

## What the Resource Tax means for you

The Minerals Resource Rent Tax (MRRT) is a profits-based tax that will deliver a fairer share of revenue from the sale of non-renewable resources to all Australians.

**Australians  
deserve their  
fair share of the  
mining wealth**

Prime Minister Julia Gillard has negotiated the package with the major mining companies to ensure strong investment in Australian resources and in regional mining communities, now and into the future.

This Minerals Resource Rent Tax is necessary to ensure all Australians benefit from our mineral wealth. Over the last decade the price of iron ore and coal has gone up on international markets. Since 2003 alone, the contract price for iron ore has increased by over 500 per cent. But the state governments in Australia are not receiving a fair share of these windfall gains in royalty payments.

In the last ten years the Australian community's share of mining profits has halved. Australians used to receive \$1 for every \$3 of earnings a decade ago, but only receive \$1 in \$7 today.

Mining profits were more than \$80 billion higher in 2008-09 than they were in 1999-2000, yet governments only collected an additional \$9 billion in revenue.

Australia's resources are owned by all Australians and we deserve a fair share. And that's the essence of the Minerals Resources Rent Tax. It's a mechanism for getting a fairer price on the resources we can only sell once.

Key features of the tax:

- Minerals Resource Rent Tax of 30% on above-normal profits.
- Above-normal profits will be calculated as above the 10-year bond rate (currently 5%) plus 7%.
- When added to company tax, companies will pay no more than 50% tax on their mega profits. The tax on many mining projects will be lower than this.
- Projects will be entitled to a 25% extraction allowance that will further reduce taxable profits subject to the rent tax.
- The tax will only apply to iron ore and coal.
- The existing Petroleum Resource Rent (PRRT) will be extended to all onshore and offshore oil and gas projects.
- The maximum tax rate, which even many of the biggest mining companies won't pay, is only slightly higher than 45%, the highest marginal income tax rate.

**At most, highly  
profitable  
mines will pay  
50% tax – many  
won't even pay  
this much**

The exemption of all minerals other than iron ore and coal will reduce the number of affected companies from 2500 to around 320. Most of Australia's most profitable mining projects will be picked up by the tax. There will be transitional arrangements for companies to adjust to the tax.

## \$10.5 billion more for Australian communities

The Minerals Resource Rent Tax in its first two years is expected to yield \$10.5 billion.

The revenue will be used to fund a tax cut for Australian businesses and to increase super for working families. Money will also be put back into regional communities through much needed community infrastructure.

The Labor Government is still on track to return the budget to surplus in three years.

## More Superannuation for a better retirement

**Super to increase to 12% minimum guaranteed**

All workers deserve to have a comfortable and financially secure retirement.

Under the Minerals Resource Rent Tax, your super will be increased from minimum of 9% of wages, to guaranteed 12% minimum. Lower income families will receive up to \$500 a year through a new Government rebate on their super contributions.

For an average 30-year-old today, this will mean an extra \$100,000 in retirement.

Currently women have half the super savings than men. The Labor Government changes will mean for a woman, who takes time off work to care for her family, will have an extra \$78,000 in retirement.

**A 30 year old today will be \$100,000 better off in retirement**

Superannuation receives tax concessions from the government. Most of us pay less tax on super contributions than we do on our wages. The Minerals Resource Rent Tax allows the Federal Government to pay for the concessions on the extra superannuation contribution. In the first four years, it'll cost the Federal Government \$2.4 billion to fund.

Additionally, the tax package helps employers fund the extra super contributions through the cut to company tax.

## Cut in company tax

The Minerals Resource Rent Tax will fund a cut in company tax to 29%. Small businesses will be the first to receive the tax cut in 2012-13. Small businesses will also benefit from the instant write-off of assets up to \$5000.

## Better Regional Communities

Provided by the minerals tax is a \$6 billion Regional Infrastructure Fund that will invest in nation building projects in local mining communities. To make sure regional Australian families receive important community infrastructure to build vibrant liveable towns for their children to grow up in.

## Tony Abbott and the Liberal Party risk everything

**Tony Abbott and the Liberal party will block the increase in super to 12%**

If elected, Tony Abbott has said the Liberal Party will stop the Minerals Resource Rent Tax. Major mining companies have agreed to the rent tax that will generate \$10.5 billion for the Australian communities.

By scrapping the Minerals Resource Rent Tax:

- The Liberal Party will block the 3% increase in super savings, making it harder for working people and their families to retire with financial security.
- The Liberal Party will put an end to the new Government rebate on super contributions for lower income earners.
- The Liberal Party will not be able to responsibly afford a cut to company tax.
- The Liberal Party will stop the \$6 billion being invested in local communities through the Regional Infrastructure Fund.

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