



Department of Jobs and Small Business
10/14 Mort St, Canberra ACT 2601
Via email: PaymentTimes@jobs.gov.au

28 February 2019

Apropos of Payment Times Reporting Framework

The Minerals Council of Australia (MCA) appreciates the opportunity to comment on the Payment Times Reporting Framework, noting the brevity of the consultation period (two weeks).

Minerals industry's extensive support for Australian businesses

The Australian minerals industry encompasses a range of sophisticated activities and extensive supply chains. These include minerals exploration and extraction, metal processing to a primary product, and the provision of large-scale infrastructure and road, rail and shipping transport. All of these activities entail comprehensive environmental and social programs.

The businesses that supply the minerals industry are often referred to collectively as the mining equipment, technology and services (METS) sector. The METS sector includes (but is not limited to) manufactured items, parts for machinery and equipment, construction and civil engineering, engineering design, environmental sciences, geospatial data processing, equipment maintenance and repairs and transportation.

According to Deloitte Access Economics, the combined economic contribution of mining (excluding oil and gas) and METS is around 15 per cent of gross domestic product. In addition, mining and METS together support around 10 per cent of total national employment.¹

Further, mining supports around 30,000 businesses in New South Wales, Queensland and Western Australia.²

Regulation should be efficient and effective

Regulatory settings have a profound impact on the mining industry's cost competitiveness, productivity and capacity to adapt to changing market conditions. Regulatory requirements cover all stages of industry activity, from grant of tenure, exploration, extraction, processing, transport and mine closure through to relinquishment of tenure. Minimising the regulatory burden on industry is not the same as minimising regulation itself. The Australian mining industry recognises its obligation to act in a way that assists government in maintaining efficient, stable and risk-based regulatory frameworks.

The essential challenge is to ensure regulation not only is directed at legitimate objectives, but that it takes an appropriate form. The Australian mining industry supports the principle of 'minimum effective regulation', whereby regulation can both meet its policy objectives and do so at least cost.

The MCA's approach is consistent with the Council of Australian Governments' (COAG) principles of good regulation, which stress:

¹ Deloitte Access Economics, *Mining and METS: engines of economic growth and prosperity for Australians*, 29 March 2017.

² See Lawrence Consulting, *NSW Mining Industry Expenditure Impact Survey 2016/17*, report prepared for NSW Minerals Council, April 2018; Queensland Resources Council, *What are resources worth to Queensland?*, viewed 28 February 2019; and Chamber of Minerals and Energy Western Australia, *2015-2016 Western Australian Resource Sector Operations*, CMEWA, viewed 28 February 2019.

Companies are also increasingly including information about supplier partnerships in annual sustainability reports. Information in these reports can include standard practices and particular arrangements in place for small, local and/or Indigenous businesses. Information about the value and share of spend with local, Australian and Indigenous business is also commonly included.

In light of these existing practices, the complexity of the mining supply and value chain and the myriad of reporting already undertaken by industry, it is critical that the Payment Times Reporting Framework be designed to minimise the reporting burden and cost of compliance for reporting entities. This can be done by:

- Limiting the scope of reporting to that information strictly necessary to achieve the regulatory objective
- Directing the Department of Jobs and Small Business to investigate if payment time information is already being reported to other state or federal departments or agencies; and if so, to assess if that information can be provided by those departments or agencies on behalf of the reporting entities
- Employing definitions that are flexible enough to allow companies to document existing practices and link to information already published
- Leaving it to the discretion of liable entities to decide which part of their business is best placed to report under the framework
- Aligning the reporting period with existing corporate reporting timelines
- Administering the framework through a public register (maintained by the department) rather than through legislation
- Allowing companies to report at an appropriate aggregate level, thereby avoiding disclosure of individual or facility-level payments
- Not requiring the disclosure of commercially sensitive data, including operational-level data.

In addition, the framework should be periodically reviewed to determine its value and effectiveness in light of both needs and the regulatory burden imposed on industry.

I would be happy to elaborate on any these points. I can be reached on [REDACTED] or

[REDACTED]
Yours faithfully

[REDACTED]
DR MATTHEW STEEN

GENERAL MANAGER – ECONOMIC POLICY