Committee Secretary
Senate Standing Committee on Economics
PO Box 6100
Parliament House
Canberra ACT 2600

27 April 2009

Dear Secretary

NT (Uranium Royalty) Bill 2008

In my appearance before the Committee on 8 April 2009, there was one question I asked to take on notice and to which I am now replying.

Before doing so, may I correct one figure I gave the Committee? At page E4 of the transcript, I said that the balance sheet provision made for closure and rehabilitation of the mine at Olympic Dam was currently $82.6 million. In fact, the amount provided is $87.6 million.

Commencing at page E11 of the transcript, Senator Ludlam asked me a series of questions regarding 'concerns…about the possibility of companies essentially just offshoring profits or using transfer pricing…to do the taxpayer and landowners out of royalties'.

Senator Ludlam asked me if 'your industry is willing to forego those sorts of secrecy provisions', alluding to provisions in the NT Mineral Royalty Act.

At page E43 of the transcript of proceedings on 1 April 2009, Senator Ludlam described his general concern as follows, in an exchange with NT officials:

'… it makes the job of the committee very difficult if you are not able to tell us basic information which would be available in other states about how the mining industry pays its way or not.'

The Association has examined the provisions governing the administration of royalty returns in the Territory and in Western Australia, South Australia and Queensland.

Essentially, they are the same; that is, the royalty payer prepares a return and submits it to the relevant authority with the necessary payment. The laws governing royalties prevent officials disclosing details of the returns.

It seems, therefore, that the 'basic information' Senator Ludlam believes is 'available in other states' may, in fact, not be available.

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The constraints that prevent officials disclosing the details of returns do not appear to apply to the royalty payer. Nevertheless, those constraints appear to anticipate that royalty payers might have good reasons for not disclosing the details of royalty returns; and, for that reason, officials are constrained from disclosure.

The Association has not investigated the extent to which the details of royalty returns are being disclosed either in the NT or the States. We submit, however, that the parties to royalty arrangements, which may include companies, landowners and land councils, may prefer not to disclose the details of returns for commercial-in-confidence reasons.

The Association submits that commercial-in-confidence reasons are justifiable reasons for non-disclosure in the case of minerals royalty returns as in other transactions.

It may be thought that the uranium industry should be treated differently for disclosure purposes than other minerals.

The Association understands the more-than-usual interest in the uranium industry. However, we submit that there is no reason for the industry to be regarded differently to other minerals on the question of disclosure of the details of royalty returns. That is, as in the case of other minerals, the decision about disclosure should rest with the parties to royalty arrangements.

If the Committee took the view that the constraints on disclosure by officials and the absence of disclosure requirements on parties to royalty arrangements needed to be addressed, it should address those issues either for the Territory as a whole or for Australia as a whole.

Yours sincerely

(Signed)
Michael Angwin
Executive Director

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