

**Senate Economics Legislation Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

**Treasury Portfolio**

Supplementary Budget Estimates

2014 - 2015

**Department/Agency: PC**

**Question: SBT 4338**

**Topic: Trade and Assistance Review**

**Reference: Hansard page no. 36-37 - 31 October 2014**

**Senator: Canavan, Matthew**

**Question:**

Senator CANAVAN: I want to ask about your trade and assistance review in 2012-13. The report of the review stated:

... the mining sector received relatively little measured budgetary assistance.

Do you have the estimate at hand of exactly how much assistance the mining industry gets a year?

Mr Quinlivan: No, I do not, but we can provide that to you on notice.

Senator CANAVAN: Can you just clarify for me if it is one of the smallest amounts. Is that your recollection? That of all the industries that receive some—

Mr Quinlivan: I think the language used there was 'relatively small'. I know that that has been a hotly contested analysis. I am confident that we were right—or, at least, confident our analysis is defensible. But, as to the precise number, we will take that on notice.

Senator CANAVAN: You mentioned the controversy. There was a report by the Australia Institute a couple of months ago which claimed that the mining sector received \$17.6 billion. Admittedly, this was in state government subsidies; I know you look at federal government ones. Some of the subsidies included in that \$17.6 billion were investments in ports that coal or iron ore companies would use which would then be recovered through charges; the state owned and corporation owned ports would then charge for access by mining companies.

Would the commission consider that a form of government assistance—the capital expenditure associated with that?

Mr Quinlivan: I recall that at the time there was a discussion about the different methodology we used and the different items that we included in the assistance estimates, as against the alternative analysis you suggested. I think perhaps the best thing is if we answer that methodological question, with the answer to the first question, on notice.

Senator CANAVAN: Yes, take that on notice. All I want to know is: if the federal government were to invest in ports—they do invest in capital expenditure, on roads and these things currently—and they get used by the mining sector, would you generally consider that to be assistance?

Mr Quinlivan: I guess that would depend on the extent to which it was an arm's-length commercial transaction. It might be a case-by-case thing. In any case, I think the best idea is for us to give you an answer on the methodological issue on notice.

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Senator CANAVAN: Can you confirm to me that your current estimates for the mining sector do not include the diesel fuel tax rebate?

Mr Quinlivan: I would have to take that on notice as well.

Senator CANAVAN: If you could take that on notice, that would be great. The annual report,

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which only came out last week—my recollection is that annual reports used to have a theme chapter or something like that. This one does not seem to. Is that correct?

**Answer:**

***Budgetary assistance to Mining***

In 2012-13, the Mining sector received \$546.5 million in budgetary assistance. At the sector level, the Mining sector received less budgetary assistance in 2012-13 than the Primary Production sector (\$1132.7 million), the Manufacturing sector (\$1609.2 million) and the Services sector (\$3326.7 million).

***Infrastructure***

While the provision of infrastructure may confer industry assistance, infrastructure spending has typically not been included in the Commission's annual assistance estimates series because of practical constraints in measurement and data availability.

Some of the industry impacts of infrastructure provision may constitute positive or negative industry assistance. The level of assistance ultimately conferred on industry would depend on factors such as:

- the level of government contributions and risk sharing to business investment, for example through support for the construction and operation of new infrastructure such as a road, rail or port facility; and
- the user charges relative to the economic cost of service provision.

***Fuel Tax Credits Scheme***

The diesel fuel rebate was terminated in 2002 and replaced by the Fuel Tax Credits Scheme. We can confirm that the Fuel Tax Credits Scheme is not included in the Productivity Commission's assistance estimates to the Mining industry, nor any other industry which also claims the credits.