

TREASURY PORTFOLIO
Budget Estimates 2007-08 (May 2007)

Written Questions on Notice

Q No	Senator	Agency	Question	Date answered	Date sent to Senator	Additional Information
<i>Tourist Refund Scheme</i>						
<u>BET-1</u>	Sherry	Treasury	<ol style="list-style-type: none"> 1. Almost four years after it was foreshadowed, and following a press release on 9 August 2005 by the Assistant Treasurer and Minister for Tourism, announcing a Review of the Administrative Arrangements for Tourist Shopping there is still no outcome. Could you please provide us with an update on progress with the Review? 2. Why has it taken the Government so long to respond to this review? 3. Are you aware of the level of uncertainty this lengthy delay has created for the tourist shopping industry, including retailers and tourist service providers? 4. In December last year the Government wrote to all States and Territories seeking their agreement to proposed changes to the Tourist Refund Scheme including: <ul style="list-style-type: none"> • allowing multiple companies to provide tourist expenditure refunds; • allowing the aggregation of invoices to reach the \$300 spending limit; and • an extension of validity from 30 to 60 days prior to departure. (The unanimous support of all States is required for these changes - this was confirmed in Estimates on 16 February this year). Has the Government received any response from any States to its letter? 5. Which States have responded? 6. What was the nature of the Victorian Government's response? 7. What was the nature of the South Australian Government's response? 	21/09/2007	21/09/2007	

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			<p>8. Have all the States/Territories responded?</p> <p>9. Why has the Government failed to make any public announcement to provide certainty on this issue when it is clear that the States and Territories do not support the proposal to open the refund scheme up to competition?</p> <p>10. Can you provide me with an estimate of cost to the Government of this Review over three and a half years?</p> <p>11. Has the Government done any evaluation of how much value the proposed changes expected to add to the Australian economy?</p> <p>12. Why has so much time and resources been invested into this issue when the benefits of allowing multiple refunders are clearly marginal?</p> <p>13. Why – in spite of the States’ opposition – do this year’s Budget Papers Number 2 and 3 state that private providers will be able to provide tourist refunds from 1 February 2008?</p> <p>14. Why do the Budget Papers contain the incorrect statement: “The changes to the TRS (other than introducing private providers) and to the sealed bag scheme require the unanimous agreement of the States and Territories.”? (Senator Stephens was informed by DITR in Estimates on 16 February that changes to the GST legislation required agreement from the States).</p> <p>15. Has Treasury (or the Department of Industry, Tourism & Resources) made any effort to correct this error on the public record?</p> <p>16. Isn’t the failure to correct the record publicly just prolonging the uncertainty to the cost of all TRS stakeholders?</p> <p>17. Did the Government consider the experience with “outsourced” schemes overseas similar to that it proposed prior to seeking the States’ approval?</p> <p>18. Are you aware that the Canadian Government just scrapped its tourist refund scheme, as a result of the significant costs and issues associated with allowing a</p>			

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			<p>range of private providers to operate in the market – similar to what the Government has proposed to the States?</p> <p>19. When will the Government finally announce an outcome of this process and bring nearly four years of uncertainty for this sector to an end?</p>			
<i>Phone tapping powers</i>						
<u>BET-2</u>	Joyce	ACCC	<p>1. Does the ACCC need phone tapping powers?</p> <p>2. Will you be asking for those powers as a matter of urgency?</p>	23/04/2008	24/04/2008	
<i>Collective bargaining – waiving of fees</i>						
<u>BET-3</u>	Joyce	ACCC	<p>1. Can the fee for an authorisation application for collective bargaining by small business be waived? Has it been waived recently? If so, in what circumstances can it be waived? Will the issue ACCC issue a guideline or advice setting out when the authorisation fee will be waived?</p> <p>2. Can the fee for the new collective bargaining notification be waived?</p> <p>3. How many collective bargaining notifications have been lodged so far?</p> <p>4. Have you been briefed on proposed section 46 changes</p>	23/04/2008	24/04/2008	
<i>Geelong case</i>						
<u>BET-4</u>	Joyce	ACCC	<p>Is the ACCC going to review all other cartel cases following this case?</p> <p><i>[this case refers to the case being discussed in estimates at around 10.00am on Wed 30 May 2007, i.e. the 'Geelong case']</i></p>	23/04/2008	24/04/2008	
<i>Official Development Assistance</i>						
<u>BET-5</u>	Evans	Treasury	<p>1. Provide the forward estimates profile for Official Development Assistance contained in budget estimates.</p> <p>2. What component of this has already been committed to current Official</p>	Transferred to AusAid on 19 June 2007		

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			<p>Development Assistance programmes?</p> <p>3. What is the uncommitted and unobligated amount currently provided for in the budget forward estimates for 2008-09, 2009-10 and 2010-11?</p>																																	
Excise and excise-equivalent customs duty																																				
BET-6	Evans	Treasury	<p>Excise and excise-equivalent customs duty — enhancing and streamlining eligibility for refunds, remissions and drawbacks</p> <table border="1"> <thead> <tr> <th>Revenue (\$m)</th> <th>2007-08</th> <th>2008-09</th> <th>2009-10</th> <th>2010-11</th> </tr> </thead> <tbody> <tr> <td>Australian Customs Service</td> <td>-3.1</td> <td>-8.7</td> <td>-9.2</td> <td>-9.7</td> </tr> <tr> <td>Australian Taxation Office</td> <td>-6.0</td> <td>-12.0</td> <td>-15.0</td> <td>-15.0</td> </tr> <tr> <td>Total</td> <td>-9.1</td> <td>-20.7</td> <td>-24.2</td> <td>-24.7</td> </tr> </tbody> </table> <p><i>Related expense (\$m)</i></p> <table border="1"> <tbody> <tr> <td>Australian Customs Service</td> <td>0.2</td> <td>0.4</td> <td>0.4</td> <td>-</td> </tr> </tbody> </table> <p><i>Related capital (\$m)</i></p> <table border="1"> <tbody> <tr> <td>Australian Customs Service</td> <td>0.1</td> <td>-</td> <td>-</td> <td>-</td> </tr> </tbody> </table> <p>The Government will align excise and customs legislation to establish consistent eligibility conditions across excise and equivalent customs product classes for taxpayers seeking a refund, remission or drawback of duty. The measure will have effect from the later of 1 January 2008 or the date of Royal Assent of the enabling legislation.</p> <p>This measure will allow all excisable and excise-equivalent imported goods – alcohol (other than wine), tobacco and fuel – to be eligible for a refund of duty where they are returned to a place licensed to receive the good, or they are destroyed with the prior approval of the relevant administering authority. Such goods will continue to be eligible for a drawback of duty when they are exported.</p> <p>The measure will increase the opportunities for manufacturers and importers to access a return of duty and will reduce compliance costs.</p> <p>The Government will provide the Australian Customs Service with additional resourcing to implement and administer the new arrangements.</p>	Revenue (\$m)	2007-08	2008-09	2009-10	2010-11	Australian Customs Service	-3.1	-8.7	-9.2	-9.7	Australian Taxation Office	-6.0	-12.0	-15.0	-15.0	Total	-9.1	-20.7	-24.2	-24.7	Australian Customs Service	0.2	0.4	0.4	-	Australian Customs Service	0.1	-	-	-	13/09/2007	13/09/2007	
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			<p style="text-align: right;"><i>(Budget paper no.2, page 13)</i></p> <ol style="list-style-type: none"> 1. How will this measure reduce compliance costs? 2. Who benefits from the measure? Do consumers receive any benefit? 			
<i>Appropriations framework</i>						
<u>BET-7</u>	Evans	Treasury	<ol style="list-style-type: none"> 1. Has Treasury been involved in any discussions with other agencies, or done any work on the current appropriations framework? If so please detail. 2. Does Treasury consider that there are any problems with the existing accrual appropriations framework? 3. Is Treasury aware of any instances where agencies have used appropriation funds for the depreciation of assets for other purposes and then sought additional funding for capital or asset replacement? 4. Has any work been done on the overall or whole of government funding of depreciation and how much of this has actually been used to fund asset replacement? 5. Are there any intentions to review the existing appropriations framework? 			

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<i>New Business Intensive Assistance Programme</i>																
<u>BET-8</u>	Evans	ATO	<p>New Business Intensive Assistance Programme</p> <table border="1"> <thead> <tr> <th>Expense (\$m)</th> <th>2007-08</th> <th>2008-09</th> <th>2009-10</th> <th>2010-11</th> </tr> </thead> <tbody> <tr> <td>Australian Taxation Office</td> <td>10.0</td> <td>10.0</td> <td>10.0</td> <td>10.0</td> </tr> </tbody> </table> <p>The Government will provide \$40.0 million over four years to enable the Australian Taxation Office (ATO) to increase support it provides to new businesses, particularly those that prepare their own Business Activity Statements, with effect from 1 July 2007.</p> <p>This measure will enable the ATO to conduct more face-to-face visits and telephone visits to new businesses, assisting them to understand their GST and other record keeping obligations and to develop good record keeping procedures.</p> <p style="text-align: right;"><i>(Budget paper no.2, page 306)</i></p> <ol style="list-style-type: none"> 1. Have businesses expressed dissatisfaction with their compliance burden? 2. Why can't the measure be met from existing resources? 	Expense (\$m)	2007-08	2008-09	2009-10	2010-11	Australian Taxation Office	10.0	10.0	10.0	10.0	07/01/2008	08/01/2008	
Expense (\$m)	2007-08	2008-09	2009-10	2010-11												
Australian Taxation Office	10.0	10.0	10.0	10.0												
<i>ABS – assets and liabilities / current solvency ratio</i>																
<u>BET-9</u>	Evans	ABS	<ol style="list-style-type: none"> 1. According to the 2007-08 PBS the agency has current assets of \$20.5 million and current liabilities of about \$45.1 million in 2006-07. 2. How does the ABS 'prudently' sustain a current solvency ratio of less than 100%? 	05/09/2007	05/09/2007											
<i>Child care tax rebate</i>																
<u>BET-10</u>	Sherry	ATO	<ol style="list-style-type: none"> 1. Please provide answers to the following questions for the financial years 2003-04, 2004-05 and 2005-06: <ul style="list-style-type: none"> • How many families were estimated to be eligible for the 30% child care tax rebate for each financial year listed above? 	07/01/2008	08/01/2008											

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			<ul style="list-style-type: none"> • How many families have received the child care tax rebate for each financial year listed above? • What was the average rebate paid per family for each financial year listed above? • What was the average rebate paid per child for each financial year listed above? <p>2. Finally, how many families in total and extra are expected to receive the Rebate once it is converted into a welfare payment?</p>			
<i>Access card - costings</i>						
<u>BET-11</u>	Stott Despoja	Treasury	<ol style="list-style-type: none"> 1. Has the Treasury been asked to do any alternative costings? 2. If so, has there been alternative costings of a smartcard without a photograph? 3. Has there been an alternative costing of increasing the number of card readers beyond the 50,000 budgeted? 4. What are the results of any alternative costings done by Treasury in relation to the Access Card project? 	05/09/2007	05/09/2007	Part 10 of a question transferred from the Department of Human Services
<i>New Business Intensive Assistance Programme</i>						
<u>BET-12</u>	Sherry	ATO	<p>I refer to the Budget announcement that the government will provide \$40.0 million over four years for the New Business Intensive Assistance Program to enable the Australian Tax Office to increase support to new businesses, particularly those that prepare their own Business Activity Statement.</p> <ol style="list-style-type: none"> 1. What sort of support will this policy provide? 2. Specifically, will this support provide assistance to a small business for obtaining its own specific ratio that it could apply in future GST calculations using the simplified accounting method? 	07/01/2008	08/01/2008	

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			3. How many public servants are being hired to provide this support? 4. When will those hired to provide this support start? 5. Will small business owners be able to approach the ATO for the support and if so how? 6. How will the support be delivered? 7. Where will the telephone service be located? 8. What percentage of support visits will be face-to-face and what percentage will be telephone visits? 9. What is meant by a telephone visit? Exactly what will occur in a telephone visit? 10. Where will ATO staff that conduct the face-to-face visits be located? And how many face-to-face visit staff will there be in each of those locations? 11. What will determine whether a small business owner receives a telephone or face-to-face visit? For instance is location the issue.			
<i>Superannuation guarantee [relates to E68 – proof transcript 29 May 2007]</i>						
BET-13	Sherry	ATO	1. Ordinary time earnings for superannuation guarantee purposes is calculated on the base rate of pay, does that base rate of pay, which excludes overtime, include weekend penalties and shift arrangements? 2. Further, if an individual signs an AWA that removes weekend shift penalties and shift arrangements then could this have the effect of lowering their superannuation guarantee payments?	07/01/2008	08/01/2008	
<i>Mortgage brokers – liaison with ASIC [relates to E96 – proof transcript 29 May 2007]</i>						
BET-14	Sherry	ATO	1. Have you had any liaison with either ASIC or state regulators in the area of mortgage brokers who, in many cases, provide low doc loans?	07/01/2008	08/01/2008	

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			2. If so when, who with, what was discussed and what is the outcome? 3. A formal response is required to "Does the tax office have any observations on the repossession rates on homes in this sector?"			

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Budget Estimates 2007-08 (May 2007)

Oral Questions on Notice

Q No.	Senator	Agency	Hearing date	Question	Proof Hansard Page	Date answered	Date sent to Senator	Additional Information
TREASURY – VERBAL QUESTIONS ON NOTICE								
<i>Forestry managed investment schemes</i>								
<u>BET-15</u>	O'Brien	Treasury	29/05/2007	<p>Senator O'BRIEN—So what are the amounts which it is estimated will be invested in forestry managed investment schemes in the coming financial year and the out years which is the basis for these calculations?</p> <p>Mr Brown—I do not have those investment figures with me. I would have to take that on notice.</p> <p>Senator O'BRIEN—If you would, thank you. Are they hard to ascertain?</p> <p>Mr Brown—As I say, I would have to take the question on notice. The estimates are ones which are based on consultations and the like.</p> <p>Senator O'BRIEN—They must be a number, an amount of investment, to base the calculations of tax or costs to revenue out of the schemes.</p> <p>Mr Brown—That is correct, yes.</p>	E6	13/09/2007	13/09/2007	
<i>Forestry managed investment schemes – level of trading</i>								
<u>BET-16</u>	O'Brien	Treasury	29/05/2007	<p>Senator O'BRIEN—In terms of the measure on page 15 of Budget Paper No. 2, did Treasury develop the secondary market model that is being used for the forestry managed investment schemes?</p> <p>Mr Callaghan—There was extensive consultation with the industry in advising government on the secondary market trading scheme. Treasury undertook with the department of agriculture extensive consultation.</p>	E7	13/09/2007	13/09/2007	

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				<p>Senator O'BRIEN—There are amounts factored into the forward estimates on page 15. What level of activity in financial terms are those numbers based on?</p> <p>Mr Brown—Again, they are based on mostly historical levels of investment into the industry. There has not actually been trading taking place so you have historical levels of investment as well as assumptions regarding the amount of trading that would take place once a trading regime has been allowed. That reflects the fact that the decision is to allow trading in respective interests in the industry.</p> <p>Senator O'BRIEN—So what are the assumptions that are made on the level of trading?</p> <p>Mr Brown—I would have to take that on notice. Off the top of my head, I cannot give you the exact figures.</p>				
<i>Non-forestry managed investment schemes - consultation</i>								
BET-17	O'Brien	Treasury	29/05/2007	<p>Senator O'BRIEN—Could you advise us on notice exactly who was consulted with regard to the non-forest managed investment schemes?</p> <p>Mr Callaghan—I would have to take that on notice. I do not have that information.</p> <p>Senator O'BRIEN—Thank you for doing that. Could you also advise the period over which that consultation took place?</p> <p>Mr Callaghan—Certainly I can say that the starting date was May 2006.</p> <p>Senator O'BRIEN—But you said in relation to the forest managed investment scheme decision that there was a consultation which took place. I am interpreting that answer to mean that you are talking about a consultation post December 2006.</p> <p>Mr Callaghan—Sorry, no. What I was talking about was that it was announced in the 2005-06 budget that there would be consultation on forestry. There was a time limit for the pre-payment</p>	E9-E10	05/09/2007	05/09/2007	

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				<p>rule and it was announced that there would be consultation dealing with the forestry industry. The government in May 2006 made an announcement regarding the forestry and proposed new arrangements for the forestry business. In May 2006, it indicated that it would be consulting on the basis of the application of these new arrangements for the forestry to the non-forestry business. From May 2006, then, was a period when there was consultation on the application of what was announced for the forestry to the non-forestry business. I cannot remember the exact date—I have not got them in front of me—when the government indicated that it would not be applying the same arrangements for the forestry business to the non-forestry business in the light of the change in the ATO's interpretation of the carrying on business rules.</p> <p>Senator O'BRIEN—Most people who come to my office about that issue claim that there was no such consultation, that indeed they were told to wait until after the forestry decision was announced and then afterwards there was no effective consultation. I am very interested if you could advise us who was consulted about non-forestry and when that consultation took place.</p> <p>Mr Callaghan—As I said, I would have to take that on notice. I do not have it in front of me.</p> <p>Senator O'BRIEN—I will await those answers.</p>				
Take-up rates of R&D tax concession								
BET-18	Carr	Treasury	29/05/2007	<p>Senator CARR—If I look at B54 and B58, they show an increase in the estimated costs of that 175 premium concession over the entire period. What has led to that reassessment?</p> <p>Mr Brown—I cannot give you an exact answer to that. I think that that would mostly reflect changes in return data, but I would have to take that on notice.</p>	E11	13/09/2007	13/09/2007	
R&D tax concession								
BET-19	Carr	Treasury	29/05/2007	Senator CARR —Let me take 2005-06. How many firms claimed	E13-E14	05/09/2007	05/09/2007	

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				<p>the 125 tax concession? Do you know that?</p> <p>Mr Brown—I would have to take that on notice.</p> <p>Senator CARR—What was the total research and development expenditure on which the 125 expenditure was paid?</p> <p>Mr Brown—Again, I would have to take that on notice.</p> <p>Senator CARR—Is it possible to get that information relatively quickly?</p> <p>Mr Brown—For years up to 2004-05, that information is published in the taxation statistics.</p> <p>Senator CARR—Yes. I have that. I want 2005-06.</p> <p>Mr Brown—I do not think that information is available yet. Again, I would have to take that on notice.</p> <p>Senator CARR—And, in the 2005-06 year, are you able to tell me how many firms claimed the premium R&D tax concession?</p> <p>Mr Brown—Again, I would have to take that on notice.</p> <p>...</p> <p>Senator CARR—I have some other questions I will put on notice as well, if I can. But there is no way I can get that information today? Is it possible to come back to the committee and advise whether or not that information in 2005-06 is available within the department?</p> <p>Mr Brown—I would have to check on that and get back. But I do not think that information is available yet.</p> <p>Senator CARR—Thank you.</p>				
<i>R&D investment</i>								
BET-20	Carr	Treasury	29/05/2007	<p>Senator CARR—I see. You have said there would be an additional business R&D investment of \$222 million per annum. That is the figure that is used. Is that your figure as well? \$222 million per annum. I raised this with the industry officers last night and they</p>	E14	05/09/2007	05/09/2007	

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				<p>told me that it came from you. It is the figure that appears in the minister's statement on budget night. The change is estimated to cost \$50 million per annum and result in additional business R&D investment of \$222 million per annum. Where did that figure come from?</p> <p>Mr Brown—I would have to take that one on notice. We certainly would have estimated that the potential expenditure was greater than \$200 million. But I am not sure about the precise figure you are quoting.</p> <p>Senator CARR—Well, it is very precise in the ministerial statement. Do you want a copy of that as well? I can show you a copy of it.</p> <p>Mr Callaghan—No. I do not think we need a copy of it. I think what Mr Brown is saying is that you have asked us where the figure comes from within that industry statement. As we have said, he is sitting here now. We cannot answer your question. We will have to take it on notice to find out the basis. We cannot recall where the figure comes from.</p>				
<i>Estimate of take-up in R&D spending</i>								
BET-21	Carr	Treasury	29/05/2007	<p>Senator CARR—Is that another case of spurious precision?</p> <p>Mr Brown—I would not say we applied spurious precision to those estimates. We published a number of \$50 million as the most representative estimate of a range of possible outcomes.</p> <p>Senator CARR—Could you provide me with details of how Treasury came up with the estimate of that take-up in R&D spending and the cost to the budget?</p> <p>Mr Brown—We would have to take that on notice.</p>	E15	05/09/2007	05/09/2007	
<i>Multinational enterprises increasing R&D</i>								
BET-22	Carr	Treasury	29/05/2007	Senator CARR —Can I ask you this: how many multinational subsidiaries are there in Australia that could potentially benefit	E16	13/09/2007	13/09/2007	

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				<p>from the changes in the longer term if they did choose to increase their spending?</p> <p>Mr Flavel—My understanding is that the figure of 300 firms that was used is an amalgam of a number of different sources. There will be those subsidiaries who may be increasing their R&D currently and holding the IP offshore who, as a result of the relaxation of the beneficial ownership test, will now get access to this concession. There would be subsidiaries of multinational enterprises who are not increasing their R&D but who as a result of these measures may now increase their R&D and retain the IP offshore.</p> <p>Senator CARR—How many of those?</p> <p>Mr Flavel—I do not know the exact breakdown. I would have to take that on notice. And the third component, which is an important component, would be those multinationals who now decide to locate a subsidiary here and conduct the R&D in order to access this concession.</p> <p>Senator CARR—Again, how many of those are there?</p> <p>Mr Flavel—As I said, I would have to take on notice the breakdown. I am just giving you the—</p> <p>Senator CARR—I understand the point you are making. Does the Treasury have access to that sort of information as to companies that are thinking about setting up in Australia?</p> <p>Mr Flavel—No. But I think the point would be that in making this estimate there is that amalgam of those three components. Clearly, some firms we would know about, such as those in the pharmaceutical industry. Others will be making a reasonable estimate about those who may choose to locate here.</p> <p>Senator CARR—Can you tell me what R&D expenditure you would expect these companies currently account for? How much money are they spending on research and development at the moment?</p>				

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				<p>Mr Flavel—In total, I do not know. I would have to take that on notice.</p> <p>Senator CARR—But you are able to establish that?</p> <p>Mr Flavel—Are you talking about those companies who are currently located here and looking at R&D?</p> <p>Senator CARR—I find it extraordinary that you can identify precisely that 300 companies for 10 years—not 299, but 300—every year produce this benefit, which you then put through at \$50 million per annum. I am just fascinated how you can get that figure. I would like to know, therefore, how much these companies currently spend on their research and development.</p>				
<i>United States arrangements for capital gains tax on shares</i>								
BET-23	Joyce	Treasury	29/05/2007	<p>Senator JOYCE—This is not a trick question. What are the arrangements of the United States on capital gains tax on shares? If I invest in the United States, are their arrangements an exact reflection of our arrangements?</p> <p>Mr Callaghan—I would have to double check. I believe that, from the information I have been given, within the OECDs the exemptions were France, Germany and Japan.</p> <p>Senator JOYCE—Can you take that on notice?</p> <p>Mr Callaghan—The United States arrangements—certainly.</p>	E23-E24	13/09/2007	13/09/2007	
<i>Corporate profitability</i>								
BET-24	Sherry	Treasury	29/05/2007	<p>Senator SHERRY—Let us go to another individual revenue area—corporate profitability. Can you outline what changes in corporate profitability have occurred between MYEFO and the budget?</p> <p>Mr Ray—While Mr White is doing that, I can confirm what you said earlier—that employment in 2007-08 has gone up by a quarter of a percentage point between MYEFO and budget.</p> <p>Senator SHERRY—It is a quarter of a per cent. The sensitivity</p>	E31-E32	13/09/2007	13/09/2007	

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				<p>parameters show one per cent.</p> <p>Mr Ray—It is 1.9 per cent, yes.</p> <p>Senator SHERRY—Do we have anything on corporate profitability?</p> <p>Mr White—We do not have the exact changes in corporate profitability, but they went up in both 2006-07 and 2007-08. In 2007-08 they went up by I think two to three percentage points. We can get the exact numbers for you.</p>				
<i>Projection of superannuation fund estimates</i>								
BET-25	Sherry	Treasury	29/05/2007	<p>Senator SHERRY—I have one other question. This is a relatively minor issue, but it stands out. Your projection of surcharge revenue going forward, obviously, is trending down. You have got 10 in 2008-09, 10 in 2009-10 and then it goes back up to 20 in 2011. Why is there a jump? This is on page 511. Why would we have a jump three years out—a doubling of the money?</p> <p>Mr Ray—It is more than likely rounding.</p> <p>Senator SHERRY—I thought you might say that. It sort of stands out—10 to 20.</p> <p>Mr Ray—We round to the nearest 10, I think.</p> <p>Senator SHERRY—You look a trifle unsure?</p> <p>Mr Ray—It is such a small amount that I do not—</p> <p>Senator SHERRY—In the scheme of things it is relatively small.</p> <p>Mr Ray—I do not have the detail of the spreadsheet that underpins it in my mind.</p> <p>Senator SHERRY—In the scheme of the figures, and the massive miscalculation in revenue figures we were talking about before lunch, you are right, but it just looks odd—10, 10, trending down on previous years and then up to 20.</p> <p>Mr Ray—Because the best answer that we can—</p>	E46	13/09/2007	13/09/2007	

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				<p>Senator SHERRY—Take it on notice.</p> <p>Mr Ray—say is that it is rounding. I will take it on notice.</p>				
<i>Number of taxpayers</i>								
BET-26	Sherry	Treasury	29/05/2007	<p>Senator SHERRY—The 10 million is. If Mr Gallagher can show me the figures for the out years that are in the budget, I would be more than happy to be shown the page number.</p> <p>Mr Gallagher—No, they are not available.</p> <p>Senator SHERRY—You cannot give me the figure; you do not have it with you for the out years. How do you determine the growth in taxpayers? What indicators do you use to determine growth? Is it employment forecasts in the budget or some other factor or factors?</p> <p>Mr Gallagher—The major determinant of growth is in actual fact the forecast of taxation revenue, because what we want to do is to maintain an income distribution so that we can do the costing and therefore we re-weight our micro simulation model so that it produces the forward estimates. The other factor that has been involved in this set of estimates is that we have allowed for the impact of the superannuation measures on the tax base, and that has taken taxpayers out of the tax base.</p> <p>Senator SHERRY—Are you able to give us an estimate of the number of taxpayers that would take out, the figure that you estimated?</p> <p>Mr Gallagher—I will take the question on notice.</p> <p>Senator SHERRY—You cannot give me an approximate figure?</p> <p>Mr Gallagher—It depends on the methodology. There is a variety of methodologies.</p>	E47-E48	24/04/2008	24/04/2008	
<i>Taxpayers in each marginal tax bracket in 2007-08</i>								
BET-27	Sherry	Treasury	29/05/2007	<p>Senator SHERRY—The question I asked is: how many taxpayers do you anticipate will be within each marginal tax bracket in 2007-</p>	E48	24/04/2008	24/04/2008	

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				08? Mr Gallagher —I will take the question on notice.				
<i>Department of Defence/ATO – revenue forgone for 2008-09 and 2009-10</i>								
BET-28	Sherry	Treasury	29/05/2007	<p>Senator SHERRY—When does the government announce that troops are going to be withdrawn from Iraq, by the commencement of the 2008-09 financial year? Therefore, why is there not a forgone revenue figure for that year and beyond?</p> <p>Senator Minchin—With some reservations, and I think I will have to check this, but my recollection is that it is associated with the fact that, in reality, the decisions on deployments are made on a rolling basis, on a six-monthly or yearly basis. While there is the forward estimate in terms of the commitment, the actual deployments of who goes and for how long are made discretely. At intervals of six months or a year there is the rolling program of deployments. I think that is probably what this is about, but we can confirm that for you.</p> <p>Senator SHERRY—As I say, I thought that your government's commitment was ongoing, without a foreseeable end.</p> <p>Senator Minchin—Certainly the commitment is ongoing. You know what our position is. We are there while we are needed and while the Iraqi government wants us and that is why the overall funding for the Department of Defence, as an expense item, is over those three years. But this relates to military personnel on the ground as a revenue forgone item because of the special tax arrangements for those forces. That is determined discretely and specifically, depending on particular needs and deployment decisions.</p> <p>Senator SHERRY—I understand why the revenue is forgone from the forces on the ground. I am not suggesting otherwise. It just struck me as odd, indeed inconsistent, that given that there is Department of Defence expenditure through 2008-09 and 2009-10, presumably there would have to be some persons on the ground.</p>	E77	24/04/2008	24/04/2008	

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				<p>Senator Minchin—Certain assumptions, yes.</p> <p>Senator SHERRY—On that basis, why does the revenue forgone not carry through to 2008-09 and 2009-10?</p> <p>Senator Minchin—As I say, I suspect it relates to the formal decisions made by NSC about deployments, but we will have to confirm that for you. We are getting that checked now. We will get back as soon as we can.</p> <p>Senator SHERRY—Because, as I say, I was not aware of an announcement that 2007-08 was the end of the commitment.</p> <p>Senator Minchin—No, you are quite right. But it is true that discrete specific decisions are made by NSC about specific deployments. We will check.</p> <p>Senator SHERRY—As I say, my concern would be that we have a cost being claimed by the Department of Defence. I mean we have to watch the Department of Defence, as you well know.</p> <p>Senator Minchin—Quite right.</p> <p>Senator SHERRY—We have a cost going forward over those three years and a loss to revenue for only one year. It just strikes me as being a bit inconsistent, whatever the pull-out date is ever going to be.</p> <p>Senator Minchin—On the face of it, you point to an inconsistency which I will seek to clarify.</p>				
<i>Return of excise on damaged products – legislation</i>								
<u>BET-29</u>	Sherry	Treasury	29/05/2007	<p>Senator SHERRY—Okay. I just want to come back to a couple of more general revenue issues. There is a measure set out in Budget Paper No. 2, page 13, titled ‘Excise and Excise Equivalent Customs Duty, Enhancing and Streamlining Eligibility for Refunds, Remissions and Drawbacks’. What does this measure do? It is a little difficult to tell from the measure description contained in the budget paper. It talks about aligning excise and customs legislation to establish consistent eligibility conditions across excise and</p>	E73-E74	05/09/2007	05/09/2007	

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				<p>equivalent customs product classes for taxpayers seeking a refund, remission or draw back of duty. I am just after a more plain English explanation as to what the outcomes are as a consequence.</p> <p>Mr Callaghan—I can only give it in a very general sense; it is in the circumstances of when you can get duty remitted. You are paying duty on the good at sale when it can be consumed. There has been inconsistency in the law in when duty has been paid and when, if it is damaged product and you want to get your duty back, it is streamlining and making sure there is consistency as to when duty can be remitted.</p> <p>Senator SHERRY—How is there a lack of consistency when it is a damaged product?</p> <p>Mr Callaghan—I have not got the details with me at the moment. It is a small item here. Just going on recollection, I know there can be circumstances where, for example, I think it was where beer has been damaged. If it is draught beer as opposed to packaged beer there are inconsistencies. In one instance, you can get the duty back and the other you cannot. But Mr Brown may have more detailed input.</p> <p>Mr Brown—An example of the inconsistency was that beer that came in kegs—draught beer—was eligible for a return of the excise, but if the beer was bottled beer then it did not qualify.</p> <p>...</p> <p>Senator SHERRY—So we have had these different excise treatments. Are there any practical issues here? Is it just a matter of simplicity?</p> <p>Mr Brown—The goods do need to be returned in substantially the same state as they were supplied. If it is beer in a bottle, it needs to be returned in the bottle. There are also issues about just verifying the return and arrangements for that.</p> <p>...</p> <p>Mr Brown—I think there are arrangements that need to be</p>				

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				<p>finalised for that, which I think were mentioned. I think there are some details like that that the legislation will clarify—regulations, basically.</p> <p>Senator SHERRY—Is there legislation to come to the parliament or regulation in this area?</p> <p>Mr Callaghan—I am not sure.</p> <p>Senator SHERRY—Perhaps you can check and let us know. I will have my colleagues pose some suitable questions at the legislative hearing.</p>				
<i>Exemption of income earned by Australians working on approved overseas projects</i>								
BET-30	Sherry	Treasury	29/05/2007	<p>Senator SHERRY—I have gone to them with questions in this category before. I just was not sure whether Revenue had examined anything in this context. I also wanted to go to an area of tax expenditure—A5, exemption of income earned by Australians working on approved overseas projects. In relation to tax expenditure A5, exemption of income earned by Australians who are working on approved overseas projects, does this tax expenditure include Defence Force personnel or is there an exemption from income tax when overseas included in another tax expenditure?</p> <p>Mr Brown—We will need to check that. Tax expenditures for Defence are at the start of A8. I think these are likely to be civilian, but we would need to check that.</p> <p>Senator SHERRY—I anticipate with a fair degree of certainty that we will be going beyond the dinner break, so you could come back after the dinner break if that is possible. I know it is five o'clock, and it may not be possible. If it is yes, what percentage of the TS relates to Defence Force personnel? Can government employees qualify for this exemption? What major projects have been approved in the past 12 months for this exemption? And do all Australian staff in foreign embassies automatically qualify for this exemption?</p>	E74			

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				<p>Mr Brown—We might need the list again just to make sure I get those down.</p> <p>Senator SHERRY—If the answer is yes to the first question, which I take it you have, what percentage of the TS relates to Defence Force personnel? Can government employees qualify? What were the major projects approved in the last 12 months? And do Australian staff in foreign embassies automatically qualify for this exemption? Superannuation tax collection from departed temporary residents was a measure introduced in Taxation Laws Amendment (Superannuation) Bill (No. 1). Do we have a revenue estimate of the collection from this measure in the last full financial year?</p> <p>Mr Gallagher—I am not aware of a revenue estimate for this measure from the last full financial year. I will take that on notice.</p> <p>Senator SHERRY—Are you aware of any revenue estimate?</p> <p>Mr Gallagher—We have discussed this in the past over many—</p> <p>Senator SHERRY—We have.</p> <p>Mr Gallagher—In those previous years I have discussed with you the fact that we have varied the revenue estimate.</p> <p>Senator SHERRY—That was because of the dismal failure to collect the revenue that was projected.</p> <p>Mr Gallagher—That dropped below my radar, and I—</p> <p>Senator SHERRY—It never dropped below mine; I can tell you that.</p> <p>Mr Gallagher—I will need to take the question on notice, I am afraid.</p>				
<i>Number of businesses leaving GST registration</i>								
<u>BET-31</u>	Sherry	Treasury	29/05/2007	Senator SHERRY —As to the expectation of businesses leaving GST registration as a consequence, did the ATO examine what that number of businesses would be?	E78	13/09/2007	13/09/2007	

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				<p>Mr D'Ascenzo—No.</p> <p>Senator SHERRY—What about your area, Mr Callaghan—did you do any work in this area?</p> <p>Mr Callaghan—Yes. The measure was a budget measure and it was costed.</p> <p>Senator SHERRY—Was any analysis carried out of the impact of the lifting of the threshold from \$50,000 to \$75,000?</p> <p>Mr Callaghan—Certainly there was an analysis carried out. The impact is that it will have an impact on GST receipts.</p> <p>Senator SHERRY—I understand that.</p> <p>Mr Callaghan—That was provided in the budget papers.</p> <p>Senator SHERRY—But what about other analysis aside from the GST receipts; the number of businesses, for example?</p> <p>Mr Callaghan—In order to gain that, there have to be estimates of the amount that was affected. More broadly, the other analysis, as you say, was the feedback that came out in the Banks report on regulation. As the commissioner has said, there have been requests in terms of the more general impact it may have on the business sector. This is something that has been under discussion for some time. In terms of quantifying the impact of it, yes, an analysis was taken and the measure costed.</p> <p>Senator SHERRY—Given the costing occurred, what was the estimate of the number of businesses that were projected would leave?</p> <p>Mr Callaghan—I do not have that information. I do not know if Mr Brown has. No.</p> <p>Senator SHERRY—Mr Gallagher does not?</p> <p>Mr Callaghan—This is Mr Brown's side of things.</p> <p>Mr Brown—It is one of my costings. But, no, I do not have that number on me.</p>				

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				<p>Senator SHERRY—Presumably that work would have been done?</p> <p>Mr Brown—The estimates were based around the take-up rate assumption.</p> <p>Senator SHERRY—Could you take that on notice?</p> <p>Mr Brown—Yes.</p>				
<i>Consultation on the Tax Laws Amendment (2006 Measures No. 7) Bill 2006</i>								
BET-32	Sherry	Treasury	29/05/2007	<p>Senator SHERRY—In reference to that, are you able to outline who was consulted on that schedule?</p> <p>Mr Callaghan—In general the financial sector was consulted on it, because it has obvious implications.</p> <p>Senator SHERRY—Are you able to give me an indication of the—</p> <p>Mr Callaghan—I think there are submissions on the public record when this was referred to the economics committee. They are on the public record even for the hearing on this measure this coming Friday. The Australian Bankers Association is the one that comes to mind; I cannot remember the others.</p> <p>Senator MURRAY—There is an accounting firm—</p> <p>Mr Callaghan—There is an accounting firm. There is Pacific Finance Group. But similar to all of these measures, there has been very extensive consultation.</p> <p>Senator SHERRY—Was an independent departmental consultant appointed?</p> <p>Mr Callaghan—Going back, we engaged a consultant to help with the definition of 'debenture'.</p> <p>Senator SHERRY—Do you recall who that was?</p> <p>Mr Callaghan—I cannot recall the name.</p> <p>Senator SHERRY—Could you take that on notice?</p> <p>Mr Callaghan—We will take it on notice. If we had the name, we</p>	E79-E80	24/04/2008	24/04/2008	

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				<p>could obviously look at the schedule at the back of the annual report.</p> <p>Senator SHERRY—Could you also take on notice how long they were engaged for and the quantum for the contract? Will the report of that consultant be made public? I understand that it has not been to date.</p>				
<i>Tax treatment of non-super additional income</i>								
BET-33	Sherry	Treasury	29/05/2007	<p>Senator SHERRY—Are you able to release publicly the consideration, assumptions and calculations around that element: the tax treatment of non-super additional income for those who are on tax schemes at aged 60? Are you able to release that publicly?</p> <p>Mr Lonsdale—I would have to take that on notice and just see exactly what analysis there is. If you would like me to do that, I am happy to.</p> <p>Senator SHERRY—Thanks.</p> <p>CHAIR—Does that form part of any advice to the minister?</p> <p>Mr Lonsdale—It could well have. It probably did.</p> <p>CHAIR—On that basis then there would be no requirement for you to provide that information.</p> <p>Senator SHERRY—We regularly do not get stuff that does not form part of advice refused to us, so I am not sure you are make any advances with that declaration, Chair. In this area of the tax treatment at age 60 for non-super additional income, did Treasury carry out any specific costing were that applied in respect to tax schemes, and the loss to revenue?</p> <p>Mr Lonsdale—I would have to check that.</p>	E98-E99	13/09/2007	13/09/2007	
<i>Estimates for tax treatment of non-super additional income</i>								
BET-34	Sherry	Treasury	29/05/2007	<p>Senator SHERRY—Given what you have said, there have been no new estimates prepared on costings relating to changing the tax treatment of non-super additional income at age 60 for pension</p>	E99-E100	13/09/2007	13/09/2007	

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				<p>members of these schemes?</p> <p>Mr Lonsdale—I think that goes to policy advice.</p> <p>Senator SHERRY—No, I am not asking you for the advice. I am just asking whether or not there have been figures prepared or costed in this area.</p> <p>Mr Lonsdale—We cost options all the time.</p> <p>Senator SHERRY—Has this option been costed?</p> <p>Mr Lonsdale—I would have to check.</p> <p>Senator SHERRY—Are you sure you do not know?</p> <p>CHAIR—Again, if—</p> <p>Mr Lonsdale—As I said, we—</p> <p>Senator SHERRY—No, if he says, ‘Yes, it has been costed’, and I went the next step and said, ‘Where is it; give it to me’, I accept I couldn’t go that far. It is just a matter of whether it has been done.</p> <p>Mr Lonsdale—I am happy to check, Senator, and come back.</p> <p>Senator SHERRY—Sorry, your wording, ‘I am happy to check, Senator, and come back’, still indicates to me that you do know that it has been done. Has it been done or not?</p> <p>Mr Lonsdale—As I said, we do a lot of costings and I would have to check. I am happy to take it on notice and come back and tell you whether we have done a costing on that or not.</p>				
<i>Strategic Capital Superannuation Fund</i>								
<u>BET-35</u>	Sherry	APRA	29/05/2007	<p>Senator SHERRY—Last week there was an award under section 23 of SIS in relation to the Strategic Capital Superannuation Fund, and APRA disqualified the four trustees and the auditor for 18 months. After the investigation that you began in March 2003 there were several regulatory breaches. More than half the \$24 million in assets contributed by 488 members was unable to be found. The nature of the breaches were inaccurate record keeping, auditing accounts and submitting annual financial reports, as I understand it.</p>	E105-E106	05/09/2007	05/09/2007	

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				<p>Are you able to give us any more detail? The last report is that more than half of the funds were unable to be found. Why were they unable to be found and is there any chance of any of that being found in the near future?</p> <p>Mr Jones—Sometimes it is not good to provide substantive replies to very specific elements of this. The facts are that 90 per cent of the eligible loss was recovered. Your question relates to the notion of additional moneys missing?</p> <p>Senator SHERRY—Yes. The last report I have is as at 18 May, and this may have been a report referring to the initial 50 per cent missing. If you are giving us an update that 90 per cent has been recovered then that is fine. I will treat that as an update. Why did the money go missing? What was the core of the problem here?</p> <p>Mr Jones—It goes back a number of years. It was a fund out of WA. The original issues were that it was acting as a public offer fund without having a licence so when we stepped in we froze the assets. This goes back a long time. Then we looked at possible breaches of the legislation, sole purpose fraud and so on and then had to have a look at what was missing.</p> <p>Senator SHERRY—The action that you took against the four trustees and the auditor of 18 months disqualification, is that accurate?</p> <p>Mr Jones—We cannot disqualify for 18 months, so that is not accurate. The only power that we have is to disqualify.</p> <p>Senator SHERRY—And they have been disqualified?</p> <p>Mr Jones—Precisely. We cannot disqualify for 18 months. What happens is that you are disqualified unless and until you come back to APRA and make a case to be no longer disqualified.</p> <p>Senator SHERRY—I may be reading this report incorrectly in the sense that it may in fact refer to 18 months after the investigation began, rather than 18 months disqualification.</p> <p>Mr Jones—It might be better if you want more detail if I take it on</p>				

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				notice and provide more specifics. Senator SHERRY —Yes.				
<i>Disqualification of an auditor</i>								
BET-36	Sherry	APRA	29/05/2007	Senator SHERRY —Yes. Do you refer this on to the accounting professional bodies for follow-on discipline? The reason I ask that is that, here you are, you have disqualified he or she—I do not know—and it is a serious offence in my view, and you obviously saw it as serious yourself, yet that person could continue to practise as an auditor having committed a very serious offence in the context of superannuation. Mr Khoo —Yes, our practice has generally been to refer the matters back to their professional bodies as well for disciplinary action if that is appropriate. But if you are asking whether that happened in regard to Strategic I would have to take that on notice. Senator SHERRY —Fine.	E106	05/09/2007	05/09/2007	
<i>Presentation of witness statements</i>								
BET-37	O'Brien	ACCC	30/05/2007	Senator O'BRIEN —Is the presentation of these statements at the discretion of the judge? Mr Cassidy —The consent orders? Senator O'BRIEN —No, not the consent orders, the sworn witness statements. Mr Cassidy —Very much so. It is a question of what the court will admit as evidence. Senator O'BRIEN —Are they the rules of the court or the state of the legislation? Mr Samuel —Rules of court, I am instructed. Mr Cassidy —They are rules of court. Whether it is in the Federal Court Act or whether it is just the rules of evidence of the court I am afraid I would have to consult our lawyers on, but it would be	E9	23/04/2008	24/04/2008	

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				one or the other. I suspect rules of evidence, which means that it is not a legislative matter as such.				
<i>Petrol prices – state and territory intervention</i>								
<u>BET-38</u>	Ronaldson	ACCC	30/05/2007	<p>CHAIR—I just have a couple of quick questions. Some states have called for federal intervention in relation to petrol prices. As I understand it, the states and territories themselves have the power to intervene if they thought it necessary, both in terms of conducting price inquiries and in capping petrol prices. Can you confirm that my understanding of their powers is correct?</p> <p>Mr Cassidy—I think that is probably right. But if you want a definitive answer, you will probably need to take it on notice. The states have a number of pieces of legislation that relate to petrol retailing, so I would suspect that they—</p> <p>CHAIR—Your initial view is they can but you will take the rest of that on notice, will you?</p> <p>Mr Cassidy—Yes.</p>	E22	23/04/2008	24/04/2008	
<i>Acts Interpretation Act – exemptions</i>								
<u>BET-39</u>	O'Brien	ACCC	30/05/2007	<p>Senator O'BRIEN—Let us go back to the Foxtel exercise, because it is that aspect of the law that I wanted to examine, where the ACCC granted an exemption to certain competition requirements only for the exemption to be overturned on review after construction had started. There seems to be a lot of disquiet in industry about issues of regulatory certainty that the exemption process provides. Are you aware of that disquiet?</p> <p>Mr Cosgrave—There are two provisions that people who are contemplating investing can use. One relates to an exemption from regulation and one relates to the terms and conditions on which they will provide access to other access seekers. You correctly indicate that in Foxtel one of those provisions was used in the exemption application. That was ultimately overturned by the Australian Competition Tribunal, in part because of a view that the</p>	E27	23/04/2008	24/04/2008	

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				<p>infrastructure was likely to be invested in in any case. What is being contemplated by parties here is the lodging of access undertakings whereby they will indicate terms and conditions in advance on which they will provide access. That is quite an important distinction, because in one instance you are seeking that total exemption from access obligation; in the other, you are in fact accepting that you will need to provide access and specifying that up front for the purposes of getting certainty in the terms and conditions on which you will provide that.</p> <p>Senator O'BRIEN—Given all of that, is it the case that, by virtue of section 33(3) of the Acts Interpretation Act, even if an exemption is granted by the ACCC the commission may unilaterally vary or revoke that exemption so long as it follows the same process that it was obliged to follow when granting the exemption?</p> <p>Mr Cosgrave—That is a legal question as to the application of the act. I will take that part of the question on notice, although I think the answer is, yes, as a matter of law you could. It would be quite a different matter as a matter of regulatory practice, having gone through an extensive public process, the purpose of which is to provide certainty to parties as to whether you would as a matter of practice vary your ruling. It seemed to be counterintuitive with the objective of these provisions, which is to provide certainty to investors.</p> <p>Senator O'BRIEN—The legislative framework permits it, but you are saying that it is not a matter of policy?</p> <p>Mr Cosgrave—What I am saying is that it may be. I have taken on notice to be absolutely certain for your benefit. But maybe it is a matter of power; as with a number of other instruments, you could vary it. But these are provisions put in place to provide certainty for investors. You would clearly hesitate long and hard if, having given certainty to investors, you were entertaining an application to vary that. You would hesitate long and hard before you went in that direction, if indeed you would at all.</p>				

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<i>Percentage of population living in 'rural and regional' areas</i>								
BET-40	Joyce	ACCC	30/05/2007	<p>Senator JOYCE—For the record, that is Wobigah with ‘g’. What percentage of the population do you think lives in ‘rural and regional’?</p> <p>Mr Samuel—I would have to take that question on notice.</p> <p>Senator JOYCE—I am just trying to work out how big this place is.</p> <p>Mr Samuel—I would have to take that on notice, but equally I think if I took it on notice I still could not give you an answer because, you see, ‘rural and regional’ are subject to a judgement decision as to what we encompass within ‘rural and regional’. Let me perhaps make it a bit easier for you, if I can, in this context. Do not hang me on then numbers, but Telstra claims for the moment that its next G network covers—I think the figure quoted is—98 per cent of the population.</p>	E37	23/04/2008	24/04/2008	
<i>T3 prospectus</i>								
BET-41	Conroy	ACCC	30/05/2007	<p>Senator CONROY—From your understanding of your involvement in the process around the T3 prospectus, is the ACCC constrained in any way from acting contrary to these representations?</p> <p>Mr Samuel—Frankly I cannot give an answer to that, because I just do not know.</p> <p>Senator CONROY—I am happy for you to take it on notice.</p> <p>Mr Samuel—Thank you.</p>	E43	23/04/2008	24/04/2008	
<i>Telstra prospectus – G9 proposal</i>								
BET-42	Conroy	ACCC	30/05/2007	<p>Senator CONROY—Is the ACCC aware that the Minister for Finance’s letter on page 4 of the prospectus provides:</p> <p>... the Australian government is committed to promoting a competitive telecommunications industry for the benefit of all consumers and has in place an</p>	E44	23/04/2008	24/04/2008	

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				<p>appropriate telecommunications regime to facilitate this outcome.</p> <p>Are you aware of that statement?</p> <p>Mr Samuel—I have not read the whole prospectus, but I will take your word that it is included in the prospectus.</p> <p>Senator CONROY—And I again ask, does the ACCC believe that these representations in any way constrain the ACCC's regulatory discretion? That is about your regulatory discretion, not the government's, but yours?</p> <p>Mr Samuel—Again, I do not think I should provide an answer to a legal position on that.</p> <p>Senator CONROY—I am happy for you to take it on notice.</p> <p>Mr Samuel—I will take it on notice.</p> <p>Senator CONROY—In the ACCC's view do any of the statements made in the Telstra prospectus limit the ACCC's options for facilitating the G9 proposal?</p> <p>Mr Samuel—I will have to take that on notice.</p>				
<i>Retail tenant complaint enquiries</i>								
BET-43	Fielding	ACCC	30/05/2007	<p>Senator FIELDING—To move away from policy, has the small business minister spoken to you with regard to retail tenants being concerned in this area? That is not policy.</p> <p>Senator MURRAY—By the way—if I may say, through the chair, as a point of order—that instruction on policy is neither constitutional nor a Senate order; it is a convention. So do not ever accept it as law that we cannot ask questions on policy. We just observe the convention.</p> <p>Mr Cassidy—Senator Fielding, the answer to your question is no, as best as we are aware.</p> <p>Mr Samuel—We should take that on notice, though.</p> <p>Mr Cassidy—We will check it for you. I am just relying on the recollection at the table.</p>	E47-E48	23/04/2008	24/04/2008	

Q No.	Senator	Agency	Hearing date	Question	Proof Hansard Page	Date answered	Date sent to Senator	Additional Information
				<p>Senator FIELDING—I do not have the annual report here but has this issue come up in there at all?</p> <p>Mr Cassidy—Do you mean our annual report?</p> <p>Senator FIELDING—Yes.</p> <p>Mr Cassidy—Again, I would have to take that on notice. I could not say that it does not appear in some of the tables we have relating to complaints inquiries we receive. But that would be the only place that I think it would appear. If you like I can take that on notice and check whether there is any reference in those tables to the issue.</p> <p>Senator FIELDING—Have you got the number of complaints in the last couple of years?</p> <p>Mr Cassidy—I would have to take that on notice. We do not have that data with us.</p>				
<i>Unconscionable conduct complaints</i>								
BET-44	Murray	ACCC	30/05/2007	<p>Senator MURRAY—I have called for the report in question because my memory is that the committee did want the broad area examined, but I think your remarks particularly about the unconscionable provisions are right. But the issue is broader than that and that is what I would like to refer to later. Just on the area of unconscionability, I was one of those who supported its introduction into the Trade Practices Act. I think it is a very good principle. Mr Cassidy will probably find it easiest to recall the detail, but my impression is that unconscionable conduct is dealt with in two ways. One is where you take it up and you deal with it essentially on its merits and people go away and sort things out as they should, and that is a fast process. The other way is where the hard cases end up in the courts. Perhaps you could indicate to me how many unconscionable conduct complaints you have received, how many you have been able to deal with on their merits and have resolved and then how many have gone to court? Perhaps we should say in the last financial year or calendar year: which is</p>	E49-E50	23/04/2008	24/04/2008	

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				<p>easiest for you?</p> <p>Mr Cassidy—Between, say, July last year and April, which I suppose is what you might call the financial year to date, we have recorded 145 contacts relating to unconscionable conduct in business. Of those, 126 were complaints and 19 were just straight inquiries. You are after the figure for complaints. We have had about 126, which represents only about half a per cent of the total number of matters that we have recorded in our database during that same period. This is probably going to be beyond me a bit right here and now. Translating that into what happened to those 126 is something I perhaps need to take on notice. If I do that, obviously, without going into details of particular ones I will be able to say how many of them went into our initial detailed investigation and how many of them are still there. I think I am reasonably right in saying that none of those would have actually found their way into court. At this stage, that is, if nothing else, a product of the time involved from when you get a complaint to when you end up getting into court.</p> <p>Senator MURRAY—I would be happy to take those three items I asked you on notice. That is good. In answering that, could you add one more?</p> <p>Mr Cassidy—Yes.</p> <p>Senator MURRAY—If there is any particular area or category of business which dominates in that 126, I would be interested to know that.</p> <p>Mr Cassidy—Yes. We will give you some idea what areas the 126 fall into.</p> <p>Senator MURRAY—Thank you very much.</p>				
<i>Franchising and leasing/rental complaints</i>								
<u>BET-45</u>	Murray	ACCC	30/05/2007	Senator MURRAY —...I have another statistical question about franchising complaints. I have seen a lift in media reports on franchising. Are you getting more or fewer complaints? How many	E50	23/04/2008	24/04/2008	

Q No.	Senator	Agency	Hearing date	Question	Proof Hansard Page	Date answered	Date sent to Senator	Additional Information
				<p>franchising complaints have you had in the same time period we have just discussed?</p> <p>Mr Cassidy—I cannot for quite the same time period, so I suspect I will end up taking some of this on notice. But so far in this calendar year we have recorded 283 contacts in relation to franchising, of which 179 were complaints.</p> <p>Senator MURRAY—You would not have courts in there—</p> <p>Mr Cassidy—I do not have the figures in front of me, but I think I would be fairly safe in saying that we have probably had an increase in the number of complaints we are getting in relation to franchising—I have a chart in front of me that tells me we have—over the last 12 months or so. But, again, let me say that is an increase. I am talking about numbers of 179 out of 50,000-odd complaints that we receive a year. Let me take that on notice and we will be able to give you more detail on those figures.</p> <p>Senator MURRAY—Forgive me if I did not pick this up earlier; I do not think it was asked. How many leasing or rental related complaints were there?</p> <p>Mr Cassidy—Let me take that on notice as well, because we might need just to unpick that. At the moment, some rental/leasing complaints might have been recorded under unconscionable conduct. Some might be recorded under other areas of conduct under the act. We will need to manipulate our database a bit to pull that figure together for you.</p>				
<i>Section 51AC cases</i>								
BET-46	Joyce	ACCC	30/05/2007	<p>Senator JOYCE—When was the last section 51AC case that you pursued? Or have you already given the reason why you do not pursue more, that is, the gamut of the law is not sufficient enough for you to do it? When was the last time you pursued a section 51AC case and why do you not pursue more? Section 51AC, for those who have just tuned in, is unconscionable conduct—for the viewers at home.</p>	E53-E54	23/04/2008	24/04/2008	

Q No.	Senator	Agency	Hearing date	Question	Proof Hansard Page	Date answered	Date sent to Senator	Additional Information
				<p>Mr Cassidy—We have one case in court at the moment on appeal, the Dataline case. Prior to that the Cleanaway is probably the next most recent. I am sorry, I cannot give you dates.</p> <p>Senator JOYCE—How long ago was the Cleanaway case, for the purpose of the <i>Hansard</i>?</p> <p>Mr Cassidy—That is what I am saying; I do not know that I can give you a date. Can I take that on notice?</p>				
Section 87B undertakings								
BET-47	Joyce	ACCC	30/05/2007	<p>Senator JOYCE—I am going to go to another section. How many 87B undertakings has the ACCC secured during the last year relating to section 51AC?</p> <p>Mr Cassidy—I do not think I have that precise figure. Can I take that on notice?</p> <p>Senator JOYCE—Yes.</p>	E55	23/04/2008	24/04/2008	
Trustee in the case of Australian Capital Reserve								
BET-48	Sherry	ASIC	30/05/2007	<p>Senator SHERRY—Who was the trustee in the case of ACR?</p> <p>Mr D'Aloisio—Permanent.</p> <p>Senator SHERRY—Were they the trustee for the whole period?</p> <p>Mr D'Aloisio—I cannot answer that. I can take that on notice. I am not sure.</p>	E70	05/09/2007	05/09/2007	
State entities								
BET-49	Sherry	ASIC	30/05/2007	<p>Senator SHERRY—I am pleased that you have acknowledged that there is an extensive role for ASIC in respect to trustees and their duties and obligations, but it is not a total role, is it?</p> <p>Mr D'Aloisio—It would be a secondary one.</p> <p>Senator SHERRY—My understanding is that there is a role in terms of state entities in this area?</p> <p>Mr D'Aloisio—I would have to take that on notice. From memory</p>	E71	23/04/2008	24/04/2008	

Q No.	Senator	Agency	Hearing date	Question	Proof Hansard Page	Date answered	Date sent to Senator	Additional Information
				I think there is but I would not be able to help you very much with the details.				
<i>Unlisted and unrated entities</i>								
BET-50	Sherry/ Murray	ASIC	30/05/2007	<p>Senator SHERRY—I would like to clarify the 83 before I pass over to my colleagues. Are the 83 unlisted and unrated entities clearly separate, independent entities or are any of them interrelated? I am trying to get a sense of whether they are actually separate, individual entities.</p> <p>Mr D'Aloisio—We will check and confirm that, but I am fairly sure these would be 83 different entity groups. Within each of them there might be a group as you have with an ACR or a Westpoint. In fact, the number would be far too small if that were the case, because Westpoint had 38 entities and Fincorp had 23.</p> <p>Senator SHERRY—Yes, I just wanted to be clear about that.</p> <p>Mr D'Aloisio—We will check that.</p> <p>Senator MURRAY—If that is true, there is an interesting phenomenon here. If you have three comprising \$1 billion and 83 comprising \$7 billion then the others must be much smaller.</p> <p>Mr D'Aloisio—Yes.</p> <p>Senator MURRAY—It seems to be the biggest, then, that have fallen over. Is that the right conclusion to make?</p> <p>Mr D'Aloisio—I can accept the first part of the statement—that there are a lot of smaller ones. That is right. But I do not have the data on whether the three were the biggest or not. We could get that and have a look for you. I just do not have that at the moment.</p>	E76	05/09/2007	05/09/2007	
<i>Letter to 20 trustees (Bridgecorp proceedings)</i>								
BET-51	Sherry	ASIC	30/05/2007	<p>Senator SHERRY—Could we be provided with a list of those entities? Obviously you cannot do that now.</p> <p>Mr Cooper—I am sure we can do that for you.</p>	E77	05/09/2007	05/09/2007	

Q No.	Senator	Agency	Hearing date	Question	Proof Hansard Page	Date answered	Date sent to Senator	Additional Information
				<p>Senator SHERRY—Perhaps we could have a little bit of basic information on where their headquarters are and who at a state level is responsible for their regulatory oversight, to the extent that state governments are responsible in this area. I must say there has been a lot of research from our point of view to try to identify which particular government departments, statutory authorities and entities at a state level are overseeing these trustee entities. There is an added on issue that they are operating interstate, which begs a fundamental question for another time.</p>				
<i>Annual report – criminal and civil prosecutions / staffing figures</i>								
BET-52	Parry	ASIC	30/05/2007	<p>Senator PARRY—I turn to the six-year summary on page 51 of the annual report. There is a discrepancy. It may have been answered in previous estimates, but I am still curious to know this. Some 71 per cent of litigation in 2000-01 was successful, and the rest has been consistent; I think it works out to be 93 per cent—it is 94 per cent, 93 per cent and 92 per cent. Is there a particular reason? I notice the staffing is pretty well in line, if you look at increments, and funding is pretty well in line with increments over that time. Is there a particular reason why successful litigation was down a reasonable percentage difference, or is there a reason why it has been so high in the last few years?</p> <p>Mr Cooper—It is useful when you split those figures out, because that figure is a blended one. It blends criminal prosecutions and civil prosecutions. We can get you the figures but if you break them apart you will see that the civil rate, of which there are more cases, is right up there; it is in the high nineties. I think you will find that the criminal rate is more akin to the 2001 or 2000 figure that you gave us. It is more in line with that. It is 70 per cent or so. Breaking them apart gives you a better feel for it.</p> <p>Senator PARRY—There is a footnote which reads ‘2000-2001 may understate success rate’. I thought that might lead to an explanation as to why that is understated.</p> <p>Mr D’Aloisio—I do not know. We can have a look at it for you. We</p>	E80-E81	23/04/2008	24/04/2008	

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				<p>will take it on notice.</p> <p>Senator PARRY—If there is anything worth reporting back, if you would provide that on notice that would be great.</p> <p>Mr D’Aloisio—We will take it on notice.</p> <p>Senator PARRY—Likewise, on the six-year summary, in 2005-06, the year reported on, the staff average full-time equivalent, FTE, was 1,471, a decrease of 99 from the previous financial year. I have read through the staff and the personnel aspects, and there is no explanation as to why they were 99 down. That is a six per cent reduction. It is acknowledged that there was a six per cent reduction. Coincidentally, there is a six per cent reduction in workplace accidents as well, but that obviously is not related. Is there a reason why there was a 99 deficit this year compared with last year?</p> <p>Mr Cooper—I think you will find that those figures have increased. We have received substantially more funding in the interim period. We can get you the detail on this. It may well have been that we were managing staff levels against our working capital. Certainly the current state of affairs would see—just guessing roughly—another 100 on top of the 1,471 figure that you have given us and, correspondingly, substantially increased funding in this financial year as well. We can get you the figures.</p> <p>Mr D’Aloisio—We will take that on notice.</p>				
<i>Australian Commission for Law Enforcement Integrity</i>								
<u>BET-53</u>	Parry	ASIC	30/05/2007	<p>Senator PARRY—Finally, are you familiar with the new Australian Commission for Law Enforcement Integrity? It is a new commission commenced last year that this government implemented. It only has an oversight role with a parliamentary committee for the Australian Crime Commission and the Australian Federal Police at this point. If you are familiar with it, do you feel as though it could have an oversight role for ASIC? If you are not familiar with it, I would be happy to take that on notice.</p>	E82	05/09/2007	05/09/2007	

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				Mr D'Aloisio —I will do the latter. I am not familiar with the details of that. That would also be a big issue for us to talk through internally in terms of what would be involved in that and why it would be needed. I will take that on notice.				
<i>Indemnity granted to James Hardie officers</i>								
BET-54	Wong	ASIC	30/05/2007	<p>Senator WONG—First, what information can you give us? Are you able to table a document that sets out the extent of the indemnity or that describes the indemnity?</p> <p>Mr D'Aloisio—The best statement of it is in the group's March 2007 financial statements.</p> <p>Senator WONG—I will have to go along to ASIC and buy them?</p> <p>Mr D'Aloisio—I was going to suggest that we are happy to get extracts of that for you.</p> <p>Senator WONG—I would appreciate that. What is the financial extent of the indemnity? Is there a limit?</p> <p>Mr D'Aloisio—There is not an amount. I do not think they have disclosed the amount of the policy, but you would expect that would be normal practice. You would not disclose—</p> <p>Senator WONG—No, they are two different things. There is the insurance—</p> <p>Mr D'Aloisio—Yes.</p> <p>Senator WONG—which is an insurance policy issue. Is there any limit on the indemnity that has been granted pursuant to—</p> <p>Mr D'Aloisio—I am not aware of what the limit would be. I would expect there would be a limit. I am not aware of what that is. I will look into that further as well.</p> <p>Senator WONG—Have you perused the insurance policy?</p> <p>Mr D'Aloisio—We would not have access to that at this point. Whether we get access to that as part of a trial would be a matter that would be looked into, but we would not have access to that. I</p>	E85	23/04/2008	24/04/2008	

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				do not know if we have requested it. I can also inquire about that. Senator WONG —That would be useful, if you could take that on notice.				
<i>James Hardie – level of cover</i>								
BET-55	Wong	ASIC	30/05/2007	<p>Senator WONG—...My point is that you have come to a view that the indemnity would not, to paraphrase—and correct me if I am wrong—lessen the amount of moneys available to James Hardie litigants, to claimants, on the basis that even if successful the directors would have insurance to cover that amount; that is, the pool of money would not be reduced. Presumably, in order to come to that view, you would need to consider what indemnity was offered and what the policy stated?</p> <p>Mr D’Aloisio—I did not do the work myself, but I would assume in coming to that conclusion we would have done some rough calculations on what we would expect the level of cover to be and what we would expect the costs to be.</p> <p>Senator WONG—Who did that work?</p> <p>Mr D’Aloisio—I do not know. Within ASIC we would have done that. I do not know.</p> <p>Senator WONG—I always get nervous, frankly, when people in estimates speak in the hypothetical, ‘We would have done it.’</p> <p>Mr D’Aloisio—Short of doing it myself.</p> <p>Senator WONG—No, but obviously getting advice about whether it was done.</p> <p>Mr D’Aloisio—I will look at it again. The key point we are getting to here is whether there is a feeling that the indemnities could operate in a way that could have some significant impact on the ability of the Netherlands company to continue to meet its obligations. We are very alive to that issue. We are alive to it also in respect of the actual indemnity claim that we ourselves are not pursuing. The advice I have had to date is that that should not be an</p>	E85	23/04/2008	24/04/2008	

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				<p>issue, but I will look at it again and see if I can get some further details.</p> <p>Senator WONG—If you could provide more information on notice, I would appreciate it.</p> <p>Mr D’Aloisio—What you would like from us is really the—</p> <p>Senator WONG—The basis of your assertion in your evidence and perhaps some information associated with that because, to be frank, the question on notice answer was fairly truncated and, some might say, dismissive. But that would be to impute an intention of—</p> <p>Mr D’Aloisio—I think that would be highly unfair; there is no question of that.</p>				
<i>Foreign ownership</i>								
BET-56	Wong	ASIC	30/05/2007	<p>Senator WONG—Can I go to the issue of the levels of foreign ownership, which has had some airplay in terms of the Qantas takeover. There has also been some media commentary about the difficulty in ensuring that companies that are subject to foreign ownership ceilings actually comply with those, particularly given some of the derivatives and other contractual products that might underlie share ownership. For example, the ASA has written some commentary about this in May. The suggestion that was made in that is that, for example, hedge funds and other such entities effectively engineer products that enable some, I suppose, ducking of public scrutiny of who is in fact the legal owner of share interests. Are these issues that ASIC has considered and/or investigated?</p> <p>Mr D’Aloisio—That is a question that has a fairly wide remit. If we are talking specifically about the threshold issues of five per cent when you need to notify substantial shareholding, for some time around certain types of cash derivatives—I think they are called cash settled derivatives—there has been uncertainty as to whether stock that is subject to that then requires, when they get over the five per cent threshold, that that be notified. I think the</p>	E86	23/04/2008	24/04/2008	

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				<p>market view is 'no' to that, but they have to be—</p> <p>Senator WONG—Is that a definitional problem or position?</p> <p>Mr D'Aloisio—It is a very complex area and one that I am not quite as qualified to answer here, but we could get advice for you on it. Basically, as you know, whether it is legal or beneficial ownership, for the five per cent you need to notify. But with certain types of derivative products that are cash settled there is a view that that does not need to be notified, and it is something that the Takeovers Panel has been looking at. I can get you further detail. That is one issue.</p> <p>In relation to Qantas's ownership register, the 4951, the primary obligations are, through the constitution of Qantas, on Qantas's board to comply with those, and in the absence there is a regime in the legislation that requires the minister to take proceedings. They are the two issues that I am aware of.</p>				
<i>Financial Management and Accountability Act – ASIC preparation</i>								
<u>BET-57</u>	Wong	ASIC	30/05/2007	<p>Senator WONG—In fact, the Governance Review Implementation (Treasury Portfolio Agencies) Bill, which is part of the government's response to the Uhrig review and implements the Uhrig recommendations in relation to ASIC, CAMAC and APRA, moves you from the CAC Act to the FMA Act. I just wanted to know—and you might want to take this on notice—</p> <p>Mr D'Aloisio—No, I can actually—</p> <p>Senator WONG—now that I have given you all the information. What have you done in preparation and what changes have been made?</p> <p>Mr D'Aloisio—The process by which we are changing those from the existing legislation has been something through the audit committee that I have started to get familiar with. There has been a very significant process within ASIC over the last six months, culminating on 30 June, to bring all of our operations into line so that we are FMA compliant from 1 July. That extends right through</p>	E88	05/09/2007	05/09/2007	

Q No.	Senator	Agency	Hearing date	Question	Proof Hansard Page	Date answered	Date sent to Senator	Additional Information
				<p>to things like new chief executive instructions on procurement and on a number of issues that were slightly different from the previous legislation, and within which ASIC is being brought into line. From the last report I had on that, we intend to be compliant from 1 July, when it applies to us.</p> <p>Senator WONG—I hope you intend to be; I think you will be required to be. I am interested in knowing what action has been taken in terms of preparation.</p> <p>Mr D’Aloisio—It has involved a full review of everything we do and it has been very extensive.</p> <p>Senator WONG—Procurement matters?</p> <p>Mr D’Aloisio—Procurement and policies on gifts. We had a commission meeting this week where we went through with the executive director in charge of the project the key instructions that needed to be given to staff, to point out what the differences were and so on. There is a training program to make sure staff have picked up the differences.</p> <p>Senator WONG—Do you have any documentation you could provide to us, perhaps a report, that the commission has considered?</p> <p>Mr D’Aloisio—In principle, I do not see why not.</p> <p>Senator WONG—Obviously if there is something in it and there is a good reason why you do not want to identify people—</p> <p>Mr D’Aloisio—If I take the question on notice, we could outline what we have done and, if it is relevant to give some documentation, if it helps, we would do that.</p> <p>Senator WONG—That would be useful.</p> <p>...</p> <p>Senator WONG—I am interested in seeing, particularly with a statutory agency, exactly what is going to be required, in very practical terms, of the move. I have had some involvement with</p>				

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				<p>ASIC, and it would be a useful agency to observe. I am sorry I picked on you.</p> <p>Mr D'Aloisio—No, not at all. I should say that a lot of the process in moving from one piece of legislation to another does not have a lot of substantive impact in a sense that the processes that were being followed were in line in any event. It is only in a few areas where the changes have occurred and we can highlight those and provide a short report to you or to the committee.</p> <p>Senator WONG—That would be useful. One of the provisions requires the establishment of a special account for the treatment of unclaimed moneys. Has that occurred yet or is that pending?</p> <p>Mr D'Aloisio—Could we take that on notice as well?</p> <p>Senator WONG—Sure.</p>				
<i>Financial Management and Accountability Act – changes for the ASIC Chief Executive</i>								
BET-58	Wong	ASIC	30/05/2007	<p>Senator WONG—There are some changes at least in terms of the legal duties framing your role. I assume you become the chief executive?</p> <p>Mr D'Aloisio—Yes.</p> <p>Senator WONG—What arrangements or changes have been made to take account of the new responsibilities in that role?</p> <p>Mr D'Aloisio—There is an internal process of signing off through various levels of the organisation. They will sign off, give it to me and then I sign off on those. There are new processes being put in place for that. Also, in relation to instructions I need to give the organisation, there is a manual in terms of complying with that. There is a range of initiatives that we could summarise.</p> <p>Senator WONG—It would be useful to have those.</p>	E89	05/09/2007	05/09/2007	
<i>ASX – staffing level targets</i>								
BET-59	Wong	ASIC	30/05/2007	Senator WONG —Did ASIC seek a commitment from the ASX to	E89	23/04/2008	24/04/2008	

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				<p>increase staffing in those areas?</p> <p>Mr Cooper—Yes.</p> <p>Senator WONG—Has that been effected?</p> <p>Mr Cooper—We have only just issued the report and it is to go forward—</p> <p>Senator WONG—Yes, I have just realised the date. Are there any specific staffing level targets?</p> <p>Mr Cooper—To give you the specific numbers I would have to take that on notice.</p> <p>Senator WONG—I am happy for you to take it on notice, but I am more interested in the level of detail of ASIC's request of or directions to the ASX.</p> <p>Mr Cooper—I am sure our operations people would have that information.</p>				
<i>ASX – matters referred to ASIC</i>								
BET-60	Wong	ASIC	30/05/2007	<p>Senator WONG—Have there been further insider trading cases referred to ASIC by the ASX? I think 18 were reported from the beginning of the financial year to the end of March?</p> <p>Mr D'Aloisio—There would have been, but I do not have the number.</p> <p>Mr Cooper—Yes.</p> <p>Senator WONG—Could you take that question on notice? I have a number of other questions for you to take on notice too. Can you tell me the total number of matters referred to ASIC by the ASX since 2000? Are you able to give me figures as to the proportion of those prosecuted where enforcement action has been taken? Are you able to disaggregate those matters into insider trading, marketing manipulation, continuous disclosures and any other matters? In relation to that last question, perhaps we could just go back to 2004. Since 2000, could you give me the total number for the financial year, but can we have that with a disaggregation into</p>	E91	23/04/2008	24/04/2008	

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				categories for the years ending 2004, 2005 and 2006? Mr Cooper —Yes, I am sure we can do that.				
<i>Financial services reform policy statements</i>								
BET-61	Wong	ASIC	30/05/2007	<p>Senator WONG—This is Senator Sherry’s area but I have a quick question about this. I refer to FSR policy statements and the class orders issued on Monday, 28 May.</p> <p>Senator SHERRY—Yes, you can ask questions.</p> <p>Senator WONG—Thank you.</p> <p>Senator WONG—Senator Sherry will deal with all the policy issues about this. These appear to me to be very similar to some of the provisions in the bill, which has passed the House of Representatives.</p> <p>Mr D’Aloisio—Could you indicate what it is?</p> <p>Senator WONG—IR0719, Monday, 28 May. It is your information release.</p> <p>Mr Cooper—They are technical updates on FS policies, aren’t they?</p> <p>Senator WONG—Yes. Have you essentially jumped the gun, assuming that the parliament is going to pass these bills? I am trying to work out the relationship between them.</p> <p>Mr Cooper—No, I do not believe we have.</p> <p>Senator WONG—You wouldn’t do that, would you?</p> <p>Mr Cooper—It is what I could call routine maintenance. I do not think it pre-empts legislative changes at all. It is just bringing things—</p> <p>Senator WONG—I assume that you would need to update these policy statements if the legislation were passed?</p> <p>Mr Cooper—Depending on the intersection—if it interrupts those policies, then yes.</p>	E93	23/04/2008	24/04/2008	

Q No.	Senator	Agency	Hearing date	Question	Proof Hansard Page	Date answered	Date sent to Senator	Additional Information
				<p>Mr D'Aloisio—As a general rule, yes, you would.</p> <p>Senator WONG—My recollection is that these cover some of the particular areas that the legislation deals with. That is why I am interested in to what extent they are consistent with the bill. Do you want to take that on notice?</p> <p>Mr D'Aloisio—We will have to take that on notice to give you a detailed answer on that.</p> <p>Senator WONG—Thank you.</p>				
<i>AMP enforceable undertaking</i>								
<u>BET-62</u>	Sherry	ASIC	30/05/2007	<p>Senator SHERRY—On previous occasions—as Mr Cooper knows—we have discussed the AMP EU. We have discussed three or four outstanding actions that would possibly arise from analysis as a result of the last shadow shopping exercise. Where are we up to with those other organisations that were identified, not by name but identified as a group?</p> <p>Mr Cooper—A fair bit of time has elapsed since we last discussed that. As each month progresses we are doing new and different types of work. We do have a large body of work involved in what I might call financial planner compliance. I take your question to be that there is not necessarily a large piece of work coming out of those programs in the past. However, I can say that there are some fairly substantial surveillances and matters on our plate at the moment that may well end up in an EU or some other type of action.</p> <p>Senator SHERRY—I am looking for an update on that investigative work. It was identified that there were three or four still in that space. Perhaps you could give an update on notice.</p> <p>Mr Cooper—We could take that on notice.</p> <p>Senator SHERRY—It may well be that there is nothing coming out of one, two or more entities. I am just interested to know where it is up to.</p>	E94	05/09/2007	05/09/2007	

Q No.	Senator	Agency	Hearing date	Question	Proof Hansard Page	Date answered	Date sent to Senator	Additional Information
				Mr Cooper —We can certainly do that. I know what you mean.				
<i>Trustee corporations – uniform licensing and prudential supervision</i>								
<u>BET-63</u>	Sherry	ASIC	30/05/2007	<p>Senator SHERRY—We have got the joint oversight in the next couple of weeks. I wanted to go back to the earlier issues around ACR, Fincorp and Westpoint. As to the trustee corporations, is ASIC aware that the Standing Committee of Attorneys-General has been examining the harmonisation of state and territory legislation to ensure uniform licensing and prudential supervisions for these entities?</p> <p>Mr D’Aloisio—I was not aware of that.</p> <p>Senator SHERRY—Again, you might take this on notice for the next opportunity.</p> <p>Mr D’Aloisio—Yes, I will take that on notice.</p>	E94	05/09/2007	05/09/2007	
<i>Australian Capital Reserve – public advertising campaign</i>								
<u>BET-64</u>	Sherry	ASIC	30/05/2007	<p>Senator SHERRY—I would like to go to a couple of specific issues around ACR. I accept at the moment that it is very early days. Looking at your schematic, which is very usefully laid out, where ASIC did intervene with the various disclosure documents—the prospectuses—was there any accompanying examination of the actual public advertising campaign, both that which accompanied the prospectuses and whether there were any changes as a consequence of the change that ASIC identified was necessary on the various prospectus actions it took?</p> <p>Mr D’Aloisio—I cannot answer the question about advertising and the way that ASIC monitors this sort of advertising across a range of areas now. Mr Cooper might be able to answer that question. I would assume as part of the blitzes on advertising that ASIC has they would have covered all advertisements of this type. I would have to get more specific information for you on actual ACR advertisements. I do not have that answer readily available.</p> <p>Mr Cooper—If you had asked the same question about Fincorp we</p>	E95-E96	05/09/2007	05/09/2007	

Q No.	Senator	Agency	Hearing date	Question	Proof Hansard Page	Date answered	Date sent to Senator	Additional Information
				<p>would have given you a very long series of answers.</p> <p>Senator SHERRY—I was going to ask the same question, but I thought I would start with the easy one first in the sense that it is early days.</p> <p>Mr Cooper—I am with the chairman; I cannot specifically recall advertising in relation to ACR being an issue. However, we do have systems to look at all of those things.</p> <p>Mr D’Aloisio—We look at our records.</p>				
<i>Financial institutions – dispute processes</i>								
BET-65	Sherry	ASIC	30/05/2007	<p>Senator SHERRY—I will leave the Westpoint, Fincorp and ACR issues for the time being. There are other issues to raise but I am conscious of the time, and we have got that other opportunity in the next few weeks. On the issue of dispute procedures more generally, there has been some media coverage of a number of cases involving a number of Australian banks over the last few weeks. I am not going to go to the details of the consumer. I am aware of them and in fact I am aware of more than have been given some media coverage, but certainly a specific issue related to NAB and a specific issue related to Rabobank. There are some other issues around the handling of disputes by the internal disputes processes of institutions. Has ASIC done any recent work in terms of the robustness, timeliness and efficacy of the internal disputes processes operating within financial institutions? I did ask about this, I think, last year, in November. Mr Lucy had not been aware of any work, but it just seems that part of the strength of our system is to ensure that internal disputes are dealt with timely, ethically and robustly, hopefully so they do not have to go onto the next level.</p> <p>Mr Cooper—Can we take that one on notice.</p> <p>Mr D’Aloisio—I am not aware of any.</p> <p>Senator SHERRY—For example, has ASIC gone to any bank or insurance company? It is not an issue purely confined to banks. Every financial institution is required to have its internal disputes</p>	E102-E103	23/04/2008	24/04/2008	

Q No.	Senator	Agency	Hearing date	Question	Proof Hansard Page	Date answered	Date sent to Senator	Additional Information
				<p>process to carry out any examination of the way in which they are operating. I have not seen any statistical data of individual dispute resolutions in a number of cases solved et cetera, even in the aggregate or disaggregated, but also no recent examination of the status of their operation. So could you take it on notice? It just seems to me that it would be reasonable to have, on a regular basis, a review of the operational standards of these disputes process procedures. Occasionally there might need to be a more detailed examination when there is seen to be a significant number of disputes that are not being resolved in a reasonable time frame. So could you take that on notice because I think it is an area where some work needs to be done. Ideally, disputes would be settled with both parties amicably within the internal disputes processes.</p> <p>Mr D'Aloisio—We will take that on notice. We might talk to APRA as well about that.</p> <p>Senator SHERRY—Yes. It would seem to me it is your space to look at.</p> <p>Mr D'Aloisio—Yes, it is, but I am just thinking through getting the statistics.</p> <p>Senator SHERRY—But APRA's space has the licensing as well and there has to be an internal disputes process, but the examination of that in operational details seems to me to be ASIC's space.</p> <p>Mr D'Aloisio—We will look at that.</p>				
<i>ASIC investigations – extraditions</i>								
BET-66	Sherry	ASIC	30/05/2007	<p>Senator SHERRY—You mentioned that 10 have fled the jurisdiction. Do you have a figure on how many we have been able to extradite back to Australia and why we have not if we have information about where they are?</p> <p>Mr Cooper—Not in my materials, but obviously we can look into that.</p>	E105	05/09/2007	05/09/2007	

Q No.	Senator	Agency	Hearing date	Question	Proof Hansard Page	Date answered	Date sent to Senator	Additional Information
<i>First Capital Financial Planning</i>								
<u>BET-67</u>	Sherry	ASIC	30/05/2007	<p>Senator SHERRY—That is right. The impact of the fees and the insurance are much more easily quantifiable. But my question goes to where would they get that information about ‘How does this affect me?’</p> <p>Mr Cooper—Maybe we need to have a look at the pro forma letter because, I must admit, I do not have an example of what the letter would say. Maybe we have not drafted it yet; I just do not know. So the question is: when the superannuant opens up the letter explaining all of this, do they need external advice to help them make the decision or is it clear from the document that they have been misled about fees, misled about insurance, they can go back to First State Super and they will be topped up and put back in the position that they were in?</p> <p>Senator SHERRY—Yes. You have obviously done some hypotheticals based on real-life examples, but my assumption would be that in the letter there would be an illustration of those hypotheticals, without names, in the correspondence. My other assumption is that there would be some provision for them to, if they wish, get an individual advice at no cost, and it should not be at any cost given the circumstances, paid for by the recipient fund. There should also be that advice provision for them if they wish to seek it. They are just practical issues that I think would be reasonable in the circumstances.</p> <p>Mr Cooper—Can we take just that aspect of that matter on notice, because I just do not know the answer to that.</p>	E107	23/04/2008	24/04/2008	
<i>Calculation of losses</i>								
<u>BET-68</u>	Sherry	ASIC	30/05/2007	<p>Senator SHERRY—It would only be a recent possibility because they are now in DCs, not DBs. Is it possible to provide the committee with some of the calculations of the losses that ASIC made in this case? I do not want names attached. I am just interested to know what some of the scenarios were of the losses</p>	E108	05/09/2007	05/09/2007	

Q No.	Senator	Agency	Hearing date	Question	Proof Hansard Page	Date answered	Date sent to Senator	Additional Information
				<p>calculated in a variety of circumstances.</p> <p>Mr Cooper—I will see what we have.</p> <p>Senator SHERRY—I am sure you would have had to have worked that out for the case.</p> <p>Mr Cooper—For the case, yes.</p> <p>Senator SHERRY—Thanks for that.</p>				
<i>Appointment of a liquidator to a transport logistics company</i>								
<u>BET-69</u>	Sherry	ASIC	30/05/2007	<p>Senator SHERRY—And I do note that there was a restraining order preventing the operator from leaving or attempting to leave Australia. It does not give an indication of the quantity of money involved. You might just take that on notice for the next hearing. Another case that caught my eye was the appointment of a liquidator. That in itself did not catch my eye but in a release of 4 May you said you had appointed a liquidator to a transport logistics company, On Ground Logistics, in order to ensure that the approximately 13 employees who were owed about \$180,000 would then be able to receive their entitlements under GEERS, General Employee Entitlement and Redundancy Scheme. It seemed to me that is a fairly unusual reason to appoint a liquidator, to literally force the payment. Can you tell me what the rationale was behind that?</p> <p>Mr Cooper—I will have to take that one on notice. That case is not one I am familiar with I am afraid.</p>	E108	05/09/2007	05/09/2007	
<i>Fake investment website</i>								
<u>BET-70</u>	Sherry	ASIC	30/05/2007	<p>Senator SHERRY—Another release caught my eye mainly because I will be interested to see what the response was. The release of Monday, 2 April, was titled ‘Don’t be fooled this April Fools’ Day: ASIC helps you spot a scam.’ You launched a fake investment website on April Fools’ Day to alert investors about the dangers of investment opportunities on the internet. I am interested</p>	E109	05/09/2007	05/09/2007	

Q No.	Senator	Agency	Hearing date	Question	Proof Hansard Page	Date answered	Date sent to Senator	Additional Information
				<p>to know what the response was to the fake website.</p> <p>Mr Cooper—We might have to take that one on notice because I think the commission is also interested—</p> <p>Senator SHERRY—I am not criticising the initiative. I am interested to see in fact how many consumers you did manage to attract on April Fools' Day.</p> <p>Mr Cooper—I am not sure we have that data to hand, so we will have to take that on notice.</p> <p>Senator SHERRY—Again you may have to take this on notice. You have launched a simpler super calculator. What has the response been to that? That was launched on 5 April.</p> <p>Mr Cooper—We will have to take that one on notice.</p>				
<i>Australian Accounting Standards Board work program</i>								
BET-71	Wong	AASB	31/05/2007	<p>Senator WONG—Presumably either through your annual report or on notice you could go through your work program and just give me an indication of where you are at with those?</p> <p>Prof. Boymal—Yes. Let me say that at our last board meeting, which was only last week, we got to a point of completion on quite a number of issues. We put out two new accounting standards and three exposure drafts. The two accounting standards related to the capitalisation of interest and inventory for the public sector. And the three exposure drafts were gap GFS for the whole of government—</p> <p>Senator WONG—Yes, I want to come back to that. From page 7 onwards you have your work program in a table.</p> <p>Prof. Boymal—Yes.</p> <p>Senator WONG—I do not want a long explanation. I do not want to impose too much on you, but if you could perhaps print that off with a final table that just gave a little indication of where the status was, that would be much appreciated.</p> <p>Prof. Boymal—Sure.</p>	E24	24/04/2008	24/04/2008	

Q No.	Senator	Agency	Hearing date	Question	Proof Hansard Page	Date answered	Date sent to Senator	Additional Information
<i>Tier three – numbers and the impact on companies</i>								
<u>BET-72</u>	Wong	AASB	31/05/2007	<p>Senator WONG—Can you give us some sense of impact? Who would have fallen into the third tier? Are there significant numbers of small companies that are not exempt because they are not small proprietary companies that would now have to apply the SME standards? Do we have some sense of the numbers involved here?</p> <p>Prof. Boymal—We do. Unfortunately, I do not have the numbers with me. It is quite difficult to answer. The reason is that, under these new proposals, there are some companies who currently would be regarded as reporting entities and, therefore, would have to follow the full suite of standards and who would fall down into the SME standard. So they would be getting relief. There are other companies who would claim not to be reporting entities, who are still lodging their numbers and who are producing bits and pieces in terms of accounts where following the SME standard would be a greater burden. Some companies will have a greater burden and some will have a lesser burden coming out of these new proposals, but the difference will be that every company who has to lodge its numbers with ASIC will have a set of accounting standards to follow. Whereas the current regime has a situation where there are a group of companies who claim not to be reporting entities who lodge their numbers with ASIC and who do not have an accounting standard regime to follow.</p> <p>Senator WONG—This will resolve that?</p> <p>Prof. Boymal—This will resolve that.</p> <p>Senator WONG—I would like to go back to the issue I raised. I realise it might be difficult to ascertain, but from a public policy perspective it would be useful for us to get some sense of what the impact of the decision is.</p> <p>Prof. Boymal—We do have some information on that.</p> <p>Senator WONG—From my perspective, I would like to know broadly what sorts of numbers we are talking about in each of the</p>	E27-E28	21/09/2007	21/09/2007	

Q No.	Senator	Agency	Hearing date	Question	Proof Hansard Page	Date answered	Date sent to Senator	Additional Information
				<p>tiers. More importantly, I would like to know the number of companies that will be impacted by a decision not to establish a third tier and which sectors are they in? In other words, whether or not they not-for-profits? I do not need a detailed analysis. I am not clear in my own head whether those outside of the small proprietary company exemption will now be picked up in the SME tier and whether that is a shift. That is the practical impact of this decision that I would like to get a handle on.</p> <p>Prof. Boymal—It is somewhat difficult to quantify. We toyed with the question of a third tier but we did not pursue it. We never actually defined the companies that could potentially fall into a third tier. The cut-off, if it was to be a size cut-off, was never struck. Obviously, the number of companies that would fall into that tier would depend upon what size cut-off we would create. There is a bit of guesswork, because we never actually got to the point of saying what the size cut-off would potentially be.</p> <p>Senator WONG—I am happy to get any answer on notice, with the caveats that you have outlined.</p>				
<i>Companies applying for IFRS Lite</i>								
BET-73	Wong	AASB	31/05/2007	<p>Senator WONG—Could you take this question on notice? I would like to get some sense of the number of companies that will now have to apply IFRS Lite, or the SME standards. Senator Murray raises a good point: can we have some indication of which sectors they occupy?</p> <p>Prof. Boymal—Yes. But, in terms of what industries they are in, we would not have any information.</p> <p>Senator WONG—You would have the not-for-profit sector—</p> <p>Prof. Boymal—Yes, we do have not-for-profit information.</p> <p>Senator WONG—What we are trying to get a sense of is whether this two-tier system will bring more of those smaller companies into the SME reporting regime. I am trying to get a sense of the impact of the reform.</p>	E28	21/09/2007	21/09/2007	

Q No.	Senator	Agency	Hearing date	Question	Proof Hansard Page	Date answered	Date sent to Senator	Additional Information
				<p>Prof. Boymal—Yes, I understand.</p> <p>Senator WONG—It is a fairly general question but, if you can understand the sentiments, I would appreciate that.</p> <p>Prof. Boymal—Yes.</p>				
<i>Fall in agricultural income</i>								
BET-74	Sherry	Treasury	31/05/2007	<p>Senator SHERRY—If the drought comes to an end we will still have the issue of the higher exchange rate and the impact that it will have on export prices from the rural sector in what is a corrupted world market.</p> <p>Dr Gruen—Yes.</p> <p>Senator SHERRY—Do you not believe there is any particular need for Treasury to examine the impact on this sector? You have not done any special work to date?</p> <p>Dr Gruen—We have not done any special work to date. We would understand the general direction of the effect and it would be an effect operating not just on the rural sector but on all parts of exports that are not benefiting from the big rise in their prices.</p> <p>Dr Kennedy—And of course we monitor the rural sector and we look at the amount of income that is being generated in the rural sector. Possibly for some parts of the rural sector it could be the case that the prices of their commodities might be rising at this time with the exchange rate. For example, wheat prices or something like that. Obviously they cannot benefit from it if they cannot get any production out because of the drought. We certainly stay abreast of it and we are certainly aware of the very large fall in agricultural income over the last couple of quarters in the national accounts, which is clearly drought related.</p> <p>Senator SHERRY—What has been the evidence of the fall in income? Do you have approximate figures? Do you have anything that comes to mind?</p> <p>Dr Kennedy—I will see if I can get something to hand, but the fall</p>	E12	21/09/2007	21/09/2007	

Q No.	Senator	Agency	Hearing date	Question	Proof Hansard Page	Date answered	Date sent to Senator	Additional Information
				<p>in agricultural income in the last two quarters was extremely large. The fall in farm production that we have for 2006-07 is of the order of 20 per cent.</p> <p>Senator SHERRY—What about the income impact?</p> <p>Dr Kennedy—I think it is larger. We will see if we can find it for you.</p>				
<i>Intergenerational Report – assets test of age pension</i>								
<u>BET-75</u>	Sherry	Treasury	31/05/2007	<p>Senator SHERRY—I see Mr Gallagher poised. I actually have a specific question about this issue which he may be able to assist us with. From 1 July for the financial year going forward, what is the estimated number of individuals who will go onto, firstly, a part pension and, secondly, a full pension as a consequence of the assets test change?</p> <p>Mr Gallagher—In chart C6 of the report we show the impact of the change in both superannuation assets and age pension coverage in these projections. One of the first things you see in those projections is the rise in the number of part-rate pensioners which comes from the assets test change.</p> <p>Senator SHERRY—We see it there.</p> <p>Mr Gallagher—On top of other continuing trends.</p> <p>Senator SHERRY—Yes, I see that, but I cannot identify the actual number of that measure, can I?</p> <p>Mr Gallagher—I do not have the actual number with me, and I do not think it is in the report.</p> <p>Senator SHERRY—No, it is not in the report. That is why I am asking.</p> <p>Mr Gallagher—I will take the question on notice.</p> <p>Senator SHERRY—Do you have any idea of the approximate number? Are we dealing with in the next financial year, what, 10,000, 20,000 or 100,000 people in terms of part age pension</p>	E37-E38	24/04/2008	24/04/2008	

Q No.	Senator	Agency	Hearing date	Question	Proof Hansard Page	Date answered	Date sent to Senator	Additional Information
				<p>increase or full age pension increase?</p> <p>Mr Gallagher—What is shown here is the percentage change on a population which is close to two million.</p> <p>Senator SHERRY—You are not suggesting that two million people have an increase in—</p> <p>Mr Gallagher—No, I am not suggesting the two million, but I am saying that one per cent of two million people is not an insignificant number.</p> <p>Senator SHERRY—No. One per cent of two million, which is just 20,000 then? That is the ballpark figure you are indicating to me? You are not being very specific. You are giving me some hints.</p> <p>Mr Gallagher—No, I will take the specific question on notice.</p>				
<i>Intergenerational Report – ABS and Defence</i>								
<u>BET-76</u>	Sherry	Treasury	31/05/2007	<p>Senator SHERRY—... I have a couple of other questions on the <i>IGR</i>. If we go to charts 3.13 and 3.18, where is the underlying data information for 3.13 and 3.18?</p> <p>Mr Tune—This is Defence that we are looking at?</p> <p>Senator SHERRY—Yes, let us look at Defence—3.13. Where are the underlying figures?</p> <p>Mr Tune—As chart 3.13 says, it is based on ABS data and the Department of Defence annual reports from various years. We have built up the historical series from those.</p> <p>Senator SHERRY—In the ABS data and the Department of Defence annual reports, is the data actually given in number terms?</p> <p>Mr Tune—Dollar terms?</p> <p>Senator SHERRY—Yes.</p> <p>Mr Tune—Yes, they have been given in dollar terms, and then we have had to put that as a proportion of GDP to derive the chart.</p> <p>Senator SHERRY—Yes, I know what you have done, but if I go to ABS data and the Department of Defence annual reports, will I</p>	E40-E41	21/09/2007	21/09/2007	

Q No.	Senator	Agency	Hearing date	Question	Proof Hansard Page	Date answered	Date sent to Senator	Additional Information
				<p>actually get that dollar figure that you have graphed?</p> <p>Mr Tune—Have we manipulated the data or done something to it—is that what you are saying?</p> <p>Senator SHERRY—No, I did not say that or imply that in any sense.</p> <p>Mr Tune—We would do something to the data to be able to derive it. We might need to take that one on notice to give you the detail of that.</p> <p>Senator SHERRY—It is actually the raw numbers for the graph figure. The dollar figures are not available in a chart. As I understand it, if you go to ABS or the Department of Defence, it is not there. This is clearly data prepared by Treasury based on those documents.</p> <p>Mr Tune—Absolutely.</p> <p>Senator SHERRY—I accept that, but the actual dollar numbers are not published in either of those two sources. You have calculated it yourself on the historical data?</p> <p>Mr Tune—Yes.</p> <p>Senator SHERRY—You have produced a graph, but the actual table of the numbers is what I would like to see.</p> <p>Mr Tune—We will have to take that on notice.</p>				
<i>Intergenerational Report – Defence spending</i>								
<u>BET-77</u>	Sherry	Treasury	31/05/2007	<p>Senator SHERRY—Do you actually have the precise level of Defence spending, as a proportion of GDP, from 2002-03 through to 2005-06? Frankly, it has been very difficult to get the precise figures from chart 3.13.</p> <p>Mr Tune—No, as I said, we will have to take all that on notice.</p> <p>...</p> <p>Senator SHERRY—Can I also have the actual raw figure for</p>	E41	05/09/2007	05/09/2007	

Q No.	Senator	Agency	Hearing date	Question	Proof Hansard Page	Date answered	Date sent to Senator	Additional Information
				<p>Defence spending, as a proportion of GDP, in 2006-07?</p> <p>Mr Tune—We will take that on notice.</p> <p>Mr Francis—The number is actually in the text. For 2006-07, it is 1.7 per cent of GDP.</p> <p>Senator SHERRY—The last peak in that graph, on the right-hand side, looks like it is around 2003-04. Is that slight peak 2003-04?</p> <p>Mr Tune—I do not know. It looks like it is around that point but, once again, I think we had better take that on notice to pinpoint it for you.</p>				
Whole-of-government intergenerational amounts – aggregate expenses								
BET-78	Sherry	Treasury	31/05/2007	<p>Senator SHERRY—On page 10-22 of Budget Paper No. 1, if you look at the list of whole-of-government intergenerational amounts which are ‘netted departmental expenses’, that shows the figure of \$9.822 billion in 2007-08 and an upward revision of \$9.871 billion from the 2006-07 budget papers, which estimated the whole-of-government and intergenerational amounts for departmental expenses at \$49 billion.</p> <p>Mr Martine—Effectively, the interagency transactions are eliminated at the whole-of-government level so that the expenses for each agency listed in the table would include transactions with other entities within the general government sector, but in terms of the aggregate expenses—when they are aggregated at the whole-of-government level—those amounts are eliminated. The reasons why those amounts are different to those in the equivalent table in the 2006-07 budget papers, I am not entirely sure. I would have to take that on notice and consult with the department of finance.</p>	E42	05/09/2007	05/09/2007	
Carbon trading schemes operating in other countries								
BET-79	Joyce	Treasury	31/05/2007	<p>Senator JOYCE—This question might be self-interest for the farmers, but this is what they will be wanting me to ask: do farmers and people who own property get the chance to make money out of</p>	E50	13/09/2007	13/09/2007	

Q No.	Senator	Agency	Hearing date	Question	Proof Hansard Page	Date answered	Date sent to Senator	Additional Information
				<p>the carbon that is on their land?</p> <p>Ms Mrakovcic—It is impossible to answer that question. It would very much depend on—</p> <p>Senator JOYCE—Or is it that they are trading carbon on their land but the people who actually own the land do not make any money out of it, in which case—</p> <p>Mr Tune—It depends crucially on the design of your scheme. You cannot answer a priori. You would have to look at the detail of what the scheme was before you could—</p> <p>Senator JOYCE—Are there any countries that do anything similar to that?</p> <p>CHAIR—It is a very hypothetical scenario.</p> <p>Senator JOYCE—Can we take that one on notice, then?</p> <p>Senator SHERRY—I think if Mr Tune or any of the officers had knowledge of the schemes operating in any other countries that operate in the way that Senator Joyce is interested in—</p> <p>CHAIR—Do you want to take that on notice?</p> <p>Senator JOYCE—Yes, take it on notice.</p> <p>Mr Tune—We are happy to take it on notice.</p>				
<i>Future Fund</i>								
BET-80	Sherry	Treasury	31/05/2007	<p>Senator SHERRY—... Has Treasury done any work on examining where the Future Fund, without the higher education fund, is placed in terms of its ability to meet the latest actuarial calculated funding super liabilities; and if it can meet them by 2020?</p> <p>Mr Martine—We have done some modelling on that.</p> <p>Senator SHERRY—What is your conclusion?</p> <p>Mr Martine—When I say ‘modelling’, without downplaying the expertise of my staff, it is a very simple sort of modelling in terms of taking the assets as you described earlier in the budget papers. It is the asset balance at 30 June 2007, which is expected to be \$52</p>	E57 & E58	21/09/2007	21/09/2007	

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				<p>billion, and just simply projecting that out, taking the earnings rate, the mid-point of the investment mandate less costs, and projecting that out from now until 2020 and beyond.</p> <p>...</p> <p>Senator SHERRY—Given the \$52 billion and given for 2007 you said you took the mid-point, do you know what the actual rate of return would need to be to get to \$148 billion by 2020?</p> <p>Mr Martine—No, I do not. We have not worked backwards that way, but it would be an easy thing for anyone to do.</p> <p>Senator SHERRY—You might take that on notice. We could use a superannuation calculator to do it.</p>				
<i>Future Fund – modelling</i>								
BET-81	Bernardi	Treasury	31/05/2007	<p>Senator BERNARDI—Have you done any modelling on the rate of return of \$4.7 billion until 2020? What would the value of that be in 20 years if you had an amount of \$4.7 billion invested at your rate of return—the five per cent or 5.5 per cent?</p> <p>Mr Martine—No, we have not. That would not be difficult to do.</p> <p>Senator BERNARDI—Would you be able to do that for us?</p> <p>Mr Martine—We could take that on notice.</p> <p>Mr Tune—Is it \$4.7 billion or \$2.7 billion that you want us to look at?</p> <p>Senator BERNARDI—Perhaps you could look at both. That would be very valuable.</p> <p>Mr Tune—At what rate?</p> <p>Senator BERNARDI—At the modelling rate.</p> <p>Senator SHERRY—What was the figure?</p> <p>Senator BERNARDI—We have asked for two figures—\$4.7 billion and \$2.7 billion.</p>	E58	05/09/2007	05/09/2007	

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<i>Future Fund – impact of removal of funds</i>								
<u>BET-82</u>	Bernardi	Treasury	31/05/2007	<p>Senator BERNARDI—That goes back to the question I asked you about the modelling of \$2.7 billion. Perhaps to keep it at its most simple you could provide us with the impact for every billion dollars removed from the fund in terms of what the opportunity cost is at the other end?</p> <p>Mr Tune—We can do that.</p> <p>Senator BERNARDI—That would be a simple way in which we could—</p> <p>Mr Martine—We will confirm what we will do. We will just assume that we stick with the 2020 being the point at which we are trying to work out the gap?</p> <p>Senator BERNARDI—Yes.</p>	E62	05/09/2007	05/09/2007	
<i>Real spending – growth</i>								
<u>BET-83</u>	Sherry	Treasury	31/05/2007	<p>Senator SHERRY—Can you indicate the last time when we had a period where real spending was growing above three per cent for four consecutive years?</p> <p>Mr Tune—We would have to take that on notice.</p> <p>Senator SHERRY—You cannot recall any period when that happened?</p> <p>Mr Tune—I cannot myself, but I will take it on notice and we can check that.</p>	E65	05/09/2007	05/09/2007	
<i>Asset sales</i>								
<u>BET-84</u>	Sherry	Treasury	31/05/2007	<p>Senator SHERRY—Does Treasury know how much in revenue in dividends and the like has been forgone as a result of asset sales?</p> <p>Mr Martine—I think we would need to take that on notice. I think Mr McDonald mentioned a little while ago that on the department of finance website they list the proceeds from assets sales. I am not too sure whether as part of that information they also include the</p>	E67	05/09/2007	05/09/2007	

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				dividends.				
<i>Intergenerational Report – productivity growth forecast</i>								
<u>BET-85</u>	Sherry	Treasury	31/05/2007	<p>Senator SHERRY—Can you just confirm that the figure in the last <i>IGR</i> was 1.7?</p> <p>Dr Gruen—It was 1.75 per cent. The figure for the projection period in this <i>IGR</i> is also 1.75 per cent. However, we do not override the forecasts in the budget. In the years in which we provide a forecast in the budget, we use whatever labour productivity growth is forecast for the forecast years. That was also true for the previous <i>IGR</i>. In other words, for the previous <i>IGR</i> the forecast was for the 40 years, and the first two years came from the budget. They were the budget forecast years.</p> <p>Senator SHERRY—Which were?</p> <p>Dr Gruen—It was 2000—</p> <p>Senator SHERRY—No, the figure for the first two budget years.</p> <p>Dr Gruen—I can take that on notice, but we do not actually publish the labour productivity growth numbers in the budget.</p> <p>Senator SHERRY—I had noticed that. You can calculate it indirectly, as Senator Minchin knows.</p> <p>Senator Minchin—In a very rough and rudimentary fashion.</p> <p>Senator SHERRY—If you do not publish the figures, we have to make the best calculation we can on what is provided to us, as you know, Senator Minchin.</p> <p>Senator Minchin—I recall that exchange.</p> <p>Senator SHERRY—You do not publish it, but I am still seeking an explanation of the 1.5 per cent.</p> <p>Dr Gruen—The decade of the 2000s includes some history. It includes forecast years from the MYEFO. The <i>Intergenerational report 2007</i> takes as its base the MYEFO of late last year. It uses the forecast numbers for labour productivity in the relevant years</p>	E33-E35	21/09/2007	21/09/2007	

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				<p>and then, once the projection starts, it uses 1¼ per cent as the labour productivity growth assumption. When you put all of that together over the whole of that decade the outcome is 1.5 per cent to—</p> <p>Senator SHERRY—In this decade—we are in 2007—we have got some history.</p> <p>Dr Gruen—Yes. That history is shown in chart 2.17, on the previous page.</p> <p>Senator SHERRY—What does the history tell us about the figure for the 2005-06 year history period on productivity growth?</p> <p>Dr Gruen—I think the answer is 1½ per cent. I can certainly take it on notice and give you the answer for the productivity growth over that period, but I think the answer is 1½ . Do you still want that number?</p> <p>Senator SHERRY—Yes, if you have got it.</p> <p>Dr Gruen—I do. You can read it off the graph, and it is approximately 1½ per cent, but I am happy to give you the exact number.</p> <p>Senator SHERRY—It would be preferable to have the exact number reading off the graph. I have some questions on trying to identify some figures off a graph.</p> <p>...</p> <p>Senator SHERRY—I think we left it just before lunch with those two years of productivity figures. Can you enlighten us?</p> <p>Dr Gruen—Sorry?</p> <p>Senator SHERRY—The estimated figures?</p> <p>Dr Gruen—We do not publish those figures.</p> <p>Senator SHERRY—I knew that. I want you to get them for me.</p> <p>Dr Gruen—I am happy to take the question on notice.</p>				

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ATO – VERBAL QUESTIONS ON NOTICE								
<i>Portfolio Budget Statement – R&D refundable tax offset for small companies</i>								
<u>BET-86</u>	Carr	ATO	29/05/2007	<p>Senator CARR—I will take you now to the 2007-08 Treasury PBS on page 205. In the ATO section there is a line item called R&D refundable tax offset for small companies. For 2006-07, it is estimated to be \$290 million and for 2007-08 it is \$320 million. Am I right in thinking that this line item represents estimates of the funding that is actually paid out to companies under the offsets each year?</p> <p>Mr Callaghan—Sorry, which document are you referring to? The portfolio budget statement?</p> <p>Senator CARR—The PBS.</p> <p>Mr Callaghan—The portfolio budget statement?</p> <p>Senator CARR—Yes. For 2007-08 on page 205 under 2.5, Special appropriations.</p> <p>Mr Brown—Yes. What is in the tax expenditure statement is not the tax offset amount. What is in the tax expenditure statement is the tax expenditure that arises because the offset, which is an outlay, is not taxable.</p> <p>Senator CARR—Yes. But in the PBS figure, we are moving from \$290 million to \$320 million. I take it that represents an estimate of the funding that will actually be paid out to companies under that offset program.</p> <p>Mr Brown—That is the estimate of the amount that will be paid, yes.</p> <p>Senator CARR—Is it possible for you to give me the estimates for each year for the current forward estimates?</p> <p>Mr Brown—I do not have those estimates.</p> <p>Senator CARR—Who does?</p> <p>Mr Callaghan—I do not think they are published on a forward</p>	E11-E12	07/01/2008	08/01/2008	

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				<p>estimates basis.</p> <p>Senator CARR—Why is that?</p> <p>Mr Callaghan—Well, it is a breakdown of an ongoing program. Certainly in terms of the documentation we are looking at here we do not have the breakdown of every component of ongoing programs over the forward estimates and all the details of them.</p> <p>Senator CARR—But you have the figure here for 2007-08.</p> <p>Mr Callaghan—Yes. That is in the tax office's budget statement.</p> <p>Senator CARR—So do I ask the tax office whether they have got the forward estimates?</p> <p>Mr D'Ascenzo—We do not have that information. We can go back and see where that information came from and see what we can provide.</p> <p>Senator CARR—If you could, please.</p>				
<i>Dr Parker retained by ATO as consultant</i>								
<u>BET-87</u>	Bernardi	ATO	29/05/2007	<p>Senator BERNARDI—I would like to reference some material from Senator Fifield, who cannot be with us today because he is ill. He asked me specifically to follow up on a couple of issues related to his previous questions. Do you recall the substance of the conversation at estimates about Dr Parker and his removal from his office?</p> <p>Mr D'Ascenzo—Yes. I remember those questions.</p> <p>Senator BERNARDI—It was also referenced in a <i>Financial Review</i> article about Dr Parker's departure from the AVO, which is what prompted Senator Fifield's questions. My question specifically relates initially to how long you retained Dr Parker as a consultant to the AVO after his removal as head.</p> <p>Mr D'Ascenzo—We had arrangements to maintain Dr Parker's expertise as a consultant. To my knowledge, I am not sure we have used those services so far.</p>	E18-E19	07/01/2008	08/01/2008	

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				<p>Senator BERNARDI—So he would not have been paid anything in that time?</p> <p>Mr D'Ascenzo—That is right. That is to the best of my knowledge, but if that is incorrect, I will correct that too for you.</p> <p>Senator BERNARDI—I would be interested if he has been retained and used. You referred to perhaps a half a day a week or something.</p> <p>Mr D'Ascenzo—Yes. I was hoping to maintain some of the skills, but I am not sure whether we have actually made use of those skills as at this time. But I will confirm that.</p> <p>Senator BERNARDI—And if you have, I would be interested in what tasks he performed, the remuneration and those sorts of things that go with it. Following Dr Parker's removal as the general manager, Senator Fifield asked whether it was in response to the Cooney and Associates report. Has the Cooney and Associates report been tabled or is it a public document?</p> <p>Mr D'Ascenzo—I do not think it is a public document. It is a report that indicates whether or not, in their view, the ability to get the AVO people more on board could occur under Dr Parker's leadership or whether a change of leadership would be beneficial to that end. It concluded that the level of difference between Dr Parker and some of the AVO staff members was such that it would be desirable and advantageous for a new beginning from someone who has made significant changes to the status quo to someone who could then move it on to the next level.</p>				
<i>Operation of the bonus system within the Australian Valuation Office</i>								
BET-88	Bernardi	ATO	31/05/2007	<p>Senator BERNARDI—Can you then briefly explain how the current bonus system within the AVO operates or the one that you are seeking to change or has been referred to a remuneration tribunal?</p> <p>Mr D'Ascenzo—I think it had to do with the AVO having to, first, compete on market terms—turn a profit, return part of that profit to</p>	E19-E20	07/01/2008	08/01/2008	

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				<p>finance. Out of the remainder there was a division of whatever surplus pool arose, if any arose. I am not quite sure how the split occurred.</p> <p>Senator BERNARDI—So you do not know how it was allocated? Perhaps you could follow up that and advise us accordingly.</p> <p>Mr D’Ascenzo—Sure.</p> <p>Senator BERNARDI—I would be interested—</p> <p>Mr D’Ascenzo—Typically at the same level, the level of remuneration of the AVO was slightly below the level of remuneration of the ATO.</p> <p>Senator BERNARDI—What, then, would be, say, the maximum level of remuneration or bonus remuneration that an AVO employee could achieve?</p> <p>Mr D’Ascenzo—I think in terms of the ATO it is something in the order of \$20,000. The AVO would be less than that.</p> <p>Senator BERNARDI—It would be less than that. Would you mind following that up with a figure for us as well.</p> <p>Mr D’Ascenzo—Sure.</p>				
<i>Australian Valuation Office – senior executive bonus system</i>								
BET-89	Bernardi	ATO	29/05/2007	<p>Senator BERNARDI—You mentioned that the AVO is operating in a quasi-commercial environment—they have to be competitive. Some jobs would be much more lucrative than others within external responsibilities. Could there be an opportunity for senior executives to choose the most attractive jobs that may reflect on their bonus system?</p> <p>Mr D’Ascenzo—I do not think people have that level of discretion. I am not sure there is a variance among the sort of jobs in the AVO. I think they have a much more mundane, structured application of that bonus. It has not been a significant bonus over many years. But we can provide more information about how that works out.</p>	E20	07/01/2008	08/01/2008	

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<i>Australian Valuation Office – remuneration system</i>								
BET-90	Bernardi	ATO	29/05/2007	<p>Senator BERNARDI—In the case, then, of the AVO, Mr Parker would have had an input into the design of the remuneration system, albeit it grew out of DAS, as you mentioned earlier?</p> <p>Mr D’Ascenzo—I think just from memory there was no significant change to the remuneration system in terms of the bonus processes under Dr Parker’s leadership.</p> <p>Senator BERNARDI—Would you be kind enough to confirm that as well for us?</p> <p>Mr D’Ascenzo—Yes. By all means.</p> <p>Senator BERNARDI—In the event there was some change.</p> <p>Mr D’Ascenzo—I will document whatever change there might have been.</p> <p>Senator BERNARDI—That would be great. Thank you very much for that.</p>	E21	07/01/2008	08/01/2008	
<i>Australian Valuation Office – historical data on bonuses</i>								
BET-91	Sherry	ATO	29/05/2007	<p>Senator SHERRY—Could you take on notice to disaggregate the bonus, the levels, the quantum paid and numbers paid. Obviously I do not want names.</p> <p>Mr D’Ascenzo—I understand.</p> <p>...</p> <p>Senator SHERRY—I return to my earlier question that you have taken on notice about the historical data over the last 10 years so that we can see what the trends have been. Thanks.</p> <p>Mr D’Ascenzo—I am not sure whether I have over 10 years, but I will provide what I can.</p>	E21 & E22	07/01/2008	08/01/2008	
<i>Hobart debt legal unit</i>								
BET-92	Carol	ATO	29/05/2007	Senator CAROL BROWN —What was the cost of running the	E41-E42	07/01/2008	08/01/2008	

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	Brown			<p>debt legal team down in Hobart?</p> <p>Ms Crawford—I do not have that with me. All I have is that there were four staff based in Hobart.</p> <p>Senator CAROL BROWN—Do we have any idea of how much revenue they recovered for the Australian government?</p> <p>Ms Crawford—I do not have that.</p> <p>Senator CAROL BROWN—Have all the current clients of the debt legal team been notified of the changes and that they will now have to call Melbourne to discuss their cases?</p> <p>Ms Crawford—Again, I do not have that specific information. If there are cases that are on foot they will continue to be managed.</p> <p>...</p> <p>Senator CAROL BROWN—We do not know whether any of those clients have been told?</p> <p>Ms Crawford—I do not have that information, but I can get that.</p> <p>...</p> <p>Senator CAROL BROWN—You said all the staff were found alternative positions?</p> <p>Ms Crawford—That is correct.</p> <p>Senator CAROL BROWN—Where are those positions?</p> <p>Ms Crawford—Again, from the information that I have, all four staff have been assigned work in other parts of the tax office. Their new roles suit their qualifications and skills, as well as the organisational needs, but I do not have the specific positions that they are in.</p> <p>...</p> <p>Senator CAROL BROWN—Will any calls to Melbourne be at a local call rate?</p> <p>Ms Crawford—I will look into that. I am not sure of the answer,</p>				

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				<p>but I will certainly look at that.</p> <p>Senator CAROL BROWN—I would appreciate it if you could come back with that information.</p> <p>Ms Crawford—Yes.</p>				
<i>Perth debt legal unit – staff numbers</i>								
<u>BET-93</u>	Carol Brown	ATO	29/05/2007	<p>Senator CAROL BROWN—Are you looking at closing any other offices around the country?</p> <p>Mr D’Ascenzo—Offices? Functions?</p> <p>Senator CAROL BROWN—Debt legal units.</p> <p>Mr D’Ascenzo—We do that all the time. In other words, we try to rationalise our resources as best we can to produce a better outcome across the whole of the country. That rationalisation work will continue.</p> <p>Senator CAROL BROWN—My understanding is that there are debt legal units in every other state except Tasmania now?</p> <p>Ms Crawford—And certainly not the ACT.</p> <p>Senator CAROL BROWN—How many staff are in the Perth unit?</p> <p>Ms Crawford—I would have to take that on notice. I do not have that.</p>	E43	07/01/2008	08/01/2008	
<i>Hobart debt legal unit – consultation process</i>								
<u>BET-94</u>	Carol Brown	ATO	29/05/2007	<p>Senator CAROL BROWN—Just going back to the decision about the debt legal unit, how was that decision conveyed to the four staff members?</p> <p>Ms Crawford—I am not certain of the answer to that precisely, but I will find that out.</p> <p>Senator CAROL BROWN—Because it was closed down pretty quickly, was it not?</p>	E45	07/01/2008	08/01/2008	

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				<p>Ms Crawford—The information I have on my brief—</p> <p>Senator CAROL BROWN—They were moved on pretty quickly.</p> <p>Ms Crawford—says that staff in ‘Hobart and unions were formally advised about the transfer of the debt legal function on the 12th of April’. That is the—</p> <p>Senator CAROL BROWN—They are no longer there? They have all been moved on?</p> <p>Ms Crawford—Again, that level of detail, I am sorry, I do not have.</p> <p>Senator CAROL BROWN—If you could on notice provide me with the consultation process and the dates and the people involved in that, and particularly the consultation that was held with the staff and union and the dates, I would appreciate that. Thank you.</p>				
<i>ATO – general staffing levels</i>								
BET-95	Sherry	ATO	29/05/2007	<p>Senator SHERRY—What would be the additional staffing that will flow from this service, approximately?</p> <p>Mr D’Ascenzo—108.</p> <p>Senator SHERRY—Approximately 108 new staff. On the general staffing, I notice the ATO is to have a cutback in its total staffing by 116. So we have 108 we have identified as growth in this area—I am sure there are some details in the budget statements—but which other areas would receive a significant cutback? Something is going to have to give with the total cutback.</p> <p>Mr D’Ascenzo—It works out. I can give you the specific details. Let me give you an overview first. As part of our agency agreement processes we have to fund pay rises. That comes out of productivity costs, so if we have a pay rise of say four per cent, I have to pay that extra four per cent out of productivity increases. We have the normal efficiency dividend of 1.2 per cent, so you have a 5.2 per cent reduction in terms of our resources that has to be driven through productivity increases. Our attrition rate is around four per</p>	E54	07/01/2008	08/01/2008	

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				<p>cent, which means that you are still looking at a dip of 1.25 per cent, just on the balance. We have some new funding from government in specific areas and this is usually tied funding. So you net that all out and you find that you end up having a slightly reduced base. So what happens is that we have to find efficiencies in our base out of that net equation. We also have a higher percentage of tied funding to base funding.</p> <p>Senator SHERRY—It is by the by, but I notice the Productivity Commission is getting an increase of two per cent in its staff, from 204 to 218, but we will explore why the Productivity Commission needs an increase in staff later.</p> <p>Mr D'Ascenzo—We can provide specific details, if you wish. I can give it to you now or if you would like it—</p> <p>Senator SHERRY—I do not want to run through the stats at this time.</p> <p>Mr D'Ascenzo—We will provide the stats to the committee.</p> <p>Senator SHERRY—If you could, thank you.</p> <p>Mr D'Ascenzo—Including the increase in the Tasmanian workforce.</p> <p>CHAIR—You can highlight that if you like.</p>				
<i>Additional ATO resourcing since introduction of the GST</i>								
BET-96	Sherry	ATO	29/05/2007	<p>Senator SHERRY—Also, do you have any figures to hand on the additional resourcing that is being provided to the ATO since the introduction of the GST?</p> <p>Ms Granger—Only since it was originally introduced?</p> <p>Senator SHERRY—Yes.</p> <p>Ms Granger—We would not have that with us, I do not think.</p> <p>Senator SHERRY—Okay, but you can take that on notice.</p> <p>Mr D'Ascenzo—Just in round terms though, from memory we had reduced significantly through efficiency dividends over a period of</p>	E55	07/01/2008	08/01/2008	

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				over a decade and I think that got us to a point of about something like 16,000 FTEs or thereabouts. Then we had something like a 6,000 increase with the GST side of it overall. So that is the sort of ratio. But we will get more specific details in our answers to the committee.				
<i>Rights issues</i>								
<u>BET-97</u>	Watson	ATO	29/05/2007	<p>Senator WATSON—My question is directed to the Taxation Commissioner. ATO are sanctioned in taxing corporate rights issues and from observation I note that the issuing share price generally falls following a rights issue. That reduction does not appear to have been recognised in the ruling and thereby the taxing of the rights may create an artificially high price. The second part of the question is: if shareholders allow the rights to lapse through ignorance or other reasons, given that by virtue of the fact that they have not accepted the offer, can you confirm that no tax will be levied on such situations?</p> <p>Mr D'Ascenzo—Are you referring to share buy-backs or are you referring to rights issues?</p> <p>Senator WATSON—Rights issues.</p> <p>Mr D'Ascenzo—I am not sure about the question.</p> <p>Senator WATSON—It is an ATO class action. It is tax and corporate rights issues.</p> <p>Mr D'Ascenzo—We have been in consultation with the industry in relation to the outcome of the High Court's decision in the McNeil case. Out of that process there are some situations where if it is a non-renounceable right you have a certain outcome and if it is a renounceable right you are likely to have another outcome. And those outcomes will vary depending on your circumstances and there will be circumstances where there seem to be anomalies in the treatment of rights, and that is a matter that we have raised and are discussing with Treasury in terms of possible legislative approaches. But at this stage we are in the course of consulting with</p>	E58-E59	07/01/2008	08/01/2008	

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				<p>people to see how it applies. One rule does not apply across all rights issues. It really does depend on the circumstances of those issues.</p> <p>Senator WATSON—As it originally stood, would it give rise to a consequence of double taxation for capital gains purposes or would you get a deduction for tax paid on the rights issue?</p> <p>Mr D’Ascenzo—The newspapers got it wrong in terms of supposing that there is one rule that applies in all of these circumstances. You have to find out what the situation is in terms of the nature of the rights issue, whether it is renounceable or non-renounceable, and also the position in terms of whether someone sells the right or does not sell the right, and then the position of the capital gains tax on top of that. So it does vary.</p> <p>Senator WATSON—Could you give the committee a schedule of all of those options or situations?</p> <p>Mr D’Ascenzo—Yes, we can do that.</p> <p>Senator WATSON—Because a lot of people are a little bit worried about the number of unintended consequences that may flow from that original tax ruling. If that can be clarified that would be good. I understand you said that you are still in consultation, so the book is not necessarily closed on that?</p> <p>Mr D’Ascenzo—Yes. I am not sure if there are any unintended consequences that come from the ruling. If there are unintended consequences it might come from the impact of the High Court decision.</p> <p>Senator WATSON—Can you clarify that, too?</p> <p>Mr D’Ascenzo—Our ruling interprets the law and if there are unintended consequences in relation to how the law operates then that is a question for a legislative fix.</p> <p>Senator WATSON—Could you also give the committee a summary of that High Court ruling that led to your class action? That might provide us with a bit more background as to what could</p>				

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				<p>be their personal liabilities for the future.</p> <p>Mr D'Ascenzo—We will provide a summary of the impact in this area. As I said, we have been in consultation with the professional bodies. As far as the professional bodies and the advisers are concerned, there is no misunderstanding of how the law operates or could operate.</p> <p>Senator WATSON—It does not seem to have been reported that way in the popular press.</p> <p>Mr D'Ascenzo—That is right.</p>				
<i>Payment of HECS debts</i>								
BET-98	Watson	ATO	29/05/2007	<p>Senator WATSON—Deferred university fees and HECS, or HELP debts as they are now known, are adjusted to the CPI annually. Is it not rather inequitable that HECS and HELP debt repayments are not credited when they are received or when they are paid? For example, we have lots of public servants repaying HELP debts by salary deductions every fortnight. It appears that they only get the benefit of that by an annual deduction, and is there not a loss of interest on those early deposits paid by particularly public servants or others who pay earlier or more frequently than annually?</p> <p>Mr D'Ascenzo—In theory that sounds right.</p> <p>Ms Crawford—I thought, Commissioner, this one would be better for you than for me. However, I will try. My briefing starts off by saying that the law requires that the employer take into account any accumulated higher education loan program debt of the employee when determining the amount to be withheld from the individual's income, but similarly the law does not allow that that amount be directly credited to the individual's HELP account. How it has been explained to me is that in the same way as a certain amount of tax is withheld from salary and wage earners progressively throughout a period and that amount is adjusted annually on the lodgement of a return, the same applies to the HELP amounts. We are not in a position really to know until the end of the year and the</p>	E59-E60	07/01/2008	08/01/2008	

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				<p>lodgement of the return whether in fact that taxpayer has that obligation or in fact has not reached the threshold.</p> <p>...</p> <p>Senator WATSON—My understanding is that the law prescribes certain amounts that must be deducted in terms of discharging the HECS debt. We had another scenario where taxpayers actually pay off at an accelerated rate, which appears to not fully be recognised. I am not sure that the law does cover that situation.</p> <p>Mr D'Ascenzo—We are happy to take that on notice and investigate the issue. My understanding from Ms Crawford's example is that we think that we are bound by the law in this area, but we will certainly explore it. As I said, when you asked me the question I said that in theory what you suggest is right.</p> <p>Senator WATSON—Thank you.</p>				
Average HECS debt for persons aged 20-25								
BET-99	Sherry	ATO	29/05/2007	<p>Senator SHERRY—I have a question about HECS. What is the average HECS debt for persons aged 20 to 25?</p> <p>Ms Granger—I would have to take that on notice.</p>	E60	07/01/2008	08/01/2008	
Australian National Audit Office Report No. 16 of 2006-07								
BET-100	Murray	ATO	29/05/2007	<p>Senator MURRAY—I would like to ask you about the Australian National Audit Office <i>Report into the administration of capital gains tax compliance in the individuals market segment</i>. That is audit report No. 16 of 2006-07. As you know, Commissioner, the ATO has the capital gains tax project, which commenced in July 2004 and is a four-year project focusing on capital gains arising from real property and share disposals. My take on that is that essentially the tax office felt, and the government supported you in that feeling, that you were being duded; people were not coughing up all the tax they should. Page 61 of that report, paragraph 3.46—you probably do not have it before you, so I will read it—refers to a</p>	E60-E61	07/01/2008	08/01/2008	

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				<p>figure. It states:</p> <p>Figure 3.1 indicates that during 2005-06 approximately 70 per cent of individuals with real property disposals in the data sample used had their identities partially matched with ATO records and were subsequently available to be risk assessed for administrative action (although consistent with 2004-05 these individuals were only matched to a low or medium level of confidence). Of these, a significant proportion, approximately 74 per cent, did not warrant further action and were being risk assessed at the time of the audit.</p> <p>I think that indicates that we still have a long way to go in this matter. What I would like from you, if you would not mind, is a brief encapsulation of where we are and what the weaknesses are that still need to be addressed, and then we can ask some further questions.</p> <p>Ms Granger—We do not have the specific information with us here. In very general terms in relation to the data-matching projects that that was reviewing, from memory, one of the issues for us is the quality of data from the various registries and land titles acts.</p> <p>Senator MURRAY—Are you referring to the states and territory registries?</p> <p>Ms Granger—Yes. We have been working through a process of refining and improving that. It is one of those areas where we expected that, as we went along, we would be able to improve it.</p> <p>Senator MURRAY—Are there any states that are much better than others?</p> <p>Ms Granger—I do not have an answer to that question here. We would need to do you a response more generally, but working through that has been part of the issue. There have been some results, which I can also tell you about. Again, I would like to provide you the detail on notice and give you the outcomes of that. It has been difficult, as I said, to get quality data, but we believe that is improving now.</p> <p>Senator MURRAY—To use a phrase Senator Faulkner likes, my</p>				

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				<p>sense of things is that there is a motza of money out there to be raised in this area. Is there any limitation on how far you can go back? Is this one of those circumstances under part 4A where you can go back as long as you like? Or are you restricted back six years or what?</p> <p>Ms Granger—The normal restrictions would apply in most of these cases without generalising it, absolutely. We started this project after we realised we needed to do a lot more work to bring to people’s attention their capital gains tax responsibilities. But there still is a fair bit of a belief out there that these things are not taxable. While it is reasonably well known around rental income, for example, that sale of property does not necessarily attract tax, we did find there was still a reasonable level of misunderstanding about that. I am not sure that we would be applying part 4A, for example, in many of these cases, although there are penalties in some. You are right in terms of the level of income. I am just looking at sale of investment properties here. This is for the individuals market, so this does not include businesses. We had out of 6,000 risk reviews and audits 40 million in revenue raised.</p> <p>Senator MURRAY—Sorry, can you repeat that?</p> <p>Ms Granger—In 2006, 6,000 risk reviews and audits resulted in \$40 million in revenue being raised. In 2007 we are conducting a further 6,000 risk reviews and audits. That is in that market. That does not include the micro business market, which we are also looking at as well.</p> <p>Senator MURRAY—When you say ‘risk review’, that sounds to me as if it is targeted, it is not a random sample.</p> <p>Ms Granger—This is targeted, correct.</p> <p>Senator MURRAY—Is that less or more money than you would expect? Six thousand is a lot of people for raising \$40 million.</p> <p>Ms Granger—I do not know how that went against our estimate of targets. I would have to check that for you. I do not have that information with me.</p>				

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				<p>Senator MURRAY—I do not recall seeing in either your annual report or in budget figures—I might not have remembered—an estimation of expected revenue increases from this project. Is there one out there?</p> <p>Ms Granger—I would have to check.</p> <p>Senator MURRAY—When you come back to the committee, I wonder if you could come back not with just a paragraph but a decent summary of the whole area. I tell you why I am asking. When I read these reports I get a sense of things; I read the polite language of the audit office and I think they are reflecting real concern. There are seven recommendations that you agreed with. But the substance of the report indicates that you have a long way to go. If part 4A does not apply, to me that means a massive loss of revenue, because these problems go back a long way. The question to me would be whether the ATO might want the government to look at any legislative measures to address this area. I think compliance is very low. That is my sense of it.</p> <p>Mr D'Ascenzo—The difficulties that the ANAO alluded to is a question of data quality and we are making some progress there. We think the whole idea of third party matching can be a very successful strategy in this area, provided we have good data. It is an area that we have focused on for some time, and while no-one pretends that there is 100 per cent re-compliance levels, our whole strategy is to allocate our scarce resources in a way that reflects what we believe to be the revenue risk.</p> <p>Senator MURRAY—That is why I asked about the relationship between the 6,000 and the \$40 million.</p> <p>Mr D'Ascenzo—I totally agree.</p>				
<i>Self-managed superannuation booklet – compensation warning</i>								
<u>BET-101</u>	Sherry	ATO	29/05/2007	Senator SHERRY —I have a similar issue. You are obviously responsible for regulating self-managed super funds. You have got a joint publication with, I think, ASIC. It is entitled <i>Is self-managed</i>	E71	07/01/2008	08/01/2008	

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				<p><i>super right for you? Is that correct?</i></p> <p>Ms Vivian—That is right.</p> <p>Senator SHERRY—Would you believe it appropriate that a warning about compensation—or the lack of compensation in this case—in the event of theft and fraud should be contained in that?</p> <p>Ms Vivian—You are implying that we do not have that warning in there and you are asking me—</p> <p>Senator SHERRY—Yes, you do not have the warning there.</p> <p>Ms Vivian—I am certainly happy to have a look at it.</p> <p>Senator SHERRY—If you could. The reason that I raise it is that part 23 of the SI(S) Act provides compensation up to 90 per cent in the event of theft and fraud, but it is not available in the case of self-managed super funds. You may not have picked this up but there was compensation payable—I forget the name of the super fund—and ASIC issued a press release on this last week. At one of the—unfortunately pretty sad—meetings I have attended of Westpoint investors, we discussed this and my concerns about ATO activity with self-managed super funds. What struck me was that approximately a third of these people invested through self-managed super funds. I attended a meeting in Sydney a few months ago and I asked them how many had invested in Westpoint through self-managed super funds. And about a third of the hands went up. I understand from ASIC it is about a third of the Westpoint investors. Then I asked how many of them knew that in the event of theft and fraud, unlike other superannuation products, they were not able to be compensated under part 23, and not one of them knew that. It would seem to me to be appropriate, given the level of problem, that it is appropriate to have a clear warning that they are not compensable in the event of theft and fraud?</p> <p>Ms Vivian—We review those publications on a regular basis, so we would be happy to have a look at that.</p> <p>Senator SHERRY—You might have a discussion with ASIC about it in the context of Westpoint and some of the other issues that they</p>				

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				<p>track in respect of self-managed super funds.</p> <p>Ms Vivian—Yes.</p> <p>[Senator Sherry provided the following additional information relating to this question:</p> <p>Can the ATO inform Senator Sherry when they have completed discussions with ASIC and if they then will they add an appropriate warning into their joint publication "Is self managed super right for you?" that states no compensation is available in the event of theft and fraud?]</p>				
<i>Self-managed superannuation funds – operational expenses</i>								
<u>BET-102</u>	Sherry	ATO	29/05/2007	<p>Senator SHERRY—I have looked at the ATO website and this morning I made passing reference about this to the commissioner. Is the publication <i>Statistics on self-managed super fund market</i> new?</p> <p>...</p> <p>Mr D'Ascenzo—That is right. That is the reason we had that booklet, to indicate to people that there are quite a lot of obligations on the trustee of self-managed super funds and that, unless people are prepared to put that sort of effort in, maybe self-managed super funds are not for them.</p> <p>Senator SHERRY—Just in the same area, you have given a figure for operating expenses on an annual basis, which as I say, is an improvement, but could you consider giving a breakdown of operational expenses in greater detail? What are the operational expenses we are dealing with here?</p> <p>Ms Vivian—One of the issues we have when we look at those breakdowns is that we can only collect what is recorded at that label. I think there may be some questions about the data that gets recorded there, but I am happy to provide some further breakdown.</p>	E72	07/01/2008	08/01/2008	

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				<p>Senator SHERRY—If you could take it on notice. I know the pressures you are all under, but, in terms of future publications, what are operational expenses? Do they include or exclude some level of commissions or fees? There are a considerable range of fees charged aside from the base operational fee. There are accounting fees, record-keeping fees, exit fees, entry fees, transaction fees, investment fees; you name it, there is a fee.</p> <p>Ms Vivian—How about we look at the end-of-year statistics that we publish and look at what gets recorded as management expenses, and we can give some description around that. Certainly we have got the description of what we ask people to put down as management expenses, and we provide that as part of the annual statistical database.</p> <p>Senator SHERRY—I am looking for a more useful alignment between the fee categories that APRA publishes, which I suspect you have seen—they give a quite detailed breakdown by category—comparing those types of fees which even they struggle with, I have to say, and just the broad category of operating expenses. The other thing is the level of operating expenses by asset range. That would be very useful data for the obvious reason that the lower you go down the asset range, the higher the percentage cost, which, again, I think is useful for the ongoing debate in this area. Could you give due consideration to that.</p>				
<i>Entrepreneurs tax offset and use of the simplified tax system</i>								
BET-103	Sherry	ATO	29/05/2007	<p>Senator SHERRY—Of those who were receiving the full ETO, up to \$50,000 turnover, how many of those businesses are using the STS?</p> <p>Mr D’Ascenzo—We certainly do not have that break-up here. I am not sure that we have it at all. We can check and, if we do have the break-up, we can provide it; if not, we can advise that we do not have that break-up.</p> <p>Senator SHERRY—As to the phase-out of the ETO between \$50,000 and \$75,000, how many businesses are using the STS?</p>	E77	07/01/2008	08/01/2008	

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				<p>Could you provide us with a raw and a percentage figure there? Could you take that on notice.</p> <p>Mr D'Ascenzo—If we have that break-up we will certainly provide it; if not, we will advise that we do not have that information.</p> <p>Senator SHERRY—Could you take on notice the percentage take-up for those STS eligible businesses that do not receive any ETO, that is, those with over \$75,000 in turnover?</p> <p>Mr D'Ascenzo—If we can do that.</p> <p>Senator SHERRY—Do you have any figures on the take-up figures of the STS of those with between \$75,000 and \$250,000 in turnover? Your nod is not recorded on the <i>Hansard</i>.</p> <p>Mr D'Ascenzo—No, we do not have it here. Again, if we find that information, if we do have those break-ups, we will provide them in the answer to you.</p> <p>Ms Granger—The figures we have given are all we have with us.</p> <p>Senator SHERRY—I will put this on notice now; that is easier. Can I have the annual growth rate in the take-up of the STS by these businesses in those income categories I have given you, and factors identified to encourage small business and contractors to join the STS? Do you have observations to make there?</p>				
<i>Decline in ATO employees</i>								
<u>BET-104</u>	Sherry	ATO	29/05/2007	<p>Senator SHERRY—We touched earlier on some staffing level issues in the ATO. I am fairly sure that you do not have these issues to hand, but could you take on notice the areas where there is to be a decline in tax office employees, other than the identification in more detail than that identified in the PBS?</p> <p>Ms Granger—Yes. So, where there is a reduction, you are asking us to give an explanation of that?</p> <p>Senator SHERRY—Yes.</p>	E80	07/01/2008	08/01/2008	

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<i>Identity fraud</i>								
BET-105	Sherry	ATO	29/05/2007	<p>Senator SHERRY—Yes. It was reported in the <i>Age</i> in March 2007 that criminal syndicates had stolen more than \$5 billion since 2003—that was a real headline grabber—from the ATO by setting up false companies and submitting fake BAS forms to claim refunds. This allegedly occurred because of weaknesses in the BAS system, which is vulnerable to tax fraud as it requires only a PO box number and a phone number as contact points for these companies. It was an exclusive by the <i>Age</i> investigative unit. Is the figure of \$5 billion accurate; that you have actually had \$5 billion stolen from the ATO since 2003?</p> <p>Ms Granger—No, that is not our estimate at all.</p> <p>Senator SHERRY—What is your estimate?</p> <p>Ms Granger—I am not sure that we have an estimate precisely. I do not have the figures to hand. This is the area of identity fraud and identity crime in particular. We certainly have, on a number of occasions, raised concerns about people keeping their information close, and we have seen a number of instances where there has been an organised attempt to commit BAS fraud on the system. These are ones we have detected and dealt with. In relative terms compared with other kinds of adjustments we have made for other compliances issues, the numbers are relatively low; the amounts involved are relatively low.</p> <p>Senator SHERRY—You say they are relatively low; what are they?</p> <p>Ms Granger—I do not have the analysis in front of me. I will just see if Ms Crawford has it for us.</p> <p>Ms Crawford—I do not, not on the matter of identity fraud.</p> <p>...</p> <p>Senator SHERRY—Here is your chance. A \$5 billion figure is claimed. You seem to be indicating that it is significantly less than</p>	E80-E81	07/01/2008	08/01/2008	

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				<p>\$5 billion?</p> <p>Ms Crawford—What we are indicating is that we have significant controls, or serious controls, in place to attempt to detect and stop fraudulent activity. We constantly monitor that and modify it as required.</p> <p>Senator SHERRY—Have you ever attempted to determine a figure? Obviously, as is the nature of fraud, it is difficult to identify. Have you ever been able to assess the level of this activity?</p> <p>Ms Granger—Again, in relation to what I was talking about earlier, which is refund fraud that you were asking about, we do not have a figure per se. But we can tell you what we have detected so far and what the value of that has been, both in terms of what might have occurred and what actually flowed out. I do not have those figures in front of me, but I can get them for you.</p>				
<i>Business Activity Statement fraud</i>								
<u>BET-106</u>	Sherry	ATO	29/05/2007	<p>Senator SHERRY—Just coming back to the article, the <i>Age</i> believes:</p> <p>... recommendations to tighten procedures around BAS fraud made by specialist ATO anti-fraud staff from 2004 onwards have yet to be acted upon by the Tax Office.</p> <p>What does that refer to? Firstly, was there a specialist anti-fraud staff examination, it says, from 2004? Secondly, did it make recommendations, if it existed? Thirdly, if it did exist and recommendations were made, have they been implemented?</p> <p>Ms Crawford—I do not think I could answer that precisely. Could we take that on notice?</p> <p>Ms Granger—Could I just clarify with you, ‘specialist anti’—I did not quite get the term?</p> <p>Senator SHERRY—I do not know whether you put out a specific release to respond to that. I have not found one—it is on page 3 of the <i>Age</i>. You cannot respond to everything, I suppose.</p>	E81-E82	07/01/2008	08/01/2008	

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<i>Number of tax file numbers</i>								
BET-107	Sherry	ATO	29/05/2007	<p>Senator SHERRY—Just more generally on the issue of TFNs that are in the system, do we have an approximate number at the present time?</p> <p>Ms Crawford—We do. I have a table. The total is now 24 million—24,075,000.</p> <p>Senator SHERRY—And 75?</p> <p>Ms Crawford—And 75,919.</p> <p>Senator SHERRY—How does that compare with the figure for this time last year?</p> <p>Ms Crawford—I do not actually have that with me. I could get that for you, though. It would be in our annual reports, I think.</p> <p>Senator SHERRY—Yes.</p>	E83	07/01/2008	08/01/2008	
<i>ATO staffing numbers in Tasmania</i>								
BET-108	Ronaldson/ Sherry/ Colbeck	ATO	29/05/2007	<p>CHAIR—Perhaps we should talk about Tasmania while we are there.</p> <p>Senator SHERRY—Did you want to do something on Tasmania?</p> <p>CHAIR—I would like to go through these figures looking at the ATO staff numbers, which indicate that there has been an increase in Hobart from 421 to 518. Is that right?</p> <p>Ms Granger—Yes, it is. Would you like me to talk about the activities?</p> <p>CHAIR—I am sure the parliamentary secretary at the table is interested in this.</p> <p>Senator SHERRY—He missed the earlier conversation.</p> <p>CHAIR—Tasmania as a whole has gone from 595 to 577. Is that correct?</p> <p>Senator SHERRY—I think the parliamentary secretary and I</p>	E85	07/01/2008	08/01/2008	

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				<p>would be more interested in the growth outside Hobart?</p> <p>Senator Colbeck—I would be interested to hear what is in Burnie.</p> <p>Ms Granger—I am sure that we can get you those figures. There are two cautions about this data. It is head count as opposed to full-time equivalents, so the mix of ongoing and permanent staff I do not have in here. I cannot tell you, although I do know, that some of this growth is not what we call non-ongoing, so it is not permanent. A couple of observations about analysing ATO staffing numbers is that there are ons and offs each year as new policy comes in obviously and as the commissioner mentioned earlier, also with pay rises, whilst the budget may stay steady the numbers do decrease. The observation that I would make overall about Hobart compared to ATO overall is, with the exception of the June 2006 year, the expansion was higher than ATO at the general level. You will see underneath the numbers we have given you proportions of increase.</p> <p>CHAIR—Was the head count criterion the same in 2007 as it was in 2004?</p> <p>Ms Granger—It will vary year to year. For example, if we have particular marketing campaigns we may engage more call centre people on an ongoing basis to be able to handle that, so the levels are not entirely predictable. There is not a call centre in Hobart. I am just using that as a generalised example; it could be other things that require more seasonal work. The comparative picture to the rest of the ATO is quite healthy. This does not address the questions that you were asking around the composition of work. This is just simply raw numbers and we will come back to you with the composition of work.</p> <p>Senator SHERRY—You may not be aware but I do not reside in Hobart; I reside in Devonport. So what I have picked up, and I am sure the parliamentary secretary will pick this up, is that despite on the face of it the impressive figures of increase in staff numbers in Tasmania, at 30 June 2004 there were 74 ATO staff members outside Hobart but unfortunately as of 3 April 2007 that had</p>				

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				<p>declined to 59. Do you have any explanation for that?</p> <p>Ms Granger—No. As I said, these are just raw numbers. We can come back to you with a breakdown generally.</p>				
<i>ATO compliance program update</i>								
BET-109	Sherry	ATO	29/05/2007	<p>Senator SHERRY—I wanted to deal with some issues relating to compliance generally by the ATO. What is the progress on the ATO's compliance programs in dollar terms? Can you give us an update?</p> <p>Ms Granger—I do not have those figures here with me, but I am happy to take that on notice and provide them to you.</p>	E91	07/01/2008	08/01/2008	
<i>High-wealth individuals – update on revenue</i>								
BET-110	Sherry	ATO	29/05/2007	<p>Senator SHERRY—... What is the level of activity at the moment in respect to pursuit of high-wealth individuals?</p> <p>Ms Granger—Mr Konza gave you an update in the last estimates, and you were discussing the profiling that we were doing in relation to high-wealth individuals. What I can add to that is where we are up to year-to-date in terms of liability and collections. On liabilities raised: we have already met the target amounts for this year. A little over \$250 million has been raised. Collections are \$137.9 million, and we have conducted 107 risk assessments. I am not sure on the number of audits; I will just check.</p> <p>Senator SHERRY—Do you have an update on revenue, while you are looking at your brief?</p> <p>Ms Granger—The liabilities raised are \$257.2 million and collections are \$137.9 million.</p> <p>Senator SHERRY—As at what dates?</p> <p>Ms Granger—It just says since 1 July 2006. I am sorry; I do not have a further date on that. This briefing is dated early May so I am assuming that it is end of April, but I will confirm that for you.</p>	E91	07/01/2008	08/01/2008	

Q No.	Senator	Agency	Hearing date	Question	Proof Hansard Page	Date answered	Date sent to Senator	Additional Information
<i>High-wealth individuals booklet – cost of development</i>								
BET-111	Sherry	ATO	29/05/2007	<p>Senator SHERRY—What is the high-wealth booklet that the ATO is planning on developing?</p> <p>Ms Granger—You are probably familiar with the approach we have taken in relation to large corporates, where we have developed a booklet that includes a range of features. It talks about the kinds of areas we would like large corporates to pay attention to in terms of risk and what our approach is to dealing with that and also outlines some of the ways in which we can assist. We are looking to do a similar approach to high-wealth individuals and their associated entities. So it will be a combination of areas of concern that we have and the kinds of questions we would like them to ask their advisers so that they are understanding and appreciating the level of tax risk in various ventures they may take and also outlining our processes. We want to develop that booklet with advisers to high-wealth individuals in the same way that we developed the large corporate book with tax advisers to large corporates so that it works at a practical level from both their perspective and ours. There is another value in developing booklets like that. It helps us communicate overall the approach we take to compliance with various areas of the community to the community. We are looking at being able to consult on it fairly soon. We have been working on it for a little while now.</p> <p>Senator SHERRY—When you say ‘consult’, would this be distributed to some high-wealth individuals for feedback before final publication?</p> <p>Ms Granger—It would to their advisers more than to high-wealth individuals themselves.</p> <p>Senator SHERRY—Do you have any idea of the cost of development of the booklet?</p> <p>Ms Granger—No, I do not.</p> <p>Senator SHERRY—Perhaps you could take that on notice.</p>	E91-E92	07/01/2008	08/01/2008	

Q No.	Senator	Agency	Hearing date	Question	Proof Hansard Page	Date answered	Date sent to Senator	Additional Information
				Ms Granger —Yes, certainly.				
<i>Tax treatment of water rights</i>								
BET-112	Sherry	ATO	29/05/2007	<p>Senator SHERRY—There has been a great deal of public debate about the tax treatment of water rights. Has the ATO examined and can it provide an update on the tax treatment of water rights?</p> <p>Ms Granger—I am sorry, we do not have anyone here tonight who can talk to that. Perhaps we can take that one on notice?</p> <p>Senator SHERRY—Yes. Just briefly, it goes to the issue of the buyback of irrigation licences and the application of capital gains tax in those circumstances. I understand there are some practical difficulties about how it would be calculated and applied.</p>	E92	07/01/2008	08/01/2008	
<i>Unspent funds against 2006-07 budget</i>								
BET-113	Sherry	ATO	29/05/2007	<p>Senator SHERRY—... In the area of outcome appropriation and each output, can you provide details of the unspent funds against the 2006-07 budget, including the 2006-07 additional estimates and funding requests?</p> <p>Ms Granger—We will take that on notice.</p> <p>Senator SHERRY—What happens to unspent amounts? Do they lapse at the end of the financial year or are they rephased or reallocated across the forward estimates?</p> <p>Ms Druhan—They do not lapse at the end of the financial year.</p> <p>Senator SHERRY—So what happens?</p> <p>Ms Druhan—They remain effectively unspent.</p> <p>Senator SHERRY—Are they carried over?</p> <p>Ms Druhan—They carry over to the extent that an agency could request to run at a loss in a subsequent year, but that requires the approval of the Minister for Finance.</p> <p>Senator SHERRY—Are you able to provide me with an approximation of the current list of the 10 biggest underspends?</p>	E95	07/01/2008	08/01/2008	

Q No.	Senator	Agency	Hearing date	Question	Proof Hansard Page	Date answered	Date sent to Senator	Additional Information
				Ms Druhan —I would have to take that on notice.				
<i>Funding for states – asset purchases</i>								
BET-114	Murray	ATO	29/05/2007	<p>Senator MURRAY—Because the records are so frequently held with respect to asset purchases in state registries, what incentive is there for them to help you? Why would they invest moneys on improving their data availability for your purposes? Has the federal government provided money to the states and said, ‘Do this for us. Here is the money’, knowing of course you will get a better return if you do so from a capital gains perspective?</p> <p>Mr D’Ascenzo—I think there is a real issue in terms of seeking the cooperation of other agencies, particularly state agencies, and their concern about the funding of those activities. But whether the government has made any allocation is really a matter for government.</p> <p>Senator MURRAY—But it is not in the budget, is it?</p> <p>Mr D’Ascenzo—No.</p> <p>Senator MURRAY—The government has consistently and properly, in my view, done a cost-benefit analysis. To use Wickenby as an example, they have said, ‘Here is x amount of money’, because we expect to get so much money back. Never mind all the extra benefits; there is a direct cost-benefit relationship. They have done that in other areas with the Tax Office that I can recall. Would you consider—and I am making this as a request to you—thinking about whether that proposition should be put to the federal government? Frankly, I cannot see why the states would bother to invest resources when there is no return for them. So they need a helping hand. It would seem to me there is an awful lot of revenue to be gained through this mechanism.</p> <p>Mr D’Ascenzo—We have had reasonable cooperation from the states and territories in this area, and some of the problems—not so much their lack of cooperation—is just that there is no unique identifier in the state registries.</p>	E62	07/01/2008	08/01/2008	

Q No.	Senator	Agency	Hearing date	Question	Proof Hansard Page	Date answered	Date sent to Senator	Additional Information
<i>ATO advertising expenditure</i>								
<u>BET-115</u>	Sherry	ATO	29/05/2007	<p>Senator SHERRY—This question is for both revenue and the ATO. As to advertising expenditures, campaigns that are planned and underway, market research, attitudinal research, public opinion polling and the like, is there anything being undertaken in revenue, firstly? Is there any market research, public opinion polling, campaign communication services currently under way or planned to be under way in revenue?</p> <p>Mr Callaghan—No.</p> <p>Senator SHERRY—What about in the ATO? If we start with—and this may end very quickly—non-superannuation specific research, with respect to campaigns, advertising et cetera, is there anything going on?</p> <p>Mr D’Ascenzo—We have the normal tax time, which is an annual process where we advise the community of a range of tax rights and obligations associated with annual reporting.</p> <p>Senator SHERRY—What is the extent of that program? Can I have some detail, please.</p> <p>Ms Granger—I do not think we have detail of it here. We will have to respond to that on notice. I am just trying to think how much I have been told at the moment. It is the usual round of campaigning we do where we do things like notify which occupations we are looking at more closely and what is new in <i>Tax Pack</i> or e-tax this year. There will certainly be some education around the pre-filling initiative and its expansion, and in general what risks we have. We roll it out progressively. The early phase of it is just reminding people that tax time has started. There will be a number of focuses this year on educating people, including around offshore bank accounts, the use of offshore credit cards and those sorts of things, as we go through the compliance risks that we are seeing; what things we think people are not getting right around their work related expenses and those sorts of issues.</p>	E89 (Official Hansard)	29/01/2008	30/01/2008	The section of the transcript containing this question was missing from the original (proof) Hansard.

Q No.	Senator	Agency	Hearing date	Question	Proof Hansard Page	Date answered	Date sent to Senator	Additional Information
				<p>Senator SHERRY—So what you are describing is nothing out of the ordinary from previous years?</p> <p>Ms Granger—No.</p> <p>Senator SHERRY—Will there be any public advertising expenditure between now and the end of the financial year and then in the six months following?</p> <p>Ms Granger—I do not have detail with me. There will be some, I am sure, but we would have to take that on notice to be able to give you that detail.</p>				