

Mining Amendment 2015 Bill Committee submission (15 pages in Total)

Dear Chairperson and Committee,

I wish to make a public submission to the committee concerning the Policy, the General Attitude/conduct of the DMP overall including towards the Mining Amendment Bill 2015.

I have been involved in the Mining Industry for well over 30 years sometimes being involved as a small syndicate with small scale mining and prospecting.

I am not a member of APLA and was never consulted and had no knowledge of this Mining Amendment Bill 2015 so the Minister, DMP or anyone else who says there has been exhaustive consultation is essentially misinforming parliamentarians and members of the public.

The DMP did not consult widely with people outside of APLA, AMEC or the CME for this Mining Amendment Bill because if they did I would have been advised in some form indirectly or directly and had a chance to participate in the process if the process had been upfront transparent and open to all industry participants.

I have concerns with the legislation as it will create a higher regulatory burden for me and others. I am also concerned that the DMP with the Minister for Mines is proposing legislation and policies which are interlinked in that essentially I will be put out of work simply because of the onus requirements to make people lodge documents only online. This is very costly particularly if you don't have a computer system and have the necessary skills like me and many others.

Even if you can afford a computer it does not overcome the difficulty of then having the necessary computer education/skills at a high level to operate the DMP computer systems.

I work very hard and are proud of what I have achieved in my life for my family and children.

I do not have computer skills and the department keeps on saying that I should just get a consultant to do my work for a mining proposal or Programme of work or come and see the department who will assist me with lodgement of documents online. What is completely forgotten with that suggestion is actually about helping me and all the other small miners to complete the documents which used to happen with some of the officers within DMP.

As an example I approached a consultant to get a idea of how much it would cost to compile a mining proposal and was told I wont get much change out of two hundred thousand dollars \$200,000.00. I also asked about a cost to get a POW completed, The consultant indicated approximately twelve hundred dollars \$1200.00.

I was at a public meeting where the Minister for Mines Bill Marmion MLA was challenged by a group of small miners/prospectors at the school of mines in Kalgoorlie about rising costs generated by the DMP in the mining Industry and the Ministers response was get big or get out.

The problem with that approach from the Minister for Mines is that he fails to realise that we are all in one sense small businesses and the worth that we actually

contribute to the WA economy as a whole, not to mention that small miners have found well over 80 per cent of the operating gold mines in the WA economy. The minister keeps publicly saying in newspaper reports and meetings that he recognises the importance of small miners and prospectors in finding the mines of tomorrow which ultimately the state of WA relies upon.

Hopefully as a committee you can recognise the importance of us a small miners/prospectors and report back to the Legislative Council so that other members of parliament recognise the importance of us in finding the mines of tomorrow so that all west Australians proudly can be better informed/understand what we do, how we do it, our rehabilitation efforts and therefore can support the promotion of policies and legislation which essentially help us as a great nation.

If you as part of government and this parliamentary committee recognise the importance of us as small miners in finding the mines of tomorrow that the state of WA relies upon, you essentially make sure with policies and legislation including any recommendations that you make sure that we are promoted and supported by the DMP in the industry by policies and legislation. This means we are not effectively pushed into a unfair position like the Minister has previously suggested in Kalgoorlie to get big or get out. You also do not recommend introducing legislation that will increase greater imposts on us making make more paperwork, increased costs etc which will create effectively barriers to entry for the smaller operators.

To me as a Parliamentary committee you can also recommend that the DMP be compelled and encouraged to go back to the drawing board so to speak with extensive consultation and changes/amendments to the Mining Amendment Bill 2015 which actually support all (not just some or recreational fossickers) but bona fide small miners/prospectors in the state before considering it so it can become law.

These 80 per cent of operating gold mines referred to above found originally by small miners provide for lots of employment in WA and without the processes supportive of the small miner in the first instance eventually you will see less discoveries being made simply because the government is making it harder, creating more paperwork, making it more costly and will eventually force people like myself and others out of business. Ultimately and importantly over time this affects the WA economy and you as politicians need to be rightly concerned before that is allowed to happen otherwise you find people knocking on your electorate offices complaining about being unemployed and the state of the Mining Industry and the flow on effects/impacts to social services and regional economies.

As members of Parliament I urge you to thoroughly research and investigate and get the worth/contribution of the small miner/pro prospector that we actually contribute to the WA and federal economy indirectly and directly because it is important that other members of parliament can see and recognise just why we are important to the overall industry and the WA economy as a whole.

As another suggestion perhaps the committee can also research federal government reports from a long time ago as the Federal government used to recognise and understand the worth of the small miner and prospector in the economy with

taxation incentives which created this great state of WA as a place of finding and developing mines in the resources sector. Sadly this important information in the public interest for the whole west Australian economy seems to have disappeared and diminished. This information from federal government reports may actually help you as a committee rather than reinventing the wheel so to speak in understanding the importance of small miners and the flow on multiplier effects to the WA economy through the work that small miners and prospectors do.

The problem as I see it is that you cannot get real help these days from the department on a whole range of matters. You get lip service and are fobbed off, Importantly the department DMP used to actually help small miners/prospectors in completing mineral title forms, mining proposals/low impact mining operations, and programs of work even offering mining/prospecting equipment some time ago. These were all incentives designed to help small miners and prospectors.

They the DMP keep saying things like they are making it easier, reducing red tape, streamlining paperwork, when in fact this is not the truth, they are making it harder, more costly and threaten to put me out of work when I have been in the industry for over 30 years.

The Mining Amendment Bill 2015 will not reduce the regulatory burden including with paperwork for all of us small miners and prospectors. Importantly it might reduce it for AMEC and CME industry people but it will not reduce it, stream line it, make it less cost effective for us small miners and one of the biggest reasons I see why is we were never properly consulted nor really considered in the formulation of the Mining Amendment Bill.

This is why it is so important that you as this Parliamentary committee help as part of a house of review to get the processes right with policy and legislation including with problems concerning the conduct and behaviour of the DMP towards small miners and prospectors.

The reoccurring theme from the DMP is just ring Perth or send them a email and its like talking to a brick wall when you do this.

They assume that everybody has email facilities when some people just don't have such facilities you explain this to them you get told why don't you come into the real world of technology.

This excuse of coming into the real world of technology is highly disrespectful and insensitive as many people in the workforce do not have a high degree of computer skills because of education, so that essentially should not mean they are displaced out of the mining industry particularly when lots of people are like myself having worked hard for over 30 years only to be treated with disrespect simply because I was not fortunate enough to have a high level of education. Importantly this approach by the DMP is clearly focussed on not assisting us but rather through innovative neglect pushing people (despite this being brought to the DMPs attention) who are bona fide in the industry out of business.

What happened to good old fashioned customer service where people are able to talk face to face and they assist you in filling in mining proposals/Pow's, also forms generally through the Mineral titles area rather than telling you to go and see a consultant.

As a comparison with the insistence of online lodgement for all forms, environmental documents just imagine if the Federal government told all the pensioners in WA that they could only lodge forms by electronic means, and could not accept hard handwritten copies or with Medicare customers told the whole community that you can only lodge forms online. It comes back to the WA government being responsible, practical and realistic and not acting with ignorance/stupidity just insisting that everything must be online.

This insistence of only online lodgement is absolutely ridiculous and adopts a position that the DMP is primarily solely focussed on looking after the big end of town where the small miner despite being a bona fide miner and contributor to the WA economy is put into a position of being unable to comply with statutory and policy requirements and therefore will be out of work and effectively over time put us out of business.

The WA government DMP can encourage online lodgement of forms but importantly should always provide and allow that a proportion of the industry can still lodge forms and various other documents manually just as currently is allowed so that people who do not have computer skills or even when computer systems fail because of computer hacking or are even down people can still lodge forms manually and also receive customer service face to face, not over the phone to complete and lodge documentation manually.

The stupid thing about this is we are essentially small businesses that contribute to the WA and Federal economy with jobs and by spending money throughout regional communities. The mind set with some(not all) of the DMP people is simply you must immediately be a computer expert, also seek expert help with consultants when the DMP used to actually help and assist in these areas. I will also say HELP from the DMP actually means HELP, not telling me I can use a computer at the regional DMP office because I don't have one or go to a remote telecentre when I don't have computer skills to even use the computer.

With this Mining Amendment Bill 2015 I am also very concerned about giving any further coercive and investigative powers to the environmental division. In examples that I have seen these departmental people have demonstrated with the current powers that they can't be trusted to act responsibly, impartially, fairly and consistently also in line with providing correct/accurate information and advice to ministers/ let alone being given any further powers being proposed and they can destroy peoples lives in the industry and there is virtually none or limited accountability processes.

I also do not have literacy skills to be writing a lengthy submission and the committee needs to realise that many people like myself don't have the necessary skills to write a lengthy submission.

In fact I know many small miners and prospectors who cannot make a submission to your committee simply because they fear they don't have the literacy skills to be able to put one together. I had to get someone to type for me so this is very hard for me and the typist has interpreted my verbal words so hopefully this makes sense.

Just one example to evidence how this Mining Amendment bill 2015 will create an additional regulatory burden and impost on the Mining Industry is a letter dated 21 May 2015 signed by Hon Bill Marmion himself which in part states

*'The only additional impost that may impact on some prospectors is a requirement for mine sites (ie mining operations on mining leases) to have an environmental management system, recognising that all sectors of the Mining industry understand the importance of limiting adverse impacts on the environment. However not many prospectors hold mining leases, **so a greater workload will not impact on many ...**' (my bolding)*

The problem is the Minister for Mines has told everybody including the parliament of WA that this Bill **will reduce the regulatory burden**, so there should not be a greater workload which translates to cost and more paperwork which is increased regulatory burden and a higher cost of doing business.

The Ministers suggestion in the letter dated 21 May 2015 that not many prospectors hold mining leases so a greater workload will not impact on many is very demeaning to the industry and also shows his total misunderstanding of what this Mining Bill will do for all for bona fide small miners/prospectors within the state. One only has to read the newspaper article dated 7 September 2015 titled:

'Senators green tape warning' and comments from Federal Finance Minister Mathias Cormann that the state government should avoid imposing additional regulations on the mining industry and bring down the cost of doing business. The big problem is the DMP and Minister for Mines doesn't seem to understand and want to do this instead **by proposing increasing additional imposts** for all bona fide small miners and prospectors and then translating this to being additional costs in time and resources which is not bringing down the cost of doing business.

For the reason that I don't have the necessary skills to write a proper submission I request that I can give additional verbal evidence in Kalgoorlie as part of this process.

I also think their needs to be a wider inquiry into the DMP because of so many issues which are arising for bona fide small miners/prospectors and the serious consequences that arise for the public of Western Australia.

I would like my submission to be made public including all the attachments

Please send me a written acknowledgement for receipt for my submission.

Yours faithfully



Nicholas Cukela

21 March 2016



Kalgoorlie Miner

Monday 7/9/2015

Page: 1

Section: General News

Region: Kalgoorlie WA Circulation: 3,899

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Senator's green tape warning

Andrew Brosnan

Finance Minister Mathias Cormann has urged the State Government to avoid imposing additional regulations on the mining industry, saying any move to increase green tape was concerning to the Commonwealth.

During his visit to Kalgoorlie-Boulder last week, Senator Cormann told the *Kalgoorlie Miner* the current state of the economy meant all tiers of Government had a responsibility to remove barriers driving up the cost of business.

Goldfields prospectors and small miners have been embroiled in a dispute with the State Government this year over impending changes to the Mining Act, specifically an amendment likely to increase miners' responsibilities relating to environmental management.

The Mining Legislation Amendment Bill 2015 seeks to implement a new section of the act which would see additional fees and charges imposed for programme of work applications.

The Bill also outlines "reasonable conditions" may be imposed on mining tenements to limit the environmental impact of work with-

in the lease, while leaseholders face additional financial contributions to offset the loss of cleared vegetation.

While fears of an immediate increase to gold royalties have subsided since the most recent State Budget, industry players still express concerns the Mineral Royalty Rate Analysis may rear its head in future terms of government.

In the wake of fellow WA MP Christian Porter's calls to reverse the State's focus on compliance regulations, Senator Cormann called on State and local governments to follow the lead of the prime minister's parliamentary secretary.

"It's always a concern when any level of Government imposes additional red or green tape where there is a disproportionate cost for whatever benefit is pursued," he said.

"Given what is happening with commodity prices globally, given what is happening with our terms of trade, we need to ensure that we continue to bring down the cost of doing business.

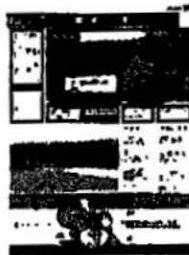
"We would hope that the WA Government, the City of Kalgoorlie-

Boulder, every level of Government continues to look at ways to make it easier for businesses to be successful."

WA Mines Minister Bill Marston has stood by the Mining Legislation Amendment Bill, telling the *Miner* earlier this year the State Government believed it was necessary to recoup processing costs of managing industry regulations.

"While these reforms will modernise and streamline regulation, the 21st century also brings increasingly high community expectations for the management of WA's environment," he said.

"As the Department ... streamlines processes for the overall benefit of the industry, managing regulations to contemporary standards comes at a cost."



Kalgoorlie Miner

Saturday 11/7/2015

Page: 15

Section: General News

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'Persecution' of small producers

It was good to see a column from John Bowler (Red tape road is paved with the best intentions, Opinion, 1/7), as a former member of parliament expressed the feelings of many of the prospectors/small producers in our industry.

My business partner and I run a very small underground mining business. Our records show that the last two mines we worked had expenditures of about \$3.28 million.

If we can buy locally we do, with some of the local businesses we use including secretarial services, drafting, surveying, geotechnical, assaying, transport, fuel and oil, explosives, camp supplies, food and gas.

Our geologist estimates that a minimum of \$2.5 million would have been spent on drilling costs alone before our arrival on the tenements.

I mention the above only to

show we are not a burden on our local community.

Why, then, does the Department of Mines — in particular the environmental division — continually introduce legislation to drive small producers out of business?

Both John Bowler and Graeme Campbell are correct in their description of the environmental department.

We simply refer to it as "Shrek": a great, big, out of control, green monster.

The proposed regulations contain some of the most horrendous conditions ever imposed on the industry.

For example, if you were to drive in the bush in a car or motorbike, and not use a defined

track, you could be charged with illegal ground disturbance and fined tens of thousands of dollars.

And the people enforcing these laws have more power than the

police.

We should all be united in one voice. Our enemy is not among the ranks of the small producers — it is the radical Greens who either control or run the environmental department.

I first walked into a Department of Mines branch in

Leonora in 1977. And without a doubt, if the persecution of the small producers continues like it has in the last 30-odd years, the industry will cease to exist.

KM Dolan
Boulder

**MINISTER FOR FINANCE; MINES AND PETROLEUM**

Our Ref: 42-62890

Mr Jason Wells
President
Kalgoorlie-Boulder Liberal Branch
PO Box 10547
KALGOORLIE WA 6430

Dear Mr Wells *Jason*

MINING LEGISLATION AMENDMENT BILL

Thank you for your letter dated 18 May 2015 regarding the Mining Legislation Amendment Bill 2015 (the Bill), which was first and second read into Parliament on 22 April 2015.

This Bill is the culmination of some five years of consultation with industry, including a Ministerial Advisory Panel on Reforming Environmental Regulation in 2012 which resulted in 14 recommendations for the Department of Mines and Petroleum (DMP). The Amalgamated Prospectors and Leaseholders Association (APLA) was involved with, and represented on, the Ministerial group and again on the Reforming Environmental Regulation Advisory Panel that was set up subsequent to the completion of the Ministerial group's work.

DMP actively ensures that prospectors have the ability to participate in the consultation process. This includes the offer to pay all travel expenses of the APLA representative to attend meetings in Perth. This offer is taken up when the only reason to come to Perth is to attend a meeting run by DMP.

Over the past five years, consultation on the legislative and regulatory reform program has been extensive. Senior managers from DMP meet regularly with prospectors in Kalgoorlie and several discussion papers have been released for public consultation. The exposure draft of the Bill was provided to APLA late last year and a specific consultation meeting offered.

Regular briefings to your state Parliamentary representatives have occurred and I have asked them to ensure that your and prospector concerns are provided to me for consideration. I was surprised to read your comments in the Kalgoorlie Miner given the extensive consultation that has occurred and the fact that this is the first time it has come to my attention of the concerns of branch members.

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www.ministers.wa.gov.au/marmion

My office is in regular contact with the President of APLA as we work in a constructive way through the issues prospectors have concerns with. This process is no different to that used for the Mining Rehabilitation Fund 2013.

Should you or any member of your branch require a briefing I will make my departmental officers available. In addition my Chief of Staff, Colin Edwards can be contacted on 8652 6800 should you require advice concerning issues raised that require clarification.

I would now like to address the concerns raised in your letter:

Impact on prospectors

Your letter suggests that prospectors are being treated the same way as multi-national companies and are, therefore, being unfairly disadvantaged by the Bill. There are a range of ways in which the Bill will benefit prospectors, such as:

- A reduction in the need for any proponent under the *Mining Act 1978* to submit a separate native vegetation clearing permit application. While this benefits larger companies as well as prospectors, no prospector will need to do this in the future as only very large operations may still be required to have a separate clearing permit.
- The removal of most tenement conditions, greatly reducing reporting requirements. DMP recently removed the condition requiring an annual environmental report from over 30 prospectors and with further removals, there will be significant benefits to prospectors in terms of time.
- The introduction of risk-based and outcomes-focussed legislation will provide much greater flexibility and certainty for prospectors.
- Low impact notification process. Prospectors are expected to be the major winner with this initiative, whereby small scale (low impact) activities will no longer require approval and will not incur a fee. I expect that over 50 per cent of applications from prospectors will meet the requirements of this process. Therefore, they will no longer be required to submit an application – they will just have to notify DMP that they will be undertaking an activity and then go and do it.

The only additional impact that may impact on some prospectors is a requirement for mine sites (ie mining operations on mining leases) to have an environmental management system, recognising that all sectors of the mining industry understand the importance of limiting adverse impacts on the environment. However, not many prospectors hold mining leases, so a greater work load will not impact on many. In addition, the requirement is scalable. In other words, a small, prospecting operation on a mining lease may be able to maintain an environmental management system documented on a few pages. Large multinational companies may be expected to have a larger interactive system.

Low Impact activities

The reason there is no definition of these activities is because DMP is currently consulting on them. The definition will be contained in regulation, which cannot be

drafted until the Bill has been passed by Parliament. However, the discussion paper proposes an area of two hectares, for which approximately two-thirds of Programme of Work applications currently meet.

Assessment fees

The Bill is to clarify and recognise that mining in WA is being carried out and regulated in an environmentally appropriate way and it is a separate issue to the assessment fees. The provision to set assessment fees already exists in the Mining Act and has been developed separately to the Bill.

Power of delegation

The power of delegation of any power held by me as Minister has existed in the Mining Act since 1986. It is not a new power.

False or misleading information

Serious or material harm to the environment has the potential to catastrophically impact on human lives, health and resources such as water. Information provided to DMP needs to be accurate so that appropriate consideration may be given when assessing and approving applications.

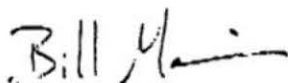
In summary form this Bill will help Prospectors in the following ways:

- Reducing administrative burden which will result in fewer approvals, faster processing times and acknowledging low impact activities do not require the same level of assessment as other larger mining operations.
- Small scale (Low Impact) activities will no longer require approval and will not incur a fee. A simple online notification process will be developed, whereby the tenement holder is only required to notify DMP of the proposed activities. This will mean the prospectors will not need to wait for approval. They will be able to go straight out and do the work.
- Exempt mining operations from requiring a Native Vegetation Clearing Permit. Instead, vegetation clearing will be approved as part of a Programme of Work (POW) or a Mining Proposal under the Mining Act. This directly reduces the administrative burden on the industry.
- Through moving away from a prescriptive approvals approach. The Bill will allow environmental assessments to focus on key risks, removing prescription.

I trust this answers the concerns you have expressed. I would like reiterate that I remain open to consultation regarding all legislative changes being put forward, and give consideration to all concerns raised.

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Yours sincerely



HON BILL MARMION MLA
MINISTER FOR FINANCE, MINES AND PETROLEUM

21 MAR 2016

Cc Hon Dr Graham Jacobs MLA

Cc Hon Mark Lewis MLC

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Title ECONOMICS LEGISLATION COMMITTEE
05/12/1996
Taxation Laws Amendment Bill (No. 3) 1996
Database Senate Committees

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ECONOMICS LEGISLATION
COMMITTEE
(SENATE-Thursday, 5 December
1996)

Committee front matter

Committee witnesses

Mr O'Meara

CHAIR

Mr Tieleman

Senator CHAPMAN

Senator MURRAY

Mr Crichton-Browne

Senator WAIRON

Senator COOK

ECONOMICS LEGISLATION COMMITTEE - 05/12/1996 - Taxation Laws Amendment Bill (No. 3) 1996

CHAIR - I declare open this public meeting of the committee. Our subject is the Taxation Laws Amendment Bill (No. 3) 1996. This bill was referred to the committee by the Senate on 7 November 1996 for inquiry and report by 10 December. This is a public hearing. All witnesses are protected by parliamentary privilege with respect to submissions and evidence given to the committee. This means, in brief, that no action can be taken against a person for making a submission and a submission may not be used in courts or tribunals to question the truth, motives or credibility of a person. Is it the wish of the committee that all submissions received be publicly released except for submissions where confidentiality has been requested. There being no objection, it is so ordered.

I welcome the witnesses from the Amalgamated Prospectors and Leaseholders Association and McKewen Tieleman Chartered Accountants. Gentlemen, I invite you to make an opening statement.

Mr Crichton-Browne - Mr Chairman, from the outset, can I say we appreciate the fact that you have gone to the trouble of having this brief hearing. I represent myself and all those poor underprivileged prospectors. Perhaps I could make a couple of superficial observations and then Mr O'Meara and Mr Tieleman will be more articulate and persuasive.

For those of you who have not had a chance to brief yourselves, section 23(pa) was a provision which has been in the taxation assessment act since 1926, save for three years between 1973 and 1977. It was reinstated by Phillip Lynch in the 1977 budget. When he reinstated it, the then Treasurer made the point that it was being reinstated because it recognised that it may trouble him.

The government believes that it is important to encourage the search for minerals which today forms an important part of the Australian economy. It also recognises that many prospectors are forced, for economic reasons, to transfer the right to mine minerals discovered by them to companies with both the finance and know-how to develop a large scale mining operation. Prospectors are encouraged to look for minerals that they cannot hope to mine themselves if they know that any income that they will receive from transferring rights to mine their discovery is not going to be reduced by taxation.

Subsequently, in 1985, Senator Watson will know better than most, the then government, more particularly the Treasurer, Mr Keating, presented to the parliament a draft white paper which was titled 'Reform of the Australian taxation system', and that paper made a recommendation that the exemption be abolished. But, very sensibly, the Treasurer set up an inquiry under a Mr Gorman looking into the general tax exemptions for gold mining and including 23(pa) in the terms of reference. For the historic record, it is worth noting that the inquiry recommended the continuation of 23(pa), the government of the day embraced and endorsed that recommendation and 23(pa) remained until it was announced to be abolished in the last budget.

More particularly, the inquiry commissioned Mr Graeme Herring, who is a prominent chartered accountant from the state of New South Wales, to look at the implications of abolishing 23(pa). If I might quote in part his words to the inquiry, he concluded that:

Where rights to mine have been held for many years by bona fide prospectors, it would appear that the withdrawal of the tax exemption from the date of announcement would constitute a retrospective tax. Accordingly, it would be more equitable to withdraw the concession only in respect of rights to mine, acquired after say the day of announcement in a manner similar to the introduction of the capital gains tax in 1985.

It might be argued, with respect, that, because the government has extended it to 31 December, that deals with the question of retrospectivity. I put it to you that that is not the case. I see that the scrutiny of bills committee very wisely deliberated on that matter and came to the conclusion that the manner of introduction of the abolition of 23(pa) came within their terms of reference. I think that that term of reference, as I recall, was that which requires them to consider where legislation unduly trespasses on the rights of individuals. There is another word which escapes me for the moment.

Anyway, the scrutiny of bills committee found that that reference was breached and, in fact, the legislation did introduce an element of retrospectivity. To the extent that it has been extended to 31 December, it has certainly helped some prospectors. It helps only those prospectors who are in the final process of concluding their negotiations.

No doubt the gentlemen on my left and right will explain the implications of the time frame. But, for the vast majority of prospectors, they are still caught with the implications of the

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Title APPROPRIATION BILL (No. 1) 1996-97
Second Reading Database House Hansard

The following is a summary of the main points raised in the debate on the Appropriation Bill (No. 1) 1996-97, Second Reading.

Monday, 16 September 1996

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Hansard

Start of Business
LINDSAY BY-ELECTION
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STATEMENTS BY MEMBERS
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House of Representatives
Transport Office
(MR ACTING SPEAKER)
Committee References
(MR ACTING SPEAKER)
PETITIONS
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GRIEVANCE DEBATE
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TARIFF PROPOSALS
PARLIAMENT HOUSE: WORKS
APPROPRIATION BILL (No. 1)
1996-97

Second Reading

MR BILLSON

MR LANGMORE

MR SLIPPER

DR LAWRENCE

MR PYNE

MR LEE

MR SOMLYAY

MR CAMPBELL

Mrs DE-ANNE KELLY

MR ALLAN MORRIS

ADJOURNMENT

Adjournment

NOTICES

PAPERS

QUESTIONS ON NOTICE

Mr CAMPBELL (9.31 p.m.)—In speaking about this budget, I am on the record as saying that, in my view, it is a saleable budget. It is a clever budget. I believe it is a budget that in many aspects the Labor Party should have brought down. When you think about it, the budget did not have to be all that good to get the support that it got, because the media and the financial press were desperate to be able to support it. A mediocre effort would have got support, and I think they were very pleased they had such a saleable commodity.

I think the Leader of the Opposition (Mr Beazley) was particularly naive in his indignant criticism about the broken promises. The reality is that most Labor followers supported the broken promises—certainly the prominent promises and the ones which the Leader of the Opposition concentrated on. So there was no political advantage in that.

Was it a good budget? I think not. It was a budget with a lot of merit. There has been some redistribution towards families; that is true. But will it attack the underlying problems of Australia? The answer is no. I venture to say now that, at the end of the next financial year, unemployment will be no better. If it is better, it will be only marginally better and it could possibly be worse. I will also warrant that the current account deficit will be no better, and almost certainly higher.

Former Senator Walsh is regarded by many as probably the best economist either side of politics has seen in a long time. He had a dictum. The Walsh dictum was simply this: keep the lawyers away from the money. That is very sound advice. From my experience and my observation of lawyers, I have found that they are not good treasurers. They tend to be opinionated, they tend to be arrogant and they tend to carry a brief regardless of the facts.

If you looked through history, you would find that that was true of the current Prime Minister, John Howard. I remember a lovely little anecdote a journalist told me. When she was going to Treasury back in the days when Howard was Treasurer, she said to Treasury officials, "You will have to excuse me; I don't really know much about economics." They replied, "That's quite all right, nor does the Treasurer." You have the same thing with the present Treasurer (Mr Costello)—that arrogance and that inability to carry a brief. I do not know whether they go to the nub of the real economic problems.

On the contrary, the member for Gellibrand, Ralph Willis, made a very studied speech in this place on the budget. I think Ralph Willis is technically a very good economist; he certainly has a far greater grasp of economics than the current government frontbench. But I think Ralph Willis, too, misses the boat because he, like the Liberal Party, missed the main point.

The truth is that, in the fundamental issues, there is simply no difference between the major political parties today. The main point which was missed by all is that neither political party today has an industry policy. Without an industry policy, there is going to be no end to the current account deficit and no end to unemployment. Yet neither party has it. You would expect that from the Liberal Party perhaps. But from the Labor Party, it is an aberration and a travesty. It is something for which the blame can probably be laid at Keating's door. I believe that Ralph Willis does understand this; he simply never had the ability to force his views over those of Keating, a man whose damage will rebound to the Labor Party for many, many years to come.

In my 20 minutes I want to concentrate on three points of necessary correction in the budget—the first is taxation and its effect on small business. Small business is very important to the community. What the government has offered small business is a sop. I will warrant that in a year's time small business will not see where the 25 per cent reduction of paperwork has come from. They will be asking, "25 per cent of what?" Small business will not get a lot of support from this budget and, until the government is prepared to revamp the taxation system entirely, small business is on a hiding to nothing. We will see a continuation of policies of support for big business, policies which have emanated from both sides of this House.

You have to look at the fringe benefits tax, and you certainly have to look at the capital gains tax. The truth is that big business does not pay capital gains tax—small business does. I believe it would be in the national interest to largely sweep away capital gains tax, especially in relation to small business. I believe it should still be possible to stop employees—mainly employees of large businesses—from taking income as capital gains.

I also want to talk about what I thought was a very silly inclusion in the budget—that is, in relation to section 23PA of the tax act, the exemption on the sale of mining leases. Some years ago, the Keating government commissioned the Gutman Inquiry into the goldmining industry. It was a predictable inquiry. Keating appointed Mr Gutman because he knew he was from the school of thought that could see no reason why gold should not be taxed. Gold was just

another commodity. I fought very hard at the time. I knew that, if gold had been taxed in 1986, it would have been very detrimental because that is a very emotional industry.

I remember arguing with Keating and Hawke about this. I said that, if they left gold alone, as an export it would earn more than a billion dollars. 'What nonsense,' said Keating. 'I have talked to experts. I have talked to Western Mining. I have talked to my department. Gold will peak at \$800 million.' Gold was then worth \$350 million, maybe \$400 million as an export. Gold of course went to \$4.25 billion and is perhaps our second biggest export.

Hawke understood it; Keating never did. I tried to work very hard to hold off that gold tax. I do not think there is any doubt that, but for my efforts and the efforts of Julian Gull—a state member in Western Australia—there would have been a gold tax in 1986, 1987 and 1988. We held it off until 1991, with the years from 1988 to 1991 being tax deductible in expenditure. But Mr Gullman said that section 23PA of the tax act should be left for very good reasons. He actually understood the industry and he understood the lead time needed for the development of new finds. He understood that, if you ran down exploration, a time would come when there was no new development.

What has been happening in the goldmining industry is that because mining exploration has been largely brownfield sites it has proceeded, but that must come to an end. When we get into greenfield sites and we hit the inevitable barrier of native title, compounded by the lack of incentive due to the withdrawal of this tax exemption, we could get into a real problem with the industry—the industry which is today Australia's second biggest export and growing very rapidly. We need to be finding and identifying two million ounces every couple of months if we are going to sustain the industry at its present level.

Why did this come about? I think there are basically two reasons. The mining industry, in its usual gulfess way, was desperate to hold off the diesel tax. The government had signalled that it was going to remove the diesel tax rebate. The Labor Party looked at this and decided that it would be crazy to do so. The Liberal Party had exactly the same evidence, but it had more. It had an Access Economics study, instituted by the industry, which demonstrated that it was clearly very foolish to do so. But the industry—so anxious to protect itself when it had every right to expect commonsense from the government—responded to Treasury's demand for trade-offs. The industry said, 'Take 23PA because that affects prospectors. It doesn't affect the large mining companies. They were prepared to sacrifice prospectors, forgetting the long-term impact on the industry.'

There was another factor. Mark Creasey, a prospector, had been spectacularly successful. It said in the papers that he had made a lot of money selling his leases to Mr Gurnick, who did extremely well with them. I think that a lot of credit should go to Mr Gurnick because, when the industry was sitting on its hands and frightened to move, Joe Gurnick was out there exploiting and spending money looking for gold and other minerals. I believe that Mr Gurnick has been a tremendous asset to Australia in his determination, his courage and his success.

In my view, Mark Creasey is an Australian hero. What governments seem to forget is that for 25 years Mark Creasey had been out there searching for gold. He was broke. I would say he was literally on the bones of his arse. He was a man who had to worry about how he was going to afford a new tyre.

MR DEPUTY SPEAKER (Mr Quick)—Order! That is rather unparliamentary. I would ask you to withdraw that remark and rephrase it.

MR CAMPBELL—I am happy to withdraw it. I had no idea it was unparliamentary. If it is, it should not be. I am happy to withdraw it. I think you get the message that he was very broke and that he was wondering where he was going to get the money for his new tyre. I think that after 25 years he enjoyed that success. It was not spontaneous; it was hard-earned. It was 25 years shugging it out in the bush. I think Australia owes him a great debt. In my view, he is a national hero and what he did was in the national interest.

Another area which is of some concern to me is the overkill with which the government acted against the community based child-care services. I am in the process of writing to the minister about this because it seems to me, for several reasons, that the country has been particularly disadvantaged. In mining areas there is a very heavy utilisation of these services. In mining areas people generally have no family support. There is no backup, so there is a greater need. While it is true that mining areas tend to have high wages, they also have very high costs. The net returns are often much lower than those that workers in the city enjoy.

Also, in the mining areas—in the name of competition, productivity or whatever—we have gone to 12-hour shifts. I was talking to one mining company recently which was a pioneer in seeking 12-hour shifts. They told me that, by the end of this year, they are hopeful that they can get the productivity of a 12-hour shift back to the level of an eight-hour shift. In many cases they would dearly like to move away from it, but they have locked themselves in. Workers now enjoy the lifestyle. It has played havoc with many country towns. Workers have simply bought themselves houses on the coast or on the goldfields moved to Kalgoorlie. They do their four days and then withdraw to their houses.

Towns like Kalgoorlie, Hadfield, Karratha and a lot of others pay an enormous amount of tax and they get very scant reward for that. I have campaigned long and hard about the running down of infrastructure in country areas. It is about time governments started putting some money back into the country. That is a criticism of both governments. The reality is that, in this budget, there is very little for the country. I am grateful for what there is, but it certainly is not nearly enough.

Another problem is that the community based services are bound by contract to maintain their maintenance. It is written into their funding—but private centres are not. They are much more flexible and this puts an additional cost on the community based service. The government has already cut services in the country. Before the budget came out the Department of Health in Western Australia had simply cut its budget by closing down every single office outside the metropolitan area. It was a massive reduction in services—services which had only been provided in the last few years and which had been very effective and very much appreciated—gone.

Community based services also have an obligation to take the naught to two years of age category of children, which is the most expensive. A lot of the private centres simply are not taking these children and, therefore, have an advantage. But by and large their prices are higher. The community based services tend to act as a break on costs and keep things affordable. So I am going to write to the minister and ask that he have another look at it but,

given the behaviour of the government, its large majority and its arrogance, I doubt whether my voice will be heard.

I would like to touch on funding for Aboriginal affairs because it is an important issue. Aboriginal people in this country are deprived. They should not be because the money provided to them is significant. The member for Oxley (Ms Hanson) is on record as talking about the \$1.2 billion that goes annually to Aboriginal affairs. The figure is actually well over \$2.2 billion because about \$1 billion comes from the states in total. You then have the general services which go to everyone.

What has happened in Aboriginal affairs? It is a contentious issue for the government. It is quite clear that ATSIC is hostile to the incoming government. It is quite clear that the industry is hostile to the government. What has been the response of this government? I think it is bizarre. The Prime Minister (Mr Howard) has cut ministerial staff from seven to five, in some departments that may have been acceptable. In Aboriginal affairs it was plain dumb. The government is not going to get any kudos for cutting ministerial staff. In Aboriginal affairs it has been a disaster. You have a minister with an extremely difficult job and the government's response has been to tell him to pick up staff from ATSIC. ATSIC are the enemy of government. In my view, they are the enemy of Aboriginal advancement. They are the pinnacle of the Aboriginal industry.

So the government makes a cut in Aboriginal funding, a relatively small cut if taken over five years, one which could easily be accommodated. But, very foolishly, it lets ATSIC to determine where the money was cut. ATSIC will make those cuts in the way which will cause maximum pain and embarrassment to the government.

What the government has done pales into insignificance compared to ATSIc's plans. ATSIc planned to rearrange its funding to fund on a per capita basis. Since most Aboriginal people live in the cities where, in my view, they are in the mainstream and should be relying on mainstream funds, it was going to take the funds away from the country and concentrate them in the cities. This would have meant that communities like those in the Central Reserve and Igannyaytjerna Council's fund were going to be cut by 20 per cent per year for five years, leaving the funds at 20 per cent of what they now are—a totally untenable position. This will mean that there will be a massive impact as people come out from these communities to country towns as fringe dwellers. The minister was aware of this disaster. I think he jawboned the department, for he has very little power to direct it into changing. But I understand now that ATSIc once more is pushing this policy of redirecting its funds to the cities and away from the country, where the funds are needed.

We have had a disgrace in ATSC. I was watching a TV interview today where the member for Oxley was debating Charles Perkins, who invited her out to the communities. I think it is a good idea but I would not let Mr Perkins hand-pick the communities. I would advise the member for Oxley to travel much more broadly. I could take her to communities and show her the appalling conditions that Mr Perkins talks about. But we could ask why, after all these years of funding, this is so.

I was in Halls Creek recently, where they had just had a riot. I went there the next day to determine what happened. I put the blame for that squarely at the feet of Gerry Hand. Those people came mainly from the community of Balgo. They were desert people. Years ago during the Hand regime nearly \$5 million was spent in that area. The community had pleaded for the money to be spent in the community. They wanted a police station. They wanted it manned. They wanted sports facilities. They are living out there in mind-numbing boredom with no controls, the controls which we in white society like for granted. Gerry Hand, at the insistence of ATSIC, against my advice and against the advice of the community, spent the money in outstations. They built four satellite outstations, none of which have ever been used. It was a waste of money from the start.

But it is worse than that, because when ATSC does this to extend its power it imposes on the states another big financial cost—put in all services, put in roads, provide schools. That is the sort of thing that I believe ATSC should be accountable for, I thought Mr Perkins's performance on television today was boorish and, frankly, quite dishonest. There is much more that I would like to say about this budget but that is obviously all I have time for. If I said any more, that too might be unparliamentary.

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