

AMEC SUBMISSION



Committee Secretary
Economics and Governance Committee
Parliament House
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To: Economics and Governance Committee

Re: Royalty Legislation Amendment Bill 2020

Date submitted 23rd July 2020

Introduction

AMEC appreciates the opportunity to be consulted on this proposal and has been engaged with the Department of Treasury on this matter.

About AMEC

The Association of Mining and Exploration Companies (AMEC) is the national peak industry body representing over 275 mining and mineral exploration companies across Australia. The AMEC membership base is dominated by companies looking for New Economy Minerals, Critical Minerals and minerals needed for the future. Our members and stakeholders in Queensland explore, develop and produce minerals including Antimony, Bauxite, Coal, Cobalt, Copper, Gold, Graphite, Lead, Lithium, Mineral Sands, Molybdenum, Nickel, Rare Earths, Silver, Tungsten, Vanadium, Zinc.

The mining and mineral industry make a critical contribution to the Queensland economy, employing around 70,000 people across mining, oil and gas¹. Mining companies collectively paid over \$5.2 billion in royalties² to the state and generated more than \$42.1 billion in mineral exports in the year to April 2020³.

In 2018/19, Queensland mining and mineral exploration companies invested almost \$600 million to discover the mines of the future. Just over half \$328.6 million of this investment was in Minerals and Coal with the remainder in Petroleum.

¹ [Queensland resources employment figures at a high](#) 21 June 2019

² [Mid Year Fiscal and Economic Review 2019-2020](#)

³ [Exports of Queensland goods overseas, April 2020](#)

AMEC appreciates the response received to our submission on the Royalty Administration Modernisation Program this week. Member feedback supports moving the collection of one of Queensland's biggest revenue streams to a more fit for purpose process, as this will benefit both Government and industry. We still hope the simplification of this process and streamlining the administration of royalties under the *Taxation Administration Act 2001* (TAA) will benefit industry and bring Queensland in line with other states. Our primary concern is that an unforeseen consequence of amending legislation will lead to a different interpretation and practical impacts to producers once implemented.

AMEC understands that the main sector impacted by the Bill is Petroleum & Gas. Throughout the consultation processes it has been made clear that there are no changes to royalty rates for minerals (except CSG – which was previously a mineral under the MR Act but will now be considered under the P&G Act). Considering the complexity of the matters addressed in the Bill, AMEC welcomes these royalties not being impacted. AMEC also understands that there is no impact to the return and assessment process for royalties and look forward to business as usual if the Bill passes.

However, Clause 46 of the Bill: Proposed new section 63(6) of the Mineral Resources Regulation 2013 (MRR) potentially introduces additional uncertainty regarding gross value royalty decisions (GVRD) made by the commissioner. Although the specific clauses addressing mineral royalties are not impacted, the timing of decisions made regarding the value of the royalty is of concern. AMEC supports the more detailed submission that QRC has made on this matter as it impacts the collective membership of the two associations.

AMEC welcomes the change to the reassessment timeframes where there were different rules depending on whether altered amounts were owed to the State or the royalty payer. The change from 'open ended' to a limit of 5 years in both cases is more consistent, practical and reasonable.

The opportunity for Royalty payers to object or appeal decisions made by the Commissioner is also seen as a positive for industry.

Considering the short timeframe given to review and provide feedback on the Bill, we acknowledge there may be issues that won't be addressed in time, and look forward to working through these with Treasury through subsequent amendments.

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