

Recommendations

Recommendation 1

3.133 The committee recommends that government proposals to make major structural changes to Australia's tax system should involve meaningful consultation on draft proposals with all relevant stakeholders, prior to making final policy decisions. This will help ensure:

- a more transparent assessment of the merits of any such proposal; and
- a more meaningful opportunity to provide input into the policy development process for all relevant stakeholders, including state and territory governments whose revenue would be impacted by any proposed change.

Recommendation 2

3.134 The committee recommends that proceeds from a proposed tax should not be included in the Budget until the consultation process regarding that tax has been completed and the legislation has been introduced or is imminent.

Recommendation 3

3.135 The committee recommends that any future tax reform process give proper consideration to Australia's future energy and fuel security in formulating relevant taxation reform measures.

Recommendation 4

3.136 The committee recommends that the government should not implement any future taxation reform without first providing the Australian public with independently verified modelling demonstrating any impact of the proposed reform on:

- Employment;
- Investment;
- Industry;
- Australia's global competitiveness;
- Cost of living; and
- The Australian economy as a whole.

Recommendation 5

3.137 The committee recommends that as a matter of priority, the government consult with small and mid-tier mining companies, on the design of incentives to encourage investment in exploration.

Recommendation 6

4.127 The committee recommends that the proposal for a Minerals Resource Rent Tax and for an expanded Petroleum Resource Rent Tax should be scrapped immediately.

Recommendation 7

4.128 The committee recommends that the government immediately task the Department of the Treasury to properly assess the impact of the MRRT/expanded PRRT on:

- smaller and mid-tier mining companies;
- jobs;
- investment in the mining industry (including in those mining magnetite); and
- state budgets and economies in Western Australia, Queensland and New South Wales.

The committee seeks a government undertaking that it will release this analysis immediately upon its completion.

Recommendation 8

4.129 The committee recommends that the Senate not deal with any legislation seeking to implement the new/revised mining tax arrangements, the MRRT/expanded PRRT proposal, until the government has provided answers to all outstanding questions about:

- commodity price and production volume assumptions;
- revenue estimates beyond the forward estimates;
- where the revenue from this new tax is expected to come from geographically and by sector; and
- the analysis of the impact of the MRRT/expanded PRRT on smaller and mid-tier mining companies, jobs, investment in the mining industry and state budgets in Western Australia, Queensland and New South Wales.

Recommendation 9

4.130 The committee recommends that in the event that the MRRT/expanded PRRT is not scrapped, magnetite be excluded from the ambit of the new/revised mining tax arrangements.

Recommendation 10

4.131 The committee recommends that stronger processes be put in place by government to ensure open and transparent Budget information is provided to the public.

Recommendation 11

4.132 The committee further recommends that in the interests of openness and transparency, matters including commodity price and production volume assumptions and the source of the revenue for new initiatives, such as the proposed MRRT/expanded PRRT, be made public as a matter of course.

Recommendation 12

4.133 That the Senate require the Department of the Treasury, in consultation with central agencies, to table a bi-annual report in the Senate for the first five years of operation of this new/revised tax on mining, detailing the impacts of the MRRT/expanded PRRT (if it is ever implemented), including:

- the amount of revenue raised under the tax;
- a break down on a state and territory basis;
- any variations in commodity prices and production volumes in comparison with Budget assumptions;
- detail of any relevant Budget assumptions utilised by government; and
- an assessment of the impact of the MRRT/expanded PRRT on the level of, and the mix of, mining investment in Australia.

