The Senate

Economics

Legislation Committee

Budget estimates 2010–11

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Senate Economics Legislation Committee

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Senator David Bushby
Tasmania, LP
Senator Doug Cameron
New South Wales, ALP
Senator Louise Pratt
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TABLE OF CONTENTS

Membership of Committee	iii
Budget Estimates 2010–11	1
Report to the Senate	1
Introduction	1
Portfolio structures and outcomes	1
General comments	2
Questions on notice	2
Procedural issues	2
Ordinary annual services of the government	3
Record of proceedings	4
Matters raised – Innovation, Industry, Science and Research portfolio	4
Matters raised – Resources, Energy and Tourism portfolio	8
Matters raised – Treasury portfolio	10
Appendix 1	17
Abbreviations	17
Appendix 2	18
Index to proof Hansard transcripts	18
Thursday, 27 May 2010	18
Monday, 31 May 2010	18
Tuesday, 1 June 2010	18
Wednesday, 2 June 2010	19
Thursday, 3 June 2010	19
Appendix 3	20
Documents tabled	20
Monday 31 May 2010	20

Wednesday, 2 June 2010 Thursday, 3 June 2010	
Thursday, 3 June 2010	21
Appendix 4	22
Portfolio structure and outcomes for the Innovation, Industry, Scien Research Portfolio	
Appendix 5	23
Portfolio structure and outcomes for the Resources, Energy and To	
Appendix 6	24
	24

Budget Estimates 2010–11

Report to the Senate

Introduction

- On 11 May 2010 the Senate referred to the committee for examination and report the following documents in relation to the Innovation, Industry, Science and Research; Resources, Energy and Tourism; and Treasury portfolios:
- Particulars of proposed expenditure in respect of the year ending on 30 June 2011 [Appropriation Bill (No. 1) 2010–2011]; and
- Particulars of certain proposed expenditure in respect of the year ending on 30 June 2011 [Appropriation Bill (No. 2) 2010–2011]. 1

Portfolio structures and outcomes

1.2 The committee notes that changes have been made to the outcomes of several agencies in the above three portfolios since the 2009–10 Additional Estimates round. These changes are summarised below:

Agency	Old outcome	New outcome
Australian Research Council (ARC)	Growth of knowledge and innovation through managing research funding schemes, measuring research excellence and providing advice	Growth of knowledge and innovation through providing policy advice, measuring research excellence and managing research funding schemes
Australian Solar Institute (ASI)	N/A - new agency (the ASI was incorporated as a wholly-owned Commonwealth company in August 2009)	Encourage innovation and cost effective developments in solar energy technologies to accelerate commercial deployment through knowledge building and collaborative research, development and support for Australian industries and research organisations
Australian Office of Financial Management (AOFM)	To enhance the Commonwealth's capacity to manage its net debt portfolio, offering the prospect of savings in debt servicing costs and an improvement in the net worth of the Commonwealth over time	The advancement of macroeconomic growth and stability, and the effective operation of financial markets, through issuing debt, investing in financial assets and managing debt, investments and cash for the Australian Government

¹ *Journals of the Senate*, No. 120, 11 May 2010, p. 3444.

- 1.3 The complete structure and outcomes for each portfolio are summarised in the appendices as indicated below:
- Innovation, Industry, Science and Research (Appendix 4);
- Resources, Energy and Tourism (Appendix 5); and
- Treasury (Appendix 6).

General comments

- The committee received evidence from Senator the Hon Kim Carr, Minister for Innovation, Industry, Science and Research; Senator the Hon Penny Wong, representing the Minister for Tourism; the Assistant Treasurer, Senator the Hon Nick Sherry; and officers from the Innovation, Industry, Science and Research; Resources, Energy and Tourism; and Treasury portfolios.
- 1.5 The committee thanks the ministers and officers who attended the hearings for their assistance.
- The committee conducted hearings over five days, on 27 May 2010 and from 31 May 2010 to 3 June 2010. In total the committee met for 42 hours and 35 minutes, excluding breaks.

Questions on notice

- 1.7 The committee draws the attention of all departments and agencies to the deadline of Friday, 30 July 2010 for the receipt of answers to questions taken on notice from this round. As the committee is required to report before responses to questions are due, this report has been prepared without reference to any of these responses. The secretariat is preparing indexes for questions taken on notice during and after the hearings and these will be made available on the following website http://www.aph.gov.au/Senate/committee/economics_ctte/estimates/bud_1011/index.htm.
- For the 2009–10 Additional Estimates round answers to questions on notice were due to be provided to the committee by Thursday, 1 April 2010. The committee commends the Innovation, Industry, Science and Research portfolio for submitting all answers on time. However, the committee expresses concern that no questions placed on notice with the Resources, Energy and Tourism portfolio were answered by the due date. For the Treasury portfolio, 105 questions (out of 171 questions placed on notice) remained unanswered at close of business on the due date. Furthermore, the final Treasury portfolio answer was not received until 16 June 2010.

Procedural issues

After contact from the committee prior to the hearings, Treasury informed the committee that the Secretary to the Treasury, Dr Ken Henry, would be unavailable to attend this round of estimates hearings. This resulted in the Senate agreeing to an order for Dr Henry to appear at another time, to be mutually agreed between Dr Henry

and the committee but, in any case, not later than 30 June 2010.² Dr Henry duly appeared at a specially convened hearing on 27 May 2010.

1.10 As the estimates schedule is determined well in advance of the hearings the committee generally expects the senior officer of each agency to appear. If, for some reason, this is not possible agencies should proactively inform the committee well before the relevant estimates hearing.

Ordinary annual services of the government

On 17 June 2010 the Appropriations and Staffing Committee tabled its 50th Report in the Senate. The report focussed on an ongoing issue relating to the classification of ordinary annual services of the government. In the report, the Appropriations and Staffing Committee highlighted that:

Expenditure for the ordinary annual services of the government has always been contained in a separate bill to preserve the Senate's right under section 53 of the Constitution to amend bills appropriating funds other than for the ordinary annual services of the government and to comply with section 54.³

In this most recent report, the Appropriations and Staffing Committee restated concerns it had raised in its 45th Report:

Recent appropriation bills have been based on a mistaken assumption that the committee agreed to abandon the long-standing principle that all new policies would be classified as not part of the ordinary annual services of the government, and that the committee agreed that any expenditure falling within an existing outcome would be classified as ordinary annual services expenditure. On this view, completely new programs and projects may be started up using money appropriated for the ordinary annual services of the government, and the Senate is unable to distinguish between normal ongoing activities of government and new programs and projects or to identify the expenditure on each of those areas.⁴

1.13 The Appropriations and Staffing Committee considered correspondence from the Minister for Finance and Deregulation in relation to the matter and noted 'that the Minister's response has not provided a way forward to resolve this difference of view.' The committee therefore resolved that:

3 Senate Appropriations and Staffing Committee, 50th Report, *Ordinary annual services of the government*, June 2010, p. 1.

² Journals of the Senate, No. 122, 13 May 2010, p. 3494.

⁴ Senate Appropriations and Staffing Committee, 50th Report, *Ordinary annual services of the government*, June 2010, p. 1.

⁵ Senate Appropriations and Staffing Committee, 50th Report, *Ordinary annual services of the government*, June 2010, p. 2.

...the solution to the problem is to return to the Senate's original determination, so that new policies for which no money has been appropriated in previous years are separately identified in their first year in the appropriation bill which is not for the ordinary annual services of the government.⁶

- In light of this, the Economics Legislation Committee draws the attention of the Senate to several measures included in Appropriation Bill (No. 1) 2010–2011 that is, the ordinary annual services bill that appear to be new policies for which no money has been appropriated in previous years. These include:
- Commonwealth Australian National University Strategic Relationship (\$112.9 million over four years, starting in 2010–2011)⁷;
- Cairns Institute Tropical Innovation Hub contribution (\$19.5 million over two years, starting in 2010–2011)⁸;
- National Tourism Accreditation Framework establishment (\$5.5 million over four years, starting in 2010–2011) 9; and
- Population Strategy (\$1.25 million in 2010–2011) ¹⁰.

Record of proceedings

- This report does not attempt to analyse the evidence presented over the five days of hearings. However, it does include a brief list of the issues that were traversed by the committee for all portfolios.
- Copies of the Hansard transcripts and documents tabled at the hearings (see Appendix 3 for a list of the documents) are available on the internet at http://www.aph.gov.au/Senate/committee/economics_ctte/estimates/bud_1011/index.htm. These documents are also tabled with this report for the information of the Senate.

Matters raised – Innovation, Industry, Science and Research portfolio

- On 31 May 2010, the committee examined the estimates for the:
- Australian Nuclear Science and Technology Organisation (ANSTO);
- Commonwealth Scientific and Industrial Research Organisation (CSIRO);
- Australian Research Council (ARC);

⁶ Senate Appropriations and Staffing Committee, 50th Report, *Ordinary annual services of the government*, June 2010, p. 2.

⁷ *2010–11 Budget Paper No. 2*, pp 279–280.

^{8 2010–11} Budget Paper No. 2, p. 278.

⁹ *2010–11 Budget Paper No. 2*, p. 291.

^{10 2010–11} Budget Paper No. 2, p. 293.

- IP Australia;
- Department of Innovation, Industry, Science and Research [Innovation and Industry];
- Office of the Chief Scientist; and
- Department of Innovation, Industry, Science and Research [Science and Research]

1.18 Matters examined included the following:

Australian Nuclear Science and Technology Organisation (ANSTO)¹¹

- safety incident in ANSTO's radiopharmaceutical production facility in August 2008 and subsequent reviews (pp 4–8 and 11–12);
- nature of the relationship between ANSTO and the Australian Radiation Protection and Nuclear Safety Agency (ARPANSA) (p. 8);
- repatriation and storage of nuclear waste currently located in Europe (pp 8, 10–11 and 14–16);
- decommissioning of the High Flux Australian Reactor (HIFAR) at Lucas Heights (p. 9);
- impact of the efficiency dividend on ANSTO operations (pp 9–10);
- PETNET Cyclotron facility opened in August 2009 (pp 12–13); and
- Open Pool Australian Lightwater (OPAL) reactor and its production output of molybdenum-99 (pp 13–14).

Commonwealth Scientific and Industrial Research Organisation (CSIRO)¹²

- closure and subsequent merging of CSIRO facilities in Canberra (pp 16–19 and 33);
- staffing cuts (pp 19 and 24–25);
- CSIRO support of the Women in Climate Change forum series (pp 19–20);
- the *State of the Climate* report released by CSIRO and the Bureau of Meteorology (pp 20–22, 23–24 and 28);
- CSIRO survey on housing and sea level rise (pp 22–23);
- bushfire research (pp 25–26);
- CSIRO funding for rural and regional sector projects (p. 26);

Transcript page numbers for the Australian Nuclear Science and Technology Organisation (ANSTO), refer to *Proof Hansard*, 31 May 2010 (see the index at Appendix 2 of this report).

Transcript page numbers for the Commonwealth Scientific and Industrial Research Organisation (CSIRO), refer to *Proof Hansard*, 31 May 2010 (see the index at Appendix 2 of this report).

- impact of a potential recruitment freeze (pp 26–27);
- Square Kilometre Array (pp 28–30);
- collaboration with the University of Western Australia Oceans Institute (p. 30);
- claims by Dr Garth Parltridge of intimidation of CSIRO scientists (pp 31–33);
- CSIRO facility at Boggo Road Precinct (pp 33–34);
- global food task modelling (p. 34); and
- CSIRO projects in Northern Australia (p. 35).

Australian Research Council (ARC)¹³

- Excellence in Research for Australia Initiative (pp 35–38);
- national research priority areas (pp 38–39);
- climate change research (pp 40–41);
- gene patent research (pp 41–42); and
- impact of a potential recruitment freeze (pp 42–43).

IP Australia 14

- proposed research and development legislation changes and IP rights held overseas (pp 43–45);
- current backlog of patent applications (p. 45);
- Resource Management System project (pp 45–46);
- impact of a potential recruitment freeze (p. 46);
- IP Australia Portfolio Budget Statement (pp 47–49); and
- patenting of biological materials (p. 48).

Department of Innovation, Industry, Science and Research [Innovation and Industry] ¹⁵

- new research and development legislation (pp 49–58, 59 and 63–66);
- small business advisory services (p. 58);
- LPG vehicle scheme (pp 58–59 and 83–84);

Transcript page numbers for the Australian Research Council (ARC), refer to *Proof Hansard*, 31 May 2010 (see the index at Appendix 2 of this report).

Transcript page numbers for IP Australia, refer to *Proof Hansard*, 31 May 2010 (see the index at Appendix 2 of this report).

Transcript page numbers for the Department of Innovation, Industry, Science and Research [Innovation and Industry], refer to *Proof Hansard*, 31 May 2010 (see the index at Appendix 2 of this report).

- Book Industry Strategy Group (pp 59–63);
- steel industry (p. 63);
- pharmaceutical industry (pp 66–74);
- Commercialisation Australia grant to Allhomes (pp 74–77);
- tenders to supply Defence clothing (pp 77–78, 88–90 and 105–106);
- Green Car Innovation Fund (pp 78–82);
- Automotive Industry Structural Adjustment Fund (pp 82–83);
- Green Building Fund (pp 83–88);
- Insulation Industry Assistance Package (pp 90–93);
- Australian Innovation System Report 2010 (pp 93–95);
- industry innovation councils (pp 95–99);
- Enterprise Connect (pp 99–100);
- Researchers in Business programme (p. 100); and
- small-scale mammalian cell production facility (p. 100).

Office of the Chief Scientist 16

- climate science (pp 101, 102–103 and 104–105);
- funding and staffing issues (pp 101–102); and
- psychology and early child development research (p. 104).

Department of Innovation, Industry, Science and Research [Science and Research]¹⁷

- collaborative research networks (p. 106);
- cooperative research centres (pp 106–108);
- Square Kilometre Array (p. 108);
- International Science Linkages programme (pp 108–109);
- Cairns Institute Tropical Innovation Hub (pp 109–110);
- Innovation Ambassador Programme (pp 110–111);
- national networks of research data storage and collaboration (pp 111–112);
 and

Transcript page numbers for the Office of the Chief Scientist, refer to *Proof Hansard*, 31 May 2010 (see the index at Appendix 2 of this report).

¹⁷ Transcript page numbers for the Department of Innovation, Industry, Science and Research [Science and Research], refer to *Proof Hansard*, 31 May 2010 (see the index at Appendix 2 of this report).

• impact of a potential recruitment freeze (pp 112–113).

Matters raised - Resources, Energy and Tourism portfolio

- On 1 June 2010, the committee examined the estimates for the:
- Department of Resources, Energy and Tourism [Resources and Energy];
- Geoscience Australia;
- National Offshore Petroleum Safety Authority (NOPSA);
- Australian Solar Institute (ASI);
- Department of Resources, Energy and Tourism [Tourism] and Tourism Australia.
- 1.20 Matters examined included the following:

Department of Resources, Energy and Tourism [Resources and Energy] 18

- proposed Resource Super Profits Tax (pp 3–5, 8–14, 17–18, 21–26 and 30–31);
- radioactive waste management (pp 5–8);
- geothermal development programme (pp 14–17);
- Low Emissions Technology Demonstration Fund (pp 19–20);
- Renewable Energy Demonstration Programme (pp 20–21);
- Montara oil spill (pp 26–27);
- disposal of West Atlas oil rig (pp 27–28);
- retail electricity prices (pp 28–29); and
- uranium industry (pp 29–30).

Geoscience Australia 19

- publications relating to Australia's oil and gas resources (pp 31–32);
- prospective geological basins (pp 32–33);
- open pit mines and seismic activity (p. 33–34);
- seismic recording stations near Tennant Creek (pp 34–35);
- uranium mining (p. 35);
- geosequestration (pp 35–36 and 37); and

Transcript page numbers for the Department of Resources, Energy and Tourism [Resources and Energy], refer to *Proof Hansard*, 1 June 2010 (see the index at Appendix 2 of this report).

¹⁹ Transcript page numbers for Geoscience Australia, refer to *Proof Hansard*, 1 June 2010 (see the index at Appendix 2 of this report).

• impact of a potential recruitment freeze (pp 36–37).

National Offshore Petroleum Safety Authority (NOPSA)²⁰

- investigation into the Varanus Island incident (p. 37); and
- Montara oil spill (pp 38–39).

Australian Solar Institute $(ASI)^{21}$

- Mildura solar array (p. 39);
- future solar power stations (pp 39–40);
- administration of solar energy programmes (pp 40–41); and
- solar energy research (pp 41–42).

Department of Resources, Energy and Tourism [Tourism] and Tourism Australia²²

- Tourism Australia expenditure on marketing activities (pp 42–43);
- incorrect map in the Tourism Australia annual report 2008–09 (p. 43);
- impact of the No Leave, No Life campaign (pp 43–44);
- funding of departmental initiatives (pp 44–46 and 51–53);
- effectiveness of the tourism advertising campaign based around the *Australia* movie (pp 46 and 54–55);
- international tourist numbers and expenditure in Australia for 2009–10 (pp 46–48);
- regional tourism in Australia including Far North Queensland (pp 48–49 and 50–51);
- potential impact of the proposed Resource Super Profits Tax on business events tourism (p. 49);
- Indigenous tourism (pp 49–50);
- response to Airlie Beach cyclone (p. 50);
- Tourism Australia budget for years 2008–09 to 2010–11 (pp 55–56);
- movement of Tourism Research Australia from Tourism Australia into the department and impact of the efficiency dividend (pp 56–57);

Transcript page numbers for the National Offshore Petroleum Safety Authority (NOPSA), refer to *Proof Hansard*, 1 June 2010 (see the index at Appendix 2 of this report).

²¹ Transcript page numbers for the Australian Solar Institute (ASI), refer to *Proof Hansard*, 1 June 2010 (see the index at Appendix 2 of this report).

The Department of Resources, Energy and Tourism [Tourism] and Tourism Australia were heard together. Transcript page numbers for the Department of Resources, Energy and Tourism [Tourism] and Tourism Australia, refer to *Proof Hansard*, 1 June 2010 (see the index at Appendix 2 of this report).

- 'There's nothing like Australia' advertising campaign (pp 57–59);
- Portfolio Budget Statement (p. 59); and
- Tourism Australia and social media advertising (pp 59–60).

Matters raised – Treasury portfolio

- 1.21 On 27 May 2010, the committee commenced its examination of the estimates for the:
- Treasury [Macroeconomic Group].
- On 1 June 2010, the committee examined the estimates for the:
- Treasury [Revenue Group] and Australian Taxation Office (ATO); and
- Australian Securities and Investments Commission (ASIC).
- On 2 June 2010, the committee continued its examination of the estimates for the:
- Treasury [Macroeconomic Group]; and examined the estimates for the
- Treasury [Fiscal Group]; and
- Australian Competition and Consumer Commission (ACCC).
- On 3 June 2010, the committee examined the estimates for the:
- Australian Prudential Regulation Authority (APRA);
- Treasury [Markets Group];
- Productivity Commission;
- Australian Office of Financial Management (AOFM); and
- Australian Bureau of Statistics (ABS).
- 1.25 Matters examined included the following:

Treasury [Macroeconomic Group] (first hearing)²³

- overall budgetary position (pp 4–5);
- Australia's Future Tax System review and the proposed Resource Super Profits Tax (pp 5–11 and 13–22); and
- role of the mining industry in the economy (pp 12–13).

Transcript page numbers for the Treasury [Macroeconomic Group] (first hearing), refer to *Proof Hansard*, 27 May 2010 (see the index at Appendix 2 of this report).

Treasury [Revenue Group] and the Australian Taxation Office (ATO)²⁴

- tax reform advertisements (pp 64–70);
- proposed increase in the superannuation guarantee (pp 70–74 and 78–79);
- impact of the proposed Resource Super Profits Tax on superannuation (pp 74–78 and 79);
- concessional contribution caps for superannuation (p. 80);
- superannuation clearing house (pp 80–81);
- ATO change programme (pp 81–90);
- ATO involvement in the implementation of the proposed Resource Super Profits Tax (pp 90–92);
- proposed Resource Super Profits Tax (pp 92–105 and 106–113);
- analysis of Opposition policies by Treasury (pp 105–106);
- proposed reduction in the company tax rate (pp 113–114); and
- proposed instant asset write-off for small businesses (pp 114–115).

Australian Securities and Investments Commission (ASIC)²⁵

- investment scams (pp 115–118);
- Westpoint (p. 118–120);
- use of coercive powers (pp 120–122);
- managed investments (pp 122–123);
- staffing (p. 123–125);
- frozen mortgage funds (pp 125–127);
- debenture issuing companies (pp 127–129);
- mortgage exit fees (pp 129–131);
- Storm Financial (p. 131–132)
- market supervision of the ASX (pp 132–137);
- use of search warrants (p. 136);
- margin lending (pp 137–138);
- regulation of financial advisers (pp 138–139); and
- short selling (pp 139–141).

Treasury [Revenue Group] and the Australian Taxation Office were heard together. Transcript page numbers for the Treasury [Revenue Group] and the ATO, refer to *Proof Hansard*, 1 June 2010 (see the index at Appendix 2 of this report).

Transcript page numbers for the Australian Securities and Investments Commission (ASIC) refer to *Proof Hansard*, 1 June 2010 (see the index at Appendix 2 of this report).

Treasury [Macroeconomic Group] (second hearing)²⁶

- budget forecasts to 2012–13 (pp 4–6 and 44–45);
- potential effects of the proposed Resource Super Profits Tax (pp 6, 10–15, 17–18, 23–25 and 38);
- unemployment forecasts (pp 7–8);
- Australian labour market performance (pp 8–9);
- fallout from the global financial crisis and European sovereign debt crisis (pp 15 and 42–44);
- G20 fossil fuel subsidies reform (pp 15–17);
- Budget Paper No. 1 and the effect of government stimulus spending (pp 18–23 and 26–29);
- fiscal policy and government debt (pp 29–31);
- carbon emissions modelling and the Carbon Pollution Reduction Scheme (pp 31–37 and 41–42);
- value of the Australian Dollar (pp 37–38); and
- Australia's structural budget balance (pp 38–41).

Treasury [Fiscal Group]²⁷

- population policy and capacity (pp 45–55 and 57–58);
- impact of a potential recruitment freeze (pp 56–57);
- potential effects of the proposed Resource Super Profits Tax (pp 58–61 and 79–82);
- funding for the Building the Education Revolution (pp 61–62 and 65–67);
- budget forecasts to 2013–2014 (pp 62–65);
- department's involvement in the Home Insulation Program (pp 67–68);
- mistake in portfolio budget statement for the Department of Climate Change and Energy Efficiency (pp 68–70);
- Budget Paper No. 1 and government assets (pp 70–71);
- funding for the Nation Building Programme (pp 71–73);
- local government funding and deferred spending (pp 73–75);
- treatment of government net debt (pp 75–78);

Transcript page numbers for the Treasury [Macroeconomic Group] (second hearing), refer to *Proof Hansard*, 2 June 2010 (see the index at Appendix 2 of this report).

²⁷ Transcript page numbers for the Treasury [Fiscal Group], refer to *Proof Hansard*, 2 June 2010 (see the index at Appendix 2 of this report).

- funding for the Independent Hospital Pricing Authority (p. 78); and
- hiring of a speechwriter by Treasury (pp 82–83).

Australian Competition and Consumer Commission (ACCC)²⁸

- opening statement by the Chairman (pp 83–87);
- investigations into franchising matters (pp 87–88);
- predatory pricing (pp 88–92);
- investigations into anticompetitive price discrimination, and the substantial lessening of competition test (pp 92–96);
- investigation into Golden Circle (pp 97–98);
- complaints relating to gambling services (p. 98);
- unit pricing code of conduct (pp 98–99);
- petrol pricing (pp 99–100);
- mobile phone contracts (pp 100–101);
- geographic price discrimination (pp 101–102);
- phishing, mishing and vishing scams (pp 102–103);
- procedures for investigating complaints (pp 103–104);
- cartel prosecutions (pp 104–105);
- use of coercive powers and penalties (pp 105–106);
- investigation into the practice of making new release DVDs available to consumers at sub-wholesale prices (pp 106–107);
- telecommunications scams (p. 107);
- North West Shelf joint marketing arrangements (pp 107–108);
- restrictive covenants at shopping centres (pp 108–109);
- complaints from small business (pp 109–111);
- possible inappropriate use of the King Island brand (pp 111–112); and
- competition in the diary industry (pp 112–114).

Australian Prudential Regulation Authority $(APRA)^{29}$

- opening statement by the Chairman (pp 4–6);
- executive remuneration (pp 6–7 and 16–18);

Transcript page numbers for the Australian Competition and Consumer Commission (ACCC) refer to *Proof Hansard*, 2 June 2010 (see the index at Appendix 2 of this report).

Transcript page numbers for the Australian Prudential Regulation Authority (APRA) refer to *Proof Hansard*, 3 June 2010 (see the index at Appendix 2 of this report).

- Basel Committee proposals to improve banking regulation (pp 7–8);
- self-managed superannuation funds and fraud (pp 8–9);
- use of superannuation members' funds to advertise (pp 9–10);
- impact of the global financial crisis on the superannuation industry (pp 10–12);
- unit pricing (pp 12–16);
- hedge funds and the superannuation industry (pp 18–22);
- regulation of the insurance industry (p. 22);
- APRA's involvement with the Review into the Governance, Efficiency, Structure and Operation of Australia's Superannuation System (Cooper Review) (pp 22–24);
- bank deposit guarantee (pp 24–25); and
- impact of a potential recruitment freeze (p. 25).

Treasury [Markets Group]³⁰

- housing market, interest rates and housing affordability (pp 26, 31–32 and 40–41);
- impact of the global financial crisis on financing for small business (pp 26–27 and 29–30);
- level of debt (pp 27–29);
- government guarantee on retail deposits (pp 30–31);
- hedge funds and investor protection (pp 32–35);
- impact of a potential recruitment freeze (pp 35–36);
- OzCar (pp 36–37);
- deregulation of the collection centre scheme for pathology services (pp 37–38);
- proposed Resource Super Profits Tax (pp 38–40);
- regional growth and infrastructure (pp 41–46);
- changes to interest withholding tax (p. 46);
- foreign investment in the Australian agriculture sector (pp 46–48);
- COAG seamless national economy initiatives (pp 48–53);
- infrastructure and the National Freight Strategy (pp 53–60 and 65–66);
- main sources of foreign investment in Australia (pp 60–62);

Transcript page numbers for the Treasury [Markets Group], refer to *Proof Hansard*, 3 June 2010 (see the index at Appendix 2 of this report).

- National Broadband Network (pp 62–63);
- radiofrequency spectrum allocations (p. 64);
- free trade agreements (pp 64–65);
- Aussie infrastructure bonds (pp 66–68);
- competition law and the Trade Practices Act (pp 68–71); and
- impact of an increasing population on food/water supplies and food inflation (pp 71–77).

Productivity Commission 31

- opening statement by the Chairman (pp 77–78);
- women's participation in the workforce (pp 78–79);
- potential inquiries (pp 79–80);
- inquiry into bilateral and regional trade agreements (pp 80–81);
- inquiry into executive remuneration in Australia (pp 81 and 91–94);
- performance benchmarking of Australian business regulation report (pp 81–82);
- productivity growth (pp 82–83 and 94–96);
- future inquiry into the COAG reform agenda (p. 83);
- inquiry into online gambling (pp 83 and 90–91);
- report into market mechanisms for recovering water in the Murray-Darling Basin (pp 83–90);
- inquiry into wheat export marketing arrangements (p. 96); and
- water availability (pp 96–97).

Australian Office of Financial Management (AOFM)³²

• management of Australia's debt portfolio, including residential mortgage backed securities (pp 97–111).

Australian Bureau of Statistics $(ABS)^{33}$

- staff levels and impact of reduction in funding (pp 111–112);
- immigration statistics (pp 112–113);

Transcript page numbers for the Productivity Commission refer to *Proof Hansard*, 3 June 2010 (see the index at Appendix 2 of this report).

Transcript page numbers for the Australian Office of Financial Management (AOFM), refer to *Proof Hansard*, 3 June 2010 (see the index at Appendix 2 of this report).

Transcript page numbers for the Australian Bureau of Statistics (ABS) refer to *Proof Hansard*, 3 June 2010 (see the index at Appendix 2 of this report).

- population projections (pp 113 and 114–115);
- calculation of gross operating surplus (pp 113–114);
- definition of 'person' in business statistics (pp 115–116); and
- mining industry statistics (pp 116–120).

Senator Annette Hurley **Chair**

Abbreviations

ABS Australian Bureau of Statistics

ACCC Australian Competition and Consumer Commission

ANSTO Australian Nuclear Science and Technology Organisation

AOFM Australian Office of Financial Management

APRA Australian Prudential Regulation Authority

ARC Australian Research Council

ARPANSA Australian Radiation Protection and Nuclear Safety Agency

ASI Australian Solar Institute

ASIC Australian Securities and Investments Commission

ASX Australian Securities Exchange

ATO Australian Taxation Office

CGS Commonwealth Government Securities

COAG Council of Australian Governments

CSIRO Commonwealth Scientific and Industrial Research Organisation

HIFAR High Flux Australian Reactor

IP intellectual property

LPG liquefied petroleum gas

NOPSA National Offshore Petroleum Safety Authority

OPAL Open Pool Australian Lightwater reactor

Index to proof Hansard transcripts

Thursday, 27 May 2010	
Treasury portfolio	
The Treasury [Macroeconomic Group]	4
Monday, 31 May 2010	
Innovation, Industry, Science and Research portfolio	
Australian Nuclear Science and Technology Organisation (ANSTO)	4
Commonwealth Scientific and Industrial Research Organisation (CSIRO)	16
Australian Research Council (ARC)	35
IP Australia	43
Department of Innovation, Industry, Science and Research [Innovation and Industry]	49
Office of the Chief Scientist	101
Department of Innovation, Industry, Science and Research [Science and Research]	105
Tuesday, 1 June 2010	
Resources, Energy and Tourism portfolio	
Department of Resources, Energy and Tourism [Resources and Energy]	3
Geoscience Australia	31
National Offshore Petroleum Safety Authority (NOPSA)	37
Australian Solar Institute (ASI)	39
Department of Resources, Energy and Tourism [Tourism] and Tourism Australia	42

Treasury portfolio (continued)	
Treasury [Revenue Group] and Australian Taxation Office (ATO)	64
Australian Securities and Investments Commission (ASIC)	115
Wednesday, 2 June 2010	
Treasury portfolio (continued)	
Treasury [Macroeconomic Group] (continued)	4
Treasury [Fiscal Group]	45
Australian Competition and Consumer Commission (ACCC)	83
Thursday, 3 June 2010	
Treasury portfolio (continued)	
Australian Prudential Regulation Authority (APRA)	4
Treasury [Markets Group]	26
Productivity Commission	77
Australian Office of Financial Management (AOFM)	97
Australian Bureau of Statistics (ABS)	111

Documents tabled

Monday, 31 May 2010

- 1. Received from Senator the Hon Kim Carr, Minister for Innovation, Industry, Science and Research: 'In defence of CSIRO', *The Australian*, 31 May 2010
- 2. Received from Mr Mark Paterson, Secretary, Department of Innovation, Industry, Science and Research: Book Industry Strategy Group terms of reference, dated 9 April 2010

Tuesday, 1 June 2010

- 3. Received from Senator Julian McGauran: Tourism Australia media release Tourism Australia launches Luhrmann's transformation campaign, dated 8 October 2008
- 4. Received from Mr Phil Gallagher, Manager, Tax Analysis Division, The Treasury: Reserve Bank of Australia research discussion paper The effect of the Australian superannuation guarantee on household saving behaviour, Ellis Connolly, dated August 2007
- 5. Received from Mr Michael D'Ascenzo, Commissioner of Taxation: Opening statement ATO's change program
- 6. Received from Senator Barnaby Joyce: Pie charts relating to charges for non-renewable resources as a proportion of mining profits

Wednesday, 2 June 2010

- 7. Received from Dr David Gruen, Executive Director, Macroeconomic Group, The Treasury: Cross-country analysis of economic growth and fiscal stimulus
- 8. Received from Senator the Hon Ronald Boswell: Complementary policies for greenhouse gas emission abatement and their national and regional employment consequences A report for the Australian Conservation Foundation and Australian Council of Trade Unions, dated May 2010
- 9. Received from Mr Graeme Samuel, Chairman, Australian Competition and Consumer Commission: Senate estimates speaking notes

Thursday, 3 June 2010

- 10. Received from Senator Doug Cameron: European School of Management and Technology press release 'Serious concerns' over hedge fund risks, concludes new research, dated 1 June 2010
- 11. Received from Mr Michael Bath, Director, Financial Risk, Australian Office of Financial Management: Chart Nominal Commonwealth Government Securities (CGS) yields

Portfolio structure and outcomes for the Innovation, Industry, Science and Research Portfolio¹

Portfolio Minister

Minister for Innovation, Industry, Science and Research Senator the Hon Kim Carr

Minister for Small Business, Independent Contractors and the Service Economy¹ The Hon Dr Craig Emerson MP

Parliamentary Secretary for Innovation and Industry
The Hon Richard Marles MP

Department of Innovation, Industry, Science and Research Portfolio Secretary: Mr Mark I Paterson AO

Outcome 1: Enhanced opportunities for business innovation and growth through national leadership in converting knowledge and ideas into new processes, services, products and marketable devices; fostering business cooperation; delivering advice; assistance; and business, measurement and online services.

Outcome 2: The generation, utilisation and awareness of science and research knowledge through investment in research, research training and infrastructure, science communication, skill development and collaboration with industry, universities and research institutes domestically and internationally.

Agency - IP Australia Director General: Mr Philip Noonan

Outcome: Increased innovation, investment and trade in Australia, and by Australians overseas, through the administration of the registrable intellectual property rights system, promoting public awareness and industry engagement, and advising government.

Agency - Australian Institute of Aboriginal and Torres Strait Islander Studies (AIATSIS) Principal (CEO): Mr Russell Taylor

Outcome: Further understanding of Australian Indigenous cultures, past and present through undertaking and publishing research, and providing access to print and audiovisual collections.

Agency - Commonwealth Scientific and Industrial Research Organisation (CSIRO) Chief Executive Officer: Dr Megan Clark

Outcome: Innovative scientific and technology solutions to national challenges and opportunities to benefit industry, the environment and the community, through scientific research and capability development, services and advice.

Agency - Australian Nuclear Science and Technology Organisation (ANSTO) Chief Executive Officer: Dr Adi Paterson

Outcome: Improved knowledge, innovative capacity and healthcare through nuclear-based facilities, research, training, products, services and advice to Government, industry, the education sector and the Australian population.

Agency - Australian Research Council (ARC) Chief Executive Officer: Professor Margaret Sheil

Outcome: Growth of knowledge and innovation through providing policy advice, measuring research excellence and managing research funding schemes.

Agency - Australian Institute of Marine Science (AIMS) Chief Executive Officer: Dr Ian Poiner

Outcome: Growth of knowledge to support protection and sustainable development of Australia's marine resources through innovative marine science and technology.

Portfolio Budget Statements 2010–11, Innovation, Industry, Science and Research portfolio, p. 6.

Portfolio structure and outcomes for the Resources, Energy and Tourism Portfolio¹

Portfolio Minister

Minister for Resources and Energy Minister for Tourism The Hon Martin Ferguson AMMP

Department of Resources, Energy and Tourism

Portfolio Secretary Mr Drew Clarke

Outcome 1: The improved strength, competitiveness and sustainability of the resources, energy and tourism industries to enhance Australia's prosperity through implementation of government policy and programs.

Geoscience Australia

Acting Chief Executive Officer Dr Chris Pigram

Outcome 1: Informed government, industry and community decisions on the economic, social and environmental management of the nation's natural resources through enabling access to geoscientific and spatial information.

Tourism Australia

Managing Director

Mr Andrew McEvoy

Outcome 1: Increase demand for

Australia as a destination, strengthen the

travel distribution system, and contribute

to the development of a sustainable

tourism industry through consumer

marketing, trade development and

research activities.

Australian Solar Institute Executive Director Mr Mark Twidell

Outcome 1: Encourage innovation and cost effective developments in solar energy technologies to accelerate commercial deployment through know ledge building and collaborative research, development and support for Australian industries and research institutions.

National Offshore Petroleum Safety Authority

Chief Executive Office Ms Jane Cutler

Outcome 1: An Australian oil and gas industry that properly controls the health and safety risks to the workforce at its offshore petroleum operations.

Portfolio structure and outcomes for the Treasury Portfolio¹

Portfolio Minister - Treasurer

The Hon Wayne Swan MP

Assistant Treasurer

Senator the Hon Nick Sherry

Minister for Financial Services, Superannuation and Corporate Law

The Hon Chris Bowen MP

Minister for Competition Policy and Consumer Affairs

The Hon Dr Craig Emerson MP Minister for Population

The Hon Tony Burke MP

Department of the Treasury

Secretary: Dr Ken Henry AC

Informed decisions on the development and implementation of policies to improve the wellbeing of the Australian people, including by achieving strong, sustainable economic growth, through the provision of advice to government and the efficient administration of federal financial relations

Australian Bureau of Statistics

Statistician: Mr Brian Pink

Informed decisions, research and discussion within governments and the community by leading the collection, analysis and provision of high quality, objective and relevant statistical information

Australian Competition and Consumer Commission

Chairman: Mr Graeme Samuel AO

Lawful competition, consumer protection, and regulated national infrastructure markets and services through regulation, including enforcement, education, price monitoring and determining

the terms of access to infrastructure services

Australian Office of Financial Management

Chief Executive Officer: Mr Neil Hyden

The advancement of macroeconomic growth and stability, and the effective operation of financial markets, through issuing debt, investing in financial assets and managing debt, investments and cash for the Australian Government

Australian Prudential Regulation Authority

Chairman: Dr John Laker

Enhanced public confidence in Australia's financial institutions through a framework of prudential regulation which balances financial safety and efficiency, competition, contestability and competitive neutrality

Australian Securities and Investments Commission

Chairman: Mr Tony D'Aloisio

Outcome 1: Improved confidence in financial market integrity and protection of investors and consumers through research, policy, education, compliance and deterrence that mitigates emerging risks Outcome 2: Streamlined and cost-effective interaction and access to information for business and the

public, through registry, licensing and business facilitation services

Australian Taxation Office

Commissioner: Mr Michael D'Ascenzo AO

Confidence in the administration of aspects of Australia's taxation and superannuation systems through helping people understand their rights and obligations, improving ease of compliance and access to benefits, and managing non-compliance with the law

Commonwealth Grants Commission

Secretary: Mr John Spasojevic

Informed Government decisions on fiscal equalisation between the States and Territories through advice and recommendations on the distribution of GST revenue and health care grants

Corporations and Markets Advisory Committee

Convenor: Ms Joanne Rees

Informed decisions by Government on issues relating to corporations regulation and financial products, services and markets through independent and expert advice

Inspector-General of Taxation

Inspector-General: Mr Ali Noroozi

Improved tax administration through community consultation, review and independent advice to Government

National Competition Council

President: Mr David Crawford

Competition in markets that are dependent on access to nationally significant monopoly infrastructure, through recommendations and decisions promoting the efficient operation of, use of and investment in infrastructure

Office of the Auditing and Assurance Standards Board

Chairman: Ms Merran Kelsall

The formulation and making of auditing and assurance standards that are used by auditors of Australian entity financial reports or for other auditing and assurance engagements

Office of the Australian Accounting Standards Board

Chairman: Mr Kevin Stevenson

The formulation and making of accounting standards that are used by Australian entities to prepare financial reports and enable users of these reports to make informed decisions

Productivity Commission

Chairman: Mr Gary Banks AO

Well-informed policy decision-making and public understanding on matters relating to Australia's productivity and living standards, based on independent and transparent analysis from a community-wide perspective

Royal Australian Mint

Acting Chief Executive Officer: Mr Graham Smith

The coinage needs of the Australian economy, collectors and foreign countries are met through the manufacture and sale of circulating coins, collector coins and other minted like products