Economists call for mining tax rethink

Economists attending a public forum in Canberra have called for the new Gillard Government to overhaul the proposed Minerals Resource Rent Tax (MRRT).

The Australian Agricultural and Resource Economics Society organised the public forum where several key note economic speakers spoke out against the planned tax, instead urging the Government to go back to the drawing board.

Professor Henry Ergas of the University of Wollongong told the meeting the proposed MRRT will undermine coal and iron ore exploration, distort investment and promote inefficiency.

"The MRRT is a patch up. It's merely an exercise in buying time. We need to go back to the drawing board," he said.

"The Henry report gives a good analytical basis for doing so. It contains a wide range of very sensible proposals that should be taken as a starting point."

The University of Melbourne's Professor John Freebairn agrees.

"It could be so much better. The compromise suits the pressure groups and is probably not consistent with what the rest of the 99 per cent of Australians want," he said.

Professor Freebairn says he would like the Government's national tax summit to result in a new white paper for the next 10 years.

"We have had a whole decade under both the Coalition and Labor who have gone to sleep on how Australia can be a more productive and a fairer society," he said.

"Let's go back and think cleverly as we did in the 80s and 90s. Can we do better? Instead of this sort of collisionist pork-barrelling politics that has been a feature of the noughties."

Federal Treasurer Wane Swan has said the mining tax can be discussed at the national tax summit.