

MINING REVENUE

- 1 This working paper describes how the Commission estimated the royalty revenue each State would have raised from mining if it made the Australian average effort. The development of the assessment method is in Volume 3 of the 2004 Review Working Papers.

MINING ROYALTIES

- 2 All States (apart from the ACT, which does not have any mineral production) levy mining royalties on minerals produced.
- 3 Table 1 shows that average mining revenue at \$206.19 per capita was 7.54 per cent of State own source revenues in 2006–07.

Table 1 Mining tax revenue as share of own revenue, 2008 Update

	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Average revenues (\$pc)	108.36	110.73	101.38	143.70	196.11	206.19
% of total own-source revenues	5.63	5.37	4.54	6.23	7.77	7.54

Source: GFS data.

- 4 Mining royalties also include grants from the Commonwealth to the States in lieu of royalty payments. These payments relate to off-shore petroleum and gas and, for the Northern Territory, uranium. The payments depend on revenue sharing agreements between the States and the Commonwealth.
- 5 State mining royalties vary from mineral to mineral and from State to State. The royalty rates for 'hard rock' minerals such as copper and gold are around 4 per cent of the value of production, while for oil and gas the rate they are about 10 per cent of the value of well head production. For coal, the rate differs depending on the type of coal¹ and how it is mined. Low grade coals (such as lignite or brown coal in Victoria) used for domestic power generation typically attract a lower

¹ There is a range of coal types. For example, coals can be bituminous (black) or sub-bituminous (brown) coals. Sub-bituminous coal is of lower quality (ranging from peat through lignite) and used mainly for heating or power generation (hence the term 'thermal coal'). Bituminous coals also vary in quality, from low grade thermal (or steaming) coal used for power generation through harder metallurgical (or coking) coal used in steel-making to anthracite (which is almost pure carbon).

royalty rate than (higher value) metallurgical coal. New South Wales, a major coal-producing State, also distinguishes between coal mined underground and from open-cut mines. For bulk materials (salt, building material etc), royalties are usually levied on a cents per tonne basis rather as a percentage of the value of production.

WHY REVENUES RAISED FROM MINING ROYALTIES DIFFER FROM STATE TO STATE

6 Table 2 shows that revenues raised from mining royalties per capita differ greatly across States and from the Australian average. The Commission seeks to understand the reasons for the differences. If the reasons are to do with royalty provisions, they are differences in revenue raising effort due to policy differences — and have no impact on State shares of the pool. If the reasons are due to circumstances beyond a State’s control, they are revenue raising advantages/disadvantages and are taken into account in the revenue assessments. They do affect State shares of the GST and HCG pool (the pool).

Table 2 Mining revenue per capita, 2008 Update

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc
2001-02	32.70	4.24	201.28	527.07	54.48	15.63	0.00	213.27	108.36
2002-03	35.31	4.22	183.32	576.58	53.44	7.20	0.00	206.82	110.73
2003-04	34.79	4.33	164.83	516.98	48.93	14.21	0.00	196.01	101.38
2004-05	58.87	4.40	251.06	668.40	65.30	38.16	0.00	221.02	143.70
2005-06	75.49	5.81	366.55	884.94	78.55	49.11	0.00	262.13	196.11
2006-07	73.97	7.37	330.33	1021.70	91.47	76.21	0.00	378.70	206.19

Source: GFS data.

Box 1: The Commission’s concept of average

The Australian average revenue per capita is not a simple average of the revenue per capita for the eight States. It is a population weighted average, calculated by dividing the total revenues raised by all States by total population of all States. Population weighting gives equal weight to people irrespective of their State of residence. But, since more Australians live in New South Wales, that State carries more weight in the calculation of the average. For example, more than 32 per cent of Australians live in New South Wales and less than 3 per cent in Tasmania. Population weighting gives the experience of New South Wales (\$73.97 per capita in 2006-07) about 11 times the weight of the experience of Tasmania (\$76.21 per capita). This means that the average revenue per capita is usually closer to the revenue per capita of New South Wales than the revenue per capita for Tasmania.

This concept of average also applies to the average effective tax rate. In calculating the average effort to raise revenue, the Commission divides the total revenue raised by all States by the total revenue bases of all States. This weights the revenue effort of each State according to its share of the total Australian revenue base.

7 The drivers of State revenues per capita are likely to include:

- policy influences on revenue effort such as royalty rates, royalty rate structure, exemptions and concessions; and
- non policy influences on taxable production such as:
 - value and volume of mineral production relative to States' population;
 - composition of mining production; and
 - mine characteristics (for example whether the coal mines are open cut or underground).

8 Table 3 compares the royalty rates for selected minerals in each State. It shows that Western Australia generally had the highest rates.

Table 3 Actual Mining royalty rates, 2006-07

	NSW	Vic	Qld	WA	SA	Tas ^(a)	ACT	NT ^(b)
	%	%	%	%	%	%	%	%
Open cut coal	7.00	5.88 ^(c)	7.00	7.50	2.70 ^(c)	5.00	na	18.00
Underground coal	5.00-6.00	5.88 ^(c)	7.00	7.50	2.70 ^(c)	5.00	na	18.00
Oil and gas	10.00	10.00	10.00	10.00	10.00	na	na	10.00
Value based minerals	4.00	2.75 ^(d)	2.50-7.50	2.50-5.00	2.50	5.00	na	18.00

- (a) Tasmania applies a composite royalty, which is a combination of an ad valorem royalty and a profit tax. The composite rate is capped at 5.00 per cent of net value of production.
- (b) The Northern Territory applies a profit-based royalty and hence this royalty rate is not directly comparable with the rates applicable in the other States.
- (c) Both Victoria and South Australia determine their coal royalty on a notional price per gigajoule of contained energy.
- (d) Excludes gold, on which no royalty is levied.

Source: Data for royalties other than heat coal drawn from *Minerals and Petroleum Exploration & Development in Australia A Guide for Investors* Leaflets 19 and 20, Department of Industry Science and Resources.

9 Table 4 shows two broad indicators of ability to raise mining royalties. Both indicators suggest that, on a per capita basis, Queensland, Western Australia and the Northern Territory have above average revenue raising ability.

Table 4 Broad indicators of ability to raise mining royalties, 2006-07

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
(a) General indicator									
Value of mining production \$pc ^a	1 682	212	6 751	19 981	1 930	2136	0	12 919	4 266
Factor income from mining \$pc ^b	1 181	936	3 612	18 675	1 785	1 930	12	17 349	3 558
(b) Ratio^c									
Value of mining production	39.43	4.97	158.23	468.34	45.25	50.06	0.00	302.82	100.00
Factor income from mining	33.20	26.30	101.51	524.90	50.16	54.25	0.33	487.63	100.00

(a) Does not include construction materials such as sand and gravel etc, for which only volume data is available.

(b) Includes Bass Strait oil and gas production for Victoria, and offshore oil and gas for Western Australia and the Northern Territory.

(c) Calculated by dividing the figure for each State by the Australian average figure.

Sources: State data and the *Australian National Accounts (State Accounts), 2006-07, ABS Cat. No. 5220.0, Tables 33 – 41.*

ASSESSING STATES' CAPACITIES TO RAISE REVENUES

The equalisation task

- 10 The box below outlines the Commission's framework for measuring abilities to raise revenues from own bases. For each kind of tax, the Commission measures the revenue base available to each State, based on the average State policy of how the tax is levied, not the State's own policy. The assessed revenue base is policy neutral.

Box 2: Revenue assessment framework for each category of tax to be assessed

Aim: to measure the revenue base available to each State assuming it applied the average policy for levying the tax².

Step 1: Review States' legislation and provisions to establish how the tax is levied — who pays it, on what activities or assets is it levied, and what exclusions from taxable liability are allowed by the States.

Step 2: Establish the average policy. The average policy is the policy applied to the majority of the total tax base and by a majority of States.

Where policy differences between States are negligible, the actual revenues raised by each State would be an appropriate measure of each State's relative ability to raise revenues from own revenue bases. In this case, it would not be necessary to measure the revenue base itself. It is called the actual per capita (APC) method of assessment. It attributes differences in observed revenues per capita between States entirely to differences in abilities to raise revenues from own revenue bases.

Most often, observed differences in per capita revenues are due to both differences in revenue effort (policy) and to circumstances beyond the direct control of State governments (revenue raising advantages/disadvantages).

Step 3: Determine the best conceptual measure of the revenue base under the average policy. The preference is to measure revenue bases under average policy settings from the number and value of activities, transactions or assets subject to the tax.

A broader measure (such as household disposable income, or total private expenditure) is adopted if:

- the tax itself is broad and its incidence is not easily shifted across State boundaries;
- differences in State policies have large effects on the relative number and value of activities, transactions, or assets that are taxable in each State, and it is not possible to adjust the data to remove the effects of the policy differences — in this case, data from a third party, such as the Australian Bureau of Statistics (ABS), may be used to overcome some of the problems inherent in State-provided data; or
- data on the preferred conceptual measure of the revenue base are not available.

However, broad measures tend to be more distant from the States' actual tax bases, and there is a judgment to be made as to how well they reflect the ability to raise taxes.

Where differences between each State's policy and the average policy are very large, and it is impossible to estimate a representative and policy neutral revenue base with confidence, the Commission uses State mean resident populations as the revenue base. This implies equal ability to raise revenues per capita in each State. This is the equal per capita (EPC) assessment method. It attributes differences in observed per capita revenues between States to policy, and does not cause any redistribution of GST shares.

ASSESSING THE REVENUES FOR MINING ROYALTIES

The revenue base

- 11 In assessing capacity to raise revenue from mining royalties, the aim is to measure a revenue base that reflects the value (and volume) of mining production subject to mining royalties in all States, assuming the average policy is applied in all States.

² The aim is to adopt a revenue base that inherently reflects all revenue raising advantages/disadvantages, without measuring them separately. This approach differs from the approach used for expenses which starts from an assumption of equal costs per capita and makes allowances for individual source of cost advantage/disadvantage.

- 12 To ensure the assessment is not affected by differences in royalty rates for types of minerals and differences in State policies, the Commission assessed capacity in separate components, each of which has a different revenue base. The components were:
- grants in lieu of royalties (for example, Australian government grants to Western Australia in lieu of royalties and petroleum revenues) These revenues are paid under revenue sharing agreements between the Australian Government and Western Australia and are assessed by the actual per capita method;
 - onshore oil and gas: the revenue base is value of production;
 - coal (heat, open cut and underground): the revenue base is the value of production;
 - value based minerals: the revenue base is value of production — value based minerals included bauxite, copper, diamonds, gold, iron-ore, lead, manganese, nickel, uranium (excluding the Northern Territory³), and zinc; and
 - volume based minerals: the revenue base is the volume (tonnes) of production — volume based minerals included granite, marble, sandstone, slate, crushed and broken stone, gravel, fine aggregates, limestone, clays, kaolin.
- 13 There are two alternative sources of data on mining royalties;
- GFS data on Mining royalties in aggregate; and
 - State mines department data on royalties collected for individual minerals.
- 14 In theory, the GFS data should equal the aggregate of royalties collected from individual minerals. However, as a result of timing differences between how these two data sets are collected and recorded, the revenue estimates for mining royalties from the alternative sources are not equal. To ensure consistency with the other revenue assessments, we use the GFS data on mining royalty revenue and adjust the revenue collected by the State mines departments to accord with this.
- 15 Table 5 shows total mining revenue based on the GFS data and dissected by component. The table also shows the adjusted component revenues.

Calculating the revenue base

- 16 The following tables show the calculation of the revenue base for the years 2002-03 to 2006-07.
- 17 Table 6 shows the revenue base for each component including grants in lieu of royalties.
- 18 In the 2004 Review, the Commission judged that New South Wales (for underground and open cut coal and value based minerals) and Tasmania (for value based minerals) were unable to pay the assessed average royalty rate and discounted their value of production for the relevant components of the mining revenue base. The Commission removed those discounts from 2004-05. Table 7 presents the relevant State specific adjustments to the component revenue bases.

³ The value of uranium production for the Northern Territory was excluded because this production takes place under Commonwealth legislation.

- 19 Table 8 shows the revenue base components — weighted for value and volume of production data and adjusted for State specific adjustments.

Table 5 Calculation of total mining revenue by component

	Oil and gas	Heat coal	Under- ground coal	Open- cut coal	Value based minerals	Volume based minerals	Sub- total	Grants in lieu of royalties	Total
A. Mining revenue standard (\$m)^a									
2002-03							1 720.6	469.5	2 190.2
2003-04							1 632.0	398.0	2 030.0
2004-05							2 377.9	535.3	2 913.2
2005-06							3 367.4	664.1	4 031.5
2006-07							3 590.3	710.5	4 300.8
B. Revenue collected by State mines departments (\$m)									
2002-03	110.6	106.7	137.6	527.4	799.2	16.7	1 698.3	469.5	2 167.9
2003-04	103.7	106.9	105.2	488.5	788.8	16.4	1 609.6	398.0	2 007.7
2004-05	127.1	123.0	203.4	830.5	961.1	17.0	2 262.2	535.3	2 797.5
2005-06	150.9	148.9	291.8	1201.5	1442.8	20.8	3 256.6	664.1	3 920.7
2006-07	148.4	166.9	260.9	1050.7	1847.6	20.8	3 495.3	710.5	4 205.8
C. Percentage of revenues collected (%) = B / B_{Sub-total}									
2002-03	6.52	6.29	8.10	31.05	47.06	0.99	100.00		
2003-04	6.44	6.64	6.54	30.35	49.01	1.02	100.00		
2004-05	5.62	5.44	8.99	36.71	42.48	0.75	100.00		
2005-06	4.63	4.57	8.96	36.89	44.30	0.64	100.00		
2006-07	4.25	4.77	7.46	30.06	52.86	0.59	100.00		
D. Adjusted size of components (\$m) = Mining revenue standard (excluding Grants in Lieu of Royalties) * C									
2002-03	112.1	108.2	139.4	534.3	809.7	17.0	1 720.6	469.5	2 190.2
2003-04	105.2	108.4	106.7	495.3	799.8	16.7	1 632.0	398.0	2 030.0
2004-05	133.6	129.3	213.8	872.9	1 010.2	17.9	2 377.9	535.3	2 913.2
2005-06	156.0	154.0	301.7	1 242.3	1 491.9	21.5	3 367.4	664.1	4 031.5
2006-07	152.5	171.4	268.0	1 079.3	1 897.9	21.4	3 590.3	710.5	4 300.8

(a) Based on GFS data

Table 6 Revenue base components, 2002-03 to 2006-07

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
Grants in lieu of royalties and shared petroleum revenue (\$m)									
2002-03	0.0	0.0	0.0	467.1	0.0	0.0	0.0	2.4	469.5
2003-04	0.0	0.0	0.0	395.8	0.0	0.0	0.0	2.2	398.0
2004-05	0.0	0.0	0.0	532.5	0.0	0.0	0.0	2.8	535.3
2005-06	0.0	0.0	0.0	660.8	0.0	0.0	0.0	3.3	664.1
2006-07	0.0	0.0	0.0	706.1	0.0	0.0	0.0	4.4	710.5
Value of production - oil and gas (\$m)									
2002-03	2.2	23.6	700.6	59.5	703.8	0.0	0.0	62.7	1 552.3
2003-04	0.0	15.8	591.8	128.8	625.1	0.0	0.0	56.0	1 417.4
2004-05	0.0	14.1	778.7	210.6	817.2	0.0	0.0	68.2	1 888.8
2005-06	0.0	1.0	839.9	216.0	1000.8	0.0	0.0	82.5	2 140.2
2006-07	0.0	0.5	802.7	189.0	890.7	0.0	0.0	87.7	1 970.6
Value of production - heat coal (\$m)									
2002-03	1 100.0	604.6	657.9	272.9	45.5	22.1	0.0	0.0	2 703.0
2003-04	1 063.0	575.2	666.5	274.3	47.2	20.1	0.0	0.0	2 646.2
2004-05	1 554.0	843.4	1 088.6	267.1	51.2	20.7	0.0	0.0	3 824.9
2005-06	1 802.0	845.4	1 168.4	299.1	55.7	24.6	0.0	0.0	4 195.2
2006-07	1 940.0	820.2	1 157.8	272.1	60.1	27.6	0.0	0.0	4 277.7
Value of production – export open cut coal (\$m)									
2002-03	2 311.8	0.0	5 084.4	0.0	0.0	0.0	0.0	0.0	7 396.2
2003-04	2 537.0	0.0	4 608.5	0.0	0.0	0.0	0.0	0.0	7 145.5
2004-05	4 003.3	0.0	7 603.6	0.0	0.0	0.0	0.0	0.0	11 607.0
2005-06	4 778.0	0.0	13 153.4	0.0	0.0	0.0	0.0	0.0	17 931.4
2006-07	4 321.0	0.0	11 733.8	0.0	0.0	0.0	0.0	0.0	16 054.8
Value of production – export underground coal (\$m)									
2002-03	1 541.2	0.0	1 294.9	0.0	0.0	0.0	0.0	0.0	2 836.1
2003-04	1 190.0	0.0	871.7	0.0	0.0	0.0	0.0	0.0	2 061.7
2004-05	1 490.7	0.0	1 520.0	0.0	0.0	0.0	0.0	0.0	3 010.7
2005-06	1 951.0	0.0	2 564.1	0.0	0.0	0.0	0.0	0.0	4 515.1
2006-07	1 852.0	0.0	2 720.0	0.0	0.0	0.0	0.0	0.0	4 572.0

Table 6 Revenue base components, 2001-02 to 2006-07 (continued)

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
Value of production – value based minerals (\$m)									
2002-03	1 352.7	85.9	4 973.4	18 108.0	886.8	468.2	0.0	1 590.7	27 465.7
2003-04	1 552.3	62.8	5 272.7	17 566.9	977.4	556.8	0.0	1 688.0	27 676.7
2004-05	1 856.5	79.2	6 740.9	22 608.8	1 459.8	642.3	0.0	1 886.7	35 274.2
2005-06	2 872.5	149.5	9 743.8	30 531.3	2 053.9	836.8	0.0	2 345.5	48 533.3
2006-07	3 419.9	274.2	11 503.8	41 139.8	2 092.7	1 022.3	0.0	2 661.4	62 114.3
Volume of production - volume based minerals (million tonnes)									
2002-03	41.3	4.9	5.4	18.1	18.5	1.0	0.0	2.5	91.7
2003-04	35.6	4.9	5.0	19.7	20.2	0.9	0.0	1.4	87.8
2004-05	31.4	4.9	5.1	21.3	21.2	1.2	0.0	1.0	86.0
2005-06	38.1	6.2	4.9	21.0	22.0	1.2	0.0	1.0	94.4
2006-07	38.1	5.9	5.7	22.9	21.6	1.3	0.0	1.5	97.1

Table 7 State specific adjustments

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT
Export open cut coal								
2002-03	0.80	1.00	1.00	1.00	1.00	1.00	1.00	1.00
2003-04	0.80	1.00	1.00	1.00	1.00	1.00	1.00	1.00
2004-05	0.80	1.00	1.00	1.00	1.00	1.00	1.00	1.00
2005-06	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
2006-07	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Export underground coal								
2002-03	0.80	1.00	1.00	1.00	1.00	1.00	1.00	1.00
2003-04	0.80	1.00	1.00	1.00	1.00	1.00	1.00	1.00
2004-05	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
2005-06	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
2006-07	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Value based minerals								
2002-03	0.95	1.00	1.00	1.00	1.00	0.30	1.00	1.00
2003-04	0.95	1.00	1.00	1.00	1.00	0.30	1.00	1.00
2004-05	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
2005-06	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
2006-07	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00

(a) The Commission decided to remove the discounts from 2004-05.

Table 8 Calculation of adjusted revenue bases

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
Grants in lieu of royalties and shared petroleum revenue (\$m)									
2002-03	0.0	0.0	0.0	467.1	0.0	0.0	0.0	2.4	469.5
2003-04	0.0	0.0	0.0	395.8	0.0	0.0	0.0	2.2	398.0
2004-05	0.0	0.0	0.0	532.5	0.0	0.0	0.0	2.8	535.3
2005-06	0.0	0.0	0.0	660.8	0.0	0.0	0.0	3.3	664.1
2006-07	0.0	0.0	0.0	706.1	0.0	0.0	0.0	4.4	710.5
Value of production - oil and gas (\$m)									
2002-03	2.2	23.6	700.6	59.5	703.8	0.0	0.0	62.7	1 552.3
2003-04	0.0	15.8	591.8	128.8	625.1	0.0	0.0	56.0	1 417.4
2004-05	0.0	14.1	778.7	210.6	817.2	0.0	0.0	68.2	1 888.8
2005-06	0.0	1.0	839.9	216.0	1000.8	0.0	0.0	82.5	2 140.2
2006-07	0.0	0.5	802.7	189.0	890.7	0.0	0.0	87.7	1 970.6
Value of production - heat coal (\$m)									
2002-03	1 100.0	604.6	657.9	272.9	45.5	22.1	0.0	0.0	2 703.0
2003-04	1 063.0	575.2	666.5	274.3	47.2	20.1	0.0	0.0	2 646.2
2004-05	1 554.0	843.4	1 088.6	267.1	51.2	20.7	0.0	0.0	3 824.9
2005-06	1 802.0	845.4	1 168.4	299.1	55.7	24.6	0.0	0.0	4 195.2
2006-07	1 940.0	820.2	1 157.8	272.1	60.1	27.6	0.0	0.0	4 277.7
Value of production – export open cut coal (\$m)									
2002-03	1 849.4	0.0	5 084.4	0.0	0.0	0.0	0.0	0.0	6 933.9
2003-04	2 029.6	0.0	4 608.5	0.0	0.0	0.0	0.0	0.0	6 638.1
2004-05	3 202.7	0.0	7 603.6	0.0	0.0	0.0	0.0	0.0	10 806.3
2005-06	4 778.0	0.0	13 153.4	0.0	0.0	0.0	0.0	0.0	17 931.4
2006-07	4 321.0	0.0	11 733.8	0.0	0.0	0.0	0.0	0.0	16 054.8

Note: The revenue base is the State provided data in Table 6 multiplied by State specific adjustments in Table 7.

Table 8 Calculation of adjusted revenue bases (continued)

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
Value of production – export underground coal (\$m)									
2002-03	1 233.	0.0	1 294.9	0.0	0.0	0.0	0.0	0.0	2 527.9
2003-04	952.	0.0	871.7	0.0	0.0	0.0	0.0	0.0	1 823.7
2004-05	1 490.7	0.0	1 520.	0.0	0.0	0.0	0.0	0.0	3 010.7
2005-06	1 951.0	0.0	2 564.1	0.0	0.0	0.0	0.0	0.0	4 515.1
2006-07	1 852.0	0.0	2 720.0	0.0	0.0	0.0	0.0	0.0	4 572.0
Value of production – value based minerals (\$m)									
2002-03	1 352.7	85.9	4 973.4	18 108.0	886.8	468.2	0.0	1 590.7	27 465.7
2003-04	1 552.3	62.8	5 272.7	17 566.9	977.4	556.8	0.0	1 688.0	27 676.7
2004-05	1 856.5	79.2	6 740.9	22 608.8	1 459.8	642.3	0.0	1 886.7	35 274.2
2005-06	2 872.5	149.5	9 743.8	30 531.3	2 053.9	836.8	0.0	2 345.5	48 533.3
2006-07	3 419.9	274.2	11 503.8	41 139.8	2 092.7	1 022.3	0.0	2 661.4	62 114.3
Volume of production - volume based minerals (million tonnes)									
2002-03	41.3	4.9	5.4	18.1	18.5	1.0	0.0	2.5	91.7
2003-04	35.6	4.9	5.0	19.7	20.2	0.9	0.0	1.4	87.8
2004-05	31.4	4.9	5.1	21.3	21.2	1.2	0.0	1.0	86.0
2005-06	38.1	6.2	4.9	21.0	22.0	1.2	0.0	1.0	94.4
2006-07	38.1	5.9	5.7	22.9	21.6	1.3	0.0	1.5	97.1

Note: The revenue base is the State provided data in Table 6 multiplied by State specific adjustments in Table 7.

Table 9 shows the effective tax rates for each component, which are calculated as the adjusted revenue for each component divided by the corresponding adjusted component revenue bases (Table 8).

Table 9 Effective tax rates by component

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
	%	%	%	%	%	%	%	%	%
Grants in lieu of royalties and shared petroleum revenue^a									
2002-03	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
2003-04	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
2004-05	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
2005-06	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
2006-07	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Oil and gas									
2002-03	0.00	10.13	7.37	2.71	7.48	0.00	0.00	6.12	7.22
2003-04	0.00	10.14	7.81	5.29	7.58	0.00	0.00	5.66	7.42
2004-05	0.00	10.51	7.87	4.62	6.85	0.00	0.00	7.43	7.07
2005-06	0.00	10.34	9.12	5.24	6.35	0.00	0.00	5.35	7.29
2006-07	0.00	10.27	8.58	5.38	7.55	0.00	0.00	7.00	7.74
Heat coal									
2002-03	3.77	2.28	5.16	6.16	2.88	3.74	0.00	0.00	4.00
2003-04	3.56	2.76	5.82	5.00	2.97	4.24	0.00	0.00	4.10
2004-05	3.31	2.04	3.99	5.60	3.48	2.30	0.00	0.00	3.38
2005-06	3.39	2.93	4.20	5.59	3.22	2.16	0.00	0.00	3.67
2006-07	3.31	3.81	5.09	5.47	3.10	1.00	0.00	0.00	4.01
Export open cut coal									
2002-03	7.09	0.00	7.93	0.00	0.00	0.00	0.00	0.00	7.71
2003-04	7.03	0.00	7.65	0.00	0.00	0.00	0.00	0.00	7.46
2004-05	7.32	0.00	8.40	0.00	0.00	0.00	0.00	0.00	8.08
2005-06	5.98	0.00	7.27	0.00	0.00	0.00	0.00	0.00	6.93
2006-07	5.84	0.00	7.05	0.00	0.00	0.00	0.00	0.00	6.72
Export underground coal									
2002-03	2.98	0.00	7.93	0.00	0.00	0.00	0.00	0.00	5.52
2003-04	4.20	0.00	7.65	0.00	0.00	0.00	0.00	0.00	5.85
2004-05	5.78	0.00	8.40	0.00	0.00	0.00	0.00	0.00	7.10
2005-06	5.91	0.00	7.27	0.00	0.00	0.00	0.00	0.00	6.68
2006-07	5.77	0.00	5.93	0.00	0.00	0.00	0.00	0.00	5.86

Table 9 Effective tax rates by component (*continued*)

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
	%	%	%	%	%	%	%	%	%
Value based minerals									
2002-03	1.94	0.87	1.62	3.51	3.06	0.97	0.00	2.15	2.95
2003-04	2.05	0.70	1.74	3.44	2.63	1.89	0.00	2.04	2.89
2004-05	2.28	1.04	2.09	3.19	3.19	3.04	0.00	2.09	2.86
2005-06	2.02	0.30	2.33	3.50	2.90	3.41	0.00	2.08	3.07
2006-07	2.19	0.33	2.14	3.39	3.67	3.28	0.00	2.71	3.06
Volume based minerals (cents/tonnes)									
2002-03	4.88	75.36	63.21	32.17	8.72	43.78	0.00	0.00	18.50
2003-04	3.03	79.62	63.31	32.24	8.33	51.99	0.00	0.00	18.97
2004-05	5.62	76.81	59.46	32.62	8.80	47.18	0.00	0.00	20.84
2005-06	7.28	85.00	75.71	35.21	8.22	46.60	0.00	0.00	22.77
2006-07	7.23	87.62	42.08	35.84	10.19	42.48	0.00	0.00	22.00

(a) Grants in lieu of royalties are assessed actual per capita. Since we treat actual grants paid as the base for this component, the effective tax rate by definition is 100 per cent.

20 Assessed revenue for each component is calculated as the revenue base (Table 8) multiplied by the corresponding average effective tax rate (Table 9). Table 10 shows the revenue base for all of the years of the assessment period.

Table 10 Calculation of assessed revenues

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Grants in lieu of royalties and shared petroleum revenue									
2002-03	0.0	0.0	0.0	467.1	0.0	0.0	0.0	2.4	469.5
2003-04	0.0	0.0	0.0	395.8	0.0	0.0	0.0	2.2	398.0
2004-05	0.0	0.0	0.0	532.5	0.0	0.0	0.0	2.8	535.3
2005-06	0.0	0.0	0.0	660.8	0.0	0.0	0.0	3.3	664.1
2006-07	0.0	0.0	0.0	706.1	0.0	0.0	0.0	4.4	710.5
Oil and gas									
2002-03	0.2	1.7	50.6	4.3	50.8	0.0	0.0	4.5	112.1
2003-04	0.0	1.2	43.9	9.6	46.4	0.0	0.0	4.2	105.2
2004-05	0.0	1.0	55.1	14.9	57.8	0.0	0.0	4.8	133.6
2005-06	0.0	0.1	61.2	15.7	73.0	0.0	0.0	6.0	156.0
2006-07	0.0	0.0	62.1	14.6	68.9	0.0	0.0	6.8	152.5
Heat coal									
2002-03	44.0	24.2	26.3	10.9	1.8	0.9	0.0	0.0	108.2
2003-04	43.6	23.6	27.3	11.2	1.9	0.8	0.0	0.0	108.4
2004-05	52.5	28.5	36.8	9.0	1.7	0.7	0.0	0.0	129.3
2005-06	66.1	31.0	42.9	11.0	2.0	0.9	0.0	0.0	154.0
2006-07	77.7	32.9	46.4	10.9	2.4	1.1	0.0	0.0	171.4
Export open cut coal									
2002-03	142.5	0.0	391.8	0.0	0.0	0.0	0.0	0.0	534.3
2003-04	151.4	0.0	343.8	0.0	0.0	0.0	0.0	0.0	495.3
2004-05	258.7	0.0	614.2	0.0	0.0	0.0	0.0	0.0	872.9
2005-06	331.0	0.0	911.3	0.0	0.0	0.0	0.0	0.0	1 242.3
2006-07	290.5	0.0	788.8	0.0	0.0	0.0	0.0	0.0	1 079.3
Export underground coal									
2002-03	68.0	0.0	71.4	0.0	0.0	0.0	0.0	0.0	139.4
2003-04	55.7	0.0	51.0	0.0	0.0	0.0	0.0	0.0	106.7
2004-05	105.9	0.0	108.0	0.0	0.0	0.0	0.0	0.0	213.8
2005-06	130.4	0.0	171.3	0.0	0.0	0.0	0.0	0.0	301.7
2006-07	108.6	0.0	159.4	0.0	0.0	0.0	0.0	0.0	268.0

Table 10 Calculation of assessed revenues (Continued)

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Value based minerals									
2002-03	39.9	2.5	146.6	533.8	26.1	13.8	0.0	46.9	809.7
2003-04	44.9	1.8	152.4	507.6	28.2	16.1	0.0	48.8	799.8
2004-05	53.2	2.3	193.1	647.5	41.8	18.4	0.0	54.0	1 010.2
2005-06	88.3	4.6	299.5	938.5	63.1	25.7	0.0	72.1	1 491.9
2006-07	104.5	8.4	351.5	1 257.0	63.9	31.2	0.0	81.3	1 897.9
Volume based minerals									
2002-03	7.6	0.9	1.0	3.4	3.4	0.2	0.0	0.5	17.0
2003-04	6.8	0.9	1.0	3.7	3.8	0.2	0.0	0.3	16.7
2004-05	6.5	1.0	1.1	4.4	4.4	0.3	0.0	0.2	17.9
2005-06	8.7	1.4	1.1	4.8	5.0	0.3	0.0	0.2	21.5
2006-07	8.4	1.3	1.3	5.0	4.8	0.3	0.0	0.3	21.4

21 Table 11 shows the total assessed revenue for all the years of the assessment period. This is simply the sum of the assessed revenue for each of the components.

Table 11 Assessed revenues for mining royalties, 2008 Update

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
2002-03	271.0	29.4	719.7	1 027.3	82.6	5.3	0.0	55.0	2 190.2
2003-04	272.4	27.5	650.3	936.7	80.9	5.9	0.0	56.3	2 030.0
2004-05	438.1	32.8	1 046.9	1 208.4	105.8	19.3	0.0	61.8	2 913.2
2005-06	624.5	37.1	1 487.4	1 630.8	143.2	26.9	0.0	81.7	4 031.5
2006-07	589.6	42.6	1 409.5	1 993.7	140.	32.6	0.0	92.8	4 300.8

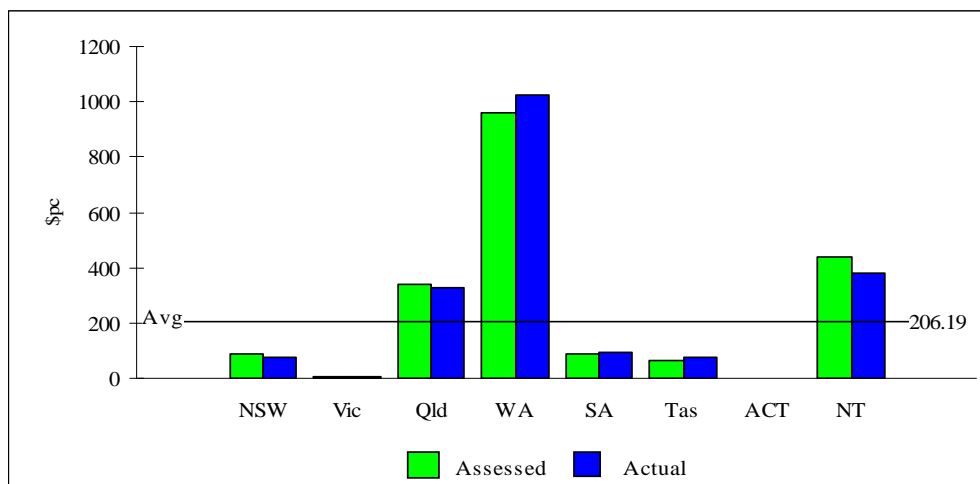
22 Table 12 shows the actual and assessed revenues per capita for 2006-07. Figure 1 shows them pictorially.

Table 12 Mining revenue assessment results, 2006-07

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
Actual revenue \$pc	73.97	7.37	330.33	1 021.7	91.47	76.21	0.00	378.7	206.19
Revenue base \$pc	86.00	8.24	340.81	957.57	88.81	66.38	0.00	436.17	206.19
Revenue capacity ratio(a)	41.71	4.00	165.29	464.41	43.07	32.19	0.00	211.54	100.00
Assessed revenue \$pc	86.00	8.24	340.81	957.57	88.81	66.38	0.00	436.17	206.19

- (a) State revenue base per capita divided by the Australian average revenue base per capita. This is the same as dividing each State's assessed revenue per capita by the Australian average revenue per capita.
 (b) Actual revenues per capita divided by assessed revenues per capita.

Figure 1 Mining revenue, assessed revenue per capita, actual revenues per capita and average revenue per capita, 2006-07



23 Table 20 at the end of this section shows the average, actual and assessed revenues per capita for each State for all years of the 2008 Update.

Relative abilities to raise revenues

- 24 In 2006-07, Queensland, Western Australia and the Northern Territory had above average ability to raise mining royalties, because of their above average value of mining production per capita.
 25 New South Wales, Victoria, South Australia, Tasmania and the ACT had below average ability to raise revenues because of their below average value of mining production per capita.

Revenue efforts

26 In 2006-07, Western Australia had above average revenue effort, levying relatively high royalty rates. Victoria had the lowest revenue effort because it had the lowest rate of tax, with gold production for example exempt from royalties. The Northern Territory also had a relatively low effort. While the royalty rate in that State appears to be high at 18 per cent of net returns, it is actually much lower when calculated as an ad valorem equivalent. The Northern Territory also exempted construction and other materials from royalty.

EFFECT OF THE 2008 UPDATE ON DISTRIBUTION OF THE GST AND HCG POOL⁴

27 This section shows the extent to which the mining revenue assessments cause the distribution of the pool to diverge from an equal per capita distribution. These effects arise because the per capita revenue base in each State is larger or smaller than the average revenue base. Consequently, each State's assessed revenue per capita differs from the average revenue per capita.

28 Table 13 shows the assessed revenue difference from the Australian average for 2006-07 in dollars. The difference is calculated by:

- subtracting each State's assessed revenue per capita from the average revenue per capita; and
- multiplying by each State's population.

Table 13 Assessed revenues, difference from average, 2006-07

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
Assessed revenues \$pc	86.00	8.24	340.81	957.57	88.81	66.38	0.00	436.17	206.19
Difference from average \$pc	-120.19	-197.95	134.62	751.38	-117.38	-139.81	-206.19	229.98	0.00
Population million	6.86	5.17	4.14	2.08	1.58	0.49	0.34	0.21	20.86
Difference from average \$m	-823.97	-1022.90	556.75	1564.41	-185.07	-68.74	-69.42	48.94	1995.3 ^(a)

(a) Extent of difference from equal per capita (sum of negatives, or positives).

29 Table 14 below shows the assessed difference from average in \$ millions. The average of these amounts over the five year reference period provides an indication of the impact of the assessment on the distribution of the pool, relative to an equal per capita distribution.

⁴ Subsequently called 'the pool'.

Table 14 Assessed revenues, difference from average, 2008 Update

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
2002-03	-435.9	-512.7	272.7	812.6	-86.4	-47.3	-35.9	32.9	1 118.3
2003-04	-377.7	-474.9	230.4	737.1	-74.9	-42.8	-33.1	35.9	1 003.4
2004-05	-490.6	-688.5	439.7	921.0	-116.5	-50.3	-47.2	32.5	1 393.1
2005-06	-706.9	-961.3	693.4	1 231.0	-162.9	-68.9	-65.2	40.7	1 965.1
2006-07	-824.0	-1 022.9	556.754	1 564.4	-185.1	-68.7	-69.4	48.9	2 170.1
Average	-567.0	-732.1	438.6	1 053.2	-125.1	-55.6	-50.2	38.2	1 530.0

30 These amounts were assessed in the context of the size of the pool in each reference year. The actual impact of the assessment on shares of the pool in the application year depends on the growth in the size of the pool between the reference years and the application year.

31 The effect of mining revenue on the distribution of the 2007-08 pool relative to an equal per capita distribution of the pool is shown in Table 15.

Table 15 Mining revenue contribution to redistribution relative to EPC, 2008 Update

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Total redistributed ^a
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
	666.3	863.7	-511.7	-1243.7	146.6	65.3	58.7	-45.2	1800.5

(a) Extent of difference from equal per capita (sum of negatives, or positives).

[2932](#) The Commission estimated that the States with above average assessed revenue per capita — Queensland, Western Australia and the Northern Territory — required \$1800.5 million less than a per capita share of the pool to provide the average level of service. The other States with below average assessed revenues per capita — New South Wales, Victoria, South Australia, Tasmania and the ACT — needed additional assistance totalling \$1800.5 million.

[2933](#) Queensland, Western Australia and the Northern Territory are the main mining centres in Australia, with greater mine output per capita than the other States. The mining sectors in the other States (including New South Wales, despite its large coal mining sector) are relatively small.

[2934](#) The ACT, on the other hand, has no mining within its borders.

CHANGES IN DISTRIBUTION OF THE POOL: 2008 UPDATE COMPARED WITH 2007 UPDATE

[3235](#) Table 16 shows:

- the impact of the 2007 Update assessment on shares of the pool;
- the impact of the 2008 Update assessment on shares of the pool; and
- the difference.

[3236](#) The table also breaks the difference into smaller parts.

Formatted: Bullets and Numbering

Formatted: Bullets and Numbering

Formatted: Bullets and Numbering

Table 16 Comparison of the 2008 Update and 2007 Update assessments^(a)

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Total redistrib'd
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Redistribution from EPC resulting from the 2007 Update assessment (a)	623.7	803.7	-485.6	-1141.5	129.0	63.4	54.7	-47.4	1674.6
Effect of revising category averages and revenue bases for 2001-02 to 2005-06									
Category averages	0.0	0.0	0.0	-0.1	0.0	0.0	0.0	0.0	0.1
Revenue bases	-10.3	-0.8	8.1	0.6	0.3	0.0	0.0	2.1	11.2
Interactions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	-10.3	-0.7	8.0	0.6	0.3	0.0	0.0	2.1	11.1
Effect of replacing 2001-02 category averages and revenue bases with those for 2006-07									
Category averages	50.2	64.6	-34.5	-94.6	9.1	5.2	4.4	-4.3	133.4
Revenue bases	1.9	-2.7	0.3	-5.8	5.7	-2.3	-0.2	3.2	11.1
Interactions	0.8	-1.1	0.1	-2.4	2.4	-1.0	-0.1	1.3	4.6
Total	52.9	60.7	-34.1	-102.8	17.2	1.9	4.1	0.1	136.8
Redistribution from EPC resulting from the 2008 Update assessment (a)	666.3	863.7	-511.7	-1243.7	146.6	65.3	58.7	-45.2	1800.5
Total effect of revisions and updating (b)	42.6	59.9	-26.1	-102.2	17.5	1.9	4.0	2.3	128.2

(a) Assuming the 2007-08 GST revenue pool and the December 2007 population.

(b) This figure shows the change in the amount redistributed among the States between the 2007 Update and the 2008 Update. It does not necessarily equal the difference in the total redistribution from EPC between the two inquiries.

What has changed?

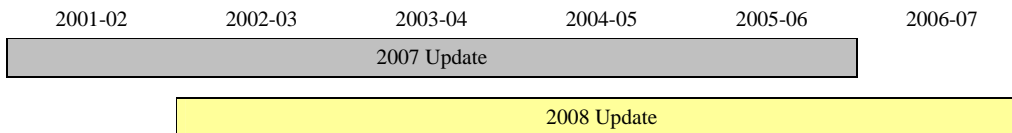
- 37 Table 16 indicates that in the 2008 Update, Mining revenue redistributed \$1800.5 million of the pool relative to an equal per capita distribution. This was \$125.9 million more than in the 2007 Update. This was because the increasing importance of mining revenue as a source of State revenue magnified the effects of the large differences in the capacities of the States to raise the revenue. There was also a divergence in the relative revenue raising capacities of the States which was primarily caused by an increase in the capacity of Western Australia.
- 38 The 2008 Update also changed the distribution of \$128.2 million of the pool among the States compared to the distribution implied by the 2007 Update.
- 39 These changes can be explained by:
- revisions to the financial and assessment data that were used in the 2007 Update; and

- advancing the reference period one year — a new year comes into the reference period and the oldest year drops out.

3540 Figure 2 shows the reference periods for the two inquiries.

Formatted: Bullets and Numbering

Figure 2 Advancing the reference period, 2008 Update



3641 The effect of revisions is estimated by replacing 2007 Update data with 2008 Update data for the years 2002-03 to 2005-06. The effect of advancing the reference period one year is estimated by comparing the data of the year entering the reference period (2006-07) with the data of the year dropping out (2001-02). In both cases, the impact of replacing financial data (actual revenues) is considered separately from the effect of replacing assessment data (revenue bases).

Formatted: Bullets and Numbering

CHANGES DUE TO REVISING REVENUE DATA AND REVENUE BASES FOR YEARS 2001-02 TO 2005-06

3742 *Changes due to revisions of revenue data.* There were minor revisions to the adjusted budget figures, and hence to the Australian average mining royalty per capita, but they had little effect on the distribution of the pool.

Formatted: Bullets and Numbering

3743 *Changes due to revisions in the revenue bases.* For all States other than Queensland, revisions to data on value of production (for example as a result of replacement of staff estimates with actual data and revisions to Australian Bureau of Agricultural and Resource Economics data for 2004-05 and 2005-06) were only small and had only a minor impact on relative State revenue capacities and on the distribution of grants to the States. However, Queensland revised down the value of production of export open cut and underground coal for 2001-02 to 2005-06. The earlier data had included coal production which was not subject to State coal royalties⁵. The revisions decreased the relative capacity for Queensland and increased the relative capacity of New South Wales, the other major export open cut and underground coal producing State. This resulted in a redistribution of grants to Queensland from New South Wales. The effect of the revisions on the other States was small.

3744 Table 17 summarises changes in actual revenue and revenue capacity for 2001-02 to 2005-06. It shows that changes to the average revenue capacities between the 2007 Update and the 2008 Update were minor.

⁵ Coal in Queensland on or below the surface of land that was acquired by the Crown as provided in the Agricultural Lands Special Purchase Act 1901 and subsequently alienated in fee simple by the Crown is the property of the Crown. However, coal on or below the surface of land (other than land referred to above) is the property of the Crown except where that land was alienated in fee simple by the Crown before 1 March 1910 and the grant of that land did not contain a reservation to the Crown of the property in that coal.

Table 17 Mining revenue assessment data, average of 2001-02 to 2005-06

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Avg
	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc
Actual revenues									
2007 Update	47.34	4.62	234.61	636.14	60.42	24.90	0.00	222.10	132.36
2008 Update	47.43	4.60	233.41	634.80	60.14	24.86	0.00	219.85	132.06
	%	%	%	%	%	%	%	%	%
Assessed revenue raising capacity ratios									
2007 Update	44.39	4.70	172.56	446.79	50.60	19.41	0.00	244.92	100.00
2008 Update	45.21	4.72	171.27	446.67	50.43	19.36	0.00	239.39	100.00

Changes due to revising revenue data and revenue bases for years 2001-02 to 2006-07

[4045](#) Table 18 shows the average revenue and revenue base ratios for 2006-07 differed from 2001-02.

Formatted: Bullets and Numbering

Table 18 Mining revenue assessment data, 2001-02 and 2006-07

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Avg
	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc
Actual revenues									
2001-02	32.70	4.24	201.28	527.07	54.48	15.63	0.00	213.27	108.36
2006-07	73.97	7.37	330.33	1021.70	91.47	76.21	0.00	378.70	206.19
Assessed revenues									
2001-02	48.43	4.79	181.46	495.19	61.76	20.35	0.00	283.31	108.36
2006-07	86.00	8.24	340.81	957.57	88.81	66.38	0.00	436.17	206.19
	%	%	%	%	%	%	%	%	%
Assessed revenue raising capacity ratios									
2001-02	44.69	4.42	167.46	456.98	56.99	18.78	0.00	261.45	100.00
2006-07	41.71	4.00	165.29	464.41	43.07	32.19	0.00	211.54	100.00

[4346](#) The table shows that the mining boom has not been confined to just Queensland and Western Australia. Actual mining royalty revenues per capita increased significantly between 2001-02 and 2006-07 for all States apart from the ACT.

Formatted: Bullets and Numbering

[4347](#) **Replacing revenue data.** The average per capita revenues increased by 76.4 per cent, considerably more than the per capita increase in the pool of 35.0 per cent. Because of that, the category became much more important in determining State relativities.

[4348](#) This increase magnified the effects of the differences between the States in their relative capacities to raise mining revenue. As a result, there was a larger redistribution of the pool away from the States with above average revenue capacity — Queensland (as a large underground and open cut coal and value based minerals producer), Western Australia and the Northern Territory (as large value based minerals producers) — to the other States.

- 49 **Replacing revenue base data.** The Commission's assessments of the relative capacities of the States to raise mining revenue in 2001-02 and 2006-07, as shown in **Error! Reference source not found.**8, reveal some changes. For example, the relative capacity of Western Australia rose further above the average and that of the Northern Territory fell. The capacity of Tasmania rose from its low base in 2001-02. However, these changes had only small effects on the changes in the distribution of the pool because of the very large differences between the States in their capacities to raise mining revenue — excluding the ACT and Victoria, capacities ranged from about 19 per cent of average to 457 per cent of average in 2001-02. This is the largest disparities of all revenue assessments.
- 50 Table 19 shows the contribution of the various components of mining to the change in State revenues from the pool between the 2007 and 2008 Updates attributed to mining revenue.

Table 19 Disaggregation of change between 2007 and 2008 Updates by component

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust ^a
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Grants in lieu of royalties	7.4	5.6	4.5	-20.1	1.7	0.5	0.4	0.1	20.1
Oil and gas	-2.8	-1.5	4.7	-3.4	3.5	-0.2	-0.1	-0.1	8.2
Domestic coal	-1.4	-0.6	0.7	0.8	0.3	0.1	0.1	0.0	2.0
Export open cut coal	8.1	19.2	-44.8	7.8	5.8	1.8	1.3	0.8	44.8
Export underground coal	-9.4	-5.4	19.8	-2.2	-1.6	-0.5	-0.4	-0.2	19.8
Value-based minerals	34.9	35.9	7.1	-87.5	6.3	-0.4	2.4	1.3	87.9
Volume-based minerals	0.0	-0.1	0.9	-0.4	-0.5	0.0	0.0	0.1	1.0
Total change for all mining revenue	42.6	59.9	-26.1	-102.2	17.5	1.9	4.0	2.3	128.2

(a) Extent of difference from equal per capita (sum of negatives, or positives).

Source: CGC assessment system.

- 51 Table 19 shows:
- most of the change is attributable to value based minerals. Between 2005-06 and 2006-07, total value of production of value-based minerals increased by \$13.6 billion (or about 25 per cent) and Western Australia accounted for \$10.6 billion of that increase — its increase was almost as much as Queensland's total value of production for value based minerals in 2006-07 (\$11.5 billion). In the case of Tasmania, its value of production increased greatly off a low base in 2001-02 — specific issues in the mining sector in Tasmania in the years 2001-02 to 2003-04 reduced its production;
 - export open cut and underground coal also made a substantial contribution to the change. Queensland's value of production for export coal increased by 114 per cent between 2006-07 and 2001-02 despite falls in coal prices (and value of production) between 2005-06 and 2006-07; and
 - increases in royalty revenue from the North West Shelf project reduced Western Australia's requirement for assistance from the pool and increased that of all other States.

This chapter was prepared by the Revenue section of the Commonwealth Grants Commission. If you have any questions about its content please contact Lintong Feng on (02) 6229 8833 or lintong.feng@cgc.gov.au.

A handwritten signature in black ink, appearing to be 'L. Feng', written in a cursive style.

Date: 29 February 2008

Table 20 Assessment of revenue, Mining revenue

	2002-03		2003-04		2004-05		2005-06		2006-07	
	Amount	Per Capita	Amount	Per Capita	Amount	Per Capita	Amount	Per Capita	Amount	Per Capita
	\$m	\$	\$m	\$	\$m	\$	\$m	\$	\$m	\$
Average Revenue		110.73		101.38		143.70		196.11		206.19
New South Wales										
Assessed difference	435.907	65.52	377.717	56.44	490.634	72.87	706.874	104.12	823.967	120.19
Revenue - Assessed	300.780	45.21	300.764	44.94	476.840	70.82	624.517	91.99	589.625	86.00
Actual	234.909	35.31	232.862	34.79	396.348	58.87	512.487	75.49	507.142	73.97
Victoria										
Assessed difference	512.700	104.73	474.930	95.83	688.489	137.17	961.295	188.82	1 022.899	197.95
Revenue - Assessed	29.370	6.00	27.512	5.55	32.790	6.53	37.101	7.29	42.585	8.24
Actual	20.665	4.22	21.483	4.33	22.066	4.40	29.588	5.81	38.081	7.37
Queensland										
Assessed difference	- 272.729	- 72.39	- 230.375	- 59.64	- 439.691	- 111.13	- 693.373	- 171.25	- 556.754	- 134.62
Revenue - Assessed	689.903	183.12	621.971	161.02	1 008.218	254.83	1 487.396	367.36	1 409.473	340.81
Actual	690.656	183.32	636.707	164.83	993.290	251.06	1 484.115	366.55	1 366.123	330.33
Western Australia										
Assessed difference	- 812.613	- 419.20	- 737.121	- 374.51	- 920.989	- 460.50	-1 230.975	- 603.83	-1 564.406	- 751.38
Revenue - Assessed	1 027.266	529.93	936.656	475.89	1 208.383	604.20	1 630.767	799.94	1 993.700	957.57
Actual	1 117.712	576.58	1 017.531	516.98	1 336.797	668.40	1 804.045	884.94	2 127.225	1 021.70
South Australia										
Assessed difference	86.423	56.62	74.869	48.73	116.485	75.31	162.875	104.37	185.073	117.38
Revenue - Assessed	82.590	54.11	80.877	52.64	105.764	68.38	143.152	91.74	140.014	88.81
Actual	81.565	53.44	75.177	48.93	101.002	65.30	122.575	78.55	144.219	91.47
Tasmania										
Assessed difference	47.336	99.64	42.822	89.09	50.323	103.80	68.885	141.02	68.739	139.81
Revenue - Assessed	5.267	11.09	5.909	12.29	19.344	39.90	26.909	55.09	32.634	66.38
Actual	3.422	7.20	6.830	14.21	18.501	38.16	23.988	49.11	37.470	76.21
Australian Capital Territory										
Assessed difference	35.893	110.73	33.071	101.38	47.210	143.70	65.155	196.11	69.422	206.19
Revenue - Assessed	0.000	0.00	0.000	0.00	0.000	0.00	0.000	0.00	0.000	0.00
Actual	0.000	0.00	0.000	0.00	0.000	0.00	0.000	0.00	0.000	0.00
Northern Territory										
Assessed difference	- 32.917	- 165.05	- 35.913	- 178.75	- 32.461	- 158.91	- 40.735	- 195.17	- 48.940	- 229.98
Revenue - Assessed	55.001	275.78	56.280	280.13	61.814	302.61	81.668	391.28	92.817	436.17
Actual	41.248	206.82	39.379	196.01	45.149	221.02	54.712	262.13	80.589	378.70

