

## Category – Liaison to enter

### RESOURCE SUPER PROFITS TAX (RSPT) — IMPACT ON THE COST OF LIVING

#### WILL THE RSPT INCREASE THE COST OF LIVING?

No.

The RSPT has been designed to tax high profit resource projects to ensure that all Australians get a fairer share from our natural resource wealth. Combined with the cut in the company tax rate, it will also help keep consumer prices down.

Independent modelling by KPMG Econtech shows that cutting the company tax rate and introducing the RSPT will reduce consumer prices by 1.1 per cent over time. The Econtech report says explicitly: "Tax reform means that the cost of living ... is lower than would otherwise be the case."

Unlike the current royalty regimes, the RSPT will only reduce the after tax profit of resource companies. It is unlikely to affect the prices of the resources used to create electricity, such as gas and coal, and therefore should not impact on electricity prices.

In any case, the cost of the gas and coal used makes up less than one third of the price of electricity. This means that even if there was an impact on the prices of the gas and coal used, the actual impact on electricity prices would be very small.

In addition, some low value commodities, such as cement, may pay less tax if royalties are replaced with an RSPT. We are working through these issues with the industry.

