



**NORTHERN TERRITORY VIEWS ON  
CGC POSITION PAPER 2008/10**

***MINING REVENUE***

**FEBRUARY 2009**

**COMMONWEALTH GRANTS COMMISSION  
GENERAL REVENUE GRANT RELATIVITIES  
2010 REVIEW**

### **Key Points**

The Territory supports the:

- Commission's value of production based approach;
- actual per capita assessment of grants in lieu of royalties;
- use of ABS value of production data;
- inclusion of uranium and construction materials in the non-energy group; and
- use of ABS GFS data with an energy/non-energy split based on state data.

This submission details the Territory's views on issues raised in the Commonwealth Grants Commission's (the Commission's) Position Paper, *Mining Revenue 2008/10*.

The Commission proposes:

- basing the mining assessment on value of production data for energy and non-energy minerals;
- assessing grants in lieu of royalties actual per capita;
- assessing uranium and construction materials within non-energy minerals;
- using ABS as the source of value of production data; and
- using ABS GFS data as the source of mining revenue data but states' mines department data to split energy and non-energy minerals revenue.

### **Value of Production**

While the Territory prefers a profitability based measure for assessing mining revenue on economic grounds it acknowledges that there are significant data comparability issues regarding offshore production and that value of production reflects what the majority of states do. Therefore, the Territory supports the Commission's decision to adopt a value of production based approach.

The Territory considers the disaggregation of minerals into energy and non-energy appropriate as it broadly reflects differences in royalty rates between mineral types.

### **Grants in Lieu of Royalties**

The Territory supports the proposed actual per capita assessment of grants in lieu of royalties as this revenue is based on Commonwealth policy and is beyond the control of states.

## **Uranium and Construction Materials**

The Territory supports the Commission's proposal to assess uranium with the non-energy group. While conceptually uranium appears to be an 'energy' mineral the Territory considers the average royalty rate to be a more important consideration in determining the classification.

The Territory supports the Commission's proposal to include construction materials with non-energy minerals on the basis of materiality and simplicity.

## **Value of Production Data**

The Territory supports the Commission's proposal to use ABS value of production data as it better aligns with the underlying revenue base. Conversely, ABARE data appears to incorporate value added beyond the mine gate which the Territory understands is not generally subject to royalties and as such does not accurately reflect the actual tax bases available to states.

The Territory notes the concern's raised regarding Tasmanian coal data and the timeliness of ABS value of production data and suggests that state data be used to overcome these concerns.

## **Mining Revenue Data**

The Commission propose sourcing mining revenue data from ABS GFS and using state revenue data to split energy and non-energy minerals. The Territory supports this approach.