

IPA MEDIA RELEASE

Institute of Public Affairs | Australia's leading free market think tank

Sunday, 2 May 2010 – *FOR IMMEDIATE RELEASE*

Henry Review - The Great Canberra Tax Grab

The Henry Tax Review is a recipe for bigger and higher taxing government according to the free market think tank, the Institute of Public Affairs.

According to Julie Novak, Research Fellow at the IPA, 'A raft of new taxes have been proposed, but there's no prospect of major tax relief for taxpayers.'

'The government's response paper shows that the mining industry has been chosen at the top of its 'hit list' for additional taxes.'

'Under the Henry Review plan, no Australian would be left untouched by the proposed new and higher taxes, such as a federal resource rent tax, volumetric alcohol excises, more tobacco tax, green taxes, road congestion levies, a cash flow tax and extend land taxes.'

'Individuals and businesses will be forced to bankroll a growing federal bureaucracy either directly, or indirectly as competitive enterprises are forced to pass on higher tax costs onto consumers,' Ms Novak said.

The recommendations of the Henry Review, if implemented, are likely to impose significant additional costs on the economy compromising Australia's international competitiveness.

'On the government's own figures its tax reform agenda plans to take another \$3.2 billion from the pockets of individuals and industry, including the internationally competitive mining industry.'

'The higher taxes recommended by Dr Henry will certainly impose deadweight losses on the economy,' Ms Novak said.

'With Canberra already demonstrating a poor record in service delivery, such as home insulation and school halls, more money in federal hands will further diminish our productive potential.'

'Real tax reform would have been:

- to commit to cut tax as a share of the economy
- to give state governments the power to levy tax to improve the accountability of state governments
- to reduce Nanny State taxes to give people more choice over how they live their lives.'

Media contact: Julie Novak 0437 646 045 / 03 9600 4744

**Institute of Public Affairs, Level 2, 410 Collins St. Melbourne
ph: 03 9600 4744 fax: 03 9602 4989 www.ipa.org.au**