

MEDIA RELEASE

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Mining Tax branded an “unmitigated disaster”

The Minerals Resource Rent Tax has been an utter failure; not raising a cent in government revenue while increasing Australia’s sovereign risk, according to John Shipp, Director of ANDEV/IPA North Australia Project.

Mr Shipp’s comments came as Monday’s deadline for contributions under the tax passed without a single major mining company having to pay.

“This shows the tax has been a complete waste of time – all it has achieved is an adverse perception of sovereign risk in Australia,” Mr Shipp said.

September’s Baker & McKenzie global mining survey indicated the mining tax’s effect on the resources sector. Of the 300 global mining executives surveyed 76 per cent viewed the mining tax as a disincentive to investment.

“Mining investors crave stability. The introduction of the mining tax has created an environment of uncertainty and it hasn’t raised a single cent in three months,” Mr Shipp said.

Mr Shipp said the failure to raise any revenue from the tax which could then be spent on other initiatives proved there is no upside to the tax, and therefore it should be abolished immediately.

“The mining tax has only been successful in one thing: discouraging investment.”

“Major mining companies have come to the conclusion that Australia is one of the most risky and expensive places to invest because the government is constantly moving the goal posts.”

“Australia’s global competitors have done everything they can to create stable tax structures and encourage investment – Canada is a case in point. The Gillard government has done the opposite.”

“Rather than looking to redistribute the wealth created by the mining boom, the government should create an environment that encourages continued investment in the economy,” 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.

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