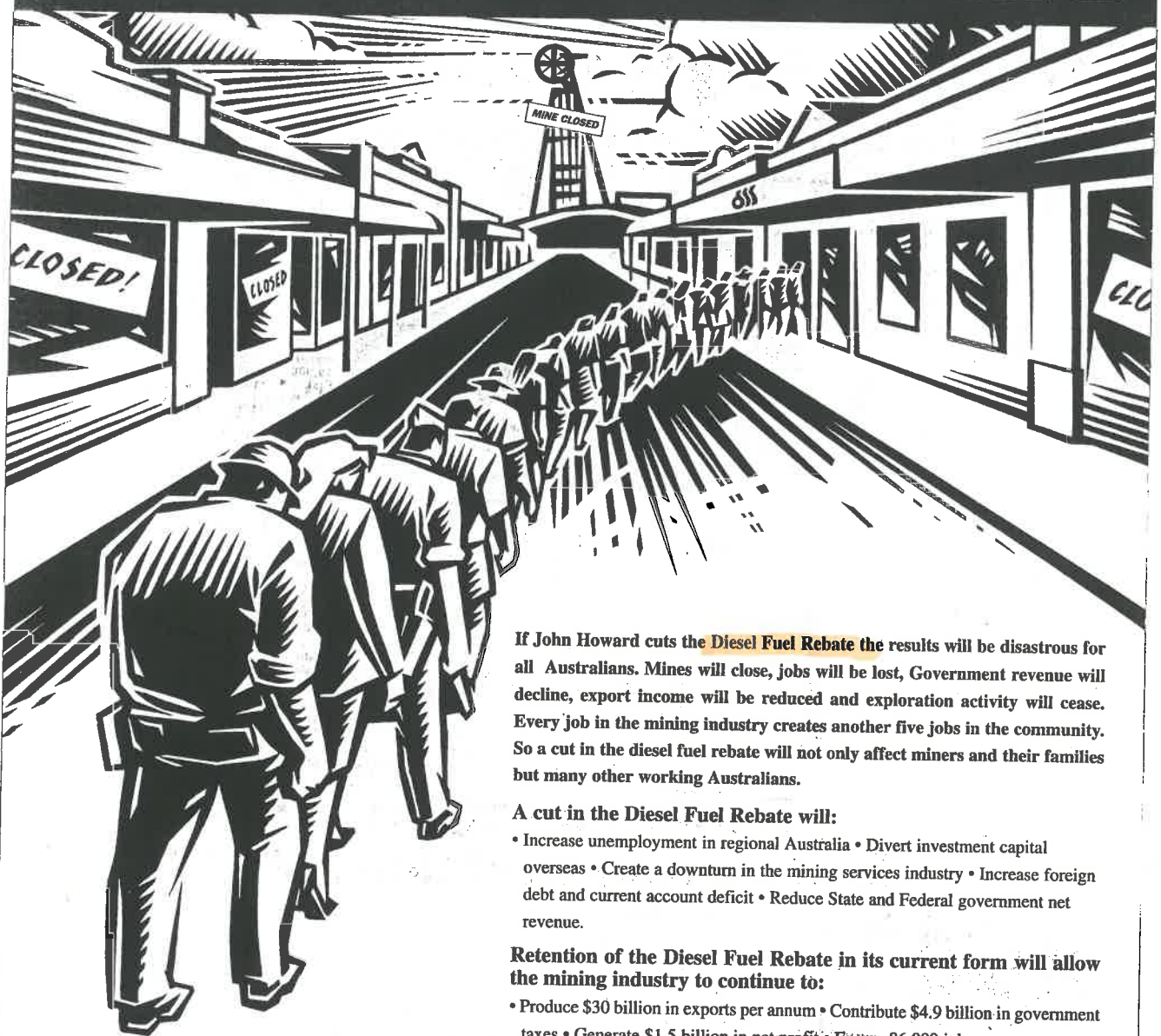


NO DIESEL FUEL REBATE



If John Howard cuts the Diesel Fuel Rebate the results will be disastrous for all Australians. Mines will close, jobs will be lost, Government revenue will decline, export income will be reduced and exploration activity will cease. Every job in the mining industry creates another five jobs in the community. So a cut in the diesel fuel rebate will not only affect miners and their families but many other working Australians.

A cut in the Diesel Fuel Rebate will:

- Increase unemployment in regional Australia • Divert investment capital overseas • Create a downturn in the mining services industry • Increase foreign debt and current account deficit • Reduce State and Federal government net revenue.

Retention of the Diesel Fuel Rebate in its current form will allow the mining industry to continue to:

- Produce \$30 billion in exports per annum • Contribute \$4.9 billion in government taxes • Generate \$1.5 billion in net profit • Ensure 86,000 jobs.

NO JOBS

Your job could be on the line. Why would any responsible Government contemplate such a move? Ring your local Federal Member or Senator to register your concern. See page 320 of the Telecom White Pages.



ASSOCIATION OF MINING & EXPLORATION COMPANIES (INC.)

3rd Floor, 33 Ord Street, (P.O. Box 545), West Perth, Western Australia. 6872 Telephone (09) 321 3999 Facsimile (09) 321 3260.

GMAAM110



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15 July 1996

Mr Ron Manners
Executive Chairman
Croesus Mining NL

FAX: (090) 217 724

Dear Mr Manners,

TAX ENERGY (electricity) USED BY FACTORIES

I reduce production, employment, profits, taxation receipts, GDP and Australia's growth. No, this can't be real!

TAX ENERGY (diesel fuel) USED BY MINERS

No, this can't be real! But this is what the Federal Government is considering.

- Increasing the cost per litre from 26¢ to 58¢ by imposing a 32¢ tax. Note that at 26¢ per litre, Australia's diesel fuel is more expensive than all of our mining competitors in the US, Canada, Chile and South Africa.
- We miners use diesel fuel as our source of energy to mine and process ore. This is not the diesel fuel we miners use for driving on public roads. That fuel costs us the same as it costs every other Australian.
- The Rebate is not a freebie, as some parliamentarians would have you believe. The Rebate mechanism was introduced to prevent rorts. Those in primary industry who use diesel to create energy don't have to pay excise. But, to avoid abuse, miners pay the excise up front and subsequently get it refunded when they have demonstrated to the taxman the bona fide use of the diesel fuel in creating energy for mining and processing ore.
- In Delta's case, our gold production cost falls in the middle of the cost curve of Australian gold producers. Increasing Delta's energy cost will reduce income, jobs, profit and tax revenue. It will also close our Australian gold mines prematurely and render uneconomic a significant proportion of our gold resources. The negative effect of increasing the cost of diesel fuel will be much greater for that half of the Australian gold miners whose production costs are higher than ours.
- I leave it to you to explore the economic and social outcomes of an increase in the cost of the energy source for the Australian gold, coal and iron-ore mining industries. There are big negative outcomes. There are no positive outcomes.

I urge you to voice your concern by faxing our parliamentarians; a list of names is attached.

Yours sincerely,

PETER M VANDERSPUY
Chairman

GOVERNMENT POLICIES

The mining industry continues to receive unfavourable treatment at the hands of absent, unsympathetic and often hostile agencies. The effects of uncertainty over and the difficulty in obtaining mining title as a direct consequence of native title land issues simply takes focus, effort and resources away from the real objective. Namely, converting otherwise neglected and valueless material from the ground into new wealth for all Australians. We share the hope and expectations that the national and state governments will act quickly to provide the leadership needed to take the nation out of native title confusion. Unless there is a commitment by governments to tackle the problem and offer realistic solutions to all the parties, Amalg too will need to consider other places in which to focus its energies and expertise.

The removal of the diesel fuel rebate for off road use was touted and if imposed would immediately reduce the available economic ore resources. This will impact proportionately on Amalg as for other mining companies. Fortunately, the federal government, at least for the time being, has decided to continue the rebate.

The continual harping by some politicians about the need to impose a royalty on gold production in the belief that this will create some equality should stop. The reality that gold mining has been, is and always will be different and require special treatment is obviously difficult for city based politicians to understand. Should the gold mining industry suffer further as a consequence of their threats or worse, the imposition of a royalty, then it is to be hoped that they will feel the pain in the ballot box. Unfortunately, as we all know most of the initial pain will again fall on those people living in the country and working in the mining industry despite the ongoing reduction in government services and support they receive.

CONCLUSION

The year in review has proven to be a very difficult one for this Company with production difficulties at Burmill and development problems delaying the Eloise project and increasing funds required. Continuing weak nickel markets caused planned production from the Spargoville reserves to be placed on hold.

Through the difficulties, the staff in all of our operations have persevered with the usual mining industry commitment. On behalf of the Board I thank them for their contributions. I also place on record my appreciation for the efforts of my Board colleagues who undertook their busiest and, perhaps, most challenging year yet.

We all hope the coming year brings better rewards to you from our efforts on your behalf.



D C Daws

Chairman of the Board



BURTON COAL Pty Ltd

ACN 064 159 977

Senator Warwick Parer (Personal)
Minister for Resources & Energy
GPO Box 228
Brisbane Qld 4001

1 Schneider Rd
Rosevale, Qld
Australia, 4340
Phone: 074 640 533
Fax: 074 640 550
Mobile: 0412 030 478
Pager: 07 3830 4391

11 August 1996
BC25-9.608

Dear Senator Parer,

Re: Diesel Tax

As an experienced coal person, (I nearly said "old coal man", but I guess that is doubly forbidden in this brave new world), I'm sure you recognise the potential destruction which would be caused by extending the diesel road tax to miners driving trucks on their own roads, and dozers and shovels in their own pits. And as a farmer, I'll tell you farmers will be none too happy either.

On coal, the Burton Coal Mine is just being developed. We've done our feasibility study and are now in the development phase.

It was quite an achievement for a small Australian company like Portman Mining Ltd to maintain 95% interest in a \$120M project. (When our feasibility study was being done Portman was capitalised at about \$30M). A substantial tax increase, before we've even dug one tonne of coal, will be a real kick in the guts for our patient and easily discouraged shareholders.

We will go ahead, no matter what Canberra does, but I for one will not forget what is done, either way.

If this tax is imposed, it will increase our costs by at least \$1.25 per tonne, and there is nowhere to pass it on. We are currently involved in a study of a possible expansion which is largely dependent on deepening the pit. The diesel tax will cut at least 10% off our economic ore reserves and will certainly affect the size of our potential expansion. The other taxes you would collect if this expansion goes ahead would far outweigh the quick grab of diesel tax.



BURTON
COAL

So, Warwick, I hope to see you active in opposing this one more burden on productive outback Australia.

Yours sincerely
Burton Coal Pty Ltd

Viv Forbes.

Viv Forbes
Executive Director

PS. I'd be very pleased to give you a tour of the Burton Coal Project some time you are in the area. It is quite different in concept from the Utah projects you and I helped set up, so long ago.

I've also enclosed some lighter reading for one of your many plane trips.

FINANCIAL REVIEW

Tourism's worth

The tourism industry accounts for one in every nine jobs and generates 14 per cent of exports, but the industry believes it is little understood by government. A major task is identifying the visitors who spend the most. A four-page special report, *Tourism and Hospitality Management*, opens on page 53.

In today's AUGUST FREE COLOUR MAGAZINE PROFILE

The head of ASIO breaks cover for the first time

FASHION

Best of the nautical looks

INDUSTRY

WA's Pilbara is enjoying an iron ore-fuelled boom

WEEKEND REVIEW

■ An exclusive extract from award-winning *AFR* journalist Peter Hartcher's new book, *The Ministry*, which lifts the lid on who really runs Japan. **W1**

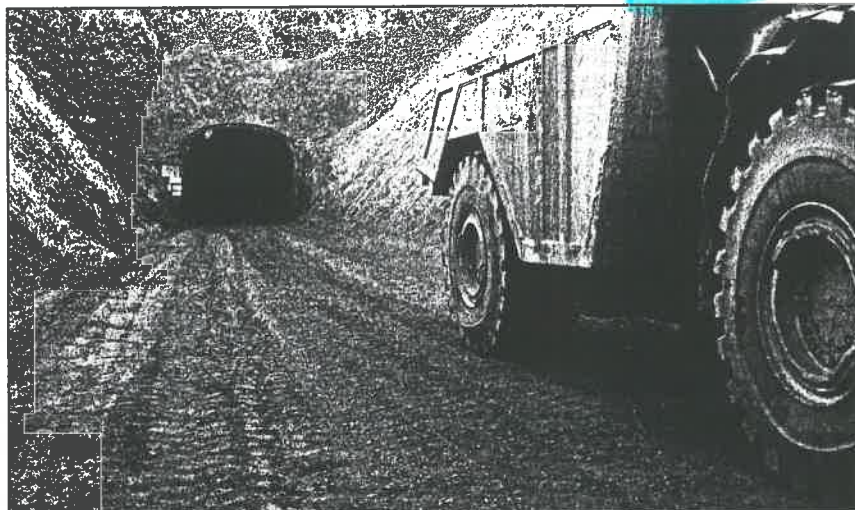
■ Low inflation means investors must become more adventurous if they want better returns, writes John Wasiliev. **W5**

■ Plus: Saab's rallying tradition, LA's movie hotels, the Melbourne Film Festival and Sydney's Olympic Dreaming.

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Howard backs down on mining fuel rebate



The rebate backdown is designed to repair the Government's strained relations with miners. Picture: LOUISE KENNERLEY

Lenore Taylor

The Prime Minister, Mr John Howard, will announce that the Government has dropped plans to cap the diesel fuel rebate for the mining industry when he visits the West Australian gold-mining town of Kalgoorlie on Monday.

The backdown, which has been negotiated with mining industry leaders over the past month, is likely to be used by Mr Howard to appease gold miners who have been angered by the Government's handling of the Reserve Bank of Australia's decision to sell 167 tonnes of its gold reserves and a subsequent price slump.

The announcement that the diesel fuel rebate will not be capped will also be an important fence-mending gesture to the wider mining industry, which has had strained relations with the Government over the past year.

Mining leaders were shocked when, after the May Budget, they received a letter from the Minister for Finance, Mr John Fahey, suggesting the rebate payments would have to be capped, possibly by cutting the rate at which they were paid.

They had just finished nine months of negotiations about restricting eligibility for the rebate in order to persuade the Government not to impose a cap.

The Government is now understood to have accepted that the estimated \$813 million cost of the diesel fuel rebate for miners in the 1997-98 Budget will not be exceeded and that there is no need to impose a cap on payments.

It has also agreed to discuss predicted outlays at an annual Pre-Budget meeting with industry leaders and to specify what mining processes will be eligible for the rebate.

Mr Howard cancelled most of his

Continued page 17

■ Billion-dollar LNG plan — page 35

MORTIMER SPECIAL

■ Moore's tax plan pledge — page 5

■ Canberra Observed — page 33

■ Comment Safe politics — page 10

■ FIRB proposal welcomed — page 11

■ Farmers not impressed — page 13

■ Praise for tax proposals — page 11

Green light for rate cut

New wages figures push bonds to record lows

Michael Dwyer

Bond rates dipped to record lows yesterday after the release of figures showing that wages growth is below the Reserve Bank of Australia's "comfort zone", paving the way for another cut in official interest rates.

New Australian Bureau of Statistics figures show that full-time adult ordinary-time earnings grew by just 3.7 per cent after seasonal adjustment in the year to May, well below financial market forecasts.

This was sharply down from the 4.3 per cent rise in earnings reported in the previous quarter and was the lowest annual wages growth recorded since May 1994.

The combined effect of yesterday's figures and Wednesday's low June-

LET'S BURN RUBBER

■ The Reserve bank is in an excellent position to announce a cut in official interest rates ... When the light is green, you go. And it will never be greener than it is today.

Alan Mitchell's *The Economy This Week* — page 78

quarter inflation statistics drove down market interest rates as traders predicted another rate cut by the Reserve Bank, possibly as early as today.

"We remain of the view that 9.30am tomorrow is the preferred time for a monetary easing," Société Générale economist Mr Glenn Maguire said last night.

The yield on benchmark October

2007 bonds fell 11 basis points to 6.37 per cent — equalling the record low since financial markets were deregulated, set in January 1994 — before closing for the day at 6.42 per cent.

The yield on April 2000 bonds fell 13 points to 5.51 per cent, the lowest since February 1994, and ended the day at 5.56 per cent.

Financial markets are now almost fully "pricing in" a further cut of 50 basis points in official cash rates, to 5 per cent.

September bank bill futures — key barometers of interest rate expectations — were trading as high as 94.98 after the release of the figures, for an

Continued page 18

■ Bond & equity action — pages 66, 67

■ Why inflation isn't dead — page 33

ACCC allows Westpac BML bid — on condition

Andrew Cornell and Joanne Gray

The Australian Competition and Consumer Commission has approved Westpac Banking Corp's \$1.44 billion takeover bid for the Bank of Melbourne Ltd, in what has been seen as a significant relaxation of its opposition to takeovers of regional banks.

While the acquisition will complete a crucial element of Westpac's strategy to create a federation of regional banks, it also gives an

important sign to other banks, which have been pushing for a more liberal approach to industry concentration.

The ACCC is likely to give the go-ahead to the Westpac-BML deal today or early next week, after which it will have to be approved by the Federal Treasurer and the Reserve Bank of Australia.

The competition watchdog's decision follows almost four months of analysis and negotiation with Westpac.

The ACCC will stipulate that Westpac must give deposit-taking

institutions access to its electronic banking network in Victoria at reasonable prices in order to enhance competition in the Victorian market.

This provision could make it much easier for other regional banks, building societies and credit unions to offer disgruntled customers from the merged bank full access to electronic banking on transaction accounts.

Westpac has also had to give extensive undertakings to preserve Bank of Melbourne's brand, identity and operational autonomy.

The decision represents a back-down from the ACCC's policy of preserving the ownership independence of regional banks.

It is also a major departure from the assertion it made when it approved Westpac's acquisition of Challenge Bank in September 1995: that banking was a regional rather than national market.

That could reignite speculation

Continued page 48

■ NAB's flat profit result — page 48

Our Business Investment Loan can help lift your bottom line.

It's flexible enough to meet your specific needs and features a range of special interest rate reductions. Talk to your National Business Banker, or if you'd like a Business Banker to contact you, call 13 10 12, 8am-9pm EST, 7 days a week.

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If you are interested in the position, please send your confidential résumé by Friday 8 August 1997 to JENNY DOLMAN, LUCINDA McLENNAN BA LLB or JENNIFER SANT BA LLB (HONS) at the address below.

THIS POSITION IS BEING HANDLED

If you are interested in the position, please send your Confidential Résumé by Friday 8 August 1997 to JENNY DOLMAN, JENNIFER SANT BA LLB (HONS) or LUCINDA McLENNAN BA LLB at the address below.

THIS POSITION IS BEING HANDLED

Rebate debate is pointless

Compelling reasons for a voluntary vote

The annual debate over the diesel fuel rebate is in vain, asserts **R. S. Gilbert**. It is not a handout, and it costs the taxpayer nothing.

Every year around Budget time, the diesel fuel rebate of about \$800 million to the mining and primary industries comes up for debate. Critics usually describe it as an "industry handout" and call for its abolition.

Now the Federal Government is proposing to cap the total amount paid in spite of mining industry and farmer protests.

But this is one public debate that's based on an entirely wrong premise: that the rebate is a "subsidy". In fact, the history of the diesel fuel tax and rebate shows it is not a "subsidy". And it costs the Government, and the taxpayer, nothing.

The diesel excise was introduced in 1957 as a tax on diesel fuel for road use only. It was introduced to create a "level playing field" in the fast growing and highly competitive road transport industry, where petrol truck operators, paying tax on their fuel, were at a disadvantage competing with diesel truck operators — who were not.

It was a classic case of a tax regime that upset the competitive balance in an industry, and it had to be corrected.

Unlike most taxes, it was primarily a measure to correct a taxing anomaly, not to raise revenue. At the time, only about 30 per cent of diesel fuel was used on roads — the bulk of the remaining 70 per cent was used off-road by primary and mining industries. If revenue had

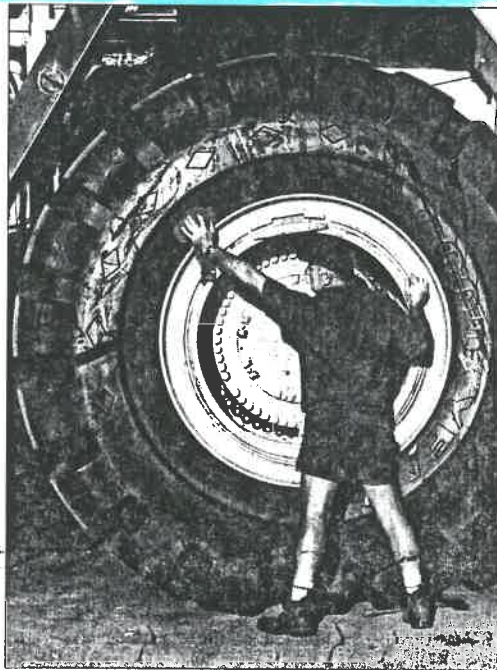
4 The rebate is nothing more than a refund of money paid earlier — it's an entitlement. 7

been the main objective, the tax would have been imposed on total usage, or on the much greater volume being used off-road.

The misunderstanding about the rebate has occurred because of a change in the administrative arrangements for collecting the tax.

From 1957 until 1982, the excise was paid at the point of purchase, and only by road users. Non-road users had exemption certificates to get their off-road, non-taxed fuel at a price that excluded any excise element.

However, in 1982, the Government changed the collection arrangement to lessen administrative problems and the scope for tax avoidance. For administrative purposes, excise became payable initially on all diesel fuel, on the basis



Oiling the wheels of industry... the diesel fuel rebate. Picture: BELINDA PRATTEN

that non-road users would subsequently be refunded — or "rebated" — the tax element in the price they paid for their fuel.

And it's this final refund "at the end of the chain" that the critics seize on to cry "subsidy" without regard to what precedes it. But not taxing off-road diesel was never regarded as a "subsidy" in the 25 years up to 1982. How can it possibly become a "subsidy" simply because of a change in the administrative arrangement for collecting the on-road tax?

In fact, it's the Government that's being subsidised, if it has interest-free use of off-road users' money until the refund is paid.

It's surprising that the Treasury and the Department of Finance reportedly view the rebate as "an expensive business subsidy with an alarming potential to blow out".

This view either chooses to overlook the history and real nature of the rebate, or is simply an unthinking application of the standard Treasury/Finance attitude towards government subsidies and expenditure generally.

The rebate is nothing more than a refund of money paid earlier, so

that any "blowout" in expenditure is simply a reflection of an earlier "blowout" in Government revenue! There's no net cost to Government.

Of course, there's nothing wrong with the Government deciding, either now or in the future, to tax off-road diesel as well as on-road diesel.

But it should do so not on the spurious basis of eliminating an undesirable "subsidy", or by the backdoor method of eliminating or limiting refunds of money the industries concerned are entitled to.

Rather, as with any other prospective new tax, a decision should be taken on normal taxation principles, involving such matters as the Government's overall fiscal policy; the state of the industries involved; the impact it might have on those industries domestically and internationally; the possible effect on export earnings and the balance of payments; other revenue options; and questions of taxation equity and neutrality.

R. S. Gilbert is a former head of the Federal Treasury's industry division and was involved in the introduction of diesel fuel rebate in 1957.

The Senate yesterday shot down, amid much high rhetoric about secret agendas, the Government's plan for a voluntary postal vote for delegates to the constitutional convention.

One reason the ALP and Democrats are agitated is that they think that it could be the precursor of the abolition of compulsory voting for general elections.

Voluntary voting for Federal elections got strong support this week from Coalition members of the Parliamentary Joint Standing Committee on Electoral Matters, and predictable opposition from Labor and Democrat members.

The majority asserted: "An argument that the legitimacy of Australian election results would be undermined by voluntary voting is difficult to sustain, given that virtually every other democracy in the world manages without compulsion."

The ALP is against voluntary voting, largely because it believes it would suffer; poorer, younger and disadvantaged people, more likely to vote ALP, would be less likely to turn out. Electoral analyst Malcolm Mackerras believes voluntary voting would produce a 2 per cent swing to the right.

Among Liberals, Senator Nick Minchin, John Howard's parliamentary secretary, is a crusader, and Howard has been attracted to voluntary voting in principle. Its supporters would like it considered by a second-term Coalition Government.

But scratch the Liberal organisation and it's dead against, and working on Howard. For the organisation, compulsory voting has the immense advantage that the law rounds up the electoral flock, rather than the party having to do it. Voluntary voting would mean more work, greater expense, and a lot of extra attention to safer seats, rather than being able to concentrate overwhelmingly on marginals.

Opponents of voluntary voting argue that the legitimacy of a government could be compromised by its being elected by only a small proportion of eligible voters. The same argument, however, could be made out when the vagaries of the system produce a government that didn't get a majority of the votes cast.

Both sides draw on international turnouts to buttress their cases. The majority report dismissed low turnouts in the US as being caused by special factors, and pointed to New Zealand — "typically in excess of 85 per cent". The Labor minority declared that Bill Clinton's 1996 re-election by only 24.5 per cent of the eligible electorate

GRATTAN
MICHELLE GRATTAN

gave "nowhere near the legitimacy of an Australian election".

Labor committee members warned that voluntary voting would mean "vast masses of people will drift into apathy". The majority quoted former ALP pollster Rod Cameron: "If you did not have compulsory voting, you would have a higher level of political debate and political advertising generally, because you could actually talk policy."

Cameron, a supporter of voluntary voting, elaborated yesterday: "In practice it would make both [main] parties work harder. I don't think it would necessarily disadvantage Labor — it would have to become less adept at selling the leader's eyebrows or threats and more adept at selling policy and organising."

Though I would put the balance in favour of voluntary voting, at least there are substantial cases on both sides. But Labor's (and the minor parties') argument that voting for the republic convention should be compulsory? This, surely, is nonsense.

The community is not being asked to decide the substantive issue — merely to choose half of a convention that will discuss options to form the basis for a later vote.

We can leave aside the essentially marginal questions of cost and alleged possible corruption. Nor is there much at issue over whether republicans or monarchists would be favoured. Probably in the convention case Labor is arguing against its own interest: old or apathetic monarchists might be the more likely to give a voluntary vote the flick.

Nor should anyone get highly exercised about a voluntary vote for the convention being a precedent. Firstly, we're talking about a postal vote. Second, a switch to voluntary voting for elections would be a very big change involving huge debate, unlikely to be affected by a limited ballot for a summit. Third, the Liberal party apparatus will be on the ball if and when that change is thought about.

A voluntary vote for convention delegates would be more likely to be a genuine expression of current interest and opinion than if the unenthused and unengaged were forced into making unwilling choices.

If the Government doesn't capitulate, the line will have been held against voluntary voting by the expedient of not having any voting at all. Hardly a satisfactory solution.

Car tariff fumes obscure beautiful set of figures

One incidental cost of the Government's haste in taking its automotive industry tariff decision a fortnight ago was that it thereby temporarily consigned every other economic topic to the media dustbin.

Discussion of the March quarter national accounts, which were issued a day beforehand, was cut dead after only the briefest of media "analysis".

And the pessimism of that analysis was the last thing the Government needed before last week's depressing (at face value) labour market figures for May.

So what really did those March quarter figures mean?

And if, as I believe, they were basically rather encouraging, why have ministers nevertheless allowed

The tariff decision was poorly timed and overshadowed the largely positive March accounts, declares **John Stone**.

those initial pessimistic interpretations to persist?

Note first that the national accounts, like any other statistical compilation, are subject to later revision as more and better data come to hand.

For example, the December quarter rise in real private non-farm stocks, initially put at \$766 million seasonally adjusted when published last March, has now been revised to \$633 million.

Similarly, next September we may well find that the huge March quarter fall in real private non-farm stocks (\$1,290 million, seasonally adjusted) has been revised upwards, and that

enormous (\$1,923 million) change in the movement in such stocks between the December and March quarters will have become smaller.

Such qualifications notwithstanding, that stock change is absolutely vital in interpreting the economic situation.

When the March quarter accounts were released, the immediate "news" was that economic growth had "slumped". GDP(A) for the year to March had grown by only 2.4 per cent seasonally adjusted, or only 2.8 per cent on a "trend" basis — both figures well below what is needed to bring down unemployment.

This was, thenceforward, the "line": despite an attempt by the Treasurer to talk up the figures later that day, neither he nor any other Government spokesman that I saw or heard provided any effective rebuttal of that "line".

And within hours, further discussion was swept aside by the vehicle tariff matter.

Yet the extraordinary thing is that the March quarter figures are about as close to "a beautiful set of numbers" as the Government could want.

Domestic final demand rose in the March quarter itself by no less than 2.1 per cent, seasonally adjusted, buoyed by sharply higher spending in every economic sector except government final consumption. Net exports

also rose, adding a healthy 0.6 percentage points to March quarter growth in GDP(E).

Offsetting this domestic final demand increase at the production level was the fact, noted above, that \$1.3 billion of it was met from stocks — no wonder manufacturers felt the pinch.

A stock run-down does not, however, go on forever — though this one may have continued into the June quarter — and when it stops, or even slows down, there is a consequent lift in orders for new production, domestically or from imports.

The Prime Minister's very confident statements last week about the employment outlook later this year may be better justified than most commentators were prepared to accept.



Senator the Hon Warwick Parer
Minister for Resources and Energy

5 AUG 1996

Mr G Smith
Company Secretary
Croesus Mining NL
PMB 23
KALGOORLIE WA 6430

31 JUL 1996

Dear Mr Smith

Thank you for your letter of 9 May 1996 regarding the Diesel Fuel Rebate Scheme. I note you have also written to other Ministers and Members of Parliament in relation to this issue and they have directed your letters to me for reply.

I have received a large number of letters on this subject, many of which have provided detailed information on the impact which removal of the rebate would have on operating costs, profitability, cut-off grades and employment in the mining industry. Diesel is also a significant component of the operating costs of the fishing industry, which is part of my portfolio responsibilities.

I have asked my Department to collate all this information so that I can ensure that Cabinet is fully aware of its relevance to the Government's commitments to providing an economic environment conducive to growth and maximising the competitiveness of Australia's export industries.

You would also be aware that the Government is committed to rectifying the major structural defects in the Australian economy, including returning the Budget to an underlying balance in coming years. I am not, of course, in a position to speculate on the types of measures the Government will undertake to meet its deficit target.

I can, however, assure you that I will continue to strongly represent the interests of the industry and ensure that the concerns which you have raised are considered directly by Cabinet.

Thank you for providing me with your views on this important matter.

Yours sincerely

Warwick Parer
Minister for Resources & Energy



6 August 1996

Our Ref: TX.7
dfmemo/disk16/me

MEMORANDUM

TO: AMEC MEMBER COMPANIES

ATTN: MANAGING DIRECTOR

FROM: G.A. SAVELL

SUBJECT: DIESEL FUEL REBATE SCHEME

The purpose of this memorandum is to update you on the latest developments in the Diesel Fuel Rebate Scheme campaign which AMEC has been running for some weeks.

There has been a noticeable change in Government attitudes in recent weeks and it now appears that Government is prepared to acknowledge the concerns expressed by the mining industry which were documented in AMEC's letters, submissions and newspaper advertisements.

During personal discussions with Ministers, AMEC has received unofficial indications that while Government acknowledges the importance of the scheme to the industry and to Australia's export effort, they are concerned that the scheme has been misused and have received Treasury reports which suggest that there is an \$80 million annual leakage from the scheme.

It is AMEC's view that little of that leakage applies to mining industry claimants, but irrespective of that fact, it is necessary for us to address the question of accountability to separate this industry from criticism which we believe is unwarranted.

As a result of these developments, AMEC commissioned assistance from a leading consultant and a new submission was prepared which is entitled "Amendments to the Diesel Fuel Rebate Scheme to Reduce Administration and Improve Compliance" A copy of that submission is attached to this memorandum and is self explanatory.

Underlying this whole approach, is the objective of removing this whole matter from contention during future budget debates. We believe that the proposition we have put to the Minister will achieve that end, while still allowing Government to tighten the application of the scheme in terms of its accountability.

While recent media reports suggest that a decision will be made this week, there is still plenty of opportunity for industry to influence the eventual outcome.

Even if Government decides on a particular course of action in the budget announcements, their decision still needs to be validated by the Parliament and there is no guarantee given the campaign that has been mounted, that they could be sure that this matter will pass through the Parliament successfully.

While the solution contained in our submissions may not be a perfect outcome, we believe that it is likely to be politically acceptable and is a compromise which the industry can live with.

Please do not hesitate to contact us to discuss any of the issues raised in this latest document or to suggest any policy or other modifications which you feel may improve our chances of success.

We will keep you informed as this matter develops and trust that we will all be able to celebrate a successful outcome in the near future.

Kind regards,

A handwritten signature in dark ink, appearing to read 'George Savell', written in a cursive style.

G.A. SAVELL
CHIEF EXECUTIVE

attach.



SUBMISSION TO

THE HONOURABLE SENATOR WARWICK PARER
MINISTER FOR RESOURCES AND ENERGY

ON AMENDMENTS TO THE DIESEL FUEL REBATE
SCHEME

TO REDUCE ADMINISTRATION AND IMPROVE COMPLIANCE

The Association of Mining and Exploration Companies (Inc) was formed in 1981 to represent the mineral exploration and mining industries.

AMEC directly represents exploration and mining companies, companies and organisations that provide goods and services to the industry and individual members involved in the industry at the State and Federal level.

AUGUST 1996

Hands off fuel rebate: Court

By ALLAN FRANCIS

THE Federal Government's threat to scrap the diesel fuel rebate and the continuing unworkability of the Native Title Act were two of the biggest hurdles facing WA's gold industry, Premier Richard Court told the Diggers and Dealers Forum on Wednesday night.

Mr Court said the Federal Government needed to act quickly to clear up any concerns about the future of the diesel fuel rebate and overhaul the Native Title Act to make it workable.

"I find it bitterly ironic that problems such as a lack of water for mineral processing and access to energy have been and are being addressed, while these two other issues are left to hang over the industry's head," Mr Court told delegates.

"What good are adequate supplies of gas and water if another lifeline — the diesel fuel rebate — is in danger of being axed?"

"Gold analysts have predicted that the removal of the rebate would increase the annual costs of the Australian gold sector by \$285 million and slash earnings by \$180 million.

DIGGERS & DEALERS

"In WA specifically, we are hearing disturbing stories how at least two Goldfields mining operations would go out of business and several hundred jobs would be lost."

Mr Court said the removal of the rebate would represent a tax impost on business that would likely see gold production wound back and staff laid off.

He said that whatever short-term gain the Federal Government saw in scrapping the rebate would be offset by lower company revenue and PAYE taxes.

There would also be increased Federal Government spending on unemployment benefits.

"We are campaigning vigorously against any change to the rebate and the message to Canberra is clear — hands off the rebate," he said.

Referring to the native title laws, Mr Court told delegates: "The Goldfields are blanketed by competing, unsubstantiated, ambitious title claims — as is much of WA."

"Without question and without scrutiny, claimants are provided

with the right to negotiate and we are expected to treat this approach seriously because it is enshrined in the Native Title Act.

"The new Federal Government has moved quickly to consult on amendments required to the Act and I have impressed on them that tinkering at the edges will not make it workable. Fundamental change is required to how the Act and Tribunal operate."

Mr Court said that if the Act was not changed, then the Federal Parliament would be tacitly endorsing the 'corruption' of WA's and other States' land and resource management systems.

"These are systems built on certainty of title, following equitable and open assessment processes, which balance community interests for land use and respect the holders of interest in land," he said.

"Sadly for the industry and community, money is changing hands around the Goldfields to buy off individual claimants — not native title holders — in an effort to avoid delays."

"This is not what the community expects should happen in Australia — it is not a system which will foster sustained benefits for Aboriginal people."



Premier Richard Court addresses delegates at the Diggers and Dealers Forum dinner on Wednesday night.