



Media Release

Senator Mathias Cormann

CHAIR OF THE FUEL & ENERGY SENATE SELECT COMMITTEE

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MINING TAX STILL BAD FOR ECONOMY AND JOBS

Regardless of recent changes, the Gillard government's new tax on mining remains a threat to our economy and jobs, especially in Western Australia and Queensland.

That is the conclusion reached by a Senate Committee investigating the changes over the past month.

"Irrespective of the changes to the mining tax negotiated in private with the three biggest mining companies, the Gillard Government will still be imposing a \$10.5 billion tax on our key export industry," Committee Chairman Mathias Cormann said today.

"It is completely inappropriate that negotiations only included three multi-commodity, multi-project, multinational companies to the complete exclusion of all those based and operating only in Australia.

"The 99% of mining companies who were excluded from those negotiations remain very concerned about how the tax will impact on mining jobs and competitiveness," Senator Cormann said.

"Significant mining projects remain on hold because of the new tax and the government's refusal to provide basic information to the industry and the Parliament on the impact of the tax.

"Treasury Secretary Dr Ken Henry was forced to admit to the Committee that the Government had done no analysis on how badly jobs and mining investment could be affected by the revised tax.

"The Government refuses to reveal where the \$10.5 billion in mining tax revenue is supposed to come from or what their commodity price and production volume assumptions are.

"This raises serious questions about the veracity of the budget forecasts, given claims of future surpluses are underpinned by over-optimistic iron ore price assumptions.

"We know now that they got their commodity price assumptions wrong in the May budget. Wayne Swan underestimated revenue from the RSPT by a staggering \$12 billion, doubling it to \$24 billion.

"We also know now from WA Treasury that about \$7 billion out of \$10.5 billion in revenue from this tax will come from Western Australia.

"Julia Gillard's new tax on mining has significant implications for the budget, the economy, jobs and investment in the mining industry and for States like Western Australia, Queensland and NSW.

"Yet she is bending over backwards to cover up the true impact of her new tax.

"If it hadn't been for the election being called, the Committee would have recommended the Senate find the government in contempt over its refusal to answer important and legitimate questions about this new tax," Senator Cormann said.

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