

Royalties



Royalties paid by the resources sector will account for approximately 18.5 per cent of the state's own revenue which shows that the resources sector is already a significant contributor to the state's finances.

CME considers there should be no increases to the current royalty rates for any commodities.

In 2015, the WA mining royalty rates were comprehensively reviewed and no changes were made to the royalty rates.

To increase any royalties, based on a 10 per cent mine head value, would be irresponsible when the sector is already facing considerable external cost pressures.

Given the current GST redistribution system, any revenue received from a change to the royalty rates would consequently be redistributed to other jurisdictions.

A stable, transparent and internationally competitive royalty regime is critical if Australia is to continue to attract the necessary foreign investment to the resources sector.



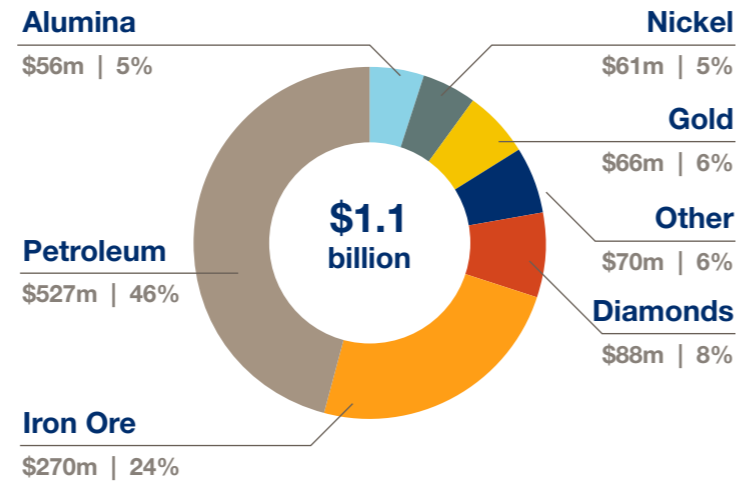
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The Chamber of Minerals and Energy of Western Australia

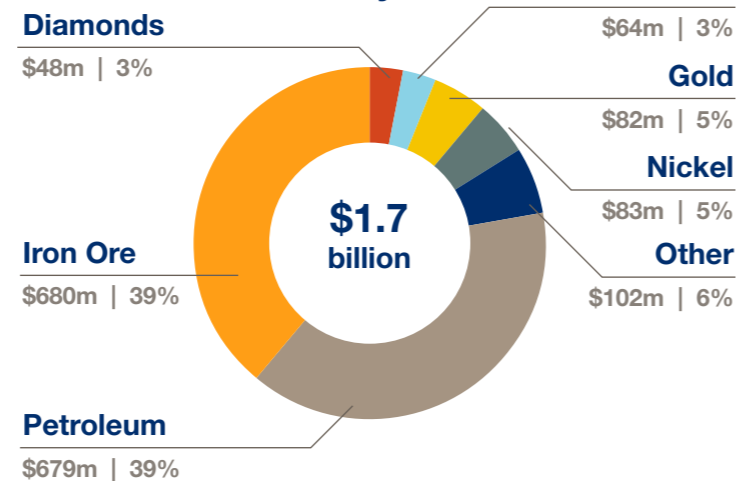
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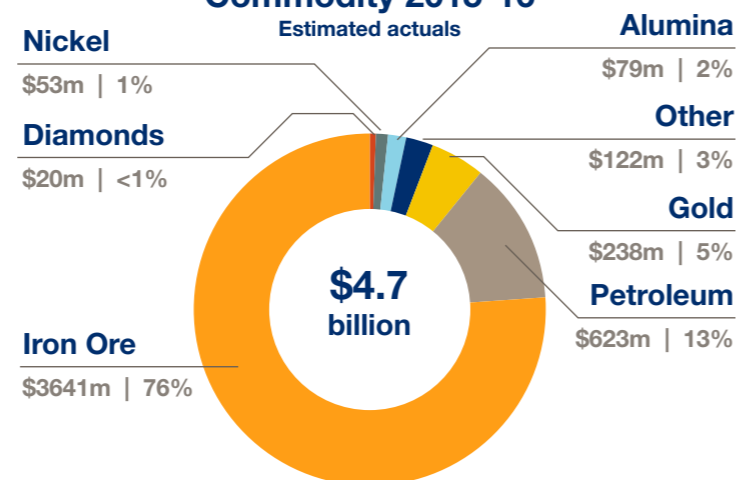
Royalty Revenue by Commodity 2000-01



Royalty Revenue by Commodity 2005-06



Royalty Revenue by Commodity 2015-16
Estimated actuals



Source: DMP and State Budget Papers

CME State Budget Submission

WA Resources Industry Snapshot

The WA resources sector covers exploration, extraction, processing, downstream value adding and refining of over 50 different types of mineral and energy resources



WA will receive
\$4.4 billion
in royalty receipts from resources sector ¹



WA's most valuable commodity is iron ore – production value
\$48 billion ²



Value of petroleum production
\$18.4 billion
followed by gold at **\$10 billion** ³



Value of WA's mineral & petroleum production
\$87.9 billion ⁴

In 2015-16, a sample of 46 Western Australian resource sector operations revealed \$32 billion (WA) & \$14.6 billion (rest of Australia) of total direct economic contribution



\$7.92 billion
in wages & salaries to WA workers



6,924
WA businesses supported



\$4.28 billion
in payments to State Government, **\$6.66 billion** to Federal Government



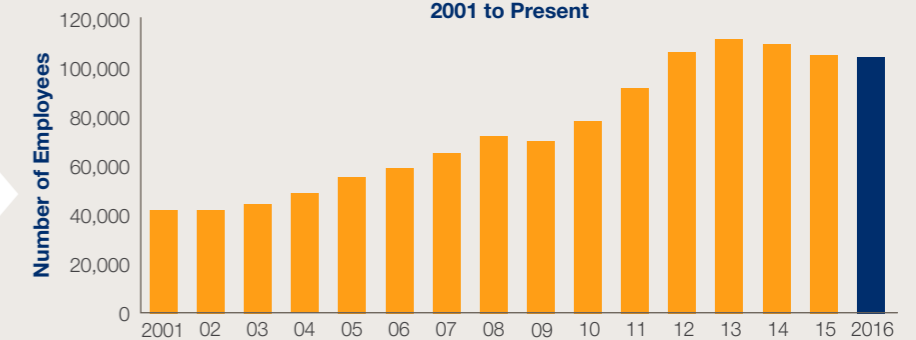
886
WA community organisations supported

WA Industry Employment

In 2016, the number of people directly employed in the mining sector was 104,803.

Employment numbers have trended downwards since their peak in 2013 at 111,293. However, direct employment remains high relative to just ten years ago, when the average number of people employed was 59,125 (this is an increase of more than 77 per cent).

WA Mining Employment 2001 to Present



Source: DMP Resources Safety Division SRS Reporting System. Petroleum employment data discontinued from 2012 and is not included in above graph.

¹ Government of Western Australia, 2016-17 Budget, Budget Paper No. 2 Volume 2
² Ibid

³ Ibid
⁴ Department of Mines and Petroleum (DMP), 2016 2015-16 Statistics Digest.

Our 2017-18 Budget Recommendations

Economic Competitiveness



Resource sector supports the WA Government receiving a fairer share of GST. CME is working with our Federal counterparts, the Minerals Council of Australia, in supporting the case for change.



Internal government savings measures should be prioritised.



No increases to the current royalty rates for any commodities – a comprehensive review of royalties was concluded in 2015.



No new fees and charges imposed on the resources sector, acknowledging the sector has already accepted a range of increases from July 2017, including:

- Port fees
- Mines Safety Levy
- Annual Mining Tenement Rents.



Quicker assessments of stamp duty transactions relating to mining tenements.



Establishment of an independent body to oversee the more efficient use of government capital expenditure for long term, coordinated infrastructure development.



Greater flexibility in expenditure for port authorities to undertake minor capital works.

Natural Resources



A continuation of the funding to the Exploration Incentive Scheme (EIS) – \$10 million per year.



No new cost recovery fees for environmental regulation.



Appropriate funding for agencies to deliver efficient environmental regulatory requirements.



Funding and resources for the transfer of responsibility for Aboriginal heritage management to ensure no further delays to costly and protracted section 18 approvals.



No increase to the existing scope, unit rates and contribution rate of 1 per cent to the Mining Rehabilitation Fund.



Funding for the Department of Water and Environmental Regulation to develop and implement online systems to support their Part V Environmental Protection Act 1986 (EP Act) regulatory functions and to improve productivity.

People and Communities



New framework for increased accountability and transparency of expenditure for the Mines Safety Levy (MSL).



The deficit in the MSL must be addressed through improving efficiency of operations, not by simply increasing the MSL rate.



Funding for safety performance data analysis to proactively address the industry's safety performance.



Appropriate funding for mental health and suicide prevention strategies for all West Australians, including the Mental Health Commission's fly-in, fly-out (FIFO) mental health research project.



Funding for the Office of the State Coroner should continue to ensure its data management function can be developed and maintained in order to increase our understanding of populations at risk and risk factors relating to suicides.



Increased scrutiny, governance and transparency to ensure the effective use of Royalties for Regions funds.



Ongoing funding support for Industry Training Council advisory arrangements.



Funding for the teaching and learning of science, technology, engineering and maths (STEM) subjects across Western Australian educational institutions.