



# MEDIA RELEASE

## MINERALS COUNCIL OF AUSTRALIA

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### MINERALS SUPER TAX: A SOLUTION FOR A PROBLEM THAT DOESN'T EXIST

Concerns about Australia's 'two-speed' economy are misplaced and overstated according to a new paper by global tax and economic advisory firm Deloitte.

The 40 per cent super tax on Australia's minerals industry has been proposed in part to slow growth in the sector. This is a policy approach described as "highly undesirable" by the Deloitte paper.

It says that the difference between the fastest and slowest growing states is at one of its lowest points since 1991 and that the discrepancy has been more pronounced in years when the minerals industry was not "booming".

"This paper shows there is nothing unusual about regional growth disparities in Australia. Economic growth in Australia has rarely, if ever, been uniform between States and Territories over the last 20 years. Indeed, current disparities are low by historical standards," the Deloitte paper says.

MCA Chief Executive Mitch Hooke said the Government was trying to fix a problem that doesn't exist.

"The facts simply do not support the two speed economy thesis. Job data released last week showed that half of the new jobs created in the last 12 months were generated in Victoria giving the lie to suggestions that resource states Queensland and Western Australia are leaving other states in the slow lane," Mr Hooke said.

"It is not sound economic policy to introduce a super tax designed to discriminate against the minerals industry in a deliberate attempt to see projects destined for Australia leak to our competitors in Canada, Indonesia, South Africa, South America and even Russia. The Government needs to explain that to more than 500,000 Australians whose jobs depend on the sector."

"A quarter century of reform has ensured the benefits of the resources boom have spread well beyond the minerals sector and regions most closely linked to the industry. The role of policy should be to preserve and enhance this dynamism – not deaden it in some false quest for a slower, more even growth trajectory."

The Deloitte paper shows that the current disparity between the best and worst performing industries is also consistent with historical trends.

"The data shows that economic growth in Australia has rarely been uniform across sectors. In other words, there is nothing particularly unusual about inter-sectoral growth disparities in Australia. Further, current disparities are not especially high," the paper says.

"In a modern, dynamic, growing economy, there are always sectors that are expanding and contracting as demand and supply conditions change and prices adjust. In reality, Australia does not have a "two-speed economy"; it has thousands of industries operating at different speeds, with price and resource adjustments taking place constantly."

The Deloitte paper concludes that the experience of the past quarter of a century shows that Australia's prosperity depends on the ability of resources to move freely between industries without regulatory impediment.

The paper, commissioned by the Minerals Council of Australia, is attached.