

APPENDIX : NT News articles

NT gets raw deal on mining royalties

ALISON BEVEGE

24Oct07

BILLIONS of dollars worth of the NT's resource wealth is being dug up and shipped out without much direct benefit to Territorians, figures suggest.

This is despite the fact that mining is the biggest NT industry by output.

A respected economist, who did not wish to be named, said government focus is often on development at all costs.

"They forget that the resources belong to the people - what's the point of giving it away?" the economist said.

The ANZ States and Territories Economic Update, released this month, showed the NT economy is propped up by Federal Government tax revenue, with 65 per cent of its budget coming from the GST and 15 per cent from commonwealth grants.

NT mine production in 2006-07 was predicted to hit \$6.3 billion, NT Budget figures show.

It was 25 per cent of Gross Territory Product in 2005-06.

Mining royalties contribute 2 per cent of the NT's \$3.3 billion in revenue.

"The NT could be more self-supporting if it charged more royalties," the economist said.

NT Minerals Council chief executive Kezia Purick said the mining industry pays about \$80 million a year in royalties to the NT.

McArthur River zinc miner Xstrata this year paid royalties to the NT for the first time since opening in 1995 as part of a deal to allow a \$110 million mine expansion.

The economist said foreign-owned companies can minimise royalties and taxes by selling minerals at a discount to an offshore parent company - reducing their profit base.

The mining industry is also not a big employer, contributing less to payroll tax than other industries.

NT Minerals Council chief executive Kezia Purick said mining had many indirect financial benefits.

Mineral exploration is worth about \$90million, of which most is spent in the NT on wages, rates, fees or the procurement of goods and services, she said.

"The mining industry is responsible for many of the NT's major towns and communities such as Nhulunbuy, Jabiru, Alyangula, Pine Creek, Tenant Creek and Batchelor, and provides many support services and infrastructure in these regions," she said.

Mines Minister Chris Natt would not say whether there was anything the Territory Government could do to get a better deal.

"Mining royalties should not be the basis of a mining operation's success, but rather the contribution it makes as a whole to the economy," he said.

Opposition leader Jodeen Carney's spokesman Greg Charter said the CLP would not increase royalties.

NT Government refuses to disclose royalties

ALISON BEVEGE

August 8th, 2008

Mines info 'not in public interest'

THE Territory Government refuses to say how much it receives in royalties from individual mining projects.

This leaves the public in the dark on whether they are getting good value for their resources.

Without the royalty figures for each project it is impossible to compare how much the Territory gets for individual resources with how much they are sold for.

The Northern Territory News filed a Freedom of Information request to find out how much the public gets for allowing the mining of its mineral resources, including Gove bauxite, Groote Eylandt manganese and Frances Creek iron.

But Treasury refused access to the information on grounds it was exempt "in the public interest".

The department also said revealing the information would breach privacy provisions in the Taxation Administration Act and the Mineral Royalty Act.

The Freedom of Information Act is thus trumped by tax laws, meaning the law doesn't protect the public's ability to know what is done with the assets it owns.

Executive director of the South Australian Centre for Economic Studies Michael O'Neil said the problem was the same in South Australia, with BHP Billiton's Roxby Downs uranium, copper and gold project.

"There's been no public discussion of what is going to come back into Treasury," he said. "The end point is the community doesn't know whether it is getting value for money."

The Territory's minerals were estimated to be worth \$2.5 billion to the companies that mined them in 2007-08. But Treasury says it will receive only \$88.4million in total royalties.

And \$31.46 million of that is estimated to have been spent on industry development and management - decreasing the public's return to just \$56.94million, or 2.27 per cent of the total production figure.

This year the rate of return may fall further after Mines Minister Chris Natt promised to pay 50per cent of mining explorers' drilling and survey costs.

Mines are expensive to operate and companies have to pay the capital costs of setting up machinery, and the wages of those who work on them. All those costs are deductible from the amount they have to pay in royalties, as the Territory calculates on a profit-based system.

The Mineral Royalty Act has an equation to work out royalties, but the deductions include vague terms such as "additional deductions as approved by the Minister".

This gives the NT Government room to negotiate royalties on a case-by-case basis.

Mr O'Neil said lack of transparency led companies to be reluctant to detail individual project royalties or profits in their annual reports.

"If it's struck on a case-by-case basis, a company has an incentive to hide it in their annual report so they're not telling other companies how much or little they paid for the right to mine," he said.

Though the Freedom of Information request cost a total of \$180, the replies from the NT Treasury did not give answers to questions such as how much the NT Government receives in payroll tax each year from the mining industry. That would provide an indicator of how much the jobs created by the industry benefit the Territory.

Instead, Treasury replied that the Territory Revenue Office's payroll tax receipting system does not record enough information to enable it to determine how much comes from mining.

That raised the eyebrows of Territory Auditor-General Frank McGuiness.

"I'm surprised," he said. "I would've thought they'd know who their taxpayers are in some detail."

Mr O'Neill said the Freedom of Information act was supposed to prevent governments being "closed ... but governments have abused it and tried to close that avenue".