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The imminent closure of two of the Territory's biggest mines is forcing a major change

The Territory has eight operating mines and the government wants more but it means a massive change to an important revenue process.



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The Northern Territory is facing a revenue cliff caused by the expected closure of key mines in coming years.

Launching the government's [Mineral Development Taskforce final report](#) on Friday, deputy chief minister Nicole Manison told a Darwin Mining Club lunch that a change to the Territory's royalties regime will mitigate the impacts of a "royalties cliff".

ERA's uranium mine near Jabiru ceased operations in 2021 and Gemco's Groote Eylandt manganese mine and Rio Tinto's world-class bauxite mine at Gove are expected to be mothballed by 2030.

"The Northern Territory is actually fast heading to a royalty cliff and if we don't act fast we won't get to see new potential mines financed," Ms Manison said.



NT Minerals Council executive director Cathryn Tilmouth is concerned about royalties from mining.

“Not only will everyday Territorians miss out on the benefits royalties provide after the closure of Gove and Groote but also Aboriginal Territorians will too because for every dollar paid in royalties to the Northern Territory government, the Commonwealth government matches this contribution to the Aboriginal Benefits Account.

“That goes into supporting traditional owners across the Northern Territory, goes straight to economic development projects for first nations people in the NT; it goes to supporting first nation’s people; it goes to supporting the important work of our land councils.

“A big gap will be left in our economy and a massive opportunity will be missed if we don’t work to develop the next generation of Northern Territory mines as fast as possible.”

The Northern Territory currently has eight working mines, with another 19 on the drawing board for approval.

The taskforce report called for a revamp of the Territory’s royalties regime, describing it as “uncompetitive” and a “deterrent to investment”.



Mining and Industry Minister and deputy chief minister Nicole Manison says the government is changing the royalties model. Picture: Floss Adams.

Ms Manison said the government will push to adopt an ad valorem royalties model, which imposes a charge based on a percentage of the sales invoice.

The net value royalty system, which the government implemented after the 2017 budget, is viewed as being too complicated.

She said the taskforce recommendations would help the NT government achieve its goal of a \$40bn economy by 2030.

The government will now embark on a consultation program with stakeholders before implementing the new regime.

“We’ve got another 19 mining projects in different stages of development which could mean an extra \$8bn worth of construction money flowing through the economy, 6000 construction jobs and 4000 ongoing jobs on top of the 3500 direct jobs we already have in mining,” she said.

[NT Minerals Council executive director Cathryn Tilmouth](#) congratulated the government for consulting with key stakeholders and called for its recommendations to be adopted immediately and in full.

Ms Tilmouth said as the only jurisdiction with a hybrid royalties model, NT miners were envious of operators in other jurisdictions.

“It’s no surprise to everyone we’ve always only had a handful of mines in the Northern Territory,” she said.

“We’ve seen exponential growth across borders in WA and we need to see that happening in the Northern Territory.”

Neil van Drunen, NT director of the Association of Mining and Exploration Companies, welcomed the report recommendations.

“This report represents a reset for the investment profile of the NT,” he said. “There are 19 mines going to be developed in the future and this report brings them all closer to reality.”

He said while the NT’s current royalties model is “quite complicated”, ad valorem is “straight up and down”.

“Communities get money for each of the minerals mined, which is really important.

Royalty changes tipped in mining taskforce report

The Territory’s unpopular mining royalties regime could be changed if key recommendations are adopted from the long-awaited Mineral Development Taskforce final report.

Released Friday by Mining and Industry Minister Nicole Manison, the report is likely to recommend a review of the current net value model introduced in 2018.

[The NT Minerals Council](#), Opposition [CLP](#) and stakeholders believe the Territory's royalty scheme, which combines principles from ad valorem and profit based models is too confusing

Some in the sector want an ad valorem system to replace the current net value model, currently set at 20 per cent.

It is understood the report will recommend a single model be selected after consultation.



Mining and Industry Minister Nicole Manison. Picture: Floss Adams.

Ms Manison said the report recommended “updating the Territory’s royalties regime to make it more competitive and not a deterrent to investment”.

Other recommendations include introducing targeted initiatives to encourage increased exploration and mining activity, and securing co-ordinated, transparent and efficient land access processes that respect landowners and recognise co-existing uses.

Other recommendations also include targeted regulations focused on outcomes to deliver improved project economics, and capitalising on economically sustainable downstream mineral value-add opportunities.

Established in November 2021 to develop a plan to secure ongoing private investment in the sector, the taskforce is made up of government, industry and private sector experts.



The Open Cut at the official opening of the Finnis Lithium mine Picture: Glenn Campbell

[Ms Manison](#) said the government accepted the recommendations “in principle” and would engage with key stakeholders and industry before making changes.

“The Territory government is sending a loud and clear message to investors that we are a world class destination for mining and we have the resources needed for low emission technologies,” she said.

“Growing mining will mean more well-paying jobs and royalties that will benefit all Territorians, through better services and infrastructure.”

She said the taskforce identified opportunities that “could make the Territory more competitive on a global scale”.

Minerals Council executive director Cathryn Tilmouth called on the government to implement the report recommendations in full.

“Why is it that the NT only has a handful of operating mines? Why is it more attractive for investors to spend their money on the other side of our borders?” she said.

“The recommendations put forward by the taskforce will help (government) answer these questions and help the (government) and the minerals sector reach mutually beneficial goals that will benefit all Territorians.

“It is now up to the government to listen to the advice that they actively sort and adopt these recommendations swiftly, so the industry can take advantage of the opportunities that currently present themselves.”

According to the Association of Mining and Exploration Companies, the mining industry in the Northern Territory grew 13.2 per cent in 2021-22, contributing \$6.9bn of value to the Territory’s Gross State Product.

Mining royalties contribute almost 40 per cent to Treasury’s tax take, raking in \$344m in 2021-22.

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