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Dr Sarah Bachelard
Secretary
Senate Economics Committee
Parliament House
Canberra ACT 2600

Transmission by facsimile to: (02) 6277 5719

Dear Dr Bachelard

I write to you on behalf of members of the NSW Minerals Council regarding the Government's recent announcement to abolish the use of a notional earnings base for the purpose of superannuation calculations.

The NSW Minerals Council represents coal and metalliferous mining companies in NSW and our membership covers the majority of mining sites in the State. The NSW mining industry has an annual production value of around \$7 billion, employs over 15,000 people, and contributes over \$900 million per year to government revenues. Additionally, the NSW mining industry contributes more than \$220 million in royalties annually to the State Government.

Coal continues to be the State's largest export earner, by both volume and value, and the industry now earns more than \$4 billion per year. With recent move to implement *ad valorem* royalties on NSW coal, the royalty take is set to increase dramatically.

I wish to outline the impact of the Federal Government's announcement on coal companies in NSW which currently have compulsory state legislative based superannuation arrangements. These arrangements are also underpinned with extensive industrial instruments.

Employees in the NSW coal industry enjoy terms and conditions of employment well in advance of community standards. Their superannuation arrangements likewise provide NSW coal employees with higher dollar levels of contributions from their employers, given their higher rates of pay.

The proposed changes to the notional earnings base, when applied on top of this complex industrial system, will result in a significant additional cost burden upon the NSW coal industry.

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The coal producers in NSW are constrained by a number of cost imposts that arise from specific industry arrangements including a NSW coal workers' compensation monopoly. This monopoly restricts competition and results in companies being forced to pay significantly higher workers' compensation premiums than general industry and being isolated from reforms to general workers' compensation regulation in NSW. The monopoly is also entrenched in state based legislation, despite consistent coal industry lobbying for its removal. Council is currently engaged with the Productivity Commission consideration of a national scheme, in a further attempt to moderate this matter.

The industry also complies with separate coal industry long service leave arrangements.

The NSW Minerals Council is keen to work with Governments to bring the NSW coal industry into the mainstream. However, unless such moves are considered in a detailed and holistic manner, individual provisions may inadvertently result merely in further uncompetitive imposts on a major export earning industry.

We ask you to consider the situation faced by coal producers, and ask that you leave in place the current coal industry notional earnings base arrangements. We would be happy to meet with the committee to provide further details on our concerns. For further information contact Kieren Turner on phone 8202 7214 or email kieren@nswmin.com.au.

Yours sincerely

Susan Streeter
Acting Executive Director