

Mining monopolies ripping us off

by *Jim H.*

The Resources Super Profits Tax (RSPT) is in the interests of Australia and should be supported.

Funds can be drawn to meet a number of pressing needs. They should be used to rebuild manufacturing and to meet the huge shortfall in education, health and other essential services provided by government.

The RSPT was expected to provide about \$12 billion a year that can be used to meet these needs.

The Bureau of Statistics' recent round-up of industry data for 2008-09 estimates the profit margin in mining that year was 37.1%. That's *three times* the industry average of 11.2%. Treasury figures show that over the five years from 2003-04, royalty payments averaged 32% of profits. By 2008-09, however, this had slipped to 14%. Other Treasury figures show that the share of the money generated in mining going to the government has shrank from 55% over the five years to 2003-04 to 27% in 2008-09.

The mining companies have not exactly been doing it hard. Profits have gone through the roof, while their tax obligations have gone in the other direction. A 40% RSPT would still mean higher than average profits.

Super greed, super profits

Super profits have been a reality for some in the mining industry and exist firstly because of the high level of monopoly control over the industry, and secondly, because of high international prices for the ores mined.

Although it has its importance for Australia in terms of the balance of trade and as a strategic industry, mining only accounts for 1.6% of all jobs.

It is a highly capital intensive industry. Its high level capital intensity also means that mining enjoys more in depreciation write-offs and government funded infrastructure than any other industry.

If this is taken into account, the real net tax obligation is much less than it appears on paper. On top of this, there was the intention to rebate royalty payments. None of these things were going to change.

Access Economics estimates that there are \$107 billion of projects already committed or under construction, and another \$186 billion in the pipeline. This is hardly the picture of the threatened investment flight.

Excessive investment in mining actually leaches investment capital

from other industries. This is the reason why big and smaller business had given support to the resources tax.

Telling is the stand of the Australian Industry Group, an organisation representing some 60,000 businesses, large and small, and in which manufacturing interests figure large.

The Australian Industry Group also represents many in the construction and service industries.

In a statement issued by the Group's CEO Heather Ridout on 2 May, it was stated that, "broadly speaking, the RSPT is a move in the right direction ... It has the potential to spread the gains from a once-in-a-generation mining boom more evenly, and ensure our economic growth is not overly reliant on resources".

The government itself is faced with the dilemma of continuing its task of protecting the status quo and trying to get the budget back into surplus, particularly in the face of an ongoing economic crisis, but without sufficient funds to do so. It has the real task of finding a solution.

The long run objective is to impose the burden on working people through things like an increase to the GST from its current level of 10%, as proposed by

the Business Council of Australia.

There is also the option of imposing more charges on the people and cutting back in the provision of services.

But at present there are political difficulties in the way, such as a coming election.

Labor tends to represent the interests of capital as a whole and is much less tied to sectional interests than the coalition, which has for a long time had a close relationship with the mining industry.

Why all the carry on? It is mainly because of the mining companies' fear that this will turn a spotlight on the extent of their profiteering, on the fact that they are sending billions of dollars overseas every year, into the pockets of shareholders in other countries.

Resource sovereignty

The mining companies are concerned that Australians might demand that the wealth should be shared around and that profits should remain in Australia. They fear that the RSPT points in this direction.

Resource sovereignty is an important aspect of control over the economy. The

mining companies are fighting to deny this.

Echoing broad public recognition of the need to urgently expand funding of a range of vital services, the Australian Council of Social Services has also publicly declared its support for the RSPT.

It is clearly in the interests of the vast majority of Australians. Funds can be turned over to rectifying the lop-sided economy.

The problem is that the Federal government has been pretty poor in handling the situation. The Labor government's position is timid and wobbly, because of the class interests it serves. This makes it very hard for the government to bring the policy forward.

To ensure success, it is necessary to confide in the people and to involve them in opposing the mining industry's campaign.

This is not done because the Australian Labor Party fears the Australian people. It prefers to leave them on the sidelines.

A grass roots campaign to inform the Australian people, and the organisation of other appropriate activities, can make all the difference.

Resources Super Profits Tax and the 'Golden Rule'

Contributed by a mining worker

The RSPT issue clearly shows all Australians the real meaning of "The Golden Rule". He who has the gold makes the rules.

After *not* tearing up Workchoices, maintaining the ABCC and then dropping the "Carbon Pollution Reduction Scheme", when we need the most urgent response to climate change and resource depletion, by puppet Kevin Rudd, our rulers were united in claiming Kevin as a hero.

Then puppet Kevin either mistakenly believed he had something to do with the running of Australia, or other rulers pulled his strings harder than the mining company rulers, he attempted to introduce a RSPT.

The mining rulers responded by turning puppet Kevin into a villain.

Mining rulers and their media quickly brought puppet Abbot from electoral obscurity, the alternative number one puppet.

Labor minor puppets, threatened with the loss of their cushy jobs, quickly respond and dump Kevin and make Julia

Gillard number one Labor puppet.

The RSPT will be killed by them.

It is as plain as that. We live under a plutocracy.

Whilst mining companies' profits have soared over the years, reportedly from \$40 billion last year to \$91 billion this year, their contribution to the Australian people proportionately reduces.

With the use of successive worsening IR reforms brought in for our rulers' benefit, from puppets Hawke through to puppet Rudd, the mining companies have been able to massively increase the exploitation of all Australian workers.

Mining communities

This has manifested itself in the mining industry, by the fly-in fly-out workers. Forced to work increasing hours per week in family, health and community destroying shifts, these workers have seen their mining communities collapse.

People are being killed in road accidents, coming home from remote

mines after working extended shifts and falling asleep behind the wheel.

I can remember when mining companies were obliged to provide entire mining towns with housing, schools and hospitals in order to attract workers to remote mining areas.

Now through *their* IR laws they have been able to impoverish Australian workers to a point where they are forced to leave their families and communities to take up these crap jobs.

Australia like other nations is in an environmental and resource depletion crisis that requires us to build sustainable industries, cities and communities.

Our current wealth like minerals, coal, oil and gas should provide the Australian people with required resources and funds so that we can build the needed sustainable future.

Our current rulers will leave us like Nauru.

Mining companies whinge about not being properly consulted on the introduction of the RSPT. When are the people ever consulted on tax hikes? Were we consulted over the introduction of the GST?