

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates

31 May – 2 June 2011

Question No: BET 229

Topic: Resource Tax Implementation Group

Hansard Page: 83

Senator Cormann asked:

Senator CORMANN: I was actually nearly finished with the mining tax stuff when we got into trouble before. Just to conclude on that: has Treasury done any updated modelling consistent with the 10-year modelling of the MRRT that was released under FOI that was done at the time of the MRRT deal? Have you revised those 10-year projections after the exchange rate assumptions changed, resulting in a downward revision of the revenue in MYEFO and then a slight upward revision in this latest budget?

Ms Mrakovcic: No, there have not been any updates since I think the last time Dr Henry addressed this committee.

Senator CORMANN: Okay. Another specific question: the \$50 million threshold which is to apply under the MRRT but also under the expanded PRRT—I am just trying to understand how the \$50 million threshold is supposed to apply under the onshore expanded PRRT.

Mr Heferen: It might be best if we had some assistance from Mr McCullough.

Mr McCullough: I am afraid I am going to be a little unhelpful because the process of taking the decisions in principle from the policy transition group into legislation is an ongoing process. It is happening at the moment. A group has been formed by the government—the resource tax implementation group. While I happen to chair that, that detail of precisely how that is working has escaped my knowledge. I am happy to take it on notice.

Answer:

No such threshold will apply under the expanded PRRT, consistent with the recommendations of the Policy Transition Group (PTG). In not recommending a \$50 million threshold under PRRT, the PTG noted the significant differences in the design of the PRRT and the MRRT, and the project economics of the commodities subject to each regime.