SUBMISSION TO ASSISTANT MINISTER FOR TREASURY AND FINANCE

2019-20 COMMONWEALTH PRE-BUDGET

ASSOCIATION OF MINING AND EXPLORATION COMPANIES

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Contents

A. EXECUTIVE SUMMARY 3
B. RECOMMENDATIONS 4
C. STATE OF THE INDUSTRY 5
D. SPECIFIC BUDGET RELATED INITIATIVES 7
Implement the recommendations of the Resources 2030 Taskforce 7
Rollover funding of the Junior Minerals Exploration Incentive (JMEI) 8
Support the implementation of the “UNCOVER” initiative 9
Prioritise the lithium and battery minerals sector 10
Create a Regional Australia Infrastructure Fund (RAIF) 11
Reduce duplication and red tape 12
Retain the current diesel fuel tax credit arrangements 12
Promote innovation and retain the R&D Tax Incentive 13
No additional cost recovery on industry 14
Free access to Australian Standards 15
APPENDIX 16

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A. EXECUTIVE SUMMARY

Thank you for the opportunity to provide input to the 2019/20 Commonwealth Budget and Forward Estimates.

The Association of Mining and Exploration Companies (AMEC) is the peak national industry body representing hundreds of mining and mineral exploration companies throughout Australia.

Acknowledging that the resources sector is again gathering some momentum, the industry`s social and economic contributions to the economy continues to grow. There is however enormous potential to maximise the nations resource potential as there are many areas throughout Australia which have never been explored, or are under explored.

In order for this to occur all Governments must support, promote and encourage resource development to maximise the economic and social dividends that are achievable, particularly in remote and regional areas.

At a Commonwealth Government level this can be achieved by streamlining land access processes (such as environmental and native title approvals) which will reduce costly delays. It can also ensure that the Australian economy is strong, with stable and predictable public policy settings which stimulate investment and business decision making.

The long-term health of the Australian mining industry is a critical issue. While Australia continues to increase its overall mineral production, this is primarily based on greater exploitation of known reserves not new discoveries. Australia's rate of mineral discovery is falling despite the fact there remains incredible prospects for further mineral discovery across the continent.

Without new discovery, Australia's current production levels will begin to decrease, as existing mines exhaust their reserves and close. New mines are needed to sustain current production levels. Equally, new mine developments are needed to deliver increased employment and an economic dividend for the country.

Much of our known resource reserves are under considerable cover and are not currently economic to exploit. Despite this, there remains a tremendous opportunity to discover new mineral resources in areas that have not been explored and are economic to develop. However, this opportunity is also significantly constrained, because exploration in 'greenfields' areas struggles to attract private investment.

The overwhelming majority of mineral exploration in Australia is undertaken by small companies, which rely on raising investment capital to undertake this work. 'Greenfields' exploration is largely unattractive for private investment because of the high-risk profile, with roughly only 1 in 100 'greenfields' exploration projects leading to a discovery. These odds aside, few private investors seek such long-term returns, with the average mine taking 13 years to go from discovery to production in Australia. There can also be an additional long lead time during the initial exploration phase prior to any discovery.

Large Australian mining companies (with established long-life projects) tend not to invest in 'greenfields' exploration, largely choosing to expend exploration investment on identifying the next development within an existing reserve, and instead allow small companies to undertake the exploration and then purchase such an asset when a resource is discovered / proven. In this way, the existing market serves up new opportunities to large established companies, who consequently do not need to take the risk of greenfields exploration to reap the reward. However, even this is now being challenged, with very few promising acquisitions available.

The simple fact is our level of discovery is dropping, and consequently our ability to develop new mines has significantly reduced.

And while production is growing in headline commodities like iron ore, coal and LNG, Australia is seeing our global share of production in all other commodities fall substantially, underscoring the significant challenge faced by the industry, and the <u>increasingly likely impact on government revenue returning from the mining sector</u> (**Refer Appendix Table 1**).

These issues were all brought to the attention of the Resources 2030 Taskforce formed by the Minister for Resources, the Hon Senator Matt Canavan, with bi-partisan support in 2018. The subsequent Resources 2030 Taskforce Report has re-iterated these views and stressed the need to '*improve performance and address the significant opportunities and challenges presented by a rapidly changing world. Some of these challenges are strategic and long term.'*[1] The Report made 29 proactive recommendations, which were also brought to the attention of the COAG Energy Council in December 2018.

As the peak national industry body for mining and mineral exploration companies, the Association of Mining and Exploration Companies (AMEC) has identified a number of key budgetary measures which need to be addressed in order to:

1. **Increase economic growth,**
2. **Increase mineral exploration activity (greenfield and brownfield), and**
3. **Reduce the cost of doing business in Australia.**

These are contained in the following recommendations.

B. RECOMMENDATIONS

1. ***Implement the recommendations of the Resources 2030 Taskforce.***

2. ***The Junior Minerals Exploration Incentive (JMEI) be rolled over for another four years to 2024/25 with an allocation of $50m per annum.***

3. ***A funding source is identified for the UNCOVER initiative to move forward.***

4. ***The Commonwealth Government strongly support the lithium and battery minerals sector in order to achieve significant economic, financial and social dividends for the nation.***

5. ***Create a Regional Australia Infrastructure Fund (RAIF).***

[1] https://www.industry.gov.au/strategies-for-the-future/resources-2030-taskforce - page 8

6. ***The key recommendations of the Senate Red Tape Committee be implemented urgently.***

7. ***The diesel fuel credit arrangement for the mining and mineral exploration sector is retained.***

8. ***The Research and Development Tax Incentive remains unchanged.***

9. ***There is no additional cost recovery on industry.***

10. ***Australian Standards be made available to Australian businesses free of charge.***

C. STATE OF THE INDUSTRY

The mining and mineral exploration industry continues to experience financial and economic pressures, fluctuating commodity prices, structural adjustment, significant international competitiveness, tight capital markets, and investment being allocated to offshore and competing projects.

The long term outlook for the gold industry, and key commodity groups, is the subject of close analysis by a MinEx Consulting report, "*Long-term forecast of Australia's mineral production and revenue. The outlook for gold: 2017-2057"*. The Report[2] is sponsored by a number of Government, academic and industry bodies (including AMEC) and was released in October 2017. It has closely analysed the gold sector and forecast the number of gold mines, production and revenue over the next 40 years (**Appendix – Tables 2, 3 and 4**).

The Report highlighted a number of disturbing findings, including:

- *For the Australian gold industry to maintain production at current levels in the longer term, it will either need to double the amount spent on exploration or double its discovery performance*
- *By 2032 half of Australia`s gold production will come from mines that are yet to be discovered*
- *The weighted average delay between discovery and development for a new discovery is 13 years*
- *Discovery costs have been increasing to the point that they are 50% higher than they were in the last decade*
- *In 40 years-time almost all of Australia`s future gold production will come from exploration successes.*

Research is still being undertaken into other commodities, such as nickel, copper, zinc, iron ore and coal, and is expected to be released publicly in 2019.

It is abundantly clear that we need to be exploring now to discover future mines.

[2]https://www.amec.org.au/Public/Advocacy/AMEC_Submissions/Long-term_forecast_of_Australia%E2%80%99s_mineral_production_and_revenue.aspx

Priority should be given to removing, lowering or streamlining all unnecessary barriers to entry to fast track approvals and development. The various recommendations emanating from the Senate Red Tape Committee (*Inquiry into Environmental Assessments and Approvals);* the Productivity Commission Reviews (*Major Project Development Assessment Processes; and Report into Mineral and Energy Resource Exploration*) should therefore be implemented, where appropriate.

The Commonwealth Government draws considerable revenue from corporate and other taxes from the mining sector, as do State Governments through royalties and other fees and charges. Without ongoing exploration success, the identification of new mineral deposits and the ability to progress these discoveries into productive operating mines there will be significant fall off in growth, jobs and government revenue delivered by the mining sector.

The sustainability of the Commonwealth Budget and Forward Estimates is at risk. Failure to take action now will undoubtedly result in reduced Government and taxation revenue streams and declining employment opportunities.

All Australian Government's should be taking action to focus on maximising their resource potential to create new revenue streams, job opportunities and regional development.

To re-inforce these views there are several critical trends that support the need for action to be taken:

- Share of greenfield mineral exploration expenditure;
- Metres drilled;
- Number of mineral related Initial Public Offerings; and
- Increased number of competing international jurisdictions.

Of particular concern is the fact that the share of greenfield mineral exploration drilling activity has continued to decline over the last decade (**Table 5**). Greenfield exploration expenditure has finally begun to lift this year, however there is still a considerable imbalance with brownfields exploration (**Table 6**). These are significant lead indicators as new and future mines are discovered through greenfield exploration. There has been a slight improvement in recent reporting periods, mainly as a result of gold and battery minerals.

The number of mineral related Initial Public Offerings (IPOs) highlights the difficulties that the majority of companies have experienced in raising capital (**Table 7**). The high of 126 in 2007 saw a sharp decline in the number of mineral exploration IPOs to the extent that there were only 12, 8, 5 and 8 in each of the four years to 2016. As confidence started to build, the number of IPOs jumped to 29 in 2017, and 33[3] in 2018.

To place this in perspective '*the probability of finding an economic deposit on any piece of ground is 1/100, whereas finding one that is of 'world class' is 1/1000.'*[4]

[3] As at 11 January 2019
[4] Gold and Minerals Gazette – August 2008 edition – Editorial page 4

There is a growing number of international jurisdictions with mineral resources which are competing in the same market place as Australian producers. This is evidenced by the number of jurisdictions increasing by 16%, from 78 to 91 in the Canadian based Fraser Institute Survey over the last decade alone. Australia's share of global exploration spend has also reduced from 23% to 12% over that period.

It is also indicative of investment capital heading to international jurisdictions that have low cost operating environments, and where the potential returns can be considerably greater than in Australia. These statistics demonstrate that companies and investors are willing to pursue greater returns by investing in projects in locations that, unlike Australia, have significant sovereign risks.

The mining and mineral exploration industry in Australia is clearly starting to recover, however increased activity varies markedly from State to State. This positive growth needs to be contextualised, and considered against the longer term trends that if unabated threaten the long term future of our industry.

Following record lows, the industry is showing positive signs of economic recovery and growth, however more needs to be done to maximise Australia's natural resource potential.

The following recommendations are therefore made.

D. SPECIFIC BUDGET RELATED INITIATIVES

Implement the recommendations of the Resources 2030 Taskforce

The Commonwealth Government's Resources 2030 Taskforce has published its recommendations on what must be done to ensure the Australian resource sector remains globally competitive and sustainable.

The Taskforce has outlined a forward-looking strategy with recommendations that will help maximise Australia's mineral potential. Importantly, the report and recommendations highlight the substantial exploration challenge facing Australia and articulates a clear course to discover and develop new mineral resources.

The 29 recommendations extend from the positioning of the sector for the future, to investment attraction, resource discovery, community engagement and developing workforce and skills.

The mineral exploration and mining sector has driven Australia's unprecedented 27 years of consecutive growth, contributing eight of Australia's top ten exports in 2016-17 and 56% of the workforce outside of capital cities.

AMEC has strongly supported the 2030 Taskforce's recommendations, but the keys now are implementation and bipartisan support.

Australia needs greater greenfields mineral exploration to discover future mines. The Taskforce has acknowledged the need to increase mineral exploration, as the discovery rate has been in slow decline for the last decade.

Each new discovery that leads to a mine creates jobs, royalties and a wide range of economic and community benefits.

To promote the development of the industry, the Taskforce has identified the need to remove red tape, complexity and cost from the current State and Federal Environmental Approvals system.

The Taskforce has also identified that Australian governments have a leadership role to support the growth of the Australian battery minerals industry. There is a tight timeframe on the global battery opportunity and the Government must act quickly to show leadership.

The Taskforce recommendations are needed and timely and together represent a positive, important and achievable vision for the future of our industry.

The Taskforce's recommendations are sensible and when implemented would benefit all Australians.[5]

Recommendation:

1. ***Implement the recommendations of the Resources 2030 Taskforce.***

Rollover funding of the Junior Minerals Exploration Incentive (JMEI)

Following bi-partisan support and passage of legislation in March 2018 to implement the Junior Minerals Exploration Incentive (JMEI)[6], applications to access the exploration related tax offset arrangements opened in April 2018 in relation to the 2017/18 income year.

In the one month that was available to apply for the JMEI credits, 23 applicants were successful in accessing $8.467 million of exploration credits.

In the following year, 46 applicants were successful for the second round of applications for the 2018/19 income year. The 'first-come, first-served' principle of the JMEI was triggered as application requests exceeded the available funding.

The JMEI is proposed to apply for four years, providing a total of A$100 million in tax credits for eligible exploration companies to pass onto their qualifying investors. Exploration credits up to $30 million will be available for each of the 2019/20 and 2020/21 income years.

The JMEI was acknowledged by Parliament as an extremely important initiative for mineral exploration and future mining in Australia, and should be rolled over for a period of at least another 4 years to 2024/25 to allow the success of the initiative to be measured and assessed over a longer time frame.

[5] https://www.industry.gov.au/data-and-publications/resources-2030-taskforce-report

[6] The JMEI is designed to attract and encourage investment in greenfield mineral exploration projects in Australia. It is intended to allow eligible companies to renounce their exploration tax losses to investors in the form of a tax credit.

In making this recommendation we note that the Canadian Government has announced[7] its intention in the Fall Economic Statement to extend their Mineral Exploration Tax Credit program for an additional five years until March 2024, at a cost of US$365 million. It is understood that the Canadian Government recognised the existence of the Australian four year program in its deliberations.

In view of the critical need for greenfield mineral exploration in Australia, and the likely increased demand to access the JMEI exploration credits as the initiative becomes more popular, and the increased international competitiveness, it is recommended that an allocation of $50 million per annum should be made beyond the Forward Estimates.

Recommendation:

2. ***The Junior Minerals Exploration Incentive (JMEI) be rolled over for another four years to 2024/25 with an allocation of $50m per annum.***

Support the implementation of the "UNCOVER" initiative

The aim of the UNCOVER initiative is to focus Australia's relevant geoscience effort on providing the knowledge base and technology that will substantially increase the success rate of mineral exploration beneath post-mineralisation cover in Australia.

It brings together geoscience researchers in industry, governments and academia to explore and uncover Australia's hidden wealth. The next frontier of mineral exploration is from the two thirds of the continent that lies beneath cover, and which remains underexplored or never explored. There is a potential 'trillion dollar prize' at stake.[8]

The UNCOVER initiative is a component of the National Mineral Exploration Strategy, which has previously been endorsed by the COAG Energy Council. It recognises the reality that many of our future resources developed will now be found at greater depth and under greater topsoil cover. This both significantly increases the complexity of mining for these resources, as well as the cost of doing so.

We need a national resources science plan like UNCOVER. It can provide support on a decadal basis, for holistic, unified research and development (R&D) agendas focussed on key integrated themes. This can motivate, and to a certain extent, fund the required multi-disciplinary, multi-scale effort and be champions for the delivery of the outputs. There is no current mechanism which provides a framework to draw all of this together.

A 'Roadmap' has identified the necessary activities, their sequence and their costs. However, it requires support to guide the implementation of the Roadmap to ensure the alignment of government pre-competitive initiatives with the UNCOVER Roadmap priorities.

It requires ongoing collaboration and support from the Commonwealth Government to facilitate the UNCOVER initiative and generate direct and indirect stakeholder input.

[7] https://budget.gc.ca/fes-eea/2018/docs/statement-enonce/fes-eea-2018-eng.pdf - Page 62
[8] www.uncoveraustralia.org.au

Recommendation:

3. A funding source is identified for the UNCOVER initiative to move forward.

Prioritise the lithium and battery minerals sector

Independent research undertaken for AMEC suggests that the lithium value chain alone will grow from $165 million in 2017 to $2 trillion in 2025[9].

Major car producers have a catalogue of electric vehicles (EV) that will drive demand: Volvo will sell only hybrids and EVs from 2019; Daimler will offer electrified versions of all models by 2022; Ford will release 40 electrified models by 2020; General Motors will release 20 all electric models by 2023; Hyundai will release 38 electrified models by 2025 and VW will introduce 50 new all electric models by 2025.

The exponentially rising demand in the global market for lithium rechargeable batteries presents a unique opportunity for Australia. Australia produces over 60% of the world's lithium and mines nearly all of the minerals needed to manufacture lithium batteries.

As international battery makers race to secure supply, build capacity and meet rising demand there is an opportunity to secure Australia further down the value chain than lithium hydroxide production. The Government has frequently referred to a desire for greater downstream processing, and the possibility of adding further value to resources rather than simply mining and direct shipping out. The growth of this emerging industry provides refining and processing opportunities for a wide range of Australian produced commodities, including lithium, graphite, nickel, cobalt, copper and manganese.

The Western Australian State Government is working to develop a *Lithium and Energy Materials Industry Strategy for WA*, which is expected to be released in early 2019. The Commonwealth Government recently launched a national strategy ramping up Austrade activities overseas to attract investment.

The technology, the intellectual property and the patents further down the value chain are closely held by a small number of international conglomerates. These organisations have also captured the market and provide the commercially viable batteries that manufacturers use. This means that Australian companies can either develop the technology necessary to progress down the value chain domestically or partner with a company which has already developed this expertise.

State and Commonwealth Governments should continue to prioritise the opportunities within the lithium and battery minerals industry.

Legislative changes to the Research and Development Tax Incentive are under consideration, and if implemented will impact the development of a domestic battery minerals processing industry.

The proposed $4 million cap on mining and mineral exploration projects with an aggregated annual turnover less than $20 million will impact emerging lithium and rare earth companies which will

[9] https://amec.org.au/Public/Advocacy/AMEC-Submissions/A_lithium_Industry_in_Australia.aspx

likely need to build a pilot processing plant to develop and ensure the correct chemistry of their product.

As this industry develops, other countries are beginning to develop incentive schemes to attract battery mineral processing operations to their countries. These are essentially efforts by nations to buy a piece of a new emerging industry that will deliver thousands of new highly skilled jobs, significant commercial and economic opportunities.

The Commonwealth Government should closely monitor incentives and subsidies being offered by other countries and consider whether similar measures are needed to support the development of this industry in Australia.

The Future Battery Industries Cooperative Research Centre (CRC) bid, which focuses on lithium and battery minerals, is currently under consideration in a competitive bids framework. Given Western Australia's dominance of global lithium production, and the availability of all other battery minerals suggests it is logical to have a CRC in Perth. The CRC Bid is supported by a wide range of industry, government, and academic institutions from across the country.

The Future Battery Industries Cooperative Research Centre bid should be supported.

It is estimated that there is roughly a two-year window before the supply chain starts to solidify. If Australian companies are able to secure a place in these global supply chains, they will be able to grow their share as the industry grows.

Recommendation:

4. ***The Commonwealth Government strongly support the lithium and battery minerals sector in order to achieve significant economic, financial and social dividends for the nation.***

Create a Regional Australia Infrastructure Fund (RAIF)

The Northern Australia Infrastructure Fund (NAIF) is a $5 billion lending facility which was established to provide loans to infrastructure projects in northern Australia which meet the mandatory eligibility criteria. As a result of some amendments to that criteria in 2018 there has been an increase in the number of successful applications.

The NAIF website states that:[10]

> *As of 30 November 2018, the total value of NAIF loan commitments in its six Investment Decisions and six conditional approvals is $1.245bn, with an estimated total capital value of those projects of $2.833bn.*
> *The amount of public benefit forecast to be generated by those projects is more than $1.9bn (noting this does not yet capture all the benefit from the conditional approvals).*
> *Over 2,870 direct jobs are currently forecast to be generated across these projects through construction and operation phases. Not included in these forecasts are the many additional indirect jobs (including jobs across project supply chains) that will be generated.*

[10] https://naif.gov.au/about-naif-finance/current-pipeline/

This is a significant preliminary payback on the NAIF investment, and re-inforces the need for the concept to continue.

AMEC considers that the NAIF model should be carried over into the Forward Estimates, and the '*Tropic of Capricorn'* parameter removed. This will allow the Fund to be available to an increased number of eligible applicants in other parts of Regional Australia. It will also unlock 'stranded mining assets' that are uneconomic due to the lack of access to relevant or cost effective infrastructure (such as power, water, communication, road, rail). This will create significant economic and social benefits for the nation.

Recommendation:

5. Create a Regional Australia Infrastructure Fund (RAIF).

Reduce duplication and red tape

The Senate Red Tape Committee Inquiry into Environmental Assessment and Approvals tabled its Report in October 2017. In doing so, the Committee made a number of recommendations which should result in increased efficiency and reduced duplication within the approvals process. This included a recommendation that State and Territory Governments should re-commit to the One Stop Shop initiative.

AMEC has been a long term advocate for the implementation of the 'one stop shop' concept for environmental approvals. This involves delegation of the Commonwealth Government`s assessment <u>and</u> approval powers under the *Environment Protection and Biodiversity Conservation Act* to accredited State and Territories.

Implementation of the `one stop shop` through the bi-lateral agreement process will significantly increase efficiency and reduce duplication between Governments. It will also result in cost savings to Government.

Despite the fact that a statutory review of the *Environment Protection and Biodiversity Conservation Act* is due to commence in 2019, we consider that there are various reforms of the Act which will remove duplication, and improve its efficacy. This will also reduce the impact on Departmental resources, which are understood to be constrained.

Recommendation:

6. The key recommendations of the Senate Red Tape Committee be implemented urgently.

Retain the current diesel fuel tax credit arrangements

Diesel fuel is a major input cost, particularly for mining operations that do not have economic access to relevant energy infrastructure. Any erosion of this will have serious consequences for marginal operations. It will affect suppliers and shareholders and the capacity of companies to pay dividends. This will become a deterrent to future investment in Australian resource projects.

The call by some stakeholders for part or full removal of the diesel fuel credit does not take into account the critical role that diesel fuel plays in the mining industry. The majority of projects are located in remote areas, off the grid and do not have access to an alternative power supply other than diesel fuel generation.

The diesel fuel tax was originally an excise for on-road use to pay for the maintenance of roads by such users. Eligible off-road mining activities, like other primary industry seectors, are currently excluded from the scope of this 'excise' tax, and credited back to the user through a robust claims process for 'off road use'.

The current diesel fuel tax credit arrangement is not a subsidy; it offsets the tax applied by the Government to the landed price of diesel – as the excise tax is intended for on-road users.

Recommendation:

6. ***The diesel fuel credit arrangement for the mining and mineral exploration sector is retained.***

Promote innovation and retain the R&D Tax Incentive

In its response[11] to the Treasury Laws Amendment (Research and Development Incentive) Bill 2018, AMEC strongly supported the continuation of the Incentive as it is a mechanism by which the Government can promote business investment in innovation and research and development (R&D) activities.

It is consistent with the Government's *National Science and Innovation Agenda* which seeks to focus on science, research and innovation as long-term drivers of economic prosperity, jobs and growth. This is critically important in the context of an extremely competitive international investment market, and the natural resource growth potential and competitive advantage that Australia has in emerging mining sectors such as rare earths, lithium, strategic and battery related minerals.

When introduced for the 2011/12 financial year, the R&D Tax Incentive was particularly intended to support small and medium sized enterprises (SMEs) at a time when refundable R&D tax offsets have most impact.

The business operations of SMEs in the minerals sector are generally linked to R&D activities that might not otherwise be conducted without the Incentive because of an uncertain return from the activities.

It is important to recognise that the Australian exploration and mining sector is a global leader in many innovations, including the development and use of autonomous vehicles, new geological and exploration processes, and mining techniques. The R&D tax incentive should be retained in its current form.

[11] https://amec.org.au/Public/Advocacy/AMEC_Submissions/Treasury_Laws_Amendment.aspx

In addition to promoting the continuation of the program, AMEC emphasised the need to ensure that the administration and compliance burden on industry is minimised, whilst also meeting the *Government`s National Science and Innovation* agenda.

For the nation's benefit, Australia's capacity to maximise its resource potential should be encouraged at all times. The economic and social dividends achievable from these projects alone will be significant. There are a number of Australian projects which are in the development pipeline and likely to want to access the current 'uncapped' R&D Tax Incentive in future years.

AMEC did not support the draft Bill[12] in its current form, and recommended that the mining and mineral exploration sector should be excluded from the proposed $4 million annual cap. We are also extremely concerned about the proposed amendment to the refundable tax offset being tied to 13.5% above the relevant corporate tax rate. This will have the effect of a significant reduction in the effective tax rate.

If proposed changes proceed, there is a strong business case to 'carve out' rare earths, lithium, strategic and battery related minerals from the proposed cap.

Recommendation:

7. The Research and Development Tax Incentive remains unchanged.

No additional cost recovery on industry

AMEC is strongly opposed to any cost recovery regime to fund 'core' Government statutory based activities or generate additional income to support a budget shortfall. Over the last few years this has occurred with environmental approvals under the *Environment Protection and Biodiversity and Conservation Act* through the Department of Environment and Energy (DoEE); and with the regulatory functions of the Australian Securities and Investment Commission (ASIC).

The mining and mineral exploration industry has limited discretionary expenditure or capacity to bear any further increases in business input costs without unintended economic and social consequences.

The mineral exploration sector should specifically be exempt from any form of cost recovery funding by adopting the current ATO 'Small Business Entity' aggregated annual turnover threshold of $10 million[13].

Cost recovery should only be considered as a last resort after all other alternatives have been fully assessed (such as through increased agency efficiency, removal of duplication, organisational restructure, delegation of responsibilities and improved industry guidance material).

Recommendation:

8. There is no additional cost recovery on industry.

[12] Treasury Laws Amendment (Research and Development Incentive) Bill 2018
[13] https://www.ato.gov.au/General/New-legislation/In-detail/Direct-taxes/Income-tax-for-businesses/Increase-the-small-business-entity-turnover-threshold/

Free access to Australian Standards

Our members are concerned that the fees being charged to access Australian and International Business Standards are excessive and unsustainable. Compliance with many Australian Standards is a vital requirement for all mining and mineral exploration companies to meet their legal, health and safety obligations.

The cost of accessing all of the relevant Standards has become a major financial burden, particularly for smaller businesses. This can lead to some businesses not buying Standards and therefore not being fully familiar with the contents.

We therefore support the call by the Safety Institute of Australia for Australian Standards to be free to Australian businesses.

We understand that the distribution of Australian Standards was privatised around 15 years ago, with the sole distribution rights being given to an overseas based private equity firm. This arrangement needs to be reviewed in order to remove the significant financial impost placed on Australian companies to meet their legal obligations.

Recommendation:

9. Australian Standards be made available to Australian businesses free of charge.

APPENDIX

Table 1 – Australia`s share of global production

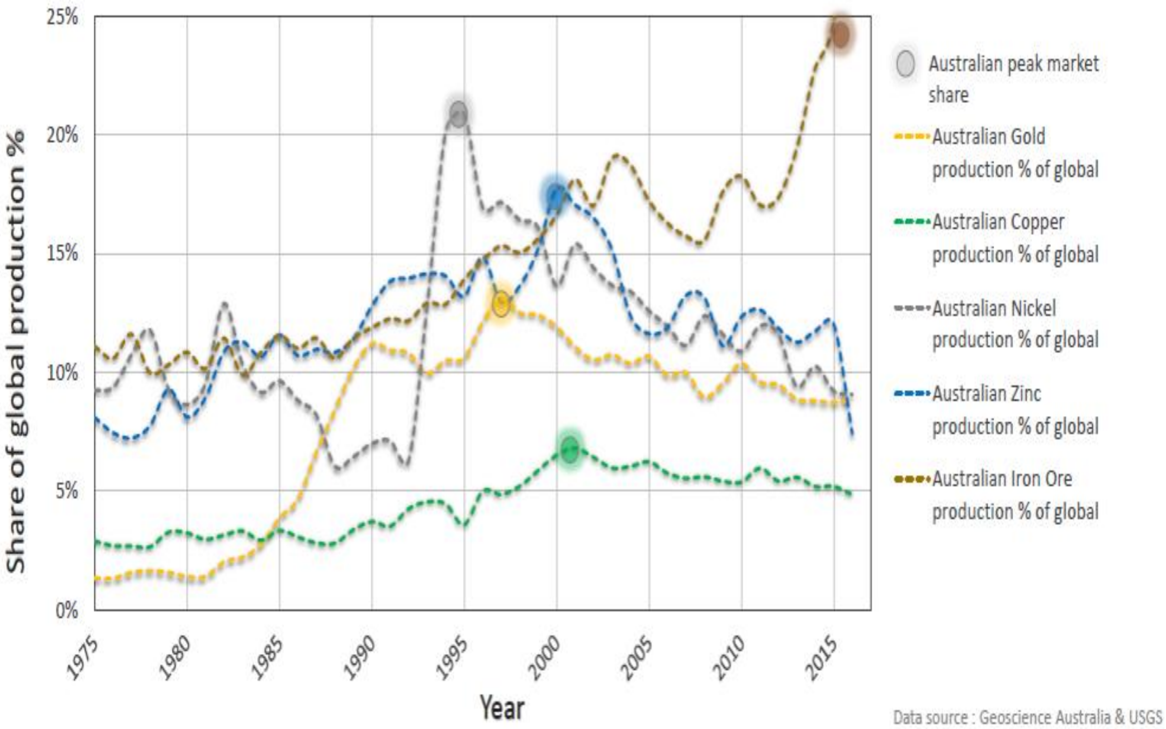

Table 2 – Number of gold mines

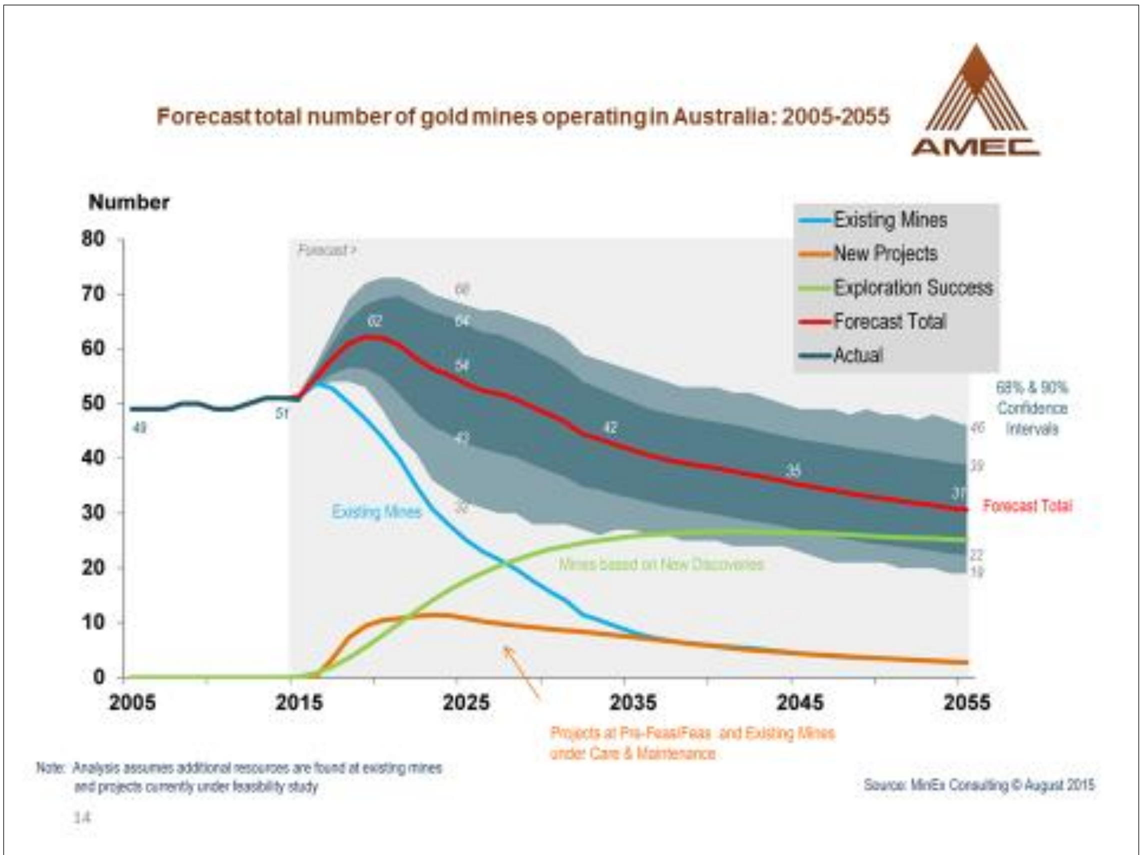

Table 3 – Forecast total gold production

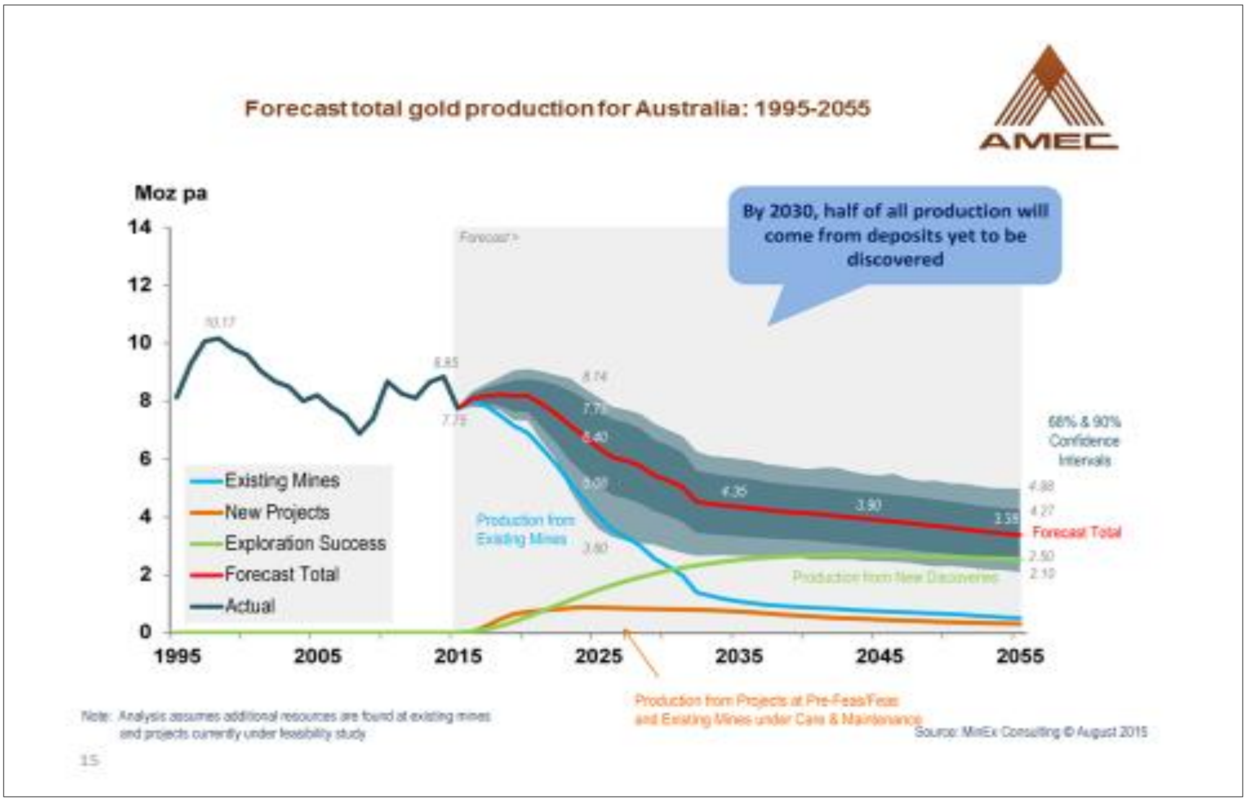

Table 4 – Forecast total revenues

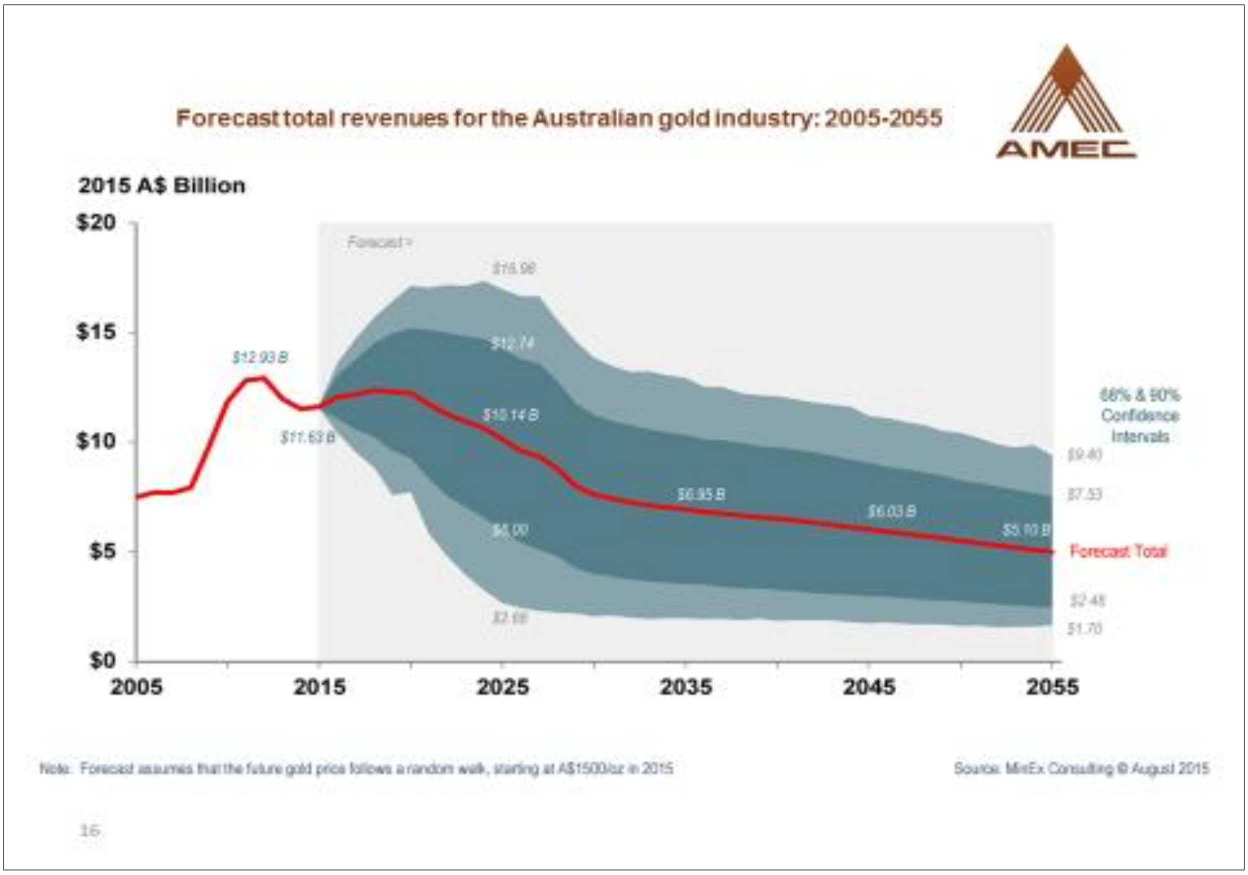

Table 5 – Share of mineral exploration metres drilled

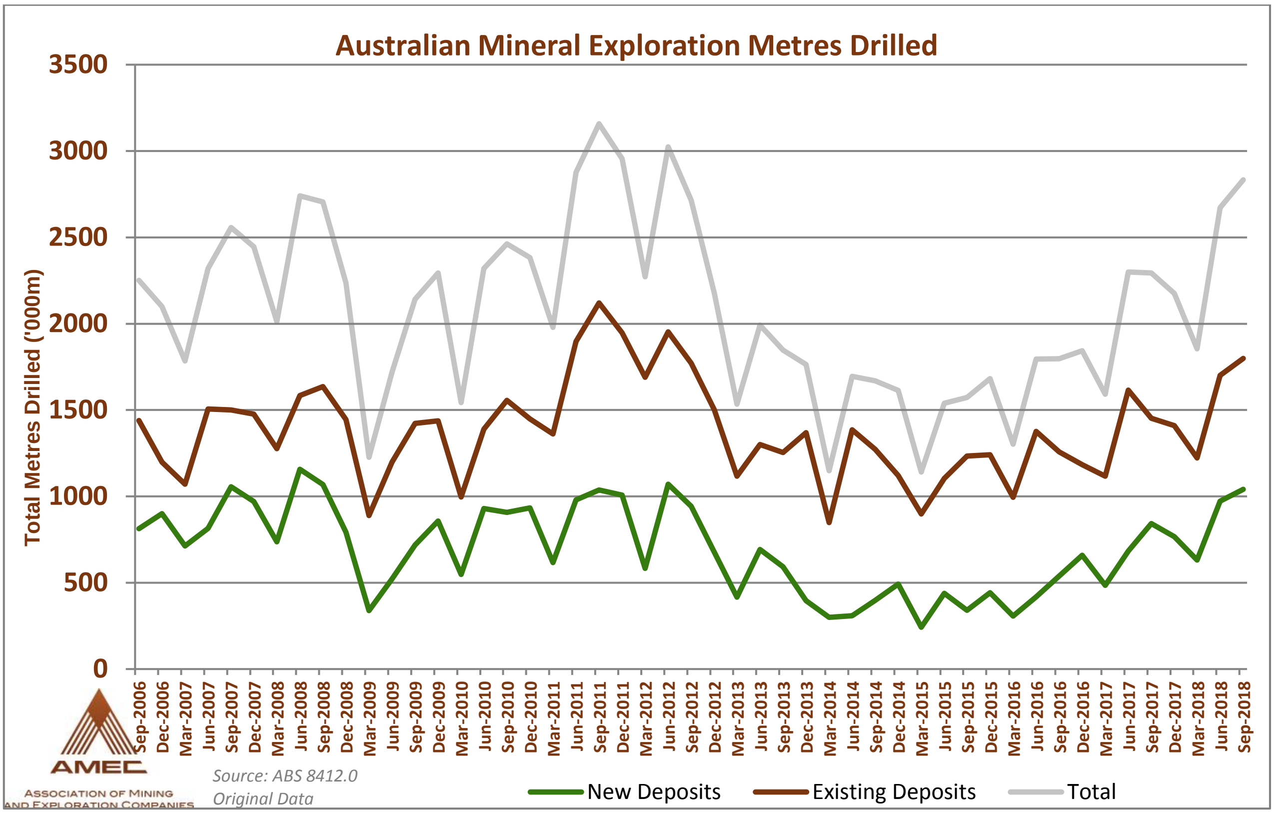

Table 6 – Share of mineral exploration expenditure

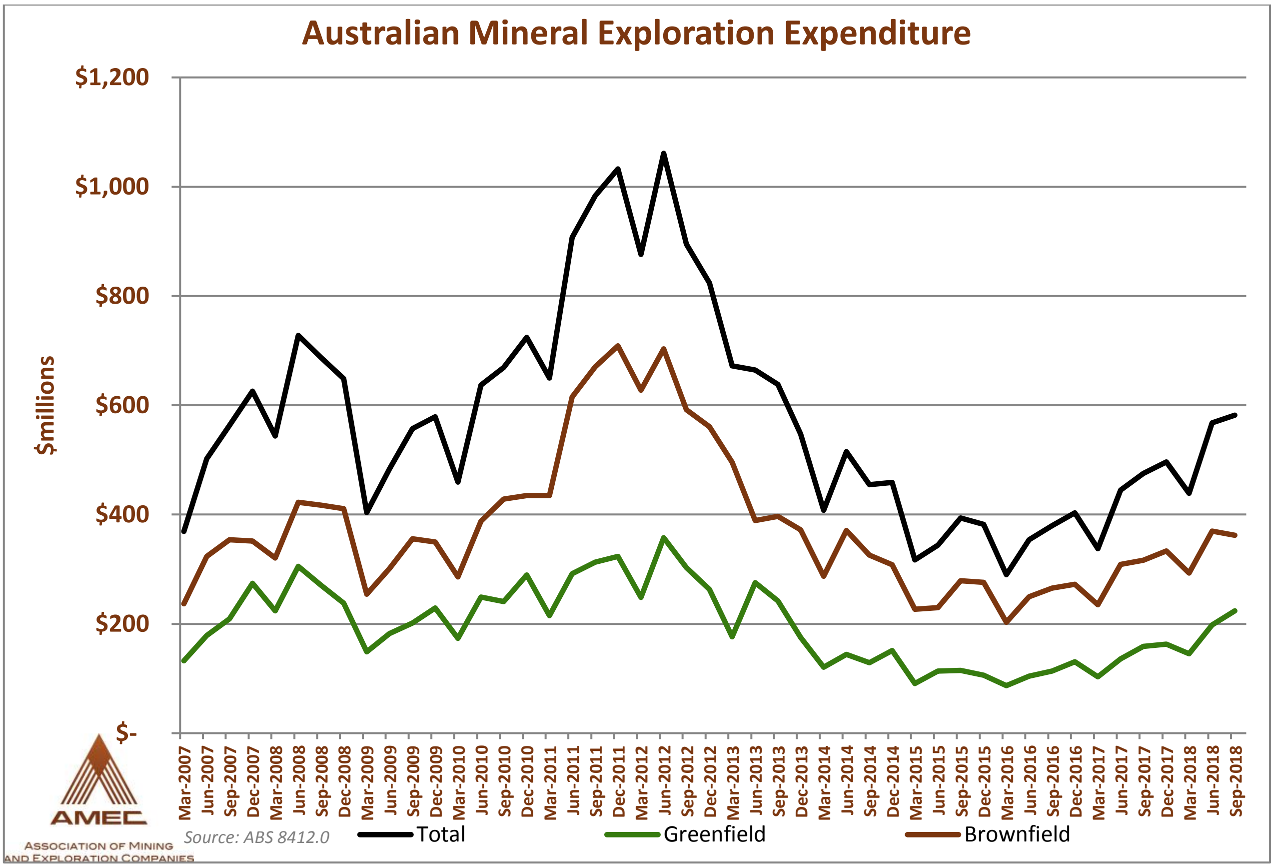

Table 7 – Metals and Mining IPOs