

**To: Department of Treasury and Finance**

**Re: Northern Territory Mineral Royalty Act 2024 – Mineral Royalty Overview**

17 May 2024

## Introduction

AMEC appreciates the opportunity to provide industry consultation on the *Northern Territory Mineral Royalty Act 2024*. This reform remains crucial to the Northern Territory (NT) economy and community and will reinvigorate the Northern Territory mining and mineral exploration industry.

Delivery of this reform is the cornerstone of the Mineral Development Taskforce report and the ensuing Northern Territory Minerals Industry Plan – Pathway to 2030. The realisation of a competitive of a competitive royalty scheme is in place before the August 2024 Territory Election will be transformative.

## About AMEC

The Association of Mining and Exploration Companies (AMEC) is a national industry association representing over 550 member companies across Australia. Our members are mineral explorers, emerging miners, producers, and a wide range of businesses working in and for the industry. Collectively, AMEC's member companies account for over \$100 billion of the mineral exploration and mining sector's capital value.

Mineral exploration and mining make a critical contribution to Australia's economy, directly employing over 274,000 people. In 2021/22 Industry generated a record high \$413 billion in resources exports, invested \$3.86 billion in exploration expenditure to discover the mines of the future, and collectively paid over \$63 billion in royalties and taxes.

## General Remarks

AMEC is appreciative of the continued consultation on the matter of royalty reform in the Territory. As we approach the August election and the impending implementation of the *Mineral Royalty Act 2024*, it is vital that there is a competitive royalty scheme that will see the Territory thrive into the future.

The successful implementation of an ad valorem royalty scheme will be a decisive moment for the mining and exploration industry in the NT. Helping the Territory work towards the \$40 billion economy by 2030 it is aiming for by ensuring the mines of the future. It will transform the economics of financing a project and, if competitive rates are chosen, will in increasing exploration investment within the Territory.

## Deduction for shipping costs in the Territory

AMEC considers deduction for shipping costs beyond the boundaries of the Northern Territory, as well as packaging, storage, loading and depreciation costs should be included. All of which is common practice for both Western and South Australia.

The South Australian Regulation 11(1) of the *Mining Regulation 2020 (SA)* prescribes transport costs.

- (a) Costs (excluding GST) genuinely incurred in transporting the minerals to a point of sale (including, for example, packaging, storage, loading, permit, fees, insurance, and depreciation)

This decision appears to be overly prescriptive and unnecessarily prescriptive for marginal returns to Government. However, would affect proponents financial modelling and can result in increased certainty for financiers at early stage of investment.

Scenario 2 under section 62 states:

- A holder of a mining tenement in Alice Springs extracts a mineral. They then transport the mineral to Katherine where they treat the mineral to turn it into a concentrate. After this they transport the concentrate to Darwin Port and export the concentrate to the purchaser overseas.

Smaller mining operations will often transport ore to a processing facility at a larger mine to be treated before selling their final product. While these transporting costs may be a fraction of the cost in comparison to the royalty payment, it makes a substantial impact to the project financials. It also increases administrative burden and reporting complexity.

## Gold Royalty Exemption

No royalty should be payable in respect of the first 2,500 ounces of gold doré produced during a financial year from gold bearing material produced or obtained from the same gold royalty project. This removes all fossickers from the administrative burden of Government.

This is common practice in most jurisdictions within Australia.

## Final Remarks

AMEC appreciates the continued and timely consultation regarding the Northern Territory Mineral Royalty Act 2024. These reforms will have a positive influence on what Territory's geological and investment opportunities, which will in turn create more jobs, economic growth, and broader community benefits.

### For further information contact:

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