

TREASURY PORTFOLIO
Supplementary Budget Estimates 2008–09

Written Questions on Notice

| Q No | Senator | Agency | Question | Date answered | Date sent to Senator | Additional Information |
|---|---------|--------|--|---------------|----------------------|------------------------|
| <i>Tax deductions for establishment of carbon sinks</i> | | | | | | |
| <u>SBT-1</u> | Boswell | ATO | <p>Tax Law Amendment 2008 No.2 this year produced a tax deduction to establish Carbon Sinks and this legislation precluded Managed Investment Schemes from being able to receive the deduction.</p> <p>(a) If a Managed Investment Scheme restructured their operations whereby they exchanged the interests of project investors for new shares by way of contractual schemes of arrangement with an issue price per share above the share price of the MIS, would this organisation still be regarded as a Managed Investment Scheme?</p> <p>(b) Has the Treasury been asked to make a ruling on whether an entity like this is still regarded as a MIS? If so, how many rulings have the Treasury made and on which companies?</p> <p>(c) Would this newly restructured company be eligible for a tax deduction if they established a Carbon Sink?</p> <p>(d) Would the plantation forestry already owned by the entity be eligible for carbon credits, if they complied with the Office of Greenhouse guidelines?</p> <p>(e) Is it possible for a MIS to restructure their operations as suggested and turn forestry plantations already established into a carbon sink if that forestry meets Office of Greenhouse guidelines?</p> <p>(f) Has the department been made aware of the Great Southern Limited (GSL) restructure that follows the scenario suggested in the previous questions, and if so what work is being done to address this potential loophole in the Tax System?</p> | 17/12/2008 | 17/12/2008 | |

| Q No | Senator | Agency | Question | Date answered | Date sent to Senator | Additional Information |
|---|---------|----------|---|---------------|----------------------|------------------------|
| SBT-2 see oral questions on notice below | | | | | | |
| Increase in excise for alcopops/ready-to-drinks (RTDs) | | | | | | |
| SBT-3 | Cormann | Treasury | <ol style="list-style-type: none"> 1. What has been the amount collected in tax revenue since the implementation of the increase in the excise on alcopops on 27 April 2008? 2. Is there evidence of substitution of beer and/or wine products with spirit-based products since the introduction of this tax? 3. Has this question been examined? 4. Is there evidence of the amount of revenue collected from any other alcohol products increasing? 5. Is there an expectation in the Treasury/ATO that revenue as a percentage of total tax take from alcohol products will rise from substitute products? 6. Is the minister/department aware of the new 'alcopop' Bolt which is derived from beer? 7. Has the department had dealings with treasury or any other department as to the impact the substitution effect away from the higher taxed alcopops to Bolt? 8. Has the department discussed/considered whether a potential reduction in the level of alcohol consumption may be at risk by taxing this product at beer tax levels? 9. Has the department in any way been consulting with other departments as to ways to reduce a possible substitution to Bolt? <ul style="list-style-type: none"> • If so, what are these? • If not – was it not the reason of this increase to reduce the social cost of alcohol, or as you are saying is this just a revenue raising stunt? 10. The taxation of alcohol is being reviewed by the Henry committee. What is the Treasury's/ATO's preferred position on the taxation of alcohol? | 08/01/2009 | 08/01/2009 | |

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| | | | <p>11. In the event that legislation to ratify the excise increase is not passed, what would happen to the revenue collected?</p> <p>12. Are there any precedents of a similar situation where a tax has been raised that was ultimately not supported by legislation? Can you provide details of what happened in those cases?</p> <p>13. Has a tax ever had to be returned? How was that done?</p> <p>14. Referring to the Final Budget Outcome 2007-08, released by the Treasurer on 26 September 2008: - Table 2 of the Final Budget Outcome 2007-08 includes a line-item under the heading 'Excise duty' headed 'Other excisable beverages'. Has Treasury attempted to measure the actual increase in retail price or the actual decline in sales volume for the 'Other excisable beverages' category since the introduction of the 70% tax increase? - For this category, the Final Budget Outcome lists a change on the 2008-09 Budget of -\$106 million. What proportion of this -\$106 million is attributable to the two months after the tax on RTDs was increased by 70% - that is May and June 2008? - What was the difference in sales volume between the 2008-09 Budget and the actual figures in the Final Budget Outcome that contributed to the significant overestimation of RTD revenue in the 2008-09 Budget?</p> <p>15. In the Treasury Executive Minute titled, "Information Paper on the Costing of the Impact of the Increase in Excise on 'Other Excisable Beverages'" dated 14 May 2008, Treasury describes modelling that resulted in a weighted average price increase due to increased taxation on RTDs of 9.4 per cent. Treasury also assumed an own price elasticity for RTDs of -0.4. - Are the assumptions made in the Treasury Minute consistent with the results published in the Final Budget Outcome 2007-08? If not, what are the changes? - Has Treasury reviewed its modelling of own price elasticities for RTDs since the 2008-09 Budget?</p> <p>16. In the 2008-09 Budget Paper No.2, Treasury estimates that increasing the rates on 'Other excisable beverages' would provide an on-going gain to revenue estimated to be \$3.1 billion from 27 April and over the forward estimates period. I note that net of GST this figure is around \$2.8 billion:</p> | | | |

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| | | | <p>- Has Treasury projected the actual decline in RTD sales since the RTD tax change over the forward estimates period? What is the revenue impact of the greater than estimated sales decline?</p> <p>17. Table 2 of the Final Budget Outcome 2007-08 includes a line-item under the heading 'Customs duty' headed 'Excise-like goods'. This item covers Customs duties paid on what goods?</p> <p>18. Given that the majority of Potable spirits sold in Australia are imported, and therefore pay Customs duty rather than Excise duty, what proportion of the \$2.4 billion in Customs duty collected on 'Excise-like goods' is attributable to imported Potable spirits?</p> <p>19. Table 2 of the Final Budget Outcome 2007-08 lists for the 'Excise-like goods' a change on the 2008-09 Budget of +\$41 million. What proportion of this figure is attributable to the underestimation of sales of Potable Spirits by Treasury when completing the 2008-09 Budget estimates?</p> <p>20. Noting a +\$5 million change on the 2008-09 Budget estimate for Excise duty on Potable Spirits. What proportion of the positive change on the 2008-09 Budget - for both Excise and Customs duty on Potable Spirits - is attributable to the two months May and June 2008?</p> <p>21. Referring again to the Treasury Minute of 14 May, Treasury writes, 'On balance, the cross-price elasticity estimates [of RTDs] are assumed to be zero.' Does the increased sales of Potable Spirits since the tax change suggest that this assumption was correct or incorrect?</p> <p>22. Has Treasury reviewed its modelling of cross price elasticities for RTDs since the 2008-09 Budget?</p> <p>23. Given that the changes from the revenue estimates in the 2008-09 Budget Papers would suggest substitution from RTDs to Full-strength Potable Spirits, will the Treasury be changing its assumption of cross price elasticities for RTDs to account for substitution to other alcohol beverages, including beer and wine?</p> <p>24. Has Treasury projected the growth in Full-strength Spirits sales experienced since the</p> | | | |

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|--|---------|----------|--|---------------|----------------------|------------------------|
| | | | RTD tax change over the forward estimates period? What is the revenue impact of consumer substitution from RTDs to Full-strength Spirits? | | | |
| <i>Short selling advice</i> | | | | | | |
| <u>SBT-4</u> | Bushby | CAMAC | <p>Have you, on your own initiative, or on request by the Minister, provided any advice to the Minister in relation to the topic of regulation of the financial practice known as 'short selling', in the past 12 months?</p> <p>Is so, was that advice provided orally or in writing?</p> <p>If so, what date, or dates, was that provided?</p> | 23/12/2008 | 24/12/2008 | |
| <i>Tax Design Review Panel – implementation of recommendations</i> | | | | | | |
| <u>SBT-5</u> | Bushby | Treasury | <p>1. How is the ATO progressing with the implementation of the recommendations of the Tax Design Review Panel's recommendations?</p> <p>2. What is the timeframe for implementation?</p> <p>3. Is the ATO adequately resourced to carry out the review and implementation?</p> <p>4. When will changes start to be made to the tax system?</p> | 17/12/2008 | 18/12/2008 | |
| <i>Collective bargaining – owner drivers, Queensland</i> | | | | | | |
| <u>SBT-6</u> | Bushby | ACCC | <p>1. The CFMEU has made application to the ACCC for approval to conduct collective bargaining for owner drivers in southern QLD:</p> <ul style="list-style-type: none"> • Will the ACCC consider the possibility of contractors being coerced to use a union as a bargaining agent? What measures would be taken to ensure this won't happen in the event of the application being approved? What powers does the ACCC have to address anti-competitive behaviour of this sort? • What effect would such an arrangement have on competition and prices, given its potential to allow unions to control prices across a broad range of the economy? • What would be the implications of such an arrangement for the rights of independent contactors to act outside of the authority of unions under IR laws? | 23/12/2008 | 24/12/2008 | |

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| | | | <p>2. Presumably, if a manufacturer was to advertise its product as being lower than the average cost of similar products in the market, and that representation as to the lower cost was accurate, the ACCC would be satisfied that the advertisement did not break the law and have no reason to intervene.</p> <ul style="list-style-type: none"> • Would the ACCC respond differently if a trade body promoted the interest of its members generally by using the same average price advertisement for the same type of product but the price of many of the individual member products was in fact higher than the average price? • What if a manufacturer with higher than average product costs were to advertise using its association with, membership of, and effective endorsement by the trade body advertisement promoting the product on the basis of lower costs? • What, if any, actions would the ACCC take in respect of the advertising by the trade body and by its individual members to ensure that consumers are not misled? What powers does the ACCC have to address anti-competitive behaviour of this sort? | | | |
| <i>Climate change – costs</i> | | | | | | |
| <u>SBT-7</u> | Boswell | Treasury | <p>1. What if any steps have been taken to estimate the costs of the government’s response to climate change including the Carbon Pollution Reduction Scheme for every department, agency and program within this portfolio?</p> <p>2. What are the costs and estimated costs identified (reported separately)?</p> <p>3. Have any costs been included in forward estimates and if so where?</p> | 12/02/2009 | 12/02/2009 | |
| <i>Australians earning over \$2 million per annum</i> | | | | | | |
| <u>SBT-8</u> | Xenophon | Treasury | <p>1. How many Australians earned more than \$2 million per annum for the last 3 financial years?</p> <p>2. How much extra revenue would be raised if those Australians who earned between \$1-2 million were taxed at the top marginal rate of 50 cents in the dollar and those who earned in excess of \$2 million were taxed at 60 cents in the dollar.</p> | 23/12/2008 | 24/12/2008 | |

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| Staff turnover | | | | | | |
| SBT-9 | Bushby | ATO | 1. How many staff have ceased employment with the ATO this year? 2. What is the staff turnover percentage this year? What was it for each of the last five years? | 17/12/2008 | 17/12/2008 | |
| Advisers/departmental liaison officers – Treasurer's office | | | | | | |
| SBT-10 | Bushby | Treasury | 1. How many advisers are employed in the Treasurer's offices? 2. How many Departmental Liaison Officers are stationed in the Treasurer's offices? | 23/12/2008 | 24/12/2008 | |
| Change in Medicare Levy threshold | | | | | | |
| SBT-11 | Bushby | Treasury | 1. What are the current estimates for the number of people who will leave private insurance as a result of the change in the Medicare levy threshold? 2. What are the estimated changes in revenue resulting from the change? | 12/02/2009 | 12/02/2009 | |
| \$10.4 billion stimulus | | | | | | |
| SBT-12 | Bushby | Treasury | 1. In the last thirty years how many major expenditure decisions have been taken outside of the annual budget? What level of supporting documentation (evidence and analysis) has been provided for these announcements? 2. What documentation was provided for the \$10.4 billion stimulus? Is this significantly less than on previous occasions? | 17/12/2008 | 18/12/2008 | |
| Executive remuneration | | | | | | |
| SBT-13 | Eggleston | APRA | On Wednesday at the Press Club the PM floated the idea of curbing executive greed through capping executive pay by linking it to risk exposure. 1. How would risk be rated? Would it include operational and financial risk as well as business risk? 2. How many additional resources would APRA require in order to facilitate such a scheme? | 12/02/2009 | 12/02/2009 | |

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| | | | 3. How would Australia compete in procuring the best executives from other nations where no such cap would exist? | | | |
| Capital ratios | | | | | | |
| SBT-14 | Eggleston | APRA | The capital adequacy of the banking system was also raised during the Press Club address on Wednesday. Does APRA consider capital ratios such be altered? | 12/02/2009 | 12/02/2009 | |
| Bank guarantees | | | | | | |
| SBT-15 | Eggleston | APRA | As announced in the Financial System Legislation Amendment Financial Claims Scheme and Other Matters Bill, the ADI deposit guarantee assures that depositors in a failed ADI will have their funds protected, thereby possibly creating significant liabilities for the Government. 1. Will there be a contingent liability arising from the guarantee? How much? 2. How ill this scheme look in three years upon withdrawal? What does the department plan for the bank guarantee threshold in three years time? 3. Have risk and return matters been taken into account while drafting this scheme? For example, as a BB rated bank would usually offer a higher interest yield than an AA rated bank due to the riskier nature of the investment, the AA bank is now less attractive from a depositor's point of view. Has the competitive differential been considered? | 12/02/2009 | 12/02/2009 | |
| Superannuation losses | | | | | | |
| SBT-16 | Eggleston | APRA | 1. What is the total loss (or gain) attributable to Australia's superannuation funds to date this quarter and financial year? 2. What is the average loss (or gain) across retail funds? And industry funds? 3. Have more Australians used Superannuation Choice in order to select a non-default fund than in previous years? 4. Has the rate of withdrawal from superannuation increased since the advent of increased public awareness of the global financial crisis? | 17/12/2008 | 18/12/2008 | |

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| | | | 5. What concerns does APRA have about this (if there has been a dramatically increased rate of exit)? | | | |
| <i>ACCC and market rules</i> | | | | | | |
| <u>SBT-17</u> | Nash | ACCC | <p>1. It would appear that NSW and SA operators are the only focus of the draft market rules for water (ie. Victorian government owned entities are not considered within the scope yet their “market” behaviour has been consistently the greatest impediment to trade reform). The Market Rules will miss the main game if they exclude whole states and the large “operators” which exist within these states.</p> <p>Why has the ACCC adopted such a narrow scope for this report and is the government going to insist that government-owned entities are included within the scope of preferred market rules?</p> <p>2. Is the ACCC going to force the break-up of NSW and SA Irrigation Corporations by insisting that all customers be allowed to hold statutory water rights whilst still insisting on continued service delivery from an irrigation corporation? If so, what analyses have been undertaken to prove that this model will create net benefits to regional investment, cost reform and environmental water recoveries and what alternatives have been examined?</p> <p>3. Is the government going to insist – potentially via COAG – that Victorian Infrastructure Operators comply with the provisions of Schedule E of the MDB Agreement?</p> <p>4. Would ACCC support a proposal to remove the 4% annual trade limit provided water infrastructure providers in exchange for the ability to require payment of Termination Fees at time of sale of water entitlement?</p> <p>5. Does the ACCC acknowledge that the current “multiples” approach ie. The imposition of a maximum fee of 15 times their annual fixed charges, as endorsed by the ACCC, is creating some perverse economic outcomes with water form? Will the ACCC be reconsidering its approach to avoid such outcomes?</p> | 23/12/2008 | 24/12/2008 | |

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|-------------------------|---------|----------|--|---------------|----------------------|------------------------|
| <i>ASIC restructure</i> | | | | | | |
| <u>SBT-18</u> | Coonan | ASIC | ASIC recently restructured its internal operations from four directorates to seventeen smaller teams. How has splitting ASIC up into smaller teams helped with agency wide cross-communication? | 23/12/2008 | 24/12/2008 | |
| <i>Bank switching</i> | | | | | | |
| <u>SBT-19</u> | Coonan | Treasury | <p>1. What measures have the Government put in place to ensure that banks pass on official RBA rate cuts?</p> <p>2. Is the Government moving to put in place a mechanism to stop rate rises independent and above that of the RBA?</p> <p>3. What are the anticipated costs to banks for compliance with the Government's bank switching package?</p> <p>4. Considering that a bank can offer a lower interest rate when there is an exit fee because the exit fee makes continued customer patronage more certain – what is the anticipated average rise in interest rates because of this regulation?</p> <p>5. Has Treasury modelled these regulatory changes and their impact on bank product interest rates?</p> <p>6. The Australian Payment Clearing Association has identified that the bank switching package is flawed because it relies on financial institutions providing exiting customers with account debits and credits for the last 13 months. In some cases financial institutions do not have these details. How will the Plan be implemented in the absence of records dating back 13 months?</p> <p>7. Has the Dutch system of allowing bank account numbers to be transferred between banks been considered in formulation of the policy?</p> <p>8. With the introduction of Government guarantees for deposit taking institutions, does the Government consider that banks should pass on the full 1% rate cut from the recent decision of the Reserve Bank?</p> | 12/02/2009 | 12/02/2009 | |

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| <i>Collected money</i> | | | | | | |
| <u>SBT-20</u> | Coonan | Treasury | <p>1. What is the legal position concerning money collected through taxation measures that have not been passed through the parliament?</p> <p>2. If the Alcopops legislation does not pass through Parliament, what will be the process of returning the collected money?</p> | 23/12/2008 | 24/12/2008 | |
| <i>Household net worth</i> | | | | | | |
| <u>SBT-21</u> | Coonan | Treasury | The Reserve Bank released figures that showed household net worth fell by 4.9 per cent in the first six months of 2008. What implications does Treasury expect from this for retirement incomes over the next decade? | 12/02/2009 | 12/02/2009 | |
| <i>FOI – stimulus package</i> | | | | | | |
| <u>SBT-22</u> | Coonan | Treasury | <p>1. Did a member of the Treasurer’s staff contact a journalist, Mr Parnell of the Australian, about an FOI request for Treasury advice in relation to the \$10.4 billion stimulus package?</p> <p>2. On whose direction was this contact made?</p> | 23/12/2008 | 24/12/2008 | |
| <i>Petrol commissioner and petrol market</i> | | | | | | |
| <u>SBT-23</u> | Bushby | ACCC | <p>1. What salary does the Petrol Commissioner receive?</p> <p>2. Given the commissioner’s admission that motorists are being slugged an extra 3c a litre more than what they should be, what is the ACCC doing about it?</p> <p>3. Do the ACCC feel they have enough power to keep oil companies in line?</p> | 23/12/2008 | 24/12/2008 | |
| <i>Grocerychoice</i> | | | | | | |
| <u>SBT-24</u> | Bushby | ACCC | <p>1. Mr Samuel is on the public record as saying that GROCERYchoice is a Rudd Government election commitment, as if to distance the ACCC from the negative public comments following from its introduction. If the ACCC is not satisfied with the site, why is it not willing to receive criticism of it given the site bears quite prominently the logo of the ACCC?</p> <p>2. Can you confirm the number of hits the GROCERYchoice site has received for every month since it became operational?</p> | 23/12/2008 | 24/12/2008 | |

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| | | | <p>3. Is GROCERYchoice designed with the intention to reduce grocery prices?</p> <p>4. Would it be realistic to suggest that a shopper, by using the website, would be able to obtain cheaper prices?</p> <p>5. The Assistant Treasurer has been quoted as saying, “We’re not doing it for a price impact...any reduction would be a bonus”. Would you agree with his assertion regarding GROCERYchoice?</p> <p>6. In constructing such a site to meet the stated objectives, would you ideally, have included a greater number of supermarkets and more regions so the information on the site actually reflected more closely, what price the shopper might pay at his or her actual store.</p> <p>7. If Coles were initially the cheapest, then Woolworths have become the cheapest for the last few samples, what aspect of the way the site is researched and presented ensures that this turn around could not have been achieved through a deliberate manipulation by Woolworths, of their prices to ensure their basket of goods presented best on the site?</p> <p>8. The Assistant Treasurer responded to criticism about the site has repeatedly said that he wants to work with consumer groups and retailers to get much more information ‘on the site as we go – and that is what we are doing’. Can you outline or the committee what steps the ACCC is currently taking to add more information to the site?</p> <p>9. A caveat on the GROCERYchoice website says: Note: The towns and suburbs included on the maps do not necessarily reflect where the GROCERYchoice survey is undertaken. Mr Samuel, would you agree that different stores under the same supermarket chain can and do price differently in different suburbs?</p> <p>10. Given the size of the regions – even the metropolitan regions that span a dozen or more major suburbs – how is a reasonable shopper meant to decipher the cheapest ‘chain’ in their area when the actual supermarket sampled may have been 10 stores away, or even hundreds of kilometres away?</p> <p>11. Does the ACCC intend to reduce the size of the regions by adding more supermarkets to the site?</p> | | | |

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| | | | <p>12. Will adding more 'information' to the site cause the GROCERYchoice program to run over budget?</p> <p>13. Do you consider that the budget allocation for the project provides adequate resources to ensure that appropriate levels of research and information presentation can be put in place to fully meet the goals of the website?</p> <p>14. Mr Samuel has been quoted as saying that the " small operator offers a niche service, often in terms of service or in terms of the specialised nature of the goods being sold." How is this taken into account in the presentation of information to consumers on your GROCERYchoice website?</p> <p>15. Would you say the prior to GROCERYchoice, consumers had adequate information regarding the cost of groceries?</p> <p>16. Has the introduction of GROCERYchoice tipped the balance of large chains versus consumers in favour of the latter? If so, please explain in what sense and extent.</p> <p>17. Is it intended that the average shopper is meant to know where the samples were taken in order to ensure they can actually shop in the cheapest supermarket?</p> <p>18. If not, how do you reconcile that fact with the quoted statement by the Assistant Treasurer, "It's (GROCERYchoice) an indicator to say generally speaking, if you're interested in price, have a look at this 'supermarket' because they can be cheaper"?"</p> <p>19. Are you aware that figures from the Australia Catalogue Association show that the catalogue industry was worth about \$1.7 billion dollars in 2003. About 7.5 billion catalogues were distributed in 2004. 78% of grocery buyers believe that catalogues are useful for comparing prices, and 67% of main grocery buyers said that catalogues help make decisions on what to buy. This doesn't even take into account the increased transparency of retailers posting their prices on their websites. Given that retailers already spend huge amounts of money to keep customers informed, is it still the ACCC's contention that before GROCERYchoice, shoppers didn't have any information about grocery prices?</p> <p>20. If the prices on the website can be up to at least a month old by the time they are on the</p> | | | |

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| | | | <p>site, let alone up on the site for the following month, how can a shopper expect to use the site to ascertain cheapest current prices to help reduce their shopping bill?</p> <p>21. The ACCC consumer survey indicated that particular elements are as or more important than price, such as food quality and store characteristics. How is this taken into account in the presentation of information to consumers on your GROCERYchoice website?</p> | | | |
| Short selling – general | | | | | | |
| <u>SBT-25</u> | Bushby | Treasury | <p>1. How much of the market decline earlier in the year do you think could be attributed to short selling?</p> <p>2. Short selling as a practice was claimed for driving down share prices earlier this year – leading to many margin calls. How widespread is the use of margin lending?</p> <p>3. Do you consider there to be a conflict on interest whereby the ASX regulates the share market at the same time as profiting from it?</p> <p>4. Given that the ASX profits from it, is it in the ASX’s interests that short selling be encouraged?</p> <p>5. If short selling leads to significant losses on the market, is it appropriate that the ASX should b both regulating this activity and profiting from this activity?</p> <p>6. Superannuation funds have been lending their stocks to short sellers, leading to their stocks held losing value – is there greater need for regulation to protect retirees and their savings?</p> <p>7. Considering that these regulatory issues relating to the disclosure of short selling have been identified as early as February this year by the financial press – why did it take a financial crisis before the Government acted?</p> <p>8. Did the ban on short selling stop the share market from going down?</p> <p>9. How will the proposed Federal takeover of Financial Services regulation make the extent of margin lending more transparent to investors?</p> | 17/12/2008 | 18/12/2008 | |

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| Short selling ban | | | | | | |
| SBT-26 | Bushby | Treasury | <p>1. Has Treasury given any advice to ASIC this year on short selling?</p> <p>2. If so, can you please tell us when and what advice you provided to ASIC?</p> <p>3. If so, why did Treasury give this advice?</p> <p>4. Who was consulted about this advice? Were key stakeholders advised? If so, who was advised?</p> <p>5. Was it the Government's decision to temporarily ban short selling?</p> <p>6. If it was not a decision of Government, what did Minister Conroy mean during the first question in Question Time after the ban on short selling, as the Government's Senate Treasury representative, when he said: "The Rudd government are now focusing in the things we can control...We have also moved in recent days to crack down on short selling"?</p> | 17/12/2008 | 18/12/2008 | |
| Bank deposit guarantee | | | | | | |
| SBT-27 | Bushby | Treasury | <p>1. When did the Government first seek advice about this package (all three elements announced – guarantee of deposits, guarantee for wholesale term funding, and the addition \$billion in RMBS's)?</p> <p>2. Did Treasury produce advice that the guarantee for deposits held by approved deposit taking institutions <u>should</u> be increased from a \$20,000 capped guarantee to a guarantee unlimited in amount?</p> <p>3. This guarantee is unlimited – it doesn't matter whether it is for \$100,000 or \$100 million – is that correct?</p> <p>4. Did Treasury produce advice to the Government that the capped guarantee for deposits held by deposit taking institutions should be capped?</p> <p>5. Did Treasury provide advice of any figure to which the deposit guarantee should be limited?</p> | 12/02/2009 | 12/02/2009 | |

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| | | | <p>6. Does Treasury agree that a consequence of an unlimited guarantee is that the commercial paper market is now disadvantaged by having a lower effective credit rating than a deposit with the smallest credit union?</p> <p>7. Was this an unintended consequence at the time the policy was agree to or was it considered and accepted collateral damage?</p> <p>8. Did Treasury seek the advice of the Reserve Bank on the likely consequences for the commercial bill market of producing an uncapped guarantee?</p> <p>9. Did Treasury undertake any consultation with firms that operate in the bill market?</p> <p>10. What was the process for explaining which financial products were included in the guarantee and which were not?</p> | | | |
| <i>Wholesale funding guarantee</i> | | | | | | |
| <u>SBT-28</u> | Bushby | Treasury | <p>1. What will be the conditions of producing a guarantee of this kind?</p> <p>2. Will it be available for short term programs?</p> <p>3. Will this only apply to new issues?</p> <p>4. How will the government determine commercial fees for the term funding guarantee?</p> <p>5. How will the fee be structured?</p> <p>6. How will it send an appropriate commercial signal?</p> <p>7. How does this measure align and compare with other international jurisdictions?</p> <p>8. Given that the US has adopted a fixed level of 75 basis points, how will Australia's approach to a price keep it competitive?</p> <p>9. Are there risks of a significant expansion of AAA rated Commonwealth guaranteed bonds over pricing and access disadvantages compared to other AAA institutional borrowers such as central borrowing authorities?</p> | 12/02/2009 | 12/02/2009 | |

| Q No | Senator | Agency | Question | Date answered | Date sent to Senator | Additional Information |
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| | | | <p>10. Has Treasury made an assessment on projection of the contingent liabilities that the Commonwealth will assume as a result of this guarantee?</p> <p>11. Will there be additional prudential supervision of the guarantees?</p> <p>12. Will the arrangements supporting the wholesale guarantee require legislation?</p> <p>13. How will the Government propose to deal with the 'moral hazard' of guaranteeing 100% of borrower's liabilities under the guarantee?</p> <p>14. What level of risk disclosure will banks be required to meet before receiving a government guarantee on term funding?</p> <p>15. Will the government be establishing further prudential regulations for financial institutions covered by the funding guarantee?</p> <p>16. Will there be conditions on executive salaries and bonuses in return for the guarantee?</p> <p>17. How large are the term funding requirements of those institutions covered by the term funding guarantee?</p> <p>18. Will the term funding guarantee apply to transfers from Australian banks to their subsidiaries overseas?</p> <p>19. Will the term funding guarantee apply to transfers from international banks to our banks?</p> <p>20. Has the Government received or requested any advice as to whether or not the proposed levy on the term funding guarantee will have any impact on interest rates?</p> <p>21. Does the term funding guarantee apply to Australian banks lending internationally?</p> <p>22. If you have a bank that is rated BBB and another rated AA – it would be normal for the BBB bank to offer a higher interest rate on its deposits. With the 100 per cent deposit guarantee, both banks – from the perspective of the investor – are AAA rated. What are the likely implications for term deposit interest rates under these circumstances?</p> | | | |

| Q No | Senator | Agency | Question | Date answered | Date sent to Senator | Additional Information |
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| | | | <p>23. Are you confident that banks might not try to imprudently attract market share by offering high interest rates for their government guaranteed deposits?</p> <p>24. What is the likely contingent liability to be borne by the taxpayer from the 100 per cent bank deposit guarantee?</p> <p>25. Are you confident that the guarantee will be able to be withdrawn – or at least a cap applied – in three years?</p> <p>26. What is likely to happen when a bank says that withdrawing the deposit guarantee will place its business in jeopardy and hence act as a de facto threat against the withdrawal of the guarantee? In other words, how can the Government credibly commit to impose a cap?</p> <p>27. What are the likely effects on non-ADI debenture issuers – eg corporates and finance companies – from the 100 per cent government guarantee?</p> <p>28. What is to prevent a deposit of (say) \$100 million being made which would be otherwise from a wholesale debt raising to avoid the fee to be charged on wholesale funding for ADIs?</p> <p>29. What are the moral hazard issues associated with the 100 per cent guarantee of wholesale funds for ADIs?</p> <p>30. What is the likely contingent liability to be borne by the taxpayer from the 100 per cent wholesale funding guarantee?</p> <p>31. How will banks be prevented from abusing the 100 per cent wholesale funding guarantee?</p> <p>32. Should a BBB bank be charged a higher fee than a AA bank for accessing the 100 per cent wholesale funding guarantee?</p> <p>33. Would you compare and contract the various wholesale funding guarantees around the major countries?</p> | | | |

| Q No | Senator | Agency | Question | Date answered | Date sent to Senator | Additional Information |
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| | | | <p>34. When will the wholesale funding guarantee be withdrawn?</p> <p>35. What is likely to happen when a bank says that withdrawing the wholesale funding guarantee will place its business in jeopardy and hence act as a de facto threat against the withdrawal of the guarantee? In other words, how can the Government credibly commit to its withdrawal?</p> <p>36. Do you think the moral hazard associated with the wholesale funding guarantee is similar or more than that of the deposit guarantee?</p> <p>37. How will the wholesale funding guarantee be implemented?</p> <p>38. What new powers will be given to APRA to mitigate the moral hazard from the deposit guarantee and the wholesale funding guarantee?</p> <p>39. What are the lessons for Australia from the present financial crisis?</p> <p>40. Is APRA appropriated resourced to undertake its important duties?</p> <p>41. Would you release the legal advice the Government has sought on whether legislation is required to implement the Government's 100 per cent guarantee for bank wholesale funding?</p> <p>42. Recognising the temporary nature of the wholesale funding guarantee, would you outline the Government's exit strategy so as to ensure that the wholesale bank funding guarantee does not become a permanent feature of Australian banking.</p> <p>43. What could be the implications for interest rates from the Government's 100 per cent guarantee for bank wholesale funding?</p> <p>44. In what circumstances would the Government's 100 per cent guarantee for bank wholesale funding pose a threat to the credit rating of the Commonwealth?</p> <p>45. Will the fees to be charged on the Government's 100 per cent guarantee for bank wholesale funding fully account for the risk-weighted contingent liability and be independently actuarially certified so to do?</p> | | | |

| Q No | Senator | Agency | Question | Date answered | Date sent to Senator | Additional Information |
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| | | | <p>46. How much of the Reserve Bank's 1 percentage point reduction in interest rates has been passed onto small business borrowers?</p> <p>47. What are the implications for competition in the bank sector from the deposit and wholesale funding guarantees?</p> <p>48. I understand that the Government is of the view that the wholesale funding guarantee does not require legislation except to payout (through an appropriation). Would it not be better to bring forward legislation to validate the scheme and appropriation ex ante rather than run the risk of the Parliament rejecting an appropriation bill ex post?</p> <p>49. Will the amounts and terms of all guarantees provided by the Commonwealth in respect of wholesale term funding by Australian banks be fully and promptly made public (to inform the markets and taxpayers)?</p> | | | |
| <i>Executive remuneration packages</i> | | | | | | |
| <u>SBT-29</u> | Eggleston | APRA | <p>1. On Wednesday at the Press Club the PM floated the idea of curbing executive greed through capping executive pay by linking it to risk exposure. How would risk be rated for this purpose? Would it include operational and financial risk as well as business risk?</p> <p>2. The goals and objectives of businesses differ from business to business and within businesses over time, yet the capacity to tailor remuneration packages to suit the goals and objectives of individual firms will be limited by this policy measure. Has APRA contemplated the impact of this and if so, is there not a risk that it may hinder the growth of business?</p> <p>3. How many additional resources would APRA require in order to facilitate and regulate such a scheme?</p> <p>4. This measure is to ensure that Australia's financial institutions are sound yet the Prime Minister himself has boasted that Australia ranks equal second out of 134 nations for the soundness of its banks. The fact that within the current financial turmoil Australia's banks are showing themselves to be some of the strongest in the world highlights that the evils that this measure is aimed at preventing simply do not exist. Has APRA, during the development of this policy, come across examples that could justify such a move and</p> | 12/02/2009 | 12/02/2009 | |

| Q No | Senator | Agency | Question | Date answered | Date sent to Senator | Additional Information |
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| | | | <p>examples do exist, without naming those institutions, what are the total funds held by these institutions? What portion of the Australian financial market does APRA view as having unacceptable low levels of capital reserves relative to their debt risk?</p> <p>5. How would APRA enforce financial institutions to increased their capital holding ratios for multi-jurisdictional organisations that may have their head offices in Australia or overseas?</p> <p>6. On the list of the higher paid executives in Australia that this measure will cover, overseas CEOs feature prominently. NAB, ANZ, the Commonwealth Bank, and Westpac, have all recruited senior executives from overseas. Given the international nature of financial markets there is a great risk that without flexibility in remuneration options, many of these high calibre personnel will be lost to more attractive offers from overseas. If this move restricts the remuneration of Australia's more successful CEOs relative to overseas CEOs in relative businesses, is there not the risk that Australia could suffer a talent exodus?</p> <p>7. Generally speaking, the payment of excessive bonuses has been more prominent within the realm of investment banking, yet APRA does not regulate this sector to the degree that it does for licensed deposit-taking banks. Will APRA be taking steps to increase its control in this area? If so, through was mechanisms would this occur and if not, why should banks targeted when the performance of Australia's banking sector is indicative of exemplary risk management?</p> | | | |
| <i>Cartel behaviour/ACCC Chairman</i> | | | | | | |
| <u>SBT-30</u> | Fierravanti-Wells | ACCC | <p>1. After settling the Visy Industries matter, why did the ACCC choose to undertake a criminal prosecution against its former Chairman? Please provide details of when the decision to commence prosecution was taken.</p> <p>2. How much has been expended to date in investigating, preparing and furthering that prosecution and how much has been budgeted for future expenditures in pursuing the matter?</p> <p>3. Pursuant to what legislative powers is the Chairman of the ACCC undertaking a public campaign to criminalise cartel behaviours?</p> | 23/12/2008 | 24/12/2008 | |

| Q No | Senator | Agency | Question | Date answered | Date sent to Senator | Additional Information |
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| | | | <p>4. Should that campaign be run while the ACCC is undertaking a very public prosecution of an individual which could appear to have its origins in those views?</p> <p>5. Could such advocacy impact the procedural fairness of such proceedings?</p> <p>6. Is it the Chairman's role to advocate in the media and publicly for legislative changes? Alternatively, are there other established processes through which the ACCC can make its views known to governments and legislators?</p> <p>7. Further to the answer to question 114 in Budget Estimates 3-5 June 2008, when did the Government commence the procedure for the reappointment of the Chairman?</p> <p>8. In relation to the procedure for the reappointment, were other candidates considered for the position. Please provide details of the actual procedure undertaken, including details of relevant dates and actions undertaken on those dates.</p> | | | |
| <i>Western Australia's onshore royalties</i> | | | | | | |
| <u>SBT-31</u> | Siewert | Treasury | <p>Referring to pages 57-58 of the WA Legislative Council's Public Administration and Finance Committee's 2004 report (Local Government Rating System and Distribution of Funds) where evidence provided by the WA State Treasury and a Joint Departmental Submission informed the Committee that;</p> <p>"As a general rule, around 80 percent of WA's onshore royalties (including onshore petroleum royalties), and around 90 percent of offshore petroleum royalties (mainly from the North West Shelf) are 'redistributed' to other states through a reduction in WA's share of (GST) grant funding"</p> <p>1. Can you confirm that the equivalent of 80 - 90% of WA's mining royalties have, for years, been deducted from WA's GST Grants payments, for redistribution (over a four year period) to the other states?</p> <p>2. If so, how much of the equivalent of WA's 2006-7 and 2007-8 mining royalties were (or will be) deducted from WA's GST Grant payments?</p> <p>3. And, on this basis, if WA's mining royalties for the 2008-9 year were to reach their predicted level of \$2.7 billion, how much of the equivalent of that amount are likely to be deducted from WA's GST Grants payments?</p> | 08/01/2009 | 08/01/2009 | |

| Q No | Senator | Agency | Question | Date answered | Date sent to Senator | Additional Information |
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| | | | 4. And roughly how much would 25% of the net remaining (undeducted) royalties amount to? | | | |
| <i>Inpex decision regarding onshore operations in Darwin</i> | | | | | | |
| <u>SBT-32</u> | Cormann | Treasury | <p>1. Has Treasury assessed the impact of the INPEX decision to locate its on-shore operations in Darwin instead of the Kimberly in Western Australia on Petroleum Resource Rent Tax revenue for the Commonwealth?</p> <p>2. Considering the significant additional capital expenditure to be incurred by the Project, what is the impact on PRRT revenue for the Commonwealth?</p> | 17/12/2008 | 18/12/2008 | |
| <i>North West Shelf Joint Venture</i> | | | | | | |
| <u>SBT-33</u> | Cormann | Treasury | <p>1. Did the Treasurer receive representations from Woodside indicating that the North West Shelf Joint Venture paid about \$8 billion more in secondary taxation over the life of the North West Shelf Project so far than it would have if it had been subject to the PRRT arrangements?</p> <p>2. Did Treasury assess the Woodside analysis?</p> <p>3. What action is Treasury taking to address the fundamental taxation inequity faced by the North West Shelf Joint Venture project, compounded further by the \$2.5 billion new excise on condensate?</p> | 17/12/2008 | 18/12/2008 | |
| <i>Pensions and the British Government</i> | | | | | | |
| <u>SBT-34</u> | Fierravanti-Wells | - | <p>1. Is the Australian Government aware of the proceedings in the European Court of Human Rights in <i>Carson and Others v the UK Government</i> regarding the payment of pension entitlements to expatriate British citizens? If so, what is the attitude of the Australian Government in relation to this matter?</p> <p>2. Is the Australian Government supportive of the efforts of the consortium in its case against the British Government.</p> <p>3. Has the Australian Government made any representations to the British Government in relation to payment of pension entitlements to expatriate British citizens residing in Australia? If so, please provide details of the same.</p> | Question to be answered by the Families, Housing, Community Services, and Indigenous Affairs portfolio | | |

| Q No | Senator | Agency | Question | Date answered | Date sent to Senator | Additional Information |
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| <i>Impact of chronic disease</i> | | | | | | |
| <u>SBT-35</u> | Adams | Treasury | <p>1. What progress is there with the Treasury's work on the impact of chronic disease on the Australian economy?</p> <p>2. Will the work being undertaken be made available to the public?</p> <p>3. Have submissions been called for by the Treasury?</p> | 12/02/2009 | 12/02/2009 | |
| <u>SBT-36</u> see oral questions on notice below | | | | | | |
| <i>Treasurer's office – entertainment</i> | | | | | | |
| <u>SBT-37</u> | Bushby | Treasury | <p>1. Has the Department paid for any entertainment at the request of the Treasurer or his office?</p> <p>2. If so, what has been the total cost of this and what specific types of food and/or beverages have been provided, including the breakdown of costs?</p> | 23/12/2008 | 24/12/2008 | |
| <i>Treasurer – travel</i> | | | | | | |
| <u>SBT-38</u> | Bushby | Treasury | <p>1. How many overseas trips have been taken by the Treasurer?</p> <ul style="list-style-type: none"> - How many staff accompanied him? - What were the duties of each staff member? - How many Departmental staff accompanied the Treasurer? - What class did they travel? - In which hotel did they Treasurer stay? - How much was the room rate per night? - What was the total cost of each trip? - Who did the Treasurer meet during these trips? | 23/12/2008 | 24/12/2008 | |
| <i>Treasurer – media monitoring</i> | | | | | | |
| <u>SBT-39</u> | Bushby | Treasury | <p>1. What media monitoring arrangements are in place on behalf on the Treasurer?</p> <p>2. What is the monthly cost of media monitoring? Please set out by each month since December 2007 up until the most recent figure available.</p> | 08/01/2009 | 08/01/2009 | |

| Q No | Senator | Agency | Question | Date answered | Date sent to Senator | Additional Information |
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| <i>Call centre staff</i> | | | | | | |
| <u>SBT-40</u> | Bushby | ATO | 1. How many staff who work in the call centre have tertiary degrees? 2. Have any tertiary qualified staff been asked to work in the call centres because of staff shortages in the call centres? | 17/12/2008 | 17/12/2008 | |
| <i>Graduates</i> | | | | | | |
| <u>SBT-41</u> | Bushby | ATO | 1. How competitive are graduate salaries compared to competing accounting and law firms? 2. What percentage of new graduate recruits later leave the ATO during the first five years? | 17/12/2008 | 17/12/2008 | |
| <i>Targeting athletes of high status</i> | | | | | | |
| <u>SBT-42</u> | Bushby | ATO | 1. Has the Tax Office decided to target athletes of high status by way of increased scrutiny and audits this year? 2. If so, what particular categories of sports stars will be targeted? 3. Why did the Tax Office specifically choose to target sports stars this year? Was this related to the Olympics? | 17/12/2008 | 17/12/2008 | |
| <u>SBT-43 to SBT-77</u> see oral questions on notice below | | | | | | |
| <i>Emissions trading scheme – effect on produce</i> | | | | | | |
| <u>SBT-78</u> | Williams | Treasury | 1. What modelling has the Government done on the cost to food manufactures such as dairies and abattoirs of the Governments proposed ETS? 2. If no modelling has been done why not and when will it be done? 3. Will the modelling be publicly available and when? 4. Will the ACCC or other government agency be monitoring the impact of the ETS on the price of food and what measures will be put in place to ensure farmers are not being forced to bear the entire cost of the ETS through lower farm gate prices? | 12/02/2009 | 12/02/2009 | |

| Q No | Senator | Agency | Question | Date answered | Date sent to Senator | Additional Information |
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| <p><u>SBT-79 to SBT-86</u> see oral questions on notice below</p> | | | | | | |

TREASURY PORTFOLIO
Supplementary Budget Estimates 2008–09

Oral Questions on Notice

| Q No. | Senator | Agency | Hearing date | Question | Proof Hansard Page | Date answered | Date sent to Senator | Additional Information |
|--|---------|--------|--------------|--|--------------------|---------------|----------------------|------------------------|
| <u>SBT-1</u> see written questions on notice above | | | | | | | | |
| <i>Authorised deposit-taking institutions – exclusion from funding guarantee</i> | | | | | | | | |
| <u>SBT-2</u> | Brandis | APRA | 23/10/2008 | <p>Senator BRANDIS—Why were foreign bank branches which are APRA-regulated ADIs excluded from the scheme?</p> <p>Dr Laker—You are asking me about the government’s decision.</p> <p>Senator BRANDIS—No. I am asking for APRA’s opinion; in APRA’s opinion, why was it appropriate to exclude APRA regulated foreign bank branches from the scheme?</p> <p>Senator Sherry—That was a decision taken—</p> <p>CHAIR—Excuse me, do senators or the officers have any objection to the committee being filmed? No? Okay. Sorry, Minister .</p> <p>Senator Sherry—I thought we had an objection to filming here. That was a decision of government policy. I will take it on notice, Senator Brandis.</p> <p>Senator BRANDIS—Thank you, Senator Sherry.</p> | E12-E13 | 12/02/2009 | 12/02/2009 | |
| <u>SBT-3 to SBT-35</u> see written questions on notice above | | | | | | | | |

| Q No. | Senator | Agency | Hearing date | Question | Proof Hansard Page | Date answered | Date sent to Senator | Additional Information |
|---|---------|--------|--------------|--|--------------------|---------------|----------------------|------------------------|
| <i>Foreign bank branches and authorised deposit-taking institutions</i> | | | | | | | | |
| <u>SBT-36</u> | Brandis | APRA | 23/10/2008 | <p>Senator BRANDIS—Since 12 October, what amount has been moved from foreign bank branches to ADIs covered by the scheme?</p> <p>Dr Laker—I will have to take that on notice. I do not have the figures in front of me.</p> <p>Senator BRANDIS—Do you have a general idea? I would like an estimate. I do not think it is fair to pin you down to the nearest dollar figure. But if you have monitoring this, and it is a very important matter, you must have a rough idea. Can you please take the specific amount on notice but tell us—</p> <p>Dr Laker—I will take this on notice because I cannot give you a specific or a general amount. The figures move day by day. There are ins and outs. It is based on advice we are getting from treasurers and our own collections. I cannot give you a broad figure at this point.</p> <p>Senator BRANDIS—On the business days that have elapsed since 12 October, which up to yesterday is eight business days, would the flow of funds out of foreign bank branches into ADIs covered by the scheme be in the billions of dollars or the hundreds of millions?</p> <p>Senator Sherry—The witness has indicated he will take it on notice and provide the committee with the accurate figures.</p> <p>Senator BRANDIS—Let me come at it another way. There has been net movement, hasn't there? We can say that.</p> <p>Dr Laker—There have been, as I say, movements in several directions and funding support from parents. We look at the overall picture about how these institutions are travelling. I think those, whatever the movements might be in actual quantitative terms, have slowed until the details of the scheme are announced. I will have to take on notice any particular quantitative numbers. We look at it institution by institution.</p> | E16 & E17 | 12/02/2009 | 12/02/2009 | |

| Q No. | Senator | Agency | Hearing date | Question | Proof Hansard Page | Date answered | Date sent to Senator | Additional Information |
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| | | | | <p>Senator BRANDIS—I understand that, but anybody who reads the financial press knows this: during the last eight trading days since the announcement of the scheme, there has been some net movement—I am not going to press you to put a figure on it for reasons we have discussed—of funds from foreign bank branches to ADIs covered by the guarantee. Isn't that right?</p> <p>Dr Laker—It is very hard to find a specific linkage that says the funding went from one group to another group. We look at the funds that go in, but we do not ask a particular depositor where they may have moved to.</p> <p>Senator BRANDIS—But you have followed the flow of funds between nominated institutions, haven't you?</p> <p>Dr Laker—Yes. We follow the aggregate.</p> <p>Senator BRANDIS—So you must be aware of whether between these two different categories of institutions—that is, foreign bank branches and ADIs covered by the scheme—there has been a net flow of funds. You must know that.</p> <p>Dr Laker—Yes.</p> <p>Senator BRANDIS—And there has been, hasn't there?</p> <p>Dr Laker—There has been a flow of funds into our authorised deposit-taking institutions. There had been substantial flows to some of those anyway before the guarantee, so that process has continued.</p> <p>Senator BRANDIS—I am not asking you, by the way, whether you say there is a causal relationship. I am specifically not asking you that question. So there has been a net flow of funds. I have limited myself so far to foreign bank branches. What movement has there been from all funds which APRA monitors into guaranteed ADIs?</p> <p>Dr Laker—I would have to take that on notice because we are not daily tracking all of our institutions as to what they are</p> | | | | |

| Q No. | Senator | Agency | Hearing date | Question | Proof Hansard Page | Date answered | Date sent to Senator | Additional Information |
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| | | | | <p>doing with their funds on a daily basis. We are selectively looking at the major institutions as to what is going in and out, not right across the board.</p> <p>...</p> <p>Senator BRANDIS—So there was an initial flow of funds from foreign bank branches to ADIs and after that initial reaction you are telling us that that has plateaued pending the announcement of the detail. Is that a fair description?</p> <p>Mr Byres—I would have said the outflow is continuing but it has slowed.</p> <p>Senator BRANDIS—The outflow from foreign bank branches to ADIs is continuing but it has slowed.</p> <p>Mr Byres—But it is very variable from institution to institution.</p> <p>Senator BRANDIS—Thank you very much. Are you in any better position, Mr Byres, than was Dr Laker to put even an approximate figure on the net flows?</p> <p>Mr Byres—No. I will take it on notice. But in some cases it has been very large.</p> | | | | |
| SBT-37 to SBT-42 see written questions on notice above | | | | | | | | |
| <i>Advance payment of BAS</i> | | | | | | | | |
| SBT-43 | Abetz | ATO | 22/10/2008 | <p>Senator ABETZ—I have a question in relation to the administration of the tax system—and, so that nobody thinks I am trying to score political points, I think it may well have been a fault of our legislation at the time. Under the business activity statements, for a small business when it has to report quarterly I have a real-life situation in Tasmania. Somebody who has reported faithfully and paid up at all times wants to go</p> | E127 | 21/01/2009 | 21/01/2009 | |

| Q No. | Senator | Agency | Hearing date | Question | Proof Hansard Page | Date answered | Date sent to Senator | Additional Information |
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| | | | | <p>on a trip around Australia for a few months. He rings the tax office and asks, 'Can I pay even double my average quarterly in advance so I do not have to put my BAS in or can I pay it later?' He was told, 'No, no, no,' and that if he did not put it in his business activity statement at the appropriate time a penalty would apply et cetera. So a fair bit of expense had to be gone into to get somebody to put that return in for him whilst he was travelling around Australia—and I think he is somewhere in Perth at the moment. But is that the case: that you have got to file, even if you are going to be away or overseas and you want to pay in advance even double what your normal amount might be?</p> <p>Mr D'Ascenzo—I will ask Ms Vivian to answer that. I hope that we are flexible enough to cater to those sorts of situations. I will have to wait and see what the answer is.</p> <p>Senator ABETZ—I think the answer is no. But, if that is the case, Minister, I would ask you to consider some change to the legislation which would allow for flexibility for genuine people to even pay what is anticipated in advance so that they can go travelling with peace of mind. But, Ms Vivian, what can you tell me?</p> <p>Ms Vivian—I will take it on notice and have a look at what sort of arrangements we have in place for situations like that.</p> | | | | |
| <i>Carbon sink legislation</i> | | | | | | | | |
| <u>SBT-44</u> | Abetz | ATO | 22/10/2008 | <p>Senator ABETZ—I have got a grab bag of questions. First of all, does the carbon sink legislation specifically exclude MIS? If you do not know about it straightaway, take it on notice.</p> <p>Mr Konza—We will take it on notice.</p> | E126 | 17/12/2008 | 17/12/2008 | |
| <i>Unlimited deposit guarantee</i> | | | | | | | | |
| <u>SBT-45</u> | Coonan | Treasury | 22/10/2008 | Senator COONAN —Minister, was the Treasurer aware of the problems in markets that the unlimited guarantee was causing | E17-E18 | 12/02/2009 | 12/02/2009 | |

| Q No. | Senator | Agency | Hearing date | Question | Proof Hansard Page | Date answered | Date sent to Senator | Additional Information |
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| | | | | <p>when he introduced the legislation into the House on Wednesday?</p> <p>Senator Conroy—I do not think I can comment on what was in the mind of the Treasurer.</p> <p>Senator COONAN—You can say what his state of knowledge is.</p> <p>Senator Conroy—No, I do not think you can ask the officials to try to second-guess the—</p> <p>Senator COONAN—Well, had he been told prior to introducing—</p> <p>Senator Conroy—Now you are going directly to the issue of advice to government.</p> <p>Senator COONAN—No, no.</p> <p>Senator ABETZ—No; was he aware of the market response to the package when he introduced the legislation on 15 October?</p> <p>Senator Conroy—Dr Henry is trying to be very, very helpful. We are not ruling out any questions; we are trying to give you as much information as we can.</p> <p>Senator COONAN—Very wise.</p> <p>Dr Henry—I have already referred to the second reading speech. I am looking for a copy of it, and when I find a copy of it, I will read out the relevant paragraph, just so that all senators are aware of it, because it appears that senators might not be aware of this paragraph in the Treasurer's second reading speech.</p> <p>Senator ABETZ—This was a question to the minister—</p> <p>Senator COONAN—It was a question to the minister.</p> <p>Senator ABETZ—as to what the Treasurer was aware of at the time he introduced the legislation on 15 October.</p> <p>Senator Conroy—I am happy to table his second reading</p> | | | | |

| Q No. | Senator | Agency | Hearing date | Question | Proof Hansard Page | Date answered | Date sent to Senator | Additional Information |
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| | | | | <p>speech. We are just in the process of—</p> <p>Senator ABETZ—No, that is not the question.</p> <p>Senator JOYCE—We have a copy of that.</p> <p>Senator Conroy—That is good; perhaps you might want to table it for the whole committee.</p> <p>Senator ABETZ—More than happy to.</p> <p>Senator Conroy—I am happy to take that on notice and seek the advice of the Treasurer, but asking either the officials or me to second-guess what was in the Treasurer’s head when he was tabling legislation is beyond the capacity to answer in this particular forum.</p> <p>Senator ABETZ—No, that was not the question. Was he aware of the market reaction to the unlimited guarantee by the time he introduced the legislation on 15 October? He was either aware or not aware.</p> <p>CHAIR—I think the minister has indicated he will take that on notice.</p> <p>Senator Conroy—I am happy to take it on notice and get you as much information as the Treasurer is able and willing to pass on on that.</p> | | | | |
| <i>Unlimited guarantee – Prime Minister and Mr Stevens</i> | | | | | | | | |
| SBT-46 | Coonan | Treasury | 22/10/2008 | <p>Senator COONAN—Did Mr Rudd speak with Mr Stevens at any time over the weekend of the cabinet meeting?</p> <p>Senator Conroy—I am not sure that that is a question that Dr Henry—</p> <p>Senator COONAN—He may or may not know, but he can answer.</p> <p>Senator Conroy—I am not sure that he is entitled to reveal who the Prime Minister has had a conversation with. I think that is a question that you are more than welcome to have</p> | E19 | 12/02/2009 | 12/02/2009 | |

| Q No. | Senator | Agency | Hearing date | Question | Proof Hansard Page | Date answered | Date sent to Senator | Additional Information |
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| | | | | asked of the Prime Minister in question time at 2 o'clock, but it is not a question that I think Dr Henry— Senator COONAN —Well, I can ask you, Minister. Senator Conroy —I am happy to take it on notice. | | | | |
| <i>Unlimited guarantee – Reserve Bank advice</i> | | | | | | | | |
| <u>SBT-47</u> | Coonan | Treasury | 22/10/2008 | Senator COONAN —Is it fair to say that there is actually nothing in writing from the Reserve Bank recommending to the government that there be an unlimited guarantee in the bank package? Senator Conroy —I would have to take that on notice. I am not sure that Dr Henry would necessarily have seen all letters between the Reserve Bank and the government. He may have. Dr Henry —I would have to take that on notice, Senator. I am not sure. Senator COONAN —You have not seen anything, have you? Dr Henry —I am not sure about that. I may well have. Senator COONAN —So there might be something in writing from the Reserve Bank expressly recommending the bank package with the unlimited guarantee; is that right? Dr Henry —There may be; I am not saying that there is. I would need to take that question on notice and check our records. If by written material you include, these days, printouts of emails, then I am sorry, but I cannot retain in my head the details of all email correspondence between the Reserve Bank and the Treasury on this matter over that week or so. Senator ABETZ —You did not bring them with you? Dr Henry —No, I did not. Senator COONAN —Can I put it this way: is there any written material at all in which the Governor of the Reserve Bank | E19 | 12/02/2009 | 12/02/2009 | |

| Q No. | Senator | Agency | Hearing date | Question | Proof Hansard Page | Date answered | Date sent to Senator | Additional Information |
|--|-----------|----------|--------------|---|--------------------|---------------|----------------------|------------------------|
| | | | | <p>expresses concerns about the package?</p> <p>Senator Conroy—I am not sure that Dr Henry is in a position that he can—</p> <p>Senator COONAN—I am talking about anything with him. He knows if he has got emails, Senator Conroy. We do check our emails. I am just interested to know, in this melee of communication between you and the Reserve Bank, Dr Henry, if there is any written evidence from the governor in which he indicates unreserved support and recommendation for this package?</p> <p>Dr Henry—I have already taken that question on notice, I think. I am happy to come back to the committee—</p> | | | | |
| <i>Guarantee deposits – international consideration</i> | | | | | | | | |
| SBT-48 | Bob Brown | Treasury | 22/10/2008 | <p>Senator BOB BROWN—I just wanted to ask one other question, and that is: what other countries are considering this form of action to regulate the big deposits that have been guaranteed?</p> <p>Dr Henry—It is a very large number.</p> <p>CHAIR—Can you take that on notice?</p> <p>Dr Henry—I can take that on notice, but it is a large number.</p> | E25 | 12/02/2009 | 12/02/2009 | |
| <i>Percentage of depositors covered by the deposit guarantee</i> | | | | | | | | |
| SBT-49 | Xenophon | Treasury | 22/10/2008 | <p>Senator XENOPHON—You may provide an answer now or take these questions on notice. The opposition leader talked about a \$100,000 guarantee. That was the figure that was floated around. What percentage of depositors would that have covered? For instance, there is now a discussion about there being an insurance premium on a million dollars. Can I get some figures as to not only the number of depositors that would be covered by those various figures but also the amount of deposits that would be covered by such a guarantee—the</p> | E25 | 12/02/2009 | 12/02/2009 | |

| Q No. | Senator | Agency | Hearing date | Question | Proof Hansard Page | Date answered | Date sent to Senator | Additional Information |
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| | | | | distinction between the two? Dr Henry —We will have to take those questions on notice. Senator XENOPHON —Sure. | | | | |
| <i>Deposit guarantee – coverage of financial instruments</i> | | | | | | | | |
| <u>SBT-50</u> | Bob Brown | Treasury | 22/10/2008 | <p>Senator BOB BROWN—I have a question, if I may. That is coming back, Dr Henry, to the impact on instruments not covered by the guarantee. Are you able to quantify that or say what the nature of that impact is?</p> <p>Dr Henry—I am certainly not able to do it this morning, Senator. I do not know if we would ever be able to provide a reliable quantitative estimate of impact.</p> <p>Senator BOB BROWN—This is largely a domestic impact. It is one that will be of concern to people who have invested money or who otherwise have dealings with those other instruments.</p> <p>Dr Henry—Yes, I think that is a reasonable description of the sort of impact that you are talking about here.</p> <p>Senator BOB BROWN—So it is a matter of concern. I wonder if you could find out for the committee what the impact appears to be at this stage after the guarantee has now been given to some financial instruments but not all.</p> <p>Dr Henry—I am happy to take it on notice and see what we might be able to do, but what the impact turns out to be will not be the impact that we observe today. As I have indicated and—we have spent quite a lot of time talking about this—as was telegraphed in the Treasurer’s second reading speech the government will be considering some initiatives that go to the detail of the implementation of the scheme and those initiatives will themselves have impacts and so on. I will take your question on notice and I will see what we may be able to provide to the committee.</p> | E25 | 12/02/2009 | 12/02/2009 | |

| Q No. | Senator | Agency | Hearing date | Question | Proof Hansard Page | Date answered | Date sent to Senator | Additional Information |
|--|---------|----------|--------------|---|--------------------|---------------|----------------------|------------------------|
| <i>Unlimited deposit guarantee – advice from RBA</i> | | | | | | | | |
| <u>SBT-51</u> | Abetz | Treasury | 22/10/2008 | <p>Senator ABETZ—The same question. Did you, Dr Henry, receive written advice from the RBA Governor, Glenn Stevens, last Friday dealing with the issue of the unlimited guarantee for bank deposits?</p> <p>Dr Henry—Chair, I believe I have already answered the question.</p> <p>Senator COONAN—Is it yes or no?</p> <p>Senator ABETZ—It is either yes or no, whether you received a letter?</p> <p>Dr Henry—Let me say what I said earlier. I will not go through the entirety of what I said earlier, but I received, I am sure, more than one piece of correspondence from the governor on that Friday.</p> <p>Senator ABETZ—On this topic?</p> <p>Dr Henry—I do not wish to divulge the content or the subject matter of discussions that have occurred between the governor and me on this matter or any matter. The particular subject matter that we have been discussing this morning concerns the formulation of policy advice to the government. I have never before in this committee gone through the details of considerations among officials in the formulation of policy advice to the government. When pressed to do so, I have on numerous occasions sought leave of the chair to take the question on notice in order that I have an opportunity to consult with the Treasurer and specifically to ask the Treasurer how he would propose that I best handle my responsibility in helping him to discharge his responsibilities to the parliament. If that is the only course available to me on this occasion, then that is what I will do. I will seek leave of the chair to afford me an opportunity to consult with the Treasurer to see whether there is any information that the Treasurer would wish me to provide</p> | E34-E35 | 12/02/2009 | 12/02/2009 | |

| Q No. | Senator | Agency | Hearing date | Question | Proof Hansard Page | Date answered | Date sent to Senator | Additional Information |
|-------|---------|--------|--------------|---|--------------------|---------------|----------------------|------------------------|
| | | | | <p>to the committee in answer to this question.</p> <p>Senator ABETZ—Chair, it is a technical device that is open to Dr Henry to take any question on notice, but I must say it is passing strange that you would have to take on notice whether or not you received a letter dealing with a particular topic. Could I invite you, Dr Henry, to do so during the lunch break so that we can canvass this immediately after lunch?</p> <p>Dr Henry—As you know, senator, subject to the Treasurer’s availability, I am happy to do so, but of course it is up to the Treasurer to decide—</p> <p>Senator Conroy—Questions taken on notice are required to be provided to the committee by a date which I am not sure that you have set yet; you normally set it at the end.</p> <p>CHAIR—Yes, we have.</p> <p>Senator Conroy—I am sure that the Treasurer will comply with the wishes of the committee.</p> <p>Senator BRANDIS—Minister, surely given the sensitivity of this matter and what Dr Henry has himself just said, that he is willing subject to his availability to consult with the Treasurer at lunchtime, you will not stand on your rights and delay the response to a question taken on notice until the last possible date, surely not?</p> <p>Senator Conroy—I am indicating the processes of the committee, first. It will be entirely in the Treasurer’s hands whether the information is able to be provided before we resume. I would simply make the point that parliament is sitting; the Treasurer is not watching with bated breath our every word, I promise you.</p> <p>Senator BRANDIS—I do not presume that for one moment.</p> <p>Senator JOYCE—You know that is not true, Stephen. He is watching every minute of this, Senator Conroy.</p> <p>Senator Conroy—I have known Wayne a long time and he has</p> | | | | |

| Q No. | Senator | Agency | Hearing date | Question | Proof Hansard Page | Date answered | Date sent to Senator | Additional Information |
|-------|---------|--------|--------------|---|--------------------|---------------|----------------------|------------------------|
| | | | | <p>a very low boredom threshold, and he would have long passed into it by now.</p> <p>Senator JOYCE—You do not do yourself justice, Senator Conroy.</p> <p>Senator EGGLESTON—Madam Chair—</p> <p>Senator ABETZ—So you can tell us what the Reserve Bank Governor said—</p> <p>CHAIR—Sorry, Senator Eggleston has a point of order.</p> <p>Senator Conroy—We have indicated if you want to press—</p> <p>CHAIR—Minister!</p> <p>Senator Conroy—You have not indicated whether you are going to press yet.</p> <p>Senator ABETZ—Yes, we are.</p> <p>CHAIR—Minister!</p> <p>Senator Conroy—If you press it, then we will take it on notice.</p> <p>CHAIR—Senator Eggleston has a point of order.</p> <p>Senator EGGLESTON—Thank you, Madam Chair. I would simply call the attention of the committee to the fact that there are many precedents for information being sought from a minister during the course of estimates being provided within a very short time. The minister is well aware, I am sure, whether or not correspondence of the nature referred to was sent to the secretary, and I am sure that, given these precedents, this question can be answered by early this afternoon.</p> <p>Senator Conroy—We have taken this—there is no point of order.</p> <p>CHAIR—Actually, that is not a point of order.</p> <p>Senator Conroy—We have taken it on notice.</p> | | | | |

| Q No. | Senator | Agency | Hearing date | Question | Proof Hansard Page | Date answered | Date sent to Senator | Additional Information |
|---|---------|----------|--------------|--|--------------------|---------------|----------------------|------------------------|
| <i>Deposit guarantee – market reaction</i> | | | | | | | | |
| <u>SBT-52</u> | Coonan | Treasury | 22/10/2008 | <p>Senator COONAN—You anticipated that, not having fixed this up at the time the package was announced, there would not be an adverse market reaction having left this package at large with an unlimited guarantee covered by the government of certain accounts?</p> <p>Senator Conroy—I am not suggesting for a moment that these are not matters of legitimate public speculation and interest. We probably only have one or two options at this side of the table, which are to either take it on notice or go in camera to possibly continue a discussion along those lines. I offer you either opportunity.</p> <p>CHAIR—I have advice that estimates is not to be held in camera, that it needs to be a public discussion.</p> <p>Senator Conroy—As I said, I am offering the opportunity—</p> <p>CHAIR—We do have the opportunity as a committee to have a private briefing subsequent to estimates.</p> <p>Senator ABETZ—Can I try this question then: was Treasury anticipating the market reaction that followed? I think that is about as neutral a question as can be asked.</p> <p>Senator Conroy—I will take the question on notice.</p> <p>Senator ABETZ—This is appalling.</p> <p>Senator BRANDIS—Was Treasury anticipating a market reaction, Dr Henry?</p> <p>Dr Henry—I will take the question on notice.</p> | E45 | 12/02/2009 | 12/02/2009 | |
| <i>Bank deposit guarantee – second reading speech</i> | | | | | | | | |
| <u>SBT-53</u> | Abetz | Treasury | 22/10/2008 | <p>Senator ABETZ—We have agreed that that is the case, that it was canvassed in the second reading speech, for the purposes of this discussion. What I am asking about is why was it not canvassed in the Prime Minister's speech on Sunday 12</p> | E50-E51 | 12/02/2009 | 12/02/2009 | |

| Q No. | Senator | Agency | Hearing date | Question | Proof Hansard Page | Date answered | Date sent to Senator | Additional Information |
|-------|---------|--------|--------------|--|--------------------|---------------|----------------------|------------------------|
| | | | | <p>October? Reference to the second reading speech is irrelevant.</p> <p>Senator Conroy—This is Senate Estimates for Treasury and right now there is a forum that the Prime Minister is available to be asked questions. If you can convince the House tactics committee on your side that this merits asking the Prime Minister a question, then that is the perfect opportunity to ask what is in the Prime Minister’s mind. I am not in a position to comment on what is in the Prime Minister’s mind. I am happy to take it on notice and seek some further information, but it is not actually within the purview of this Senate Estimates on Treasury for me to be able to speculate on what is in the Prime Minister’s mind. But there is a perfect opportunity—</p> <p>Senator ABETZ—Did the Prime Minister—Sorry. Continue.</p> <p>Senator Conroy—No, I am finished.</p> <p>Senator ABETZ—Did the Prime Minister talk on behalf of the government and on behalf of the Treasury when he made his statement on 12 October—a statement that was in fact seen by the Secretary of Treasury before it was made, if I understood this morning’s discussion?</p> <p>Senator Conroy—I think it has been agreed that Dr Henry said that he saw a copy, did he not?</p> <p>Dr Henry—Yes.</p> <p>Senator Conroy—But now you are asking us to comment on what was in the Prime Minister’s mind. I think that is an imperfect way of describing questions.</p> <p>Senator ABETZ—Was it a deliberate omission on Sunday 12 October not to refer to a threshold and other matters which are now being relied upon in the second-reading speech, or was it thought about after the Prime Minister’s announcement on Sunday 12 October and the introduction of the legislation on 15 October? Did it arise as a new issue?</p> <p>Senator Conroy—Again you are asking me to speculate on the</p> | | | | |

| Q No. | Senator | Agency | Hearing date | Question | Proof Hansard Page | Date answered | Date sent to Senator | Additional Information |
|--|---------|----------|--------------|--|--------------------|---------------|----------------------|------------------------|
| | | | | <p>Prime Minister's thinking in devising a speech. I am happy to take it on notice but, I repeat, there is an opportunity to ask that Prime Minister that very question to his face. It is taking place at the moment.</p> <p>Senator ABETZ—And we have an opportunity at Senate Estimates and that is what I am doing as a senator.</p> <p>Senator Conroy—Perhaps if you had asked that question in the estimates for PM&C you might have been able to get a more direct response, but I am not responsible for the Prime Minister's speeches and, more importantly, the intents that you are seeking to get to. I am happy to take that on notice and seek whatever information I can get for you.</p> <p>Senator ABETZ—Did the speech that the Prime Minister—</p> <p>Senator Conroy—There is only a mercy rule in baseball, not in cricket.</p> <p>Senator ABETZ—Did the Prime Minister's speech on Sunday 12 October outline the government's full position at that time in relation to the unlimited guarantee for bank deposits?</p> <p>Senator Conroy—Dr Henry has discussed the second reading speech at length. We have discussed the Prime Minister's speech at length and I am happy to take on notice a question and seek further information so that I can give you a satisfactory answer.</p> | | | | |
| <i>Australian economy – stimulus package</i> | | | | | | | | |
| SBT-54 | Bushby | Treasury | 22/10/2008 | <p>Senator BUSHBY—Can I take you back, please, to the statement that was made earlier this morning that discussions were held with the government in February this year relating to the measures that might need to be put in place to address or to protect the Australian economy to the maximum extent possible, I guess from the effects of the international financial crisis? I have read somewhere in a newspaper report—and I confess I do not have it with me—that one of the government</p> | E57-E58 | 17/12/2008 | 18/12/2008 | |

| Q No. | Senator | Agency | Hearing date | Question | Proof Hansard Page | Date answered | Date sent to Senator | Additional Information |
|-------|---------|--------|--------------|--|--------------------|---------------|----------------------|------------------------|
| | | | | <p>members was alleged to have been working on the stimulus package at that point or that a stimulus package was canvassed as an option at that point.</p> <p>Dr Henry—I would not confirm or deny something like that. I do not wish to go into the subject matter of any of those discussions that I had with the government in February. In these committees we do not discuss the detail of policy—</p> <p>Senator Conroy—If you are indicating that that was a comment from the—</p> <p>CHAIR—Can I ask senators on the left here to carry on their conversation outside the room. I am trying to follow this conversation.</p> <p>Senator Conroy—I was just indicating that, if you were suggesting it was the Treasurer who made that comment, I am happy to take that on notice and seek his advice, but I do not know if you were quite that specific. I am not sure how we go—</p> <p>Senator BUSHBY—No, I was not that specific—</p> <p>Senator Conroy—I know you do not have the article with you. I am not sure how I answer a question on behalf of the government about something you think you remember.</p> <p>Senator BUSHBY—I am asking because of the comments that were made earlier today that there were discussions held in February relating to the need or the possible need to take measures to address the impact. I think that was in Dr Gruen's statement, and I think Dr Henry said something similar to that earlier today as well. At what point did Treasury consider it necessary to consider that there might be a need for some form of package to stimulate the economy?</p> <p>Dr Henry—That goes to advice to the government.</p> <p>Senator BUSHBY—I am not asking—</p> <p>Senator Conroy—You did; you were asking when did</p> | | | | |

| Q No. | Senator | Agency | Hearing date | Question | Proof Hansard Page | Date answered | Date sent to Senator | Additional Information |
|--|---------|----------|--------------|--|--------------------|---------------|----------------------|------------------------|
| | | | | <p>Treasury think—</p> <p>Senator BUSHBY—No, I am asking for a date. I am saying at what point did Treasury feel that there may be some need for a package to stimulate the economy. I am not asking for advice. I am just saying when did it become apparent to you, looking at the state of international affairs, that there may be some need for a stimulus package?</p> <p>Dr Henry—It seems to me that it is the same question.</p> <p>Senator Conroy—You have cutely changed it around but it fundamentally goes to advice to government.</p> <p>Senator BUSHBY—With respect, I am not asking at all about what the advice was—</p> <p>Senator Conroy—Yes, you are. You say, ‘After you formed the opinion that they needed to, when did you tell the government?’ That is exactly what you are attempting to do.</p> <p>Senator BUSHBY—Did Treasury ever form an opinion that the state of international affairs required a stimulus package for the good of the Australian economy?</p> <p>Senator Conroy—We will take that on notice.</p> | | | | |
| <i>Guarantee of wholesale borrowings</i> | | | | | | | | |
| SBT-55 | Brandis | Treasury | 22/10/2008 | <p>Senator BRANDIS—Dr Henry, I want to go back to the guarantee of wholesale borrowings. What I am going to ask might fairly be regarded as technical questions. How is this guarantee actually to operate? Is it anticipated that there will be some kind of legal instrument entered into between the Commonwealth and participating institutions by way of a deed of guarantee? By what other manner is effect to be given to this policy proposal?</p> <p>Dr Henry—I am happy to answer the question but I would like to indicate upfront that, with technical questions such as this, the government has yet to take decisions on matters of design</p> | E65-E66 | 12/02/2009 | 12/02/2009 | |

| Q No. | Senator | Agency | Hearing date | Question | Proof Hansard Page | Date answered | Date sent to Senator | Additional Information |
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| | | | | <p>detail and we have yet to tender advice to government on these matters of design detail. Nevertheless, I am happy to entertain the question in the nature of a hypothetical, if you like. What you have described—if I can put it this way—would be an obvious way of implementing the arrangements.</p> <p>Senator BRANDIS—What I am really trying to pin down is—and perhaps you can help with this too, Senator Conroy—that it has to be more than what you might call an uncovenanted assurance or a politician’s promise. There is actually going to be an enforceable instrument, isn’t there, whereby these guarantees would, in the unlikely event that the contingency crystallised, be enforceable against the Commonwealth?</p> <p>Dr Henry—That is right, yes.</p> <p>Senator BRANDIS—Who was designing these instruments? Was it the Attorney-General’s department or Treasury in collaboration with other agencies? By what process is the instrument being designed?</p> <p>Dr Henry—We are working on that issue at the moment with the assistance of lawyers.</p> <p>Senator BRANDIS—Is it anticipated that these instruments that commit the Commonwealth to a potentially very large contingent liability will be public documents or are they going to be commercial-in-confidence with the participating institutions?</p> <p>Dr Henry—I think I will have to take that one on notice. We have yet to formulate advice to the government on that matter. There is a question here of whether it is appropriate that specific instruments be made public or rather that there be some reporting in respect of a class of instruments and so on. We have not come to a landing on that question yet.</p> | | | | |
| <i>Position of the United States of America</i> | | | | | | | | |
| SBT-56 | Heffernan | Treasury | 22/10/2008 | Senator HEFFERNAN —Is it an unreasonable question to ask, | E67 | 23/12/2008 | 24/12/2008 | |

| Q No. | Senator | Agency | Hearing date | Question | Proof Hansard Page | Date answered | Date sent to Senator | Additional Information |
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| | | | | <p>which I asked in Harvard 18 months ago: is the US technically insolvent? Is that an unreasonable question?</p> <p>Dr Henry—It is a complex question and I would therefore like to take that one on notice, if you do not mind.</p> | | | | |
| <i>Fiscal stimulus package</i> | | | | | | | | |
| SBT-57 | Coonan | Treasury | 22/10/2008 | <p>Senator COONAN—When did the Treasury first become aware that there were meetings to be held with the government on 11 and 12 October?</p> <p>Dr Henry—I am not sure. I would have to take that one on notice. It is not that I have any problem answering the question; it is just that I really do not know.</p> | E67 | 17/12/2008 | 18/12/2008 | |
| <i>Stimulus package – Treasury advice</i> | | | | | | | | |
| SBT-58 | Coonan | Treasury | 22/10/2008 | <p>Senator COONAN—Was there anything materially different in Treasury’s advice between it being submitted in writing to cabinet and the decision?</p> <p>Senator Conroy—That really does go to the heart of advice to government. I know you are trying to be very specific, but I really think you have crossed over into an area where—</p> <p>Senator COONAN—This is a serious process.</p> <p>Senator Conroy—We are happy to take that on notice.</p> | E68 | 17/12/2008 | 18/12/2008 | |
| <i>Deposit guarantee – fees and charges</i> | | | | | | | | |
| SBT-59 | Abetz/Coonan | Treasury | 22/10/2008 | <p>Senator ABETZ—And it is quite clear that you do not know about it. During question time today the Treasurer said, ‘Because the government believe in a comprehensive guarantee for everyone, we are going to put in place a charge above a threshold. That charge or that fee above a threshold will be above \$1 million’, and you, Secretary, were not aware of that government decision until I just announced it to you courtesy of Senate Estimates. That, I must say, confirms to me that all this is being done on the run.</p> | E69 & E70 | 12/02/2009 | 12/02/2009 | |

| Q No. | Senator | Agency | Hearing date | Question | Proof Hansard Page | Date answered | Date sent to Senator | Additional Information |
|--|----------|----------|--------------|---|--------------------|---------------|----------------------|------------------------|
| | | | | <p>...</p> <p>Senator COONAN—How will the fee that we now know will be charged be administered? Will it be an opt-in?</p> <p>Senator ABETZ—He does not know about it so he will not know.</p> <p>Senator COONAN—I am entitled to ask him.</p> <p>Senator ABETZ—Of course you are. It is just more embarrassment for them.</p> <p>Senator COONAN—We know the threshold is \$1 million and I just want to know whether it will be an opt-in arrangement.</p> <p>Senator Conroy—We will take that on notice and try and get you information as fast as we can.</p> <p>Senator COONAN—Will a fee be charged on deposits over \$1 million or \$5 million retrospectively, or how will it operate?</p> | | | | |
| <i>Carbon Pollution Reduction Scheme – transmission costs</i> | | | | | | | | |
| <u>SBT-60</u> | Xenophon | Treasury | 22/10/2008 | <p>Senator XENOPHON—So would that be in the order of about \$1 million to \$1.5 million per kilometre of transmission?</p> <p>Ms Quinn—I do not have the exact numbers. I can take that on notice, if you would like.</p> <p>Senator XENOPHON—Please take that on notice.</p> | E75 | 12/02/2009 | 12/02/2009 | |
| <i>Emissions trading scheme – Canadian scheme</i> | | | | | | | | |
| <u>SBT-61</u> | Xenophon | Treasury | 22/10/2008 | <p>Senator XENOPHON—I will go to the ETS models that were looked at. The Canadian system, which some would say is a form of cap and trade, was not really considered in the green paper to any degree, was it? Given that Canada has a similar resource-rich economy to ours and is roughly of a comparable size, can you explain why the Canadian model was not considered in the process? I am addressing this question to you</p> | E75-E76 | 12/02/2009 | 12/02/2009 | |

| Q No. | Senator | Agency | Hearing date | Question | Proof Hansard Page | Date answered | Date sent to Senator | Additional Information |
|-------|---------|--------|--------------|---|--------------------|---------------|----------------------|------------------------|
| | | | | <p>or to anyone else.</p> <p>Ms Quinn—This is not one for me. I have been involved in doing the economic analysis and economic modelling and not the policy decisions of the government.</p> <p>Mr French—I think that question might be best put to the Department of Climate Change.</p> <p>Senator XENOPHON—They referred us to this particular committee today, and Senator Heffernan can confirm that. We were told that it was best to put that to you.</p> <p>Senator Sherry—I was not privy to that, but we will sort that out for you, Senator.</p> <p>Mr Ray—Perhaps we could take the question on notice and see what we can find out for you.</p> <p>Senator XENOPHON—Sure. Does anyone know anything about the Canadian scheme being considered with respect to the Australian model?</p> <p>Dr Henry—No.</p> <p>Senator XENOPHON—It is disappointing that we were referred to this particular committee. Senator Wong, in her committee, said that the Canadian scheme might control the quantity of emissions. Can anyone comment on that? Is that fair to say, Dr Henry?</p> <p>Dr Henry—No, I am sorry; I am not familiar with the Canadian scheme. I do not know.</p> <p>Senator XENOPHON—Perhaps I can put on notice: was the Canadian scheme considered? Assertions were made the other night that Canada will not meet their greenhouse gas targets, but apparently they are looking at different bases. I do not think that was a complete answer when you scratched below the surface. I will put a general question to you: what happens if other nations do not adopt an ETS? What impact will that have on the trajectory of the ETS that is being planned? I suppose a</p> | | | | |

| Q No. | Senator | Agency | Hearing date | Question | Proof Hansard Page | Date answered | Date sent to Senator | Additional Information |
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| | | | | <p>seminal question there is: can you indicate what the trajectory of the ETS scheme will be, or do we have to wait until the end of October? What impact will it have on how we approach this issue?</p> <p>Dr Henry—I think those questions go to matters of policy design. As I indicated earlier, the modelling that we are doing within the Treasury is one input into the policy decisions that the government will take. But the precise trajectory that the government will decide upon is still a matter for government consideration. We cannot talk in this committee about either the nature of advice we would provide to government on those matters or the decisions the government might take. It is really a matter for the government.</p> <p>Senator XENOPHON—With the government’s green paper on the ETS, I am trying to understand why one approach was considered and perhaps other schemes were not. I think there are the baseline and credit approach and the Canadian cap and trade approach. Perhaps you can take this on notice. I am trying to understand why there was a particular emphasis on certain schemes. From my dim memory of what was in green papers in years gone past, I understand that there was very robust discussion of various options, and there is a concern that the various options were not as robustly considered as they could have been, particularly in relation to the Canadian scheme.</p> <p>Dr Henry—As Mr Ray indicated earlier, we are happy to take that question on notice and see what we can find out for you.</p> | | | | |
| <i>Carbon capture and storage – ultra supercritical coal</i> | | | | | | | | |
| SBT-62 | Xenophon | Treasury | 22/10/2008 | <p>Senator XENOPHON—In terms of the assumptions at table 21, you have ‘ultra supercritical coal’ at \$2,255 per kilowatt with a 0.5 de-escalator. With ‘USC’—ultra supercritical coal—‘with post-combustion capture’, it is a bit more at \$2,482 but with a 1.5 per cent de-escalator. I do not understand how an ultra supercritical coal plant with post-combustion capture will</p> | E81 | 13/03/2009 | 13/03/2009 | |

| Q No. | Senator | Agency | Hearing date | Question | Proof Hansard Page | Date answered | Date sent to Senator | Additional Information |
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| | | | | <p>be cheaper to build than one without post-combustion capture. If you have the added extras, how can it eventually be cheaper?</p> <p>Ms Quinn—According to the table, the ultra supercritical coal is \$2,255 and the one at the bottom, the ‘USC with post-combustion capture’, is \$2,482.</p> <p>Senator XENOPHON—But it will be cheaper eventually, won’t it?</p> <p>Ms Quinn—Eventually, over time, it will be cheaper, if these de-escalations continue. But that is partly because the de-escalation costs take account of the higher level; the 1.5 is on the \$2,400. They do not necessarily cross over the time horizon that you are looking at.</p> <p>Senator XENOPHON—I do not get it. How can something with post-combustion capture be cheaper to build than something without post-combustion capture, in a few years time?</p> <p>Ms Quinn—It is not clear that it is.</p> <p>Senator XENOPHON—It is. With a 1.5 per cent capital cost de-escalator, by about 2018-19 it will be cheaper.</p> <p>Ms Quinn—I am happy to take that on notice, but I do not think that is the case.</p> | | | | |
| MYEFO 2007-08 | | | | | | | | |
| SBT-63 | Bushby | Treasury | 22/10/2008 | <p>Senator BUSHBY—Can you confirm that the 2007-08 MYEFO was tabled on 2 September 2008?</p> <p>Mr Ray—I do not know that I can.</p> <p>Dr Gruen—Did you say 2008?</p> <p>Senator BUSHBY—Yes.</p> <p>Mr Ray—MYEFO would not have been tabled in September of 2008.</p> <p>Senator BUSHBY—Because it is in breach of the Charter of</p> | E82-E83 | 17/12/2008 | 18/12/2008 | |

| Q No. | Senator | Agency | Hearing date | Question | Proof Hansard Page | Date answered | Date sent to Senator | Additional Information |
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| | | | | <p>Budget Honesty Act?</p> <p>Mr Ray—I cannot confirm that. I can check it. Again, it is a matter of public record.</p> <p>Senator BUSHBY—It is a matter of public record and I would like to suggest today that in fact it was tabled on 2 September 2008. Are you aware of section 14 of the Charter of Budget Honesty Act?</p> <p>Mr Ray—Yes.</p> <p>Senator BUSHBY—I will read the relevant section. Subsection (1) states:</p> <p>The Treasurer is to publicly release and table a mid-year economic and fiscal outlook report by the end of January in each year, or within six months after the last budget, whichever is later.</p> <p>Is that in accordance with your recollection?</p> <p>Mr Ray—That is my understanding of the section.</p> <p>Senator BUSHBY—Assuming that my assurance that it was tabled on 2 September 2008 is correct, does the fact that the government did not bother to table the 2007-08 MYEFO until nearly a year after the previous government released it constitute a breach of the act?</p> <p>Mr Ray—You are asking me for a legal opinion.</p> <p>Senator BUSHBY—The act states that it needs to be tabled by the end of January in each year or within six months after the last budget, the last budget in this case being the budget from 2007. Does it appear to you that it has complied with the terms of that act?</p> <p>Senator Sherry—We will get some advice about that. I will take it on notice. The issue was raised with Finance.</p> <p>Senator BUSHBY—Given that this government has a record of dithering or possibly even breaching of the act—</p> <p>Senator Sherry—Dithering? We have been quizzed up hill and</p> | | | | |

| Q No. | Senator | Agency | Hearing date | Question | Proof Hansard Page | Date answered | Date sent to Senator | Additional Information |
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| | | | | <p>down dale about the decisive actions we have been taking over the last month or two.</p> <p>Senator BUSHBY—Let me preface this question: given when it comes to MYEFO this government has a record of dithering or possibly even breaching the relevant act and the Charter of Budget Honesty, what comfort should Australians take in the government's claims that this year's MYEFO will be released within the next month?</p> <p>Senator Sherry—I am familiar with the question, because Senator Brandis couched it in the same politically colourful wrapping. I did not get a chance to respond, but we will take it on notice and take some advice about the interpretation you have placed on the particular clause in the act. As for the political commentary, I will resist the temptation because I know time is pressing.</p> | | | | |
| <i>First Home Owners Grant – increase</i> | | | | | | | | |
| <u>SBT-64</u> | Payne | Treasury | 22/10/2008 | <p>Senator PAYNE—Can you indicate to the committee in relation to the first home owners boost whether Treasury provided advice to government on the impact of increasing the first home owners grant for established properties from \$7,000 to \$14,000 on rents, on home prices or on building activity?</p> <p>Mr Ray—Consistent with what we have been discussing at various time during the course of the day, we would be reluctant to go to the details of our advice in terms of—</p> <p>Senator PAYNE—I did not ask for details. I said ‘did you provide advice’ on those three areas?</p> <p>Senator Sherry—That in itself would indicate the detail of the advice. If your question was ‘on what date was advice first provided in respect of the announced policy’—</p> <p>Senator PAYNE—Thank you, Minister. Mr Ray, on what date was advice provided in respect of the announced policy of the first home owners boost, both in relation to existing homes and</p> | E84-E85 | 12/02/2009 | 12/02/2009 | |

| Q No. | Senator | Agency | Hearing date | Question | Proof Hansard Page | Date answered | Date sent to Senator | Additional Information |
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| | | | | <p>homes to be constructed?</p> <p>Mr Ray—That will test my memory. I would need to take that on notice.</p> <p>Senator PAYNE—I hasten to add I was not here for the morning's entertainment. I was not part of that process, so I am asking these questions in good faith as policy issues about which I have a concern.</p> <p>Mr Ray—This is testing my memory. Rather than talk about what was announced, when exactly there were the first discussions on the first home owners scheme—</p> <p>Senator PAYNE—Can you go back and find some information on that and then come back to the committee on notice?</p> <p>Mr Ray—The problem that I have is that those discussions would have been in the cabinet.</p> <p>Senator PAYNE—I am acting on the minister's advice. He asked me to recast my question in those terms, which I did.</p> <p>Mr Ray—I understand.</p> <p>Senator PAYNE—So, you are not going to help me?</p> <p>Mr Ray—I am happy to take it on notice.</p> | | | | |
| <i>First Home Owners Grant – existing and new homes</i> | | | | | | | | |
| <u>SBT-65</u> | Payne | Treasury | 22/10/2008 | <p>Senator PAYNE—I am doing my very best to be in more than one place at a time, but I think you understand how hard that can be. As to the \$1.5 billion announced for the increases in the first home owners grant, what is the breakdown between purchases of existing properties as opposed to purchases of new dwellings? What is the estimate on that?</p> <p>Mr Ray—That estimate has not been published.</p> <p>Senator PAYNE—Can you provide it to the committee?</p> <p>Mr Ray—I can take it on notice.</p> <p>Senator PAYNE—With an endeavour to provide it to the</p> | E85 | 12/02/2009 | 12/02/2009 | |

| Q No. | Senator | Agency | Hearing date | Question | Proof Hansard Page | Date answered | Date sent to Senator | Additional Information |
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| | | | | committee? Mr Ray —I can take it on notice. | | | | |
| <i>Emissions trading scheme – revenue</i> | | | | | | | | |
| SBT-66 | Joyce | Treasury | 22/10/2008 | <p>Senator JOYCE—Let us continue on ETS. Do you still stick by the evidence that you have given before that the ETS will be revenue positive?</p> <p>Mr French—There will be a revenue stream associated with the auctioning of permits.</p> <p>Senator JOYCE—Do you acknowledge that being revenue positive means that it will have a dampening effect on the economy and that it works ipso facto as a tax?</p> <p>Mr French—The government has committed that the revenue stream would be used in assisting business and households to adjust to the scheme.</p> <p>Senator JOYCE—At this point in time you will be collecting more revenue than you will be paying out, so ipso facto it will be acting as a tax.</p> <p>Mr French—I am not sure that is the case.</p> <p>Senator JOYCE—Can someone tell me that it is not going to be the case?</p> <p>Senator Sherry—If the officer is not sure, we should take it on notice and we will get some clarification for you, unless there is anyone else who can help.</p> <p>Mr Ray—That is a little like some of the questions that we were discussing earlier on; it goes to the details of the scheme design.</p> <p>Senator JOYCE—It is very important. When will we see the details of that? Are you still holding to your date of 2010 as being when you want to roll this out?</p> <p>Dr Gruen—These are decisions for government.</p> | E86-E87 | 12/02/2009 | 12/02/2009 | |

| Q No. | Senator | Agency | Hearing date | Question | Proof Hansard Page | Date answered | Date sent to Senator | Additional Information |
|-------|---------|--------|--------------|--|--------------------|---------------|----------------------|------------------------|
| | | | | <p>Senator JOYCE—Are you still planning for a 2010 rollout?</p> <p>Mr Ray—As we discussed earlier, Senator Wong is on the public record about that.</p> <p>Senator JOYCE—So you are planning that. Do you acknowledge that, if it does collect more revenue than it pays out in its initial instance, that will have a dampening effect on the economy?</p> <p>Mr Ray—That is hypothetical. We do not know that that is the case.</p> <p>Senator JOYCE—Do taxes work as a dampener or a stimulant in the economy?</p> <p>Mr Ray—I will try to help you. In terms of the impact of the government’s budget on the economy as a whole you would have to look at it in the aggregate rather than component by component.</p> <p>Senator JOYCE—It is a simple question. Are taxes a dampener or a stimulant on the economy?</p> <p>Mr Ray—It depends.</p> <p>Senator JOYCE—Can you nominate a tax that is a stimulant on the economy and that has a multiplier effect?</p> <p>Dr Gruen—It depends on the design of the scheme. If you raise a tax and return the revenue, it is not clear that it is a dampener. This question goes to the question of the detailed nature of the scheme.</p> <p>Senator JOYCE—I will be even more specific. If you raise a tax without returning it into the economy does it have a dampening effect on the economy?</p> <p>Dr Gruen—As a general proposition that would be true.</p> <p>Senator JOYCE—Then you would say that if this actually collects more money than it pays out in its initial stage then it will have a dampening effect on the economy?</p> | | | | |

| Q No. | Senator | Agency | Hearing date | Question | Proof Hansard Page | Date answered | Date sent to Senator | Additional Information |
|--|---------|----------|--------------|--|--------------------|---------------|----------------------|------------------------|
| | | | | <p>Senator Sherry—That is hypothetical.</p> <p>Mr Ray—You cannot separate this from the overall fiscal stance of the government.</p> <p>Senator JOYCE—Did you investigate alternative models to the ETS, such as upfront capital expense deductions, as opposed to an emission trading scheme in its current form?</p> <p>Mr Ray—I am happy to take it on notice, but again that goes to details of the policy advice that we might have given.</p> <p>Senator JOYCE—Did you model any other schemes?</p> <p>Senator Sherry—That is just another alternative add-on to the previous question.</p> <p>Senator JOYCE—I just want to know: did you model any other schemes?</p> <p>Mr Ray—I think the minister has answered the question.</p> <p>Senator JOYCE—Was that a yes or a no?</p> <p>Senator Sherry—We will take it on notice; that is what it means. It is not yes or no.</p> <p>Senator JOYCE—You are going to take it on notice?</p> <p>Senator Sherry—Yes.</p> | | | | |
| <i>Emissions trading scheme – technical constraints</i> | | | | | | | | |
| <u>SBT-67</u> | Milne | Treasury | 22/10/2008 | <p>Senator MILNE—As to the Treasury modelling on the ETS that we were discussing previously, I note that Treasury says that limits are placed on the rate of take-up and total take-up of renewable energy capacity, reflecting resource availability and engineering and technical constraints. Those assumptions are represented in chart 7 and they are central to this whole modelling exercise. I would like to know the assumptions on which those constraints were based, the consistency or otherwise of those constraints with the increase in the MRET to 45,000 gigawatt hours and whether or not similar engineering</p> | E91 | 12/02/2009 | 12/02/2009 | |

| Q No. | Senator | Agency | Hearing date | Question | Proof Hansard Page | Date answered | Date sent to Senator | Additional Information |
|---------------------------|---------|--------|--------------|---|--------------------|---------------|----------------------|------------------------|
| | | | | <p>and technical constraints to do with the installation of carbon capture were used, particularly given that carbon capture is going to require very high-grade steel. What are your assumptions in relation to these constraints? Was there consistency with the MRET? Were the same constraints applied to CCS?</p> <p>Ms Quinn—I can answer some of those; others I will have to take on notice in terms of the technical detail. As you have correctly pointed out, in chart 7 of the Treasury assumptions book, we have provided some information about cumulative renewal capacity constraints. This information was provided to us by the electricity sector bottom-up modellers MMA, and they have based that analysis on a region-by-region examination of what is feasible both technically and practically in terms of the timing. You can see, for instance, that some of the constraints ease over time as infrastructure and other developments occur. We have also examined capacity constraints around carbon capture and storage in terms of when it might be possible for the technology to be deployed, around the cost structure of carbon capture and storage and around the implications for building infrastructure around carbon capture and storage. We have attempted as far as it has been possible within the constraints and time available for our project to treat all technologies equally. In terms of the precise details about the constraints, I would have to take that on notice. I do not have the details before me at the moment. I think there was third leg of that question, which I—</p> | | | | |
| <i>Executive salaries</i> | | | | | | | | |
| SBT-68 | Cameron | ABS | 22/10/2008 | Senator CAMERON —I would like to ask about the statistics on executive salaries and what statistics you have available, or whether you plan to follow the American approach where there is much more detailed analysis and statistical evidence available on executive salaries? Can you tell me your position | E98 | 23/12/2008 | 24/12/2008 | |

| Q No. | Senator | Agency | Hearing date | Question | Proof Hansard Page | Date answered | Date sent to Senator | Additional Information |
|------------------------------|--------------|--------|--------------|--|--------------------|---------------|----------------------|------------------------|
| | | | | <p>on that?</p> <p>Mr Ewing—I would ask my colleague, Peter Harper, who is closer to our labour and employment statistics to clarify in more detail what we do.</p> <p>Mr Harper—The most relevant collection is a survey we conduct about every two years called the survey of employee earnings and hours. The way that survey is designed is that we approach businesses and get them to choose a sample of their employees and provide a full range of salary and salary-related information for those employees. That enables us to get very good distributional analyses of salaries.</p> <p>Senator CAMERON—I am talking about executives.</p> <p>Mr Harper—Executives would be included as part of that survey and, as I was going to say, for particular types of employees, be it executives or other sorts of employees, information about the remuneration for those types of employees.</p> <p>Senator CAMERON—Does that include bonuses and share options?</p> <p>Mr Harper—It includes the full range of remuneration.</p> <p>Senator CAMERON—Is your approach international best practice?</p> <p>Mr Harper—I think it is.</p> <p>Senator CAMERON—Can you check that for me?</p> <p>Mr Harper—We can take that on notice and come back to you with what other countries do. I think the survey that we do is leading practice in the world in that regard.</p> | | | | |
| <i>Grocerychoice website</i> | | | | | | | | |
| SBT-69 | Joyce/Bushby | ACCC | 22/10/2008 | Senator JOYCE —How many hits are you getting at the moment? | E101 | 23/12/2008 | 24/12/2008 | |

| Q No. | Senator | Agency | Hearing date | Question | Proof Hansard Page | Date answered | Date sent to Senator | Additional Information |
|--|-----------|--------|--------------|---|--------------------|---------------|----------------------|------------------------|
| | | | | <p>Mr Dimasi—I do not have the exact number.</p> <p>Senator JOYCE—Is it going down or up?</p> <p>Mr Dimasi—The nature of this thing is that you would expect to get a big hit when we put it on and then, of course, for the rest of the month the numbers decline.</p> <p>Senator JOYCE—You must have a rough idea how many hits you are getting.</p> <p>Mr Samuel—I could stand corrected, but I think there have been about 3.5 million hits since the website was started.</p> <p>Senator JOYCE—Can you take on notice how many hits it had last week as opposed to how many hits it had when it first started?</p> <p>Mr Samuel—Yes.</p> <p>Senator BUSHBY—I would like to know how many week-by-week.</p> | | | | |
| <i>Inquiry into fertiliser prices</i> | | | | | | | | |
| <u>SBT-70</u> | Heffernan | ACCC | 22/10/2008 | <p>Senator HEFFERNAN—Why did the ACCC undertake an investigation into fertiliser prices?</p> <p>Mr Cassidy—Because we were asked to by the government.</p> <p>Senator HEFFERNAN—Who sat on the ACCC inquiry?</p> <p>Mr Cassidy—It was undertaken by the ACCC.</p> <p>Senator HEFFERNAN—But who were the people?</p> <p>Mr Cassidy—It was done—</p> <p>Mr Samuel—The whole commission is involved in that.</p> <p>Senator HEFFERNAN—You can take it on notice if you want to.</p> <p>Mr Samuel—Sorry? No. The whole commission was involved in the—</p> | E109 | 23/12/2008 | 24/12/2008 | |

| Q No. | Senator | Agency | Hearing date | Question | Proof Hansard Page | Date answered | Date sent to Senator | Additional Information |
|--|---------|----------|--------------|--|--------------------|---------------|----------------------|------------------------|
| | | | | <p>Senator HEFFERNAN—Where did you advertise?</p> <p>Mr Cassidy—We will have to take that on notice.</p> <p>Mr Samuel—Let me take that one on notice.</p> <p>Senator HEFFERNAN—How many submissions did you receive?</p> <p>Mr Cassidy—We are going to take that one on notice. We are actually appearing before your committee on this in a couple of weeks time, but if you want to use the time tonight so be it.</p> <p>Senator HEFFERNAN—I do.</p> <p>CHAIR—Senator Heffernan, we have about two minutes left and Senator Abetz kindly ceded his time.</p> <p>Senator HEFFERNAN—I will put the ones that I do not get to on notice. How many farmers put in submissions?</p> <p>Mr Cassidy—We will have to take that on notice.</p> | | | | |
| <i>First Home Saver Account – modelling</i> | | | | | | | | |
| <u>SBT-71</u> | Payne | Treasury | 22/10/2008 | <p>Senator PAYNE—So you do not have an idea of how many you expect to be offered and how many you expect to be taken up?</p> <p>Ms Vroombout—There were estimates of take-up of accounts but of account providers—</p> <p>Senator PAYNE—What are those?</p> <p>Mr Gallagher—The modelling of take-up was done on the basis of the number of people that were estimated to be saving for their first home and the number of people who obtained a first home owner’s grant in a given year. Because of the lock-in rules, where you had to have an account for four years, we had a very gradual take-up before having a fully mature system. As I recall, it was about 750,000. I can certainly provide you with an outline of the take-up assumptions as we provided it to the parliament before. But it was in terms of the number of people</p> | E118 | 12/02/2009 | 12/02/2009 | |

| Q No. | Senator | Agency | Hearing date | Question | Proof Hansard Page | Date answered | Date sent to Senator | Additional Information |
|--|---------|----------|--------------|---|--------------------|---------------|----------------------|------------------------|
| | | | | and the number of savers, not providers, and it had a gradual take-up rather than an immediate take-up. The costing that is in the budget allows for the deferred start date of 1 October, and there was a particular change put in to reflect that. | | | | |
| <i>Forecast of additional tax measures</i> | | | | | | | | |
| <u>SBT-72</u> | Bushby | Treasury | 22/10/2008 | <p>Senator BUSHBY—Can I ask how much revenue is the government forecast to receive from the range of additional tax measures introduced by the government since 24 November 2007?</p> <p>Mr Parker—You can ask, obviously, and we will take each question at face value and answer if we can.</p> <p>Senator BUSHBY—A number of tax measures have been implemented. The big ticket ones are like the alcopops, condensate and luxury car tax. Do you have an aggregate of the total value of all new tax measures that have been introduced since the government came in on 24 November?</p> <p>Mr Parker—I do not have that figure in front of me or in my head, so I would have to take it on notice.</p> <p>Senator BUSHBY—You have some of your officers moving forward. I do not know whether they have the answer.</p> <p>Mr Parker—They may be able to provide you with a partial number. I am not sure if we can in a sense add up a long list which is implicit in your question.</p> <p>Senator BUSHBY—Do you have the answer? Is Ms Mrakovcic able to assist?</p> <p>Ms Mrakovcic—Not specifically, Senator. I can just note that the budget would have provided information on revenue measures up to that point in time, and the Mid-Year Economic and Fiscal Outlook will of course provide an update of any additional measures since the budget.</p> <p>Senator BUSHBY—When we get it. Are you able to take on</p> | E120-E121 | 23/12/2008 | 24/12/2008 | |

| Q No. | Senator | Agency | Hearing date | Question | Proof Hansard Page | Date answered | Date sent to Senator | Additional Information |
|-----------------------------|---------|----------|--------------|--|--------------------|---------------|----------------------|------------------------|
| | | | | <p>notice and supply an aggregate figure for all new tax measures?</p> <p>Ms Mrakovcic—We can take it on notice.</p> <p>Senator BUSHBY—Do you expect that these measures would increase the overall tax base, taking into account other decisions made by the government?</p> <p>Ms Mrakovcic—Relating back to 24 November 2007?</p> <p>Senator BUSHBY—Yes?</p> <p>Ms Mrakovcic—I would have to take that on notice.</p> | | | | |
| <i>GST revenue forecast</i> | | | | | | | | |
| <u>SBT-73</u> | Bushby | Treasury | 22/10/2008 | <p>Senator BUSHBY—Is there somebody at the table who is able to answer the question of what effect will the changes to financial activity have on GST revenue forecast?</p> <p>Mr Parker—Because we are in the process of working through both forecasting in the economy and the consequences of that for GST, if you wish we will take that on notice but at this stage the process is still running.</p> <p>Senator BUSHBY—Do you have any initial indications or preliminary findings that might assist the committee?</p> <p>Mr Parker—No, I do not, and I am happy to take that on notice.</p> <p>Senator BUSHBY—You will take it on notice, okay.</p> <p>...</p> <p>Senator BUSHBY—Prior to the break we were discussing the effect of some of the current affairs on GST revenue and we had looked at the effect of the changes to financial activity and the slowing of consumer confidence, and we discussed to some extent what impact that may have. In an overall sense, would you expect a fall in the total GST revenue from the factors currently facing the Australian economy?</p> | E122 & E123 | 23/12/2008 | 24/12/2008 | |

| Q No. | Senator | Agency | Hearing date | Question | Proof Hansard Page | Date answered | Date sent to Senator | Additional Information |
|---------------------------|---------|----------|--------------|--|--------------------|---------------|----------------------|------------------------|
| | | | | <p>Mr Parker—Yes, I think that is right.</p> <p>Senator BUSHBY—If so, are you able to quantify how much at this stage?</p> <p>Mr Parker—Essentially, my answer is the same as previously: we are in the process of updating those estimates currently, and the new estimates will be released in MYEFO.</p> <p>Senator BUSHBY—Would you be able to take that question on notice until such a point in time when you are able to advise the extent to which you believe it will fall?</p> <p>Mr Parker—Sure.</p> <p>Senator BUSHBY—Thank you.</p> | | | | |
| <i>Income tax revenue</i> | | | | | | | | |
| <u>SBT-74</u> | Bushby | Treasury | 22/10/2008 | <p>Senator BUSHBY—Thank you. The budget predicted an increase in unemployment, and the current world circumstances may well impact on employment in Australia as well. Do you have any opinions on where we may be heading in terms of the decrease in average income tax revenue for every 100,000 people as a result of those factors?</p> <p>Mr Parker—Going back to my previous answers, I will have to take that on notice.</p> <p>Senator BUSHBY—You do not have any preliminary or early indications? This has not been examined and looked at?</p> <p>Mr Parker—Well, it drops out as a natural consequence of the forecasting and revenue estimation process. That process is presently underway, so I will take the question on notice.</p> <p>Senator BUSHBY—So you have all these processes presently underway; you do not have anything that has any preliminary results or indications? MYEFO is not a protected document. You are here before us today to answer questions about revenue and the impacts of events on revenue. It is a committee of the parliament. We have an entitlement to answers. The fact that</p> | E124 | 12/02/2009 | 12/02/2009 | |

| Q No. | Senator | Agency | Hearing date | Question | Proof Hansard Page | Date answered | Date sent to Senator | Additional Information |
|--|-----------|----------|--------------|--|--------------------|--------------------------|--------------------------|--------------------------------|
| | | | | <p>you have got MYEFO coming in the next month or so is not a reason for not assisting the committee when questions are asked as to what impacts we are going to have on revenue.</p> <p>Mr Parker—We endeavour to assist the committee wherever we can, but in respect of your specific question, I will take that on notice.</p> <p>Senator BUSHBY—You will take it on notice. Okay.</p> | | | | |
| <i>Taxation policy decisions – coalition government</i> | | | | | | | | |
| <u>SBT-75</u> | Bushby | Treasury | 22/10/2008 | <p>Senator BUSHBY—Thank you. I am running out of time and I need to ask my last question, so I need to pick which one I am going to ask. Would you confirm that over the 11½ years of the coalition government it took policy decisions that reduced taxes and other revenues by a net \$214 billion, and, if not, what would be Treasury’s estimate?</p> <p>Senator SHERRY—I think we will take that on notice.</p> <p>Senator BUSHBY—Thank you.</p> | E124 | 12/02/2009 | 12/02/2009 | |
| <i>Early release of superannuation</i> | | | | | | | | |
| <u>SBT-76</u> | Eggleston | Treasury | 22/10/2008 | <p>Senator EGGLESTON—Indeed, that is true. I agree with that. Have you got any figures on early superannuation withdrawals? Is there an increased rate of withdrawal from funds by people?</p> <p>Mr Gallagher—Not since the crisis. This is all happening in the September quarter. We will not see the September quarter APRA data until about December. So we will not have much of a feel there. There is also Centrelink information in terms of financial hardship. I would not expect to see that for some months as yet, and Centrelink do not tend to publish their information, so we would have to go looking.</p> <p>Senator Sherry—Could I just clarify: are you referring here to the early access provisions, because there is an early access definition with a number of early access—</p> | E125-E126 | 23/12/2008 13/10/2009 | 24/12/2008 14/10/2009 | Interim answer Final answer |

| Q No. | Senator | Agency | Hearing date | Question | Proof Hansard Page | Date answered | Date sent to Senator | Additional Information |
|---------------------------|-----------|----------|--------------|---|--------------------|---------------|----------------------|------------------------|
| | | | | <p>Senator EGGLESTON—Yes, there is.</p> <p>Senator Sherry—Hardship is one, as Mr Gallagher has mentioned, but there are some others.</p> <p>Senator EGGLESTON—There are various levels of access, aren't there, related to age?</p> <p>Senator Sherry—There are different definitions for early access. One is hardship. I think it is 26 weeks continuous social security, unemployment. Then I know there is one in respect of threatened foreclosure, mortgage interest—</p> <p>Senator EGGLESTON—Yes, that is right.</p> <p>Senator Sherry—I think for a year, and I think there are a couple of others. I have not seen any recent data, but I am happy to take it on notice and see.</p> <p>Senator EGGLESTON—I would be very interested if you could, because, of course, there has been talk of the subprime mortgage crisis affecting our economy for a while, so one would have thought that some people might have felt the need to withdraw, and also interest rates have gone up and so on.</p> | | | | |
| <i>Retirement incomes</i> | | | | | | | | |
| <u>SBT-77</u> | Eggleston | Treasury | 22/10/2008 | <p>Senator EGGLESTON—And the Reserve Bank has released figures which show that household net worth fell by 4.9 per cent in the first six months of 2008. What implications does Treasury expect from this for retirement incomes over the next decade?</p> <p>Mr Gallagher—In modelling retirement incomes we normally have assumed an average return to assets in the long term, which factors in downturns. What has traditionally happened to modelling is that before a market adjustment everyone says that our projections are too low and after the adjustment everyone says the projections now look about right. We are returning to the period where they look about right in terms of the</p> | E126 | 23/12/2008 | 24/12/2008 | |

| Q No. | Senator | Agency | Hearing date | Question | Proof Hansard Page | Date answered | Date sent to Senator | Additional Information |
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| | | | | <p>conservative way we project assets.</p> <p>Senator EGGLESTON—So what are those projections?</p> <p>Mr Gallagher—Our most recent set of asset projections were published in a paper for the July Colloquium of Superannuation Researchers. I am very happy to provide a copy of that paper to the committee</p> <p>Senator EGGLESTON—Thank you very much.</p> | | | | |
| SBT-78 see written questions on notice above | | | | | | | | |
| <i>Luxury car tax</i> | | | | | | | | |
| SBT-79 | Abetz | Treasury | 22/10/2008 | <p>Senator ABETZ—So it took that into account as well. All right. Now, Minister, can I ask you: why did the government propose this amendment? Was it designed to help change people's attitude and behaviour and, therefore, the buying pattern?</p> <p>Senator Sherry—I would have to take that on notice, Senator.</p> <p>Senator ABETZ—Well, one would have thought to exempt it, and given all the discussion in the Senate, that was the purpose of it, because the Treasury has told me in answer to a question, 'Did the Treasury modelling of the luxury car tax take into account—I said, 'the huge impact' but we can leave out the word 'huge'—the impact this measure would have on car sales and on revenue streams?' And I was told, 'The Treasury costing assumes no behavioural responses.'</p> <p>So if the costing assumed no behavioural responses, and increased taxes have no behavioural responses, one wonders why you would then bother to provide a tax exemption for certain vehicles if it did not engender behavioural responses. So possibly, Minister, you could take that on notice as well.</p> <p>Senator Sherry—I will.</p> | E128 | 12/02/2009 | 12/02/2009 | |

| Q No. | Senator | Agency | Hearing date | Question | Proof Hansard Page | Date answered | Date sent to Senator | Additional Information |
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| | | | | <p>Senator ABETZ—Even my basic economics 50.5—I will not even say 101—tells me that the higher the price the less likely it is that people will buy, and, therefore, it impacts on behavioural responses. I would have thought.</p> <p>Senator Sherry—There is an interesting—</p> <p>Senator ABETZ—I would have thought that was basic, but you have taken it on notice, and I thank you.</p> | | | | |
| Residential mortgage securities – advice | | | | | | | | |
| SBT-80 | Bushby | Treasury | 22/10/2008 | <p>Senator BUSHBY—With respect to residential mortgage backed securities, the Treasurer claimed he made the announcement at 4.00 pm on 26 September this year following advice from the regulators. Which regulators provided the advice he refers to?</p> <p>Mr Murphy—The regulators would probably be the RBA. It would be the economic regulators. I will have to take it on notice to give you the exact answer but it would be out of the group of the RBA, ASIC and APRA.</p> <p>Senator BUSHBY—Treasury?</p> <p>Mr Murphy—And the AOFM, which is the Australian Office of Financial Management, which is part of the Treasury.</p> <p>Senator BUSHBY—We had them here earlier tonight. Was the advice from the regulators provided in a written or an oral form?</p> <p>Senator Sherry—To the Treasurer?</p> <p>Senator BUSHBY—Yes.</p> <p>Mr Murphy—We would have to take that on notice. We would not have that.</p> | E130 | 12/02/2009 | 12/02/2009 | |
| Bank switching | | | | | | | | |
| SBT-81 | Bushby | Treasury | 22/10/2008 | <p>Senator BUSHBY—What are the anticipated costs to banks for compliance with the bank-switching package? Has any</p> | E136 | 12/02/2009 | 12/02/2009 | |

| Q No. | Senator | Agency | Hearing date | Question | Proof Hansard Page | Date answered | Date sent to Senator | Additional Information |
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| | | | | <p>analysis been conducted of that?</p> <p>Ms Wijeyewardene—We will take that on notice.</p> <p>Senator BUSHBY—Alright. That leaves me 35 seconds. Has Treasury modelled the regulatory changes and their impact on bank product interest rates?</p> <p>Ms Wijeyewardene—Of the switching package?</p> <p>Senator BUSHBY—Yes.</p> <p>Ms Wijeyewardene—I would have to take that on notice.</p> | | | | |
| \$20 000 cap on deposit guarantees – APRA consultation | | | | | | | | |
| SBT-82 | Brandis | APRA | 23/10/2008 | <p>Senator BRANDIS—So your first recollection of APRA being consulted on this issue of lifting the \$20,000 cap was at the meeting of the council on 10 October. Is that your evidence?</p> <p>Dr Laker—In the context of looking at a broader set of responses to the difficult environment we were in at the time, yes.</p> <p>Senator BRANDIS—You have explained that to us, but I want to isolate it from the context. I just want to establish one fact in black and white: when APRA was first consulted on this matter. Both you and Dr Henry have told us that it was discussed at this meeting of 10 October, so that is not in controversy, but I just want to know one other fact—that is, whether APRA, outside the context of the meeting of 10 October, was consulted about the matter and, if so, when.</p> <p>Dr Laker—I will take that on notice, only because I am not the only person that handles these matters and I do not know at what lower level any discussions might have taken place. But certainly from my memory of it there were discussions about the limit because the question of a higher limit had been raised at the political level, so the matter was in front of everybody at that point. I will take on notice whether or not there had been any soundings of the people who had been working on the</p> | E18 | 12/02/2009 | 12/02/2009 | |

| Q No. | Senator | Agency | Hearing date | Question | Proof Hansard Page | Date answered | Date sent to Senator | Additional Information |
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| | | | | <p>details. There was a process of detail going on.</p> <p>Senator BRANDIS—Can Mr Littrell, Mr Byres, Mr Chapman or Mr Venkatramani assist?</p> <p>CHAIR—Senator, it is being taken on notice.</p> <p>Senator BRANDIS—What has been taken on notice is Dr Laker’s knowledge. I am now asking other gentlemen about their knowledge. Can any of the other officers at the table assist? Dr Venkatramani?</p> <p>Mr Venkatramani—I was not involved.</p> <p>Senator BRANDIS—Mr Chapman?</p> <p>Senator PRATT—Senator Brandis has had his 10 minutes.</p> <p>CHAIR—Senator Farrell.</p> <p>Senator Sherry—Senator Heffernan, I think the events are significantly serious not to make trite and stupid interjections. I would not expect that from anyone.</p> <p>CHAIR—Senator Farrell.</p> <p>Senator BRANDIS—Mr Chapman, were you—</p> <p>CHAIR—No, Senator Farrell has a question.</p> <p>Senator BRANDIS—I have not finished my question.</p> <p>CHAIR—No.</p> <p>Senator BRANDIS—I was in the middle of a question. Are you taking the call away from me in the middle of a question?</p> <p>CHAIR—Yes, I am. Senator Farrell.</p> <p>Senator BRANDIS—Point of order, Madam Chairman.</p> <p>Senator FARRELL—Madam Chairman—</p> <p>Senator BRANDIS—Could I have a point of order? Senator Farrell, I have a point of order. As you know, a point of order must be taken immediately.</p> <p>Senator Sherry—Could I just respond to the question? All the</p> | | | | |

| Q No. | Senator | Agency | Hearing date | Question | Proof Hansard Page | Date answered | Date sent to Senator | Additional Information |
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| | | | | officers will take it on notice and check with officers in APRA, as Dr Laker has indicated. | | | | |
| <i>Deposit guarantee – contingent liability</i> | | | | | | | | |
| SBT-83 | Joyce | APRA | 23/10/2008 | <p>Senator JOYCE—Obviously, if the government is covering the liability, what is the actual contingent liability out there that is proposed to be covered by the current process of issuing guarantees?</p> <p>Dr Laker—I am not even sure how I could begin to answer that question. Let me take that one on notice.</p> | E20 | 12/02/2009 | 12/02/2009 | |
| <i>Operation Sunlight</i> | | | | | | | | |
| SBT-84 | Joyce | PC | 23/10/2008 | <p>Senator JOYCE—My first question is to the minister. I refer him to output 1.1.1: Government commissioned projects. The review of the Operation Sunlight report on overhauling budget transparency has been done. It was completed before 30 June 2008. My question to you, Minister, is: why has that report not been tabled?</p> <p>Senator Sherry—I will have to take that on notice for you, Senator Joyce. I am sorry I cannot give you any further information. Can I just clarify: did the Productivity Commission have anything to do with Operation Sunlight?</p> <p>Mr Banks—No.</p> <p>Senator Sherry—I am bit puzzled as to why you would as the question here.</p> <p>Senator JOYCE—It has actually; it is government commissioned projects under output 1.1.1.</p> <p>Senator Sherry—Okay, I will take it on notice, Senator Joyce. Sorry, 1.1.1? We have dealt with it.</p> <p>Senator JOYCE—Government commissioned projects.</p> <p>CHAIR—This is under the Productivity Commission.</p> <p>Senator Sherry—I will take your question on notice and I will</p> | E22 | 17/12/2008 | 18/12/2008 | |

| Q No. | Senator | Agency | Hearing date | Question | Proof Hansard Page | Date answered | Date sent to Senator | Additional Information |
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| | | | | <p>get an answer for you.</p> <p>Senator JOYCE—You aware of what the report is about?</p> <p>Senator Sherry—No, I am not. Other than a general knowledge of Operation Sunlight and those issues, but, no, I am not and I will take it on notice for you.</p> <p>Senator JOYCE—It was into the area of accountability by government.</p> <p>Senator Sherry—I am aware of that in a general sense but in terms of any detailed analysis, no.</p> <p>Senator JOYCE—Credit availability.</p> <p>Senator Sherry—Sorry, just to clarify: 1.1.1 government commissioned projects to the Productivity Commission; Operation Sunlight has got nothing to do with the Productivity Commission.</p> <p>CHAIR—Nevertheless, Minister, you have undertaken to take it on board.</p> <p>Senator Sherry—I will, but that is not a question for this area of estimates.</p> <p>CHAIR—No.</p> <p>Senator BUSHBY—Does the Productivity Commission have reserves that are being looked at for Operation Sunlight?</p> <p>CHAIR—I think it is all academic. The minister will take it on notice.</p> <p>Senator Sherry—We will take it on notice, and that is drawing a very long bow. On that basis, you could ask—</p> <p>Senator BUSHBY—I have some information from another agency where they are looking at that and I am just wondering—</p> <p>Senator Sherry—On that basis, you could ask about Operation Sunlight on almost any program at any estimates. Anyway, I will take it on notice.</p> | | | | |

| Q No. | Senator | Agency | Hearing date | Question | Proof Hansard Page | Date answered | Date sent to Senator | Additional Information |
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| <i>Efficiency dividend</i> | | | | | | | | |
| <u>SBT-85</u> | Xenophon | PC | 23/10/2008 | <p>Senator XENOPHON—The infamous efficiency dividend: what does that mean in terms of the Productivity Commission's budget?</p> <p>Mr Banks—As a relatively small organisation and a research based organisation with no spending programs as such, any such dividend flows through to fewer people that we employ. We do not have any spare capacity, so ultimately it affects the amount of work we can do. Then it comes back to government to, in a sense, prioritise work that it wants done from us. At a broad level that is the effect it has. If you want it in any more detail about how the most recent dividends have impacted on staff numbers, we could provide that.</p> <p>Senator XENOPHON—Yes, if you could take that on notice.</p> | E26 | 23/12/2008 | 24/12/2008 | |
| <i>Terms of reference for gambling inquiry</i> | | | | | | | | |
| <u>SBT-86</u> | Xenophon | Treasury | 23/10/2008 | <p>Senator XENOPHON—Thank you. I have a final question for the minister. Minister, I am just trying to understand in terms of the process of the Productivity Commission's terms of reference for the gambling inquiry, the differences in those terms of reference between 1999 and 2008. If you could take on notice the representations I have made. I sent a letter to the Minister for Families, Housing, Community Services and Indigenous Affairs putting in my two bob's worth, as did other groups. Could I get details of the representations made by various stakeholders—industry, welfare and non-government organisations—that led to the formulation of these particular terms of reference?</p> <p>Senator Sherry—I will have to take it on notice.</p> <p>Senator XENOPHON—Yes, I understand that, thank you.</p> | E27 | 17/12/2008 | 18/12/2008 | |