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**Srivastava, Nitin**

**From:** Jacobs, Martin  
**Sent:** Sunday, 2 May 2010 5:31 PM  
**To:** Sloan, Troy  
**Cc:** Henry, Ken; Parker, David; Hazlehurst, David; McDonald, Hamish  
**Subject:** RE: Record of Treasurers' phone conference on tax reform 2 May 2010 [~~SEC-IN-CONFIDENCE~~]

**Security Classification:** ~~IN-CONFIDENCE~~

Thanks Troy

The efforts in setting up the State consultation arrangements are greatly appreciated.

Cheers, Martin

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**From:** Sloan, Troy  
**Sent:** Sunday, 2 May 2010 5:24 PM  
**To:** Jacobs, Martin  
**Cc:** Henry, Ken; Parker, David; Hazlehurst, David; McDonald, Hamish  
**Subject:** Record of Treasurers' phone conference on tax reform 2 May 2010 [~~SEC-IN-CONFIDENCE~~]

Martin

As requested, below is a record of the meeting

Cheers

Troy

On 2 May 2010, at 10 am, the Commonwealth Treasurer held a phone conference with his State and Territory counterparts (except for WA, which was represented by its Head of Treasury) to discuss the release of the independent tax review and the Commonwealth's initial response.

The Commonwealth Treasurer began the conference by outlining the Government's tax reform package, in particular noting that States would continue to collect royalties, including scheduled increases, and that the States would benefit from the State infrastructure fund. The Treasurer noted that the fund would be distributed in accordance with the value of mining in each State and that the Commonwealth would discuss the details with the States going forward.

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[Signature] S-22 exemption

The Commonwealth Treasurer then asked for comments and questions.

There was some concern about the impact these changes may have on State finances. The Commonwealth Treasurer reiterated that no State would be worse off.

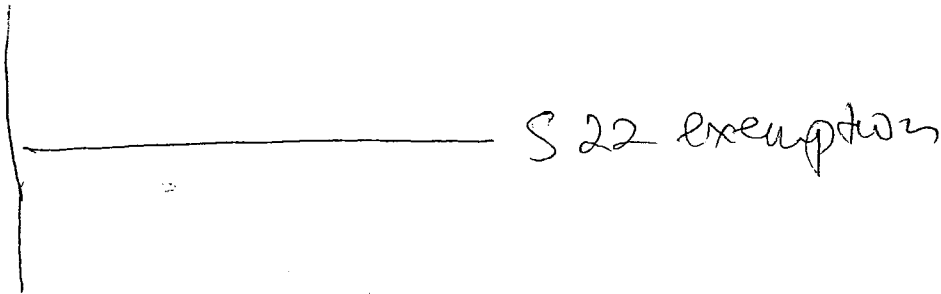
There was some discussion around the transitioning to the RSPT and what may be included as well as the scope to which royalties could be increased, with particular reference to those royalties which there had already been announced increases. It was also noted that the States would be interested in the details of the reforms that impact on them.

[Signature] S22 exemption

At the end of the Treasurer's conference, several Heads of Treasuries continued the discussion.

In response to a question, the Commonwealth noted that while the panel had recommended that there only be one additional tax on the resource sector (ie the rent tax) the Government had decided to continue royalties in parallel and there would be no pressure for States to discontinue their royalty system. However, if a State did decide to end their system a different mechanism would need to be found to pay that State directly.

The Commonwealth noted that there would be a consultation panel, lead by David Parker, on the RSPT and that the group would be consulting on the details including transitional arrangements and planned royalty increases. It was also noted that the panel would talk to the States next week.



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