

22 December, 2011

Senate Standing Committees on Economics
PO Box 6100
Parliament House
Canberra ACT 2600
Australia



Sent electronically: economics.sen@aph.gov.au

Dear Committee Secretariat,

RE: Minerals Resource Rent Tax Bill 2011 and related bills (MMRT)

The AMWU represents more than 110,000 members working in sectors including mining, specifically subject to the MMRT and in manufacturing and other sectors benefitting from the distribution of the "rent" raised.

The AMWU supports and adopts the submissions made by the ACTU to the Inquiry. In particular we note the ACTU's submission that the MMRT is based on sound equity, efficiency and macro-economic principles.

The responsive design of the MMRT ensures that the tax will not inhibit mining investment. A submission supported by investment figures identifying that the mining industry spent \$16.9 billion on capital investment in the September 2011 quarter, more than double the \$8.1 billion it spent in the final quarter before the announcement of the original RSPT, the March 2010 quarter. Mining investment in September accounted for 48.5% of all capital expenditure in the economy.¹

The manufacturing sector has felt the effects of a strong Australian dollar. Economic modelling suggests that 10 per cent appreciation of the AUD leads to a decrease in investment in the manufacturing industry of around 4.2%.² The MMRT and related Bills package will see the overall rate of company tax reduced, a reduction replaced by the MMRT. The reduction in tax levied on manufacturing companies is appropriate to support the sector, and others such as tourism, currently travelling in the slower lane of the 2 speed economy.

The AMWU supports the increase in superannuation savings occasioned by the MMRT and related Bills. We also support the Government's superannuation co-contribution for low income earners as one measure of ensuring low income earners receive an equal benefit from the concessional tax rate on superannuation contributions. We also support the ACTU's submission that more can be done to correct the beneficial imbalance of superannuation contributions tax accruing to high income earners.

Yours faithfully,

~~DAVE OLIVER~~
NATIONAL SECRETARY

¹ ABS 2010, *Private New Capital Expenditure and Expected Expenditure*, Cat. No. 5625.0, Table 1A, Original. (from ACTU submission)

² Swift, R. 'Measuring the effects of exchange rate changes on investment in Australian manufacturing industry' [Paper from the Australian Conference of Economists (34th: Melbourne: 26-28 Sept 2005). Freebairn, John and Griffiths, Bill (eds).], *Economic Record*, v.82, Special issue, Sept 2006. (In ACTU submission)

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