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Media release

Age of entitlement lives on: Report exposes billions in government handouts to mining

State governments are providing billions of dollars in subsidies to the minerals and fossil fuel industries, a new report by The Australia Institute (TAI) has revealed.

The report exposes the massive scale of state government assistance, totalling \$17.6 billion over a six-year period, not including significant Federal government support and subsidies.

Of all states, Queensland taxpayers are providing the greatest assistance by far with a total of \$9.5 billion, followed by Western Australia at \$6.2 billion.

Dr Richard Denniss, Executive Director of The Australia Institute, said:

“Almost \$18 billion dollars has been spent over the past 6 years by State governments, supporting some of Australia’s biggest, most profitable industries, which are sending most of the profits offshore.

“That’s \$18 billion dollars that could have gone to vital public services such as hospitals, schools and emergency services.

“State governments are usually associated with the provision of essential services like health and education so it will shock taxpayers to learn of the massive scale of government handouts to the minerals and fossil fuel industries.

“That billions of dollars have been poured into companies which for the most part are foreign-owned is even more alarming in light of the recent budget cuts to average Australians.

“This report shows that Australian taxpayers have been misled about the costs and benefits of this industry, which we can now see are grossly disproportionate.

“Each state provides millions of dollars’ worth of assistance to the mining industry every year, with the big mining states of Queensland and Western Australia routinely spending over one billion dollars in assistance annually.

“These subsidies demonstrate that the economic argument for these industries is fundamentally flawed – Australian taxpayers are funding mining at the expense of crucial public services like education, health and police.

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“Our research found alarming comparisons between the massive funding and assistance provided to the mining industry compared with that allocated to essential services such as health, education and police.

“Queensland will spend as much supporting the mining industry as it does supporting some of its most vulnerable citizens. Government funding and assistance provided to the minerals and fossil fuel industries in Queensland in 2013-14 is similar to the amount spent on disability services and capital expenditure on hospitals.

“Industry assistance in Western Australia is substantial when compared to police and health, and in New South Wales, it is comparable to other important budget items such as managing the state’s national parks and providing accommodation for those with disabilities.

“Supporters of Australia’s mineral and fossil fuel industries argue that they provide value in royalties, jobs and economic prosperity but our research exposes these claims as fundamentally flawed.

“In fact, States repay much of what they receive in royalties back to these industries in the form of assistance and funding, particularly in the big mining states of Queensland and Western Australia.

“In 2013-14 Queensland plans to spend \$1.5 billion on industry assistance, which is almost 60 per cent of what it will receive in royalties.

“The argument that these projects benefit Australia is flawed. The Reserve Bank of Australia has said much of the benefits and profits of mining expansion are going offshore, with estimates suggesting foreign interests effectively own four fifths of Australian mining operations.

“This report lays bare the massive extent to which big miners are being subsidised by the Australian taxpayer while the profits from the exploitation of Australian minerals is largely being shipped offshore,” Dr Denniss said.

Over the past 6 years, State mining subsidies could have delivered:

- Queensland: \$9.5 billion, or 9 major hospitals
- Western Australia: \$6.2 billion or 52 new airport terminals
- New South Wales: \$872 million or 116 new schools
- Northern Territory: \$407 million or 799 doctors
- South Australia: \$316 million or 620 nurses
- Victoria: \$206 million or 377 police
- Tasmania: \$54 million or 116 teachers

The report is available online: www.tai.org.au

Dr Richard Denniss is available for interview

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