

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 receipts written down
Reference: Spoken
Senator: Nick McKim

Question:

CHAIR: There was some discussion at the start of this part of the hearing with the Australia Institute about whether the measure will raise revenue or not, in short. Will the measure raise more revenue over the forward estimates than if the measure did not exist?

Susan Bultitude: Yes. The costing for the measure is presented in the budget papers in last May's budget, and that is forecast to raise \$2.4 billion more than if the measure didn't exist over the forward estimates period.

CHAIR: So there may be revisions up and down of this measure or other measures—or any tax measure—but, effectively, this measure is forecast to raise \$2.4 billion over the forward estimates?

Susan Bultitude: That's correct.

CHAIR: Senator McKim?

Senator McKIM: In relation to the issue that the chair was just asking, is it right that in last year's budget in May, PRRT receipts were written down by \$1.3 billion?

Dr Cai: I don't have the exact number with me, but in MYEFO we did right down the PRRT forecasts. I think for the past year it was because of lower production and higher costs. For the forward estimates, it was written down again to reflect lower production, which is just basically reflecting the life cycle of the projects and also some unscheduled maintenance and the cost of the projects. It's just another thing that is lowering the PRRT receipts due to the nature of the deductions that are allowed. The high inflation and the weaker Australian dollar are also driving that. By the way, those are just for the existing PRRT payers. For the matter that we are talking about we are talking about they haven't paid PRRT yet.

Senator McKIM: Could someone take on notice, please, to confirm that PRRT receipts were written down by \$1.3 billion in last year's budget?

Susan Bultitude: Yes, we'd be happy to.

Senator McKIM: Can you also confirm or take on notice that in the December MYEFO, PRRT receipts were further written down by another \$2.4 billion.

Dr Cai: I can confirm that. PRRT receipts have been revised down by \$750 million in the 2023-24 financial year and also \$2.4 billion over the four years to the 2026-27 financial year. This is driven by a combination of factors, including lower production and higher costs.

Answer:

As reported in 2023-24 Budget Paper No. 1, excluding new policy decisions, PRRT receipts were revised down by \$1.3 billion over the 5 years from 2022–23 to 2026–27. The downgrade reflected a deterioration in the outlook for oil and gas prices since the October 2022-23 Budget. The expected increase in tax receipts from the PRRT reforms of \$2.4 billion to 2026-27 is unchanged.