

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Supplementary Budget Estimates

19 – 20 October 2011

Question No: SBT 140

Topic: Royalties

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Senator Cormann asked:

Senator Cormann: Why did the Treasurer think it was necessary—and I commend the Treasurer for having done it—to provide you with a direction to override your normal methodology to ensure that the outcome I have just described did not eventuate?

Mr Spasojevic: You will have to ask the Treasurer.

Senator Sherry: Exactly. I am going to have to take that on notice, since you are asking for the Treasurer's view. I am happy to take it on notice.

Senator CORMANN: But with all due respect, Mr Spasojevic, I understand that you have a job to do but I urge you to assist the committee within the professional confines that are appropriate. You have reflected on the exact issue that I have just talked about in the update report that was issued not by the Treasurer but by the Commonwealth Grants Commission. In that Commonwealth Grants Commission update report you have reflected on the dynamic that I have just talked about, so I would urge you to consider carefully how you can assist the committee in providing an answer to the questions that I have asked.

Senator Sherry: We can take it on notice. We have received your urgings, and if we can help you we will try to assist you.

Answer:

Following discussions and agreement with the Western Australian Government, the Australian Government directed the Commonwealth Grants Commission to ensure that, with regard to the Western Australian Government's decision to remove iron ore fines royalty rate concessions in 2010, the classification of iron ore fines should not move between mineral royalty rate groups in between methodology reviews. This direction was provided to the Commission through the terms of reference for the 2011 Update of the State Revenue Sharing Relativities.