Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates

1 June – 3 June 2010

Question: BET 390

Topic: RSPT – Forecast Revenue

Hansard Page: Written

Senator EGGLESTON asked:

1. I refer to Treasury forecasts revenue of $9 billion from the RSPT in 2013-14.

   a) Page 5-12 of Budget Paper no. 1 refers to the $9 billion as the net impact of the RSPT. Can I clarify exactly what this amount of revenue is net of? That is, does it incorporate changes in company tax or other taxes? Are any credits or refunds assumed in 2013-14?

   b) Table 7 of p. 5-21 states that resource rent taxes raise $15.9 billion in 2013-14. How much of this amount is RSPT revenue?

   c) How much does company tax fall by due to the introduction of the RSPT?

   d) How much of the revenue is raised from existing projects rather than new projects?

   e) Precisely what uplift rate is assumed?

   f) What is the assumed amount of super profit in all mining in 2013-14?

   g) What is the assumed super profit in each major part of the mining sector?

   h) What research on the level of super profit in mining was relied upon to estimate revenue?

   i) What is the definition of super profit used by revenue in estimating revenue?

   j) How many companies will pay the RSPT in 2013-14? What sort of projects dominate: existing or new?

   k) What are the estimates for the RSPT beyond 2013-14?

   l) Does Treasury have an answer to the question taken on notice about the projected tax paid by the mining sector from all sources in 2013-14?

Answer:

a) The revenue generated by the original RSPT was net of State royalties paid, Petroleum Resource Rent Tax (PRRT), crude oil excise and the additional company tax deduction (the RSPT payments are a deductible expense to the company).

b) The $15.9 billion in 2013-14 represents total resource rent tax collections which includes both the RSPT and the PRRT. A further split of these estimates has not been made available.

c) The RSPT will reduce company tax collections to the extent that the tax is a deductible expense for company tax. The impact of this additional deduction has been taken into account in the company tax estimates.

d) The split between existing and new projects has not been specifically modelled. The base data used in the model is from existing projects by definition.

e) The RSPT model used an uplift rate equivalent to the government long term bond rate (LTBR).

f) The RSPT is no longer government policy and the estimates from that time are no longer current.

g) Different sectors of the mining industry were not separately modelled.

h) Data on the financial performance of the mining sector was sourced from ABS publications along with internal forecasts for prices and volumes which were informed by ABARE publications.

i) The definition of super profits as used in the RSPT model is assessable revenue less deductible expenses including an allowance for capital expenditure.

j) As previously outlined in question the answer to (d), the split between new and existing projects was not specifically modelled. The base data used in the model was aggregate data sourced from existing projects. The model did not attempt to estimate the number of companies affected by the RSPT, the focus was on the revenue impacts.

k) It is not usual practice for governments to release the medium and long term revenue impacts of individual measures.

l) The answer to this question has been provided in BET 1.