

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates 3-5 June 2008

Question: bet 51

Topic: Petroleum Resource Rent Tax

Hansard Page: E94

Senator Cormann asked:

Senator CORMANN—What is your experience in terms of all of the current offshore gas projects that are subject to PRRT? How soon after commencing production did they start paying PRRT?

Mr Ray—I think we would need to take that question on notice.

Senator CORMANN—Thank you very much.

Answer:

The Department does not normally have access to details of the PRRT payments made by specific petroleum projects as this information is taxpayer-in-confidence.

How soon a particular petroleum project commences paying PRRT depends on a wide range of factors including the level of revenue generated by the project, the capital cost of the project and the level of exploration undertaken in offshore areas by the person that has an interest in the project. Generally speaking, gas projects take longer to commence paying PRRT than oil projects because the revenue stream from gas projects tend to be lower and more stable than the revenue stream from oil projects and the capital costs of gas projects tend to be higher than the capital costs of oil projects.