



# Media Release

## Senator Alan Eggleston

### Liberal Senator for Western Australia

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#### Government's response to Henry Review falls short

3<sup>rd</sup> May 2010

"The introduction of an annual \$9 billion federal resource rental tax could effectively kill the goose that has been laying the golden eggs for Australia over the past ten years," according to Senator Alan Eggleston who added that it was the resource industry which enabled Australia to avoid going into recession in the global financial crisis.

"Half a million Australians rely directly and indirectly on the mining sector for employment – and to blithely ignore the fact that resource companies are international players having the option to invest in other countries such as Brazil and in Africa where costs are lower and profits higher could spell disaster for the very industry that is responsible for elevating Australia to the economic position we now find ourselves," said Senator Eggleston.

Senator Eggleston said he was extremely concerned that the Minerals Council said Australia would have higher taxes on resources than any other major production country.

The Senator acknowledged the proposed \$1.1 billion resource exploration rebate would encourage future exploration and had some advantages for smaller AMEC level companies over a Canadian model flow through shares scheme.

"Preserving the right of the States to impose royalties would go some way to protecting their financial independence in the face of the emasculation of the GST agreement by the Rudd Government," said Senator Eggleston.

The proposed infrastructure fund for regional areas such as the North West was cautiously supported by Senator Eggleston, as a reversal of previous Rudd Government policy as enunciated by Gary Gray MP who in 2008 described those who called for Federal infrastructure funding in the Pilbara as "whingers".

"I am critical that the Government's response to the Henry Review has failed to pick up on vital tax related issues such as reviewing zone tax allowances and Fringe Benefits Tax," said Senator Eggleston.

"I am also disappointed by the failure to act on the recommendation to change to a volumetric tax on alcohol given the devastating social impact of alcoholism as reported in recent years in the North."

"Volumetric taxation of alcoholic drinks was a simple measure the Rudd Government could have taken to address one of the major causes of social and health problems in our community and Kevin Rudd should be condemned for this failure," Senator Eggleston said.

"The Prime Minister's handling of this tax review is clearly aimed at filling the budgetary black hole this Government has created and to do so they have recklessly put the resources sector in real peril," said the Senator.

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