

EMBARGOED UNTIL 00:01HRS TUESDAY 25TH JUNE 2013

Media release

More taxpayers' money put into miners' pockets

The federal government is pouring an extra half a billion dollars into taxpayer-funded subsidies to the mining industry, research by The Australia Institute has found.

The Institute's new paper *Pouring more fuel on the fire* reveals the booming sector has been propped up even further over the past year and now receives \$4.5 billion from the federal government every year. This represents an increase of more than 12 per cent (12.5%).

"Despite a slight fall in commodity prices, the mining industry is still enjoying large profits and continues to grow," The Australia Institute's Senior Economist Matt Grudnoff said.

"This type of industry assistance is usually used to help industries when they are financially vulnerable or establishing themselves. This is clearly not the case for the mining industry, whose pre-tax profits account for six per cent of GDP."

While \$550 million in subsidies have been removed by taxing Crude Oil Condensate under the Petroleum Resources Rent Tax (PRRT), around \$1 billion worth of new subsidies have been introduced.

Subsidies the mining industry receives include:

- \$2.35 billion in fuel subsidies (increased \$458 million)
- \$495 million in tax write-offs for capital works (increased \$127.5 million)
- \$550 million in deductions for exploration and prospecting (increased \$220 million)

An additional \$219 million was also given to the mining industry as part of the coal sector jobs package.

"The largely foreign owned (83 per cent) mining industry is still performing well and these inefficient and inequitable subsidies are increasing profits for already wealthy owners of mining companies at the taxpayers' expense," Mr Grudnoff said.

"Axing these handouts would help the federal government with its goal of a budget surplus and funding new promises like Gonski and DisabilityCare," he said.

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