



# Media Release

## Senator Mathias Cormann

### *Shadow Assistant Treasurer*

### *Shadow Minister for Financial Services and Superannuation*

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#### **\$2 BILLION BLACK HOLE APPEARS IN FEDERAL BUDGET**

Another hole has appeared in the federal Budget today making it even less likely that Wayne Swan will achieve a surplus in 2012-13.

Today's Western Australian Budget has increased the royalty rate on certain forms of iron ore, commencing in 2012-13 and generating additional royalty revenue for WA of \$2.019 billion over three years - \$377.8m in 2012-13, \$824 in 2013/14 and \$817.1m in 2014-15.

[reference – page 34 & 36

[http://www.dtf.wa.gov.au/cms/uploadedFiles/State\\_Budget/Budget\\_2011\\_12/2011-12\\_bp3.pdf](http://www.dtf.wa.gov.au/cms/uploadedFiles/State_Budget/Budget_2011_12/2011-12_bp3.pdf)]

"Under the terms of the Prime Minister's agreement with the big three miners, the Commonwealth is obliged to credit all these increased royalties to those mining companies subject to the mining tax in full," Shadow Assistant Treasurer Mathias Cormann said today.

"The federal government must immediately confirm again that it will abide by their mining tax deal in full.

"The Commonwealth's paper surplus in 2012-13 will now be reduced to an even smaller \$3.1 billion – making the surplus more vulnerable to an external shock or another blow out in government waste.

"This black hole will grow wider and the surplus will be even lower if Queensland raises royalties in its Budget on 9 June 2011".

"The surpluses in 2013-14 and 2014-15 will fall to \$2.9b and \$4.9b.

"And net debt in 2014-15 will be \$2 billion higher.

"This black hole confirms our critique of the Budget – it is built on a house of cards, with no buffer to deal with downside risks – either domestic or internal. And it relies on destructive new taxes.

"Julia Gillard's mining tax is a bad tax which came out of a bad process and should be scrapped.

"The whole thing is a mess because rather than pursue genuine tax reform in consultation with the States and Territories Labor just went for the lazy grab for cash," Senator Cormann said.

#### **MEDIA CONTACT:**

Senator Cormann

0411 874 546