

SELECT COMMITTEE ON THE NATIONAL BROADBAND NETWORK

ANSWER TO QUESTION ON NOTICE

Department of Finance and Deregulation
Finance and Deregulation Portfolio

Date set by the committee for the return of answer: 26 October 2009

Question reference number: 1

Number of Pages: 2

Senator Macdonald asked:

Senator IAN MACDONALD—Could I put a notice to you that you check with your department as to whether anyone in your department was at that roundtable and whether anyone has actually looked at his assessment. If they have, could they point out to us the bits that Finance agrees with or, alternatively, the bits that Finance does not agree with.

Mr Lewis—The problem I have got with that is that the very process of doing so in effect will be giving you, by a sort of reverse mirror approach, the advice that we have put to our own ministers in relation to the development of the network.

Senator IAN MACDONALD—Hang on. One of the great criticisms was that there was no cost-benefit analysis done. Whether that is a valid criticism or not I do not know but it is certainly a very public criticism. Now here is a respected economist who has done some work and I am interested to know whether or not he is on the right track. The government is not giving us that information, which the potential payers of the ‘investment’, being I and every other Australian, have some entitlement to know. Here is a guy who has tried to do it. If he is wrong, wouldn’t it be useful for you to say to us—and to Professor Ergas—‘Sorry, but he did not take this into account’ or ‘He did not put enough weight on that’?

Mr Lewis—I think the best I could do would be to take on notice that we will look at your question and look at whether there is something that could sensibly be provided which preserves the government’s position vis-a-vis the commerciality and commercial sensitivity of the issues that it probably relates to. Personally, I have not seen his report. I do not know what the distillation of it is. I have seen an article—or two—which refers to it but I genuinely have no idea as to its content.

Senator IAN MACDONALD—Mr Lewis, I am not suggesting you do. But you have a huge department who is expert in running down every burrow of anything that anyone says, including—

Mr Lewis—You might be slightly overstating the resources available to the finance department.

Senator IAN MACDONALD—Well, you seem to be spending a lot on running down the track of every newsletter every politician sends out, which is now going to be vetted by your department or by the Prime Minister or by the Special Minister of State or someone, so I assume from that that you have plenty of resources that you would be able to use. Anyhow, one thing you can tell me on notice is whether anyone in your department was there and heard it or has read it. As to whether you comment

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on whether he is right or wrong, I can understand your argument. I will leave the question there but perhaps you can repeat your denial in writing.

Answer:

The Department of Finance and Deregulation (Finance) was not represented at the Productivity Commission round table '*Strengthening Evidence-based Policy in the Australian Federation*' held on 17-18 August 2009. However, the Secretary of Finance attended the round table in his former role in the Department of the Prime Minister and Cabinet.

Some Finance officials have read the paper prepared by Henry Ergas and Alex Robson titled '*The Social Losses from Inefficient Infrastructure Projects: Recent Australian Experience*'. It is not appropriate for officials to provide commentary on the paper.

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Senator Fisher asked:

CHAIR—I would also ask this on notice, that if no-one in the department has read Professor Ergas' costing analysis someone be tasked to do so and then answer the rest of Senator Macdonald's questions to the effect that if you say it is wrong where so.

Mr Lewis—We will take that on notice.

Answer:

See response to Question 1.