

TREASURY PORTFOLIO
Additional Estimates 2007-08 (February 2008)

Written Questions on Notice

Q No	Senator	Agency	Question	Date answered	Date sent to Senator	Additional Information
<i>Appointments; Grants; Requests to the Department of Finance; Election Commitments</i>						
<u>AET-1</u>	Minchin	Treasury	<p>In preparation for the Senate Estimates Hearings which commence on Monday, February 18th 2008, it would be appreciated if each Department could provide information along the following lines:</p> <ul style="list-style-type: none"> ▪ All appointments which have been made by the Government (through Executive Council, Cabinet and Ministers) to Statutory Authorities, Executive Agencies and Advisory Boards, with a brief outline of the respective appointee's credentials. ▪ A list of all vacancies which remain to be filled by Ministerial (including Cabinet and Executive Council) appointments. ▪ All grants which have been approved by Ministers from within their portfolio. ▪ Requests to the Department of Finance to move funds within each portfolio. <p>Could you please ensure that all Ministers are notified of these requests so that Senate Committees are in a position to consider the information provided during Estimates.</p> <p>In future I propose that, Departments, as a matter of course, should supply this information before each round of Senate Estimates.</p> <p>In addition, I request that the Government provide me with a complete list of election promises made during the campaign and which Department is responsible for the administration of each of these commitments.</p> <p>The Opposition would like to have this information on hand by the close of business on Wednesday 13 February 2008.</p> <p>I have copied this letter to the secretaries of the Senate Legislative and General Purpose Standing Committees.</p>	21/10/2008	21/10/2008	

Q No	Senator	Agency	Question	Date answered	Date sent to Senator	Additional Information
<i>Corporate social responsibility</i>						
<u>AET-2</u>	Stott Despoja	Treasury	<p>1. Will the Government implement the recommendations made by participating Labor members to the Parliamentary Joint Committee on Corporations and Financial Services 2006 inquiry into corporate social responsibility, Corporate Responsibility: Managing risk and creating value, namely:</p> <p>a. The consolidation of the Government's various corporate social responsibility programs in a single 'Corporate Social Responsibility unit within a business-oriented Australian Government Department, for example either Treasury or the Department of Industry Tourism and Resources'?</p> <p>b. The establishment of a National Sustainability Council to recommend public and private sustainability targets, monitor performance levels against these targets, and engage with the investment industry on necessary research, educational, and reporting needs?</p> <p>c. Requiring mandatory reporting against sustainability targets for all Australian Government agencies, including targets for water, energy, waste, vehicles and general procurement?</p> <p>d. Developing in consultation with business and industry a 'corporate responsibility capacity building tool' to assist companies to integrate corporate responsibility and sustainability into standard business practices?</p> <p>e. More active promotion by the Australian Government of the OECD Multinational Guidelines to Australian corporations?</p> <p>f. A governmental audit of how governmental regulation and financial arrangements impact for better or worse upon corporate responsibility and sustainability practices?</p> <p>g. An amendment to the Corporations Act 2001 to require that all public and private companies, operating in Australia and above a specified size threshold, publicly disclose their top five sustainability risks and their strategies to manage such risks?</p> <p>h. A governmental policy and nominated targets on sustainability reporting to increase the uptake of sustainability reporting by business and industry?</p> <p>i. A requirement for the Australian Securities and Investments Commission to review and advise the Government on how well corporate operating and financial reviews are meeting evolving investor, market, and public needs concerning non-financial performance, risk management, and disclosure?</p> <p>2. Is the Government aware of, and has the Government taken steps to make itself aware of, any change in the judicial or practical interpretation of directors' duties favoured by the Labor members in their supplementary report, that might act as a barrier to, or otherwise inhibit, the consideration of 'legitimate environmental and social issues by directors'?</p>	18/03/2008	18/03/2008	

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			<p>3. If there is no such barrier or inhibition, what will the Government do to promote publicly that view of the law and to facilitate its consistent and uniform application in the Australian business community?</p> <p>4. What other policies and strategies does the Government have in place in relation to Corporate Social Responsibility, especially in relation to:</p> <p>a. Alignment of all proposed Government initiatives on social and welfare policy, environmental and climate change policy, industry and industrial relations policy, business deregulation, and any others that might impact upon corporate social responsibility, in the interest of enhanced coordination of governmental policy initiatives in this area?</p> <p>b. Compliance by all contractors and sub-contractors involved in providing goods or services to the Commonwealth with appropriate legal and ethical procurement requirements as 'good corporate citizens'?</p> <p>c. Encouraging greater uptake of corporate responsibility and sustainability by business and industry, making the necessary cultural and behavioural changes within business and industry organisations, and improving the means by which business and industry identify, measure, reduce, and disclose adverse social and environmental costs of business and industry?</p> <p>d. Providing suitable incentives, partnering opportunities, tools, and other resources for businesses and industries seeking to become more socially and environmentally responsible? and</p> <p>e. Otherwise raising business, industry, and public awareness and implementation of corporate responsibility and sustainability?</p>			
<i>Insider trading</i>						
<u>AET-3</u>	Watson	ASIC	<p>Can ASIC advise how many insiders trading cases have been brought against market players?</p> <p>Can ASIC please advise as to the total number of successful insider trading prosecutions since its inception?</p> <p>Of those cases, how many did the defendant plead guilty to the charge?</p> <p>Does ASIC consider this to be a successful strike rate?</p> <p>Why aren't there more successful prosecutions of insider trading?</p>	15/04/2008	15/04/2008	

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			Are there holes in the legislative framework that prevent more successful cases of insider trading?			
Westpoint						
<u>AET-4</u>	Watson	ASIC	Can ASIC update the committee on the Westpoint case, more specifically how investors in the property development group stand on receiving compensation?	15/04/2008	15/04/2008	
Markets issues						
<u>AET-5</u>	Watson	ASIC	<p>ASX LTD is both a stock market regulator, being the owner of the major stock exchange, but is also listed on that same exchange. Does ASIC foresee any problems with the ASX being a player and a market regulator?</p> <p>The Chief Executive of the ASX, Mr Rob Elstone, was quoted in the media as saying that it is not the practice of short selling that is the problem, more so the lending of stock. That it lacks transparency. Does ASIC believe that there is any advantage in increasing regulation in the stock lending market?</p> <p>Could increased regulation lead to a less competitive Australian financial system relative to the rest of the world? Does ASIC have any modelling on the impacts of regulation?</p> <p>A plan touted in the media was to register stock lending so as short selling could be traced. Could this lead to a breakdown of client anonymity between two stock trading parties?</p>	30/06/2008	30/06/2008	
International markets issues						
<u>AET-6</u>	Watson	ASIC	<p>Why has ASIC and their regulators been so slow in its negotiations with Hong Kong to ensure that Australia qualifies as both an authorises inspection regime and status as a “recognised jurisdiction” for the fund management industry?</p> <p>Is ASIC aware of the tremendous opportunities to Australia in obtaining such recognition jurisdiction given the growth of the Hong Kong funds, currently worth AUD 1 Trillion, and the fact that so far Hong Kong funds are the only funds authorised in China’s qualified domestic institutional investor programme to management funds on behalf of eligible mainland institutions?</p> <p>As reported in the Australian Financial review, why had ASIC given Singapore’s Investment managers access to the local retail market without any reciprocal rights for local managers?</p>	21/10/2008	21/10/2008	

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<i>Retail investors</i>						
<u>AET-7</u>	Watson	ASIC	There is a basic finance theory that suggests that finance markets contain all information; that they are efficient. Therefore, analysing historical prices could be considered as being irrelevant in future investment decision. Given this, does ASIC believe that the current practice of management funds advertising their past performance could be mis-leading to uninformed retail investors?	15/04/2008	15/04/2008	
<i>Taxation test case funding review panel</i>						
<u>AET-8</u>	Coonan	Treasury	Please outline the work carried out by the Test Case Funding Review Panel since it was established. How many times did the panel meet? How many applications did it consider? How many applications were successful and what has been the ATO's follow up with those successful applications? How many times is the panel scheduled to meet in 2008?	08/04/2008	09/04/2008	
<i>Regulations for private rulings requiring valuations</i>						
<u>AET-9</u>	Coonan	Treasury	In relation to draft regulations for private rulings requiring valuations, has there been any opportunity for public consultation? What steps have been taken in relation to finalising the drafting of the regulations? When are the regulations likely to be finalised?	01/05/2008	02/05/2008	
<i>Deductibility of donations to political parties</i>						
<u>AET-10</u>	Coonan	ATO	Given Part 12 of Taxation Ruling 2000/7 states 'the following levies and contributions are not allowable deductions under section 8-1 of the Act (a) payments to, or assist, a political party...', are there any circumstances in which a payment by a union member to a trade union primarily to assist a political party's electoral prospects would be a disallowable deduction?	18/04/2008	21/04/2008	
<i>Supermarket (grocery prices) inquiry</i>						
<u>AET-11</u>	Siewert	ACCC	1. As part of the current supermarket inquiry and given the extreme vulnerability of Australian producers and suppliers to the market buying power of the major supermarket chains, have the ACCC considered, and if not will they consider, conducting a widespread survey protected by absolute confidentiality, of Australian grocery producers, processors and suppliers inviting them to provide information on:	15/04/2008	15/04/2008	

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			<p>(a) what has changed in relation to the use or abuse of market buying power over the last 15 to 20 years;</p> <p>(b) what the causes of those changes have been; and</p> <p>(c) what has been the impact on Australia grocery producers, processors and suppliers of the push for brand reductions, private labels and generics.</p> <p>2. Why did the ACCC's supermarket survey discussion paper ask inquiry participants to provide them with information and data going back only 5 to 10 years when major microeconomic reforms, including the changes to the Trade Practices Act under National Competition Policy occurred 12 years ago?</p> <p>3. Will the ACCC consider urgently revising the guidelines on their issues paper to reflect the impacts of these earlier changes i.e. invite participants to submit information going back up to 15 to 20 years instead?</p> <p>4. Will the ACCC consider conducting a widespread consumer survey on the impacts on competition and real choice of supermarket brand reduction strategies of the major supermarkets?</p> <p>5. Considering the ACCC supermarket inquiry issues paper was only posted on 11 February 2008, will the ACCC officially notify those who wish to participate in the supermarket inquiry that they will extend the deadline for submissions?</p> <p>6. Given the refusal of the major retail giants to allow the ongoing publication of grocery market share data, what will the ACCC be doing to provide that vital information to the Australian public so that the community can find out the level of market domination in such an important sector?</p>			
<i>Competitiveness of Australia's supermarket and retail petrol sectors</i>						
<u>AET-12</u>	Abetz	ACCC	<p>How competitive is Australia's supermarket sector, are there any barriers to entry?</p> <p>How competitive is Australia's retail petrol sector, are there any barriers to entry?</p> <p>Which sector or industry would the ACCC consider to be the least competitive in the Australian economy?</p>	15/04/2008	15/04/2008	

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			Which sector or industry would the ACCC consider to be the most competitive in the Australian economy?			
<i>Formulation of new APRA service charter</i>						
<u>AET-13</u>	Bushby	APRA	<p>Could you outline the background to and procedures leading up to the formulation of the new APRA service charter which was referred to in the APRA Chairman's report in the 2007 Annual Report?</p> <p>What research did you perform in developing the charter?</p> <p>Did you survey APRA's underlying customers (banking customers etc)?</p> <p>Did you survey APRA's stakeholder institutions?</p> <p>In the results of such surveys...what were your customers saying? Do you have an executive summary?</p> <p>Does APRA keep a complaints register (for stakeholders and consumers)?</p> <p>Does APRA conduct any stakeholder consultation on what it does and how it does it?</p> <p>What other industry liaison is conducted by APRA?</p> <p>Does APRA maintain a record of customer complaints from consumers, the industry it oversees, or other stakeholders?</p> <p>If so, how many complaints have been received?</p> <p>How does APRA deal with the complaints it receives?</p> <p>Does it publish a list of complaints received and how it has addressed these complaints?</p>	22/05/2008	22/05/2008	
<i>Consumer Price Index; statistical services</i>						
<u>AET-14</u>	Coonan	ABS	<p>Has the ABS considered publishing the CPI as a monthly series (as in the US)?</p> <p>Would you please discuss the composition and methodology used for the RBA's trimmed</p>	01/05/2008	02/05/2008	

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			<p>mean and weighted median measures. Why does the ABS not publish each quarter the components that were trimmed out and the actual weighted median?</p> <p>Does the ABS have a view as to why the two series seem to diverge in recent quarters?</p> <p>Could you please make available to the Committee a more detailed breakdown of the items in the CPI basked each quarter? If not, why not?</p> <p>You have published a protocol for access on an embargoed basis to certain statistics, including the national accounts and the CPI on a lock-up basis. Would you extend the same opportunity to a small number of Opposition staff? If not, why not?</p> <p>Please discuss the ABS' views on which is the more reliable statistic, average earnings and the wage price index.</p> <p>Have you considered charging members of the public for access to statistics as part of your efforts to deliver the agency's efficiency dividend?</p> <p>If yes, how much do you expect that the public would have to pay for statistical resources?</p>			
<i>Fuel Tax Credits Scheme</i>						
<u>AET-15</u>	Milne	Treasury	<p>Which coal mining companies are recipients of the Fuel Tax Credits Scheme off-road component?</p> <p>Can you provide a breakdown of the dollar value of credits claimed by each company?</p> <p>What activities are these credits claimed in relation to?</p> <p>What was the total dollar value of credits under the scheme from the 2006-07 financial year?</p> <p>How much money has been claimed under the Fuel Tax Credits Scheme off-road component since its inception in 1982?</p> <p>What is the policy objective of providing off-road Fuel Tax Credits exemptions to coal mining companies?</p>	30/06/2008	30/06/2008	

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			<p>Has this policy objective been met?</p> <p>Has the department given consideration to the impact of the Fuel Tax Credit on the consumption of fuel by coal mining companies? If not, why not, given the stated intentions of the Government in relation to reducing Australia's greenhouse emissions?</p>			
<u>AET-16 to AET-69</u> see oral questions on notice below						
<i>ASIC taskforce – review of the retail investment sector</i>						
<u>AET-70</u>	Bushby	ASIC	<p>What is it that ASIC is hoping to achieve through the investigations of the taskforce set up to review the \$2trillion retail investment sector?</p> <p>Who are members of the taskforce?</p> <p>When is it anticipated that you will release the findings of the taskforce?</p> <p>What are the terms of reference for the taskforce?</p> <p>What outcomes is ASIC hoping to achieve through the investigations of the taskforce?</p> <p>What investigations are being undertaken by the taskforce as part of its undertakings in accordance with the terms of reference?</p> <p>Are you confident that the outcomes that will flow from the taskforce's investigations will prevent another West Point or Bridgecorp situation arising?</p> <p>What consultation has been undertaken with the retail investment and financial advice industries in respect to the investigations of the taskforce?</p> <p>What evidence will have been sought by the taskforce before it completes its investigations?</p>	15/04/2008	15/04/2008	
<i>Complaints from consumers</i>						
<u>AET-71</u>	Bushby	ASIC	Does ASIC maintain a record of customer complaints from consumers, the industries it oversees, or other stakeholders?	15/04/2008	15/04/2008	

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			<p>If so, how many complaints have been received?</p> <p>How does ASIC deal with the complaints it receives?</p> <p>Does it publish a list of complaints received and how it has addressed these complaints?</p>			
<u>AET-72</u> see oral questions on notice below						
<i>Supermarket sector and general questions</i>						
<u>AET-73</u>	Bushby	ACCC	<p>Which sector or industry would the ACCC consider to be the least competitive in the Australian economy?</p> <p>Which sector or industry would the ACCC consider to be the most competitive in the Australian economy?</p> <p>Do you believe the current grocery prices inquiry will lead to lower prices? How might this be achieved?</p> <p>How competitive is Australia's supermarket sector, are there any barriers to entry?</p> <p>What studies have you done recently on factors which affect grocery prices?</p> <p>How many complaints of anti-competitive conduct in grocery retailing have you received in the past year? Are you able to say which retailers these complaints relate to? In how many cases has any form of action been taken?</p> <p>What is your opinion of unit pricing?</p> <p>Should it be compulsory?</p> <p>Wouldn't unit pricing force retailers to reduce costs?</p> <p>What are your thoughts on imposing a uniform approach to unit pricing on supermarkets?</p> <p>The Assistant Treasurer, Mr Bowen, announced the ACCC Inquiry into Grocery Prices on 22</p>	15/04/2008	15/04/2008	

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			<p>January 2008. The Minister listed a number of matters which would be considered by the inquiry, but did not restrict consideration of other matters.</p> <p>As the Minister has acknowledged, “Australia does have arguably a more concentrated grocery industry than you would find elsewhere in the world” and he said the intention of the inquiry was “to get to the bottom of what actually has caused Australian food and grocery prices to rise more than it has elsewhere in the world.”</p> <p>It has been well documented that the immense concentration of market power in the hands of the two major supermarket chains has been developing since the mid-1970s - in fact market concentration seems to have intensified significantly since the introduction of the Trade Practices Act 1974.</p> <p>Yet the Commission, in its Issues Paper, has proposed restricting consideration to the past five to 10 years.</p> <p>Why is the ACCC proposing to make the grocery inquiry more restricted than the Minister has indicated? Why would the Commission not want to examine the entire period since the introduction of the Trade Practices Act and the acceleration of market concentration which followed?</p> <p>Last year the Commission approved a Woolworths purchase of an independent supermarket in Jindabyne, NSW, despite the fact that Woolworths owned both supermarkets in the neighbouring town of Cooma. The purchase took their regional market share from 70-plus per cent to 90-plus per cent.</p> <p>How many creeping acquisitions has the ACCC authorized in the past ten years? Twenty years? Thirty five years?</p> <p>What are the differences in approach by the ACCC to single acquisitions by the supermarket chains versus single purchases involving larger numbers, such as the purchase of stores by Woolworths and Coles after the Franklins and Foodland Association Limited stores were sold?</p> <p>Does the ACCC have in place any internal or external mechanism for critiquing or reviewing its approach to competition law - not in terms of taking cases, but in terms of its policy</p>			

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			<p>approach? [If not, to whom is the ACCC answerable for day to day policy implementation?]</p> <p>The current (1999) merger guidelines under which the ACCC operates, suggest that the Commission 'will want to give the merger further consideration' if the merged firm will supply 40 per cent of the market or more and further suggests that 'Below these thresholds the Commission is unlikely to take any further interest in a merger'?</p> <p>Does the ACCC not recognise that two players with 40 percent of the market constitute a virtual duopoly – a situation that regulators internationally try to avoid?</p> <p>Some states have called for federal intervention in the past in relation to petrol prices...what is your viewpoint on this?</p> <p>To what extent do increases in petrol prices correlate with price rises in crude oil?</p> <p>Does the ACCC have any information on the market share that Woolworth's and Coles hold in the petrol retailing industry?</p> <p>Do you believe dominance in market share by these two retailers has an effect on pricing?</p> <p>I understand the ACCC is assessing a proposal by Australia Post to increase the price of stamps? Could you detail the proposal please?</p> <p>What criteria will you be looking at to determine whether an increase is approved?</p> <p>Does the public have a chance to contribute to your finding?</p> <p>Given that Australia Post posted a net profit of \$400.6 million in the 2007 financial year, and that Australian's are undoubtedly feeling the pinch of the increasing price of petrol and groceries, do you think a price rise is justified?</p>			

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Oral Questions on Notice

Q No.	Senator	Agency	Hearing date	Question	Proof Hansard Page	Date answered	Date sent to Senator	Additional Information
<i>Sensitivity analysis – revenue forecast</i>								
<u>AET-16</u>	Murray	Treasury	20/02/2008	<p>Senator MURRAY—Mr D’Ascenzo, apart from being a very able lawyer, you are a good numbers man. Senator Faulkner is fond of saying one should not make assumptions in estimates, but I assume the government is not stupid. If you were to present them with a document which said that this reduction in your budget would result in a greater loss of potential revenue gains, they would be likely to say that the game was not worth the candle. The question I put to you is: have you put a numerical assessment before the government which says that the result of this efficiency dividend will have no, or some, or significant effect on your ability to raise the additional revenue forecast under your compliance plan?</p> <p>Mr D’Ascenzo—Yes, I have advised government that there are impacts of the efficiency dividend on the proposal.</p> <p>Senator MURRAY—Have you simply made that as a statement or have you done a numerical calculation?</p> <p>Mr D’Ascenzo—We have worked out the sensitivity analysis of what might be the outcome if it was rolled out and the two per cent reduction was taken off the compliance aspects of our work. With the current proposition we would see what we could do to manage that shortfall through other areas of our organisation, subject to what strains and concerns that may arise to be addressed as a separate matter.</p> <p>Senator MURRAY—You may feel free to reject my question on the grounds that you have given this as policy advice to the government, but are you able to give this committee that sensitivity analysis?</p>	E7	09/04/2008	09/04/2008	

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				<p>Mr D'Ascenzo—That is a matter that perhaps the government might want to decide upon.</p> <p>Senator Conroy—If it is advice to government then it is advice to government.</p> <p>Senator JOYCE—And following up on that—</p> <p>Senator MURRAY—Sorry, what is the minister's response?</p> <p>Senator Conroy—Obviously, advice to government is advice to government and falls into the usual caveat, but I am happy to take that on notice and check that.</p> <p>Senator MURRAY—I think you are right; it does fall into the broad policy advice category, but you can see that from a cost-benefit of that situation, if the effect of the efficiency dividend was to reduce the revenue expected from compliance by a greater figure than the efficiency dividend, then plainly it is an inefficient efficiency dividend. I would appreciate that in taking it on notice you might advise the committee whether that sort of analysis will be made by government, and the efficiency dividend adjusted if the efficiency dividend was to end up being inefficient.</p> <p>Senator JOYCE—Can I just follow up?</p> <p>Senator Conroy—The point that you make is a complex point. I am happy to take it on notice and see what the Treasurer has to say.</p>				
Consultation schedule – First Home Saver Account								
<u>AET-17</u>	Payne	Treasury	20/02/2008	<p>Senator PAYNE—Is there a formal list of organisations to whom the consultation document must be, or has been, sent from the department?</p> <p>Mr Lonsdale—It is on the net so it is public consultation.</p> <p>Senator PAYNE—It has been done that way. You are not actually conveying it to people and saying, 'Here is the consultation document and we want your response.'?</p> <p>Mr Lonsdale—We are doing multiple things with the consultation. We have got the document that is on the net. We are talking to</p>	E11-E12	15/04/2008	15/04/2008	

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				<p>organisations that we know will have an interest in the product—</p> <p>Senator PAYNE—Can you give us a list of those, please?</p> <p>Mr Lonsdale—and we will have views. They will include superannuation funds, possible product providers. I do not have a list with me. I would have to take that on notice.</p> <p>Senator PAYNE—Would you, please?</p> <p>Mr Lonsdale—Sure. I am happy to take that on notice.</p>				
Government initiatives on home saving								
<u>AET-18</u>	Payne	Treasury	20/02/2008	<p>Mr Lonsdale—I think the government has announced other initiatives on housing—</p> <p>Senator PAYNE—Are any of those run out of Treasury?</p> <p>Mr Lonsdale—I would have to check.</p> <p>Senator PAYNE—Would you, please?</p> <p>Mr Lonsdale—Sure, I would be happy to.</p>	E12	15/04/2008	15/04/2008	
First Home Saver Account – Co-contribution for low income earners								
<u>AET-19</u>	Payne	Treasury	20/02/2008	<p>Senator PAYNE—When you look at the table that accompanies the Treasurer’s statement it indicates those on, for example, an income which is receiving a 15 per cent tax rate are getting a co-contribution of 15 per cent, but if you go up to an income of \$180,000 you are getting a co-contribution of 30 per cent. Given the nature of the account, what is the justification for families on \$180,000 getting a contribution of 30 per cent when low-income earners are getting 15 per cent. What is the basis of that policy decision?</p> <p>Mr Lonsdale—That is a policy issue.</p> <p>Senator PAYNE—Minister, could you help me with that?</p> <p>Senator Conroy—I would happily take that on notice and seek the views of the Treasurer for you.</p>	E12	15/04/2008	15/04/2008	

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				<p>Senator PAYNE—It is interesting that it is a First Home Saver Account to help families, as the Treasurer’s statement says, yet if you are earning \$180,000 your co-contribution that you receive is 30 per cent, but if you are earning \$80,000 your co-contribution is 15 per cent. There seems a bit of a disparity there.</p> <p>Mr Lonsdale—I think I can help in that area.</p> <p>Senator PAYNE—I look forward to the minister’s answer on notice as well.</p> <p>Mr Lonsdale—The initial policy that was announced as part of the election campaign indicated that people could salary sacrifice contributions in. In the event that people on a 15 per cent or lower marginal tax rate contributed in, their tax benefit would be a lot lower than it is under the announced policy now. Part of the government’s initiative under the consultation paper is to provide a contribution which would be greater than if those people salary sacrificed in for low and middle-income earners.</p> <p>Senator PAYNE—I appreciate that enormously for low-income earners. But the point I was trying to make—and I am sure the minister will be able to assist me with this—is that those income earners on \$180,000 are receiving double the co-contribution of those on lower incomes.</p>				
<i>Take-up of the First Home Saver Account at the low income level</i>								
<u>AET-20</u>	Payne	Treasury	20/02/2008	<p>Senator PAYNE—You have just helpfully referred to the consultation process. In terms of establishing the accounts as they have been and the levels that have been chosen, what did the research indicate about the capacity of people on low incomes who might, for example, be accessing that \$750 government co-contribution? What evidence do we have of their capacity to be saving \$5,000 a year and making use of the account as it is designed? Do we have any indication as to the capacity for take-up at that level?</p> <p>Mr Lonsdale—I think that remains to be seen.</p>	E12-E13	15/04/2008	15/04/2008	

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				<p>Senator PAYNE—No research has been done on that, to the best of your knowledge?</p> <p>Mr Lonsdale—As part of the costing process we would make estimates on take-up. We do not have a program yet, so in terms of actual take-up we would have to wait.</p> <p>Senator PAYNE—I am acutely aware of that. In terms of your estimates of take-up though, can you help me with any information on that?</p> <p>Mr Lonsdale—We would have to take that on notice.</p> <p>Senator PAYNE—Thank you.</p>				
<i>Eligibility for the First Home Saver Account</i>								
<u>AET-21</u>	Payne	Treasury	20/02/2008	<p>Senator PAYNE— When you are looking at eligibility for the first home owner's grant, can you advise me whether there is any circumstance where a spouse or a partner's home ownership status is taken into account when you are calculating eligibility for that?</p> <p>Mr Lonsdale—For the first home owner's grant?</p> <p>Senator PAYNE—Yes.</p> <p>Mr Lonsdale—I do not know offhand. We would have to take that on notice.</p>	E13	15/04/2008	15/04/2008	
<i>Family trusts – legislation</i>								
<u>AET-22</u>	Chapman	Treasury	20/02/2008	<p>Senator CHAPMAN—I refer to an article that appears in the <i>Australian Financial Review</i> on Saturday, 12 January, which was headlined 'Rudd to reverse changes to family trust rules', which in essence says that the new government intends to reverse the legislation that was passed last year providing greater flexibility for distribution from family trusts, in particular in relation to the requirement for family trust election which previously limited distributions down the family line as far as grandchildren, but the legislation allowed distribution to all descendants of the test person because of the problems that the previous legislation had created.</p>	E22-E23	09/04/2008	10/04/2008	

Q No.	Senator	Agency	Hearing date	Question	Proof Hansard Page	Date answered	Date sent to Senator	Additional Information
				<p>Has the tax office given any advice to the government on this issue?</p> <p>Mr D'Ascenzo—Again, we would be working very closely with Treasury on any legislative proposals but really at the moment this is a matter for Treasury and government in terms of advice to government.</p> <p>Senator CHAPMAN—Has Treasury given advice on this issue?</p> <p>Mr Ray—Senator—</p> <p>Senator CHAPMAN—It was an election commitment.</p> <p>Mr Ray—I think that is correct.</p> <p>Senator CHAPMAN—I have searched diligently and I cannot find any.</p> <p>Mr Ray—Yes, it was an election commitment. We released a costing on 14 November.</p> <p>Senator CHAPMAN—What is the costing on that, please?</p> <p>Mr Ray—The government has not made any further announcements on that measure.</p> <p>Senator CHAPMAN—Are you aware of the intergenerational difficulties this will create, particularly for farmers and small business people who hold their businesses or farms in trusts which also may hold shares in those trusts and obviously wish to receive the franking credits? Therefore future generations will be precluded from that as a result of reversing this legislation, as this was something that was considered long and hard by the previous government before these changes were made.</p> <p>Mr Ray—That is the sort of a question that really needs to go to the government.</p> <p>Senator CHAPMAN—Senator Conroy?</p> <p>Senator Conroy—That is a detailed question on quite a complex issue as I am sure you understand. I am happy to take that on notice and seek the Treasurer's advice.</p> <p>Senator CHAPMAN—Will you be consulting with people in</p>				

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				<p>finance, financial advisers, accountants and the like, for further consideration to be given to this issue?</p> <p>Senator Conroy—I will take that on notice and seek the information from the Treasurer.</p>				
<i>Family trusts – succeeding grandchildren</i>								
<u>AET-23</u>	Joyce	Treasury	20/02/2008	<p>Senator JOYCE—Can you help us clarify by your interpretation of what happens to assets that are within a trust once it descends subsequent to grandchildren in the trust? What is going to happen?</p> <p>Senator Conroy—As you would be aware it is a very complex question and I will happily take it on notice and seek the Treasurer’s views on it.</p> <p>Senator JOYCE—It is not that complex.</p> <p>Senator Conroy—I will happily seek the Treasurer’s views and take it on notice.</p> <p>Senator WEBBER—So what do you want, Senator Joyce, is the minister to give you personal taxation advice?</p> <p>Senator JOYCE—No, no.</p> <p>Senator WEBBER—Is that what you want?</p> <p>Senator JOYCE—No, Senator Webber, I want—</p> <p>CHAIR—No discussion across the committee, please.</p> <p>Senator JOYCE—Through you, Madam Chair—</p> <p>CHAIR—Can you direct all questions through me?</p> <p>Senator JOYCE—What I want is a clear—</p> <p>CHAIR—Senator Joyce, can you direct all questions through me to either the—</p> <p>Senator JOYCE—Madam Chair, what I want is a clear explanation, and it is quite simple, as to whether when an asset that is within a trust descends subsequent to grandchildren there is going to be by a transition of that asset an impediment to the great-</p>	E25	01/05/2008	02/05/2008	

Q No.	Senator	Agency	Hearing date	Question	Proof Hansard Page	Date answered	Date sent to Senator	Additional Information
				grandchild. CHAIR —Minister, do you have anything further to add to your answer? Senator Conroy —As I said, I will happily take that on notice and seek an answer from the Treasurer.				
<i>Family trusts – distribution beyond great-grandchildren</i>								
<u>AET-24</u>	Chapman	Treasury	20/02/2008	Senator CHAPMAN —Madam Chair, I would be interested to know how many great-grandchildren or those in the family beyond the generation of great-grandchildren currently are receiving distributions from trusts in excess of what I might call the adult rate at more than \$600 per— Senator Conroy —That is a very fair question and as I am sure you would understand I am not in a position to answer that today. Senator CHAPMAN —No, I understand that. Senator Conroy —But I will seek that information and take it on notice and see what the Treasurer has to say. Senator CHAPMAN —Thanks.	E25	30/06/2008	30/06/2008	
<i>TOFA specific synthetic integrity rules</i>								
<u>AET-25</u>	Coonan	Treasury	20/02/2008	Senator COONAN —Can I ask you to take on notice whether or not there will be any TOFA specific synthetic integrity rules? Mr Ray —Sure.	E29	09/04/2008	09/04/2008	
<i>Withholding tax arrangements in other jurisdictions</i>								
<u>AET-26</u>	Coonan	Treasury	20/02/2008	Senator COONAN —Is it the case that other countries have got lower rates of withholding tax on this class of income? Are you familiar with general arrangements in relation to other major jurisdictions? Mr Ray —It is the case that some other countries have lower withholding rates on this class of income, yes.	E29	01/05/2008	02/05/2008	

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				<p>Senator COONAN—Could you give us some idea of the arrangements that differ from Australia's?</p> <p>Mr Ray—Again, we had the expert here. It would be better if I got the expert back to answer your question rather than that I mislead you.</p> <p>Senator COONAN—Perhaps we might put that on notice.</p> <p>Mr Ray—Which we could do.</p>				
Report of the Tax Design Review Panel								
<u>AET-27</u>	Coonan	Treasury	20/02/2008	<p>Mr Ray—I think the timing is that the panel has to report by the end of April. I think it is in the Assistant Treasurer's press release. Yes, the panel is to report by 30 April.</p> <p>Senator COONAN—To the Assistant Treasurer?</p> <p>Mr Ray—Yes.</p> <p>Senator COONAN—Minister, will the report be made public?</p> <p>Senator Conroy—I will take that on notice.</p> <p>Senator COONAN—Thank you.</p>	E31	01/05/2008	02/05/2008	
Superannuation – choice of fund								
<u>AET-28</u>	Bushby	Treasury	20/02/2008	<p>Senator BUSHBY—I have a number of questions on superannuation but I wanted to raise initially some questions about super choice. I presume this should be directed to the Treasury. In general, how is the implementation of super choices going? Has it been a successful change? For instance, how many Australians have changed funds since it started?</p> <p>Mr Lonsdale—I guess it is an issue of how you define 'successful'. In terms of the super choice law being followed, and employees being presented with choice of fund, I am not aware of any particular difficulties in that space. In terms of how many people are switching, that data is not clear to me in terms of whether that relates directly to choice or other issues.</p>	E41	15/04/2008	15/04/2008	

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				<p>Senator Sherry—I am not sure whether Treasury has actually done a survey.</p> <p>Mr Lonsdale—No.</p> <p>Senator Sherry—There are a number of surveys carried out by private research houses. If it is of assistance to you, I am happy to take this on notice and we can obtain some information about the later data analysis in that space.</p> <p>Senator BUSHBY—If you would do that, that would be great.</p> <p>CHAIR—Before you continue, it is very near to the lunchbreak. Are you indicating you wish to continue on?</p> <p>Senator BUSHBY—I have only a few more questions on this.</p> <p>CHAIR—And you will be able to finish in the next couple of minutes?</p> <p>Senator BUSHBY—What effect would there be on the industry as a whole or any particular sections of the industry or on consumers if there were to be any lessening of choice as to individual superannuation funds and the ability to switch?</p> <p>Mr Lonsdale—I think that goes to policy.</p> <p>Senator Sherry—As I have indicated, we can provide data to you; you can come to your own conclusions. But I would just say that the Labor opposition committed to retain the superannuation choice of fund regime, as it is known.</p>				
<i>Zone rebate scheme</i>								
<u>AET-29</u>	Joyce	Treasury	20/02/2008	<p>Senator JOYCE—Since there is a question of policy I will refer it to the minister. Does the government have any plans of looking at a fairer assessment of where zones are and what return people get for being in remote zones, especially in the spirit of helping people in remote areas and in the spirit of assisting development in Indigenous areas and things like that?</p> <p>Senator Conroy—As you are asking whether we are considering a</p>	E46	15/04/2008	15/04/2008	

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				<p>new policy area, it is obviously one that I would not be familiar with as it is not my portfolio, so I am happy to take that on notice and seek the views of the Treasurer and get you an answer.</p> <p>Senator JOYCE—Thank you.</p>				
<i>Inspector-General of Taxation – redundancy</i>								
<u>AET-30</u>	Joyce	IGT	20/02/2008	<p>Senator WATSON—That is very useful; thank you very much, Mr Vos. What are the arrangements for your termination? Will you see out your contract?</p> <p>Mr Vos—I think it is inappropriate to talk about today.</p> <p>Mr Matthews—I think Treasury mentioned earlier in this morning's session that, as far as they were aware, and as far as we aware, no decision has been announced yet. We presume that will be addressed in the budget context.</p> <p>Senator JOYCE—Can we ask the minister whether he knows anything about that.</p> <p>Senator Conroy—I will happily take that on notice, but I can only agree with Mr Vos. It is a little inappropriate—</p> <p>CHAIR—One question at a time, please.</p> <p>Senator Conroy—It is a little inappropriate to ask him about his redundancy package. I mean, that is just a little bit rude.</p> <p>Senator JOYCE—No; we just want to know if a decision has been made. That is simple. You must know if a decision—</p> <p>Senator Conroy—Let me just clarify it. I am the Minister for Communications, Broadband and Digital Economy. I am here representing the Treasurer, but that is a matter of—</p> <p>Senator JOYCE—You are not doing a very good job.</p> <p>Senator Conroy—That is a matter of some detail, and I will happily take it on notice for you and get a response from the Treasurer.</p>	E51-E52	09/04/2008	09/04/2008	

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<i>Role of the Inspector-General of Taxation and the Board of Taxation</i>								
<u>AET-31</u>	Coonan	IGT	20/02/2008	<p>Senator COONAN—It is not duplication—the office of the Inspector-General of Taxation and the Board of Taxation?</p> <p>Senator Conroy—No. The advice I have been given is that the Board of Taxation has a limited role in providing advice in some circumstances, where the government asks.</p> <p>Senator COONAN—The way in which this item is described in Treasury’s costings for Labor’s policies is that it is ‘duplication’, and I am not sure what areas of duplication are being referred to in the item. Could you help me?</p> <p>Senator Conroy—I am happy to take that on notice and get you some advice from the Treasurer.</p>	E54	09/04/2008	09/04/2008	
<i>Gross Domestic Product</i>								
<u>AET-32</u>	Coonan	Treasury	20/02/2008	<p>Senator Sherry—This was referred to earlier. The officers are answering the question well. In a general sense our fiscal approach is to increase the surplus from one per cent of GDP to 1.5 per cent of GDP.</p> <p>Senator COONAN—Where did the 1.5 per cent come from?</p> <p>Senator Sherry—I am happy to take that on notice and ask the Treasurer for a calculation of how that figure was arrived at.</p> <p>Senator COONAN—Is anyone at the table able to assist the minister with where the target came from?</p> <p>CHAIR—I think the minister has said he will take it on notice.</p>	E84	01/05/2008	02/05/2008	
<i>Possible use of surplus</i>								
<u>AET-33</u>	Coonan	Treasury	20/02/2008	<p>Senator COONAN—The notion of deferring indefinitely any kind of budget surpluses by way of tax cuts after these current ones intrigues me a little. Is it intended that this will happen indefinitely and, if so, what are you going to do with the surplus?</p>	E88 & E89	09/04/2008	09/04/2008	

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				<p>Dr Gruen—You are asking me to comment on a statement made by the Treasurer?</p> <p>Senator COONAN—Yes.</p> <p>Dr Gruen—I think you would have to ask the Treasurer what he had in mind.</p> <p>Senator Sherry—Is this a banking issue?</p> <p>Senator COONAN—No. He just said that he would not be distributing any more of the surplus. He said that very clearly. Does Treasury have a view about the best use of the surplus?</p> <p>Senator Sherry—If Treasury has a view they will give advice to the Treasurer.</p> <p>Senator COONAN—Yes, I am sure they would. It is a perfectly legitimate question. I am not talking so much about this particular budget. This is a general question.</p> <p>Senator Sherry—But it must obviously go to this budget.</p> <p>Senator COONAN—It goes to the future management of budget surpluses, which I would have thought is a legitimate line of inquiry.</p> <p>Dr Gruen—I think you read a statement that the government was committed to not allowing the tax to GDP ratio to rise.</p> <p>Senator COONAN—Yes, that is true.</p> <p>Dr Gruen—That is part of the fiscal strategy. If you do not ever change the tax scales, the share of tax in the economy will rise over time.</p> <p>Senator COONAN—That is right.</p> <p>Dr Gruen—I think you would have to ask the Treasurer what he meant by that comment, because I am not in a position to comment on what he had in mind. But I think you could certainly ask him.</p> <p>Senator COONAN—Minister, could you take that on notice, please? I am not expecting you to interpret that now.</p>				

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				<p>Senator Sherry—I will take that on notice.</p> <p>...</p> <p>Senator COONAN—That was the broader thrust of my question. I am grateful that the minister will take on notice what Mr Swan meant when he said that there would not be any further tax cuts and all of the surplus would be quarantined.</p>				
<i>Reserve Bank of Australia – register for appointments</i>								
<u>AET-34</u>	Bushby	Treasury	20/02/2008	<p>Senator BUSHBY—I checked with the secretary of the committee this morning and he thought this was the appropriate place to ask these questions to do with the Reserve Bank. As I understand it, future appointments to the board of the Reserve Bank will be drawn from a register of eminent candidates of the highest integrity to be maintained by the Secretary to the Treasury and the RBA Governor. The Treasurer will make new appointments from persons on the register. Can you outline the criteria the Secretary to the Treasury and the bank governor will apply when considering which persons may be of the highest integrity?</p> <p>Senator Sherry—I do not have those specifics in front of me. If we do not have them we can take it on notice or if someone is able to obtain them I outline them to you.</p> <p>Senator BUSHBY—I am happy for you to take it on notice. Will there be any specific selection criteria that potential eminent candidates will need to meet to be considered for inclusion?</p> <p>Dr Gruen—We are working on the details of this proposal at the moment. When we have given advice to the Treasurer about that, the government will make a decision about exactly what it wants to do.</p> <p>Senator BUSHBY—I have a couple more questions that are not so specific to the mechanisms. Can you guarantee that neither the secretary of the Treasury nor the bank governor will discuss persons being considered as potential candidates to be included on</p>	E92-E93	30/06/2008	30/06/2008	

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				<p>the register with the Treasurer or the Prime Minister or any other member of the government prior to their being entered on the register?</p> <p>Senator Sherry—As has been indicated, these criteria are under development. They have not been finalised.</p> <p>Senator BUSHBY—In terms of the criteria for how the Treasurer and the Reserve Bank Governor go about this, I understand that needs to be developed, but this is more of a policy issue. Will the government undertake that it will not be discussing potential candidates?</p> <p>Senator Sherry—As I said, this process is under development. Once that development is finalised and the Treasurer publishes the policy we will know what its contents are.</p> <p>Senator BUSHBY—At this stage you are not in a position to deny that there may be some contact between the government and the Department of Treasury or the Secretary to Treasury and the Reserve Bank Governor prior to persons being entered on the register?</p> <p>Senator Sherry—Let us wait until we see the final guidelines/parameters and they are published by the Treasurer.</p> <p>Senator BUSHBY—Do you know whether it will be possible for persons to nominate themselves or others for consideration by the secretary and the governor?</p> <p>Senator Sherry—Again, let us wait until we see the final guidelines. I am happy to take your pre-emptive questions on notice and give them holding status until the Treasurer makes his announcement after the guidelines are finalised. I am happy to some extent be pre-emptive and if the issues are not dealt with in those guidelines—</p> <p>Senator BUSHBY—I will place those on notice with the committee with a view to your answering that.</p> <p>Senator Sherry—I am sure we can get a response.</p>				

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<i>Australia's macroeconomic performance – comparison to OECD countries</i>								
<u>AET-35</u>	Bushby	Treasury	20/02/2008	<p>Senator BUSHBY—I have a couple of things which I am quite happy to put on notice but if you have the answers here then we might deal with them now. What is Australia's macroeconomic performance over the last 10 years compared to OECD countries, specifically in relation to inflation, which we have already discussed, as well as GDP growth, productivity growth, unemployment and employment, per capita income, working hours and terms of trade? How important has labour market reform been to enhancing Australia's macroeconomic performance relative to other countries?</p> <p>Dr Gruen—It sounds like a question we should probably take on notice.</p> <p>Senator BUSHBY—How does Australia's minimum wage compare to other countries and how regulated is Australia's labour market compared to other OECD countries? I am happy to put those questions on notice.</p> <p>Dr Gruen—Yes, I think so.</p>	E94	08/04/2008	09/04/2008	
<i>First Home Saver Account – effect on inflation</i>								
<u>AET-36</u>	Coonan	Treasury	20/02/2008	<p>Senator COONAN—The second question, and this was right back at the very beginning. Is the government's first homeowner's savers account likely to reduce inflation in the short term?</p> <p>Dr Gruen—The details of the home savers account is really a revenue group issue but it will depend on when it is taken up. I am not fully on top of this but the legislation has to be prepared and the thing has to come into existence so—</p> <p>Senator COONAN—So there is a fairly long lead time—</p> <p>Dr Gruen—it is going to depend on that. It is going to depend on how long that is.</p> <p>Senator Sherry—The date is 1 July. The discussion paper has been</p>	E96	01/05/2008	02/05/2008	

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				<p>issued and obviously legislation does have to be prepared very quickly for a 1 July start-up date. I do not have the figures in front of me because it falls into another area. Then there is obviously a graduated take-up over time. I do not have those figures. I am happy to get them for you on notice because there is a projected cost to revenue which is based on a take-up.</p> <p>Senator COONAN—You have made assumptions about the take-up, I do not know what they are. But my proposition was that it is not a short-term measure that would have any short-term effect on inflation? I think that is a fair comment.</p> <p>Dr Gruen—I would have to check on the timing—</p> <p>Senator COONAN—Would you do that for me?</p> <p>Dr Gruen—Certainly. We can certainly get back to you on that.</p>				
<i>Australia's basic minimum wage</i>								
<u>AET-37</u>	Coonan	Treasury	20/02/2008	<p>Mr Tune—At the time Australia was the highest. My recollection is that it is not any more.</p> <p>Senator COONAN—This is the basic minimum wage?</p> <p>Mr Tune—Yes, basic minimum wage relative to median earnings. It is a measure that is often used in the OECD and places like that. We are either the first or second now, anyway. We are not—</p> <p>Senator COONAN—Would you mind just taking that on notice and letting me know?</p> <p>Mr Tune—Certainly.</p>	E109	01/05/2008	02/05/2008	
<i>Productivity Commission – workplace reform</i>								
<u>AET-38</u>	Coonan	Treasury	20/02/2008	<p>Senator COONAN—I was wondering if you have updated at all the Productivity Commission research referred to there which identified the role of workplace change and flexibility in raising productivity. Has there been any—</p> <p>Mr Tune—We have not at all. I could not tell you whether the</p>	E109-E110	01/05/2008	02/05/2008	

Q No.	Senator	Agency	Hearing date	Question	Proof Hansard Page	Date answered	Date sent to Senator	Additional Information
				<p>Productivity Commission has, but I can take that on notice if you wish.</p> <p>Senator COONAN—If you would, thank you. The OECD growth study would be a bit out of date. Have you got some information that is more relevant?</p> <p>Mr Tune—I would have to check that as well, thank you.</p>				
<i>Industrial relations</i>								
<u>AET-39</u>	Coonan/ Murray	Treasury	20/02/2008	<p>Senator COONAN—This is a very generalised question but where might the industrial relations system be improved—we can always make improvements—to increase the efficiency and productivity of the economy and ensure that it can grow sustainably with low unemployment—</p> <p>Senator Sherry—That is hard to analyse. You cannot ask Mr Tune to speculate as to where the industrial relations system can be improved to improve the economy. If he were asked it would be policy advice to government.</p> <p>Senator COONAN—Treasury expresses views about these matters across a broad range of issues. That is hardly going to offend anybody, I would have thought, and certainly not witnesses of this experience.</p> <p>Senator Sherry—I think you are crossing into the highly speculative area of the future.</p> <p>Senator COONAN—The future is always speculative, and we have been asking about the future for about the last three hours.</p> <p>Senator Sherry—No, that is not right.</p> <p>Senator COONAN—It is right. That is what we have been doing.</p> <p>Senator Sherry—It has not been confined to the future.</p> <p>Senator COONAN—In all of this area, with respect, you and I have been around this table in various guises for a very long time—</p> <p>Senator Sherry—What I will do is I will take the question on</p>	E113	01/05/2008	02/05/2008	

Q No.	Senator	Agency	Hearing date	Question	Proof Hansard Page	Date answered	Date sent to Senator	Additional Information
				<p>notice.</p> <p>Senator COONAN—I am very interested to know what Treasury’s views are about this. Have you—</p> <p>Senator Sherry—We will take the question on notice and we will come back to you with a considered view. But we will take that on notice.</p> <p>Senator COONAN—Senator Murray just wants to add a rider to it and I am happy for that to happen.</p> <p>Senator MURRAY—My suggestion was that, if you are going to come back with a kind of broad assessment of the options for improving the system further, you should have regard as far as you can to international precedents, which you can get through the OECD papers.</p> <p>Senator Sherry—I am happy to add consideration of that into our answer.</p>				
<i>Climate change – emissions trading</i>								
<u>AET-40</u>	Fielding	Treasury	20/02/2008	<p>Senator FIELDING—The next step, once emissions trading is sorted through, is to put in place government policy. I assume the model is being done in parallel with that work in some way?</p> <p>Mr Tune—Yes, that is correct. We will be feeding in the results for the impacts of the target that we were talking about earlier, and the trajectory to get to that target and the impacts on the economy, different sectors of the economy, including the agricultural sector and the distributional consequences. It is a process whereby we are feeding in material to that review and that will help inform the government’s decision making, and try to put some numbers against some of the impacts.</p> <p>Senator FIELDING—You articulated before that the assumptions around that model are critical. Will we see those assumptions? When they are finally worked through, will we see those assumptions? Those will be critical.</p>	E117-E118	01/05/2008	02/05/2008	

Q No.	Senator	Agency	Hearing date	Question	Proof Hansard Page	Date answered	Date sent to Senator	Additional Information
				<p>Mr Tune—We are wanting to be as open as we possibly can on this stuff, yes.</p> <p>CHAIR—Are there any other questions on this climate change area?</p> <p>Senator FIELDING—Are you going to take that on notice? Can I have an answer ‘yes’ or ‘no’?</p> <p>Mr Tune—The assumptions are changing. They are not settled.</p> <p>Senator FIELDING—I assume it will always be ongoing, but it will be completed enough to be input to the economy?</p> <p>Mr Tune—That is correct.</p> <p>Senator FIELDING—Will we see those assumptions? It is very important that we see those assumptions.</p> <p>Ms Mrakovic—The report is to the government so it will be a matter for the government to determine.</p> <p>Senator FIELDING—The output is but I think the assumptions behind them are important.</p> <p>Senator Sherry—I will take that on notice and speak to the Treasurer about that.</p>				
<i>Climate change mitigation</i>								
<u>AET-41</u>	Bushby	Treasury	20/02/2008	<p>Senator BUSHBY—Have you provided advice to the new government, the current government, on its proposed measures for climate change mitigation and the obvious impacts of those measures as at this point?</p> <p>Senator Sherry—We will take that on notice.</p>	E118	01/05/2008	02/05/2008	
<i>Transfer pricing</i>								
<u>AET-42</u>	Joyce	Treasury	20/02/2008	<p>Senator JOYCE—Can you get back to me and explain how you are going to get transparency from foreign entities on transfer pricing of products from Australian entities overseas, because having worked for one I know you cannot do that?</p>	E127	09/04/2008	09/04/2008	

Q No.	Senator	Agency	Hearing date	Question	Proof Hansard Page	Date answered	Date sent to Senator	Additional Information
				<p>Mr Murphy—There are rules on transfer pricing.</p> <p>Senator JOYCE—Take it on notice.</p> <p>Mr Murphy—Yes. Thank you.</p>				
<i>Sovereign Wealth Funds</i>								
<u>AET-43</u>	Watson	Treasury	20/02/2008	<p>Senator WATSON—I have a very quick question for Mr Murphy. What really has changed because all the issues that you talked about that are going to be new are the issues that past Treasurers have used in assessing this issue of sovereign wealth investment in Australia? So we have got to be very careful when you talk about new rules about frightening off investment into Australia; and they have got to be consistent. So, on notice, what are the new rules?</p> <p>Mr Murphy—There are no new rules.</p> <p>Senator WATSON—No new rules?</p> <p>Mr Murphy—They are principles.</p> <p>Senator WATSON—No new principles?</p> <p>Senator Sherry—Nothing has changed. Further work is being done by the division and the Treasurer, as I understand, will be announcing that detailed work.</p> <p>Senator WATSON—Take it on notice.</p> <p>Mr Murphy—The difference is that the government is being more transparent in putting these out and saying to sovereign wealth funds, ‘If you want to invest in Australia you should take note of these before you come forward with your proposal.’ Up until now we did not say anything.</p> <p>Senator WATSON—Can you give us the new rules on notice?</p> <p>Mr Murphy—It was released on a press release.</p> <p>Senator Sherry—I will take on notice if there is any further development of those principles in detail that the Treasurer can release.</p>	E127-E128	18/03/2008	18/03/2008	

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<i>Fairness of entry, exit and termination fees</i>								
<u>AET-44</u>	Fielding	Treasury	21/02/2008	<p>Senator FIELDING—Once the report is finalised is there something that you could give to the committee to have a look at, as well?</p> <p>Mr D'Aloisio—I think we would envisage that in the first instance the report would go to Treasury as has been requested in the normal course. I think I would have to be guided by the government on that. I would assume it would be a public document.</p> <p>Senator Sherry—I am happy to take on notice to the Treasurer when the next round of estimates is held in May. I am not sure when the next joint House-Senate committee oversight is scheduled. I will take it on notice to the Treasurer to see what can be made available in detail once the Treasurer has considered ASIC's views on the matter.</p> <p>Senator FIELDING—You are not sure of a time frame? Could you come back with a time frame of when the report will be done? Can you take that on notice? I will not get a chance to ask the question again.</p> <p>Mr D'Aloisio—Once we have considered the project plan we will advise the government on the time period.</p> <p>Senator FIELDING—Could the government at least let the public know when the report is due?</p> <p>Senator Sherry—I will have to take it on notice to the Treasurer. I am keen to assist in any way I can but it is the Treasurer's call about the provision of information. I will pass on the request as to the committee's interest and your personal interest as well.</p> <p>Senator FIELDING—Thank you.</p>	E2	30/06/2008	30/06/2008	
<i>Life insurance</i>								
<u>AET-45</u>	Murray	ASIC	21/02/2008	Senator MURRAY —Does ASIC look at the pricing of life insurance products as part of your oversight of consumer interest?	E3	15/04/2008	15/04/2008	

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				<p>Mr D'Aloisio—We could take that on notice. I am certainly not aware of it.</p> <p>Senator MURRAY—I am aware of a situation where a particular life insurance policy was increased to CPI and its quantum increased—and I am rounding it out—by nine per cent over four years. But the premium went up by well over 60 per cent. That strikes me as price gouging. I wondered if that sort of matter had been brought to your attention before with companies.</p> <p>Mr D'Aloisio—I am not aware of it. We will take it on board to look at it. The only thing I would comment on is the 60 per cent increase in the premium may not have a lot to do with the actual inflation rate. It may only be partly to do with the inflation rate because there is what you would call 'age step-ups' and so on, which also, as you would know, go into setting these premiums. But we will take it on notice and have a look at it.</p> <p>Senator MURRAY—I raise it with you because I am aware that that is the practice but, when insurance companies talk about life insurance CPI increases, they make it very, very clear and warn you that if you do that there is a price increase, which is quite proper. They do not say anything about age set-ups or anything else. Somebody who has been with an insurance company for 20 years finds that as they age suddenly the insurance premiums escalate and they therefore withdraw insurance at the very time they become more at risk.</p> <p>Mr D'Aloisio—We will get our consumer protection people to have a look at it from the point of view of misleading—</p> <p>Senator MURRAY—I think there is a disclosure issue there, if I may say so.</p> <p>Mr D'Aloisio—I will take it on notice.</p>				
<i>Insider trading – prosecution</i>								
<u>AET-46</u>	Watson	ASIC	21/02/2008	Senator WATSON —ASIC does have powers under its charter to prosecute blatant acts of market manipulation. Why don't you act,	E6	15/04/2008	15/04/2008	

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				<p>for example, on how many insider trading cases have been brought against market players?</p> <p>Mr D'Aloisio—We provided to the committee ASIC's success in insider trading and market manipulation cases. Perhaps if I can refer you to that—</p> <p>Senator WATSON—You might like to take it on notice because we are running short of time.</p> <p>Mr D'Aloisio—I will make sure that your office gets the answer to that question. We actually traced the referrals from ASX in our own work on insider trading over a five-year period and have provided the committee the analysis of that. As I have said, as part of the summer school when I was asked the same question, I believe ASIC has done a reasonably good job on insider trading issues. What we are seeking to do at the moment is to put more resources into it to increase our efforts.</p>				
Tricom Equities Ltd								
<u>AET-47</u>	Watson	ASIC	21/02/2008	<p>Senator WATSON—Can you provide details of any investigations or discussions with Tricom Equities Ltd both pre and post the failed settlement events? Maybe you might like to take that on notice.</p> <p>Mr D'Aloisio—We will take that on notice but I think, as I have said, we do not comment on specific cases. As I have said, in relation to the work we will do with ASX we will be looking at the issues around the Tricom delayed settlement, ASX's role and other market participants, in considerable detail.</p>	E6	15/04/2008	15/04/2008	
2020 Summit – invitations								
<u>AET-48</u>	Bushby	ACCC	21/02/2008	<p>Mr Cassidy—Mr Walker, I should add, is not part of us at the moment so what invitations he may have I could not comment on.</p> <p>Senator BUSHBY—I take that on notice. If you do find out that he has one, will you let us know?</p>	E120	15/04/2008	15/04/2008	

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<i>Hire car advertising</i>								
<u>AET-49</u>	Murray	ACCC	21/02/2008	<p>Senator MURRAY—The complaint was this. As you know the ACCC have demanded and succeeded—and I am grateful for it frankly—from a public policy perspective that the actual price of airfares including taxes should be advertised as a gross amount. The claim is that the same should apply to hire care advertising and it does not. Frequently hire car advertising is a net amount and by the time you total up all the various charges there is a problem. Now I can accept that some of the aspects might be discretionary, for instance, full or partial insurance. But I think there is a real issue there and I would ask you on notice if you would not mind to have a look at that issue and let me know whether you think it is something that you could or should have a deeper look at?</p> <p>Mr Cassidy—Certainly. I will take it on notice. Let me say again there is a problem with the law at the moment on this section 53C, but the government has indicated that it will fix that fairly soon. That will certainly facilitate our ability to insist that people advertise what is a final price or as near a final price as they can get for any good or service. There may be some components which vary from location to location, which they cannot include such as delivery charges and so forth, in which case they should be required to make it clear that those sorts of things are not included. But the intention of section 53C was that when people advertise a good or service for sale, they should indicate what the actual final price of that good or service is to the best of their ability. Let me take it on notice and we will look at the specific issue for you.</p> <p>Senator MURRAY—I would appreciate if you could tell us whether it is problem.</p>	E128-E129	15/04/2008	15/04/2008	
<i>Petrol issue</i>								
<u>AET-50</u>	Murray	ACCC	21/02/2008	<p>Senator MURRAY—My question on notice is this. When you are examining the petrol issue, have you examined it from the context of tied houses using the example, for instance, of liquor stores and</p>	E129	15/04/2008	15/04/2008	

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				hotels and clubs, which were split away from that concept and became more competitive? I would like to know whether that is an aspect which is worthy of further examination.				
<i>Illyria Consolidated Media</i>								
<u>AET-51</u>	Murray	ACCC	21/02/2008	Senator MURRAY —And the other one that I would like to know on notice is whether the Illyria Consolidated Media deal is one the ACCC have an interest in and are examining in the broader issue of media competition.	E129	23/04/2008	23/04/2008	
<i>Actions under section 46 of the Trade Practices Act</i>								
<u>AET-52</u>	Bushby	ACCC	21/02/2008	Senator BUSHBY —How many actions has the ACCC taken under section 46 of the Trade Practices Act in the past five years? I am happy for that one to be on notice. Mr Cassidy —Yes, we will take that on notice. This is a familiar question that we have been asked ever since the Boral case. The answer boils down to very few.	E129	15/04/2008	15/04/2008	
<i>Market concentration – grocery retailers</i>								
<u>AET-53</u>	Bushby	ACCC	21/02/2008	Senator BUSHBY —What is the market concentration of major grocery retailers in comparable countries or OECDs? Mr Cassidy —We will have to take that on notice.	E129	15/04/2008	15/04/2008	
<i>Tertiary qualifications – commissioners, etc</i>								
<u>AET-54</u>	Abetz	ACCC	21/02/2008	Senator ABETZ —There is one in relation to formal tertiary qualifications of the chairman, deputy chairman and the full-time and associate commissioners of the ACCC, including the newly appointed petrol commissioner. I would appreciate if you could take that on notice just out of interest. There has been a lot of fanfare about Mr Walker's appointment, or impending appointment. Senator Sherry —He has not been appointed. It is under consideration.	E130	15/04/2008	15/04/2008	

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				<p>Senator ABETZ—I corrected myself. What kind of savings is the government expecting that the motorist can expect to enjoy as a result of this?</p> <p>Senator Sherry—Mr Samuel has already answered that issue extensively.</p> <p>Senator ABETZ—In relation to the ACCC.</p> <p>Senator Sherry—I do not know whether you were here or not.</p> <p>Senator ABETZ—In relation to the government—</p> <p>Senator Sherry—I will pass on your question to the minister.</p> <p>Senator ABETZ—To Mr Bowen?</p> <p>Senator Sherry—To Mr Bowen, yes.</p> <p>Senator ABETZ—He made a lot of fanfare about it and the news now seems to be that we are only talking about a few cents rather than 10c or 15c. Interestingly enough, Mr Walker's record in Western Australia, if I have been given the correct information, is that there is not a great deal of difference in the price rise in Western Australia compared to other states. In fact, since FuelWatch was implemented in Western Australia the average price rise in metropolitan areas in New South Wales, Victoria, South Australia and even in our home state of Tasmania, was lower than in Western Australia. And of course in Western Australia they have got some extra competitive issues such as Gull, as opposed to a state like Tasmania.</p> <p>Senator Sherry—To respond to that, I am not sure whether there is a question there or whether it was just your editorial observations and comments. But I will pass on the question you asked earlier to the minister. I am sure he will be having discussions with Mr Samuel about the outcomes of the inquiry being conducted and the actions of Mr Walker, when he is appointed and subsequently, and we will see what emerges. It is certainly far too early to observe whether there are any differing views as to outcomes because the inquiries have not been completed and Mr Walker has not even</p>				

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				been appointed.				
<i>Article by Dr Paul Woolley</i>								
<u>AET-55</u>	Joyce	APRA	21/02/2008	<p>Senator JOYCE—Are you aware of the article by Dr Paul Woolley, his position on market dysfunctionality, and his belief in a lack of transparency in financial markets basically revolving around the \$40 trillion market and \$500 billion in costs each year—that we are lacking the transparency to really understand these costs and they ultimately end up back with the mortgage holder in financial markets? Do you have any—</p> <p>Dr Laker—I am not aware of the particular—</p> <p>Senator JOYCE—Would you take that on notice? It is something I am curious about because it is another possible omen of doom. It is something I would really like—</p> <p>Dr Laker—Nobody would dispute your comment about transparency. Generally, with a lot of these finance instruments that is one of the areas that central banks and regulatory agencies across the globe are looking at now. Some of the products that had subprime exposures and were being on-sold to investors were very hard to understand. They were very opaque. But we are talking here about subprime and investment markets in the US. I think your question might have had an Australian link, but I would have to take it on notice.</p>	E136	23/04/2008	23/04/2008	
<i>Australia's regulatory burden</i>								
<u>AET-56</u>	Abetz	PC	21/02/2008	<p>Senator ABETZ—That is all very helpful. Can I ask if you could take that on notice and give it some further consideration as to how Australia's regulatory burden compares to similar OECD countries? Do you have a recent study on that that you could draw my attention to?</p> <p>Mr Banks—There have been a number of surveys of that kind. They are quite dated now. They have been done by the OECD. The methodology of them, I think, is not necessarily such as to inspire</p>	E139-E140	08/04/2008	09/04/2008	

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				<p>confidence, but they have got those relativities correct. Most of them have been partial in nature. To answer your question, I do not think there is any convenient source of accurate information of that kind.</p> <p>Senator ABETZ—What are the biggest barriers to trade in Australia and how do they compare with similar OECD countries? Can you take that on notice? Are there studies of that nature that you could direct me to?</p> <p>Mr Banks—I think there are some good sources there, particularly from the WTO, which periodically does reviews of the trade policies of the member countries of the WTO and would mark Australia favourably, I think, in that company in terms of the liberalisation that has occurred with trade in Australia. I think the most recent report was to that effect. The WTO would have reports of that kind and, equally, there are the OECD surveys. If you would like us to make that information available or send sources to you, we could certainly do that.</p> <p>Senator ABETZ—I would be appreciative of that. Thank you.</p>				
<i>Productivity Commission – recommendations</i>								
<u>AET-57</u>	Murray	PC	21/02/2008	<p>Senator MURRAY—I want to put a question to the minister because it is a policy matter. If I can draw an analogy between the competition council (the NCC) and competition policy, the NCC used to do reviews and study particular issues and then have the power and ability to follow through on their findings, because that is the way in which the system is structured. I want to ask that it seems to me that the Productivity Commission has great and long-term expertise in a number of areas. The issue of deregulation is one which they have been studying for a deal of time, but they have no ability, as far as I am aware and you can correct me and Mr Banks can amplify, to follow through, so they end up as informed commentators without any bite. Unless the departments, agencies or ministers responsible carry it through, you have got a problem. Is there any scope for making the Productivity Commission more</p>	E141-E142	01/05/2008	02/05/2008	

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				<p>effective in carrying through its review recommendations?</p> <p>Senator Sherry—Firstly, I would accept that the Productivity Commission has very good expertise. Secondly, this is not my ministerial responsibility. If it were, I could be engaged in a greater level of conversation, and I do not want to speculate and cut across another minister’s responsibility, so I will have to take that on notice. The extent of follow through, the witnesses may want to comment on what occurs at the moment. I understand from time to time there is a reflection on a report issued by government at a later date. They might want to comment on that.</p> <p>Mr Banks—I think what you touched on is an important issue in terms of governance and design of policy, advisory and monitoring bodies. The NCC, the National Competition Council, you may recall got into a bit of trouble when it was doing reviews of various policy and then subsequently it was making judgements about whether jurisdictions met the requirements that had been agreed to under the national competition policy and it was seen as playing both sides of the street. I think the way the commission is structured currently—to provide independent advice to the best of its ability and then to step back and let the government look at that advice and implement it appropriately—I think gets the division of responsibilities right, in my view, because it does not look like we have then got a vested interest in making the kind of recommendations that then suit us and then we assist with those. I think there is a clouding of responsibilities that occurs in that respect. Where the commission has had a role in that respect has been previously through the Office of Regulation Review and the Office of Best Practice Regulation where, quite often, they would be looking at regulations that follow the commission inquiry, whether it was into telecommunications or broadcasting or some other area, it was turned into regulation and that body’s job was to determine whether good process had been followed. It still was not able to pronounce whether or not the government had made the right policy decision but rather whether or not they had followed</p>				

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				<p>good process in implementing the regulation.</p> <p>Senator MURRAY—Without going into all the detail, have you commissioned either an external review of yourselves or an internal review of yourselves with an eye to making you far more effective? I do not cast an aspersion on the work you do and the findings you make and the expertise you have, even where I might be critical of some aspects. I do not cast aspersions. But what I feel is that you lack bite in getting your recommendations implemented and followed through, and the only way to change that is for alternative ways of operation to be presented to government. You might not agree with that proposition, of course. But the question is: have you done any review of your function to see whether you could be doing a better job?</p> <p>Mr Banks—As you know, everything we do is subject to public scrutiny and our end report looks at our effectiveness against a number of indicators, including the influence we have on policy outcomes. Typically, the large majority of our recommendations are implemented. They are not always implemented immediately. Sometimes they are not even implemented by the government of the day but, over time, when you track our reports and the recommendations and what has happened, a large majority have been implemented. In part the delay can be because part of our role is really to inform the public debate as much as the black letter recommendation that goes to government. It is when that public debate and understanding matures that, quite often, government can do things that might have been excessively brave in earlier times. The role, in terms of influence, is therefore in some respects a subtle one. But we do monitor it. Others monitor it as well and write the articles and reports about that. But if you wish I can draw your attention or send you information on those issues in our report.</p> <p>Senator MURRAY—I have had a look. I just sensed the frustration out there that the Productivity Commission has become somewhat of a research and review body rather than an agent for change. I suspect that is unfair, but I noticed that sort of discussion, which</p>				

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				<p>may mean that it is time for another regeneration of your role. That is all I want to say.</p> <p>Senator Sherry—The only organisation I can think of that would possibly come close to that is the ANAO. I do not know whether it has carried out, or has the capacity to carry out—I am not sure of your status vis a vis the ANAO—but I suspect you are looking for a broader net than the ANAO would have?</p> <p>Senator MURRAY—I really want to know if there was an internal mechanism for regeneration through some recommendations you have made to the government. I do not want to know the detail because that is not my job.</p>				
<i>Efficiency dividend</i>								
<u>AET-58</u>	Watson	ATO	20/02/2008	<p>Senator WATSON—With the new efficiency dividend that you are required to meet, in terms of cash flow, what is the date on which that has to be paid?</p> <p>Mr D'Ascenzo—I am not sure about the cash flow implications. I can tell you what the impact is on us. It is an extra \$47.9 million next year.</p> <p>Senator COONAN—I missed that.</p> <p>Mr D'Ascenzo—It is \$47.9 million for next year. I am sorry, it is \$54 million for next year.</p> <p>Senator COONAN—I thought so.</p> <p>Senator WATSON—And this year?</p> <p>Mr D'Ascenzo—I think it is \$11.4 million.</p> <p>Senator COONAN—That is what it says.</p> <p>Senator WATSON—And you will take on notice when that \$11.4 million and the other amount have to be paid, because that can have a very significant impact with respect to the timing of the cash flow about your decision making?</p>	E17	16/04/2008	17/04/2008	

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<i>Australian Taxation Office – staffing</i>								
<u>AET-59</u>	Bushby	ATO	20/02/2008	<p>CHAIR—Senator Bushby has a couple of quick questions to put on notice.</p> <p>Senator BUSHBY—Yes. I will put these on notice. I am not looking for an answer today. I note in your report that you have successfully relocated over 20 per cent of your staff to new environmentally friendly premises in Sydney and Canberra. Firstly can you detail where they were relocated from and how many staff that involved? And, secondly, how many employees does the ATO currently have in Hobart? Has the number of employees in Hobart changed in the last 12 months? And are there any plans to change the number of employees in Hobart in the next 12 months? Thank you.</p>	E22	16/04/2008	17/04/2008	
<i>Senior executive salaries</i>								
<u>AET-60</u>	Parry	ATO	20/02/2008	<p>CHAIR—Senator Parry I believe has some questions on notice.</p> <p>Senator PARRY—Thank you, Chair. Just in the interests of time I will place this on notice to Mr D’Ascenzo firstly. In relation to senior executive salaries, of the 231 senior executive salary positions listed in the 2006-07 financial annual report ranging from \$130,000 to \$460,000, the questions are: who sets the salaries for those senior executives? What role, if any, does the Remuneration Tribunal play in setting salaries for those senior executives? What advice is sought from external agencies including the Remuneration Tribunal in relation to those salaries? Is there a projected increase on the \$47.8 million that total those 231 salaries? What method or what formula is used for the increase, if there is a projected increase? In light of the Prime Minister’s statement of recent days regarding a freeze on parliamentary salaries, have you received any official instruction from the minister, the Prime Minister or any other agency concerning a freeze of the 231 senior executive salaries? They are the questions to Mr D’Ascenzo.</p>	E26	16/04/2008	17/04/2008	

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<i>Capital Gains Tax – compliance activities</i>								
<u>AET-61</u>	Murray	ATO	20/02/2008	<p>Senator MURRAY—I just want to follow up, please, minister to Ms Granger on capital gains. As you know, your compliance activities included a lift in capital gains compliance. You were to examine around 6,000 at-risk cases this year. I do not know if the efficiency dividend discussion will cut that. And as you know I have previously indicated my belief that firstly it is an area where compliance is light because much of the transaction records are in the state jurisdiction, not the federal and it would be difficult for you to access. Secondly, my view is that as a result of the superannuation changes there would have been a spike in activity which would attract capital gains and you should see a surge in revenue beyond that which you have cautiously estimated. In that framework, could you give me and the committee a good briefing on where you are with capital gains, what you are seeing, what you are expecting and what the prospects are. You have flicked it to Mr Konza.</p> <p>Mr Konza—As you say, we plan to look at some 6,000 cases. So far we have completed about 3,900-odd cases looking particularly at real estate transactions. Those cases have raised \$34.8 million so far this year. It is worth noting that last year we processed 6,100 cases over the full year and raised \$33.3 million, so with two-thirds of the cases this year we have exceeded the revenue that was raised in last year's program.</p> <p>Senator MURRAY—Mr Konza, are you able to give me an indication out of—you said 3,000 you had examined?</p> <p>Mr Konza—3,900, yes.</p> <p>Senator MURRAY—How many of those had not been compliant and produced this revenue gain?</p> <p>Mr Konza—I do not know that I can do that for you today.</p> <p>Senator MURRAY—Could you give me a feeling for it because, for instance, if it was just 10 out of 3,000 then there is no real</p>	E26-E27	23/04/2008	23/04/2008	

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				<p>compliance issue. But if it was 2,800 out of 3,000 then it is a sign that it really would need to be expanded as a program.</p> <p>Ms Granger—If I can add to that answer, I do not have the strike rate here today but we can certainly supply that to you. We are finding substantial non-compliance, but I think the tenor of the questions you were asking us last was there deliberate anti-avoidance; did we need to start using Part 4A in this area, for example. What we are finding is a range of issues but we are still finding that people, for example, do not understand well the main residence exemption. There are still people who do not understand that this is capital gain that needs to be included. These are property cases. In that regard, even though I think this risk has been well targeted, it is not 10 cases. I think the strike rate is quite healthy and we need to do more work both educating and more cases. Indeed, as I indicated earlier this morning, we will be expanding this area as part of expanding the program. The other question you were asking me last time was also how we were going in terms of the number of states that were involved in the data matching program. We now have all states involved. The other issue that we had had was quality of data. That has improved enormously, although there is always going to be a challenge there because, as you know, TFNs are not attached to that data but we are doing quite well with the matching process. I will get you the strike rates, the number of cases where there were adjustments.</p> <p>Senator MURRAY—A couple of responses from me to what you have just said immediately jump to mind. It seems in your answer that you are dividing non-compliance into two broad categories: the ignorant and the cunning.</p> <p>Ms Granger—Yes.</p> <p>Senator MURRAY—You did not use those words; I am using them.</p> <p>Ms Granger—Could I say there are more shades of grey than that.</p> <p>Senator MURRAY—I can understand training up the ignorant but</p>				

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				<p>the cunning, frankly, have to be punished because it is deliberate.</p> <p>Ms Granger—Absolutely.</p> <p>Senator MURRAY—What is the precautionary—</p> <p>CHAIR—Sorry, Senator Murray, to interrupt, but could I ask committee members and people at the table also to speak up a little.</p> <p>Senator MURRAY—Sorry, Madam Chair, I have noticed if Hansard could note the volume is a bit low. But I will try. Dividing it between the ignorant and the cunning, to use my phraseology, ignorant do need nurturing and guidance and training and so on but the cunning need punishment. What is the rough division between those? I am not looking for accurate feeling but—</p> <p>Ms Granger—I do not want to guess at it. I can provide you with answers on that. I can talk more generally about this market as opposed to this particular project. In general in the individuals area particularly—you and me and others—it is overwhelming ignorance or carelessness. It is a very small number that are deliberate gain payers or actively trying to avoid their responsibilities.</p> <p>Senator MURRAY—That is good.</p> <p>Ms Granger—Yes. But I could probably get something a bit more accurate at around the rate of penalty and the degree of penalty which reflects our judgement on that.</p>				
<i>Data matching</i>								
<u>AET-62</u>	Murray	ATO	20/02/2008	<p>Senator MURRAY—The second issue I wanted to pick up arising from your answer was in respect to the cooperation—I think it was a word you used—that is now established with all the states with respect to their registers of asset sales, particularly property sales. What form does that cooperation take? Is it simply a liaison or was it data matching?</p> <p>Ms Granger—Yes, we are now data matching with all registers.</p> <p>Senator MURRAY—Across the board or are there any blank</p>	E27	16/04/2008	17/04/2008	

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				<p>spots?</p> <p>Ms Granger—No. My advice is it is now all states, yes.</p> <p>Senator MURRAY—Mechanically speaking, how does that automatically throw up potential non-compliance?</p> <p>Ms Granger—In terms of the first cut that we do is we look to see where there has been a sale of property has there been a capital gain returned in returns. So we do direct data matching to our tax return database and obviously name and address matching to see if that is likely to be a principal residence or not. That is the very first cut of it but then we run a series of filters and you appreciate I do not really want to go into precisely what they are for high potential cases.</p> <p>Senator MURRAY—No, no. But there is an automatic throw-up or highlight of cases?</p> <p>Ms Granger—Yes. And we are, of course, also interested in cases where we come across the names that do not appear in our tax return database as well and we are looking there to see if we have identified people who are not filing.</p> <p>Senator MURRAY—These are the double cunning?</p> <p>Ms Granger—Yes.</p> <p>Senator MURRAY—Is the throw-up of interesting data from your perspective primarily at the individual level or at the organisational or corporate level?</p> <p>Ms Granger—I am not sure exactly how much we have down in the corporate area. I would need to take that on notice. This program is more focused at small business and individuals, but I would have to check.</p> <p>Senator MURRAY—Rather than you attempting to answer specifics in my questioning, I would prefer you provide me back with a broad picture of it because otherwise you get parts of the picture. I am interested in a broad response?</p>				

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				Ms Granger—We can do that.				
<i>Filing of a statement of facts, estimates and contentions - GST Case - anti-avoidance provisions</i>								
<u>AET-63</u>	Watson	ATO	20/02/2008	<p>Senator WATSON—I have a series of questions moving across. I refer to the first GST case to be heard in the federal court dealing with anti-avoidance provisions. You might recall that Justice Giles threw out the McDonalds's claim. But there were comments from Justice Giles which have been taken up by some lawyers. This refers in particular to the situation of the need for the tax commissioner to file a statement of facts, estimates and contentions before a taxpayer files his evidence. The problem is that the tax office has been accused that these statements are often less than thorough statements. My question is: given what happened there will the tax office be changing its policy? Will it, for example, be providing more comprehensive statements?</p> <p>Mr D'Ascenzo—I thought that the court had changed its approach to that, but I am not certain about that. I knew that there were representations—</p> <p>Senator WATSON—The court threw out the McDonalds's case—</p> <p>Mr D'Ascenzo—No, in relation to who had to put in those statements first. I think there certainly were representations made to the court to have the taxpayer do that rather than the commissioner, but I am not sure what the outcome of that was.</p> <p>Senator WATSON—So what is the position, does the tax office have to file a statement of facts, estimates and contentions?</p> <p>Mr D'Ascenzo—We do, but I think there were orders by the court that changed it to make the commissioner do that first, and then there was representation to the—</p> <p>CHAIR—Would you like to take that on notice?</p> <p>Mr D'Ascenzo—It might be a good idea to take that on notice.</p>	E31	16/04/2008	17/04/2008	

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<i>Revenue implications of union fee deductions</i>								
<u>AET-64</u>	Joyce	ATO	20/02/2008	<p>Senator JOYCE—They do know; because there is a section in the tax return for union fees. Is that not correct?</p> <p>Mr D'Ascenzo—That is right.</p> <p>Senator JOYCE—What are the cost ramifications of that to the Australian revenue?</p> <p>Mr D'Ascenzo—It is not a specific item. It is under the normal deduction rate for a profession. So, it is not broken up into those sorts of categories.</p> <p>Senator Conroy—It is like being in those doctors, lawyers and accountants unions you are in.</p> <p>Senator JOYCE—You seem to be defensive about it. I am just curious.</p> <p>Senator Conroy—I am explaining that it falls into the same sort of category.</p> <p>CHAIR—Senator Joyce, the question has been answered; there is no way of breaking down that amount. Do you have any more questions on this?</p> <p>Senator JOYCE—Is there no way of breaking down that amount? You really have no idea what the cost implications are to the Australian revenue by reason of union deductions? Is that the answer you are trying to give?</p> <p>Mr D'Ascenzo—We have the aggregates for all of those deductions. You could do an analysis that would say how many people are union members and how much of that translates into that deduction, but I do not have any specific numbers.</p> <p>Senator JOYCE—Perhaps you would like to take that on notice and get back to us.</p> <p>Mr D'Ascenzo—But we do not have the information.</p> <p>Senator JOYCE—Just for the section on union fees and other</p>	E34-E35	16/04/2008	17/04/2008	

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				deductions? Mr D'Ascenzo —We could have what is in that section, yes.				
Union levies – tax deductibility								
AET-65	Bushby	ATO	20/02/2008	Senator BUSHBY —Are special levies raised by unions of their members tax deductible by the members? Mr D'Ascenzo —We do have a ruling on special levies, particularly levies developed for hardship purposes, but I am not quite sure what the answer is. Senator BUSHBY —Can you take it on notice to provide the full details of which levies may be tax deductible and, if some are not, which ones are not and why? Mr D'Ascenzo —I will cover what we have and what the range of that information is.	E36	16/04/2008	17/04/2008	
Page 64 - agency additional estimates statements								
AET-66	Joyce	ATO	20/02/2008	Senator JOYCE —I might refer you to page 64 of the agency additional estimates statements. This might not be your field, but I will take a punt anyhow. When they talk about taxation, other taxes, fees and fines of \$23 million or \$23.5 million, does that include interest as well or is that just— Ms Granger —We do not have that information in front of us. Could we take that on notice and come back to you? Senator JOYCE —Yes. Thank you for that.	E39	17/04/2008	18/04/2008	
Private rulings requiring valuations (no. 2)								
AET-67	Coonan	Treasury	20/02/2008	Senator COONAN —The second relates to regulations for private rulings requiring valuations. The former Assistant Treasurer issued a release noting the Treasury was drafting regulations to give effect to the new valuations regime. Where is that up to? Mr Ray —We do not have the relevant expert here. We will see if	E28	09/04/2008	09/04/2008	

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				<p>we can get you an answer during the course of the day.</p> <p>Senator COONAN—It is not a burning issue but I gather that in the normal course of events there would be consultation in relation to the drafting?</p> <p>Mr Ray—On regulations, yes. In the normal course, we would consult.</p> <p>Senator COONAN—By that I mean some public comment in relation to how this is going to work?</p> <p>Mr Ray—That is on a case-by-case basis, as you are aware. I am not quite sure what is planned for this particular—</p> <p>Senator COONAN—Would you just be kind enough to check for me?</p> <p>Mr Ray—Sure.</p>				
<i>Taxation Laws Amendment Bill 2008 - tax deductible donations</i>								
<u>AET-68</u>	Coonan	Treasury	20/02/2008	<p>Senator COONAN—I wanted to ask some questions about the tax deductibility of donations to political parties. The precursor to my question is of course that there is a binding public tax ruling that relates to the payment of special levies or contributions by persons to a trade, business or professional association which is an allowable deduction under section 8(1) of the act where the purpose for which it is made is linked to the activities—clearly linked—by which the assessable income of the person is derived. You would be familiar with that? That includes fees or levies paid to trade unions, does it not; they are deductible?</p> <p>Mr Konza—Yes.</p> <p>Senator COONAN—I am not quite sure whether it has been introduced, but the Taxation Laws Amendment Bill 2008 proposes, on the contrary, that donations to political parties should not be tax deductible. What is the policy rationale behind the differentiation between political parties and trade unions?</p>	E33-E34 & E35-E36	15/04/2008	15/04/2008	

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				<p>Senator Conroy—That would be a question of policy.</p> <p>Senator COONAN—I am asking for it.</p> <p>Senator Conroy—It is a policy that I think at the moment is being articulated by Senator Faulkner. I am not sure that is a relevant question to this portfolio. I am happy to take it on notice and pass it on to Senator Faulkner, but I am not sure that it is relevant to this particular portfolio. I will happily take it on notice.</p> <p>Mr Ray—I am not sure that I am following your question. The general provision that says that where there is a sufficient connection between the earning of the income and the expense then it is an allowable deduction under section 8(1), as I understand it, is not being changed by this measure.</p> <p>Senator COONAN—No, it is not.</p> <p>Mr Ray—For example, politicians may well be able to claim deductions.</p> <p>Senator COONAN—Yes, but political parties cannot. I do not think this is a controversial statement that I am about to make. With unions now acting more like political parties in running their own campaigns and endorsing candidates and contributing millions of dollars to registered political parties, has any thought been given to Treasury as to the policy differentiation between a political campaign whether it is run by a union or run by a political party? It seems to be the same outcome with different inputs, if you look at deductibility as a criterion.</p> <p>Mr Ray—I think that is going into policy.</p> <p>Senator COONAN—You do not want to bite off this one?</p> <p>Mr Ray—No.</p> <p>Senator COONAN—I am not surprised.</p> <p>Senator JOYCE—There is a point there. Obviously, you talk about the nexus between the capacity to make an expenditure that increases your income. Surely it is just as justifiable to someone who says, 'I am donating to this political party because I believe it</p>				

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				<p>will increase my income' as it is to a person who donates to a union and believes that that will increase their income? What is the differentiation between the two?</p> <p>Senator Conroy—That would be a matter of policy. As I think the officials have indicated, it is in their view a matter of policy. It is a matter to do with Senator Faulkner. While I appreciate your avid interest in this issue, I am happy to take it on notice and refer it to Senator Faulkner.</p> <p>...</p> <p>Senator COONAN—Can I be clear about what Senator Conroy is going to take on notice for Senator Faulkner's attention?</p> <p>Senator Conroy—We will get the transcript of your question and pass it on to Senator Faulkner. As I said, it does not actually apply to these estimates. If he chooses to respond, he will do so, but we will pass on to him the question. We will get it out of <i>Hansard</i>. It is not relevant to these estimates. I cannot take something on notice. I can ask him to respond; it is not like it is a question to the Treasurer.</p> <p>Senator BERNARDI—But you would use all of your powers of persuasion to encourage him; is that right?</p> <p>Senator Conroy—I will use all of my influence.</p> <p>CHAIR—Senator Bernardi, we are getting very close to our lunchbreak. Are there any more questions?</p> <p>Senator COONAN—I do think this is a matter quite frankly for Treasury. We are looking at good tax policy and the efficient administration of the tax system.</p> <p>Senator Conroy—But it is not a tax policy matter.</p> <p>Senator COONAN—The policy area is obviously a matter for Treasury. It is a matter that I intend to return to. I do think it is appropriate that we get to the bottom of why it is that amounts paid to unions are deductible and amounts paid to political parties are</p>				

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				not under this proposed legislation. So far as I am concerned, it is a clear double standard. We all know what is behind it. It is important that the matter be further looked at.				
<i>Lending shares (Treasury)</i>								
<u>AET-69</u>	Murray	Treasury	20/02/2008	<p>Senator MURRAY—On the same point, can I ask a question? Lending shares has more than one aspect; there are two that I know of. One is lending them in the exercise of third-party margin dealing on the stock market. But the other is lending for the purposes of providing a third party the power to vote those shares or to exercise a vote in takeovers or in particularly important votes on companies. I think this whole area needs close examination by the authorities and I will raise it with ASIC, because the shares that are being dealt with in this manner are held by institutions that are given a mandate by their superannuants, who usually choose a particular stream of investment. To me that implies a fiduciary duty for particular types and classes of shares. I do not think the lending process falls within the broad ethical—and I will use the word in a legal sense, not in a moral sense—ambit of superannuation funds holding assets on behalf of the superannuants themselves. If you have not examined that issue before, I would appreciate your perhaps thinking about it and coming back to us with a view as to whether it is an area that needs further inquiry by Treasury. I am receiving market information that a lot of this is going on under the surface and it is not well reported or well understood, but it is known to be happening.</p> <p>Mr Murphy—I will take that onboard.</p>	E121-E122	01/05/2008	02/05/2008	
<u>AET-70 to AET-71</u> see written questions on notice above								
<i>Lending shares (ASIC)</i>								
<u>AET-72</u>	Murray	ASIC	21/02/2008	Senator MURRAY —I will refer you to yesterday's session with the markets division of Treasury where the issue of share lending	E4	15/04/2008	15/04/2008	

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				<p>was broadly discussed. I will draw your attention to the fact that whilst you are, in your remarks, well across share lending for profit-making purposes in the market, there is another category of share lending which goes on, which is for votes. That is a worry, frankly. I merely raise it with you. It has been raised with me by some market participants. I have no idea the extent in the market but, to me, individual companies have been pointed at. I do not know whether they are allegations or fact but it would seem to me that that would be a very unwise practice to be allowed to flourish.</p> <p>Mr D'Aloisio—This is lending stock so that you can vote in a particular way? We will take that on board and have a look at it further. But of course, you do have some existing protections in the sense that, if you get over five per cent, you have to notify a substantial shareholder interest and when you do that the company itself can then seek to trace the beneficial ownership of those shares and then every one per cent increase also needs to be notified. There are some built-in protections within the existing framework but we will have a look at that further.</p>				

AET-73 see written questions on notice above