



Australian Government

The Treasury

MINERALS RESOURCE RENT TAX REPEAL AND OTHER MEASURES BILL 2013

SUMMARY OF CONSULTATION PROCESS

The Government announced on 24 October 2013 that it would repeal the Minerals Resource Rent Tax (MRRT), effective from 1 July 2014.

This measure was included in the Minerals Resource Rent Tax Repeal and Other Measures Bill 2013, which was introduced into Parliament on 13 November 2013.

Consultation process

Consultation on the draft legislation was conducted between 24 October and 31 October 2013. Relevant industry associations were also invited by Treasury to engage in direct dialogue on the draft legislation in addition to making a submission.

Fifty-two submissions were received as part of the consultation on the draft legislation. Forty-nine submissions were public and three were confidential submissions.

Submissions can be viewed on the [Treasury website](#).

Summary of key issues

MRRT repeal

In general, submissions strongly supported the repeal of the MRRT. Key stakeholders raised minor issues in relation to the drafting of the legislation. The legislation was subsequently amended to address technical issues identified during consultation.

Superannuation

Numerous community groups expressed concerns that delaying the increase in the Superannuation Guarantee (SG) rate will reduce the adequacy of Australia's retirement income savings. However, many submissions understood the need to delay the SG increase in the near term and supported the rate reaching 12 per cent by 1 July 2021.

In addition, superannuation industry bodies opposed the abolition of the low income superannuation contribution (LISC). In particular, stakeholders were concerned about the commencement date of 1 July 2013, and instead suggested either a 1 July 2014 commencement date or 1 July 2017 as the date from which fund members could accrue an entitlement to a LISC payment, to allow the Budget position to first strengthen. In general, the cessation of the LISC was not supported by industry bodies.



Australian Government

The Treasury

Small business concessions

Numerous business organisations were not supportive of measures to reduce the instant asset write-off to assets costing less than \$1,000, remove the accelerated depreciation arrangements available to small businesses for motor vehicle purchases, and repeal the company loss carry-back provisions. However, several stakeholders noted that the repeal of the measures were a clear election commitment.

Welfare support

Some welfare groups and unions expressed their concern at the termination of the LISC, the Income Support Bonus and the Schoolkids bonus. A large number of individual submissions were also critical of the cessation of these payments.

The MRRT repeal legislation package will meet the Government's election commitment to repeal the MRRT and to discontinue or re-phase the superannuation, tax and spending measures that were intended by the former Government to have been funded by revenue from the MRRT.

The package will reduce the compliance cost on industry and promote activity in the mining sector by abolishing the MRRT and it will secure a structural improvement in the Budget by discontinuing or re-phasing those programs introduced in association with the MRRT, the costs of which were intended to be met via MRRT revenues.

Feedback

Feedback on the consultation process for this measure can be forwarded to consultation@treasury.gov.au. Alternatively, you can contact James O'Toole on 02 6263 3112.

Thank you to all participants in the consultation process.