

2 February 2016

Tax transparency code  
The Board of Taxation  
c/- The Treasury  
Langton Crescent  
CANBERRA ACT 2600

Via email: [taxtransparency@taxboard.gov.au](mailto:taxtransparency@taxboard.gov.au)

Dear Sir/Madam

### **AUSTRALIAN VOLUNTARY TAX TRANSPARENCY CODE**

The Chamber of Minerals and Energy of Western Australia (CME) is pleased to submit its Voluntary Tax Transparency Code (VTTC) submission for the Board of Taxations consideration. This submission endorses the submission of the Minerals Council of Australia (MCA) which is attached here for reference.

The Chamber of Minerals and Energy of Western Australia (CME) is the peak resources sector representative body in Western Australia. CME is funded by its member companies, which generate 95 per cent of the value of all mineral and energy production and employ 80 per cent of the resources sector workforce in the state.

The Western Australian resources sector is diverse and complex, covering exploration, processing, downstream value adding and refining of over 50 different types of mineral and energy resources.

In 2014-15, the value of Western Australia's mineral and petroleum production was around \$99.5 billion. Iron ore accounted for approximately \$54 billion of production value to be the state's most valuable commodity. Petroleum products (including LNG, crude oil and condensate) followed at \$24 billion, with gold third at \$9 billion.<sup>1</sup>

Notwithstanding the recent decline in the price of several export commodities, the estimated value of royalties the state received from the resources sector still composed around 15 per cent, or almost \$3.8 billion, of estimated total state revenue in 2015-16.<sup>2</sup>

The West Australian resource sector are leaders in ensuring globally consistent tax transparency, with a number of organisations operating in WA already voluntarily disclosing their tax and royalty payments at a global level. The resources sector has supported the successful pilot of the Extractive Industry Transparency Initiative (EITI) and is working with the Australian Government to progress the adoption of the EITI.

CME is broadly supportive of the VTTC and considers its implementation will help to increase public confidence and understanding of the tax system and inform public debate on taxation measures.

Global consistency where possible, is highly desirable in transparency regimes to ensure compliance costs are minimised for multinational companies operating across jurisdictions and to allow the public to derive meaningful comparisons between businesses and jurisdictions.

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<sup>1</sup> Department of Mines and Petroleum, *Western Australian Mineral and Petroleum Production Statistics Digest 2014-15*, 2015, p. 11.

<sup>2</sup> Department of Treasury, *2015-16 Government Mid-year Financial Projections Statement*, 2015, p.14.


CME reiterates MCA's recommendations for further amendment in the following areas:

- All businesses should have the option of publishing the minimum disclosures in a single taxes paid report, there should be no requirement to publish in financial statements.
- Qualitative information on related party dealings should only cover the three largest dealings (by transaction size) as a minimum.
- Taxpayers with substituted accounting periods should have equal amount of time to prepare for compliance, this may mean the option to comply from financial years after 2015-2016.
- The code should more clearly recognise that where a multinational business discloses information under an equivalent transparency regime in other jurisdictions, those disclosures will meet Australia's obligations.

CME looks forward to both your response to its submission and ongoing engagement on these important issues to ensure the success and viability of the resources sector and in turn both the Western Australian and Australian economies.

Should you have any questions regarding this submission, please contact Nicole Roocke, Deputy Chief Executive on (08) 9220 8513 or [n.roocke@cmewa.com](mailto:n.roocke@cmewa.com).

Yours sincerely



**Reg Howard-Smith**  
Chief Executive Officer

Att: MCA submission to the Board of Taxation: Tax Transparency Code Consultation Paper.