

Mining achieves record tax, royalty payments

Article by Tara Hamid courtesy of Australian Mining

Australia's minerals sector has paid \$39.3 billion in company taxes and royalties in the 2018-19 financial year, a record high for the sector.

This marks an increase of \$8 billion from the previous year.

The increase was in line with revenue growth that reflected continued higher production and strong commodity prices, according to a Deloitte Access Economics report commissioned by the Minerals Council of Australia (MCA).

The report revealed that iron ore prices drove the increased revenue during the first half of 2019 as they climbed on the back of strong Chinese demand and reduced global supply following Vale's Brazilian tailings dam tragedy.

The report, which sourced data from state and territory treasury budget papers, estimates that the minerals industry has paid close to a total of \$230 billion in royalties and company tax over the last 11 financial years.

MCA chief executive Tania Constable said the report confirmed that the minerals sector did the heavy lifting on company tax collections, contributing close to 30 per cent of all company tax in 2018-19.

"High and consistent payments across the commodity cycle show that the minerals sector is a reliable and significant tax and royalty contributor," she said.

Along with tax reports from a number of MCA member companies, Constable noted that the Deloitte Access Economics report showed that the minerals sector had reported its contributions regularly and transparently.

The report came out following the release of the Productivity Commission's Trade and Assistance Review 2018-19, which stated that tariff and budgetary assistance to mining is "disproportionately small". The effective rate of assistance – the ratio of total assistance to output – for mining was just 0.2 per cent in 2018-19, the same low rate for the last three years.

Constable said these tax and royalty payments demonstrated how the minerals sector had underpinned Australia's economic prosperity for decades.

"The Treasurer has recently reinforced the importance of supporting a business-led recovery through competitive tax settings, workplace relations reform, deregulation and new infrastructure," Constable said.

"Lower taxes, faster project approvals, modern skills and flexible workplaces will help the minerals sector make an even bigger contribution to both the national economy and regional jobs as Australia emerges from COVID-19."