

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates, 2 June – 4 June 2009

Question: bet 39

Topic: Proposal to Increase the Tobacco Excise

Hansard Page: E105-106,108-109

Senator Cormann asked:

Senator CORMANN—Are we able to get a copy of the Treasury analysis that was released to the media on 17 May?

Mr Parker—The numbers were released by government. Mr Brown, are you aware of what form that was released in?

Mr Brown—No.

Mr Parker—In that case we will take the question on notice.

Senator CORMANN—Sorry, you will take on notice whether what has been provided to the media can be provided to a Senate committee that is assessing this?

Mr Parker—As I understood it, you asked whether we could get a copy of it. I will take on notice the provision of a copy of—

Senator CORMANN—Can you then also take on notice that, should you refuse to provide the information, we will require a proper statement of the public interest ground and the reasons as to why it is not in the public interest to provide that information, given it has been released to the media.

Senator Conroy—We have taken it on notice and the Treasurer will provide you with an answer.

Senator CORMANN—Who requested you to do the exercise of assessing the coalition's alternative savings measure? Was that request from the Treasurer's office?

Mr Parker—I am not personally aware. It was requested by the government in accordance with longstanding practice of—

Senator CORMANN—Can you also take that on notice?

Mr Parker—Successive governments are able and have asked the Treasury to cost a range of policy.

Senator CORMANN—This is a question that goes to process.

Senator Conroy—He is answering your question, if you would listen.

Senator ABETZ—No, he is not.

Senator CORMANN—He was not, actually.

CHAIR—Mr Parker, would you like to continue.

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Senator CORMANN—It is a very simple question. Who submitted the request to Treasury to do the analysis? Can you give us a name or a position?

Senator Conroy—You are getting an answer, if you would let the officer finish.

Senator ABETZ—No. We were told what the general position was, which is all very interesting. We want the specific in this case.

Senator Conroy—If you will stop being rude and interrupting the official, he will give you an answer. He has indicated that we will take some parts of it on notice.

Mr Parker—And no doubt whichever individual it was was doing so effectively in the role of the government. Put it this way, if a person in the Treasurer's office asked us to do that, then that would be in place of the Treasurer.

...

Senator CORMANN—I would like to go back to the Treasury analysis of the coalition proposal to increase the excise on tobacco by 12.5 per cent. The Treasurer's office or somebody unnamed within the government asked you to provide the advice. That is what you indicated before.

Mr Parker—I said we would take that on notice.

Senator CORMANN—How was the request for advice made? Was it made by email, phone or in person?

Mr Parker—It is not in my personal knowledge.

Senator CORMANN—Is there somebody here who can assist me?

Senator Conroy—I said we would take it on notice for you.

Senator CORMANN—Is there anybody here who knows the answer to the question?

Senator Conroy—I said we would take that on notice for you.

Senator CORMANN—You are not prepared to provide the answer?

Senator Conroy—The officer has said he does not know. We will take it on notice and get you the information.

Senator CORMANN—There is more than one officer here who might be able to assist the committee.

Senator Conroy—As I said, we will take it on notice.

Senator CORMANN—When were you asked to provide the advice? Can you give me the date on which the request for advice was made?

Mr Brown—The request was received the morning after the policy announcement.

Senator CORMANN—That would have been Friday, 15 May. Do you know when you provided the advice? Were you given a deadline?

Senator Conroy—You are straying beyond the purposes of Senate estimates.

Senator CORMANN—I am asking about the process, the time.

Senator Conroy—No, you are straying beyond.

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Senator CORMANN—It is a question that goes to process.

Senator Conroy—I will take that on notice and we will get back to you.

Senator CORMANN—I have a question directly to Treasury. When did you provide the advice to the government about the particular measure that we are discussing?

Senator Conroy—We will happily take that on notice and see if the Treasurer—

Senator CORMANN—Minister, you are not prepared to answer these questions? These are pretty straightforward questions.

Senator Conroy—Perhaps you have misunderstood the purpose and processes of Senate estimates. Taking a question on notice is not refusing to answer the question.

Senator CORMANN—I relate you back to answers that you have provided to questions on notice in the past, but anyway. If you are taking all of these things on notice, can we have a copy of the request or can you read it into the record so we know exactly what you were asked to provide advice on?

Senator Conroy—I will take that on notice and see what information the Treasurer's office has to provide to you.

Senator CORMANN—You might be able to answer this, because it is either a yes or no. Was there one simple request or were there a number of successive requests?

Senator Conroy—I am happy also to take that on notice.

Senator CORMANN—You are not prepared to provide any answers?

Senator Conroy—No, we said we will take it on notice. You continue to labour under a misapprehension that taking it on notice is refusing to give you an answer.

Senator CORMANN—We know exactly what it means. It is a stalling tactic. It is an absolute refusal to provide the answer now. Were any phone calls or emails—

Senator Conroy—I am going to be sitting next to you when you vote for alcopops.

Senator CORMANN—Were any phone calls or emails exchanged between the department and either the Treasurer's office or any other minister's office while the modelling or calculations were being done?

Senator Conroy—I am happy to take that on notice for you also.

Senator CORMANN—As you are taking it on notice you might be able to tell us what the nature of the exchanges was?

Senator Conroy—Thank you.

Senator CORMANN—Who suggested that the figures be extrapolated out over 10 years rather than over the forward estimates? Was that the decision of Treasury or was that part of the request?

Senator Conroy—That will be revealed in the answer to the previous question most likely, but if there is any further information that we can provide for you we will take it on notice.

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Senator CORMANN—You are not prepared to answer here and now who made the decision to extrapolate the costings over a 10-year period instead of over a four-year period? I suggest to you that you used Treasury for political purposes as part of your propaganda exercise on a particular measure.

Senator CAMERON—You asked—

Senator CORMANN—He is refusing to answer questions.

Senator Conroy—Thank you for your opinion. I will treat it with all the diligence you would anticipate.

Senator CORMANN—Perhaps the officer could answer the question whether the original calculation looked at a period over four years or whether the original calculation looked at a period over 10 years?

Senator Conroy—As I said, I am sure that information will be forthcoming in the questions that we have already taken on notice. If there is any further information on this, we will get back to you.

Answer:

The Treasury estimates of the revenue shortfall between a 12.5 per cent increase in tobacco excise and the proposed changes to private health insurance rebate are summarised in the following table:

YEAR	2009 -10	2010 -11	2011 -12	2012 -13	2013 -14	2014 -15	2015 -16	2016 -17	2017 -18	2018 -19	2019 -20	TOTAL	2010-11 TO 2019-20
Tobacco excise, 12.5% increase in rate, excluding GST	548	541	552	569	569	569	569	569	569	569	569	6193	5645
PHI, net impact of reforms	-125	695	650	681	745	815	891	975	1067	1167	1277	8838	8963
Difference	673	-154	-98	-112	-176	-246	-322	-406	-498	-598	-708	-2645	-3318

- The expected revenue shortfall of \$3.318 billion is for the 10 years commencing from 2010-11 to 2019-20, so it excludes 2009-10. The estimates also exclude the GST from the tax line on the basis that it is paid to the States and therefore does not affect the Commonwealth budget position.

These estimates were provided to the Treasurer's Office on 15 May 2009 in response to a request for an estimate of the financial impact of the proposal, received early on the same day.