

MINING TAX FACTS

ON 1 JULY 2012, THE MINING TAX CAME INTO FORCE. HERE IS THE INFORMATION THAT YOU NEED TO MAKE AN INFORMED DECISION ABOUT WHAT THE MINING TAX MEANS FOR YOU, YOUR JOB AND YOUR FAMILY.

What is the Mining Tax?

The Mining Tax is a tax on profits above \$75 million (super-profits) made by mining companies from the mining of iron ore, coal, coal seam gas and other by-products produced from mining these resources.

Why do we need the Mining Tax?

The Labor Government introduced the Mining Tax to make sure that all of us, not just some of us, benefit from the once in a lifetime mining boom. The Mining Tax ensures that super-profits made from selling the minerals we own are spread fairly across our country and invested for our future, instead of simply filling the pockets of wealthy billionaires and foreign corporations.

What does it mean for me and my family?

- Tax-cuts worth up to \$600 by raising the tax-free threshold to \$18,200
- Help to make ends meet via an increase in Family Tax Benefit Part A of up to \$600 per year
- Help for parents with the cost of school worth between \$410 and \$820 per child per year thanks to the \$2.1 billion Schoolkids' Bonus
- Help for struggling families, students and jobseekers through a \$1.1 billion Supplementary Allowance
- More money for retirement thanks to an increase in superannuation from 9% to 12%
- Help for businesses doing it tough due to the high Aussie dollar through new tax offsets and refunds

MINING TAX

MYTH BUSTERS

MYTH The Mining Tax will 'kill the golden goose'

FACT

There's no point in having a golden goose unless you can collect its golden eggs. The Mining Tax strikes a sensible balance between maintaining the mining industry's profitability and ensuring that the industry doesn't overheat and burn out. The Mining Tax only applies to mining companies once they have become established and super-profitable. Any company paying the Mining Tax is doing well.

MYTH The Mining Tax will drive up prices

FACT

The mining boom has contributed to inflation, particularly in mining states. The Mining Tax aims to keep prices down by helping to prevent the economy from overheating.

MYTH The Mining Tax isn't fair, will drive away investment and will shut-down mines

FACT

The Mining Tax is fairer than the existing royalty system, interferes less with investment and will not lead to any mine closures because it allows companies to remain highly profitable while paying their fair share. Investment in mining is at record highs even with the Mining Tax, proving investors still think they can make lots of money in mining. The Mining Tax isn't scaring away anybody – it's how we get what we deserve for the minerals we own.

MYTH The mining industry saved Australia from the global financial crisis

FACT

Mining is important, but let's get real: it didn't save Australia from the GFC. Mining actually lost jobs during the GFC. Australia was spared the worst of the GFC because of strong Labor government leadership, a banking system that didn't lose vast sums of money and a well-targeted government stimulus.

MYTH There will be less jobs in mining because of the Mining Tax

FACT

If you work in the mining industry, the Mining Tax won't affect your pay and won't affect your job. It's a profit tax not a revenue tax, paid by highly profitable companies well-after costs and expenses, like wages and salaries, are taken care of.

MYTH The Mining Tax will threaten small miners

FACT

Small miners won't pay the Mining Tax until they start making super-profits. The Mining Tax is designed to ensure that small miners and exploration ventures can get on their feet – if they don't make super-profits, they don't pay the Mining Tax.

MYTH The Mining Tax increases Australia's 'sovereign risk'

FACT

'Sovereign risk' refers to the risk that investors might not want to invest in Australia if we change any of our laws. Really, it's a way of saying that Australians should be bossed around by wealthy foreign companies instead of choosing their own future. That's un-Australian. Other countries around the world are looking at copying our Mining Tax because they know it's good for their economies and good for their future.