

HANSARD

19 MAY 2010

RESOURCE SUPER PROFITS TAX

**DR M.D. NAHAN TO THE PREMIER:**

I refer to the federal government's resource super profits tax on the mining sector—a tax that can only be described as anti-Western Australian. It is a tax that members opposite are on record as supporting. Can the Premier please update the house on the latest announcements on this tax that will affect Western Australia's prosperity?

**Mr C.J. BARNETT replied:** I thank the member for the question. In the week since the so-called resource super profits tax was confirmed by the federal Treasurer, one by one the mining companies have gone through and looked at their investments, exploration programs, prospective projects and prospective investors—they have all gone back and redone their sums. For a typical mid-cap mining company, the loss of the net present value of the company and its projects is anywhere in the range of 12 to 20 per cent, and some are above 20 per cent. It is simply writing off a huge amount of value. It adds enormously to the risk of projects and therefore people are simply re-examining and changing their plans. A number of authoritative comments have been made on it. I refer to *The West Australian* of 6 May, which stated —

Labor's Canberra aspirant Alannah MacTiernan has backed Kevin Rudd's proposed tax on mining "super profits" but —

To her credit —

says it has to be fine-tuned to ensure that it does not stifle investment.

Therefore, although the aspirant member for Canning is clearly a supporter of the tax, she thinks that it should be finetuned. Let us look at some of the finetuning that might be taking place. International credit rating agency Moody's stated that the resource super profits tax could reduce company earnings by almost one-third and make Australia a less attractive investment area. That is a little finetuning; a one-third reduction! Closer to home, an article in *The West Australian* online states —

Paladin Energy chief John Borshoff has suggested the proposed resource super profits tax —

Several members interjected.

**Mr C.J. BARNETT:** Mr Speaker, I am finding it very difficult to concentrate on an important issue —

Several members interjected.

**The SPEAKER:** Members!

**Mr C.J. BARNETT:** The article stated —

Paladin Energy chief John Borshoff has suggested the proposed resource super profits tax could push the uranium miner's Australian projects back in the development pipeline.

Labor wants that because it does not believe in uranium mining. Only today, Andrew Forrest and Fortescue Metals Group found themselves in a position in which they felt obliged to inform the Australian stock exchange of some changes and stated —

Fortescue Metals Group wishes to advise that two of the company's three expansion projects have been placed on hold due to the financial impact of the federal government's proposed Resource Super Profits Tax ...

It just goes on day in, day out and I do not know how many stalled and abandoned projects and exploration expenditure shifting offshore we will need to see happen before those in Canberra who are in power will start to listen. This is an absolute catastrophe for Australia in almost every respect. We in this state are the mining capital of the world; we will feel the greatest burden of this. There is the loss of investment, probably a quarter of all projects in

the pipeline in this state will be lost and with them thousands of prospective jobs, yet the aspirant candidate for Canning supports it—good on her!  
Several members interjected.