote Australia for the purposes of Taxation?</li> </ol>	30/09/2010	Written
<b>BET - 205</b>	<b>Macdonald</b>	Treasury	Resources Super Profits Tax #2	<ol style="list-style-type: none"> <li>1. Have you undertaken any modelling to provide information about the effect of the RSPT on the mining industries in North Queensland and Northern Australia – or, alternatively, in Remote Australia??</li> <li>2. What did that modelling show?</li> <li>3. Did any modelling take into account the flow-on effects of loss of mining and jobs on local communities – including effects on: <ul style="list-style-type: none"> <li>- mining service industries (eg mining equipment maintenance and repair, accommodation, workforce relocation);</li> <li>- viability of regional centres (closure of shops, restaurants, social amenities, population relocation)</li> </ul> </li> <li>4. What else was taken into account in the modelling?</li> </ol>	22/12/2010	Written
<b>BET - 206</b>	<b>Heffernan</b>	ACCC	Fertiliser Sector	<p>On the 30<sup>th</sup> of April 2010 the Senate Select Committee on Agriculture</p>	28/09/2010	Written

			<p>received evidence from Mr Andrew Helps the Managing Director of a company called Climate Friendly Fertiliser Pty. Ltd (CFF). The evidence that Mr Helps presented had grave implications for the farm fertiliser sector in Australia especially in relation to the introduction of urgently needed, low priced, more efficient fertiliser technology.</p> <p>Mr Helps raised with the committee the issues surrounding the charges that Jemena Gas Networks NSW wanted to charge to supply gas to the major fertiliser facility that CFF was in the process of permitting at Leeton NSW.</p> <p>In evidence presented to the committee by Mr Helps, it was apparent that prior to formation of the Jemena NSW Gas Networks enterprise the cost to connect gas to the Climate Friendly Fertiliser site at Leeton NSW was estimated to be in the region of \$500,000 maximum, with a potential three suppliers capable of supplying gas.</p> <p>When the Jemena NSW Gas Networks enterprise was created this cost blew out to \$3.583 million plus an additional \$5 million in the form of a bank guarantee for security against gas purchases plus a very onerous gas pricing contract with annual gas price increases not pegged to the market.</p> <p>Independent costing has subsequently indicated that the actual cost of connecting gas to the Climate Friendly Fertiliser Site is now cheaper than originally quoted due to the drop of the cost of pipeline materials.</p> <p>These financial demands by Jemena of Climate Friendly Fertiliser were so onerous and so out of context to the project costs e.g. what was a \$20 million project would have increased to a total cost of \$28.538 million which was, I understand way outside the capability of the proponent and the convertible note holders ability to finance. Due directly to these actions by Jemena the company has since moved into receivership.</p> <p><b>QUESTION: Has the ACCC interviewed Jemena Gas Networks NSW about this matter? If so could the ACCC please provide details of what steps it is taking to prosecute Jemena NSW gas networks for misuse of market power and deceptive and misleading conduct.</b></p>		
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<p><b>BET - 207</b></p>	<p><b>Abetz</b></p>	<p>Treasury</p>	<p>Henry Tax Review - Resources Super Profits Tax</p>	<ol style="list-style-type: none"> <li>1. I refer to Chart C1-1 on page 226 of the Henry Review. I note that it is based on Treasury estimates of the magnitudes that it depicts. Can you tell me when those estimates would have been finalised for the production of this chart?</li> <li>2. I refer to page 10 of the announcement document released on May 2, describing the RSPT and Chart 2.1. I note that this also is based on Treasury estimates. Can you tell me when those would have been finalised?</li> <li>3. I refer to the last profits bar in the two charts, the one for 2008-09. Can I ask you to explain the great difference in the heights of these two bars, the first is at about \$50b, the second at about %90b?</li> <li>4. This analysis includes data for offshore oil and gas extraction which is already subject to a resource rent tax. Is that correct? What is the basis for its inclusion?</li> <li>5. Is this chart the basis for Treasury advice that the Treasurer may justifiably claim that income from resources has fallen from one dollar in every three to one dollar in seven?</li> <li>6. If that claim (that income from resources has fallen from one dollar in every three to one dollar in seven) is not in respect of onshore mining, but in respect of all resource industries including oil and gas extraction has Treasury recently performed the analysis just for onshore mining? If so, what are the results of the analysis for onshore mining? Do the claims by Treasury still stand?</li> <li>7. The Commonwealth Grants Commission recently completed a triennial review. I draw your attention to Chapter 8 at page 130 of that Review where the Commission provides estimates of mining royalties collected by the States from 2005-6 to 2008-09. I also draw your attention to the ABS publication Australian Industry 2008-09, released by the Bureau last Friday. From the former we can glean that royalties in 2008-09 amounted to about \$8.3b. From the latter we discover that profits before tax from all mining activity were about \$63.6b while those from oil and gas extraction were about \$27.1b, meaning onshore mining profits before tax were about \$36.5b and profits before tax and royalties were about \$44.8b. If one divides royalties by profits before tax and royalties for onshore mining, the outcome is approximately 0.19 or about 1 in 5.4. How does that correlate to the claim by Treasury of one in seven?</li> </ol>	<p>18/02/2011</p>	<p>Written</p>
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				<p>8. The Grants Commission document has been available since the end of February. Presumably the recent ABS release has been in preparation by the Bureau for some time. Did Treasury have any advance notice of the profits estimates that the Bureau was in process of preparing?</p> <p>9. What the Bureau's advice sought in preparing the Treasury estimates that underpin Chart 2.1?</p> <p>10. Can you explain the disparity between one in seven and one in 5.4?</p> <p>11. If the Budget Papers estimate of revenue from the PRRT in 2008-09 of about \$2.1b is added to our earlier figures we can see that the height of the last bar in this chart should be about \$74b not the about \$90b that appears there. Do you agree? The Treasury estimate of this figure critical to the Government's case for the RSPT was out by \$16b or almost 18%. Do you agree? If not, why not and provide detailed explanation.</p> <p>12. I refer to the ABS publication Mining Operations 2000-01. Extracting the same data from this publication as is described above and performing the same computations as above, one arrives at a royalties' share of profits before tax and royalties of about 0.2 or 1 in 5. A conclusion can be reached, based on statistics from the Commonwealth Grants Commission and the ABS, that the RSPT has been introduced to counteract the deterioration in revenue collection from onshore mining represented by the decline from one dollar in every 5 to one dollar in every 5.4. Does Treasury believe that such a decline justifies introducing an RSPT?</p> <p>13. Can you explain the considerable difference between the figures based on data in the public domain and the Treasury estimates?</p> <p>14. Is it a matter for public concern that there should be such a disparity on a matter of such public importance?</p>		
<b>BET - 208</b>	<b>Abetz</b>	Treasury	Resource Super Profits Tax Revenue	What are the government's projections for RSPT revenue after 2013/14?	02/12/2010	Written
<b>BET - 209</b>	<b>Abetz</b>	Treasury	Global Mining Taxation Regimes	Can the Treasury provide a list of the top ten mining taxation regimes worldwide, including Australia 1) at its current rate and 2) as proposed under the RSPT?	30/09/2010	Written
<b>BET - 210</b>	<b>Abetz</b>	Treasury	Employment	Has Treasury done any modelling/have an estimate of how many jobs were saved by the (final) decision of the Australian Fair Pay	29/09/2010	Written

				<p>Commission's decision to keep minimum wages at the same level? If so, what does it say?</p> <p>In relation to the Government's claims that 200,000 jobs were saved by the stimulus spending: Were these full-time or part-time jobs?</p>		
<b>BET - 211</b>	<b>Abetz</b>	Treasury	Macroeconomic Impacts of Alternative Company Taxation policies	<p>Media reports of 29 May referred to a Treasury executive minute headed "Macroeconomic Impacts of Alternative Company Taxation Policies".</p> <ul style="list-style-type: none"> <li>- Was the Minute officially released to the public? If so, by whom? If not, how did the Minute get into the public domain, and is any investigation being undertaken into this apparent leak?</li> <li>- Why did this minute refer to Treasury modelling of an Opposition policy proposal? Who requested that this modelling be undertaken?</li> <li>- Has Treasury modelled any other Opposition policies? If so, please provide details.</li> <li>- Does the Government consider it appropriate that the Treasury model Opposition policy proposals?</li> </ul>	25/02/2011	Written
<b>BET - 212</b>	<b>Abetz</b>	Treasury	Private Press Briefing - Resource Super Profits Tax	<p>1. Did the Treasury provide a private briefing to journalists about the RSPT on 12 May 2010? If so:</p> <ol style="list-style-type: none"> <li>a) How many journalists were there?</li> <li>b) Who were they?</li> <li>c) How were they invited/chosen?</li> <li>d) Which Treasury officials attended the briefing?</li> <li>e) Did anyone attend from the Treasurer's office?</li> <li>f) Were journalists allowed to tape the briefing?</li> <li>g) Is there a transcript available? <ul style="list-style-type: none"> <li>- If so, can the Committee be provided with a copy?</li> </ul> </li> </ol>	21/12/2010	Written
<b>BET - 213</b>	<b>Abetz</b>	Treasury	Resource super Profits Tax - Article in The Australian	<p>1. Does the Department agree with the report of Jennifer Hewett in the Australian of May 13, namely: <i>FEDERAL Treasury is wedded to the design of its resource rent tax, including the definition of a super profit and the low threshold at which</i></p>	16/02/2011	Written

				<p><i>the 40 per cent tax kicks in.</i></p> <ul style="list-style-type: none"> <li>- <i>Treasury believes the link to the long-term bond rate is absolutely crucial to the design of the tax.</i></li> <li>- <i>It understands this will disadvantage some of the most successful and profitable mining projects and resources companies.</i></li> <li>- <i>It also knows this will disadvantage domestic shareholders in resources companies.</i></li> </ul> <p>2. Did the Secretary issue two statements on May 13? If so, can a copy be provided?</p>		
<b>BET - 214</b>	<b>Brown</b>	Treasury	Henry Tax Review - NSW Submission	<ol style="list-style-type: none"> <li>1. Did NSW submit an Independent Pricing and Regulatory Tribunal (IPART) report in lieu of a purpose written submission?</li> <li>2. Was NSW the only state that failed to provide a purpose-written submission that addresses a substantial proportion of the terms of reference?</li> <li>3. Did the absence of a NSW submission that addresses the range of terms of reference suggest to the Review that the state government was not fully engaged with the issue of tax reform?</li> </ol>	30/09/2010	Written
<b>BET - 215</b>	<b>Williams</b>	Treasury	Regional Australian Population	<ol style="list-style-type: none"> <li>1. If it is anticipated that Australia population is projected to reach 50 million, what role do you see Regional Australia taking in absorbing some of that growth?</li> <li>2. The NSW Dept of Planning has projected by 2036 that NSW will grow by 2.25million and 1.7 will be crowded into Sydney. The Sydney Morning Herald was full of reports last week that the NSW Government won't be able to commit to any new infrastructure projects for 10 years. Do you have any plans to reduce Sydney's population pressures by decentralisation to regional areas?</li> <li>3. The same Department of Planning 2036 projections indicated that inland NSW will lose over 5000 in total. What are you going to do increase regional areas population and reduce Sydney's</li> <li>4. The same concerns are coming from QLD where Premier Bligh has held a variety of summits to work out ways to reduce the population and infrastructure pressures in the SE corner of QLD and increase the appeal of Regional NSW. What is your comment on the Queensland Government's policy?</li> <li>5. Population growth is occurring in our Regional Cities both</li> </ol>	30/09/2010	Written

				<p>Coastal and Inland however the 2<sup>nd</sup> tier Provincial cities and 3<sup>rd</sup> Tier Country communities are struggling or even losing population. What strategies will you put in place to turn this around?</p> <p>6. How will the Mining Industry maximise its potential if it can't attract skilled and Professional workers to unappealing country towns that have such a poor image?</p>		
<b>BET - 216</b>	<b>Bernardi</b>	Treasury	Population Strategy	<p>1. During the 12 months of the development of the strategy, will there be any benchmarks/timelines set up? (eg 'at the six month mark we expect this, this and this to have been achieved')</p> <p>(a) If so, what are the benchmarks and timelines?</p> <p>(b) If not, how will the Minister know that he is on track with the development of the strategy?</p> <p>2. On 5 April, the Minister said that he was going to have his "first briefing with Treasury tomorrow morning."</p> <p>(a) Did this briefing take place?</p> <p>(b) Who attended this briefing?</p> <p>(c) Are you able to tell me what was discussed at the meeting?</p> <p>(d) What were the outcomes of this meeting?</p> <p>(e) Since that meeting on 6 April, has the Minister had any other briefings from Treasury?</p> <p>(f) Are there any briefings scheduled for the future?</p> <p>3. The Minister has stated that "there will be a very broad range of consultation getting down to how this affects different parts of the country differently."</p> <p>He has also said "I am determined...to have a very serious path of consultation in the coming months to make sure that the different views and the different challenges in different parts of Australia, are all on the table as we develop the strategy."</p> <p>(a) Can you provide further detail about his consultations?</p> <p>(b) Who does he plan to consult with?</p> <p>(c) Have any meetings been set up yet with stakeholders and interested persons? If so, please detail.</p> <p>(d) Has any travel been planned for the Minister related to consultations for the strategy? If so, please detail.</p> <p>(e) Will his consultations involve any public forums that general members of the public can attend? If so, please detail.</p> <p>(f) Will these consultations be advertised?</p>	02/12/2010	Written



			<p>(g) Who has Minister Burke met with already since his appointment as Minister for Population?</p> <p>4. The 2010-11 Budget allocates \$1.3 million “to support the development” of the population strategy.</p> <p>(a) What is the breakdown of this \$1.3 million?</p> <p>(b) Do you expect to come in under the budget of \$1.3 million?</p> <p>(c) The \$1.3m appears to only be allocated for the 2010-11 financial year – do you expect that further funds will be required in the coming financial years?</p> <p>5. With reference to the strategy, and immigration and population numbers and projections, the Minister has said that “you will still need to review those numbers year to year” and “we will certainly work out how you make those decisions year by year.” Does this mean that the strategy will include an annual review?</p> <p>6. The Minister has said that the strategy would “take into account regional differences.” How many regional areas/towns does the Minister plan on visiting as part of the strategy development?</p> <p>7. Minister Burke has said that “part of the job [of] developing the strategy over the next 12 months is to look at all the different levers. Some will be at the Commonwealth level, some at state and some at the local level.” Will the Minister be consulting all state and territory government as part of his consultations?</p> <p>8. What about the various councils – will they all have an opportunity to voice their ideas and concerns?</p> <p>9. When discussing projections, Minister Burke said that “You’ve got to have Treasury come up with modelling and say if you change nothing this is where you’d land. If you reduce things a little bit, this is where you’d land. My questions, and my job, is to say, where should we land, where should we get to?” By saying this, does this mean the Minister will come up with projections of his own, about ‘where we should land’?</p> <p>10. The Minister mentioned that he would look at the issue of encouraging people to live in areas that required a bigger population – eg “I do believe there is probably more that we can do than we’ve done in the past in the immigration program saying, if you’re coming to Australia</p>		
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			<p>there are parts of Australia where we need you to get your first job...I'm not talking about cash incentives. I'm saying we can set the rules by which people come to the country if they're coming under those business programs..." Will this definitely be considered as a part of the population strategy?</p> <p>11. It has been reported that the Minister may establish regional population projections. Is this something that the Minister will be looking at as part of the strategy?</p> <p>12. The Treasury Portfolio Budget Statements say that "Treasury has been given responsibility of supporting the new Minister for Population with the task of developing Australia's first comprehensive population strategy." What exactly is the Treasury's role – how will Treasury be "supporting" the Minister?</p> <p>13. Aside from the \$1.3 million allocated to the Population Strategy in the Budget, will any other Treasury resources of finances be used for the development of the strategy? If so, what is the total cost of these resources?</p> <p>14. Will the Minister have complete access to Treasury's information/modelling to help him develop the strategy?</p> <p>15. Minister Burke has said that there are no "formal terms of reference" for the strategy. But are there any guiding principles or guidelines to assist with the development of the strategy, so that you don't miss any important issues? If there are some guidelines, what are they?</p> <p>16. Minister Burke has said that "once we devise the strategy, you can only deliver on it by working cooperatively with state and local government."  (a) Will the Minister seek a guarantee from state and local governments that they will help to deliver the strategy?  (b) What happens if the states or the local governments have a problem with the strategy and refuse to help implement it?  (c) How does the Minister plan to tackle any issues like that between the Federal Government and state/local governments?</p> <p>17. Does the Government have any plans set out to deal with the implementation of the strategy? If so, what are these plans?</p>		
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<b>BET - 217</b>	<b>Bernardi</b>	Treasury	Office of the minister for Population	<ol style="list-style-type: none"> <li>1. Who made the decision to include the Minister for Population within Treasury?</li> <li>2. What consultation was undertaken in the making of this decision (eg who was consulted, how widely was consultation undertaken)?</li> <li>3. Why was that decision made?</li> <li>4. Will details about the Office of Minister for Population be detailed in the Treasury's Annual Reports in future, given that it falls with the Treasury portfolio?</li> </ol>	30/09/2010	Written
<b>BET - 218</b>	<b>Bernardi</b>	Treasury	Population Figures	<ol style="list-style-type: none"> <li>1. The Intergenerational Report (IGR) states that if Australia had a population growth rate of 0.8 per cent (due to lower net migration and fertility rates) which is lower than the projected 1.2 per cent per annum growth rate, real GDP growth would fall and workforce participation would be less. Does this mean that the Government will attempt to keep the annual population growth rate above 0.8 per cent in coming years?</li> <li>2. The IGR projects that Australia's total fertility rate will fall to 1.9 per cent in 2013 and will continue at that rate right up to 2050. How was this figure determined? What indicated that the rate would remain at 1.9 per cent for the next 35+ years?</li> <li>3. The Intergenerational Report will now be released every three years – so is it correct to say that Treasury expects the next IGR to be released in 2013?</li> </ol>	30/09/2010	Written
<b>BET - 219</b>	<b>Macdonald</b>	ABS	Average Petrol Prices in Remote Australia	<ol style="list-style-type: none"> <li>1. What is the average of petrol prices paid for retail petrol for outlets in Remote Australia compared to the Australian average for any given period?</li> <li>2. What is the definition of Remote Australia for the purposes of the Australian Bureau of Statistics?</li> </ol>	29/09/2010	Written
<b>BET - 220</b>	<b>Xenophon</b>	Treasury	Parliamentarian's Travel	<ul style="list-style-type: none"> <li>• <del>The Government has stated it will save \$160 million on parliamentarians' travel over the next four years. Can the department itemise the expected savings?</del></li> <li>• <del>What reviews will the department undertake to ensure the savings target is on track over the next four years?</del></li> <li>• <del>Did the Department consider allowing only economy class travel instead of business class travel on trips of two hours or less? Does the department have any figures on how much this move would have saved?</del></li> </ul>	Transferred to Department of Finance and Deregulation 05/08/2010	Written
<b>BET - 221</b>	<b>Xenophon</b>	ACCC	Unit Pricing Code of Conduct	<ul style="list-style-type: none"> <li>• Does the ACCC intend to hold a review of the Unit Pricing Code or undertake any monitoring to determine how useful the code is</li> </ul>	02/02/2011	Written

				<p>for consumers in the future? If so, when? If not, why not?</p> <ul style="list-style-type: none"> <li>Can the Commission indicate how much it has spent on educational initiatives in relation to the mandatory unit pricing code of conduct?</li> </ul>		
<b>BET - 222</b>	<b>Xenophon</b>	ACCC	Petrol	<ul style="list-style-type: none"> <li>Can the Commission indicate how much has been allocated to petrol monitoring in the coming 12 months?</li> <li>Can the Commission indicate if section 50 dealing with mergers and acquisitions allows the Commission to review acquisitions of leases or greenfield sites?</li> <li>Was the Commission ever notified that Caltex had decided not to proceed with the Mobil acquisition?</li> </ul>	23/09/2010	Written
<b>BET - 223</b>	<b>Xenophon</b>	ACCC	Cartel Conduct	<ul style="list-style-type: none"> <li>Can the Commission indicate if it is still concerned by how the courts have interpreted the word "understandings" in relation to cartel conduct?</li> <li>Can the Commission indicate when we may see the first criminal prosecution for cartel conduct?</li> </ul>	23/09/2010	Written
<b>BET - 224</b>	<b>Xenophon</b>	ACCC	Unfair Contract Terms	<ul style="list-style-type: none"> <li>Can the Commission indicate how many complaints it has received so far in relation unfair contract terms? Is the area of unfair contract terms a priority enforcement area for the Commission?</li> </ul>	28/09/2010	Written
<b>BET - 225</b>	<b>Xenophon</b>	ACCC	Environmental Marketing	<ul style="list-style-type: none"> <li>Can the Commission indicate the number of complaints it has received on environmental marketing claims since the last Estimates? Has the Commission detected any increases in complaints relating to environmental marketing claims?</li> </ul>	29/09/2010	Written
<b>BET - 226</b>	<b>Xenophon</b>	ATO	Hardship Claims	<ul style="list-style-type: none"> <li>What proportion of hardship claims has been for individuals and for companies? How does this compare to the last two tax years?</li> <li>How many of these have been paid?</li> <li>How much are the average claims for hardship?</li> <li>How quickly have these claims for hardship been paid?</li> <li>I note applications can now be made for hardship via the ATO's website. When was this enabled? If all the outstanding refunds have been paid, what is the need for this request?</li> <li>The ATO issued a number of memos to tax agents saying that implementation of the program would not proceed until there was minimal risk of disruption. What testing was conducted prior to roll-out?</li> <li>Did a full-test of the program end-to-end take place? What was the outcome?</li> <li>Can you provide a copy of the testing report(s) performed before</li> </ul>	30/09/2010	Written

				you went live?		
<b>BET - 227</b>	<b>Xenophon</b>	ATO	ATO Change Program - Release 3	<ul style="list-style-type: none"> <li>• The ATO issued a number of memos to tax agents saying that implementation of the program would not proceed until there was minimal risk of disruption. What testing was conducted prior to roll-out?</li> <li>• Did a full-test of the program end-to-end take place? What was the outcome?</li> <li>• Can you provide a copy of the testing report(s) performed before you went live?</li> <li>• How many ATO staff, over how many hours and days, managed the implementation of Release 3?</li> <li>• Who authorised the go-ahead of Release 3? On what basis was the decision made?</li> <li>• Were you provided with any advice that roll-out of Release 3 should be postponed?</li> <li>• What failsafe provisions did you have in place for any problems that might occur with the changeover?</li> <li>• Given you were transferring approximately 22 million records, would it not have been common sense to have failsafe provisions in place?</li> <li>• If you had no failsafe provisions, and there were identified risks, what was the rush to rollout Release 3?</li> <li>• When did the Commissioner become aware of problems with the Change Program?</li> <li>• How much will be spent on staff this year compared to the 2008/09 year?</li> <li>• What preparations is the ATO making for claims of compensation?</li> <li>• Comcare has also highlighted concerns about the available training for staff of the new system – what training was conducted?</li> <li>• What changes has the ATO implemented after the CPSU's survey of ATO staff in November last year which found over 72 percent of respondents claimed to have suffered some type of health complaint associated with the use of the new system? Symptoms included muscle aches and pains, eye strain, headaches, stress and fatigue.</li> <li>• Given some employees may be concerned about any repercussions of going to the Inspector General of Taxation, what</li> </ul>	30/09/2010	Written

				<p>guarantee can you give that no employee will be negatively impacted by their involvement in the Review?</p> <ul style="list-style-type: none"> <li>Why did the ATO decide to end its contract with Accenture? Why was the contract not terminated earlier, if Accenture was not performing to an appropriate standard?</li> </ul>		
<b>BET - 228</b>	<b>Xenophon</b>	Treasury	ATO Change Program - Release3 #2	<ul style="list-style-type: none"> <li>Does the Government recognise the financial strain put on taxpayers as a result of this debacle? People have been forced to live off credit cards, cancel surgeries, cancel holidays, etc.</li> <li>On March 26, the Prime Minister said he would get Treasurer Wayne Swan to go on air on ABC Radio to talk about complains received by individuals and small businesses with cash flow problems as a result of the tax refund delays. Has the Treasurer addressed this issue?</li> </ul>	22/12/2010	Written
<b>BET - 229</b>	<b>Fielding</b>	Treasury	Resources Super Profits Tax - Market Distortions	<ol style="list-style-type: none"> <li>What allowance was made for market distortions in the KPMG Econtech economic model that underpins the introduction of the RSPT?</li> </ol>	02/12/2010	Written
<b>BET - 230</b>	<b>Siewert</b>	Treasury	Income Tax	<ol style="list-style-type: none"> <li>What is the estimated distributional impact of the proposed 50% discount for interest income, in terms of the average annual gain in disposable income among taxpayers grouped by income decile (10%)? At what taxable income levels do the deciles cut in, and how many individuals are estimated to gain within each decile?</li> <li>What is the estimated distributional impact of the proposed standard work related deduction, in terms of the average annual gain in disposable income among taxpayers grouped by income decile (10%)? At what taxable income levels do the deciles cut in, and how many individuals are estimated to gain within each decile?</li> <li>What is the estimated distributional impact (in the same terms as above) of: <ol style="list-style-type: none"> <li>the proposed 15% rebate for employer superannuation contributions to low income earners,</li> <li>the proposed increase in the cap on concession contributions for certain fund members over 50 years of age, and</li> <li>the Budget measures reducing low income superannuation co-contribution entitlements, both separately and all together?</li> </ol> </li> <li>What would be the annual revenue saving and distributional impact (on same terms as above) of the Henry Review's proposal to reduce</li> </ol>	25/02/2011	Written

				the personal income tax discount for capital gains from 50% to 40%?		
<b>BET - 231</b>	<b>Siewert</b>	Treasury	Tax Expenditure	<p>1. Budget Paper 1, Table F1 (p5-48) outlines the total measured tax expenditures from 2006-07 to 2013-14. In 2009-10 the total projected tax expenditure is \$101.79 billion. There are some significant tax expenditures in relation to capital gains and superannuation. How will the changes announced in the budget impact on the tax expenditures in these two areas in 2010-11 and 2011-12?</p> <p>2. In Table F2 (p5-49) there are a number of expenditures related specifically to the charity sector, namely the FBT concession for public and not-for-profit hospitals and public benevolent institutions. Could you please explain how the respective figures of \$830 million and \$760 million were calculated? What are the assumptions used to determine these numbers?</p>	22/12/2010	Written
<b>BET - 232</b>	<b>Bushby</b>	ASIC	Share Markets	<p>What is ASIC's view of the current volatility of the market and the decline in share value over the past few weeks?</p> <p>How resilient is the current Australian share market to influences on share prices from government policy and from financial markets abroad?</p> <p>Is ASIC doing anything additional to monitor the performance and disclosure of resources companies in light of the Government's announced super profits tax?</p>	29/09/2010	Written
<b>BET - 233</b>	<b>Bushby</b>	ASIC	Enforcement Special Account	<p>Please list the types of payments made under the Enforcement Special Account, as detailed in the Portfolio Budget Statements (Table 3.1.2: Estimates of special account cash flows and balances).</p> <p>Please explain the process of having money granted to the Enforcement Special Account. When was the last time the Minister approved a grant of any draw over \$20 million?</p> <p>Payments made from the Enforcement Special Account will more than double to over \$60 million in 2010-11. What does ASIC attribute to the increase in payments? What is the breakdown of the proportion of this money that will be spent on appeals, new cases and other items?</p> <p>Does ASIC expect to require over \$60 million in payments for 2011-12, or</p>	23/09/2010	Written

				will the increase be a one-off event for 2010-11?		
<b>BET - 234</b>	<b>Bushby</b>	ASIC	Appeal Process	<p>Please provide an update on the appeal processes against OneTel, AWB and Fortescue Group.</p> <p>During last estimates Mr D'Aloiso stated that when ASIC "considers that the matter is of significant public interest and a deterrence aspect is needed, ASIC will take the case on and will take it right through". Please outline the process through which ASIC determines whether a deterrence aspect is needed. Is this process based on legal principles or on wider public policy aspects?</p> <p>ASIC state that they are entitled to take cases to appeal and to test the law. What are the processes that ASIC go through to determine whether or not to take a case to appeal?</p> <p>Over the past three years, how many cases has ASIC decided to take to appeal and how many cases has ASIC accepted judgement at first instance?</p> <p>If it were ASIC's opinion that the law needed changing for deterrence of public policy aspects after it had lost a case on first instance, does ASIC take steps to discuss potential law changes with the Minister, rather than launching into an appeal process to test the law and create that deterrence aspect?</p> <p>On May 31, ASIC dropped its investigation of Offset Alpine case. Please explain the reasons for dropping the investigation at this stage. Can ASIC confirm that no charges were ever laid as a result of investigations?</p> <p>What was the total cost to ASIC in its investigation of Offset Alpine since 2003? Would ASIC have continued the investigation under any circumstance or does ASIC simply now have other priorities for its budget? If ASIC had had the resources to do so, would the case have been pursued?</p>	29/09/2010	Written
<b>BET - 235</b>	<b>Bushby</b>	ASIC	Regulation of Financial Advisers	With regard to reforms announced by the Government in April with regard to the regulation of financial advisers, can ASIC advise what steps	29/09/2010	Written



				<p>it has taken so far to assume the regulation of advisers, and the budgetary cost this has had?</p> <p>How many financial advisers currently operate within the industry with a Financial Services Licence? Does ASIC know how many of these advisers charge fees in a manner that will be banned by the Government?</p> <p>Was it ASIC's opinion that a statutory fiduciary duty was required to be placed on a financial advisers? Is it not the case that a fiduciary duty already exists at common law?</p> <p>Does ASIC agree with the Government's view that increased disclosure does nothing to prevent inappropriate advice being given to investors from advisers?</p> <p>In ASIC's view, who will determine whether there is a reasonable belief that an adviser may not comply under a license (refer Recommendation 8 of the Ripoll Report).</p> <p>The law as proposed will allow ASIC to take action against an adviser before any detriment is made. How does ASIC see this as affecting the onus of proof burden? Will an adviser be forced to prove that his or her practices will comply with the license?</p> <p>What level of investigation does ASIC perform on advisers before granting a financial services license? Is this level of investigation enough to determine whether an adviser can comply with the license? Can this be strengthened in any way?</p> <p>If ASIC grants a license to an adviser where there is a reasonably belief that the licensee may not comply, isn't ASIC the body responsible for granting that license?</p>		
<b>BET - 236</b>	<b>Bushby</b>	ASIC	Dishonour Fees	<p>With reference to the class action against the dishonour fees charged by Australian banks as started by IMF Australia, it was reported on May 14 that ASIC had blocked attempts by IMF to gain access to documents, including product disclosure statements held by the banks that would have assisted this class action. What were the reasons for blocking access to these documents? Were there legal impediments?</p> <p>In ASIC's view, would there be disruptions to financial markets in</p>	29/09/2010	Written

				<p>Australia if this case were to proceed? Are there any market regulatory reasons for denying access to documents?</p> <p>What are ASIC's views on the potential success of a case that tests the law on dishonour fees? Would this be a case that ASIC would prosecute themselves on different terms?</p> <p>Given that ASIC are determined to test the law in front of courts with regards to deterrence and public policy aspects, why is it being seen to block a case that would test the law with regard to bank fees?</p>		
<b>BET - 237</b>	<b>Bushby</b>	ASIC	Form 201 - Application for Company Registration	<p>Why are companies required to submit the Form 201-Application for Company Registration?</p> <p>When did this requirement come into place?</p> <p>Did ASIC receive this information (required by Form 201-Application for Company Registration) prior to when this requirement came into effect? If so, why has ASIC not recorded this information?</p> <p>How has ASIC conveyed the information to small business that they are required to submit the Form 201-Application for Company Registration?</p> <p>What follow up was undertaken to ensure small business were aware of their rights and obligation regarding the lodgement of a Form 201-Application for Company Registration?</p> <p>Did ASIC write and contact small businesses that may have mistakenly failed to provide the required information to ASIC in the mistaken belief that they had already done so?</p> <p>Outline the measures ASIC took to provide small businesses with reminders or warnings that the information that was still outstanding was required?</p> <p>Do you agree with the Commonwealth Ombudsman that "there had been administrative deficiency" regarding the handling of these matters?</p> <p>As recommended by the Commonwealth Ombudsman why has ASIC not waived the late penalty fees?</p>	29/09/2010	Written

				Has ASIC waived any late penalty fees with regard to small businesses failing to lodge form 201-Application for Company Registration? If so, on what grounds were some cases granted late fees and others not?		
<b>BET - 238</b>	<b>Bushby</b>	ASIC	Business Registration	<p>Please outline the current process that businesses go through to register an ABN and business name:</p> <p>i) If operating in a single State;</p> <p>ii) If operating in a number of States; and</p> <p>Please outline what will occur in contrast under the new system for both i) and ii).</p> <p>Over the weekend of May 29-30 there was advertising regarding the proposed national business name registration scheme that included specific mention of proposed fee levels. At these fee levels, how much of the \$125 million will be recovered and to what extent to the proposed fee levels cover the recurrent operating costs of the scheme?</p> <p>What assistance is provided to successful businesses so that their company name is protected from use by new business operations? How will this appropriation assist companies that have had their name used by other businesses?</p> <p>Using the example of A &amp; J Floor Sanding Pty Ltd (the company was registered and operated in and around Sydney since November 1992), in 2008 another company totally unrelated to A &amp; J Floor Sanding Pty Ltd, registered using the name AJ Floor Sanding. The proprietors of A &amp; J Floor Sanding Pty Ltd were informed by the (NSW) Office of Fair Trading the names were 'sufficiently different' because of the '&amp;' symbol. Can you explain what assistance is available to A &amp; J Floor Sanding Pty Ltd? Is the use of the '&amp;' symbol all that is necessary to differentiate business names?</p> <p>Will the new ABN and Business Names Registration System guarantee that business names that are only differentiated by '&amp;' symbols and the like, and can therefore be easily confused with an already registered or reserved business name, cannot be registered?</p> <p>When will these changes take effect?</p>	29/09/2010	Written
<b>BET - 239</b>	<b>Bushby</b>	ASIC	Algorithmic Trading Bots	Is ASIC aware of any information that could explain the ASX's inability or negligence in permitting the use of artificial algorithmic trading bots to manipulate the stock price?	30/09/2010	Written

				<p>In the event of such manipulations, is ASIC able to identify the company who issues and uses the algorithmic trading bot responsible for artificially manipulating stock prices?</p> <p>Is it true that the ASIX are charging only 51 cents for each trade conducted by algorithmic trading bots and software?</p> <p>Are the companies responsible for algorithmic trading that artificially suppresses the stock price paying full "retail" brokerage for each trade?</p> <p>Does ASIC consider the use of algorithmic trading bots to be in breach of the fair trading act (1987), specifically, section II of the act, item 11 (2) (d), "whether... any unfair tactics were use against the consumer... by the person acting on behalf of the supplier", and section 12, (1)(g) "... makes a false or misleading representation concerning the price of goods or services"?</p> <p>Does ASIC consider that the use of algorithmic trading bots contravenes s 52 of the Trade Practices Act 1974, where it states that "A corporation shall not, trade or commerce, engage in conduct that is misleading or deceptive or is likely to mislead or deceive"?</p> <p>If this is the case, why has something not been done regarding this situation?</p>		
<b>BET - 240</b>	<b>Bushby &amp; Eggleston</b>	ACCC	s87B Enforceable Undertakings	<p>Please indicate and expand upon the adequacy of current tools, need for new tools, renovation of law or changes in enforcement approach.</p> <p>What mechanisms do the ACCC have in place for monitoring compliance with s 87B enforceable undertakings?</p> <p>Does the ACCC have any concerns with the compliance levels regarding s 87B enforceable undertakings?</p> <p>Is the ACCC is seeking or inviting the payment of charitable donations as part of s 87B enforceable undertaking provided by a company in breach of the Trade Practices Act?</p> <p>On what basis is the ACCC seeking or inviting the payment of charitable donations as part of s 87B enforceable undertakings?</p> <p><i>* Senator Eggleston also submitted this question to the committee in writing</i></p>	23/09/2010	Written

				<i>on 8 June 2010.</i>		
<b>BET - 241</b>	<b>Bushby &amp; Eggleston</b>	ACCC	Detection of Cartels	<p>Can the ACCC indicate what level of success it is having in detecting cartels?</p> <p>Is the ACCC aware of the UK Office of Fair Trading offering financial rewards for information leading to the detection of cartels? Does the ACCC have a view on the possible payment of rewards for that type of information?</p> <p>Is the ACCC aware of the recent failure of the UK criminal prosecution in the BA-Virgin Atlantic cartel case? Would it be fair to say that the failure has raised concerns about the use of leniency policies? Will the ACCC now review its leniency policy in the face of that failed UK case?</p> <p><i>* Senator Eggleston also submitted this question in writing to the committee on 8 June 2010.</i></p>	23/09/2010	Written
<b>BET - 242</b>	<b>Bushby</b>	Treasury	Simplified Tax Returns	<p>Regarding simplified tax returns, the government claims that when it increases the standard deduction to \$1000 that it will benefit 6.4 million taxpayers. How was this figure arrived at? What modelling was used?</p> <p>Under the simplified tax returns, how many taxpayers who would be entitled to a deduction greater than the standard deduction does Treasury believe would opt for it? What would the value of deductions be otherwise?</p>	30/09/2010	Written
<b>BET - 243</b>	<b>Bushby</b>	ATO	superannuation concessional contribution caps	<p><b>Senator BUSHBY</b>—Do you have any current estimates of how much additional revenue will be raised, or do you have further information from when the measure was first announced as to how much additional revenue will be raised in this and coming financial years from the change that has been implemented?</p> <p><b>Mr Olesen</b>—In relation to the most recent reductions in the cap?</p> <p><b>Senator BUSHBY</b>—Yes.</p> <p><b>Mr Olesen</b>—No, because, as I said before, we do not have the information.</p> <p><b>Senator BUSHBY</b>—You do not have any additional information that points to that?</p> <p><b>Mr Olesen</b>—It is too early for us to have that yet.</p> <p><b>Senator BUSHBY</b>—If you or Treasury could confirm what the</p>	02/12/2010	E80 (01/06/2010)

				<p>predictions are for that year currently then I would appreciate that.</p> <p><b>Mr Gallagher</b>—Which year was that?</p> <p><b>Senator BUSHBY</b>—This current financial year and then next year as well.</p>		
<b>BET - 244</b>	<b>Xenophon</b>	ATO	Evidence provided at JCPAA re Change Program	<p><b>Senator XENOPHON</b>—Mr Butler, when you gave evidence to the joint standing committee on 22 April, in answer to a question from Ms Ley in relation to the backlog, you stated:</p> <p>We normally would see about 100,000 going through that process, so we have got about 88,000 more than we would normally have. By Friday of next week, we will be absolutely on top of that and that will not be there.</p> <p>That would have been Friday, 30 April. Can you indicate whether that was the case?</p> <p><b>Mr Butler</b>—My recollection is we did meet those expectations, but I would need to take on notice to specifically check the numbers. As the commissioner said, since 1 April we have met all of our service standards in processing returns and as of the end of May we had many fewer returns on hand being scrutinised than in May last year or May the year before. So we did have the two glitches that the commissioner referred to, but essentially we foreshadowed a delay, had a delay and caught up. Since 1 April all new returns have been processed in accordance with the service standards.</p>	30/09/2010	E82 (01/06/2010)
<b>BET - 245</b>	<b>Xenophon</b>	ATO	Capgemini and Aquitaine documents relating to the deployment of R3	<p><b>Senator XENOPHON</b>—Are the independent experts the QA, the quality assurance, people?</p> <p><b>Mr Butler</b>—Yes.</p> <p><b>Senator XENOPHON</b>—That is Capgemini and Aquitaine?</p> <p><b>Mr Butler</b>—That is correct.</p> <p><b>Senator XENOPHON</b>—Have they given advice as to what stage the system should be rolled out?</p> <p><b>Mr Butler</b>—They absolutely gave advice leading up to the decision in late January on whether to deploy the system or not.</p> <p><b>Senator XENOPHON</b>—And they both gave advice that the system should be deployed or the next stage should be deployed?</p> <p><b>Mr Butler</b>—With any system this size there are always risks, and they said that there are always risks.</p> <p>There are new mitigation practices around those risks. The vice-president of Capgemini signed that letter off, and both Capgemini and Aquitaine—whose principal, Richard Tait, has been attending all of our meetings—provide monthly reports, and they provide separate sign-off letters to say that, in their professional opinion, the risks were able to be mitigated through the practices the ATO is putting in a place.</p> <p><b>Senator XENOPHON</b>—Are you in a position to provide those</p>	30/09/2010	E 84 (01/06/2010)

				documents? <b>Mr Butler</b> —Yes. <b>Senator XENOPHON</b> —I would be grateful for that.		
<b>BET - 246</b>	<b>Xenophon</b>	ATO	Complaints statistics - clarification	<b>Senator XENOPHON</b> —I would be grateful for that. In terms of the number of complaints that the tax office has dealt with, with the implementation of the Change Program, and I appreciate that it is a massive program, what complaints were there on a monthly basis, for instance, the first four months of this year compared— <b>Mr Butler</b> —I can tell you the total number. We are now up to 17,000 complaints— <b>Senator XENOPHON</b> —And they are complaints from tax agents? <b>Mr Butler</b> —And taxpayers. <b>Senator XENOPHON</b> —So some of those complaints represent a number of taxpayers who have a complaint. <b>Mr Butler</b> —Yes, that is correct. And we put through 3.4 million returns, so out of 3.4 million returns we had 17,000 complaints. <b>Senator XENOPHON</b> —So those 17,000 complaints might reflect the concerns of 100,000 taxpayers? <b>Mr Butler</b> —No, if it is a taxpayer complaint it is about their own personal return. I would need to check how we count it. An agent could have checked on five returns, for example, and would count that as one or five. I believe we would count that as five. I will need to check. <b>Senator XENOPHON</b> —Sorry, I could not hear you very well. In terms of the number of complaints, some of the 17,000 complaints would reflect multiple complaints. Is that correct? <b>Mr Butler</b> —I would need to confirm that. <b>Senator XENOPHON</b> —If you could. <b>Mr Butler</b> —It would also be fair to say that people would have contacted us through our call centre and they might be going to put in a complaint and they talk that through. We might say, ‘The assessment is scheduled to issue in two days time’ and they might choose not to go ahead.	30/09/2010	E84-E85 (01/06/2010)
<b>BET - 247</b>	<b>Xenophon</b>	ATO	Complaints statistics - daily numbers	<b>Senator XENOPHON</b> —At its peak, how many complaints was the ATO receiving daily from taxpayers and tax agents about the delayed cheques, for instance. <b>Mr Butler</b> —I would need to confirm that number. <b>Senator XENOPHON</b> —Would it be in the hundreds? <b>Mr Butler</b> —Yes. We had 17,000 in total, but that is since 1 February. <b>Senator XENOPHON</b> —How does that compare with the same period last year? <b>Mr Butler</b> —It is much higher than last year. <b>Senator XENOPHON</b> —Is it twice as high? How much higher would it	30/09/2010	E85 (01/06/2010)

				<p>be?</p> <p><b>Mr Butler</b>—We were around the 2,500 mark in the same period last year, compared with 17,000.</p> <p><b>Senator XENOPHON</b>—So it is about a five-fold increase.</p> <p><b>Mr Butler</b>—Yes, but it is 17,000 out of 3.4 million returns.</p> <p><b>Senator XENOPHON</b>—I suppose another way of looking at it is, in terms of the number of complaints, there is an issue.</p> <p><b>Mr Butler</b>—Undoubtedly there is an issue. There were lots of complaints, there was lots of concern, because we had unfortunately two glitches that caused delays for some people for their refunds. We very much apologised for that. We did our absolute best to avoid that happening, but we had two particular things that went wrong. We have governed this extremely closely all the way through, but unfortunately two things went wrong.</p>		
<b>BET - 248</b>	<b>Xenophon</b>	ATO	Transfer of BAS to Change Program	<p><b>Senator XENOPHON</b>—I understand that. When was the processing of BAS supposed to be transferred to the new system?</p> <p><b>Mr Butler</b>—We have not built the application yet to put the business activity statements into this integrated system.</p> <p><b>Senator XENOPHON</b>—Was it not scheduled to take place in July this year?</p> <p><b>Mr Butler</b>—No. Some time ago it may have been July of this year. There was perhaps—</p> <p><b>Senator XENOPHON</b>—Can we just go back a step? At some stage there was a proposal for the business activity statements to be brought within the new system from July this year?</p> <p><b>Mr Butler</b>—I would need to check that date, but going back to 2004 there were plans to have this integrated system for everything. Now in a much shorter time frame than that there has been time and costs added because of the significant law changes that I mentioned before.</p> <p><b>Senator XENOPHON</b>—Yes, but can you just clarify this for me: there was at some stage—and could you indicate at which stage—a proposal for BAS to be included or to be transferred over to the new system. Was that considered a few months ago, for instance?</p> <p><b>Mr Butler</b>—No. We have not had a plan to do the business activity statement. I have been with the tax office for less than two years and during that time we have not had firm plans to do the business activity statement. I would need to check if that has changed. We are not planning to do the business activity statement in this coming year either. It is a major piece of work. I will need to check when this happened but some months ago the ATO decided that, given the likely direction of what might come out of the Henry review and what may come out of other reviews that the government had under way, we could not take that work on hand.</p>	30/09/2010	E86 (01/06/2010)



<b>BET - 249</b>	<b>Xenophon</b>	ATO	Interest payments	<p><b>Senator XENOPHON</b>—I am constrained by time; I will keep moving on. How much compensation has been paid in terms of additional interest payments in the last few months of this year, compared with, say, last year?</p> <p><b>Mr Butler</b>—I am unable to answer that today.</p> <p><b>Senator XENOPHON</b>—Can you give me a ball park figure?</p> <p><b>Mr Butler</b>—No, I cannot, I am sorry. We would need to run that through our data warehouse, and we have not done that work yet.</p> <p><b>Senator XENOPHON</b>—In what time frame could I expect a response on that?</p> <p><b>Mr Butler</b>—Later in June. We want to make sure that any older returns have now gone through.</p> <p><b>Senator XENOPHON</b>—Would it be fair to say that the tax office is paying a significantly greater amount because of the delays in the processing of returns in terms of interest payments.</p> <p><b>Mr Butler</b>—I am not sure I could attach that adjective to that description. Since 1 April we have meet all our service standards.</p>	30/09/2010	E88 (01/06/2010)
<b>BET - 250</b>	<b>Xenophon</b>	ATO	Hardship Claims	<p><b>Senator XENOPHON</b>—I will just go to the ancillary issue of the hardship fund. I think it says on your website that you can apply for hardship; how many people have applied for hardship in the last six months compared to the same period last year?</p> <p><b>Mr Butler</b>—Normally, if someone applies for hardship they need to produce information about their assets, liabilities and financial circumstances—that sort of thing. We have taken a very open approach with this; if someone says, ‘We are under hardship’, and they need the money, we just accept that and process the return very quickly. The number of clients who have requested hardship priority processing is 5,233 out of 3.4 million.</p> <p><b>Senator XENOPHON</b>—How does that compare to, say, a year ago?</p> <p><b>Mr Butler</b>—I do not have that number from last year.</p>	30/09/2010	E88 (01/06/2010)
<b>BET - 251</b>	<b>Xenophon</b>	ATO	OH&S and Seibel	<p><b>Senator XENOPHON</b>—I will go to the question of occupational health and safety. Was the ATO aware that the font size of the computer application did not mean the minimum height requirements specified in Australian and New Zealand standards?</p> <p><b>Mr Butler</b>—I presume that relates to the Seybold case management system, not the system delivered in January this year?</p> <p><b>Senator XENOPHON</b>—Yes.</p> <p><b>Mr Butler</b>—We have one case management system across the whole of the ATO. The ATO was aware of that particular issue, and we had some choices that we made in full consultation with people. The choice was that we have larger font, and people would need to scroll and click a lot more,</p>	30/09/2010	E89 (01/06/2010)

				<p>which would produce a different type of occupational health and safety issue; so we made a trade-off choice, and Comcare has been investigating some of these issues.</p> <p><b>Senator XENOPHON</b>—Okay, and can you answer on notice how many claims there have been in relation to the new system compared to last year?</p>		
<b>BET - 252</b>	<b>Abetz</b>	ATO	RSPT staffing	<p><b>Senator ABETZ</b>—Ms Granger, are you gearing up for the potentiality of the RSPT?</p> <p><b>Ms Granger</b>—As we do with any new policy announcement, we work with Treasury in relation to administrative aspects of design. I personally have been part of the consultation panel, for example. I would not call it ‘gearing up’. We do have a small number of people we have taken offline to support both myself in that process and the Treasury interns of the consultation and design process. But they are very small numbers—a handful—at this stage.</p> <p><b>Senator ABETZ</b>—A handful. Is it correct that a second commissioner of the ATO has now been tasked already to deal with the potentiality of the RSPT?</p> <p><b>Mr D’Ascenzo</b>—There are a lot of other activities and tasks.</p> <p><b>Ms Granger</b>—It is part of the role of Second Commissioner, Law to manage the policy implementation issues for the Tax Office. So it is actually part of my day job, Senator.</p> <p><b>Senator ABETZ</b>—Is there any move underway to get a deputy commissioner or a second commissioner within the ATO to be responsible specifically for the RSPT?</p> <p><b>Ms Granger</b>—As I said, as part of my duties as Second Commissioner, Law I have overall responsibility for coordinating policy implementation for the Tax Office. We have taken a deputy commissioner offline to support me in that process.</p> <p><b>Senator ABETZ</b>—So we have already got a deputy commissioner offline to support you in the RSPT proposal?</p> <p><b>Ms Granger</b>—To help me with consultation and other implementation issues as they arise.</p> <p><b>Senator ABETZ</b>—So this is all being done in anticipation of this tax being passed.</p> <p><b>Ms Granger</b>—It is not unusual for the ATO to contribute to advice on the administrative impacts of new policy as it is being shaped and before it is law. It is actually quite routine for us to be doing that.</p> <p><b>Senator ABETZ</b>—So we have got a second commissioner working on the RSPT and a deputy commissioner seconded to working on the RSPT. I do not need to know the names, but what other designations are there? We</p>	30/09/2010	E90-E91 (01/06/2010)

				<p>have got a second commissioner and a deputy commissioner. What are the other designations for this handful of people that you described?</p> <p><b>Ms Granger</b>—I would have to get the detail for you. But can I clarify again—</p> <p><b>Senator ABETZ</b>—It is pretty high level, though, isn't it?</p> <p><b>Ms Granger</b>—Can I clarify for you that my job is, as the commissioner said, much broader than this. It is not solely devoted to the RSPT. There is always a range of legislative proposals and a range of legal advice. I also have responsibility for the Tax Office's governance processes, its people and its finances. So there is actually a range of responsibilities that I have.</p> <p><b>Senator ABETZ</b>—That might explain your position, but a full deputy commissioner has been seconded for this particular task.</p> <p><b>Ms Granger</b>—That is correct.</p> <p><b>Senator ABETZ</b>—And that deputy commissioner's task is fully to be engaged in relation to the RSPT.</p> <p><b>Ms Granger</b>—To support me; that is correct.</p> <p><b>Senator ABETZ</b>—In relation to the RSPT?</p> <p><b>Ms Granger</b>—That is correct.</p> <p><b>Senator ABETZ</b>—Whilst it stands to reason that you might have other obligations, we have a deputy commissioner fully tasked to deal with this issue before it even becomes law. If it is only a handful of other people, you would have a fair idea, would you not, as to the designations?</p> <p><b>Ms Granger</b>—No, I do not.</p> <p><b>Senator ABETZ</b>—Senior as opposed to junior?</p> <p><b>Ms Granger</b>—I need to take that on notice.</p>		
<b>BET - 253</b>	<b>Joyce</b>	ATO	Petroleum Resource Rent Tax - administration costs	<p><b>Senator JOYCE</b>—I want to go through a range of things but before that I have one question. What portion of the money you collect from the Petroleum Resource Rent Tax is used for the administration of the Petroleum Resource Rent Tax?</p> <p><b>Ms Granger</b>—It might be none, as far as I am aware.</p> <p><b>Senator JOYCE</b>—That is fine if you do not know. I want to go forward to a range of things, more on general revenue. You can take that one on notice, Ms Granger, if you like.</p> <p><b>Ms Granger</b>—Yes.</p>	30/09/2010	E92 (01/06/2010)
<b>BET - 254</b>	<b>Joyce</b>	ATO	Taxes paid by the mining sector	<p><b>Senator JOYCE</b>—Can I just interrupt there for one second, because we have the taxation department here and I have Mr D'Ascenzo to the right-hand side of the minister. Mr D'Ascenzo, in your document, what are the royalties, resource and company taxes paid by the mining industry?</p> <p><b>Mr D'Ascenzo</b>—We have that, but I am not sure I have the figures in front of me.</p> <p><b>Ms Granger</b>—We can give you the last two years and year to date for the</p>	30/09/2010	E95 (01/06/2010)

				<p>petroleum resource rent tax, and I will see if my colleagues can come up with the others as well, if you would like those. For 2007-08, 57 taxpayers paid \$1.9 billion. These are from tax stats.</p> <p><b>Senator JOYCE</b>—Yes, and what is the percentage? You have that table. What is your percentage on that table?</p> <p><b>Ms Granger</b>—There is not a percentage on this table.</p> <p><b>Senator Sherry</b>—Sorry, percentage of what?</p> <p><b>Ms Granger</b>—Sorry, I thought you asked for taxable profit.</p> <p><b>Senator JOYCE</b>—You are going through the petroleum resource rent tax there, aren't you? I want to know what the mining sector paid in taxes and royalties.</p> <p><b>Ms Granger</b>—We will not have royalties, because they are collected by states and territories.</p> <p><b>Senator JOYCE</b>—Tell me what they pay just in taxes then.</p> <p><b>Ms Granger</b>—I will see if we can get that information for you. Hopefully someone has the annual report here.</p>		
<b>BET - 255</b>	<b>Pratt</b>	ATO	Company tax rate - breakdown by state	<p><b>Senator PRATT</b>—Thank you very much, Chair. Given the government's intention to introduce its RSPT, based on giving a fair share of our natural resource wealth and sharing it with Australians, I want to ask about the government's tax relief to companies, small businesses and the retirement savings. To start with, I would like to know how many businesses it is foreseen will benefit by the cutting of the company tax rate to 28 per cent. How does that rate compare internationally?</p> <p><b>Mr Parker</b>—I do not have the number in front of me. We may have it here, I am not sure. The short answer to your question is that all tax-paying companies would benefit from this. There are a substantial number of companies in the tax system which do not pay tax—trustees and all that kind of stuff. Do my ATO colleagues or others have that particular information?</p> <p><b>Ms Granger</b>—Perhaps I can help with the small business aspect of that. The faster acceleration affects 720,000 small businesses.</p> <p><b>Senator PRATT</b>—I beg your pardon. How many?</p> <p><b>Ms Granger</b>—That is 720,000. That is in one of the facts sheets.</p> <p><b>Senator PRATT</b>—You do not have a state by state breakdown to know how many would be in Western Australia?</p> <p><b>Ms Granger</b>—No.</p> <p><b>Senator Sherry</b>—I think we can take that on notice. I think I can reasonably assure you of a rapid response.</p> <p><b>Senator PRATT</b>—Great, thank you. I want to know what the flow-on effect will be on the broader economy from cutting the company tax rate and the effect that that will have on consumers in relation to prices.</p>	30/09/2010	E113-114 (01/06/2010)

**Mr Parker**—The starting point of the analysis here is the company tax rate because it taxes all income. It is not a rent tax. So the company tax rate is a distorting tax. It taxes the normal return to capital. One of the leaps forward in tax policy thinking over the last 20 or so years is as follows. If you go back, say, to the time of the Asprey report, the basic frame of analysis there was the comprehensive income tax system. You said, ‘Look, a dollar of income is a dollar of income irrespective of how it is earned. Tax it the same.’ It was largely an equity issue. The more modern perspective is to say, ‘Look, a dollar of income is not the same as a dollar of income. What one ought to do is think about the distorting effects of taxing each dollar the same.’ This was the basis of the analysis and it is why that chart in the Henry report about the distorting features of different taxes is so important. It is why it is important that on that chart company tax is identified as one of the more distorting tax rates. So if you reduce the company tax rate, several things happen. In the short term, you will increase the return to capital. What that will do is tend to lead to a growth of investment by the corporate sector. That in turn will lead to an increase in capital intensity of the economy. That in turn over time will lead to an increase in wages and consumption and lower prices. One of the important things that was done in the Henry review was to look at the economic incidence of taxes rather than the legal incidence. We have talked a little about this in terms of the super. In terms of company tax, reducing that tax on capital income will ultimately benefit wages and consumers. The reason for that is more capital will come in. We can give you some information specifically from the KPMG Econtech model or we can provide that to you on notice, if you would like.

**Senator PRATT**—Great. That is terrific. Another part of the package is the \$5,000 instant asset write-off. I would like to know again how many businesses that will help and what kind of benefit that policy will be to small business owners.

**Mr Parker**—I think Ms Granger gave the figure for that.

**Ms Granger**—It is 729,000.

**Mr Parker**—It is 729,000 small businesses. This applies obviously not just to companies but across the board more broadly to all small businesses. The economic effect of that is to the extent that the \$5,000 writeoff covers capital investment done by those firms—and it will do that to some extent, obviously not all—it will turn the income tax system in that sector into more of a cash flow tax. That is, your investment effectively gets written off straight away. That again takes away the distortions.

**Senator PRATT**—Would I be right in assuming that kind of benefit can

				<p>assist in things like employment et cetera because of the improvement in cash flow?</p> <p><b>Mr Parker</b>—The same answer as before.</p> <p><b>Senator PRATT</b>—What I am most concerned about is the fact that many small businesses, particularly in Western Australia, seem to be vulnerable to scare campaign arguments currently being run by the mining sector. I suppose I would like to know whether this is of concern and how small business might best go about educating itself in an informed way about how it might be affected by these proposals.</p> <p><b>Mr Parker</b>—I am not sure, Senator. I do not have the figure for WA with me. We can provide that on notice.</p>		
<b>BET - 256</b>	<b>Eggleston</b>	AOFM	Challenges selling government bonds	<p>Has it been more challenging to sell government bonds? Has there been any change in the market for retail bonds?</p> <p>How is the mortgage-backed bond market operating since the Global Financial Crisis? Has this resulted in a reduction in funding costs for smaller banks and lenders?</p>	16/02/2011	Written
<b>BET - 257</b>	<b>Colbeck</b>	PC	Freight Rates	How does the Productivity Commission see the setting of freight rates for the transport of grain?	28/09/2010	Written
<b>BET - 258</b>	<b>Williams</b>	APRA	Banking and Loans	<ol style="list-style-type: none"> <li>1. Can you tell me if APS330 applied from January 2008 ? Do most banks really disclose Table 6?</li> <li>2. Was Bankwest given an exemption from compliance with APS330? Can you produce that document of exemption to the Committee?</li> <li>3. Is Bankwest accredited for APS 113 Internal Rating Based (IRB) approach to risk evaluation? Was it or its NOHC ever approved for IRB and when did this start and end?</li> <li>4. Can you explain why the APRA data heading “Loans to non-financial corporations” does not differentiate between land development of commercial, residential and mixed versus lending on the assets of a company and its management acumen?</li> <li>5. Can you explain the definitions of non-financial corporations and financial corporations?</li> <li>6. Can you change your statistics to make them more detailed so people can see when a bank is overloaded on one sector or another?</li> </ol>	29/09/2010	Written

				<p>7. Can you tell us what percentage of so-called business loans are secured on residential real estate?</p> <p>8. It is misleading that they are called business loans when in fact they are residential loans with the proceeds used for business as opposed to a loan on business assets alone?</p> <p>9. What percentage of loans are made purely on business assets alone with no recourse to real estate?</p> <p>10. Do you think APS that heavily biases residential mortgages has converted Australian banks into building societies and that Australia's bank's are really built on a nation real estate speculation trends rather than investing in real business ?</p> <p>11. Can you explain a statement in the Australian on 26 March 2010 made by the Australian Competition &amp; Consumer Commission chairman Graeme Samuel at a Credit Suisse conference in Hong Kong:-</p> <p><i>As both acquirers used their scale to expand significant home-lending franchises, Australian Competition &amp; Consumer Commission chairman Graeme Samuel expressed regret last year that he had approved the CBA/Bankwest deal, in particular.</i></p> <p><i>Mr Samuel blamed advice from local regulators that Bankwest's then-parent, HBOS, was mortally wounded and unable to fund its Australian subsidiary.</i></p> <p>12. The reality was that Bankwest was out of cash by late 2007 because it lent long and borrowed short? When did it contact APRA warning of liquidity problems?</p> <p>13. Can you explain why on 18 September 2008 Mr. Simon Walsh, the MD of Bankwest said in a public statement:-</p> <p><i>"I think our key message would be that your funds in BankWest are as safe as they've been in last week, the previous week and other weeks, so don't panic," he said.</i></p> <p><i>"These are turbulent markets and what I can say is that BankWest is regulated in exactly the same way as every other Australian bank - we're highly capitalised, we're highly liquid and with that customers' funds are safe with BankWest."</i></p> <p>On the same day the Minister Nick Sherry said:-</p>		
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				<p><i>"APRA is also in daily contact with the UK financial services authority. There is no suggestion, and I emphasise this there is no suggestion, that BankWest is experiencing any difficulties," he said.</i></p> <p>Can you explain the discrepancy between what Mr. Samuel said and what Mr. Walsh and Senator Sherry said in public ?</p> <p>14. In fact was what Mr. Walsh from Bankwest said disingenuous, because it was really just as unsafe in the last few weeks as it was unsafe at time of the announcement and he carefully did not compare it to say two years ago, and so Bankwest appears to have conned the public ?</p> <p>17. Can you explain the HBOS agreement with CBA and why a \$1.2b chargeback is going on, and why Bankwest has had such enormous changes in its valuations ?</p> <p>18. Can you explain why the heading does not differentiate between land development of commercial, residential and mixed versus lending on the assets of a company and its management acumen ?</p> <p>19. Can you tell us what percentage of business loans are secured on residential real estate ?</p> <p>20. Does APRA in effect determine social priorities and monetary policy to small business ?</p>		
<b>BET - 259</b>	<b>Birmingham</b>	Treasury	Buildings' Energy Efficiency	<p>Please list every building occupied by Treasury.</p> <p>For each building:</p> <ul style="list-style-type: none"> <li>Has an energy efficiency audit been undertaken? If so, what rating was achieved and what action has been taken to improve energy efficiency as a result of any audit undertaken?</li> </ul>	30/09/2010	Written
<b>BET - 260</b>	<b>Abetz</b>	Treasury	Revenues from the Resources Super Profits Tax	<p>1. In the revenue estimates accompanying the recent Budget it was stated that the RSPT was expected to produce net revenues of \$3b in 2012-13 and \$9b in 2013-14. Is that correct?</p> <p>2. According to the footnote to the relevant tables, this estimate is of the net addition to revenues allowing for the fact that, for example, RSPT tax will be deductible against corporate income tax. Is that</p>	25/02/2011	Written



				<p>correct?</p> <ol style="list-style-type: none"> <li>3. Please provide what Treasury estimates the gross revenue collected by the RSPT will be? That is, the revenue collected from the RSPT itself before allowance is made for losses of revenue from other sources.</li> <li>4. Will the main source of loss will be corporate income tax?</li> <li>5. Is it proposed that the rate of corporate income tax fall to 28%?</li> <li>6. If one takes that figure and gross up the Treasury's \$3b and \$9b for the lost corporate income tax, we get figures of about \$4.2b and \$12.5b. Would they be near the mark for 2012-13 and 2013-14 gross receipts from the RSPT?</li> <li>7. Will there be a transition period for the RSPT of 5 years during which companies will be allowed to depreciate their capital starting base? What are the proposed depreciation rates?</li> <li>8. Is that expected to have a substantial effect on revenues from the tax in those early years?</li> <li>9. Is that the reason why the receipts from the tax about treble between 2012-13 and 2013-14?</li> <li>10. Should we expect the receipts from the RSPT to continue to rise in subsequent years as the capital starting base is run down?</li> <li>11. By the time the transition is complete, what would be the expected the gross revenues from the RSPT be, other things equal? I appreciate that there may be uncertainty around factors like commodity prices, but can you please provide an approximate figure?</li> <li>12. When the depreciation goes from 36% to 24% the gross revenue goes up by \$8.3b, according to our earlier calculations. Assuming the remaining 24 percentage points of reduction have a pro rata effect, that gives a total increase over the transition period of \$24.9b for a final figure in round terms of \$29b. Is that roughly what you are expecting? Is it on the high side, the low side? What are Treasuries calculations and how are they derived?</li> <li>13. Can I conclude that Treasury will raise almost \$30b from this proposed new tax on the mining industry and that Treasury expects this to stimulate mining activity?</li> </ol>		
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				<p>14. How do you explain such a proposition?</p> <p>15. Is Treasury recommending a change to resource taxation of unprecedented scope?</p> <p>16. Can Treasury provide detailed advice as to the full implications for revenue and of the burden for the industry of that change?</p>		
<b>BET - 261</b>	<b>Ludlam</b>	ACCC	Wholesale Prices	<p>1. A recent ACCC press release (18 May 2010) indicates the ACCC's disquiet regarding reports of prospective wholesale price increases by Telstra. Has the ACCC been investigating these reports directly with Telstra?</p> <p>2. Does the ACCC understand that increasing wholesale prices is indeed what Telstra is doing?</p> <p>3. Does the ACCC have any direct mechanism to stop this?</p>	23/09/2010	Written
<b>BET - 262</b>	<b>Eggleston</b>	Treasury	Portfolio Programs	<p>1. Can you please provide, in spreadsheet form, a list of all programmes administered by your Department and portfolio agencies?</p> <p>2. Can that list please show for each listed programme:</p> <p>(a) The name of the programme.</p> <p>(b) Full administered expenses for each financial year of the forward estimates period starting from 2010-11.</p> <p>(c) Full departmental expenses for each financial year of the forward estimates period starting from 2010-11.</p> <p>(d) Allocated Average Staffing Level (ASL) for the programme in 2010-11.</p> <p>3. If that list cannot be provided, can you please advise the reason why simple full-expenditure financial information is not readily available for the public's information?</p>	30/09/2010	Written
<b>BET - 263</b>	<b>Eggleston</b>	Treasury	Stimulus Spending	<p>17. How much stimulus spending remains unspent? What major projects have received no money or no more than 10% of the funds dedicated to them? Will these projects have the funds increased by the level of the increase in CPI? Is it worth reconsidering any unspent stimulus spending?</p> <p>18. How many budget submissions suggested either new or increased user taxes or charges as part of their submissions?</p>	29/09/2010	Written

				19. How is the Fiscal Group going to maintain the 2% cap on real spending across the whole of Government?		
<b>BET - 264</b>	<b>Eggleston</b>	ABS	Data presented in reports	Has pressure been placed by politicians to influence the data presented in any reports?	29/09/2010	Written
<b>BET - 265</b>	<b>Eggleston</b>	ABS	Definition for immigration and emigration	What was the justification behind changing the definition for immigration and emigration?	29/09/2010	Written
<b>BET - 266</b>	<b>Eggleston</b>	ABS	Housing Affordability	How much has the measure of housing affordability changed on a month by month, city by city basis, over the last 3 years?	29/09/2010	Written
<b>BET - 267</b>	<b>Eggleston</b>	ABS	Small Business	<ul style="list-style-type: none"> <li>• How many Small Business are there in Australia?</li> <li>• What is the definition of a small business (as defined by the ABS)?</li> <li>• When was the last recording of small business numbers in Australia? <ul style="list-style-type: none"> <li>○ Why is the most recent small business figures those from 2007?</li> <li>○ Regarding the difficulties in defining 'small business' – how many different definitions are currently being used by the government and government departments?</li> </ul> </li> </ul>	02/12/2010	Written
<b>BET - 268</b>	<b>Eggleston</b>	PC	Competitive Neutrality Program	Does the Productivity Commission continue to support the Competitive Neutrality Program? Was this applied for the superannuation clearing house?	23/09/2010	Written
<b>BET - 269</b>	<b>Eggleston</b>	PC	Number of reports finished	<p>How many reports has the Productivity Commission started and finished in the financial year 2009/10? What were they on?</p> <p>How many reports were commissioned in the financial year 2009/10 and are not yet completed? What are they on?</p> <p>How many reports were completed in the financial year 2009/10, but commissioned in previous years? What were they on?</p> <p>How many recommendations out of all reports completed in financial year 2009/10 have been taken on by the Government, as a number and proportion of all recommendations made?</p>	30/09/2010	Written
<b>BET - 270</b>	<b>Eggleston</b>	PC	Productivity Commission investigations	<p>Does the Productivity Commission believe that it should be involved in investigations into:</p> <ul style="list-style-type: none"> <li>• The dairy industry, as recommended by the Senate Economics</li> </ul>	29/09/2010	Written

				References Committee? <ul style="list-style-type: none"> <li>The degree of competition in lending to small businesses, as submitted by the Australian Chamber of Commerce and Industry in their submission into access of small business to finance?</li> </ul>		
<b>BET - 271</b>	<b>Eggleston</b>	PC	Government's productivity agenda	Has the Productivity Commission been involved with/consulted about the Government's productivity agenda?	30/09/2010	Written
<b>BET - 272</b>	<b>Eggleston</b>	PC	Additional regulations	Given the increase in levels of regulation, how has the Productivity Commission been working through the thousands of additional regulations and are they working to reduce the level of red tape?	24/09/2010	Written
<b>BET - 273</b>	<b>Eggleston</b>	PC	Unspent Stimulus spending	What would the Productivity Commission recommend happen to all unspent stimulus spending?	28/09/2010	Written
<b>BET - 274</b>	<b>Eggleston</b>	PC	Removal of poker machines	Does the Productivity Commission still believe that poker machines should be removed from hotels, pubs and clubs? Is the inquiry into online gambling likely to be influenced by this report?	02/12/2010	Written
<b>BET - 275</b>	<b>Eggleston</b>	PC	Progress on report - Australia's airports	What is the progress of the report into Australia's airports?	23/09/2010	Written
<b>BET - 276</b>	<b>Eggleston</b>	PC	Recommendation away from tax concessions for research and development	Can you explain the justification behind the recommendation away from tax concessions for research and development? Can the Commission provide the modelling behind that plan?	24/09/2010	Written
<b>BET - 277</b>	<b>Eggleston</b>	PC	PC's view on Tax Review	Given the results of the Henry Tax Review, what recommendations does the Productivity Commission believe that the Government should have accepted in full? (gaming tax concessions for clubs) Does the Productivity Commission still hold that tax reform is a key influence in boosting productivity?	30/09/2010	Written
<b>BET - 278</b>	<b>Eggleston</b>	PC	Minister Burke offering grants	How does the Productivity Commission react to Minister Burke's decision to continue offering grants?	24/09/2010	Written
<b>BET - 279</b>	<b>Eggleston</b>	PC	Complaints received by the Competitive Neutrality Complaints Office	With regards to the Competitive Neutrality Complaints Office operated by the commission, can you detail the number of complaints received for each year over the past three years and how many investigations have been undertaken by the office during that time?  How many staff does the office employ and what is the total employee benefits associated with the operation of the office for each year of the past three years? Are these staff employed to solely work at the Office, or do they have other functions within APRA?	29/09/2010	Written

				<p>What other work does the Office produce other than taking and investigating complaints? Is this work published?</p> <p>What was the operational budget for the Competitive Neutrality Complaints Office for each year of the last three years?</p> <p>Does the Office have any function in reviewing legislation introduced by the Government which might infringe competitive neutrality principles? Is it possible for a member of the public to make a complaint with regards to legislation before parliament?</p> <p>What enforcement options does the Office have to ensure that government agencies operate under the competitive neutrality rulings that the office makes through its investigations?</p>		
<b>BET - 280</b>	<b>Eggleston</b>	PC	Infrastructure and productivity	<ul style="list-style-type: none"> <li>• Is the Productivity Commission doing any work on the link infrastructure investment and productivity growth?</li> <li>• If so, what is the status of this work?</li> <li>• What does the more general work of the Commission shown about our recent reductions in productivity growth? What are the main drivers of these changes? .</li> <li>• So in terms of the electricity, gas and water supply why are we experiencing lower productivity growth?</li> <li>• What can we do to improve productivity performance in this sector?</li> <li>• My understanding is that the productivity in the mining sector has also been below that of other sectors recently. What are the broad reasons for that?</li> <li>• If we encouraged more marginal mining investments to occur than occur concurrently, what would that in general do productivity in the mining sector?</li> </ul>	30/09/2010	Written
<b>BET - 281</b>	<b>Eggleston</b>	PC	Urban water reform	<ul style="list-style-type: none"> <li>• I see that you have been doing a lot of work urban water modelling. Can you provide a description of this work?</li> <li>• What are the main uses of this modelling?</li> <li>• What does the modelling show about the different costs of supplying water in different ways, that is desalination vs dams vs stormwater savings, etc?</li> <li>• Some of the results indicate that water restrictions are costly so what is the alternative?</li> <li>• Would these prices be higher or lower if the supply options for water are constrained for example by restricting the amount of dams can be</li> </ul>	30/09/2010	Written

				<p>built?</p> <ul style="list-style-type: none"> <li>• Is this work highlighting any deficiencies in urban water policies that currently exist?</li> <li>• Has the work at all looked at the future demands for water supply given projected increases in our population?</li> <li>• Has the Productivity Commission done other work in urban water reform? And what were the findings of that work?</li> </ul>		
<b>BET - 282</b>	<b>Eggleston</b>	PC	Basin water reform	<ul style="list-style-type: none"> <li>• I just want to turn now the study you recently released on buybacks in the Murray-Darling Basin.</li> <li>• I am particularly interested in the comments in the report about balancing the economic, social and environmental concerns. How can we assess how we trade-off issues among these concerns?</li> <li>• How would we go about estimating what the value of environmental flows from an economy-wide perspective in terms of balancing the value of environmental water against other uses of that water? What are the different techniques available to do this?</li> <li>• Can you expand on what other ways the Government buy water rather than purchasing permanent entitlements?</li> <li>• The report made the comment that there appears to have been insufficient forethought given to the design, scale and implementation of these initiatives. What do we need to do differently to get water reform right then?</li> </ul>	30/09/2010	Written
<b>BET - 283</b>	<b>Eggleston</b>	PC	Capacity to model water reform	<ul style="list-style-type: none"> <li>• I just want to confirm, did the Commission do any formal modelling of the basin plan or the water buybacks as part of its recent review?</li> <li>• Does the Productivity Commission have the capacity to model rural water reform, such as the socioeconomic effects of the draft Basin Plan?</li> <li>• I know the Productivity Commission did some modelling in 2004, Peterson et al. Has the Commission updated this work at all? Does it still have the same capacity to conduct similar analysis?</li> <li>• If so, exactly what approach would the Commission use? Would it need to involve outside expertise or would draw on internal resources?</li> <li>• I am not sure if you aware, but ABARE recently conducted some modelling on the first tranche of water buybacks. In their approach, when water buybacks occurred, everyone in a town was paid a portion of the purchase price and no-one left the town after the buyback. Not surprisingly then, income rose following the buyback as did the consumption. Obviously there are limitations with such an approach.</li> <li>• Is there a more sophisticated approach available to modelling a water</li> </ul>	30/09/2010	Written

				buyback? Or is that just a limitation of the general equilibrium models?		
<b>BET - 284</b>	<b>Eggleston</b>	PC	Wheat exporting arrangements	<ul style="list-style-type: none"> <li>• I just want to ask some questions on the draft wheat marketing report.</li> <li>• What did the draft report have to say about the deregulation of bulk wheat exports?</li> <li>• Did the report say anything about what is driving falls in wheat prices and increases in transport costs in the sector?</li> <li>• Is there any connection between these effects and the deregulation of the marketing of bulk wheat exports?</li> </ul>	30/09/2010	Written
<b>BET - 285</b>	<b>Eggleston</b>	Treasury	Surplus Spending	<p>The projected surpluses in the final two years of the forward estimates are wafer thin. With a budget of close to \$400 billion in 2013-14, surpluses of \$1 billion and \$5 billion are little more than rounding errors - Table 6 on page 3-13 of Budget Paper No 1 shows that policy decisions since the 2009-10 Budget have increased net spending by \$5.9 billion. That is the sum of policy decisions for the years 2009-10 through 2012-13. That figure includes new spending measures, new taxes, and savings initiatives. It shows that all of the new taxes have been spent, all of the savings initiatives have been spent, and on top of that an additional \$5.9 billion has been spent for good measure. Policy decisions have not contributed in net terms a single cent to reduce the deficit.</p> <p>a) Would you agree with that assessment?</p> <p>b) To what then do you attribute the improvement over the forward estimates in the underlying cash budget balance, in particular the smaller deficits out to 2011-12 and the small surpluses in 2012-13 and 2013-14? (The answer should be “parameter variations” – i.e. improved economic growth).</p> <p>c) Do your responses to the last two questions then imply that all the improvement to the Budget bottom line has been due to luck rather than good economic management?</p>	02/12/2010	Written
<b>BET - 286</b>	<b>Eggleston</b>	Treasury	Growth Dividend	<p>1. The Budget includes a revenue item called a “growth dividend” totalling \$600mn over the final two years of the forward estimates. This is the additional tax expected to flow from the stronger economic growth arising from the implementation of the tax reforms associated with the RSPT. It is fortunate that this “notional” revenue occurs in the two years when the government is expecting to record small surpluses.</p> <p>a) Is this growth dividend consistent with the underlying economic</p>	02/12/2010	Written

				<p>assumptions on which the projected Budget outcomes are based?</p> <p>b) Specifically, does the growth dividend in 2012-13 and 2013-14 additional to the growth projections for the budget of 3% in each year?</p> <p>c) Do you agree that many perhaps most major policies of government have an effect on economic growth?</p> <p>d) Why does the budget single out one policy for a growth dividend when so many new and continuing policies will “crucially influence” growth?</p> <p>e) For example, the Building Education Revolution is a \$16 billion program, with some billions yet to be delivered. It is a massive redistribution of resources from alternative uses. Has Treasury estimated the effect on growth of continuing a program which does little or nothing to add to productive capital and so to growth?</p> <p>f) If the answer is that this is speculative or a matter of dispute, ask: isn’t it the cases that all claims of a growth dividend or of a growth “anti-dividend” are speculative and disputable?</p> <p>g) Put bluntly, isn’t the selective use of a growth dividend in the budget papers a bad step for public sector accounting which could be open to increasing abuse in future years?</p> <p>h) What is the margin for error around the projection of this additional revenue?</p> <p>i) Does that call into question the achievement of surpluses in the final two years of the forward estimates?</p>		
<b>BET - 287</b>	<b>Eggleston</b>	Treasury	Building the Education Revolution #3	How much of the spending from the Building the Education Revolution has been spent on administration? How does this project compare to the cost-effectiveness of the Investing In Our Schools Program?	02/12/2010	Written
<b>BET - 288</b>	<b>Eggleston</b>	Treasury	State Taxes	What areas of state taxes are being considered to widen the Federal tax base?	30/09/2010	Written
<b>BET - 289</b>	<b>Eggleston</b>	Treasury	Research and Development Tax	Given the controversy over the R&D tax laws, as shown by the witnesses who have come before the Committee, is there room to negotiate on some of the clauses within the Bill?	30/09/2010	Written



			Laws			
<b>BET - 290</b>	<b>Eggleston</b>	Treasury	Home Insulation Scheme	What is the cost of insulation that has been purchased but not installed under the home insulation scheme?	22/12/2010	Written
<b>BET - 291</b>	<b>Eggleston</b>	Treasury	Public Debt	What is the current level of public debt, as a monetary amount and as a proportion of all debt? How long is it expected to be paid off?  Is the current level of public debt in Australia compared to other countries of concern? Is it spiralling out of control?	10/02/2011	Written
<b>BET - 292</b>	<b>Eggleston</b>	ACCC	Insulation	How many insulation dealers were investigated by the ACCC?	29/09/2010	Written
<b>BET - 293</b>	<b>Eggleston</b>	ACCC	Australian Consumer Law consultation	Given the recent handing down of the report into the Trade Practices Amendment (Australian Consumer Law) Bill (No. 2), does the ACCC believe that there was sufficient consultation on this bill? Does it feel that there has been enough consultation on its Bills over the last 12 months?	30/09/2010	Written
<b>BET - 295</b>	<b>Eggleston</b>	ACCC	Dairy Industry	How does the ACCC respond to the recommendations in the "Milking it for all it's worth – competition and pricing in the Australian dairy industry"? Is there continuing examination of the potential merger between Murray Goulburn Co-operative and Warrnambool Cheese and Butter Factory, or is there more concern about the joint venture with French food company Danone?	28/09/2010	Written
<b>BET - 296</b>	<b>Eggleston</b>	ACCC	National Broadband Network - monopoly situation	Will any company be allowed to buy into the NBN fibre, or will it solely be run by the NBN Co? Isn't that a monopoly situation?	22/12/2010	Written
<b>BET - 297</b>	<b>Eggleston</b>	ACCC	Global financial crisis	Is there concern at the level of mergers acquisitions following the global financial crisis? In what industries is there more concern? What about in the banking industry?	29/09/2010	Written
<b>BET - 298</b>	<b>Eggleston</b>	ACCC	product recalls	How many products are annually recalled, on average, each year over the last ten years? By product, brand, year, etc?	29/09/2010	Written
<b>BET - 299</b>	<b>Eggleston</b>	ACCC	peak bodies	How are peak bodies defined as such?	29/09/2010	Written
<b>BET - 300</b>	<b>Eggleston</b>	ACCC	false billing	How much is the false billing concept costing businesses? What is the ACCC doing about it?	29/09/2010	Written

<b>BET - 301</b>	<b>Eggleston</b>	ACCC	Premium SMS services	What has happened with the suggestion from the ACCC that there is an opt-in clause to send and receive premium SMS services?	23/09/2010	Written
<b>BET - 302</b>	<b>Eggleston</b>	ACCC	ACCC funding	Does the ACCC have sufficient funding for its expanded powers?	23/09/2010	Written
<b>BET - 303</b>	<b>Eggleston</b>	ACCC	Building the Education Revolution projects	How many BER projects are you investigating? How much spending does this account for? What would be the saving to the taxpayer if these projects were at the appropriate cost?	29/09/2010	Written
<b>BET - 304</b>	<b>Eggleston</b>	ACCC	Small business related investigations	Can the Commission indicate the average time taken by the Commission to complete small business-related investigations?  Has the Commission undertaken any benchmarking exercises regarding the nature and type of small business related complaints?	23/09/2010	Written
<b>BET - 305</b>	<b>Eggleston</b>	ACCC	Predatory pricing	Can the Commission indicate if it has commenced any predatory conduct related cases since the last Estimates?	23/09/2010	Written
<b>BET - 306</b>	<b>Eggleston</b>	ACCC	Acquisitions	Can the Commission indicate if it has made any decision regarding the Woolworths acquisition of Gunns Hardware stores in Tasmania?	23/09/2010	Written
<b>BET - 307</b>	<b>Eggleston</b>	ACCC	Section 87B undertakings	Given the comments made in the AFR on 6 April 2010, how would you like to expand the extraction of charity donations from wrongdoers as part of court undertakings?	23/09/2010	Written
<b>BET - 308</b>	<b>Eggleston</b>	ACCC	Telco finance scams	Will the ACCC outline if it has investigated the cases of Telco Scams of the ACCC's investigation into Telco Scams?  When is the ACCC likely to complete the investigation? If it has been already completed what was the outcome?	29/09/2010	Written
<b>BET - 309</b>	<b>Eggleston</b>	ACCC	North-West shelf joint marketing	What is the process and timeframe from here for the Commission's inquiry and does the Commission's work simultaneously consider possible cartel conduct as well as a possible authorisation of the joint marketing arrangement? Or are they separate processes and inquiries?  Are media reports correct in stating that <i>'The Australian Competition and Consumers Commission is expected to grant the partner that the ACCC,</i>	23/09/2010	Written

				<p><i>which supply about 65 per cent of WA's domestic gas market, continuing authority to price collectively after taking submission earlier this year"?</i> ( May 31, <i>AFR</i> p.3 article titled 'Pricing heat on NW-Shelf gas partners').</p> <p>Is the Commission intending to publish its inquiry conclusions and intended decision and reasoning in relation to any renewed authority to price collectively to enable stakeholders including but not limited to the venture partners, key users, the DomGas Alliance, WA Government and competition experts to respond to contested analysis and conclusions before the Commission makes final decisions?</p>		
<b>BET - 310</b>	<b>Eggleston</b>	ACCC	Restrictive covenants	<p>Isn't it odd that the ACCC is muscling up to just the kind of independent competition to the major chains the Restrictive Covenant undertakings are trying to promote and that the site in question sits alongside another force against further Markey concentration being Aldi?</p> <p>How does the Commission plan to proceed with this matter and what are the possible consequences of the current trajectory of this matter?</p> <p>Has the ACCC reconsidered its opinion of the covenant over Ellenbrook?</p>	23/09/2010	Written
<b>BET - 311</b>	<b>Eggleston</b>	Treasury	Budget Deficit	<ol style="list-style-type: none"> <li>1. The 2009-10 is estimated to result in a \$57 billion deficit. <ol style="list-style-type: none"> <li>a) When did Australia last have a bigger budget deficit as a proportion of its GDP?</li> <li>b) In 2010-11, the estimate is \$41 billion. Given the Reserve Bank has recently been increasing rates to ward off inflation, is this prudent?</li> </ol> </li> <li>2. How much discretionary expenditure can be cut back?</li> </ol>	29/09/2010	Written
<b>BET - 312</b>	<b>Eggleston</b>	Treasury	Contingency Reserves	<p>Could you please explain the line "add Contingency Reserve offsets to policy decisions" in Budget Paper No 1, Page 3-7, Table 3?</p> <p>The Budget Papers have not previously shown funds from the Contingency Reserve offsetting new policy decisions. Why has it occurred in this budget?</p> <p>Page 6-55, Budget Paper No 1 states that previous estimates in the Contingency Reserve for the CPRS have been removed. Does this mean that by removing the CPRS from the budget, that the Government was</p>	02/12/2010	Written

				<p>able to meet its fiscal discipline if offsetting all new spending?</p> <p>Table 3 clearly shows that the Government decisions since the 2009-10 Mid Year Economic Fiscal Outlook impacted the Budget by \$2.3 billion (spending \$30.5 billion and saving \$28.1 billion). Scrapping the CPRS and putting the \$2.8 billion reserved in the Contingency Reserve for the CPRS back into the Budget enabled the Government to meet its commitment to offset all new spending. Was it the Department's idea to use the CPRS funding in the Contingency Reserve to offset the spending since MYEFO? If so, explain how it happened; if not, where did the idea come from?</p>		
<b>BET - 313</b>	<b>Eggleston</b>	Treasury	Developing and monitoring programs - BER	<p>Fiscal Group has responsibility within Treasury for policy development in education and its mission statement is to ensure government spending arrangements are effective.</p> <p>Please explain the Department's role in relation to the Building the Education Revolution – a program that had a \$1.7 billion blow out and the effectiveness of which has been questioned around the country?</p> <p>What was the department's role in development of this program before it was announced in February 2009?</p> <p>How was the Department involved in developing this policy?</p> <p>How long was it given to analyse the policy and provide advice?</p> <p>What was the Department's understanding of how the policy had been costed?</p> <p>When was the Department aware of the need for the additional \$1.7 billion?</p> <p>Was the Department's advice sought about the about the request for additional funding?</p> <p>If it was, what was the Department's advice?</p> <p>What was the department's ongoing role in this program?</p> <p>How did the Department monitor the program?</p> <p>What did the department do?</p> <p>When was the department first aware of problems in the program?</p> <p>Does the Department think the Building the Education Revolution was</p>	02/12/2010	Written

				value for money and good policy? In particular, does it believe that the \$16.2 billion spent on this program involved resources being shifted from lower value to higher value uses?		
<b>BET - 314</b>	<b>Eggleston</b>	Treasury	Developing and monitoring programs - Home Insulation Program	<ol style="list-style-type: none"> <li>1. Please explain the Department's role in relation to the Home Insulation Program?</li> <li>2. What was the department's role in development of this program before it was announced in February 2009?</li> <li>3. How was the Department involved in developing this policy?</li> <li>4. How long was it given to analyse the policy and provide advice?</li> <li>5. What was the department's ongoing role in this program?</li> <li>6. How did the Department monitor the program?</li> <li>7. What did the department do?</li> <li>8. When was the department first aware of problems in the program?</li> <li>9. Does the Department think the Home Insulation Program was value for money and good policy?</li> <li>10. Given the cessation of the program, the continuing spending of hundreds of millions of dollars in repairing the damage done by the program, concerns about the destruction of property, injury and loss of life, plus the doubts that it was an effective form of stimulus, will Treasury be undertaking a cost benefit analysis of the program to see whether it was worth it?</li> <li>11. If the answer is yes, will it be made public? If the answer is no: if Treasury does not analyse disastrously poor policies, how will any lessons be learned on how to avoid future mistakes?</li> </ol>	30/09/2010	Written
<b>BET - 315</b>	<b>Eggleston</b>	Treasury	National Broadband Network Implementation Study	<ol style="list-style-type: none"> <li>1. Is Treasury aware of recent commentary by Paul Kerin, Professorial Fellow, Melbourne Business School on the financial evaluation principles employed in preparation of the National Broadband Network Implementation Study?</li> <li>2. Is Treasury aware that as identified by Mr Kerin, the Implementation Report appears to use the Government Bond Rate as the discount rate against which the project's internal rate of return is evaluated?</li> <li>3. Is Treasury further aware that as stated by Mr Kerin, "the standard</li> </ol>	22/12/2010	Written

				<p>advice on discount rates provided by various government agencies -- the Finance Department, Infrastructure Australia, the Office of Best-Practice Regulation and the Productivity Commission -- warn against (using the Bond Rate in this way), as does the public economics literature. No mention is made of that standard advice, nor the literature, in the study's 546 pages. It completely disregards the government's own financial evaluation requirements.”</p> <p>4. In Treasury’s view, is there any justification for exempting the NBN from the Government’s standard financial evaluation requirements?</p> <p>5. Does Treasury believe that it is appropriate to justify the business case for the NBN on the basis of what the Implementation Report describes as "government's low cost of funds"?</p> <p>6. I again refer you to the Australian Government Competitive Neutrality Guidelines for Managers that discusses ‘Debt Neutrality’ as a key component of Competitive Neutrality. These guidelines state <i>“In circumstances where (a GBE is) able to borrow funds at a lower rate than your competitors (as a result of your government ownership), you will need to make adjustments to the cost of your debt. This is known as debt neutrality. Competitive Neutrality requires that the cost of debt to you is comparable to that of your private sector competitors. Competitive Neutrality does not require that your business borrow from the market at a full debt neutral rate. Rather, if you manage a significant business activity and are able to borrow funds at a lower rate than your competitors as a result of your government ownership, you must pay or notionally include a debt neutrality charge. The amount of any debt neutrality charge must be factored into pricing.”</i> Is the Treasury aware that the Government’s independent advisor on infrastructure projects, “Infrastructure Australia” has stated that the Government’s access to low cost debt <i>"in no way removes the riskiness of the project"</i> and that <i>"project's cost of capital is not set by the cost of borrowing; it is the cost of bearing the project's risk"</i> and that as a result, Government infrastructure projects <i>"should use the same discount rate as the private sector for assets of the same risk characteristics"</i>.</p> <p>7. Has Treasury been asked to undertake any assessment of the cost to the Commonwealth of bearing the project risk of the NBN?</p> <p>8. The only reason that NBN Co would be able to borrow at a lower rate than the private sector would be because of an explicit or</p>		
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				<p>implicit Government guarantee of its debt, is that correct?</p> <p>9. In which case, the lower cost of NBN Co's debt would be subsidised by the fact that the Government would be taking on the risk of NBN Co being unable to repay its debts.</p> <p>10. Isn't it true, that as Mr Kerin states "<i>an implicit guarantee doesn't make risk disappear, it just reduces debt-holders' risk and raises that of taxpayers</i>". Wouldn't an implicit or explicit Government guarantee over the debt of NBN Co be a major risk to tax-payers?</p> <p>11. Has Treasury been asked to undertake an assessment of whether NBN Co would be able to repay its debts during the life of the project?</p> <p>12. Is Treasury aware that Mr Kerin has estimated the Net Present Value of the NBN by comparing the project Internal Rate of Return versus the weighted average cost of capital and equity internal rate of return versus the cost of equity using the data provided in the Implementation Report and has found that "<i>the government's equity investment in it are, in fact, hugely negative, even under the most optimistic scenario.</i>" Is this finding of concern?</p> <p>13. Isn't Mr Kerin correct when he states that the consequence of this 'hugely negative' Net Present Value of the NBN is that NBN CO "will not earn a commercial return and will require a multi-billion-dollar subsidy or bailout at some point"?</p> <p>14. If NBN Co did proceed on the distorted financial basis advocated in the Implementation Report, what avenues of redress would disadvantaged commercial entities have? Would the Australian Government Competitive Neutrality Complaints Office be able to consider any complaint on this matter?</p> <p>15. What remedies would be available to the Australian Government Competitive Neutrality Complaints Office?</p>		
<b>BET - 316</b>	<b>Eggleston</b>	Treasury	Low Emission Assistance for Renters	<p>In the Portfolio Budget Statement for that department \$132 million was allocated to a program that no longer exists, the Low Emissions Assistance for Renters program. How did that mistake come about?</p> <p>So what does \$132 million actually go towards now?</p> <p>My understanding is that the Department of Climate Change and Energy Efficiency's budget also at first allocated \$17 million in 2009-2010 and \$13 million in 2010-2011 for a \$30 million climate change</p>	30/09/2010	Written

				<p>advertising campaign. The department has since revised the allocations to \$7 million in 2009-10 and \$23 million in 2010-11. How was that mistake made?</p> <p>Is the Treasury taking any steps to ensure that such errors do not appear in future budget papers? Are there any issues with how this Department prepares its statements?</p>		
<b>BET - 317</b>	<b>Eggleston</b>	Treasury	National Freight Strategy	<p>What is Treasury's involvement in the development of the National Freight Strategy?</p> <p>The draft of the National Ports Strategy has been released. What was the Treasury's involvement in the development of the Ports strategy? Will the Government respond to the Ports strategy when it is complete or wait for the overarching National Freight Strategy to be completed?</p>	23/09/2010	Written
<b>BET - 318</b>	<b>Eggleston</b>	Treasury	Infrastructure Australia #2	<p>In the Government's words, under the State Infrastructure Fund, "Resource-rich states will receive relatively more funding, reflecting the greater call on their budgets for investment in infrastructure that supports the ongoing development of the resource industry." Can you provide any more detail on how the fund will be directed to "resource-rich" states? How do you define "resource-rich"?</p> <p>Has Treasury given any thought to how you would resource-rich over non-resource rich? Presumably non-resource rich states will still receive some funding?</p>	22/12/2010	Written
<b>BET - 319</b>	<b>Eggleston</b>	Treasury	Local Government Funding	<p>Can I just take funding for the Douglas Arterial Road. Under this project \$15 million was to be spent in 2012-13. It will now be brought forward to 2009-10. Will the Queensland Government actually spend this \$15 million in 2009-10?</p> <p>How does the \$15 million which was originally not to be spent for at least another two years, "accelerate commencement"?</p> <p>Did the Queensland Government specifically request that this \$15 million be paid this year? Was this request made without prompting from your Department?</p> <p>Is it normal practice for funding to be delivered to the States so far in advance of their expenditure needs?</p> <p>The Budget also brings forward \$511 in local government funding. What was the rationale for this bring forward expenditure?</p> <p>Payments under this program were brought forward last year as a stimulus</p>	02/12/2010	Written



				<p>measure. Now that we are moving towards trend growth though why are they being brought forward now?</p> <p>Do you expect Local Governments to spend this money early than otherwise? If not why are we giving them the money now?</p> <p>Did you receive any requests from Local Governments to move forward this spending?</p> <p>An Australian National Audit Office Report on the "Roads to Recovery" expressed concern about the costs of the Commonwealth making advance payments to Local Government. Did you look at this report before bringing forward this spending?</p> <p>What are the costs to the Commonwealth on the foregone interest of being these amounts earlier than expected?</p>		
<b>BET - 320</b>	<b>Eggleston</b>	Treasury	Serco Pty Ltd	<p>The Department of Immigration and Citizenship has entered into a contract with Serco Pty Ltd, which commenced on 29 June 2009, to deliver immigration detention services in Australia on behalf of the Australian Government at immigration detention centres.</p> <p>The Department has agreed to limit Serco's liability under these contracts. A contract signed in December last year had a reduced liability from \$75 million from a contract written in June to only \$17 million for a contract written in December. What were the reasons behind indemnifying Serco from a greater amount of loss?</p>	29/09/2010	Written
<b>BET - 321</b>	<b>Eggleston</b>	Treasury	Aussie Infrastructure Bonds	<p>The budget suggests that a separate line of Aussie infrastructure bonds will be identified in future budgets as those that are used to fund the NBN. Will there be any tangible differences between normal government securities and Aussie infrastructure bonds?</p> <p>Will Aussie infrastructure bonds receive the full guarantee of the Australian Government?</p> <p>What is the rationale to keep them as a separate debt instruments if they share the same characteristics as normal bonds?</p> <p>Do you think that Aussie infrastructure bonds will trade at a liquidity premium?</p>	22/12/2010	Written
<b>BET - 322</b>	<b>Eggleston</b>	ASIC	ASIC Funding	<p>1. Does ASIC have sufficient funds for its potentially expanded charter?</p> <p>1.1. The not-for-profit sector</p> <p>1.2. Who is providing legal advice to ASIC? Please provide the</p>	23/09/2010	Written

				<p>names of the firms, the reasons advice was sought, the length of time they provided advice and the amount of money spent on the advice?</p> <p>1.3. Tougher powers to deal with phoenix companies</p> <p>1.4. Dealing with complaints by creditors of companies facing liquidation and administration.</p>		
<b>BET - 323</b>	<b>Eggleston</b>	ASIC	ASIC court cases	How many cases are ASIC currently pursuing through the courts? How many are original cases, how many are appeals, in what courts is each case in? What are the costs associated with pursuing the cases so far, under draw downs on the enforcement special account? Can ASIC explain why they are expecting \$60 million in payments into their enforcement special account?	30/09/2010	Written
<b>BET - 324</b>	<b>Eggleston</b>	ASIC	Transfer of ASX supervisor role to ASIC	What is the justification for transferring the Australian Stock Exchange's role as market supervisor to ASIC? Is this intended to create competition between stock exchanges, for example Chi-X? What fees will be charged to companies that want to list on both the ASX and Chi-X? Are there going to be separate charges for listing on only one of the exchanges? Will this extend to dealing with insider trading claims?	23/09/2010	Written
<b>BET - 325</b>	<b>Eggleston</b>	ASIC	Shadow Shopping	Has there been any further discussion of shadow shopping?	29/09/2010	Written
<b>BET - 326</b>	<b>Eggleston</b>	ASIC	Project Mint	What was the total cost of Project Mint? Is it still in operation in a separate area of ASIC?	23/09/2010	Written
<b>BET - 327</b>	<b>Eggleston</b>	ASIC	No. of ASIC Commissioners currently employed	How many commissioners are currently employed by ASIC?	29/09/2010	Written
<b>BET - 328</b>	<b>Eggleston</b>	ASIC	Complaints from liquidators and administrators	Does ASIC accept that they took an extensive period of time before reacting to complaints about some liquidators and administrators?	29/09/2010	Written
<b>BET - 329</b>	<b>Eggleston</b>	ASIC	Joint investigations with the AFP	How many joint investigations are done with the Australian Federal Police every year? State on a year-by-year basis over the last ten years and who the investigation was about.	29/09/2010	Written
<b>BET - 330</b>	<b>Eggleston</b>	ASIC	Melbourne Storm Rugby Club	What is the progress of the investigation into the Melbourne Storm Rugby Club?	29/09/2010	Written
<b>BET - 331</b>	<b>Eggleston</b>	ASIC	Online Betting	What is the justification for preventing online betting agencies offer books	29/09/2010	Written

				on interest rate movements and other financials?		
<b>BET - 332</b>	<b>Eggleston</b>	ASIC	Term deposits	<ul style="list-style-type: none"> <li>On the ASIC FIDO website there is an article about term deposits and a report issued on March 2010. Within that article there is some comment about what to do about term deposit maturation.</li> </ul> <p>When did ASIC become aware of the practice of banks to significantly drop the rate of interest when a term deposit matures?</p> <p>When did the members of the Commission become aware of the practice of banks to significantly drop the rate of interest when a term deposit matures?</p> <p>How many bank(s) were doing this practice at that time the Commission members became aware of the practice?</p> <p>What was the annual loss to investors at the time the members of the Commission became aware of the practice?</p> <p>Which Commissioner was responsible for contacting the bank(s) to address this issue and when were they to do the contacting?</p> <p>Did the Commissioner ever contact the banks?</p> <p>How many banks now use this practice?</p> <p>What is the annual loss to investors from this practice?</p> <p>How many billions of dollars have been missed by investors due to this practice?</p> <p>What advice did ASIC give to the banks to allow them to continue this practice?</p> <p>What steps did the individual Commissioners take in regard to their own personal Term Deposit investments and when?</p> <p>What benefits do Commissioners expect to receive in the future from their</p>	23/09/2010	Written

				<p>stance on this practice?</p> <p>Why is the report which ASIC says it would produce in February 2010 not generally available?</p> <p>Why does ASIC require the name and address of any person wishing to view the report?</p>		
<b>BET - 333</b>	<b>Eggleston</b>	ASIC	Staff departures from ASIC	<ul style="list-style-type: none"> <li>• There have been a number of departures of Senior Executives from ASIC who had been employed for less than three years. <ul style="list-style-type: none"> <li>○ Were any of the Executives the subject of allegations of bullying? (The number is important, they don't need to be named)</li> </ul> </li> </ul> <p>Does ASIC have a problem of a culture of bullying? If so what is being done to address this serious issue?</p>	23/09/2010	Written
<b>BET - 334</b>	<b>Eggleston</b>	ASIC	Frozen Funds	<ul style="list-style-type: none"> <li>• During last estimates, ASIC stated that it had set up a task force to handle the issue of frozen funds. Can ASIC provide an update on this task force? How many funds have been unfrozen as a result of the work conducted by the task force? What budget has been provided to the taskforce?</li> <li>• I refer to the freezing of the investment fund Astarra Diversified Funds, which were frozen by ASIC in October 2009. Can ASIC explain the reasons why it chose to freeze that fund last year and the processes it undertook?</li> <li>• The initial time frame of the freeze was initially indicated to clients by ASIC as being one month. Why is the fund still frozen? Can ASIC now detail when the fund will be unfrozen?</li> <li>• ASIC removed the trustee company Trio as the Responsible Entity for Astarra Diversified Funds. All other funds for which Trio Capital was the Responsible Entity have been frozen as well. For what reasons did ASIC feel it was necessary to freeze all assets managed by Trio?</li> </ul>	21/12/2010	Written
<b>BET - 335</b>	<b>Eggleston</b>	ASIC	Frozen Funds #2	How many investors have had their funds frozen as a result of the total	23/09/2010	Written

				freezing of Trio Capital funds? How much are these funds worth?		
<b>BET - 336</b>	<b>Eggleston</b>	ASIC	Frozen Funds #3	Similar to mortgage trust funds frozen as a result of the Government's bank deposit guarantee in 2008, does ASIC offer some way of accessing funds frozen as a result of ASIC investigations? For instance, under hardship provisions?	17/06/2011	Written
<b>BET - 337</b>	<b>Eggleston</b>	ASIC	Frozen Funds #4	Finally, how many funds have ASIC currently frozen as a result of ongoing investigations?	21/12/2010	Written
<b>BET - 338</b>	<b>Eggleston</b>	ASIC	Short Selling	<ul style="list-style-type: none"> <li>ASIC delayed implementation of the short selling regime for two months in order to ensure that short sellers have the appropriate systems in place to meet reporting obligations. Is ASIC now confident that short sellers have all necessary information?</li> <li>Has the short selling regime been implemented? It was due to start 1 June (today). Has the Scheme started today?</li> <li>Given the current volatility in the Australian share market, what effect do you believe the immediate implementation of short selling reporting requirements will have on short-term market performance?</li> </ul>	23/09/2010	Written
<b>BET - 339</b>	<b>Eggleston</b>	Treasury	Europe's Financial Situation	Is there concern about the situation in Europe, particularly Greece, Spain, Portugal, Ireland and more recently, Italy?	02/02/2011	Written
<b>BET - 340</b>	<b>Eggleston</b>	Treasury	China's Economy	<p>Does the Chinese purchase of US bonds concern Treasury?</p> <p>How do you feel that the Chinese Yuan will move over the next 12 months? How is that likely to impact on the Australian economy?</p>	24/09/2010	Written
<b>BET - 341</b>	<b>Eggleston</b>	Treasury	Sovereign risk rating and the RSPT	<p>What is the current level of Australia's sovereign risk rating and credit risk rating? Is the introduction of the Resource Super Profit Tax likely to impact on either of these things?</p> <p>How much are iron ore prices and other resources likely to change over the next 12 months?</p> <p>Is it fair to suggest that the resources industry is the major driver of the Australian economy? Is it therefore appropriate to put the brakes on what is the main provider of income for the economy?</p>	16/02/2011	Written
<b>BET - 342</b>	<b>Eggleston</b>	Treasury	Unemployment and the Terms of Trade	<p>1. In last year's budget you produced estimates of the structural budget balance of below -4 per cent, under certain assumptions about the unemployment and terms of trade.</p> <p>a) How would a decrease in the expected unemployment rate and an</p>	29/09/2010	Written

				<p>increase in the expected terms of trade affect the structural budget balance?</p> <p>b) Would it increase or decrease the structural budget balance?</p> <p>c) Has the Treasury done further work to estimate the structural budget balance?</p> <p>d) Given you produced these figures, why weren't updated estimates produced for this budget?</p> <p>e) To the best of your knowledge, would the structural budget balance be above or below the actual underlying cash balance at the moment?</p> <p>f) That is the structural element of the budget expansionary or contractionary?</p> <p>g) Do any other organisations produce structural deficit estimates?</p> <p>h) If so, what do they say has happened to Australia's structural deficit over the past year?</p>		
<b>BET - 343</b>	<b>Eggleston</b>	Treasury	Interest Rates	In your view, would an increase in government expenditure put upward pressure on interest rates, all other things being equal?	29/09/2010	Written
<b>BET - 344</b>	<b>Eggleston</b>	Treasury	Fiscal/Monetary Policy	<p>1. Is there a trade-off between fiscal policy and monetary policy?</p> <p>2. Would a tighter fiscal policy allow the Reserve Bank to set lower interest rates, all other things being equal?</p> <p>3. I refer to a Treasury staff paper titled "The effectiveness of fiscal policy in Australia — selected issues" written by Blair Comley, Stephen Anthony and Ben Ferguson in 2002. This paper investigated the 10-year bond rate real interest margin between Australia and the United States.</p> <p>a) The paper concluded that "In general, low values of the margin correspond to periods of fiscal consolidation in Australia (late 1980s and late 1990s) and high values during periods of fiscal expansion (early to mid 1990s)." How would you interpret the historical trend in interest margin and its link to the government's budget position?</p> <p>b) The paper further concludes that "The results suggest that a deterioration of the headline balance of one per cent of GDP is associated with an increase in the margin of around 20 basis points in the short run ..." Would you generally accept that</p>	02/12/2010	Written

				<p>conclusion?</p> <p>c) The paper further concludes that "... an increase in public debt of one per cent of GDP is associated with an increase in the margin of around 15 basis points in the long run ... " Would you generally accept the direction of that conclusion? That is an increase in spending and government debt would generally put upward pressure on interest rates?</p> <p>d) If not, what other evidence is there available on the link between interest rates, government spending and debt? Given that the cash rate in Australia of 4.5% is now much higher than in most other developed countries, what would be the advantages for Australia in having lower interest rates? Do you agree with the Reserve Bank governor that the GFC lasted for six weeks and was essentially a North Atlantic crisis?</p>		
<b>BET - 345</b>	<b>Eggleston</b>	Treasury	Current Account Deficits	<p>Budget Paper no. 1 states that:</p> <p><i>... large current account deficits do expose us to risks in the event of a reversal in capital inflows. The global financial crisis has highlighted the potential for global financial markets to fail and for access to finance to be disrupted.</i></p> <p>All other things being equal, would lower government spending tend to mitigate these risks? What actions is the government taking to mitigate these risks?</p>	28/09/2010	Written
<b>BET - 346</b>	<b>Eggleston</b>	Treasury	Government Spending and Interest Rates	<p>Spending is forecast to be \$2.3 billion higher in 10-11 than was thought in the 09-10 budget. The expectations for economic growth are higher but government spending has increased. What will this increase likely have on the expectations for interest rates?</p>	29/09/2010	Written
<b>BET - 347</b>	<b>Eggleston</b>	Treasury	Government Bonds	<p>Our projected increase in the issuance of Commonwealth Government Securities will be lower than expected. At the same time proposed new financial regulations are likely to increase the financial sector's appetite for government fixed income assets due to increase liquidity and capital requirements. Are there concerns that the amount of government debt will not match the demand from the financial sector for government bonds?</p> <p>Is the Government considering what it might do if there is an excess demand for government bonds originating from the financial sector?</p>	16/02/2011	Written
<b>BET - 348</b>	<b>Eggleston</b>	Treasury	Inflation Forecasts - Treasury and the RBA	<p>1. I note that your forecasts for inflation are more sanguine than those of the Reserve Bank of Australia in its Statement on Monetary Policy. The Treasury have forecast inflation to return to 2.5 per cent</p>	29/09/2010	Written

				<p>by 2010-11. Whereas, the RBA has forecast both CPI and underlying inflation to be above this amount and to settle at 3 per cent in 2012. Given that the RBA's inflation forecasts now incorporate assumptions about the future path of monetary policy in response to expected inflation, does the Treasury believe that the interest rates will be higher than that expected by the RBA?</p> <p>2. The currency has depreciated significantly since the Budget was handed down. Would a lower value of the Australian be expected to change these inflation forecasts?</p> <p>3. The Australian dollar depreciated by over 10% over the past few weeks. Although other currencies of resource rich countries have also fallen, the Australian dollar has fallen by about double these currencies with respect to the United State dollar.</p> <p>a) In your view, what are the factors impacting on this fall in the Australian dollar?</p> <p>b) What are the likely effects on the budget of a lower exchange rate?</p>		
<b>BET - 349</b>	<b>Eggleston</b>	Treasury	Labour Market	<p>1. Dr Gruen in a speech in 2006 you said that: <i>Australia's institutional settings — which include a market-determined exchange rate, medium-term monetary and fiscal policy frameworks as well as a flexible labour market — have given the economy the flexibility needed to deal with different economic shocks and helped to largely avoid problems that arose in previous terms of trade booms.</i></p> <p>The budget also confirms that labour market flexibility was a key contributor to the ability of Australian employers to keep staff on during the economic downturn. Can you explain what features of the labour market contributed to this result?</p> <p>2. In this context, what are your thoughts on the OECD's Going for Growth study on Australia, released in March, where they said: <i>A 2006 reform fostered individualisation of labour relations and an independent body was created to set the federal minimum wage, taking into account its employment impact. These measures were partly reversed in 2008 through a reinforcement of the role of awards, <b>raising the risk of increases in minimum labour costs.</b></i></p> <p>Are the reversals that the OECD talks about a risk to the performance of</p>	02/12/2010	Written



				Australia's labour market in future economic downturns?		
<b>BET - 350</b>	<b>Eggleston</b>	Treasury	Reporting of Australia's Debt	<ol style="list-style-type: none"> <li>1. Why does the Treasury only present net debt data for the "Australian Government general sector" whereas other countries are presented for total Government debt? Isn't this a case of comparing apples and oranges?</li> <li>2. The Treasury actually included state governments in its publication titled "A history of public debt in Australia", see p. 5. If you could do it for this Treasury staff paper why can't you do it for the budget papers? Wouldn't this be a more accurate presentation of statistics?</li> <li>3. Can you explain what assets make up the 'Others' row in the presentation of the Commonwealth's holdings of Investments, loans and placements (see p. 9-23)? Can you please precisely provide a disaggregation of this Other row into all of its constituent elements such that there is no residual other column? Shouldn't these figures be disaggregated to increase the transparency of the Commonwealth's balance sheet?</li> </ol>	10/02/2011	Written
<b>BET - 351</b>	<b>Eggleston</b>	Treasury	Government's Balance Sheet	<ol style="list-style-type: none"> <li>1. There is about \$13 billion in student loans on the assets side of the Commonwealth's balance sheet. <ol style="list-style-type: none"> <li>a) How are these assets valued on the Commonwealth's balance sheet?</li> <li>b) Are these values at face value, or are they written down to reflect the expected value of the repayments of these assets?</li> <li>c) Do these values consider the fact that student loans are generally only lifted at the inflation rate rather than a commercial interest rate?</li> </ol> </li> <li>2. On the assets side of the general government balance sheet, how much constitutes cash or the non-equity investments of the Future Fund, the Building Australia Fund, the Education Investment Fund or the Health Investment Fund?</li> <li>3. What is the justification for using these cash holdings of the future fund and other funds to offset gross debt? We have been advised that the Building Australia Fund for example is holding considerable cash due to imminent drawdowns for the government. But since these "current" liabilities are not recognised on the balance sheet why do we use these assets to offset our gross</li> </ol>	21/12/2010	Written

				debt?		
<b>BET - 352</b>	<b>Eggleston</b>	Treasury	Projected Surplus	The projected surplus in 2012-13 falls in the 'projection' period as opposed to the 'estimate' period of the budget. What is the difference between a projection and an estimate?	29/09/2010	Written
<b>BET - 353</b>	<b>Eggleston</b>	Treasury	Unemployment and the Terms of Trade	<p>1. The Budget economic forecasts shown in Budget Paper No 1 Table 1 on page 1-7 and repeated elsewhere show a low in the unemployment rate of 4¾% over the next four years. That is despite at least one year of above trend growth in 2011-12 and roughly trend growth in the other years. The low point in the unemployment rate in recent years was 4.0% seasonally adjusted in February and March 2008. The unemployment rate was at or below 4¾% between July 2006 and December 2008. What has changed in the economy that Treasury no longer believes the recent lows in the unemployment rate can again be attained over the next four years? The difference between an unemployment rate of 4% and an unemployment rate of 4¾% is around 88,000 people given the current labour force of around 11.7 million. What policy steps would be required to reduce the unemployment rate back to where it was in early 2008 and provide jobs for those 88,000 Australians?</p> <p>2. What does Treasury now consider the Non Accelerating Inflation Rate of Unemployment to be?</p> <p>3. What are your thoughts on the OECD's Going for Growth study on Australia, released in March, where they said:</p> <p style="text-align: center;"><i>A 2006 reform fostered individualisation of labour relations and an independent body was created to set the federal minimum wage, taking into account its employment impact. These measures were partly reversed in 2008 through a reinforcement of the role of awards, raising the risk of increases in minimum labour costs.</i></p> <p>Are the reversals that the OECD talks about a risk to the performance of Australia's labour market in future economic downturns?</p> <p>4. Budget forecasts are only as good as the underlying economic assumptions. The recent performance in forecasting key economic parameters has not been good. For example, last year's budget</p>	02/12/2010	Written

				<p>forecast the Australian economy would contract by ½% in 2009-10. This year’s Budget tells us the economy will grow by 2%. Last year’s Budget said the unemployment rate would peak at 8.5% in 2010-11. This year’s Budget tells us the unemployment rate has already peaked – at less than 6% – and is headed to a low of 4.75% in 2011-12. These very significant changes to the underlying forecasts over the space of just one year illustrate that there is a large degree of imprecision in the Budget numbers. Also, these considerably inaccurate forecasts were made <i>after</i> the announcement of government stimulus.</p> <ol style="list-style-type: none"> <li>a) Did the government base its strategy of massive fiscal stimulus on faulty Treasury forecasts?</li> <li>b) As it turned out, was this massive fiscal stimulus actually required? Would a smaller fiscal stimulus have sufficed?</li> <li>c) Does this mean there is a high degree of uncertainty surrounding the projected Budget surpluses in the last two years of the forward estimates in the 2010-11 Budget?</li> <li>d) Have you done any work that looks at how ‘projections’ fare compared with actual outcomes later?</li> <li>e) Given economic forecasts are often so wrong, is it sensible to base extremely expensive policy on them? Or is there some merit in waiting to see what happens?</li> <li>f) What other parameter changes might have occurred if the fiscal stimulus had been smaller?</li> <li>g) Would interest rates and the exchange rate have been lower?</li> </ol> <p>5. Would these changes have compensated for a smaller fiscal stimulus?</p>		
<b>BET - 354</b>	<b>Eggleston</b>	Treasury	International Stimulus Packages	<ol style="list-style-type: none"> <li>1. Budget paper 1, page 2-23 shows Chart A: Economic growth and fiscal stimulus, 2009. On page 2-24, the chart is explained thus “Chart A shows, for 2009, the relationship between the size of a country’s fiscal stimulus and the extent to which economic growth exceeded the IMF’s April 2009 forecast. Those countries that enacted large and timely fiscal stimulus packages, including China, Korea and Australia, performed much better than expected. Those countries with smaller packages, such as the US, Germany, Canada and France, tended to perform broadly in line with expectations. The relationship shown is highly statistically significant, with a t-statistic on the slope coefficient of 3.3.”</li> <li>a) Why did the Treasury only include 11 of the 19 data points provided in the source IMF publication?</li> </ol>	29/09/2010	Written

				<ul style="list-style-type: none"> <li>b) Is the Treasury aware that including all 19 data points makes the positive correlation displayed in the Budget statistically negligible?</li> <li>c) Has Treasury compared the size of stimulus packages internationally with the change in unemployment internationally?</li> <li>d) Given that the stimulus package was chiefly presented in terms of jobs saved or created, why hasn't this analysis been done?</li> </ul> <p>2. Have you done any rigorous international analysis that examines whether stimulus packages have been successful internationally?</p>		
<b>BET - 355</b>	<b>Eggleston</b>	Treasury	Resources Super Profits Tax #3	<p>One of the consequences of the proposed Resources Super Profits Tax is that there is an increase in the total tax take from the resources sector. Budget projections show increased revenue of \$3bn and \$9bn in 2012-13 and 2013-14 respectively.</p> <ul style="list-style-type: none"> <li>a) Could you explain how increasing the total tax take from an industry can lead to an increase in investment and growth?</li> <li>b) If raising the tax rate can lead to an increase in investment and growth, would you advocate lifting the RSPT even further?</li> <li>c) I believe most sensible people would be of the view that a tax take of say 100% would lead to a decrease in investment and growth in the resources sector. Would you agree with that?</li> <li>d) Is there an upper limit beyond which a higher tax rate would lead to a decrease in investment and growth?</li> <li>e) How confident is Treasury that the changes proposed by the Government will both increase the total tax taken from the mining industry and also lead to an increase in investment and growth?</li> <li>f) Could you explain why mining companies with international operations will not move investment and jobs to a lower taxing jurisdiction?</li> <li>g) Could you explain why the Australian dollar has fallen against all major currencies including the Euro and the Pound Sterling since the government announced its new mining tax?</li> <li>h) Does this suggest that international investors have reassessed – and reduced – their demand for Australian dollar assets?</li> <li>i) Do you believe that the new mining tax has raised Australia's</li> </ul>	30/09/2010	Written

				<p>sovereign risk profile for investors by applying the tax retrospectively to all existing projects?</p> <p>j) There has been a lot of talk of modelling and the results but little is publicly available.</p> <p>k) Could you please detail what modelling or other substantial analysis has been undertaken by or for Treasury on the RSPT other than the publicly released KPMG Econtech report?</p> <p>l) Can these be made available publicly? If not, why not?</p> <p>The budget papers devote considerable attention to the natural resource curse and Dutch disease.</p> <p>a) Does Treasury believe that the size and pace of Australia's resource development is a problem?</p> <p>b) Are any policies directed towards slowing resource development?</p> <p>Do you agree that policies aimed at accelerating non-resource development necessarily detract from the size and pace of resource development?</p>		
<b>BET - 356</b>	<b>Eggleston</b>	Treasury	Inquiry into Access of Small Business to Finance	<ol style="list-style-type: none"> <li>1. Why has Treasury not submitted to the Senate Economic Committee's Inquiry in to Access of Small Business to finance?</li> <li>2. Was there a directive from Treasurer or his office not to submit to the Inquiry?</li> <li>3. The Minister for Small Business said at a recent meeting in regards to small business access to finance, 'if we are talking about perception of the situation, frankly I don't think we can ever fix it' and 'lets develop policy for the reality and not for the perception'. Do you agree that there are differences between reality and perception regarding the difficulties small businesses are experiencing accessing finance?</li> <li>4. Has there been a reduction in financing for small business since the advent of the GFC? What has been the cause of that winding back in financing? What will be the effect on economic growth and employment of that shortfall in finance? Has Treasury been researching any solutions, and if so, could they please discuss them?</li> </ol>	21/12/2010	Written
<b>BET- 357</b>	<b>Eggleston</b>	Treasury	<del>Environmental, Social and Governance Rate</del>	<del>Can you explain the modelling behind the increase in the ESG rate?</del>	-	Written

<b>BET - 358</b>	<b>Eggleston</b>	Treasury	Superannuation	<ol style="list-style-type: none"> <li>1. What was the justification for backflipping on the cut to the concessional cap? How many people were caught out in a higher tax bracket?</li> <li>2. What is the impact on revenue for ignoring the Henry Tax review's recommendation on superannuation? Can you release the modelling for all the recommendations relating to superannuation? If not, why not?</li> <li>3. What is the current level of unfunded superannuation across Government?</li> </ol>	30/09/2010	Written
<b>BET - 359</b>	<b>Eggleston</b>	Treasury	Government Bonds	<ol style="list-style-type: none"> <li>1. Should there be concern about other countries defaulting on their government bonds?</li> <li>2. What is the value of state and territory government bonds that have been sold in the last twelve months?</li> </ol>	22/12/2010	Written
<b>BET - 360</b>	<b>Eggleston</b>	Treasury	Bad debt in banks	What is the current level of bad debts in banks at the moment? How does that compare to previous years?	23/09/2010	Written
<b>BET - 361</b>	<b>Eggleston</b>	Treasury	Cumulative Interest Bill	What is the cumulative interest bill the government will pay on its net debt between 2009 and 2010 and the date at which it is expected to be repaid?	21/12/2010	Written
<b>BET - 362</b>	<b>Eggleston</b>	Treasury	Foreign Investment in Australia	<p>What is the level of foreign investment in Australia, who has invested how much?</p> <p>Can you explain the anomaly where BHP was a safer bet than the British Government?</p>	02/12/2010	Written
<b>BET - 363</b>	<b>Eggleston</b>	Treasury	Banking Sector	<p>Are banks still required to keep mortgage funds frozen?</p> <p>What is the justification for covered bonds?</p> <p>Are minerals prices an influence on the cash rate? What sort of influence is it?</p>	16/02/2011	Written
<b>BET - 364</b>	<b>Eggleston</b>	Treasury	Sovereign Wealth	Is there value in a sovereign wealth fund for Australia?	21/12/2010	Written
<b>BET - 365</b>	<b>Eggleston</b>	Treasury	Securitisation Markets	The securitisation markets were an important source of funding for housing and small business through the issue of residential and commercial mortgage backed securities in recent years. The GFC severely reduced the funding available from those markets. I note that the government has devoted up to \$16bn to provide some liquidity to those markets. Has this measure been effective? What other steps might be required to rebuild those markets as an effective financing tool for housing and small business?	22/12/2010	Written

<b>BET - 366</b>	<b>Eggleston</b>	Treasury	Government borrowing and the private sector	Does government borrowing in the capital markets have an impact on the quantity and cost of finance available to the private sector? Would you agree that Australia fails to save sufficient funds to meet all investment and needs, and that the shortfall must be provided by offshore investors? Is the volume of funds available to Australia from offshore effectively unlimited, or are there constraints imposed by a reduced willingness of offshore investors to acquire exposure to A\$ assets? If the volume of funds is not unlimited, is it possible for government borrowings to “crowd out” private sector borrowings?	28/09/2010	Written
<b>BET - 367</b>	<b>Eggleston</b>	Treasury	Frozen Property Trusts	Many retail investors have been unable to withdraw their funds from property trusts due to those trusts freezing redemptions. Some commentators have blamed the introduction of the government guarantee on retail deposits at banks. What is your view? What can be done or should be done to free up the frozen deposits?	23/09/2010	Written
<b>BET - 368</b>	<b>Eggleston</b>	Treasury	Monetary Policy and the GFC	The global financial crisis was the consequence of a bust in US house prices. It was not the first asset price boom/bust cycle and it will not be the last. There has been considerable debate about what governments can do to moderate cycles in asset prices. The IMF devoted a special chapter to this issue in its October 2008 World Economic Outlook, and considered in particular whether monetary policy should be responsible for leaning against these phenomena. Do you believe there is a need to broaden the ambit of central banks’ price stability goals to include asset prices? What additional tools might be required to effect such a broader goal?	02/12/2010	Written
<b>BET - 369</b>	<b>Eggleston</b>	Treasury	Regulation of Banks	There are currently proposals to tighten the global regulation of banks. These include tighter risk management, higher liquidity requirements, and higher capital allocations, to name a few. The Australian banking system weathered the GFC better than almost any country, and it would appear our financial regulation was up to the task. In that case, what is your view on the need for heavier financial regulation in Australia? Could adopting heavier global standards have detrimental impacts on the amount and cost of lending by banks?	30/09/2010	Written
<b>BET - 370</b>	<b>Eggleston</b>	Treasury	Effects on Financial Markets of the RSPT	I just want to explore some of the effects on financial markets of the RSPT. a) My understanding is that, in general, the introduction of the RSPT will lower the return on capital for many mining projects. Is that correct? b) Now, for these projects to still go ahead there must be a corresponding reduction in financing costs for a mining company? In theory such a reduction may occur if banks see the	29/09/2010	Written

				<p>Australian Government's 40% as a lower risk than the project itself.</p> <p>c) Has Treasury consulted with the financial sector on whether banks will adjust finance costs to reflect the role of the Government as a silent partner?</p> <p>d) If so, would the banks view the government's 40% component as risk-free and therefore charge a rate equivalent to the risk-free bond rate on these cashflows?</p> <p>e) Don't banks need to make a margin? Even if they assessed the risks of these cashflows at the risk-free rate wouldn't they charge a higher rate so that they make money on providing the financial service?</p> <p>f) Does the setting of the uplift factor at the long-term bond rate reflect this fact?</p> <p>g) Do you view the risks associated with the government's word on its 40% partnership at the risk-free rate?</p> <p>h) In a speech earlier in the year Dr Henry stated that:</p> <p><i>These realities often create particular difficulties for private infrastructure investment ... with the strategic behaviour of existing private providers in limiting new entry and sovereign risk that may accompany instability or uncertainty in the public institutions that are designed to support infrastructure investment ....</i></p> <p>If sovereign risk is an issue in regards to the regulation of infrastructure, why isn't it an issue in regards to the future settings of tax policy?</p>		
<b>BET - 371</b>	<b>Eggleston</b>	Treasury	Housing policy	<p>In relation to Dr Kennedy's speech given 27 May titled "Housing Supply and Affordability":</p> <p>a) What are the most important barriers which prevent housing supply from responding more flexibly?</p> <p>b) You spoke at length on infrastructure charges in this speech. In your view, are infrastructure charges too high in some areas?</p> <p>c) Is there a risk though that if infrastructure charges are reduced below the costs of supplying infrastructure then we may encourage too much development in areas which are costly to</p>	02/12/2010	Written



				<p>service?</p> <p>d) What is the situation regarding infrastructure charges in regional areas?</p> <p>e) Has Treasury done any work on comparing the costs of infrastructure provision in our major cities compared to the regions? If so, do infrastructure charges reflect the different costs of supply in these areas?</p> <p>f) More broadly then, what is the scope for regional development to effectively expand the supply of housing and take the pressure of housing demand in our major cities?</p> <p>g) Can you provide an update to the Committee on the progress of the COAG review in the housing supply and affordability? Is it looking at the potential for regional development to increase supply?</p> <p>h) You mention that infrastructure charges should be subject to “regulatory oversight”? What are you envisaging here? An ACCC type body setting infrastructure charges?</p>		
<b>BET - 372</b>	<b>Eggleston</b>	Treasury	Telecommunications	What would be the effect on the returned from the radio frequency spectrum action, if say, Telstra was excluded from being able to bid for the spectrum?	30/09/2010	Written
<b>BET - 373</b>	<b>Eggleston</b>	Treasury	Financial Markets	<ol style="list-style-type: none"> <li>1. What is Treasury's role and involvement in international reform of financial regulations following the global financial crisis?</li> <li>2. Of course, Australia did not experience as high-profile failings in its financial markets as in some other countries. Is there a risk that the international response will be an over-reaction in Australia's case?</li> <li>3. To what extent, must Australia adopt international financial regulations?</li> <li>4. Our projected increase in the issuance of Commonwealth Government Securities will be lower than expected. At the same time proposed new financial regulations are likely to increase the financial sector's appetite for government fixed income assets due to increase liquidity and capital requirements. Are there concerns that the amount of government debt will not match the demand from the financial sector for government bonds?</li> <li>5. Is the Government considering what it might do if there is an excess</li> </ol>	16/02/2011	Written

				demand for government bonds originating from the financial sector?		
<b>BET - 374</b>	<b>Eggleston</b>	Treasury	National Water Commission	The budget does not allocate any more money to the National Water Commission after 2012 because of sunset provisions in its legislation. What are the future plans for the National Water Commission, and who will undertake the audits of the Basin Plan if its role is not extended beyond 2012?	30/09/2010	Written
<b>BET - 375</b>	<b>Eggleston</b>	Treasury	Super Profit Tax - Other Industries	What other industries have been singled out for a super profit tax?	30/09/2010	Written
<b>BET - 376</b>	<b>Eggleston</b>	Treasury	Australian Broadcasting Industry	Are there plans for further concessions to the Australian broadcasting industry? What is the revenue impact of these?	30/09/2010	Written
<b>BET - 377</b>	<b>Eggleston</b>	Treasury	Company Tax Rate	If the company tax rate is going to be reduced, then surely this will further reduce the tax take given the result since MYEFO?	30/09/2010	Written
<b>BET - 378</b>	<b>Eggleston</b>	Treasury	Commonwealth Grants Commission & the GST	<del>What are the likely changes by the Commonwealth Grants Commission to the GST formula?</del>		Written
<b>BET - 379</b>	<b>Eggleston</b>	Treasury	State Health Funding System	<ol style="list-style-type: none"> <li>1. How have negotiations with the West Australian State Government proceeded in regard to the new Health Funding system?</li> <li>2. What taxes are likely to increase to pay for the new health funding system?</li> <li>3. What will be the total cost of the health funding, as announced by the Prime Minister, Health Minister and any other relevant Ministers, over the forward estimates?</li> <li>4. On what basis did the Prime Minister claim that "health and hospital spending would consume the entire revenue raised by the state's and territory governments...over the next 22 years."</li> <li>5. Outline the exact amount of money, in dollar terms by state, that will be removed as a result of the funding for the new health system.</li> </ol>	21/02/2011	Written
<b>BET - 380</b>	<b>Eggleston</b>	Treasury	State's GST Allowance	If the states had agreed to pooling funding equivalent to what would have been removed from their GST allowance, would the total amount remain the same as if they had had their GST allowance removed? If not, why not?	22/12/2010	Written
<b>BET - 381</b>	<b>Eggleston</b>	Treasury	Independent Hospital Pricing Authority	<p>What is the cost of establishing the Independent Hospital Pricing Authority under the National Health and Hospitals Network reform?</p> <p>How many staff will the Authority employ?</p>	30/09/2010	Written
<b>BET - 382</b>	<b>Eggleston</b>	Treasury	Henry Tax Review	<p>Will you release all the modelling done on the Henry Tax Review? If not, why not?</p> <p>Looking at recommendations 71 &amp; 72 of the Henry Tax Review (Part 2,</p>	30/09/2010	Written

				Volume 2, page 442), what was the proposed rate of tax that was believed to be appropriate? Would this increase or decrease the level of tax received through the sale of alcohol?		
<b>BET - 383</b>	<b>Eggleston</b>	Treasury	Unemployment Rate	Has Treasury done similar analysis to that contained in Budget Paper 1, p. 2-23, on the relationship between stimulus and unemployment (that is, changes in the unemployment rate)?	29/09/2010	Written
<b>BET - 384</b>	<b>Eggleston</b>	Treasury	Increase in Superannuation Guarantee	<ol style="list-style-type: none"> <li>1. The budget papers suggest that the increase in the superannuation guarantee will boost GDP by 0.4 per cent. Does this finding assume that the extra 3 per cent amounts to additional saving, or do some people reduce that they would otherwise save in response to the increase to the statutory rate of superannuation?</li> <li>2. I just want to explore some of the effects of an increase in the superannuation guarantee from 9 per cent to 12 per cent. <ol style="list-style-type: none"> <li>a) Last week, Dr Henry confirmed that most analysis indicates that an increase in the superannuation guarantee will, in the long run, cause take home wages to be lower than they otherwise would. What would be the likely effects on wages in the short run? That is, would wages adjust quickly or would the increase superannuation payments be made out of business earnings during a transition period?</li> <li>b) In your view, does the Government's proposed increase in the superannuation guarantee make the tax system more or less progressive?</li> <li>c) Has Treasury analysed the effects of a higher superannuation guarantee on the size of retirement benefits relative to earnings during one's lifetime? That is, is there a risk that a 12 per cent guarantee may be "too much" saving for some such that their retirement will be higher than they desire, or even higher than their income while working?</li> <li>d) Has Treasury analysed the behavioural response to an increase the superannuation guarantee? That is, does a higher rate of the superannuation guarantee reduce the private savings that some would otherwise make? If so, what is the magnitude of this effect and over what income groups is it prevalent? Are these behavioural responses reflected in the Treasury's estimates of future savings and, in particular, the size of superannuation assets under management?</li> </ol> </li> </ol>	30/09/2010	Written

<b>BET - 385</b>	<b>Eggleston</b>	Treasury	State Infrastructure Fund	Under the State Infrastructure Fund, "Resource-rich states will receive relatively more funding, reflecting the greater call on their budgets for investment in infrastructure that supports the ongoing development of the resource industry." Can you provide any more detail on how the fund will be directed to "resource-rich" states? How do you define "resource-rich"?	02/02/2011	Written
<b>BET - 386</b>	<b>Eggleston</b>	Treasury	Resource Super Profits Tax - Royalties	On p. 5-21 of Budget Paper no. 1, the gross amount of the RSPT raised in 2013-14 is \$15.92 billion. Does this include the payment of royalties before they are refunded?	30/09/2010	Written
<b>BET - 387</b>	<b>Eggleston</b>	Treasury	Mining Tax & Share Prices	In evidence to the Finance and Public Administration Committee, Mr Crafter, Chief Executive officer of ARIA, was asked about his discussions with investment managers about the proposed changes to mining taxes. He answered yes, and the feedback he had received on the tax is that, and I quote: "the impact on net present value of the minerals sector is on average in the order of 10 per cent". Has Treasury received any advice or conducted any analysis of the likely impact of the proposed mining tax on company value and therefore on share prices?  What would be the effect in turn on retirement income through superannuation?	25/02/2011	Written
<b>BET - 388</b>	<b>Eggleston</b>	Treasury	Resource Rent Tax - Markle & Shackelford Working Paper	1. <i>The introduction of a resource rent tax was a major part of the budget and has been the subject of intense public debate. The policy was recommended in the report Australia's Future Tax System. The Revenue Group within Treasury provided support to the review panel (Annual Report, 2007-08, page 64). A particular piece of research has surfaced several times during the tax debate: a working paper by two American academics, Markle and Shackelford, dated June 2009. In the report on the tax system, the results of this paper are reported on page 169 as evidence for the effective tax rates paid by different industries in Australia and other countries. A table reproduces some of the working paper's results. The text says that "for Australia they find the highest effective tax rate is in the financial services and retail trade sectors (27 per cent) and the lowest in the information and mining sectors (14 and 17 per cent respectively)". The report further states that "tax disparities tend, at the margin, to cause resources to move into less-productive investments in tax-favoured industries".</i>  a) I refer to a working paper by two American academics, Markle and Shackelford, dated June 2009 which was the sole source of evidence in the tax review for the effective tax rates paid by different industries in Australia	16/02/2011	Written

				<p>b) Results from Markle and Shackelford were subsequently used in the Treasurer’s economic note of 23 May 2010 to claim the effective tax rate for domestic mining companies was 13 per cent and for multinational mining companies in Australia, it is 17 per cent. The Deputy Prime Minister used these numbers in interviews, calling them “cold, hard facts”.</p> <p>c) What reviewing of this paper took place before including it in the tax review or providing the information to the Treasurer?</p> <p>d) Did anyone bother to look at the methodology of the paper or the sample size for Australia?</p> <p>e) Why rely on a survey method which was clearly very limited in regard to Australian mining?</p> <p>f) In evidence last week the Secretary of Treasury told this committee that the tax review panel and “some people in Treasury” have been looking “at tax payable as a proportion of economic income rather than taxable income” “for some time” (page E9). Why wasn’t work done by Treasury on this question of the effective tax rate, using the up to date data at its command?</p> <p>g) Why has such an important question been addressed using the obviously insubstantial results on Australian mining contained in a draft working paper by two academics?</p> <p>2. <i>For its Australian data, the paper uses a sample of financial statements for 1,234 firm-years, of which 96 are from New Zealand (footnote 24). Further, the observations are “firm-years”, that is financial statements for a particular firm in a particular year. The 494 observations for domestic Australian (and New Zealand) firm-years cover 9 years and the 740 observations for multinational Australian (and New Zealand) firm-years cover 20 years (table 3). Finally, there are 10 industry sectors covered in the study. Australian observations are 4.5% of the sample and mining observations are 3.6% of the sample. The number of Australian mining observations was clearly small.</i></p> <p>a) In the revised version of the paper dated 22 March 2010, the number of Australian mining observations is less than 20. As a result no estimated effective tax rate is provided for Australian mining in table 4. That is, the two numbers – 13% and 17% – are no longer there.</p>		
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				<ul style="list-style-type: none"> <li>b) The authors of the working paper have stated that the usefulness of the results for policy “should not be overstated”. The sample “could have been as few as four mining companies”. And “using the table as if it delivered some precise measurement... was not the right thing to do”.</li> <li>c) When the new paper, dated 22 March 2010, came out why wasn’t it read? Why wasn’t the removal of the two figures noted so that the misleading references in the economic note and elsewhere were avoided in May?</li> <li>d) Would Treasury agree now that the paper should not have been used for the purpose it was used in the tax review and the Treasurer’s economic note?</li> <li>e) Do you know of any other papers or analysis that corroborate these results?</li> </ul>		
<b>BET - 389</b>	<b>Eggleston</b>	Treasury	Treasury Paper - Disparities in Average Rates of Company Tax across Industries	<p>A paper by three treasury officials titled “Disparities in average rates of company tax across industries” appeared on the Treasury website on 24 May. It concludes “The average tax rate is found to be relatively high in the finance &amp; insurance industry and relatively low in the most capital-intensive industries, such as electricity, gas &amp; water, and mining.” Also released that day to some journalists but not I believe publicly was a Treasury minute to the Treasurer recommending the release of the paper and providing some additional information not included in the article. This included estimates of average tax rates for the ten years to 2004-05 for mining (17%), transport &amp; storage (27%) and finance &amp; insurance (29%). These numbers were cited by the Treasurer and the finance minister.</p> <ul style="list-style-type: none"> <li>a) Exactly when was the paper written?</li> <li>b) Was it intended for publication/ If so, where?</li> <li>c) Who decided that it should be released before publication?</li> <li>d) Why was this done?</li> <li>e) Is the data used in the paper publicly available?</li> <li>f) If not, will Treasury make the data publicly available? (And if not, why not?)</li> <li>g) Why does the paper use data to 2004-05? Was any later data available?</li> <li>h) Has any work been done to update the data? If not, why not?</li> <li>i) It quotes Markle and Shackelford (2009 not 2010) as “external validation”. Did the authors or any reviewers of the paper critically assess the validity of Markle and Shackelford (2009) or</li> </ul>	16/02/2011	Written

				<p>note that the 2010 update had removed the numbers relied upon for external validation?</p> <p>j) The minute provides results for mining; electricity, gas &amp; water (average tax rate of only 1%); construction (19%); transport &amp; storage; communication (17%); finance &amp; insurance. These sectors make up one third (34%) of gross domestic product. Average tax rates were calculated for some other sectors. These were agriculture; manufacturing; wholesale trade; retail trade; accommodation, cafes and restaurants; and property and business services. Why weren't the results of these other sectors included?</p> <p>k) Is it true that the minute notes large and inexplicable changes in the data for agriculture and manufacturing?</p> <p>l) Is it true that the minute noted "significant measurement issues" for wholesale trade, retail trade and accommodation? Did it say the results for retail trade were "implausible"?</p> <p>m) Were there also problems for property and business services data?</p> <p>n) What were the results for these sectors that were not included?</p> <p>o) If there were so many problems with the data for these sectors, how can we be sure that there are not problems with the data for the sectors reported in the minute?</p> <p>p) I ask again, will Treasury make the data behind the paper and minute publicly available so that independent researchers, the opposition and the public can assess the main claims in the paper and test their robustness?</p> <p>q) Is the Treasury paper the only analysis of effective or average tax rates by Treasury?</p>		
<b>BET - 390</b>	<b>Eggleston</b>	Treasury	RSPT - Forecast Revenue	<p>I refer to Treasury forecasts revenue of \$9 billion from the RSPT in 2013-14.</p> <p>a) Page 5-12 of Budget Paper no. 1 refers to the \$9 billion as the net impact of the RSPT. Can I clarify exactly what this amount of revenue is net of? That is, does it incorporate changes in company tax or other taxes? Are any credits or refunds assumed in 2013-14?</p> <p>b) Table 7 of p. 5-21 states that resource rent taxes raise \$15.9 billion in 2013-14. How much of this amount is RSPT revenue?</p> <p>c) How much does company tax fall by due to the introduction of the RSPT?</p> <p>d) How much of the revenue is raised from existing projects rather</p>	18/02/2011	Written

				<p>than new projects?</p> <p>e) Precisely what uplift rate is assumed?</p> <p>f) What is the assumed amount of super profit in all mining in 2013-14?</p> <p>g) What is the assumed super profit in each major part of the mining sector?</p> <p>h) What research on the level of super profit in mining was relied upon to estimate revenue?</p> <p>i) What is the definition of super profit used by revenue in estimating revenue?</p> <p>j) How many companies will pay the RSPT in 2013-14? What sort of projects dominate: existing or new?</p> <p>k) What are the estimates for the RSPT beyond 2013-14?</p> <p>l) Does Treasury have an answer to the question taken on notice about the projected tax paid by the mining sector from all sources in 2013-14?</p>		
<b>BET - 391</b>	<b>Eggleston</b>	Treasury	RSPT - Failed Projects	<p>The RSPT provides for 40% of failed projects to be refunded by taxpayers “on a reasonable basis”.</p> <p>a) Can you explain in as much detail as possible what will be the factors that determine what is reasonable?</p> <p>b) How has this feature been modelled in the forward estimates?</p> <p>c) What is the level of refunds forecast to be paid in 2012-13 and 2013-14?</p> <p>d) Is it fair to assume that the period of the forward estimates is one where the mining sector is booming and so there would be fewer failures and lower refunds than normal?</p> <p>e) How many businesses currently paying PRRT are expected to elect to pay RSPT in the forward estimates?</p> <p>f) What is so special about 40%? Why not 30 or 50, or indeed 100%?</p> <p>g) By how much would revenue be reduced in 2013-14 if a lower rate, for example, 30% applied?</p>	22/12/2010	Written



				<p>h) By how much would revenue be reduced in 2013-14 if a higher threshold, for example, 11% not roughly 6% applied?</p> <p>i) If the government were to use the same uplift rate as the PRRT, about 11%, but remove the refundability provision, what would be the effect on revenue?</p>		
<b>BET - 392</b>	<b>Eggleston</b>	Treasury	Resource Rent Tax - Non-renewable Minerals	<p>The Henry Review recommended against applying the resource rent tax to "lower value minerals for which it can be expected to generate no net benefits" (reco 45(b)). The Government is recommending extending the application of the tax to all non-renewable minerals. What is the rationale for doing so?</p> <p>a) Has Treasury estimated the sensitivity of the tax to commodity prices and the likelihood of mines failing and therefore the Commonwealth having to pay out the value of tax credits?</p> <p>b) If there is a downturn in economic markets, is there the potential that RSPT revenues may turn notionally negative?</p> <p>c) Is there a risk that we would end up like the UK in having to "bail out" a large industry which puts us in significant debt?</p> <p>d) Doesn't the RSPT share other characteristics with bonds?</p> <p>e) That is, isn't the Government extra risk such that in a downturn it is liable for payment?</p> <p>f) Will these risks be recognised in the budget papers?</p> <p>g) Why aren't they in the Statement of Risks in the back of the budget papers?</p>	30/09/2010	Written
<b>BET - 393</b>	<b>Eggleston</b>	Treasury	Resources Exploration Rebate	<p>Could this tend to increase the amount of exploration for minerals in Australia?</p> <p>The Henry Review recommended explicitly against providing exploration incentives. Is there a concern that the rebate will encourage too much exploration?</p>		Written
<b>BET - 394</b>	<b>Eggleston</b>	Treasury	Royalties	<p>1. How much is estimated to be paid in royalties to the states in the forward estimates?</p> <p>2. What happens if states increased their royalties or other resource taxes after the introduction of the RSPT – will all of these increases be refunded too?</p> <p>3. Will there be a period of delay between a mining firm's payment of</p>	10/02/2011	Written

				royalties to state governments and receipts of a commonwealth refund? If so, how long would this typically be?		
<b>BET - 395</b>	<b>Eggleston</b>	Treasury	Company Tax	<p>The budget shows the company tax reduction costs \$2,000 million in 2013-14.</p> <ol style="list-style-type: none"> <li>1. What is the effect on personal income tax payments of the proposed reduction in company tax?</li> <li>2. Is it fair to say company tax is a withholding tax in Australia, because of dividend imputation?</li> <li>3. What fraction of small businesses in Australia is Australian owned? Would it be fair to assume that the overwhelming majority of Australian small businesses are Australian-owned?</li> <li>4. Is it fair then to say that the reduction in company tax will be of no direct benefit to small businesses in Australia?</li> <li>5. Given Australian small business owners ultimately pay personal income tax, would it be fair to say that a reduction in personal income tax would be of vastly more direct financial benefit to small businesses in Australia than reducing the company income tax?</li> </ol> <p>A key concern is that taxable income includes too many concessions especially for depreciation.</p> <ol style="list-style-type: none"> <li>6. Which concessions are the chief problem here, and how much revenue is lost because of them?</li> <li>7. Why not just get rid of the concessions?</li> </ol>	30/09/2010	Written
<b>BET - 396</b>	<b>Eggleston</b>	Treasury	Corporate Gross Operating Surplus	<p>I refer to BP 1, page 5-17, table 4. This shows corporate gross operating surplus will increase 13.1% in 2010-11. (This is a measure of company profits.)</p> <p>What are the actual and estimated figures for corporate GOS for 2008-09 and 2009-10?</p> <p>Can Treasury provide these figures by sector?</p>	21/12/2010	Written
<b>BET - 397</b>	<b>Eggleston</b>	Treasury	Personal Income Tax	<ol style="list-style-type: none"> <li>1. Would there be merit in adopting Recommendation 2 of the Henry Review, that is a higher tax-free threshold and either a flat rate or fewer marginal rates?</li> <li>2. What would be the cost of raising the tax free threshold to \$25,000? And to \$16,000? And to \$37,000?</li> </ol>	30/09/2010	Written

				<p>I refer to the 50 per cent discount for the first thousand dollars of interest income.</p> <ol style="list-style-type: none"> <li>3. How does this make the tax system simpler?</li> <li>4. I refer to page 38 of Budget Paper 2 which shows related changes to the departments of Human Services, FAHCSIA, DEEWR, Health and Ageing, and Veterans' Affairs, as well as the ATO. Are the rules of these departments for payments made simpler by this policy?</li> <li>5. If the policy does not make the tax system simpler, does it make it fairer? How?</li> <li>6. Finally, does this policy make the tax system stronger?</li> <li>7. What are the characteristics of a strong tax system?</li> </ol>		
<b>BET - 398</b>	<b>Eggleston</b>	ATO	Concessional Contribution Caps	<p>Since coming to office the Rudd government has lowered the concessional contribution caps, and now in the latest budget it proposes to increase them again.</p> <ol style="list-style-type: none"> <li>1. To date how many Australians have been caught out and pushed into a higher tax bracket by the government measure in the 2009-10 budget to cut the cap to \$50,000 for those over 50 and \$25,000 for those under 50?</li> <li>2. Have all these Australians been subject to excess taxes as a result of this? How many have and how much additional revenue has this raised?</li> </ol>	30/09/2010	Written
<b>BET - 399</b>	<b>Eggleston</b>	ATO	ATO Staffing	<ol style="list-style-type: none"> <li>1. The budget papers reveal a staff increase of 275 people in 2010-11. Can you explain what sorts of jobs these new staff will perform? Which areas are they mainly to be appointed to?</li> <li>2. How many staff, approximately even, deal with verification, processing and checking of personal income tax credits and offsets?</li> <li>3. How many staff, approximately even, deal with verification, processing and checking of personal income tax deductions?</li> <li>4. How many staff will the ATO retrench as a result of the 'simpler' tax system proposed by the government? If none, then how is the tax system any 'simpler' under the proposed changes?</li> </ol>	30/09/2010	Written
<b>BET - 400</b>	<b>Eggleston</b>	ATO	ATO Consultation - Resource Tax	<p>Was the ATO directly consulted by Treasury in its analysis of profits and taxes paid by the resource and other sectors in Australia?</p>	30/09/2010	Written

				Did the ATO provide any advice to cabinet about taxes paid by the resource and other sectors in Australia?		
<b>BET - 401</b>	<b>Eggleston</b>	Treasury	Superannuation Guarantee	<ol style="list-style-type: none"> <li>1. Can Treasury detail why the Henry Review did not recommend raising the Superannuation guarantee level?</li> <li>2. What level of consultation did Treasury have with the Government in determining the Government's response to the superannuation recommendations in the Henry Review? Can the Treasury provide a date as to when the Government decided to increase the superannuation guarantee levy?</li> <li>3. On page 115 of the Henry Report, a graph shows that national savings would be consistently over 20 per cent higher under the recommendations made by Dr Henry over the next 20 years. Who within Treasury completed this modelling and does Treasury stand by the figures suggesting a better performance of adopting Dr Henry's recommendation with compared to the Government's policy?</li> <li>4. Can Treasury release all modelling and data used to create the graphs showing a better performance of Dr. Henry's recommendations compared to increasing the SG rate? In particular, the graph on page 114 entitled 'projected increase in superannuation assets' and the graph on page 115 entitled 'projected increase in national savings'?</li> <li>5. The Henry review states that adopting recommendations 18 and 19 would have a budgetary cost. Can the Treasury release the modelling they undertook to demonstrate the cost of adopting these recommendations compared to the cost of raising the superannuation guarantee levy to 12 per cent?</li> <li>6. The Government promised before and after the 2007 election campaign not to increase the superannuation guarantee because of the burden it will place on business. What modelling, if any, has the treasury completed with regards to the impact on business and the economy of increasing the superannuation guarantee to 12 per cent? What were the findings of this modelling?</li> <li>7. To clarify, how will the increase to the Super Guarantee – that is the money flowing from employers to superannuation funds - be paid for? Will it be extracted from future pay rises or will it be extracted on top of the existing payroll of businesses?</li> <li>8. If the increase to the SG will be paid for in lieu of future pay rises,</li> </ol>	10/02/2011	Written

				<p>how will the Treasury ensure that campaigns from trade unions to ensure that the increase is not paid for in lieu of pay rises? What measures will be put in place to avoid this?</p> <p>9. In the Budget papers, Treasury detail that the budgetary cost of this measure will be \$3.6 billion in the year 2019-20. How many businesses is this figure based on?</p> <p>10. Will the funding committed to the ATO be made available if the Government's super profit tax does not get through parliament and the Government does not follow through with its commitment to raise the SG levy?</p> <p>11. Has any modelling been undertaken with regards to the impact that raising the guarantee will have on the share market? Does Treasury believe that the increase will artificially inflate the prices of shares traded in Australia?</p> <p>12. Has the treasury considered the implications that its super profits tax is having on superannuation balances? Does Treasury agree with the Treasurer who has said that the tax will have an affect on financial markets?</p> <p>13. The projected saving from permanently reducing the superannuation co-contribution in both 2012-13 and 2013-14 is \$175 million. Can treasury explain how many payments this is based on and why the two figures are the same?</p> <p>14. What modelling has treasury completed relating to how this will impact on voluntary contributions? Will this measure decrease the willingness of taxpayers to make a voluntary contribution to super?</p> <p>15. The co-contribution was set to increase back by a matching rate of \$250 in 2012-13. Does the \$175 million in saving indicate that 700,000 people will miss out on the additional \$250 payment?</p> <p>16. What advice has Treasury provided the Government about reinstating the \$50,000 cap for worker's over the age of 50?</p> <p>17. Treasury estimates that 275,000 people will benefit as a result of these reforms. How much does Treasury estimate will be saved by these 275,000 people?</p>		
<b>BET - 402</b>	<b>Eggleston</b>	Treasury	Superannuation Clearing House	How many businesses are the Treasury expecting to register for the clearing house services?	22/12/2010	Written

				Can the Treasury detail all costs spent on the government's clearing house since 2007 broken down into years, and the costs of continuing to operate the clearing house over the forward estimates?		
<b>BET - 403</b>	<b>Eggleston</b>	ATO	Superannuation Contributions	How many people have been impacted by tax penalties of 93% that apply to superannuation contributions in excess of government limits? Please list all classes of tax penalties being applied?	30/09/2010	Written
<b>BET - 404</b>	<b>Eggleston</b>	ATO	Tax Amnesty on Undisclosed Overseas Income	How much tax has been received from people under the tax amnesty on undisclosed overseas income? How many more people are expected to come forward? What is the amount of tax penalties that would be applied to those people that have not come forward by the end of the amnesty?	30/09/2010	Written
<b>BET - 405</b>	<b>Eggleston</b>	ATO	Employee Share Schemes	What has been the upshot of changes to employee share schemes? Can the Minister update the Senate as to the dispute talks between the private equity industry and the ATO?	30/09/2010	Written
<b>BET - 406</b>	<b>Eggleston</b>	ATO	Tax Refunds	<ol style="list-style-type: none"> <li>1. Can the ATO assure people that tax returns would be assessed quickly, as opposed to what has occurred for this year?</li> <li>2. What has the average tax refund every year for the last five years of people that are likely to take on the single click tax return option as of July 1, 2010?</li> <li>3. Does the ATO believe that retrospectivity of tax bills could cause problems for some taxpayers when the rulings change?</li> <li>4. How well has the data matching program been operating? Has this resulted in capturing additional taxes owed?</li> <li>5. What jurisdictions is the ATO co operating with to ensure a larger tax base?</li> <li>6. What is the estimated amount of tax that is not paid due to the cash economy?</li> </ol>	30/09/2010	Written
<b>BET - 407</b>	<b>Eggleston</b>	ATO	ATO Twitter	How many staff man the ATO Twitter account? What are their wages, what percentage of their time is spent monitoring and responding to the ATO Twitter account on a weekly basis?	30/09/2010	Written
<b>BET - 408</b>	<b>Eggleston</b>	ATO	HECS/ HELP Debt	What is the size of the average HECS/HELP debt still owing? Can you divide up that up on a state and university basis? How many bad HECS/HELP debts are expected to be written off over the next 12 months?	30/09/2010	Written
<b>BET - 409</b>	<b>Eggleston</b>	ATO	Tax Investigations	Are the ATO considering investigations of any other professional sports leagues in Australia?	30/09/2010	Written

<b>BET - 410</b>	<b>Eggleston</b>	ATO	Corporate Tax Rate	How many businesses would receive cuts in their corporate tax rate?	30/09/2010	Written
<b>BET - 411</b>	<b>Eggleston</b>	ATO	Personal Income Tax - Recommendation 2 of the Henry Review	Will ATO administration be simpler with this policy in place? Will there be staff reductions? Will there be fewer or simpler forms?	30/09/2010	Written
<b>BET - 412</b>	<b>Eggleston</b>	ATO	Superannuation Guarantee Levy	The measure also includes an increase in funding to the ATO of \$32.6 million over the forward estimates. Can Treasury detail how this money will be spent – particularly given that the SG levy doesn't start increasing until 2013-14?	30/09/2010	Written
<b>BET - 413</b>	<b>Eggleston</b>	ATO	Concessional Caps	<ol style="list-style-type: none"> <li>How many of the estimated 275,000 Australians were caught out and pushed into a higher tax bracket by the Government's measure in the 2009-10 Budget to cut the concessional cap to \$50,000?</li> <li>How many Australian's aged both over and under 50 were pushed into a higher tax bracket as a result of the Government's 2009-10 Budget measure to immediately halve the concessional caps?</li> </ol>	30/09/2010	Written
<b>BET - 414</b>	<b>Eggleston</b>	Treasury	Superannuation Clearing House	<ol style="list-style-type: none"> <li>Registrations opened for the Government's superannuation clearing house through Medicare on 24 May. How many registrations have been made in the first week of the registration period and to date?</li> <li>Superannuation funds can also register for the clearing house. How many superannuation funds have registered and how many superannuation funds is the Treasury expecting to register?</li> <li>The Clearing House is only available to employers with less than 20 employees. What is the procedure for when an employer reaches over 20 employees if it is already registered as having under 20 employees? How will Treasury ensure that all employers register have less than 20 employees?</li> </ol>	Covered in response to BET-14 (answered 22/12/2010)	Written
<b>BET - 415</b>	<b>Eggleston</b>	ATO	Superannuation Co-Contributions	<ol style="list-style-type: none"> <li>I refer to advice provided by the ATO website indicating that superannuation co-contribution payments were suspended from February 2010. Can the ATO detail why these payments were suspended and what steps were taken to ensure that the payments resumed?</li> <li>How many payments were affected by the suspension and what was their aggregate value?</li> <li>How many payments were delayed by more than 60 days and attracted interest payments from the Government? What was the rate of interest paid on these payments delayed by more than 60 days?</li> </ol>	30/09/2010	Written

				<ol style="list-style-type: none"> <li>4. Can the ATO explain where the funding comes from to make interest payments on suspended co-contribution payments that have attracted interest?</li> <li>5. Have the ATO now put structures in place to ensure that co-contributions will not be suspended in the future? How much money did the ATO spend in fixing the suspension of co-contribution payments?</li> <li>6. Can the ATO explain the process for determining which superannuation fund the co-contribution is paid to when a taxpayer applies for a co-contribution?</li> <li>7. There have been cases where a taxpayer has made contributions and has had co-contributions paid into an old superannuation fund no longer used by the taxpayer. In particular, this seems to be the case for taxpayers who are now using an SMSF. Can the ATO explain the cases where it would make a co-contribution payment to a superannuation fund no longer used by the taxpayer?</li> <li>8. How does the ATO verify that co-contribution payments are being made to the correct account?</li> <li>9. What steps would a taxpayer need to make to ensure that the co-contribution is paid to a different or a new superannuation account?</li> </ol>		
<b>BET - 416</b>	<b>Eggleston</b>	ATO	Concessional Contribution Caps	<ol style="list-style-type: none"> <li>1. In March the ATO reported that between 35,000 and 40,000 superannuants had exceeded the concessional contributions caps so far in the 2009-10 financial year. Can the ATO provide an updated figure as to how many taxpayers have exceeded the cap in the financial year to date?</li> <li>2. Is the ATO able to break this number up into the number of those exceeding the cap who are subject to the \$25,000 cap for under 50s and who are subject to the \$50,000 cap for over 50s?</li> <li>3. How does the ATO enforce the taxation rates of those who have exceeded the caps? When does it issue enforcement notices and how successful is the ATO at extracting payment for exceeding the caps?</li> <li>4. What additional taxation will the ATO generate in 2009-10 as a result of Australians exceeding concessional contribution caps? Is this amount reflected in the Budget papers?</li> </ol>	30/09/2010	Written
<b>BET - 417</b>	<b>Eggleston</b>	ATO	E-Records	<ol style="list-style-type: none"> <li>1. When was e-Record introduced?</li> </ol>	30/09/2010	Written



				<ol style="list-style-type: none"> <li>2. What is has been the annual cost of hosting and developing e-Record and the provision of subsequent updates to e-Record. (costs per year)</li> <li>3. What savings will the discontinuation of e-Record deliver to the Government?</li> <li>4. How many registered users does e-Record have? (per year)</li> <li>5. What review was taken to come to the conclusion e-Record is no longer compatible with current commercial record-keeping systems? Who was on the review panel?</li> <li>6. Why was the decision taken not to redevelop e-Record to 'keep up with technology and new business directions'?</li> <li>7. What is the meaning of the 'business directions'?</li> <li>8. Could the software still be kept online to allow small business operators to keep using it as a tool to compile information for the tax year?</li> <li>9. How much will the purchase of commercial software be for small business operators, and what guarantee will small business have that the commercial software that is purchased will be compatible or suit the requirements of the ATO?</li> <li>10. During the switch over to new commercially purchased accounting software, what assistance will be provided to small businesses by the ATO in this transition period?</li> </ol>		
<b>BET - 419</b>	<b>Eggleston</b>	Treasury	Concessional Contribution Caps (part 4 of BET-416)	<ol style="list-style-type: none"> <li>1. What additional taxation will the ATO generate in 2009-10 as a result of Australians exceeding concessional contribution caps? Is this amount reflected in the Budget papers?</li> </ol>	21/12/2010	Written
<b>BET - 420</b>	<b>Eggleston</b>	APRA	Various issues	<p><b>Authorised deposit-taking institutions</b></p> <ul style="list-style-type: none"> <li>• Does APRA believe that the strong regulatory environment set up by previous Governments was one of the reasons Australia's banking system remained strong?</li> <li>• How do you respond to comments by the RBA Governor that the liquidity proposals are heavy-handed?</li> </ul> <p><b>Government's Bank Deposit Guarantee</b></p> <ul style="list-style-type: none"> <li>- What percentage of the market had first-tier lenders (loans to small business) before the governments bank deposit guarantee?</li> <li>- What percentage of the market had second-tier lenders (loans to small</li> </ul>	16/02/2011	Written

				<p>business) before the government’s bank deposit guarantee?</p> <ul style="list-style-type: none"> <li>- What percentage of the market had first-tier lenders (loans to small business) after the governments bank deposit guarantee?</li> <li>- What percentage of the market had second-tier lenders (loans to small business) after the government’s bank deposit guarantee?</li> <li>- What effect has the government’s bank deposit guarantee on first-tier lenders’- <ul style="list-style-type: none"> <li>o Financial performance</li> <li>o Financial position</li> <li>o Performance ratio (to second-tier lenders)</li> </ul> </li> <li>- What effect has the government’s bank deposit guarantee on second-tier lenders’- <ul style="list-style-type: none"> <li>o Financial performance</li> <li>o Financial position</li> <li>o Performance ratio (to first-tier lenders)</li> </ul> </li> </ul> <p><b>Basel Committee on Banking Supervision</b></p> <ul style="list-style-type: none"> <li>- How do the current regulations as set by APRA compare to that of the Basel Committee? Is it reasonable for insurance companies to be held to the same standards at banks?</li> </ul> <p><b>Funding and staffing</b></p> <ul style="list-style-type: none"> <li>- The Portfolio Budget Statements show that APRA’s departmental spending will peak in 2010-11 and then decline by around \$16 million to just over 103 million each year. Is this just related to the ending of funding associated with the global financial crisis – or are other programs ending?</li> <li>- Can APRA provide in detail the specific programs that this funding has gone towards? In APRA’s opinion, will it be necessary or short-sighted to wind back this funding after the global financial crisis and with markets still in a state of fluctuation?</li> <li>- What were the additional staffing levels provided to APRA as a result of the additional funding over the past two years?</li> <li>- What will be the staffing losses as result of this additional funding being wound back?</li> </ul> <p><b>Inquiry into Access to Small Business Finance</b></p> <ul style="list-style-type: none"> <li>- Why has APRA not made a submission to the Senate Inquiry into Access to Small Business Finance? –</li> <li>- Was APRA directed by Treasurer or his Office not make a written submission? If so who made the direction?</li> </ul>		
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			<p>the super payments to the trustee by the due date, is it the case that the trustee would be liable and not the clearing house? Has APRA ever investigated a trustee where this had been the case?</p> <ul style="list-style-type: none"> <li>o Does APRA have any power in this situation to hold the clearing house responsible, or is this something that would need to be conducted by the trustee within the law of contract?</li> <li>o Does APRA have the view that clearing houses should be prudentially regulated? Are the contractual obligations between the trustee and the clearing house – which essentially enforce APRA rules – enough to ensure compliance?</li> </ul> <p><b><i>Cooper Review and routine supervision</i></b></p> <ul style="list-style-type: none"> <li>o How many recommendations of the Cooper Review does APRA support?</li> <li>o I refer to comments made by Mr Stephen Glenfield, manager of the specialised institutions division at APRA, who was commenting on the Cooper Review at an AIST conference on 29 April. Mr Glenfield told AIST that APRA audit super funds every two years. Can APRA provide the committee with a list of every superannuation fund audited by ASIC over the past two years and the cost of auditing each?</li> <li>o What are the processes for determining when an audit will take place and the terms of undertaking that audit? Is each audit standardised in line with the SIS Act (Superannuation Industry Supervision) to gather comparable statistics and potential conflicts of interest?</li> <li>o Is there any procedure by which a member of the public or an investor could access the findings of the audits that APRA undertakes of superannuation funds?</li> <li>o Finally, has APRA been given or been promised any additional funding to implement recommendations from the Cooper Review? Has APRA begun working on administering any possible recommendations such as increased disclosure requirements of superannuation funds?</li> </ul> <p><b>• <i>Superannuation Statistics</i></b></p> <ul style="list-style-type: none"> <li>o With regards to the publishing of superannuation reporting data, can APRA explain what use APRA believes the data publishing provides to general investors in superannuation? You have previously stated that the data is not intended to use when making comparisons between funds, but for what other purpose does the data publishing serve?</li> <li>o Is APRA aware of criticism that the data published is useless for a comparison of funds, because it is not published into segments? Superannuants do not invest in the fund as a whole, but in tailored funds</li> </ul>		
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			<p>with different asset classes.</p> <ul style="list-style-type: none"> <li>o What would be the potential costs to APRA of publishing the data in segments depending on the type of asset the fund segment invests in? Are there any impediments to doing so?</li> <li>o Through the operations of the SIS Act, are APRA able to pick up any of this fraud through the collection of reporting data or internal auditing of super funds? What powers does APRA believe it has to help prevent this type of fraud?</li> </ul> <p>• <b>Fraud</b></p> <ul style="list-style-type: none"> <li>o I have some questions referring to the fraud recently caught by the NSW police, where criminals are using self managed super funds (SMSFs) to access the accounts of APRA regulated fund members and transfer their superannuation savings. For the benefit of the committee, can APRA explain how these fraud schemes work?</li> </ul>		
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