Speech by

# Hon. T. McGRADY

## MEMBER FOR MOUNT ISA

Hansard 14 April 1999

### MINISTERIAL STATEMENT

### Coalmining Royalties

**Hon. T. McGRADY** (Mount Isa—ALP) (Minister for Mines and Energy and Minister Assisting the Deputy Premier on Regional Development) (9.49 a.m.), by leave: Royalty regimes for the coal industry in Queensland have been a point of contention for many years. There are a number of different regimes in place which greatly favour some parts of the industry while penalising others. It is critical that the Queensland coal industry has a level playing field in regard to royalty rates, because that is the only way the industry will be able to achieve long-term stability.

In 1994 progress was made towards a fairer, more transparent royalty system by establishing a standard 7% rate and separating de facto royalties from rail freights. Since 1994, all new coal operations in the State have been paying a standard royalty rate of 7% and a number of older operations have been moving on to the standard rate as part of a transition process. However, other transitional arrangements remained in place, which have resulted in some mines paying the standard 7% and others paying effective rates ranging from as little as 4% up to nearly 20%. At a time of low prices for coal, this is clearly a situation which cannot continue. There needs to be a level playing field, consistent with National Competition Policy, in order to assist the long-term viability of the coal industry and the jobs that go with it. As a Government, there are reasons for concern about the viability of the mines paying very high rates and the potential impact on jobs.

In line with our election commitment to provide a fair and realistic royalty regime, a review has been conducted. As a prelude to this review, the Queensland Mining Council was notified of our intention and asked to comment. Quite rightly, the Queensland Mining Council felt that an industry position would be hard to establish, because the various rates currently in place meant that different members would be affected in different ways. That being the case, in December last year letters were sent to individual mining companies involved in the coal industry in Queensland. These letters outlined the review that would take place and invited comment from the companies. So much for claims that there was no consultation!

The review has now been finalised and the Government is proposing that all coalmines, irrespective of the method of mining or previous rail haulage agreements, will pay a standard royalty of 7% from the end of June next year. A regulatory impact statement outlining the details of the proposed amendments has been prepared and has been provided to the coal companies. Public comment has also been invited on the proposed amendments.

In terms of the royalty paid to the State, the overall impact of the amendments will be essentially revenue neutral over time. The taxpayers of Queensland will not be forgoing $100m, as stated in a press article yesterday. However, the benefits will be far reaching and long term. For the first time in Queensland all coal producers will have a fair, equitable and transparent royalty system, which will provide a level playing field for mine operators. Is this not a more acceptable system than what happened under the coalition, where secret deals on royalty and rail freights were the order of the day? This Government cannot and will not accept that proposition.