



Media Release

Senator Mathias Cormann

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Chair of the Senate Mining Tax Inquiry

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KEN HENRY CONFIRMS – MINING TAX A NATIONAL TAX ON WA

More than 80 per cent of Gillard mining tax revenue will come out of WA over the current forward estimates according to evidence by Treasury Secretary Ken Henry at Senate Estimates today.

Ken Henry confirmed in Senate Estimates that revenue estimates for the proposed mining tax on iron ore were a reasonable proxy for mining tax revenue from Western Australia.

"The Gillard government's own Treasury Secretary today finally confirmed what we've asserted for some time – that the Gillard mining tax is a tax on Western Australia," Senator Cormann said.

"Treasury modelling of the Gillard MRRT confirms that more than 80 per cent of mining tax revenue would be raised from iron ore projects in Western Australia over the current forward estimates.

"Over the next decade it would still be a massive 65 per cent or \$25 billion when the deal was signed by the Prime Minister back in July last year.

"Federal Labor is using WA as a cash cow for its reckless spending out of Canberra.

"It is unreasonable and highly unfair for a single new tax to target one specific State economy like this.

"Julia Gillard inherited a bad tax which had been developed by a bad Prime Minister and a bad Treasurer through a bad process.

"Her quick pre-election political fix made the tax worse not better.

"Negotiating the tax in secret with three big taxpayers excluding all their competitors and other stakeholders made it less fair for small to mid-tier mining companies.

"Imposing the highly complex MRRT on iron ore and coal made it effectively a massive tax on WA.

"The Henry Tax Review was supposed to deliver a fairer and simpler tax system. The only thing we've ended up with out of that review is a multi-billion dollar new tax which is more complex and less fair.

"The reality is that the mining tax has become a real dog's breakfast

"It was just another dud she inherited from her predecessor," Senator Cormann said.

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SUMMARY OF TREASURY MODELLING – MRRT REVENUE ESTIMATES

Year	Total MRRT	MRRT on Iron Ore/WA	%
2012/13	\$4bn	\$3.5bn	87.50%
2013/14	\$6.5bn	\$5bn	76.90%
2014/15	\$6.5bn	\$4.5bn	69.20%
2015/16	\$5.5bn	\$3.5bn	63.60%
2016/17	\$4bn	\$2bn	50%
2017/18	\$3bn	\$1.5bn	50%
2018/19	\$3bn	\$1.5bn	50%
2019/20	\$3bn	\$1.5bn	50%
2020/21	\$3bn	\$2bn	66.60%
Total	\$38.5bn	\$25bn	64.93%

Source: Treasury, MRRT model: <http://www.treasury.gov.au/contentitem.asp?NavId=087&ContentID=1962>