



Media Release

Senator Mathias Cormann

Shadow Assistant Treasurer

Shadow Minister for Financial Services and Superannuation

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Please explain Prime Minister

During her visit to Perth Julia Gillard must explain why she continues to use WA as a cash cow for Labor's wasteful spending out of Canberra.

"When Julia Gillard became Prime Minister she promised that she would not use WA as a cash cow for Canberra," WA Liberal Senator Mathias Cormann said. (Source: Sunday Times, *PM: My Promise to WA - Gillard pledges not to use the West as treasure chest*, 27 June 2010, page 1).

"This promise came after her predecessor had imposed a single \$2.5 billion tax on WA's North West Shelf gas project in his first budget and then the ill fated RSPT," he said.

"Within less than a week Julia Gillard had broken her promise with her mining tax deal, desperate to keep the implications for Western Australia secret until after the last election.

"Federal Treasury modelling of the MRRT revealed that the Gillard version of the mining tax is a massive tax on WA.

"The modelling kept secret until a month ago shows that more than 80 per cent of the mining tax revenue would come from projects in Western Australia over the current forward estimates.

"The Treasury modelling done at the time Julia Gillard negotiated her secret mining tax deal revealed that \$8.5 billion out of \$10.5 billion in estimated mining tax revenue would come from iron ore production. (Source: http://www.treasury.gov.au/documents/1962/PDF/MRRT_Model.pdf)

"Given nearly 100 per cent of iron ore is mined in WA that revenue will be raised here.

"Recently retired Treasury Secretary Ken Henry conceded that point during his last Senate Estimates in February.

"Most of that revenue would be spent on plugging Labor's budget black hole after three record deficits.

"Julia Gillard has never explained to people in Western Australia why she thinks it's appropriate for one single new national tax to hit one State economy like this.

"Labor's proposal to offer WA \$400 million in infrastructure funding over two years in return for taking \$8.5 billion out of our State over that same period is an insult.

"It is high time for Julia Gillard to come clean to the people of Western Australia about the Eastern States centric nature of her Labor government.

"It is completely inappropriate for our national government to discriminate against Western Australia like this and Labor's ill thought out mining tax should be scrapped.

"The deeply flawed mining tax comes on top of the unfair treatment Western Australia receives when it comes to sharing the revenue from the GST.

"Currently WA only gets 67 cents in the dollar back and falling.

"The Secretary of the Commonwealth Grants Commission recently confirmed that there was no floor to limit how low WA's share of GST could fall.

"This is unfair and Tony Abbott has made clear this should be re-examined.

"What will you do about this Prime Minister?" Senator Cormann asked.

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