



Media Release

Senator Mathias Cormann

Shadow Assistant Treasurer

Shadow Minister for Financial Services and Superannuation

11/0520/SB

20 May 2011

TAX WAR AGAINST WA NOT THE ANSWER

Wayne Swan has only got himself to blame for the \$2 billion black hole in his Budget as a result of WA's decision to increase iron ore royalties.

"Going to war against the people of Western Australia is not the answer," Shadow Assistant Treasurer Mathias Cormann said.

"It is time Julia Gillard pulled her Treasurer into line over his incompetent handling of the mining tax.

"His incompetence has caught up with him. Wayne Swan never did the hard yards on tax reform going for the lazy mining tax grab instead.

"The Henry Tax Review was supposed to deliver a simpler fairer tax system reducing the number of taxes across Australia.

"All we ended up with was a multi-billion dollar new tax on mining, which is more complex and less fair.

"The mining tax is a bad tax which came out of a bad process - it was negotiated in secret between the Australian government and the three biggest mining companies, excluding their competitors and State and Territory government's from the process.

"Under our Constitution the States have the authority to tax our resources.

"So you can't have genuine reform of resource taxation without engaging State and Territory governments in the process.

"To this day the Gillard government has not engaged with the States on the mining tax at all, even though it has serious implications for their capacity to raise their own revenue.

"Instead of doing the hard yards working with the States on tax reform all Wayne Swan can come up with are threats to go to war against the people of Western Australia.

"Treasury modelling of the Gillard mining tax deal showed that \$25 billion out of \$38.5 billion in mining tax revenue would come from iron ore production in Western Australia

"No wonder Western Australia made the legitimate decision seeking to protect its revenue base.

"Julia Gillard should scrap the mining tax which is a bad tax, which came out of a bad process and start from scratch on tax reform with a more open, transparent and inclusive process which involves State and Territory governments.

MEDIA CONTACT:
Senator Cormann

0411 874 546