

The Secretary

I gave evidence to the committee inquiry into the mining resource rent tax and the Committee were interested in the actions of other countries that were increasing their take from mining operations in their countries.

Accordingly I wanted to draw the Committee's attention to the announcement by Indonesia that they are tightening foreign investment rules. In 2010 they ruled that foreign companies must divest 20 per cent of mining projects into Indonesian hands within the first five years of production. Yesterday that ruling was further tightened so that now foreign companies have to reduce their stake to 49 per cent, i.e. a minority interest, by the tenth year of production. (Ker P, 'Indonesia shocks miners', *Sydney Morning Herald*, 9 March 2012.)

Indonesia has been mentioned as a country that competes with Australia to attract coal mining companies. For example by the executive director of the Australian Coal Association, Ralph Hillman, on ABC Lateline of 29 June 2011. Hence it is very important to take note of the Indonesian actions.

Yours sincerely

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