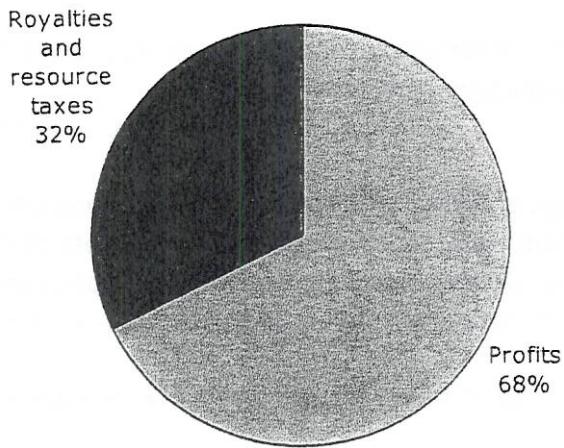
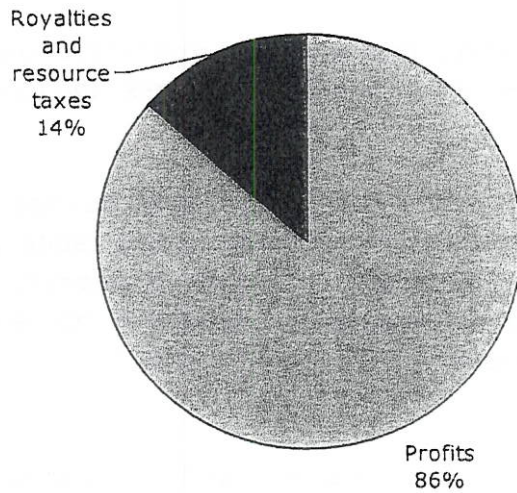


Charges for non-renewable resources as a proportion of mining profits

Average 1999-00 to 2003-04

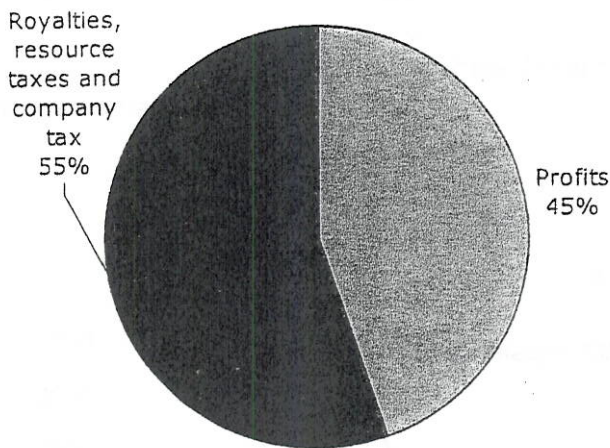


2008-09

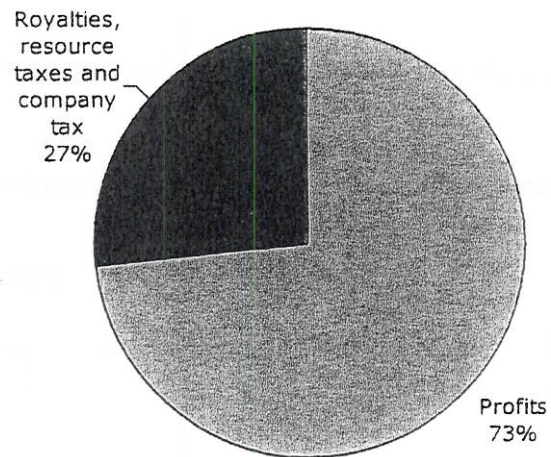


Charges for non-renewable resources plus company tax as a proportion of mining profits

Average 1999-00 to 2003-04



2008-09



Will this damage the mining industry?

There has also been comment that this change will permanently damage the mining industry.

I strongly disagree. I know that any tax change will have its opponents, but history tells us the complaints can sometimes be overstated. Here's a sample of what opponents said about the Petroleum Resource Rent Tax (PRRT) in the 1980s:

"Nothing could better illustrate the counter-productive nature of the Hawke Government's energy policies... The Hawke Government's RRT will effectively destroy the incentive for offshore exploration..."

- John Howard (as Shadow Treasurer)

"An RRT reduces the upside potential so, no matter how much of the financial exposure is covered by the Government, investors will not be induced to put their money into exploration in Australia but will rather explore overseas and invest in other, less risky, industries in Australia."

- BHP representative

SENATE ECONOMICS LEGISLATION COMMITTEE
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 BY SENATOR JOICE
 TIME/DAY: 5:55PM, 1 JUNE 2010

"The national interest is being seriously damaged by a continuation of the uncertainty which the Hawke government has allowed to develop over the past 12 months. The proposed tax would be a severe setback to the critically important search for new supplies of oil..."

"The rate is still too high and the threshold too low and the Government is dicing with Australia's future because the RRT will unquestionably depress the level of exploration in offshore areas."

- Senator Fred Chaney

"The imposition of this RRT would dampen business confidence, affect negatively Australia's prospects for long-term petroleum self sufficiency, reduce capital investment and distort capital flows into less desirable investments or overseas. It suggests to business that the Government may not fully understand the dynamics of the market place, the role of risk and return, or in any deep way the nature of capital investment decision making by enterprises."

- Geoff Allen, former Executive Director of BCA

"Australia has one of the highest taxed oil industries in the world and the oil production companies are the highest-taxed companies in Australia...The Australian petroleum industry is competing for investment funds with other countries and other industries and government policy should recognise that investment will be insufficient unless rewards are commensurate with the high risks and high costs of investing in the oil industry."

- Stuart McGill, former Esso Chairman

"[An RRT is] a bit like communism, great in principle but it won't work in practice."

- Industry 'negotiator'

And here's what happened to the oil and gas industry:

