

**DUTIES AMENDMENT (FARM-IN AGREEMENTS) BILL 2022**

*Introduction and First Reading*

Bill introduced, on motion by **Dr A.D. Buti (Minister for Finance)**, and read a first time.

Explanatory memorandum presented by the minister.

*Second Reading*

**DR A.D. BUTI (Armadale — Minister for Finance)** [12.36 pm]: I move —

That the bill be now read a second time.

The bill seeks to amend the Duties Act 2008 to address issues with transfer duty concessions for farm-in agreements involving mining tenements to maintain longstanding concessions.

A farm-in agreement is an agreement between a holder of a mining tenement and another person, which entitles the other person to acquire an interest in the tenement after spending an amount on exploration of the tenement. These agreements facilitate investment by an outside party in exploration and development. A duty concession for these agreements has applied for over 25 years to support mineral exploration in Western Australia. The concession encourages the exploration of existing mining tenements for mineral resources; however, issues with the current legislation prevent the concession from operating as it has always been administered. If not addressed by amendment, this concession, which has applied for over 25 years to support mineral exploration, will no longer be available for agreements that have historically and intentionally been eligible, and duty relief may be granted in circumstances where it was never intended to apply.

On 28 November 2018, proposed amendments were announced to ensure the concession continues to apply to eligible farm-in agreements, preserve the integrity of the concession, and ensure equitable outcomes for taxpayers. This bill delivers those amendments. A number of amendments are backdated to the commencement of the Duties Act on 1 July 2008 to support concessions that have previously been approved. The amendments clarify the concession does not apply to farm-in agreements where the exploration amount involves expenditure in connection with mining operations or capital costs associated with the construction of mining infrastructure to allow mining operations to be carried out.

Agreements involving capital expenditure on mining operations or mining infrastructure have never been intended to benefit from the concession. The concession applies only if the exploration amount is spent on exploration or development that facilitates exploration. The amendments will support the longstanding administration of the concession and ensure duty relief is not available for the purchase of an interest in an operating mine. The amendments to exclude the concession from applying to agreements involving capital expenditure will apply to agreements entered into on or after the day the amendments were announced—on 28 November 2018.

RevenueWA consulted with the relevant mining industry groups during the drafting of the bill to ensure the legislative amendments achieve the intended policy outcomes while reflecting mining industry practices. When appropriate, industry feedback has been incorporated into the bill. The detailed provisions in the bill replace one short provision in the Duties Act. The amendments support the longstanding administration of the concession. Where possible, they also update the concession to accommodate the different ways farm-in arrangements may be structured. This, together with the historically broad application of the concession, has resulted in more complex legislation than the current provisions.

A detailed explanatory memorandum has been prepared to provide further details on the amendments and assist with understanding the legislation. Once the bill is passed, RevenueWA will consult with industry groups to prepare customer guidance materials about how the new provisions operate. The associated explanatory memorandum contains further details on the amendments.

I commend the bill to the house.

Debate adjourned, on motion by **Mr P.J. Rundle**.