



GE

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RE: Repeal of Minerals Resource Rent Tax Repeal and Other Measures Bill 2013

General Electric (GE) wishes to comment the *Minerals Resource Rent Tax Repeal and Other Measures Bill 2013*.

GE is a major technology and services supplier as well as provider of finance to the resources sector across its value chain through a range of its businesses – Mining, Transportation, Power and Water, and Capital.

While the Government intends through this Bill to repeal or re-phase a series of measures, GE will restrict its comments to the proposed arrangements for the treatment of coal seam gas, the recovery and use of gas as *“an unavoidable incident of coal mining activities”*.

GE expressed concern in the framing of the MRRT about the treatment of gas through the application of alternative technologies, such as coal gasification, could create multiple taxing points. GE also noted the MRRT’s coverage of gas recovered from coal mining activities.

According the repeal Bill’s Explanatory Memorandum, *“all petroleum including coal seam gas, would be subject to [the Petroleum Resource Rent Tax]. However, some entities only recover coal seam gas as an unavoidable incident of coal mining activities. Imposing PRRT on these entities would involve excessive compliance for no real benefit”*.

Furthermore, the Memorandum explains the Bill amends the definition of “production licence” to not include a right or authority:

- *it only permits the recovery of coal seam gas as a necessary result of coal mining (or as required for the purposes of health and safety to prevent methane emissions; and*
- *all coal seam gas that is recovered is used for mining activities in the relevant area activities in the relevant area or given to an entity that has a production licence covering the same area as the authority or right.*

Specifically, the Memorandum cites “[e]xamples of uses where the exception can apply include heating for onsite offices and accommodation, flaring or otherwise destroying the gas or generating electricity for the operation of mining equipment”. It also specifies that the exception would not apply to the generation of “electricity for sale to the grid or for offsite use and transporting the gas out of the area covered by the permit”.

The Exposure Draft of the Bill - *2AB Exclusion of incidental recovery of coal seam gas* - refers to the exception on the use of recovered coal seam gas “within the area covered by the authority or right, to carry out coal mining under the authority or right”.

Recommendation:

Notwithstanding the coverage of waste coal mine gas through the current Clean Energy Future package and its pending inclusion through proposed Direct Action programs, GE believes the Bill should detail the exception in the legislation as per its Explanatory Memorandum for “*generating electricity for the operation of mining equipment*”.

For further information or clarification, please contact me on (07) 3001 4339 or kirby.anderson@ge.com.

A handwritten signature in blue ink, consisting of a stylized 'K' followed by a horizontal line.

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