

# Labor Members Dissenting Report

## Inquiry into the Minerals Resource Rent Tax Repeal and other Measures Bill 2013

### Executive Summary

1.1 This legislation confirms that the government is committed to introducing a retrospective tax grab on millions of Australia's low paid workers to give a tax refund to large mining companies. For example, the government is seeking to:

- remove a modest income support bonus from eligible social security recipients—it was introduced 'in recognition of the fact that the current rates of income support allowance payments are 'manifestly inadequate';
- cut both the superannuation of millions of Australians earning up to \$37,000 while boosting the superannuation for 16,000 people who have over \$2 million in super balances;
- repeal the Low Income Superannuation Contribution—it will hit women particularly hard, **with 2.1 million women affected**; and
- repeal measures that would provide much needed assistance for small business at a time when the Australian economy is fragile.

1.2 Labor senators have a fundamental view that Australians deserve to share in the benefits of the minerals we all own—the MRRT is a profit-based tax, so when profits are high, revenue is up. When profits are lower (that is, during the construction phase of the boom), of course revenue will be lower—that is how the tax works. The MRRT was not put in place for the next six months, it was put in place for the next generation. The Petroleum Resource Rent Tax (PRRT) which is a very similar tax covering petroleum and gas barely received any revenue in the first few years it was in operation.

1.3 While repealing the MRRT might reduce the tax burden on some iron ore and coal miners, the consequent repeal of, or changes to, other measures would have a detrimental effect on some of Australia's poorest workers and on small businesses operating in a difficult economic environment. Labor members can see no justification for shifting the burden from the mining industry to those least able to bear it or allowing high-income earners to enjoy benefits at the expense of those in greater need. Clearly, the legislation is inequitable, short-sighted and ill-conceived.

1.4 Labor members of the committee recommend that the bill not proceed.

