

44

— S 22 exemption

From: Binsted, Paul
Sent: Saturday, 8 May 2010 2:25 PM
To: Resource Tax Executive
Cc: Barrett, Chris (Treasurer's Office); Chalmers, Jim
Subject: Resource Profits Tax: Noble Resources, Origin Energy Limited [SEC=IN-
CONFIDENCE:COMMERCIAL]

— S 45 exemption

2. Business Council of Australia

(David Parker and I met with Graham Bradley, Chair, and we were joined by telephone by Peter Crone, Economist and 2 others who's first names are Melinda and Simon)

Graham Bradley started by noting that the BCA is extremely concerned about sovereign risk and that there are now 3 strikes against the Government being the CPRS potentially destroying the private equity in power stations, the loss of value in Telstra and now this RSPT being retrospective rather than prospective. That's sovereign risk. He said for existing projects , there is sunk capital and the Government is taking 40% of that. David Parker raised the MCA submission to Henry and the fact that transitional arrangements would allow the sunk capital to be recovered through the ACC.

Peter Crone noted that he viewed the refundability at the bond rate as a forced loan to the government at

below corporate cost of capital.

Bradley asked about projects in care and maintenance. He then noted that the announcement had caused a problem for projects seeking funding because the precise architecture is uncertain and it is uncertain whether the tax will be introduced at all.

Bradley then went on to ask about the taxing point (in principle at the mine gate). He closed by remarking that there is a massive supply response on commodities globally and spoke of the new coking coal mines in Mongolia and the railways that Leighton had built there. He then spoke in his capacity as Chairman of Anglo's Australian Advisory Board saying that Australia was no longer regarded as a low sovereign risk company in London (foreigners always lose in our courts!) and no matter what the theoretical economic positives of the RPT it had caused a sentiment problem and loss of confidence.

— S 45 exemption

— S 47(1)(b) exemption