

SOS

Saving Our Sustainability

"Promoting Natural Resource Security for Economic Sustainability"

Inquiry into the development and operation of the Minerals Resource Rent Tax

Saving Our Sustainability is a not-for-profit Community Group, who have been researching and communicating with Landholder's, Communities, Exploration Company's, Regulators (DMITRE), DEWNR, Department For Water and local council's for the past two years.

In response to the Inquiry into the development and operation of the Mineral Resource Rent Tax, in regards to,

- c) *the extent to which, if at all, the Government took into account the views of communities affected or potentially affected by iron ore and coal mining when designing the tax:*

From our extensive research and on ground communication we have a first-hand experience on how Communities are affected by Mining/ Exploration in South Australia and unfortunately the problems begin in the Exploration phase.

Exploration licensing is granted, regulated and mining approved by the Department for Mining, Innovation and Trade (DMITRE) in South Australia. There is no flow-on benefit to communities whilst exploration companies are yet to record a taxable profit that could fund community benefits. This routinely results in both landholders and the community being impacted during exploration as they have to endure many years of negative flow-on effects that include socio-economic, environmental, health, and rural business labour costs across what is often established sustainable infrastructure.

Small town are regularly just the centre of a much larger community. A small rural town with a population of 100 can have within its relative area 500 private agricultural businesses (farms). Government departments, such as DMITRE, routinely accept that an exploration company has engaged the community when the landholder of the property that drilling is occurring upon and the few businesses in the town have been personally contacted. The Stakeholders upon which a 'Social License' might be considered should never be only those stakeholders the exploration company has engaged with. This lack of communication, understanding, and relative information for the community leaves them without the knowledge to be part of the process.

A small rural town has very limited resources. A sudden increase in population due to exploration and the potential future of a mine or export corridor (port) can have disastrous impact upon the delicately balanced demographics, infrastructure capacity, and a local governments financial stability in the provision and maintenance of taxpayer funded resources (roads, water supply, etc.).

Exploration companies and even government departments, such as DMITRE, espouse that mining activity generates positive community growth and public wealth. Police, hospital staff and equipment, schools and their resources do not simply increase overnight in small communities.

There must be a prolonged proven demand increase for services such as:

- Police – for motor vehicle incidents, aggravated assaults, trespass, theft, vandalism, break/enter,
- Hospital – for accident and emergency, general admissions, social disease, etc.

Each being direct negative impacts upon a community to warrant government funding and service increases being budgeted for. There being no local government or state government funding for the provision of existing labour that is provided to the community by volunteers for the services of SES, CFS, Ambulance, Sporting Clubs, Meals on Wheels, etc. What would be the wages cost to government of providing for the increased demand that is not able to be provided by volunteers from small communities? Where would the employees come from, where would they live, in what homes would they live, and is the government or are mining companies ready to fund this?

Infrastructure that is needed to support mining/exploration (airports, transport corridors, power, water, roads) will all have a huge cost to the Government and upon taxpayers. Costs that have no guarantee of return as mining companies can and do shut-down overnight. Has this been accounted for from the Minerals Tax or Royalties? Is it acceptable that it becomes a responsibility of the community that is the recipient of mining supporting infrastructure, which is not sustainable by council rates, to maintain that infrastructure which the community cannot afford? Often mining related infrastructure is not commercially viable to maintain once the mineral resource is depleted (15-25 years).

The huge costs involved in the establishment of infrastructure and the constant upgrades that are needed to unlock huge areas of mineral wealth (the miners constantly moving to dig another hole somewhere else) has the potential to cost the community and government much more than ever anticipated.

The threat of significant loss of existing economies in some regions must be taken into account. A loss for the community and the State's economy in determining just how much mining profit there really must be returned to government and the community must be defined so as to ensure a positive outcome.

One environmental disaster like in Esperance WA, costing in excess of 25 million dollars to clean up environmental contamination and public health issues, from the exporting and transport of iron ore has left the transport authority and WA government with the clean-up bill being paid by the community which now has a major devaluation across it. This potential problem was identified in initial mineral export proposals but was not addressed and funded accordingly. This highlights the lack of consideration to the environment and communities from the early proposal phase which then underpins the final mining regulations. Too little independent data obtained and too little time taken to independently review data.

As Australia moves into the future, the inherent value and non-renewable nature of our mineral wealth seems to have also been overlooked. As each Government agency advise that the boxes are checked and re-checked we repeatedly find a lack of independent data and reduced time limits to consider the environmental and social impacts of exploration and mining proposals.

The mining industry has effectively written its own rules. Creating distorting pressure and propaganda in the media to justify the community's promotion of their activities. Please remember the communities and landholder's that have also held up Australia's agricultural economy for more than 100 years are doing so in a sustainable manner that promises a great return to Australia long after the minerals beneath the farm have been shipped to China.

We have learnt the hard way and continue to fund recovery for land mismanagement that has caused environmental disasters both we and the government never imagined. We must not ignore the lesson learnt.

After years of monitoring and researching it is the re-vegetation and groundwater management that is now the most important factor in us being sustainable food producers in a changing climate and with increased population demand.

If we are to co-exist with the mining industry such that agricultural activity remains sustainable after mining has concluded then there will need to be a careful balance which is not currently achievable (no credible evidence currently available). This is not being understood or acknowledged by either the government or the mining company's.

Minerals Resource Rent Tax Act 2012, No. 13, 2012

"The object of this Act is to ensure that the Australian Community receives as adequate return for its 'taxable' resources"

1. Does the Australian community want the mining industry to engulf and possibly destroy existing economies simply because the lack of detail has been overlooked?
2. Has anyone asked the communities involved so as to ensure that truthful information has been presented to them?
3. Have we learnt from past mistakes, are we willing to apply what has been learnt, or would this be too costly and render mining non-viable?
4. When the consideration is made to replace a sustainable land use into a non-sustainable one will the full implications really be included?

We believe that there is a place for mining in Australia, however the process currently being utilised is greatly flawed where it leaving the communities, environment, and existing economy's without support or an informed voice.

The MRRT might promise the generation of millions of dollars of taxation the Australian community but will the real cost will be funded by that tax and returned to those communities paying the price?

As with any economy there will be peaks and troughs based on many variable factors. Predicting the amount of MRRT return in advance and spending it before it is obtained is a very effective way to lose the trust of the Australian people is espoused to be benefitting.

Why is this tax limited to CSG and iron ore as many other mining resources directly relate to the negative social and environmental impacts which they equally generate?