

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

1. 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 MEMBERS

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 Electrics
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