

LEGISLATIVE ASSEMBLY OF THE NORTHERN TERRITORY

WRITTEN QUESTION

Ms Purick to the Treasurer:

Loss from projects closed over last twelve months

What is the loss in payroll tax and what is the loss in mineral royalties for the following projects that have closed over the last twelve months?

1. Nhulunbuy Refinery
2. Territory Iron
3. Sherwin Iron
4. Western Desert Resources
5. Territory Ilmenite
6. Bootu Resources

ANSWER

Mineral royalties and payroll tax in the Northern Territory are collected pursuant to the *Mineral Royalty Act*, and Agreement in place with a particular royalty payer and the *Payroll Tax Act*, respectively. As part of the administration, there is a restriction on the use and disclosure of information obtained for the purposes of these Acts or Agreements. Consequently, revenue collected is reported by the Territory Revenue Office on an aggregated basis for each revenue stream. This ensures that the identity of revenue payers is not apparent or cannot be reasonably ascertained from published information such as the Budget Papers.

The total royalties and payroll tax collected in the previous two years and budgeted for the current financial year are as follows:

	2013-14 (\$000)	2014-15 (\$000)	2015-16 (Budget) (\$000)
Royalty	150 604	158 156	186 879
Payroll tax	250 162	268 706	283 932

Although revenue payer specific information cannot be disclosed, the following publicly available information is provided for the mining projects in question:

1. The Nhulunbuy refinery operation was moved to care and maintenance from July 2014. As a consequence, the media reported a workforce reduction of approximately 1100.

However, this number has not been verified. Notwithstanding the refinery's closure, the production of bauxite has not been materially affected.

2. The Frances Creek iron ore mine was placed in care and maintenance due to the substantial fall in the iron ore price. It was reported that a workforce of approximately 300 would be affected by the mine closure. However, this number has not been verified.
3. Sherwin Iron conducted a "bulk sample project" on an exploration lease in 2014. However, it appears that the company did not progress to full production prior to being placed in administration. The *Mineral Royalty Act* only applies to mineral production from a mineral lease or retention lease.
4. Western Desert Resources (WDR) commenced mining operations in late 2013 and ceased mineral production in early September 2014 when it was placed in administration. The company reported that "the recent substantial fall in the iron ore price which shows no sign of abating in the short-term, when coupled with a strong \$AUD" had contributed to the closure of the mine. WDR claimed to maintain a workforce of 500 at the commencement of mining operations. However, this number has not been verified.
5. Australian Ilmenite Resources Pty Ltd (AIR) has a number of ilmenite interests in the Territory. Based on the company's website, it appears that AIR predominately holds exploration leases in the Territory. The Department of Mines and Energy reported that no ilmenite was sold in 2013-14 or 2014-15 in the Annual Mineral Production Statistics published on its website.
6. OM (Manganese) Ltd operated the Bootu Creek manganese mine. In a market announcement, the company reported that as at the end of 2011, it was in a negative net value position (i.e. net loss) and had no current mineral royalty liabilities. Media reports also indicate that at the time of ceasing mining operations, there were 140 workers employed at the mine. However, this number has not been verified.