

Gina Rinehart says WA mining tax 'obviously' would hurt industry

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Australia's richest woman, Gina Rinehart, says a \$7.2 billion mining tax on BHP Billiton and Rio Tinto would hamper the miners' cost competitiveness and exacerbate declining levels of investment in Australia.

Commenting for the first time on a proposal by Nationals WA leader Brendon Grylls to lift the production levy Western Australia charges BHP and Rio from 25¢ per tonne to \$5 per tonne, Mrs Rinehart said government policies were largely responsible for pushing investment levels to their lowest since the early 1970s.

"It is unusual to ask my view re any extra taxes on the Australian iron ore industry, given two important circumstances I've repeatedly written publicly [and] also spoken about," Mrs Rinehart said in a statement.

"Firstly, the ore price crash and Australia's need to be cost competitive internationally; it should be obvious increasing taxes don't help this.

"And, more recently, the published information that investment in Australia – thanks mainly to government policies including its onerous and expensive approvals, permits licences and compliance burdens making investment in our country less attractive – has fallen to ... the lowest investment in Australia's history since the low investment levels during the Whitlam government."

More focus

Mrs Rinehart said she hoped more focus would be awarded to such "critical matters".

"The consequences of falling investment in Australia should be readily understood, but sadly may not be," she said, saying it would eventually result in lower revenue and fewer jobs.

Mrs Rinehart's comments join a chorus of criticism from high-profile industry leaders, including the chief executives of both BHP and Rio and Fortescue Metals Group chairman Andrew Forrest. A spokeswoman for Mr Forrest said in August the tax would be a "unilateral variation" of state agreements and a "bad precedent and he does not support it".

The 25¢ production levy Mr Grylls is seeking to increase is embedded in state agreements inked between the state and BHP and Rio in the 1960s and does not appear in newer agreements held by Fortescue or the new \$10 billion Roy Hill iron ore mine, 70 per cent owned by Mrs Rinehart's Hancock Prospecting.

However, much of Mrs Rinehart's wealth, estimated at about \$6 billion, has flowed from a joint venture with Rio Tinto over its Hope Downs iron ore mine in the Pilbara.

'Very bad idea'

Roy Hill chief executive Barry Fitzgerald said this week the proposal was "a very bad idea" because it could affect the profitability of some of the region's iron ore mines.

BHP turned up its attack on the tax this week, arguing it could adversely impact the economics of a significant development it is considering as a replacement for its large but ageing Yandi operation. The Nationals WA govern in an alliance with the Liberals, and hold three positions in cabinet. Mr Grylls has argued the miners have not been paying their fair share and should shoulder the burden of returning the state to surplus.

West Australian Premier Colin Barnett has rejected the idea and Prime Minister Malcolm Turnbull has described it as "troubling".