

## Senate Standing Committee on Economics

### ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates

31 May – 2 June 2011

Question No: BET 288

Topic: Henry Review

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Senator Cormann asked:

**Senator CORMANN:** Mr Heferen, I can start quoting the Henry review recommendation where he says that a resource rent tax should replace state and territory royalties and that there should be negotiation between the Australian government—

**Senator Wong:** Which you opposed.

**Senator CORMANN:** —and state and territory governments to work through the impacts of this. The question I asked you specifically, though, was: at the time when the Commonwealth signed up to what was a very clear commitment that all state and territory royalties would be creditable against the resources tax liability, was the Commonwealth aware at that point in time of the implications of that commitment for the federal budget bottom line, given that there was no agreement with the states and territories not to increase royalties into the future at that point in time?

**Mr Heferen:** You are asking me to put myself in the shoes of the people who are signing this. I am afraid that is—

**Senator CORMANN:** Treasury officials provided advice. I appreciate that you were not there at the time. Was Treasury aware at the time that this was one of the implications of the clause in that heads of agreement?

**Mr Heferen:** As you say, Senator, because I was not there at the time, that is something I will have to take on notice.

Answer:

The Treasury was aware of the content of the heads of agreement and provides advice to the Government as appropriate.