



Media Release

Senator Mathias Cormann

Shadow Assistant Treasurer

Shadow Minister for Financial Services and Superannuation

11/1028/MC

28 October 2011

Shorten deceives workers on MRRT

Working families will pay for Labor's increase in compulsory super if it goes ahead not the mining tax as Bill Shorten has dishonestly claimed in a statement today.

"Bill Shorten is well aware of that yet goes ahead with the deception anyway, in a desperate attempt to sell a bad tax," Shadow Assistant Treasurer Mathias Cormann said.

Only last year Bill Shorten argued that "*it's wages, not profits, that will fund super increases in the next few years*" (Shorten speech to Financial Services Council Luncheon, Sydney, 29 October 2010)

"I also refer Bill Shorten to the government's own Henry Tax Review, which recommended against an increase in compulsory super," Senator Cormann said.

"The Henry Tax Review concluded that to increase compulsory super further would hurt low and middle income earners the most," he said.

"Furthermore, all the various promises Labor has attached to the mining tax are not funded over the medium to long term.

"Incredibly, the mining tax package will leave the budget worse off over time because the increasing cost of the measures attached to the mining tax is higher than the revenue the MRRT is expected to generate according to Treasury projections.

"The proposed increase in compulsory super alone is expected to cost the budget \$3.6 billion in the year it is fully phased in. That same year the MRRT is expected to raise \$3 billion according to Treasury projections of MRRT revenue at the time the deal was made.

"MRRT revenue over the forward estimates has in fact been downgraded since then, so the real situation is most probably worse.

"The government refuses to be transparent about the cost of the related measures even just over the current forward estimates.

"We believe that the cost of the mining tax related measures will in fact exceed MRRT revenue from 2013-14 onwards.

Asked during Senate Estimates last week to provide the cost estimates of the various measures the government has attached to the mining tax, Treasury said it couldn't provide that information.

"The government clearly wants to hide the fact that the mining tax package puts the budget in a worse structural deficit position.

"The Senate Mining Tax Inquiry conservatively estimated that the measures attached to the mining tax will cost about \$20 billion more between now and 2020 than what the MRRT is expected to raise.

"On top of that, because of Labor's dodgy mining tax deal, every time a State Premier makes a decision to change royalty arrangements for iron ore or coal it will have an impact on the federal budget bottom line.

"The mining tax is a bad tax which came out of highly dodgy process," he said.

"Where we were promised genuine tax reform to make our tax system simpler and fairer we ended up with a lazy grab for cash which will make our system more complex and less fair.

"To negotiate the design of a new tax exclusively and in secret with three taxpayers, while excluding all their competitors is very bad process.

"To give those three taxpayers who had such privileged access a competitive advantage against everybody else in the mining industry is highly inappropriate and should not be allowed to stand as a precedent for tax policy change.

"Given the serious implications from Labor's mining tax deal for State and Territory royalty and GST sharing arrangements any tax changes in this area should have involved consultation with the States and Territories.

"The mining tax is in a mess. It's a mess of the government's own making.

"If Labor was serious about tax reform they would scrap the MRRT and engage in serious and genuine tax reform," Senator Cormann said.

MEDIA CONTACT:

Senator Cormann

0411 874 546