



NT RESOURCES COUNCIL

1 May 2009

Mr John Hawkins
Committee Secretary
Senate Standing Committee on Economics
PO Box 6100
Parliament House

CANBERRA ACT 2600

Dear Mr Hawkins

Inquiry into the Uranium Royalty (Northern Territory) Bill 2008


During the Standing Committee hearing into the Uranium Royalty (Northern Territory) Bill 2008 conducted in Darwin on 31 May, evidence was given by others to the effect that a certain company had evaded paying royalties by establishing a shelf company arrangement and diverting profits into that shelf company.

Subsequently, I was asked questions about that matter. In my reply I indicated that I had heard rumours to that effect but that I was unaware of any attempt at evasion of royalties and that my observation was that Governments were diligent in detecting any attempts to evade payment. I further made the general observation that one effect of a profit based royalty system was that in some years, little or no royalties were paid if profitability was low. As I had not expected this line of enquiry I did not have detailed information to hand.

I have subsequently spoken to the company against which the allegations were made, Xstrata's McArthur River Mine, in order to establish an accurate position. The company inform me that they have paid considerable royalties since the site moved to profitability in 2006. The company has been subject to external audit on this matter by Ernst and Young and has been audited by NT Treasury. The payments, approaching \$20m, are a matter of public record and are available on the company's website in its sustainability report. Provisional payments have also been made in 2008 for that financial year.

I would ask that you bring this matter to the attention of the Standing Committee in order to specifically address untrue allegations that arose during the hearing.

Yours sincerely



Scott Perkins
Chief Executive Officer