



**POLICY COSTING REQUEST – DURING THE CARETAKER PERIOD FOR A
GENERAL ELECTION**

Name of policy:	Improved Mining Tax
Person requesting costing:	Senator Milne
Date of request to cost the policy:	14 August 2013
<i>Note: This policy costing request and the response to this request will be made publicly available.</i>	
Has a costing of this policy been requested under Section 29 of the Charter of Budget Honesty (i.e. from the Treasury or the Department of Finance and Deregulation)?	No
Details of the public release of this policy (Date, by whom and a reference to that release)	14 July 2013 http://www.greens.org.au/resourcing-caring-society-0
Description of policy:	
Summary of policy (as applicable, please attach copies of relevant policy documents):	An expanded Mineral Resource Rent Tax (MRRT) to include: <ul style="list-style-type: none"> i. a 40% tax rate; ii. royalties credited at royalty rates in place at 1 July 2011; iii. coverage to include all minerals; iv. the uplift rate to be the bond rate plus 2%; and v. the starting base for existing projects be restricted to the depreciated book value of what the companies have actually spent on mining infrastructure. (Please cost items i-v separately and then all combined.)
What is the purpose or intention of the policy?	Expanding the minerals resource rent tax (MRRT) to be more like that proposed by the Henry Tax Review and the Rudd Government's proposed Resources Super Profits Tax. Increases the amounts of tax paid by mining companies on their windfall profits.
What are the key assumptions that have been made in the policy, including:	
Is the policy part of a package? If yes, list and outline components and interactions with proposed or existing policies.	The Greens' policy to remove the diesel fuel rebate for mining companies from 1 January 2014 interacts with our Improved Mining Tax policy. See costing request for "Abolishing Fossil Fuel Subsidies". The Greens also have a policy to oppose the Government's decision to move to a floating carbon price from 1 July 2014.

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Where relevant, is funding for the policy to be demand driven or a capped amount?	N/A			
Will third parties (for instance the States/Territories) have a role in funding or delivering the policy? If yes, is the Australian Government contribution capped, with additional costs to be met by third parties, or is another funding formula envisaged?	No			
Are there associated savings, offsets or expenses? If yes, please provide details.	No			
Does the policy relate to a previous budget measure? If yes, which measure?	Yes – the Minerals Resource Rent Tax			
If the proposal would change an existing measure, are savings expected from the departmental costs of implementing the program?	No			
Will the funding/program cost require indexation? If yes, list factors to be used.	No			
Expected impacts of the proposal				
If applicable, what are the estimated costs each year? If available, please provide details in the table below. Are these provided on an underlying cash balance or fiscal balance basis?				
Estimated financial implications (outturn prices) ^(a)				
	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	0	4700	6700	8400
Fiscal balance (\$m)	0	4700	6700	8400
(a) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A positive number in the underlying cash balance indicates an increase in revenue or a decrease in expenses or net capital investment in cash terms.				
What assumptions have been made in deriving the expected financial impact in the party costing (please provide information on the data sources used to develop the policy)?	See PBO costing			
Has the policy been costed by a third party? If yes, can you provide a copy	Yes, by PBO on 6 August 2013			

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of this costing and its assumptions?	
<p>What is the expected community impact of the policy?</p> <p>How many people will be affected by the policy?</p> <p>What is the likely take up?</p> <p>What is the basis for these impact assessments/assumptions?</p>	Only mining companies are directly affected.
Administration of policy:	
Who will administer the policy (for example, Australian Government entity, the States, non-government organisation, etc.)?	Treasury and Australian Taxation Office
<p>Should departmental expenses associated with this policy be included in this costing?</p> <p>If no, will the Department be expected to absorb expenses associated with this policy?</p> <p>If yes, please specify the key assumptions, including whether departmental costs are expected with respect to program management (by policy agencies) and additional transactions/processing (by service delivery agencies).</p>	Yes
Intended date of implementation.	1 July 2014
Intended duration of policy.	Ongoing
Are there transitional arrangements associated with policy implementation?	No
List major data sources utilised to develop policy (for example, ABS cat. no. 3201.0).	See Greens' dissenting report to Senate Economics Committee's May 2013 report on MRRT, especially pages 123-124
Are there any other assumptions that need to be considered?	
<p>NOTE:</p> <p><i>Please note that:</i></p> <ul style="list-style-type: none"> <i>The costing will be on the basis of information provided in this costing request.</i> <i>The PBO is not bound to accept the assumptions provided by the requestor. If there is a material difference in the assumptions used by the PBO, the PBO will consult with the requestor in advance</i> 	

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of the costing being completed.