

Senate Economics Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates 30 May – 1 June 2006

Question: bet 60

Topic: Oil prices and increased tax

Hansard Page: E13

Senator SHERRY asked:

Would that relationship to oil prices account for the bulk of the increased tax collected and forecast?

Mr Callaghan—I am not sure, but I would think so. I would have to check.

Senator SHERRY—It seems reasonable to assume it would be the bulk, overwhelmingly, doesn't it?

Mr Callaghan—I would have to check, but it would seem to be. One of the fields has been declining in production, so, yes, I would think so.

Answer:

In the 2006-07 Budget, the oil price assumption was increased from around US\$60 to over US\$70. This change in the oil price accounted for more than half the revision in PRRT revenue forecasts for 2005-06 and 2006-07.

PRRT payments are deductible for company tax purposes.