

**THE AUSTRALIAN OPAL INDUSTRY SUBMISSION  
TO THE FUEL TAXATION INQUIRY**

**PARTICIPANTS**

The Australian Jewellery And Gemstone Industries Council

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The Lightning Ridge Miners Association

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The South Australia Opal Miners Association

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## **1. INTRODUCTION TO THE AUSTRALIAN OPAL MINING INDUSTRY**

Opal mining is one of the most unique of Australia's industries.

Our heritage is hundred years plus.

As an industry we produce 95% of the world's precious opal, which is almost entirely exported.

Over the past decade the industry has produced between 200 - 400 million dollars annually.

Opal mining is conducted in very remote areas of Australia's interior.

The opal product we supply is of significant importance to the tourism industry of Australia.

Opal was proclaimed Australia's national gemstone in 1995.

## **2. THE OPAL MINING COMMUNITY**

The combined opal mining industry represents thousands of miners spread across rural Australia. Opal miners and their families make up a significant portion of population in remote regions of Australia.

We would like immediately to dispel any idea of luxury in our industry. We are an industry that finds itself pressed to continue. Currently opal production is estimated to have declined by 70% over the last 10 years.

These circumstances are not through exhaustion of resource, but primarily due to the lack of ability to obtain new fields caused by bureaucratic regulations, native title restrictions, environmental requirements and cost increases.

Typically self-employed individuals, small partnerships or families carry out opal mining. There is very little corporate activity in our industry reflecting the nature of opal deposits, which are small and widely dispersed across rural Australia. Corporate efforts to participate in opal mining generally fail due to the lack of ability to locate and estimate the value of the resource, (scientifically fingerprint opal deposits).

## **3 DIESEL FUEL REBATE SCHEME.**

With every aspect of our mining operations being fuel reliant, we would not like to see the diesel fuel rebate scheme reduce its current commitment of around 0.38cents per litre rebate. In addition our industry would like the fuel taxation inquiry to extend the diesel fuel rebate scheme to include fuel used to transport goods, personnel and equipment between the miners logistic base (which in most cases is the miners family home) and the mine site.

It should be noted that most roads other than arterial roads in opal mining areas are either constructed and maintained by opal miners or in conjunction with the local landowner. An example of this is that the roads in and around the Lightning Ridge opal fields are funded by a \$10.00 surcharge on each opal-mining claim.

The nature of the opal mining industry is rural. We would ultimately like to see our industry recognized as rural and assessed with the same taxation applied to the farmers of this country.

We as an industry suffer the same change in income variation over a five-year period as farmers do.

Our variation is not due to seasonal impact rather the effects of finding opal, exhausting the deposit and then moving on to find and develop the next.

As an industry we would welcome further efforts at tax reform in this direction.

#### **4 DOWNSTREAM INDUSTRIES**

The opal mining industry directly employs thousands of miners and provides alternate employment opportunities both directly and indirectly in depressed rural areas.

The opal mining industry, by supplying opal stones to distributors, manufactures and exporters provide further avenues of employment and economic gain.

Employment and economic gain are also achieved across Australia by retail organisations that sell directly to tourists. It should be noted that two of our opal centres, Coober Pedy in SA and Lightning Ridge in NSW are tourist centres in their own right and the industry of opal provides the dominant form of employment and economic gain both directly and indirectly.

Opal is seen as part of the attraction of overseas visitors to come to Australia, and we are proud to be an integral part of the now second largest industry in Australia - the tourism industry of Australia. Opal sales to tourists are between 100 – 200 million dollars annually.

#### **5 ENVIRONMENT**

The environmental agencies and departments of the state governments of NSW, SA and QLD employ considerable pressure on our industry to comply with environmental codes to rehabilitate mining areas. We as an industry have responded well, however, the more the demands, the more fuel we use to achieve success in meeting these environmental goals.

The current diesel fuel rebate scheme helps our industry with the added costs of achieving these environmental goals.

The environmental impact of emissions is a difficult question for our industry. The high cost of our plant and equipment and the cost of fuelling them represent a large proportion of our cost of operations. It is always difficult to risk alternative fuels, which have in some cases undetermined effect on machinery, which the small miner has invested so heavily in.

It is beyond the resources of our industry to chase alternatives to the current fuels available. However the petroleum industry seems to have answered the call with a new sulphur content reduced diesel fuel, which will be introduced over the next few months.

The opal mining industry hopes the government and its agencies will encourage the wide spread distribution and use of this new diesel fuel which will further reduce the environmental impact of our industry.

Should a personal interview be required on any of the points of discussion please contact Mr Chris Price on (02) 9279 0518.