



Media Release

Senator Mathias Cormann

Shadow Assistant Treasurer

Chair of the Senate Mining Tax Inquiry

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Gillard-Swan's Dodgy Mining Tax Deal Exposed Again

The NSW State budget released today has again exposed the deep policy flaws in Labor's mining tax deal inappropriately negotiated exclusively and in secret with the three biggest mining companies.

"This latest \$1 billion black hole in Wayne Swan's budget in the wake of a NSW decision to increase mining royalties is the direct result of Labor's dodgy mining tax deal," Senator Cormann said.

"Courtesy of that mining tax deal, negotiated without involving any of the States, the federal budget is now hostage to decisions about royalty arrangements by State and Territory governments," he said.

"Instead of doing the hard yards on genuine tax reform Julia Gillard and Wayne Swan went for the lazy tax grab instead.

"Instead of acting on the Henry Tax Review recommendation that reform of resource taxation and royalty arrangements should be negotiated with the States and Territories, Julia Gillard and Wayne Swan completely excluded them from the process.

"Imposing significant additional costs on State and Territory governments through the carbon tax was always going to force the States and Territories to make up the shortfall somewhere else.

"To declare a tax war now against States exercising their constitutional right to raise revenue from their own resources is not the answer.

"This latest budget black hole comes on top of the \$2 billion hit on the budget after the WA State government decided to remove a royalty concession on iron ore fines and the Tasmanian government's decision to increase mining royalties in its budget earlier this year.

"Queensland Premier Anna Bligh has already stated that she also reserved the right for her State to increase royalties in the future irrespective of any implications for the federal budget.

"Based on the best available information considered by the Senate Mining Tax Inquiry, the Gillard mining tax package would leave the budget worse off to the tune of \$20 billion over the next decade.

"This comes on top of the \$4.3 billion hit to the budget from the carbon tax, which was supposed to be 'budget neutral'.

"Only Labor can come up with massive multi-billion dollar new taxes leaving the budget worse off. Labor should scrap its dodgy ill-thought out mining tax grab and commit itself to genuine tax reform," Senator Cormann said.

MEDIA CONTACT:

Senator Cormann

0411 874 546