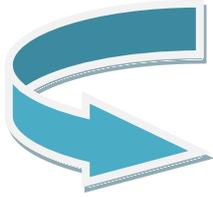


COMMUNITY ALLIANCE FOR



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Nicky Cusworth
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Level 6, 1 Adelaide Terrace
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2nd October 2013

Mineral Royalty Rate Analysis : Submission

Dear Deputy Director General

The Community Alliance for Positive Solutions have had a strong interest in matters surrounding the operations of the Mining Industry in WA. In particular, we are extremely concerned about the poor rate of return to the people of Western Australia from multi-national companies, which does not reflect the true worth of the resources taken.

Since the 1960s, miners have been given very generous concessions based on an outdated perception that Iron Ore, in particular, was an inferior product. This, we understand, was partly addressed in the 2011-12 Budget, which was to bring the Royalty for all iron ore product up to one level of 7.5%. In today's economy, this figure should be increased further to 10%.

In regard to Alumina, there needs to be a big increase in the royalties for this product. The current 1.65%, which dates back to the State Agreements. These agreements were made at a time when expansion of resources extraction in WA was seen to be the cure-all for the local economy and the exceptionally low rates were set to appeal to the corporations like Alcoa. This provided them with huge profits in exchange for a promise of wealth for the State. However, this was not the reality. Change is needed to have these resources, which belong to the State, sold to industry at realistic prices which provide a fair level of income to both parties.

The current rate of 1.65% for alumina needs to be brought in line with the real cost of this industry to the State, taking into consideration the cost of providing and maintaining the supporting infrastructure, Ports, Rail and Roads. Then add the provision of low cost Water, Electricity, and Gas.

In addition to all of this, one needs to consider the human cost of this industry: the destruction of whole towns and communities, displacement of residents, the ongoing

Yarloop

Waroona

Hamel

Harvey

Cookernup

Wagerup

Other
Impacted
Areas

associated health problems and long term pollution by toxic waste, which will leave a costly legacy requiring management long after these miners leave. The royalty rate should rise to at least 10%. This will not adversely impact on the huge profits of the industry and would provide some compensation for the negative impacts, and for the people of the state who should not be subsidising this industry, as these profits go offshore.

We hope to hear from you in the future with regular updates as this Analysis goes forward.

Thanking you for your attention and in anticipation.

Yours sincerely

Vince Puccio
Co chairs Community Alliance for Positive Solutions Inc.

Merv McDonald AFSM