

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Supplementary Budget Estimates

19 – 20 October 2011

Question No: 110

Topic: PRRT

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Senator Cormann asked:

Senator CORMANN: If there is revenue that is expected to flow from the proposed onshore expansion of the PRRT, why has that never been identified anywhere? I urge you again to reflect on that question. I do not want to waste too much time on it now. If there is a proposal to be considered by parliament to legislate the onshore expansion of the PRRT, surely we would be entitled to know what the Treasury expects the revenue would be that would flow from that specific measure. If you could take that on notice again and reflect on it in that context—

Mr Heferen: Could I just make one observation: there is the issue about where you have a tax head and there are relatively few taxpayers. There are the secrecy provisions around ensuring that no public information can reveal the tax paid by a particular taxpayer—

Senator CORMANN: There is the same problem with the offshore component of the PRRT. The government tells us that there are only a few taxpayers who would pay the MRRT, so that is no different, I would have thought. In fact, there were the changes in the 2008-09 budget that were made by the government to the treatment of condensate, which was a \$2½ billion increase in revenue from that one measure that applied to a single taxpayer.

Mr Heferen: But that was a question of an increase in what had been paid rather than talking about the extension onshore—

Senator CORMANN: It is the same principle. I do not want to waste time because we do not have enough time.

Mr Heferen: I understand, so we will take that on notice.

Answer:

A key feature of the PRRT extension is that a transitioning project is entitled to a starting base to shield the taxpayer's historical investment and prevent "retrospective" application. These transitional arrangements mean that the PRRT extension is not expected to give rise to significant revenue collections over the forward estimates period. Revenue collections arising from the extension are expected to increase over the period beyond the forward estimates as the impact of the transitional arrangements winds down and new projects commence production.