RFI for Professor Banks (on behalf of The Royal Forest and Bird Protection Society) - Response – 13 November 2025

A. Examples of variable tax contributions

1. You provide some examples on annual variation in taxes paid by existing mining operations (OceanaGold and from Papua New Guinea):

a. Please confirm if the mining in Papua New Guinea you refer to is land-based.

1. Yes, the mining activity in Papua New Guinea is all land-based.

2. The Papua New Guinea Nautilus 'Solwara-1' deepsea mining project (a world first) was permitted in 2010, however the project was shelved in 2019 due to financial collapse of the company, in part as a result of a dispute with the PNG Government over the funding of government equity in the project.

b. Can you provide more detail on whether capital expenditure in those same years (or another cause) influenced those tax payments – particularly when tax contributions were low?

3. The variation in taxation returns over the past couple of decades in Papua New Guinea – and especially the low returns over the period 2014-2018 – have been attributed to a range of factors by the Extractive Industries Transparency Initiative reports for Papua New Guinea (PNG EITI). I append a page of their comments from a number of years below.

4. In sum, the factors that affect the financial performance of the individual operations (and hence the taxation they pay) include:
    - variability of commodity prices;
    - changing costs of inputs (particularly fuel costs);
    - concessional tax arrangements, natural hazards – droughts;
    - storm damage and floods – impacting on the operations or significant infrastructure;
    - currency fluctuations;
    - high and/or accelerated depreciation costs;
    - capital investment in equipment and operational updates and extensions;
    - on-going exploration expenditures; and
    - various tax exemptions and credits.

c. If the variability in tax payments in question (b) above was strongly linked to capital investment in those years, please provide further explanation on whether

you consider those examples are still relevant to the Panel's consideration of the robustness of TTR's projected tax contributions, given that TTR signal no material reliance on capital expenditure after the initial set up phase?

5. With respect to TTR I believe the range of factors that could affect their net profit (and hence corporate tax) in any one year over the license period would include:
    - Variations in depreciation write-downs;
    - Equipment replacement (especially of the high-value assets such as the 450t seabed crawlers);
    - Effects of extreme weather events on off-shore or on-shore facilities
    - Unplanned and/ or accidental equipment failure on the processing facility;
    - Unforeseen delays with shipments; and
    - Obvious variations in commodity prices and input costs (especially fuel).
6. My main point is that a single average figure over the life of mine ('annual corporate tax paid to the Crown to range from NZ$91 million to NZ$136 million (in 2024 New Zealand dollars') (NZIER 2025:17) is extremely improbable, and the actual amount will vary significantly over the 35 year period of the lease, and most years will almost certainly below that estimated – as it has been for every mining operation in the Pacific I have looked at over the past 35 years.

Glenn A Banks

Professor Glenn Banks

13 November 2025

Appendix: PNG taxation returns and comments from EITI PNG Extractive Industry Transparency Initiative (PNGEITI) reports 2013-2023.

These reports are all available through https://www.pngeiti.org.pg/

The following table covers 2017-2023 and shows variations in corporate income tax that ranges from K113 million (2017) to K760m (2019) to K183m (2020) and then K4,036m (2022).

Table 5-1 Contribution of the mining and oil and gas sectors to government revenue

	2017 (PGK million)	2018 (PGK million)	2019 (PGK million)	2020 (PGK million)	2021 (PGK million)	2022 (PGK million)	2023 (PGK million)
Total tax and non-tax revenue (excluding grants)	10,085.2	12,249.4	11,904.9	10,668.3	11,772.4	17,066.1	18,651.4
Mining and petroleum tax (corporate income tax)	113.6	775.0	760.7	183.4	635.4	4,036.1	3,906.5
Mining and petroleum dividends	562.3	653.5	381.2	568.5	380.5	300.0	402.6
Contribution of mining and petroleum in government revenue	6.7%	11.7%	9.6%	7.0%	8.6%	25.4%	23.1%

PNGEITI 2023

This on exports of minerals (including oil and gas) of K26bn (NZD11bn) to 45bn (NZD18.5bn) over this same period.

PNG EITI Reports note some of the reasons for this volatility:

"This surprisingly low figure could be attributed to a combination of low commodity prices and production, and some newer projects having concessional arrangements whereby taxation is nil or low for some years into production.

Revenue flows to the government from the extractives industry are volatile, since the financial performance of the individual operations can fluctuate due to factors including commodity prices, and the changing cost of inputs (especially fuel)." (PNG EITI 2013 p.46)

"Revenue flows to the government from the extractives industry can be volatile as the financial performance of the individual operations can fluctuate due to factors including commodity prices, and impacts of severe weather events such as drought and flood." (PNG EITI 2014 p.26).

"This was evident in 2016, with receipts significantly lower than previous years due partly to lower commodity prices, and temporary cessation of production from some major resource projects." (PNG EITI 2016 p.28)

"The budget commentary suggests that the trend of declining proportional mining and petroleum revenues in the years to 2016 has been corrected, … [due to] … the increased production capacity of the PNG LNG Project, improved oil and gas prices and a PGK currency depreciating against the US dollar.

The International Monetary Fund (IMF) has concluded that PNG's taxes on the extractive industries are low by international standards. Some high-profile projects such as Ramu Nickel contribute little to resource sector revenues, largely due to accelerated depreciation and tax exemptions. Similarly, Lihir, one of the largest mines, has paid almost zero corporate income tax since 2013, after deduction of infrastructure tax credits. In 2018, Santos subsidiaries and Morobe Consolidated Goldfields Ltd also paid no corporate income tax" (PNG EITI 2018).