

Senate Standing Committee on Economics
ANSWERS TO QUESTIONS ON NOTICE
Treasury Portfolio
Inquiry into Australia's Oil and Gas Reserves

Division: Corporate and International Tax Division, Treasury
Topic: Australia's oil and gas reserves
Reference: Spoken

Question:

1. **Senator PATRICK:** You might have to take this on notice. Can I get you to go back, say, five years and tell me what your projections were for corporate tax in the oil and gas sector and what your projections were for PRRT, and then what the actuals were?

Senator BROCKMAN: Over what time frame?

Senator PATRICK: Maybe over the last five years. Do you have a sense or do you have knowledge: have your projected PRRT figures been tracking for the actuals or have they been under or have they been over?

Mr Maloney : I'd like to take that on notice and come back to you.

2. **Senator PATRICK:** Noting the changes after the Callaghan review, has the Treasury seen any different behaviour from oil and gas companies following that review and changes to PRRT? We had the Callaghan review, then we had changes to the PRRT that were implemented I think last year. Have we seen a change?

Mr Maloney : What type of change do you mean?

Senator PATRICK: A change in revenue. Are we seeing differences as a result of the legislation we passed last year?

Mr Maloney : I think it's too early to say whether the actuals have changed. Actually, I'd like to take the question on notice.

Answer:

1. Over the period 2014-15 to 2018-19, three years have been lower than forecast and two years have been higher. PRRT forecasts are subject to considerably greater variation than total taxation receipts due to volatility in resource prices, the design of the PRRT itself, and the relatively small number of companies that pay the PRRT.

Treasury does not forecast company tax receipts for individual companies or industries, so it is not possible to compare forecasts with actual results at the industry level.

Table 1 – Budget forecasts and final outcomes – PRRT^(a)

	2014-15	2015-16	2016-17	2017-18	2018-19
Budget forecast (\$m)	1950	1450	800	1000	1350

Actual (\$m)	1810	741	981	1116	1053
Difference (\$m)	-140	-709	181	116	-297
% Difference	-7%	-49%	23%	12%	-22%

(a) PRRT receipts include a small amount of MRRT receipts which have not been separately disclosed owing to taxpayer confidentiality.

2. The PRRT reforms implemented in *Treasury Laws Amendment (2019 Petroleum Resource Rent Tax Reforms No. 1) Act 2019* commenced on 1 July 2019. As the 2019-20 year has not yet concluded and consequently a full year's worth of PRRT collections after the implementation of the reforms is not available, it is not possible to consider any potential revenue impacts. At the time of their announcement the reforms were estimated to have an unquantifiable revenue impact over the forward estimates period.