

Legislative Council

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MINING (ROYALTIES) AMENDMENT BILL

The Hon. A. BRESSINGTON (15:47):

I rise to indicate my support for the Mining (Royalties) Amendment Bill. Announced as part of the 2010-11 budget, the bill in effect raises the royalties payable on bulk export commodities such as coal, iron ore and copper concentrate to 5 per cent of the ex-mine gate value and it also increases the discounted new mine rate to 2 per cent, up from 1.5 per cent.

Sensibly, the proposed new regime rewards those who refine bulk ore and concentrates in South Australia by retaining the royalty on such products at 3.5 per cent. Additionally, those materials associated with construction, such as limestone, dolomite and gypsum, will also remain at 3.5 per cent.

I am pleased that the increase in the new mine rate is not retrospective, and those mines currently paying 1.5 per cent will continue to do so until their concessional five years expire. Only operations given new mine status after 16 September 2010 will be liable to the 2 per cent rate. It is my understanding, though, that no new mine has so far applied for such status in this time.

While there are many points one could make in relation to mining in South Australia—or, more accurately, the lack thereof—or how revenue generated through royalties should be spent, the only point I seek to make in relation to this bill concerns the federal national Resources Rent Tax which, in effect, will largely override this parliament's ability to henceforth raise mining royalties.

While this state's intention is to raise royalties were announced prior to the national Resources Rent Tax and, as such, has seemingly been accepted by the federal government, in the case of Western Australia, which has more recently announced its intention to raise its royalties on some products, we have seen the reaction that this parliament can expect if we propose to again raise our royalties in the future. The Western Australian Premier, Colin Barnett MP, has come under fire from the Labor government threats that the federal government will penalise Western Australia via a reduction in infrastructure spending as a consequence.

This is because the national Resources Rent Tax indemnifies mining companies against state royalties and, hence, if South Australia increases its share, it comes at the expense of federal revenue. Western Australia's increase has supposedly cost the federal government \$2 billion over four years, hence the reaction that Premier Barnett has seen.

While I believe there is, ultimately, little this parliament can do to change this, I do believe it is necessary to recognise that in effect this parliament has been forced to concede its right to fluctuate mining royalties as it sees fit without threat of consequence from the federal government. To me, this is simply another example of this parliament losing its relevance to its federal counterpart, even if it is indirectly.

Debate adjourned on motion of Hon. Carmel Zollo.