



4 June 2010

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Chair, Senate Select Committee on Fuel and Energy  
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Dear Chair

### RESOURCE SUPER PROFITS TAX

Thank you for your letter of 13 May 2010 regarding the proposed '*Resource Super Profits Tax*' (RSPT).

BlueScope consumes a range of domestic minerals as raw materials for its iron and steelmaking operations at Port Kembla, New South Wales. They include iron ore, metallurgical coal, semi-soft coal, manganese, limestone, serpentine and a number of other raw materials.

BlueScope could be affected by the RSPT as a consumer of mineral raw materials for iron and steelmaking, and potentially as a producer of such mineral raw materials should the company choose at some future time to invest in the production of these minerals.

Based on current information and analysis we do not anticipate the RSPT will have an immediate impact with respect to BlueScope's purchases of raw materials. However, we are concerned about the potential medium-term impact of the tax on the cost and availability of raw materials, especially those raw materials that are not readily substitutable by imports.

In a number of cases BlueScope purchases raw materials domestically which are not available in the required quality internationally, or which it would not be economic to import. For example, our Port Kembla Steelworks is optimised for mainly Pilbara iron ore (and is the only major domestic consumer of this iron ore).

If the RSPT was to cause a reduction in the development of new minerals resources in Australia, this could contribute to reduced supply, which would increase prices of these minerals. Our ability to pass on such price increases through increased selling prices for our steel products would be constrained by the internationally traded nature of these products. This would erode margins for our domestic iron and steelmaking operations.

We believe that the proposed RSPT should be structured in a manner that supports domestic value adding of Australia's mineral resources.

We are currently engaged in consultation with the Government regarding the RSPT and the matters outlined in this letter. Thank you for the opportunity to provide comments to the committee regarding the RSPT.

Yours sincerely

(signed)

**David Jenkins**  
MANAGER GOVERNMENT RELATIONS