

Senate Standing Committee on Economics
ANSWERS TO QUESTIONS ON NOTICE
Treasury Portfolio

**Inquiry into the Treasury Laws Amendment (Tax Accountability and Fairness) Bill 2023,
Schedule 5—Petroleum resource rent tax deductions cap**

Department: Department of the Treasury
Topic: PRRT measures
Reference: Written
Senator: Andrew Bragg

Question:

1. When did Treasury first become aware of the Coalition's letter to Minister Chalmers' to negotiate on the PRRT measures?
2. When was a response first drafted?
3. When do Treasury's records indicate it was sent?
4. Is it typical for these letters to be sent on a Sunday, more than 100 days after being received?
5. What work was done across agencies to explore these demands, were any task forces formed or committees?
 - a. If so, can you walk us through how they met?
 - b. On what days did they meet?
6. Did Treasury consult with industry on any of the measures in the letter?
 - a. What was industry's feedback on those measures?
 - b. What indications did Treasury give industry about the government's intent to act on those measures?
7. How many of those four measures have now been implemented?
8. What assurances has Treasury received that those measures will be implemented?
 - a. Has it gone through ERC or the budget process?
 - b. Has Cabinet/the government adopted acting on those requests as policy?
 - c. Is it government policy to act on those measures?
9. Was making changes to the PRRT an election commitment?
 - a. Did it appear in the incoming government brief as an election commitment?
10. A stated aim of the Bill is to increase the amount of revenue Australia retains from our resources industry. Does Treasury have an indication of how much commodity windfalls specifically have contributed to higher receipts in the Final Budget Outcome over the last four financial years?
 - a. What are the overall revenue windfalls to company tax receipts during the last four financial years?
 - b. Could Treasury provide that information?

11. When was it decided to combine these measures into one bill?
 - a. Did that decision originate in the department, or in the Treasurer or Assistant Treasurer's office?
 - b. What was the rationale of that decision?
 - c. Was any assessment given to the ease of passage of these measures through the parliament as part of that assessment?
12. Does Treasury consider these measures share similar stakeholders or affected entities?
13. If the PwC response is a priority, why attach it to a measure that has been controversial from day one?

Answer:

1 – 5:

Treasury worked with the Treasurer and relevant Departments on a response to the Coalition's letter to Minister Chalmers in late 2023 and early 2024. The letter was received late in November and relevant Ministers were consulted in the process of drafting a joint response from the Treasurer, the Minister for Resources and the Minister for Environment and Water.

- 6 Treasury did not consult outside of Government on these matters as the letter was also addressed to the Minister for Resources and relates to DISR policy.
- 7 – 8 These are matters for the Department of Industry, Science and Resources. However, Treasury notes that the policies outlined in the Government's response were funded in the 2023-24 Budget, including the Nature positive plan (\$34m over 2 years), and a review of offshore environment regime (\$12m over 3 years). Consultation papers have also been published on both topics.
- 9 Treasury is not aware of any election commitments by the Government in relation to Petroleum Resource Rent Tax.
- 10 Company tax receipts were higher in the 2020–21, 2021–22 and 2022–23 Final Budget Outcomes (FBOs) than estimated in the immediately prior fiscal updates. While Treasury does not produce disaggregated company tax forecasts and outcomes, each of these FBOs indicated that the mining sector (or commodity prices) contributed to the stronger-than-expected outcome.
 - 10.a. In the 2019–20 Final Budget Outcome, company tax receipts were \$13,419 million below the 2019–20 MYEFO estimate.
In the 2020–21 Final Budget Outcome, company tax receipts were \$5,486 million above the 2021–22 Budget estimate.
In the 2021–22 Final Budget Outcome, company tax receipts were \$14,208 million above the 2022–23 March Budget estimate.
In the 2022–23 Final Budget Outcome, company tax receipts were \$12,668 million above the 2023–24 Budget estimate.
- 11 The decision was taken in September 2023.
 - 11.a. As per the usual process the decision to package Bills for each sittings originated from the Treasury and was then agreed by the relevant Minister.
 - 11.b. Treasury measures are scheduled for delivery based on Government priorities, critical commencement dates, complexity and available departmental and drafting resources. The package of measures included in any TLAB is determined by a range of factors (including subject matter, urgency, and when measures can be finalised).

- 11.c. Assessment of the ease of passage for each Bill is a matter for the Government when it agrees to the packaging of the Bill.
- 12 Treasury does not consider the stakeholders affected by the 5th schedule of this Bill similar to those affected by the other schedules. As outlined in the response to question 11, there are a range of factors to be considered in packaging measures into a Bill.
- 13 Assessment of the packaging of each Bill is a matter for the Government. Packaging of measures in Bills is a long-standing practice to facilitate efficient use of Parliament's time.