

# MEDIA RELEASE

Tuesday, 31 July 2012

## **MINING TAX MAKING THINGS WORSE AS COMMODITY PRICES SLUMP**

A string of delays and cost blowouts to major resources projects are a sign of rough times ahead for Australia's mining construction boom, according to John Shipp, Director of the ANDEV/IPA North Australia Project.

Mr Shipp's warning came in response to yesterday's news that iron ore prices have hit a two-and-a-half-year low.

Mr Shipp said a pattern of decline was emerging and this was bad news for the Australian economy.

"Last week, Peabody Energy cut production forecasts by 1.8 million tonnes. Over the weekend there were indications BHP might delay the expansion of Olympic Dam by two-years. Company after company is announcing cancellations and delays," Mr Shipp said.

Mr Shipp said waning demand is mostly to blame, but that Australia can do more to extend the boom.

"The priority must change from spreading the benefits of the mining boom, as the government has been saying, to keeping the mining boom going for as long as possible. Hundreds of thousands of Australian livelihoods depend on it," Mr Shipp said.

Mr Shipp singled out the mining tax for particular criticism.

"With declining global demand and slumping commodity prices, this is exactly the wrong time to be introducing a mining tax," Mr Shipp said.

Mr Shipp warned that complacency has led Australian governments to assume the mining boom would never end.

"The federal government has been wrong to assume it could continue to milk the mining boom for federal revenue without giving anything back to the sector, the assumption on which the MRRT has been based," Mr Shipp said.

"The government should put in place a low-tax, low-regulation Special Economic Zone in Northern Australia to ensure Australia again becomes an attractive place to invest," Mr Shipp said.

The North Australia Project is a joint project of Australians for Northern Development and Economic Vision and the Institute of Public Affairs. For more information visit [www.andev-project.org](http://www.andev-project.org).

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