

MEDIA RELEASE

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RESOURCE RENT TAX – A SENSIBLE COMPROMISE

Mr Wal King AO, the President of the Australian Constructors Association (ACA) today welcomed the Government's breakthrough resource rent tax agreement.

"The engineering construction and process engineering industries were very concerned with the potential impact of the originally proposed RSPT on industry investment and on Australia's ability to compete with other international suppliers of minerals.

Mr King said that the Board of the ACA, representing the chief executives of Australia's major contractors, had proposed nine principles that should guide the development of the new tax.

"I am pleased that the arrangements announced today tick-off the majority of those principles and establish the basis for an equitable taxing regime focused on the value of the resource.

"Much of the recent RSPT debate has focused on the issue of what constitutes a normal rate of profit and what is the capital base on which the normal return is calculated. ACA argued that the long-term bond rate was an inappropriate benchmark and the proposed uplift rate is welcomed.

"Another major issue for our industry was the application of the RSPT to existing projects. I believe the new arrangements will address these concerns.

"The Government should be congratulated for re-visiting the proposed arrangements and for its commitment to consultation through the establishment of the Policy Transition Group.

"The changes announced today will do much to reinforce Australia's reputation for providing a stable commercial and regulatory environment," Mr King said.

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