



15th November 2013

The Secretary
Senate Economics Legislation Committee, SG.64
PO Box 6100
Parliament House
CANBERRA ACT 2600

Dear Sir / Madam

Inquiry into Minerals Resource Rent Tax (MRRT) Repeal and Other Measures Bill 2013

Thank you for the opportunity to provide input to the Inquiry into the Minerals Resource Rent Tax Repeal and Other Measures Bill 2013.

The Association of Mining and Exploration Companies (AMEC) is the largest and most successful peak industry body for mineral exploration and mining companies within Australia. The membership of AMEC comprises hundreds of exploration, mining and service industry companies.

AMEC's strategic objective is to secure an environment that provides clarity and certainty for mineral exploration and mining in Australia in a commercially, politically, socially and environmentally responsible manner.

It is in this context that AMEC is very pleased to strongly support the repeal of the MRRT legislation.

Since the Resources Super Profits Tax (RSPT) and the Minerals Resource Rent Tax (MRRT) were first announced in 2010, AMEC has consistently stated that the mining tax was an ill-conceived, poorly designed, discriminatory and a refutably bad tax that should be rescinded and replaced with a long term tax strategy that encourages investment and is internationally competitive.

The introduction of the draft legislation for the repeal of the MRRT is a significant step towards restoring confidence in the Australian mining and mineral exploration industry.

Since the announcement of the RSPT and MRRT three years ago, Australia's reputation as a safe place in which to invest has been tarnished. Industry confidence has floundered and uncertainty in business and investment decisions has prevailed.

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The repeal of the MRRT will go a long way to restoring some confidence and much needed investment back into the mining industry.

AMEC has also consistently expressed concern with the high level of administration and compliance costs associated with the MRRT, even for those companies that may never have an MRRT liability.

In correspondence dated 22nd November 2012, AMEC advised the Senate Economics Committee that, minimum total set up costs in the first year for smaller iron ore and coal miners and junior exploration companies (excluding large miners) is estimated to be over \$20 million and an ongoing administration and compliance cost in excess of \$2 million.

It is our understanding that the administration and compliance costs for the larger mining companies are of the same magnitude. The repeal of the MRRT will remove these costs on industry as well as save the Government millions in the administration of the tax.

The MRRT has also detrimentally affected the risk profile of small Australian iron ore and coal miners and junior exploration companies, making raising equity and debt capital extremely difficult over the past three years. This was on the back of the global financial crisis (GFC) when companies were being forced to scale down operations and implement stringent cost saving measures.

The implementation of the repeal of the MRRT combined with other initiatives contained in the Coalition Government's policy documents will provide a much needed stimulus to the Australian mining industry.

These actions will help to restore industry and investor confidence which are essential to growth and productivity and the creation of jobs in Australia. They will also create additional Government revenue streams and lead to the reduction of the National debt.

Please feel free to contact me if you have any queries.

Yours sincerely

Simon Bennison
Chief Executive Officer