



24 April 2015

Ms Di Farmer, MP
 Chair, Finance and Administration Committee
 Parliament House
 George Street
 BRISBANE QLD 4000

Dear Ms Farmer,

**Finance and Administration Committee Inquiry into Payroll Tax Rebate,
 Revenue and Other Legislation Bill 2015**

Thank you for the opportunity to provide comment to the Queensland Parliament's Finance and Administration Committee on the Payroll Tax Rebate, Revenue and Other Legislation Bill 2015 that has been introduced to the Legislative Assembly.

The Association of Mining and Exploration Companies (AMEC) is the peak national industry body for mineral exploration and mining companies within Australia. The membership of AMEC comprises hundreds of explorers, miners and the companies servicing them, many of which have projects in Queensland.

AMEC's strategic objective is to secure an environment that provides clarity and certainty for mineral exploration and mining in Australia in a commercially, politically, socially and environmentally responsible manner.

It is disappointing to note that AMEC was not consulted in the policy formation for this Bill, and limited time on which to fully consider the Bill. In future, AMEC would like to be consulted earlier in the process.

As a general position, AMEC recommends removal of inefficient state / territory based taxes such as payroll tax, land tax and stamp duty, and will be promoting this view and considering alternatives through the Federal Government's Tax White Paper consultation process.

The following specific comments are made on the Amendment Bill:

1. Payroll tax

AMEC considers that payroll tax is a direct tax on employment in the State as it directly removes funds from companies that create jobs and economic prosperity. Queensland must examine the need for this tax in the context of attracting investment and competitiveness with other states.

AMEC supports the proposed exemption of payroll tax on apprentice wages but would prefer to have payroll tax removed in full.

2. Stamp duty

AMEC recommends that stamp duty should be removed from all mining interests and tenement transfers as it is a serious impediment to investment in the industry. The initial direct impact on revenue would be far outweighed by the stimulated exploration and mining activities and the associated economic and social dividends throughout the State and in regional communities.

In the meantime, exploration authorisations should not be regarded as dutiable property as amended under the *Fiscal Repair Amendment Act 2012*. The previous Government implemented this change that dis-incentivised exploration in Queensland. Stamp Duty on exploration permits distorts investment by directly adding costs with no obvious return on investment.

The exemption provisions outlined in this Amendment Bill would then be unnecessary. At present, they are overly prescriptive and limit the attractiveness of job-creating investment, particularly in the regional areas of Queensland. It is recommended that transfer of exploration permits should not be regarded as dutiable as there is no actual transfer of real property.

3. Farm in arrangements

The following issues in the Explanatory Notes concerning stamp duty on farm in arrangements require clarification:

Page 10 - examples of combined upfront and deferred farm in arrangements, are outlined as not qualifying for duty concession (as opposed to either wholly upfront, or wholly deferred). This framework will only serve to create more "non-dutiable" transactions so each can be treated as a separate right. As an example, if a deferred arrangement was entered into at the conclusion of the upfront farm-in, both would qualify for duty concessions separately but not together. This simply adds complexity for no substantial gain.

Page 11 - it is clear that if the upfront transfer is reversed (say because the exploration spend is not spent), the transfer back of the exploration tenement is exempted. However, there is no reassessment of the original duty imposed for refund, notwithstanding that there is no ultimate change in ownership of the tenement. This should be clearly stipulated that the original duty should be refunded or reviewed.

Page 13 - the farmee is to provide notification to the Commissioner within 30 days if the required spend has not been met under an upfront farm-in, and provides that an offence has occurred if not notified. In practice, this 30 day period would be impossible to meet, as often there is dispute between the

parties as to eligible spend. AMEC recommends this to be changed to 30 days after the farmee and farmor have agreed that expenditure is not met.

Page 14 - the example is concerning as it infers that mining information is dutiable property in Queensland, which is not the case. AMEC recommends amending this example.

Pages 13 and 14 – the example needs greater clarity as in practice, there may not be any additional consideration paid for the transfer of the interest. It is not unusual for this consideration to be met merely through the incurrence of the exploration spend. The example appears to explain that where there is no (or nominal) additional consideration for the transfer, there is no dutiable value placed on the exploration spend incurred. If so, this is a good outcome for farmees' and avoids any of the current ambiguity regarding value. It will however mean future farm-ins will be structured in such a way to avoid consideration for the transfer of the interest.

AMEC would be pleased to appear before the Committee to assist in the understanding of the effects this Bill will have on the mineral exploration and mid-tier mining sector of Queensland.

To make these arrangements please contact either myself or AMEC Regional Manager [REDACTED].

Yours sincerely

A handwritten signature in black ink, appearing to read 'Simon Bennison', with a long horizontal flourish extending to the right.

Simon Bennison
Chief Executive Officer