



2 November, 2018

Submission to the Senate Economics Legislation Committee Inquiry on the Treasury Laws Amendment (Making Sure Multinationals Pay Their Fair Share of Tax in Australia and Other Measures) Bill 2018.

Dear Members of the Senate Economics Legislation Committee,

The Wunan Foundation (Wunan) is concerned at the impact proposed changes to the Research and Development (R&D) Tax Incentive Scheme will have on innovative projects in the regions. Wunan has firsthand experience of the social and economic benefits such projects, supported by the current R&D Tax Incentive Scheme, can bring to disadvantaged Aboriginal communities.

The Browns Range Heavy Rare Earths Project presents a significant opportunity for immediate and future employment and business prospects in the East Kimberley region, particularly for local Aboriginal communities. The region is one of the most socially and economically disadvantaged in the nation. There are virtually no employment opportunities for local people in the nearest community of Ringer Soak and limited opportunities in the town of Halls Creek.

In 2016 Wunan partnered with Northern Minerals, the owner and operator of Browns Range, and commenced developing plans for an Aboriginal training-to-work (T2W) program and supporting on-site training infrastructure.

The \$8.1million T2W program has been designed to integrate on-site classroom training with process line experience, supported by a curriculum designed for an Aboriginal audience. Our first students will commence training in Quarter two, 2019.

The T2W program is based on our experience gained over the past 20 years, integrating a learning and teaching program that delivers positive outcomes for Aboriginal workers.

It will support local Indigenous people through:

- Incorporating a dedicated training facility within the pilot plant which is specifically designed to support indigenous trainees
- A curriculum that is tailored to optimise the shift from training to sustainable, long term employment
- Assisting in the transition to employment in the pilot plant and eventually the full-scale project.

It is hoped the program will ultimately become a benchmark model for long term Aboriginal engagement that can be used nationally.

The program has been recognised with \$4.8 million in funding under the Federal Government's Building Better Regions Fund (BBRF).

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Northern Minerals has been able to build the pilot stage of Browns Range Heavy Rare Earths Project utilising the cash refunds for eligible R&D expenditure available under current legislation for companies with annual turnover under \$20million. Under the changes proposed in the Treasury Laws Amendment (Making Sure Multinationals Pay Their Fair Share of Tax in Australia and Other Measures) Bill 2018, such refunds would be capped at \$4million. If this cap had been in place over recent years, Northern Minerals would not have been able to have developed Browns Range Heavy Rare Earths Project and would not be supporting this significant growth in opportunities for the local Aboriginal community.

The uncapped R&D cash refunds available to Northern Minerals have allowed the communities of the East Kimberley to benefit from an exciting new commodity development and provided never before seen jobs and business opportunities. Given the nature of the rare earths market, this development was not considered bankable by traditional banks and government support in the form of cash refunds on eligible R&D has been crucial to the project's financing.

I ask you to consider what the proposed cap on eligible R&D may mean for exciting and ground-breaking projects throughout Australia, and the communities that will benefit from them. Many of these communities will be like ours, remote and disadvantaged.

Yours sincerely,

Ian Trust

Chairman, Wunan Foundation.