

..... ditching the **Mining tax**

The Democrats agree that the public should benefit from the precious public resources that are exploited so profitably by mining companies in the current boom. The Constitution makes it clear that minerals are owned by the Crown but for mining, this means the states.

The Rudd/Gillard and Howard Governments have interfered with or taken over responsibilities that belong to the states in an unprecedented way. This grab for control has mostly been for populist grandstanding, as in the NT Intervention, chaplains in schools, hospitals reform, school tests, and often the states are not even consulted.

The latest grab is over mining taxes. Labor needs to fill the budget hole left by its stimulus spending and by not proceeding with its emission trading scheme. It hoped to appeal to voters' sense of fair play but how fair is it on the states?

The mining industry's profit margins in 2008/9 were 37.1% - three times industry average – but the higher the profits, the higher the Commonwealth corporations tax that applies.

The real problem is that over time, the revenue raising capacity of the states has fallen well short of their responsibility to provide health, education and much needed infrastructure.

There are four principles that should apply:

1. The states should maintain the right to collect royalties for the resources on their land and determine the value of their resources and level of royalties
2. The Federal Government should not single out particular sectors or minerals to impose a 'super tax' unless there is a compelling reason beyond the need to raise money
3. Reform of taxation should deliver greater simplicity and clarity rather than impose another complex and badly-designed tax with possible unforeseen consequences
4. The states should benefit from tax reform so they can meet increasing demands for infrastructure and services and/or reduce the host of regressive taxes they impose on gambling, property, payroll and the like

Our Plan

•Scrap the proposed Federal mining resource rent tax

•Work through COAG to encourage the states to **reform their royalty systems** to make them consistent, fairer, simpler and more efficient, and to significantly increase revenue raised by them (as suggested in the Henry Review) to fund:

- much needed regional services and infrastructure, particularly housing
- major renewable energy projects and climate change adaptation
- better health, education and employment services for Indigenous communities, particularly those impacted by mining
- mining rehabilitation projects, particularly old uranium mines that continue to damage the environment