SENATE ECONOMICS LEGISLATION COMMITTEE

Inquiry into the Minerals Resource Rent Tax Bill 2011 and related bills 21 February 2012

Senator Bob Brown

1. Hansard Ref: Page 30 (Proof Hansard)

Senator BOB BROWN: Just to start the ball rolling, does the Minerals Council represent small miners in Australia?

Mr Hooke: We have some members who are small to mid.

Senator BOB BROWN: What proportion of small miners in Australia are members?

Mr Hooke: I do not know the answer to that. There are some 70-odd full members.

Senator BOB BROWN: Can you find out and let the committee know that?

Mr Hooke: Sure.

2. Hansard Ref: Pages 30-31 (Proof Hansard)

Senator BOB BROWN: Can you tell me what proportion of that comes from the three big mining companies that took such a role in formulating this outcome?

Mr Hooke: I can give you that.

Senator BOB BROWN: Would you?

Mr Hooke: Yes, provided my board is happy to give you that. I will check as to whether that is actually commercial-in-confidence.

Senator BOB BROWN: If you cannot, can you provide reasons to the committee as to why the board thinks your good wish to let us know should be over?

Mr Hooke: Yes.

Senator BOB BROWN: They are not here, you see.

Mr Hooke: No. I am not sure what we have in our annual reports. Our annual reports are on the web and that information is publicly available. We are a company limited by guarantee so we are required to report. I am not sure how and what we do in terms of—

Senator BOB BROWN: Thank you for facilitating that.

3. Hansard Ref: Page 31 (Proof Hansard)

Senator BOB BROWN: Thank you for facilitating that. You mentioned wash-over into the economy and various other ways in which the economy is advantaged, and you are not going to get an argument here about that, but what proportion of the dividends flowing to shareholders that you mentioned go overseas?

Mr Hooke: What I said was that of the increase in national revenue—

Senator BOB BROWN: I am talking here about dividends to shareholders. That is very explicit.

Mr Hooke: I will have to take that one on notice. I am not absolutely sure I am in a position to answer that. I think that is a matter for individual companies.

Senator BOB BROWN: They may be your members. If you cannot give a general figure on that back to the committee, would you do so for those who are members of the Minerals Council?

Mr Hooke: That would be a very big task to do that. We would need to go through every single company's annual reports. We would need to then aggregate that and put it into some sort of frame. I think you would be better off—if you do not mind me being quite so presumptuous—having a look at the annual reports of the individual companies.

Senator BOB BROWN: That is presumptuous.

Mr Hooke: I am happy to tell you who our members are.

Senator BOB BROWN: Thank you.

4. Hansard Ref: Pages 32 (Proof Hansard)

Senator BOB BROWN: There has been one assessment which says that Waratah Coal's \$8 billion Galilee coal or China First coal mine in Queensland, itself, will lead to the loss of over 2,000 jobs in manufacturing in Australia. Does that sound feasible to you?

Mr Hooke: I did not catch the preface to that question.

Senator BOB BROWN: There has been an assessment done which shows the impact of that massive coal export development in the Galilee Basin will have a flow-on effect of loss of 2,000 jobs in the Australian manufacturing sector.

Mr Hooke: I am not in a position to make a judgment on that.

Senator BOB BROWN: Would you have a look at that and come back to us?

Mr Hooke: Sure.

Senate Economics Legislation Committee - Inquiry into the Minerals Resource Rent Tax Bill 2011 and related bills

Minerals Council of Australia (MCA) – Response to questions from Senator Bob Brown

The MCA represents small miners through its different categories of membership – including, two regional
Divisions of the MCA (Victoria and Northern Territory) and the 'Associate Member' status of the Chamber of
Minerals & Energy of WA, the NSW Minerals Council, the Queensland Resources Council, the South Australian
Chamber of Mines and Energy and the Tasmanian Minerals Council. All these bodies were co-signatories to MCA
submissions on the MRRT.

A copy of the most recent MCA Annual Report which lists membership is enclosed.

- 2. Member company contributions to the MCA are commercial-in-confidence.
- 3. As Mr Hooke indicated in evidence before the Committee (Hansard Ref. p. 31), the MCA does not have the capacity to provide the sort of figure requested by Senator Brown. Mr Hooke undertook to provide Senator Brown with a list of MCA member companies (see Answer to 1).

On the broader point, the MCA submission to the Senate Economics Legislation Committee noted that:

The channels by which activity within the mining industry has spilled over into domestic activity include through demand for labour, intermediate inputs and investment, its payment of taxes and royalties, and the boost to Australian incomes through the ownership of mining equities. The conclusion drawn from recent Reserve Bank research is that:

... the impact of the resources sector expansion does get spread around, in more ways than might immediately be apparent. Obviously mining employs only a small share of the workforce directly – less than 2 per cent. But to produce a dollar of revenue, companies spend about 40 cents on acquiring non-labour intermediate inputs, primarily from the domestic sector. Apart from the direct physical inputs, there are effects on utilities, transport, business services such as engineering, accounting, legal, exploration and other industries. It is noteworthy that a number of these areas are growing quickly at present.

Once the costs of producing the output and other factors – such as taxes – are taken into account, the remaining revenue is distributed to shareholders or retained. While a significant proportion of the earnings distributed goes offshore, local shareholders also benefit. In fact, most of us are shareholders in the mining industry through our superannuation schemes. We don't get this income directly to spend now – it is in our superannuation. Nonetheless, it is genuine income and a genuine increase in wealth.¹

The flow of benefits to Australia is even larger when account is taken of the degree to which the industry's retained earnings have been ploughed back as investment into new projects in Australia. In this context, analysis for the MCA in 2009 reported that over the previous decade the sum of taxes paid and investment by mineral resource companies in Australia was 98% of cash flows from Australian operations.

4. The MCA is not in a position to comment on the impact statements of specific projects.

¹ Glenn Stevens, Governor of the Reserve Bank of Australia, "Economic Conditions and Prospects", Address to the Economic Society of Australia (Queensland) 2011 Business Lunch, 15 June 2011.

MCA MEMBER COMPANIES AS AT 31 DECEMBER 2010

FULL MEMBERS

Areva NC Australia

AGD Operations Pty Ltd

Alliance Resources Ltd

Anglo American Metallurgical Coal P/L

AngloGold Ashanti

Astron Limited

Ausurv Pty Ltd

Barrick Gold of Australia Ltd

Basin Minerals Ltd

BHP Billiton Limited

Castlemaine Goldfields Limited

Dart Mining NL

Downer EDI Mining Pty Ltd

Falcon Oil & Gas Australia Pty Ltd

GBM Resources Limited

Heathgate Resources Pty Ltd

Heron Resources Limited

HNC (Australia) Resources Pty Limited

Ignite Energy Resources Pty Limited

International Power Hazelwood

Jabiru Metals Ltd

Leighton Contractors Pty Limited

Loy Yang Power Management Ltd

Macmahon Contractors Pty Ltd

Minara Resources Limited

Minerals & Metals Group Limited

Mulga Downs Investments Pty Ltd

Murchison Metals Ltd

Newcrest Mining Limited

Newmont Australia Limited

Northgate Australian Ventures Pty Ltd

Orion Gold NL

OZ Minerals Limited

Paladin Energy Limited

Peabody Energy Australia Pty Ltd

Providence Gold & Minerals Pty Ltd

Quasar Resources Pty Ltd

Range River Gold Ltd

Reedy Lagoon Corporation Ltd

Rio Tinto Services Limited

St Barbara Limited

Stirling Resources Limited

Thiess Contractors Pty Limited

Toro Energy Limited

TRUenergy Yallourn Pty Ltd

Unity Mining Limited

Uranium Equities Ltd

Vale Australia

Xstrata PLC

ASSOCIATE MEMBES

AECOM Australia Pty Ltd

Allens Arthur Robinson

AMC Consultants Pty Ltd

Apache Energy Limited

Australian Mines and Metals Association

Blake Dawson

BP Australia Pty Ltd

Chamber of Minerals & Energy of WA

CSIRO

Darwin Directions Relocation Services

Deloitte Touche Tohmatsu

Delta Flectrics

Dyno Nobel Asia Pacific Limited

Ecolab Pty Ltd

Elletson Mining Consultants Pty Limited

Ernst & Young Services Trust

Freehills

Freeport-McMoRan Copper & Gold Inc

GHD Pty Ltd

Global Constructions & Resources Pty Ltd

Hastings Deering (Aust)

Hatch Associates

Hitachi Construction Machinery Aust

Indophil Resources NL

Just Outcomes (Aust) Pty Ltd

KPMG

Michels Warren Munday

NSW Minerals Council

Orica Australia Pty Limited

PanAust Limited

Partners in Performance International P/L

PricewaterhouseCoopers

Queensland Resources Council

Sinclair Knight Merz

Skilled Group

South Australian Chamber of Mines and Energy

Sparke Helmore Lawyers

SRA Information Technology

Tasmanian Minerals Council

Top End Seeds

UME Australia Pty Ltd

University of Western Australia

URS Australia Pty Limited