

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Additional Estimates

23 – 24 February 2011

Question: AET 141

Topic: Revenue Estimates

Hansard Page: E 29

Senator Corman asked:

Senator CORMANN—That is okay. That suits me fine. Dr Henry, you made the point that these revenue estimates are extremely sensitive to assumptions. Of course that has been a matter of discussion for some time. Given the revenue estimates are so sensitive, surely that makes the transparency of the assumptions used even more important. Why can the state government in Western Australia, which also collects revenue that is sensitive to changes and those assumptions, publish those assumptions openly and transparently in their budget papers while the Commonwealth government is not in a position to be equally open and transparent?

Dr Henry—That is properly a question to the Treasurer rather than me, I think.

Senator CORMANN—I take it that you would rather not answer.

Senator Sherry—I will take it on notice.

Answer:

The Government has published estimates of the revenue expected from the Minerals Resource Rent Tax (MRRT) over the forward estimates period in the Budget Papers and the Mid-Year Economic and Fiscal Outlook statement.

The assumptions underlying those revenue estimates are based on information that has been provided to Treasury by private sector companies on a commercial-in-confidence basis. There are substantial commercial and relationship risks in Treasury releasing this material. Publication of individual commodity price forecasts may disclose proprietary company information and potentially prejudice negotiations between private companies, including between Australian and foreign companies. More generally, releasing this material would undermine Treasury's capacity to source confidential information under its Business Liaison Program.

Accordingly, Treasury's long-standing practice is that it does not publish individual commodity price forecasts. Treasury does, however, publish terms of trade forecasts which incorporate, at an aggregate level, the individual key commodity price forecasts.

The Western Australian Government also seeks to protect information that is provided on a commercial-in-confidence basis. While the Western Australian Treasury does publish its commodity price assumptions, these are based on public information, such as futures curves, consensus forecasts and long run averages, rather than on information obtained directly from private discussions with companies on a commercial-in-confidence basis. On the other hand, the WA

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Additional Estimates

23 – 24 February 2011

Department of Mines and Petroleum conducts surveys of individual companies' production expectations on a commercial-in-confidence basis. This information is only provided to the WA Treasury in aggregated form so that individual company information cannot be identified.