



21 November 2013

The Secretary
Senate Economics Legislation Committee, SG.64
PO Box 6100
Parliament House
CANBERRA ACT 2600

By Email

Dear Sir/Madam

Response to the Senate's Inquiry into Minerals Resource Rent Tax Repeal and Other Measures Bill 2013

Atlas Iron Ltd (Atlas) welcomes the commitment demonstrated by the Federal Government to the repeal of the Mineral Resource Rent Tax (MRRT) through the publication and request for public comment on the Mineral Resource Rent Tax Repeal and other Measures Bill 2013 (the Bill).

The MRRT was introduced to remedy the perception that the resources industry in Australia does not pay its fair share of tax. Atlas believes that the resources industry contributes its fair share of tax through payment of a combination of federal taxes, state taxes, duties and royalties and therefore Atlas strongly supports the repeal of the MRRT.

The introduction of the MRRT directly resulted in significant management time and financial resources being diverted to meet the complex technical and administrative requirements of the MRRT regime. Although originally intended to raise in excess of \$3bn per annum, we understand that no significant tax has been raised by the MRRT while, conversely, the introduction of the MRRT regime triggered a substantial and unnecessary increase in Atlas' compliance costs.

The MRRT also impacted Australia's global competitiveness as a supplier of iron ore by making our projects comparatively more expensive than our competitors. In the case of Atlas these competitors are places like India, China, Mexico and the Middle East as we are not selling the high grade, high margin iron ore traditionally exported by the Australian Majors and Brazilian producers.

Following the announcement of the original Resource Super Profits Tax and subsequently the MRRT, the level of international uncertainty around the stability of the Australian tax system increased and negatively impacted the investment appeal of resources companies such as Atlas to foreign investors. As raised in our previous submission to the MRRT Policy Transition Group, the introduction of the MRRT substantially delayed the process of marketing our Ridley magnetite project to foreign investors as it created a further

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layer of cost and uncertainty over such projects which are already considered risky by virtue of their capital requirement.

In conclusion, although the MRRT has raised no significant tax, it has increased compliance and administration costs while reducing both Australia's international competitiveness and the appeal of Australian iron ore projects to foreign investors.

We welcome the swift publication of the Bill by the Federal Government in line with its election commitments and fully support the repeal of the MRRT.

Yours sincerely

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