

Senate Standing Committee on Economics
ANSWERS TO QUESTIONS ON NOTICE
Innovation, Industry, Science and Research Portfolio
Budget Estimates Hearing 2010-11
31 May 2010

AGENCY/DEPARTMENT: INNOVATION, INDUSTRY, SCIENCE AND RESEARCH

TOPIC: Resources Super Profit Tax.

REFERENCE: Written Question – Senator Eggleston.

QUESTION No.: BI-90

Can the Minister provide a list of ALL products that would be affected by the introduction of the Resources Super Profit Tax? (*The Age* 15/5/2010).

ANSWER

There is no available analysis showing all products that could be impacted by the introduction of the Resources Super Profit Tax (RSPT). However, in its response to the Australia's Future Tax System Review (the Henry Review) the Government published the Treasury modelling of the impact of the RSPT and company tax cut. This showed that the cost of living, as measured by the CPI, would be 1.1 per cent lower than in the absence of a RSPT and company tax cut.

The KPMG Econtech modelling provides disaggregated price impacts in CPI groups, reproduced in the table below.

Percentage reduction in long run price levels

Food	-0.9%
Alcohol and Tobacco	-1.1%
Clothing and Footwear	-1.3%
Housing	-1.1%
Household Contents and Services	-1.1%
Health	-0.6%
Transportation	-1.7%
Communication	-1.4%
Recreation	-1.3%
Education	-0.3%
Financial and Insurance Services	-0.8%
CPI All Groups	-1.1%

The RSPT is no longer government policy.

Source: Media release '*Breakthrough agreement with industry on improvements to resources taxation*' dated 2 July 2010 released jointly by the Prime Minister, the Hon Julia Gillard MP, the Deputy Prime Minister and Treasurer, the Hon Wayne Swan MP and the Hon Martin Ferguson AM, MP, Minister for Resources and Energy and KPMG Econtech 2010, *CGE Analysis of part of the Government's AFTSR Response*