

**Senate Standing Committee on Economics**

**ANSWERS TO QUESTIONS ON NOTICE**

**Treasury Portfolio**

**Budget Estimates**

1 June – 3 June 2010

**Question: BET 391**

**Topic: RSPT – Failed Projects**

**Hansard Page: Written**

**Senator EGGLESTON asked:**

1. The RSPT provides for 40% of failed projects to be refunded by taxpayers “on a reasonable basis”.
  - a) Can you explain in as much detail as possible what will be the factors that determine what is reasonable?
  - b) How has this feature been modelled in the forward estimates?
  - c) What is the level of refunds forecast to be paid in 2012-13 and 2013-14?
  - d) Is it fair to assume that the period of the forward estimates is one where the mining sector is booming and so there would be fewer failures and lower refunds than normal?
  - e) How many businesses currently paying PRRT are expected to elect to pay RSPT in the forward estimates?
  - f) What is so special about 40%? Why not 30 or 50, or indeed 100%?
  - g) By how much would revenue be reduced in 2013-14 if a lower rate, for example, 30% applied?
  - h) By how much would revenue be reduced in 2013-14 if a higher threshold, for example, 11% not roughly 6% applied?
  - i) If the government were to use the same uplift rate as the PRRT, about 11%, but remove the refundability provision, what would be the effect on revenue?

**Answer:**

- a) The RSPT is no longer government policy.
- b) See response to (a).
- c) See response to (a).
- d) See response to (a).
- e) See response to (a).
- f) See response to (a).
- g) See response to (a).
- h) See response to (a).

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i) If the RSPT were to be changed to include an uplift rate of 11 per cent and refundability were to be removed then the amount of revenue collected under the RSPT will be reduced.