



NEW SOUTH WALES 2023 ELECTION POLICY PLATFORM

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Prepared by Association of Mining and Exploration Companies Inc (AMEC)

AMEC is a leading national minerals industry association representing over 500 member companies across Australia. Our members are explorers, emerging miners, producers, and a wide range of businesses and services working in and for the minerals industry and we represent a growing number of companies investing in NSW.

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EXECUTIVE SUMMARY

As a leading national industry association for exploration companies, mining companies and their service providers throughout Australia, and with a number of members with project interests in New South Wales (NSW), the Association of Mining and Exploration Companies (AMEC) works to support the development of a strong and prosperous minerals industry in NSW.

Mining is a pillar of the New South Wales economy and, as a core regional industry, is ready to support NSW following the recent impact of the COVID-19 pandemic, as well as the drought, bushfires, and floods of recent years.

Mining projects are forecast to contribute royalties of over \$11 billion over the four years to 2025-26¹

Over the last three years, the NSW minerals industry quickly adapted to ensure the safety of its workers while continuing exploration and mining operations wherever possible. Over this period, the minerals industry has delivered record royalties and contributions to the State, as well as wide-ranging, long-term benefits and sustained economic strength to the State, regional economies, and communities.

NSW's 2023 election provides an important opportunity for the incoming Government to prioritise reforms that will enable and encourage industry to continue to grow and develop, to meet global demand and to rebuild and support a strong State economy.

NSW needs a strong and prosperous mining and mineral exploration sector to support the future growth and development of the State's economy and regional communities. To improve NSW's national and international competitiveness, industry and government must collaborate to create jobs, and attract mining and mineral exploration investment. In doing so, the NSW Government must deliver on the objective of the *Future of Minerals in NSW Report*:

“Our goal is to make NSW the number one state for new exploration and resources investment.¹”

The recent release of the *Critical Minerals and High-Tech Metals Strategy* positions NSW at the frontier of the next era of mining. With access to, and further development potential of, substantial deposits of critical minerals and high-tech metals, NSW has significant mineral potential to be realised.

NSW, however, remains behind other States and jurisdictions for investment attractiveness for the minerals sector. It remains critically important that NSW is a preferred destination for mineral industry investment, in both exploration as well as mining activity, to ensure the stability and future of the industry.

Following the drought, bushfires, COVID-19 and the recent floods, the minerals industry acknowledges that the State Government has other priority industries and sectors deserving of support. The following recommended measures to support the minerals industry will further the State's growth and productivity potential and could be funded from the Administrative Levy funds and other incomes directly from the minerals industry.

In AMEC's 2023 NSW Election Policy Platform, our nine recommendations will help unlock the value, potential and opportunities offered by the State's minerals sector.

Recommendations in brief:

1. Update the *NSW Minerals Strategy*

- Update the NSW Minerals Strategy provide a clear future roadmap to maximise the resources of NSW.

2. Deliver a clear action plan for the *Critical Minerals and High-Tech Metals Strategy*

- Deliver an action plan for the *NSW Critical Minerals and High-Tech Metals Strategy* with specific deliverables and clear timeframes to achieve the strategies.
- Ensure the strategies in the *NSW Critical Minerals and High-Tech Metals Strategy* are fully resourced to support and secure the future economy of the State.
- Investigate the potential for a Government supported demonstration processing facility to act as the physical 'hub' of the 'Critical Minerals Hub'.

3. Improve Government processes to grow industry investment in NSW

- Streamline mining project assessment processes to support project assessment and investment in NSW.
- Review Government policies and guidance to ensure a streamlined, coordinated, risk-based and outcomes-focused approvals process that cuts red tape and maximises efficiency for industry and Government.
- Integrate the Tenure and the Regulator online portals to avoid duplication in costs and administration.
- Promote investment attractiveness in the NSW minerals industry.

4. Continue to extend the *New Frontiers Exploration Program*

- Provide annual funding for the *New Frontiers Exploration Program* with a minimum \$2 million per annum investment to attract explorers to NSW.
- Extend the program to cover 50% of all drilling or exploration geophysics or geochemical costs to broaden the appeal of the program and potential outcomes.

5. Support industry to rehabilitate and reinvigorate legacy mines

- Consider options for Government to co-fund rehabilitation being carried out by industry on legacy mine sites or those in long-term care and maintenance.
- Provide an incentive to industry to take ownership over legacy mine sites to support increased investment in NSW.

6. Benchmark and minimise industry fees and charges

- Review and benchmark industry fees and costs to ensure that NSW has a fair, competitive and transparent regime that supports the development of the minerals sector.

7. Review security bonds structure to maximise the use of industry funds

- Review the security bonds structure to maximise the use of exploration funds and assess the introduction of a pooled fund model.

8. Extend geoscience in NSW and pilot crowd sourcing for mineral exploration

- Extend pre-competitive geoscience to support the NSW minerals industry and further scientific understanding of the State.
- Pilot a crowd sourcing mineral exploration project in NSW with prizemoney of \$250,000.

9. Support education and diversity programs that secure the future minerals industry

- Support a collaborative approach to secure skilled and professional workers for the future minerals industry.
- Support initiatives to further gender diversity in the minerals industry including the NSW Women in Mining Network (WIMnet NSW) Mentoring Program and programs for school age students.

ELECTION TO DETERMINE ECONOMIC RECOVERY PATHWAY

On Saturday 25 March 2023, NSW will elect members to the State's 58th Parliament. The primary focus of the incoming Government must be NSW's response to, and emergence from, the COVID-19 pandemic and recent natural disasters.

While NSW's response to date has been substantial, the State's economy and communities have suffered.

Over the last three years, the NSW minerals industry quickly adapted to ensure the safety of its workers while continuing exploration and mining operations wherever possible. Over this period, the minerals industry has delivered record royalties and contributions to the State, as well as wide-ranging, long-term benefits and sustained economic strength to the State, regional economies, and communities.

NSW's 2023 election provides an important opportunity for the incoming Government to prioritise reforms that will enable and encourage industry to continue to grow and develop, to meet global demand and to rebuild and support a strong State economy.

The minerals industry is influenced by fluctuating commodity prices. We are currently in a period of heightened investment and record commodity prices that haven't been seen since the last 'mining super cycle' which peaked in 2012. Investment in the NSW mineral industry, particularly in critical and high-tech minerals, is strong but could be improved in comparison to other jurisdictions.

The minerals industry must be supported by Government to maximise on opportunities during this limited investment window and respond to increased global financial interest and rising demand for Australian minerals.

In AMEC's 2023 NSW Election Policy Platform, our nine recommendations will help unlock the value, potential and opportunities offered by the State's minerals sector. COVID-19 and recent world events have exposed the fragility of worldwide economies, and this presents a significant opportunity for NSW to undertake clear actions now that will ensure the State is on the right economic recovery pathway.

STATE OF THE INDUSTRY

The minerals industry continues to support NSW

Mining is a pillar of the New South Wales economy and, as a core regional industry, has continued to support regional NSW throughout the recent impact of the COVID-19 pandemic throughout the state, as well as the lasting impacts of drought, bushfires, and floods in recent years.

Despite many ongoing challenges, the NSW minerals industry continues to show resilience and growth in the key metrics of exploration expenditure (up 12% to \$326.8M in FY2022) and mineral royalties to help return the State to surplus in 2024-2025. The resources industry is currently contributing record royalties to the NSW Government. Royalties are forecast to be over \$11 billion over the four years to 2025-26¹ (an increase of 51.9% relative to the Half Yearly Budget). In the 2021 calendar year alone, mining projects in NSW delivered over \$2 billion in royalties, the largest royalty contribution from the resources sector since 2018 (the only other time in history that NSW has received \$2 billion or more in royalties in a calendar year).

Further, the minerals industry is a regional industry. The minerals industry directly invests in regional economies, works in regional locations, purchases goods and services locally, stays in local hotels, eats, and drinks locally, and routinely hire regional contractors and staff. The minerals industry is well placed to support NSW's regional economies as well as the broader economy of the State.

The future NSW minerals industry must be secured now

The strong return mining provides to the community in jobs, revenues and royalties underlines the reliance of NSW on a strong mining sector.

Without ongoing exploration success, the identification of new mineral deposits and the ability to progress these discoveries into productive operating mines, there will be a significant reduction in growth, jobs, investment, and Government revenue delivered by the mining sector. The mineral exploration and mining sector in NSW must be supported and promoted to secure the future of the industry.

The mines that secure the economy of tomorrow are found by the explorers of today.

Further, NSW must support and nurture the growing critical minerals sector. This is especially important in view of the strong reliance of the State currently on coal as an important export and foundation of many regional communities.

¹ <https://www.budget.nsw.gov.au/2021-22/half-yearly-review>

NSW must compete as an exploration and mining destination of choice

While the industry and investor confidence are recovering from the impacts of the last few years, NSW remains behind other states and jurisdictions. It remains critically important that NSW is a preferred destination for mineral industry investment, both in exploration as well as mining activity, to ensure the stability and future of the industry.

In its most recent *Annual Survey of Mining Companies 2021*², the internationally respected Fraser Institute notes that nationally, “when considering both policy and mineral potential, Australia continues to be the most attractive region in the world for mining investment”.

However, the report notes that the ranking for NSW has dropped in the important ‘Investment Attractiveness’ Index (with the comparative rankings shown in **Figure 1**) as well as the ‘Best Practices Minerals Index’.

However, NSW’s ranking increased from the lowest Australian jurisdiction for the ‘Policy Perception Index’ (termed the ‘report card for governments’ and assesses the attractiveness of policies) in 2020 to the third lowest in front of Victoria and Tasmania, with the comparative rankings shown in **Figure 2**. This is despite 61% of respondents indicating established timelines for approvals were met only about half the time or less.

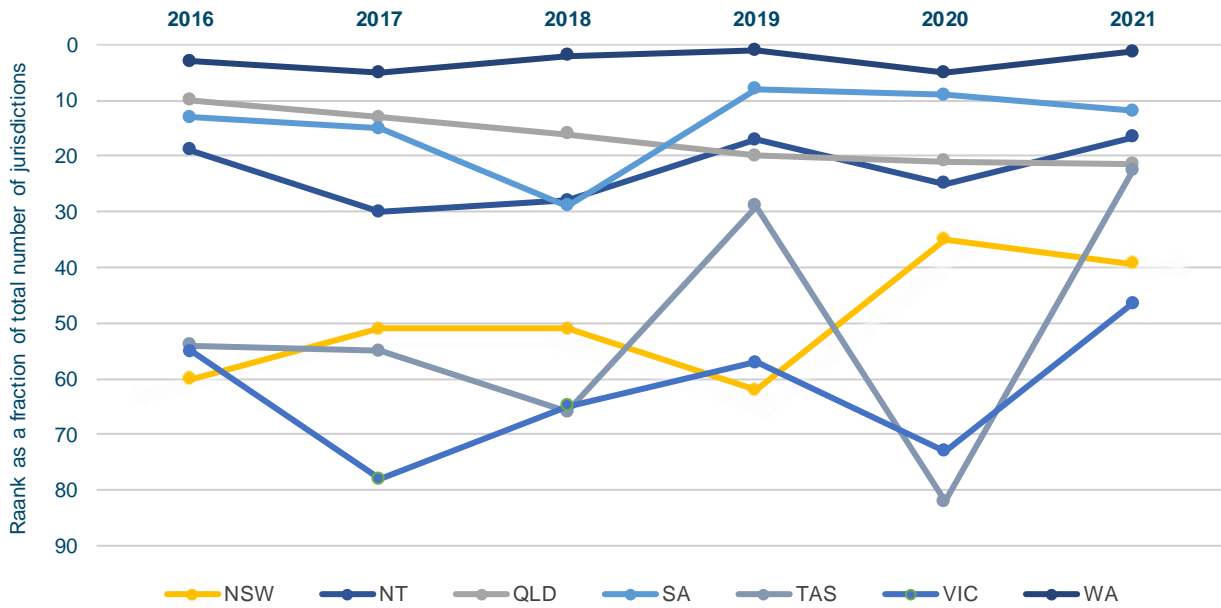
Comments by respondents in NSW include “Too much red tape and wasted time during the permitting approval process”. The 2021 survey also shows NSW remains just outside of the top 10 jurisdictions for ranking of the geological database.

Although there has been recent growth in NSW, despite the impact of COVID on the local minerals industry and State’s economy, perceptions of the State as a sound investment destination are concerning. Undoubtedly, investment capital has gone to other national and international jurisdictions that have clearer, more certain regulatory regimes and lower cost operating environments.

In the 2021 Survey results, NSW remains amongst the lowest jurisdictions in the world for uncertainty for environmental regulations, administration and enforcement of existing regulations, and regulatory duplication and inconsistencies.

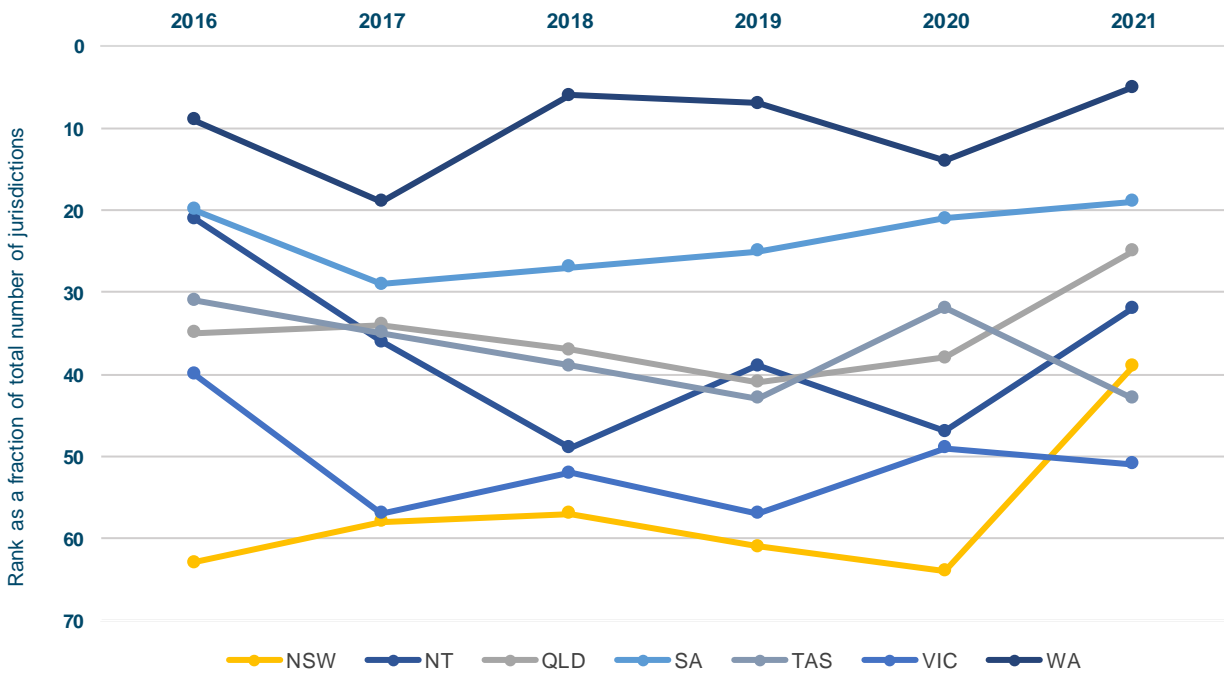
² <https://www.fraserinstitute.org/studies/annual-survey-of-mining-companies-2021>

Figure 1 – Rank of Australian jurisdictions on the ‘Investment Attractiveness Index’ by Year



Source: Fraser Institute Annual Survey of Mining Companies 2021

Figure 2 – Rank of Australian jurisdictions on the ‘Policy Perception Index’ by Year



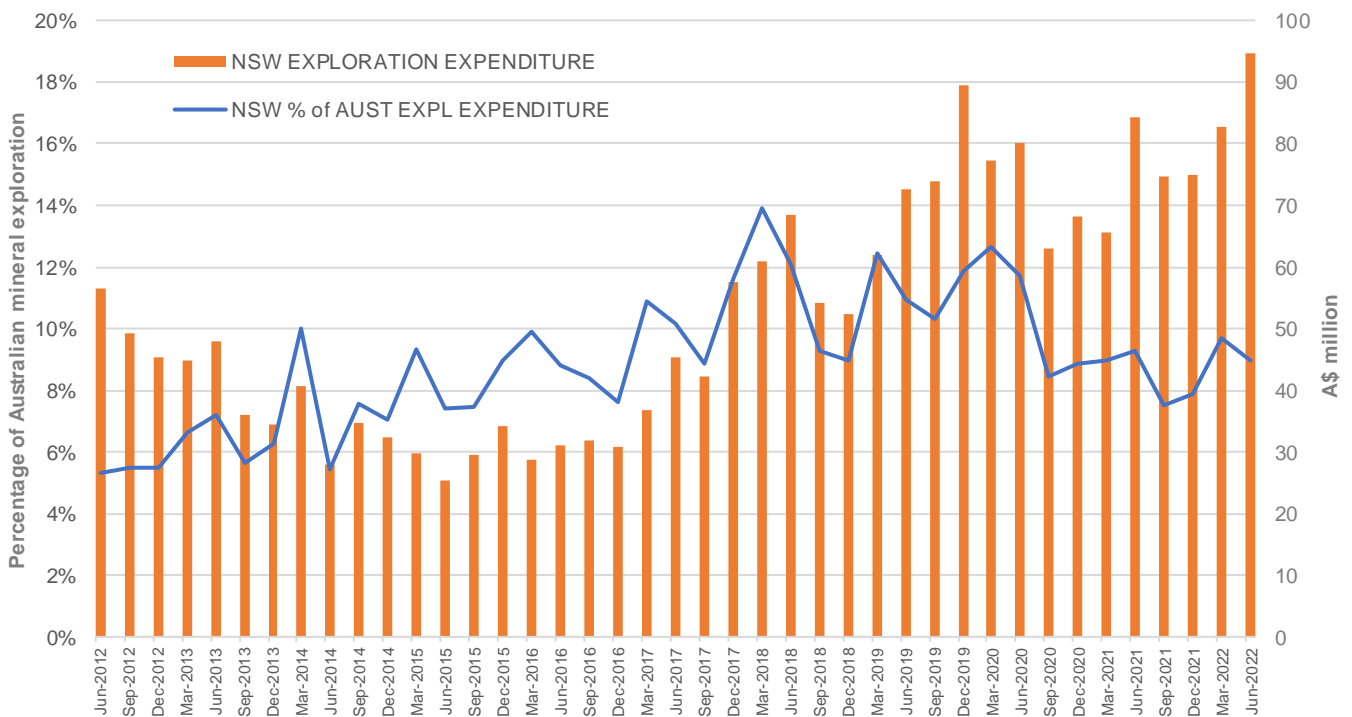
Source: Fraser Institute Annual Survey of Mining Companies 2021

In NSW, expenditure in exploration has continued to rise in 2021 and 2022, as shown in **Figure 3**, a trend also seen nationally. For FY 2022, exploration expenditure in NSW was higher than the year prior (\$326.8 million in FY 2022 and \$281.3 million in FY 2021), with national expenditure in FY2022 almost \$700 million more than the year prior (\$3,858.2 million in FY 2022 and \$3161.7 million in FY 2021). The metalliferous (non-coal) sector is thriving in NSW following the Boda discovery near Dubbo that is considered a “*once in a generational discovery*”, the advance of the McPhillamys Project near Orange as well as the progress of the Cobar exploration programs.

However, NSW has a long way to go to fulfil the objective of the NSW Government to “make NSW the number one mining investment jurisdiction”.

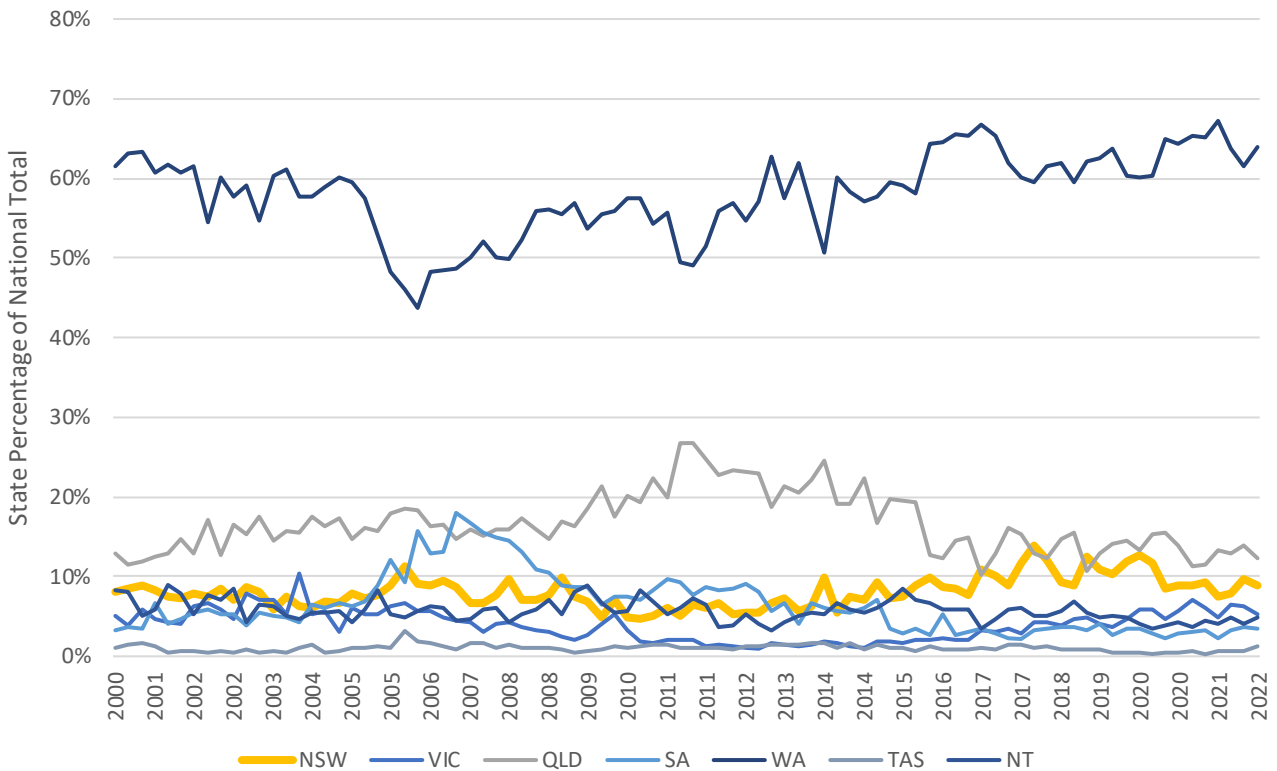
Of the FY 2022 national exploration expenditure, NSW attracted just 8.4%, down from the previous year. In comparison, in FY 2022, WA attracted 64% and Queensland 13% of the national expenditure as shown in Figure 4.

Figure 3 – NSW mineral exploration expenditure as a percentage of Australian exploration expenditure



Source: ABS, Mineral and Petroleum Exploration, Australia, Cat No. 8412.0 (as at June 30 2022)

Figure 4 – Mineral exploration expenditure by State as a percentage of Australian expenditure



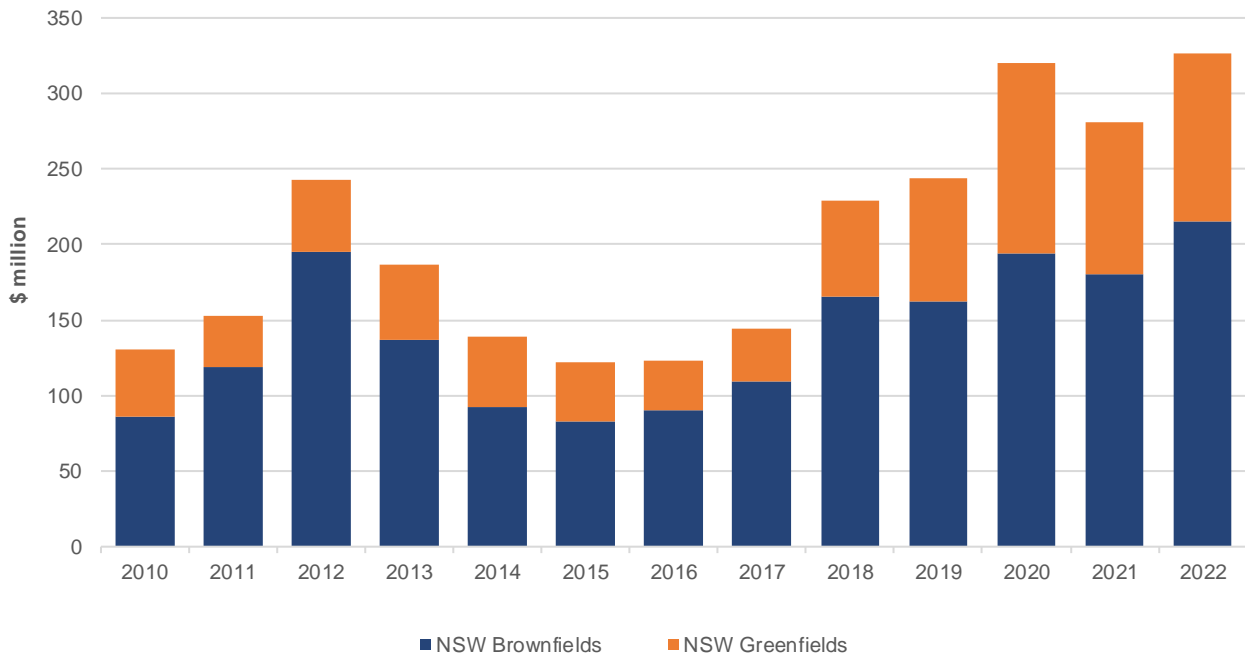
Source: ABS, Mineral and Petroleum Exploration, Australia, Cat No. 8412.0 (as at Jun 2022)

New exploration is needed to find the next mine in NSW

There is a considerable imbalance between brownfields exploration (exploration on land close to an existing mining operation or known resource) and greenfield exploration (exploration on new ground, not close to known reserves or existing mines) as shown in **Figure 5**.

Critical to the success of the discovery and development of future mines, is the availability and support of incentives to explore and develop new or greenfield areas.

Figure 5 – NSW mineral exploration expenditure on Greenfields vs Brownfields (Financial Year)



Source: ABS, Mineral and Petroleum Exploration, Australia, Cat No. 8412.0.

Maximising the resource potential of NSW to support the State

Following some tough years, the minerals industry in NSW has been leading the State in economic recovery and growth and was supported to maximise operations during the COVID restrictions. However, more needs to be done to maximise the natural resource potential of NSW and investment attractiveness. Action to focus on maximising resource potential to create new revenue streams, job opportunities and regional development needs to be taken in NSW to ensure that our State will benefit from the current period of minerals industry growth, not be lost behind other jurisdictions.

While the Government continues to support the multi-billion-dollar health, economic and social response to the pandemic and recent natural disasters, the minerals industry acknowledges that the State Government will have other priority industries and sectors deserving of investment, yet it should not be overlooked. The faith shown by industry and the global investment community should be matched by Government with prudent, proactive, and progressive policy initiatives that build on the momentum that is already underway.

The following recommended measures to support the minerals industry further the State’s growth and productivity potential and could be funded from the Administrative Levy and other incomes directly from the minerals industry.

RECOMMENDATIONS

1. Update the *NSW Minerals Strategy*

The NSW Government's publication of the *NSW Minerals Strategy*³ in February 2019 was a landmark commitment that provides a clear pathway for the minerals sector to secure the future economy of the State. As an important pillar of the NSW economy, an overarching strategy to articulate the vision for the industry was long overdue and this Strategy has provided the industry, the community, and the Government with a clear framework for our future. The Strategy also aligns with many of the recommendations in the Australian Government's *National Resources Statement*⁴ and the NSW Government's recently updated *Twenty Year Vision for Regional NSW*⁵.

Nearly all the actions in the Strategy should have been delivered in 2020, and so AMEC recommends updating this key document with a focus on critical minerals so that it continues to be the focus for forward planning of Government in upcoming years.

Recommendation:

- Update the NSW Minerals Strategy to provide a clear future roadmap to maximise the resources of NSW.

2. Provide a clear action plan for the *Critical Minerals and High-Tech Metals Strategy*

The release of the *Critical Minerals and High-Tech Metals Strategy* was welcomed by the NSW minerals industry in 2021 accompanied by the investment of \$130 million over 5 years announced in the recent state Budget. This signals the Government's commitment to the future of mining in NSW and the exciting new frontier.

NSW hosts a range of strategically important critical minerals that are vital for a range of future industries including advanced manufacturing, renewable energy, defence, aerospace, battery storage, automation, and electric vehicles. Critical minerals are 'critical' because there are no other viable substitutes and geological scarcity, geopolitical issues, or market dynamics could cause potential disruptions in supply.

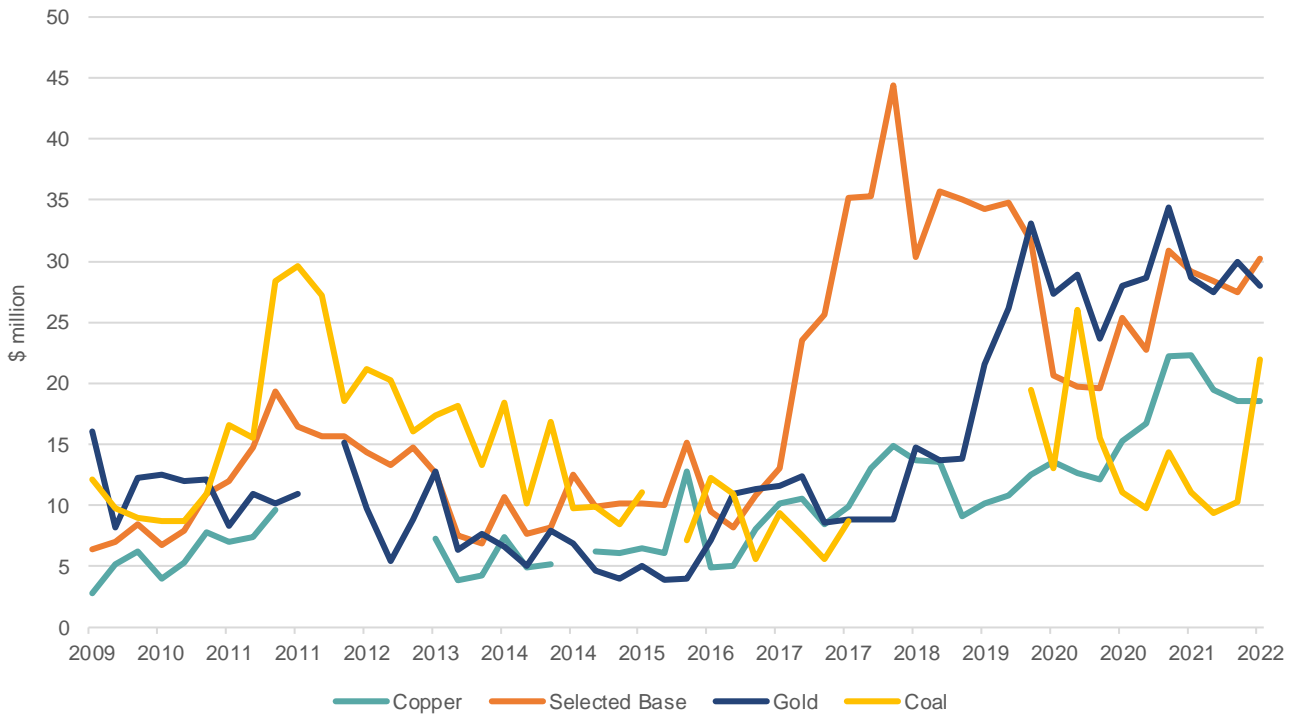
NSW has seen an increase in exploration expenditure in these critical minerals and high-tech metals as shown in **Figure 7** below. Supporting the minerals industry from exploration through to development and downstream processing of these deposits will be vital to position NSW as a global supplier of critical minerals.

³ <https://www.resourcesandgeoscience.nsw.gov.au/miners-and-explorers/programs-and-initiatives/nsw-minerals-strategy>

⁴ <https://www.industry.gov.au/sites/default/files/2019-02/national-resources-statement.pdf>

⁵ <https://www.nsw.gov.au/a-20-year-economic-vision-for-regional-nsw-refresh>

Figure 7 – Mineral exploration expenditure in NSW by minerals (Financial Year)



Source: ABS, Mineral and Petroleum Exploration, Australia, Cat No. 8412.0.

The *Critical Minerals and High-Tech Metals Strategy* sets out a clear pathway for the Government to support NSW in becoming a world leader in critical minerals supply and downstream processing, however it lacks specific actions or resourcing commitments to realise the strategies. AMEC recommends updating this document to provide a strategic roadmap to support critical minerals exploration and development in NSW and committing resources to achieve these important actions. AMEC also recommends that Government supports critical feasibility assessments for new critical minerals projects with a demonstration processing facility as the physical hub of the ‘Critical Minerals Hub’ noted in the Strategy.

Recommendations:

- Provide an action plan for the *NSW Critical Minerals and High-Tech Metals Strategy* with specific deliverables and clear timeframes to achieve the strategies.
- Ensure the strategies in the *NSW Critical Minerals and High-Tech Metals Strategy* are fully resourced to support and secure the future economy of the State.
- Investigate the potential for a Government supported demonstration processing facility to act as the physical ‘hub’ of the ‘Critical Minerals Hub’.

3. Improve Government processes to grow industry investment in NSW

The importance of the industry to the State's economic present and future cannot be overstated. NSW deserves a well-funded, well-resourced, and efficient regulatory system that is easy to navigate and is not a deterrent to investment.

The recent merging of Mining, Exploration and Geoscience (MEG) and the Resources Regulator (RR) has synthesised operations and has provided the opportunity to reset and remedy longstanding bureaucratic issues. The assessment and approval process for new projects, however, remains a strong deterrent for investment in the State.

Compliance requirements for the NSW minerals industry can be impractical, overly prescriptive, and increase the administrative burden for minimal regulatory, community or environmental benefit. NSW deserves a framework where 'red tape' is minimised and there is a clear, fair, and streamlined regulatory system that is resource efficient for both industry and Government. A holistic review of the regulatory framework is needed to ensure that regulation is up to date, risk-based, and outcome and customer focused.

Specific issues and recommendations for Government are detailed below:

- **Streamline Planning assessments and approvals** – The timeframe and complexity of the process of mining project approvals in NSW is a significant deterrent to investment in the State. Understandably in our highly populated State of NSW, minerals industry projects are sensitive matters, but our members regularly report frustration with intra-Government processes, complexity, length of timeframes and lack of clarity or support. If NSW Government wants to deliver on the objective of supporting minerals industry investment, a holistic review of the assessment process should be undertaken to cut 'red tape'. Further, intra Government 'Project Champions' could be appointed to support industry understand and negotiate the 'maze' of the project assessment process that will directly support investment in NSW.
- **Streamline the MEG forms, guidelines, and codes for the minerals industry** - In NSW the 'cradle to grave' process for an exploration licence (including application, one activity approval, renewal and relinquishment) requires over 600 pages of NSW Government documentation including almost 200 pages of forms and over 400 pages of guidance documents. This is a significant burden, especially for exploration companies that are typically small (often less than ten employees) who cannot afford to spend time and resources on unnecessary administration, as well as for Government to process and keep updated. AMEC understands that some of the forms are currently under review, but this project must be broadened to include all forms and ensure that the guidelines and codes are similarly updated and streamlined where possible as a matter of urgency.
- **Continue to improve tenure and activity processing** – Issues with delay on tenure and activity processing have plagued MEG and lead to frustration and concern for industry. MEG has made significant improvements in decreasing tenure processing backlogs (aged dealings) and instilling processes to prevent the creation of future backlogs as well as improving customer service focus and communications with industry. This should continue to be a priority for Government.
- **Connect MEG and RR online portals, websites and systems** – Both MEG and RR have independently developed online portals that must be linked and fully functional. The Titles Management System (TMS) commenced in December 2019, has cost over \$10 million, and is finally functional. The RR online portal

is also now up and running. However, AMEC understands that there is currently no definite schedule for these systems to work together. This is leading to further confusion for industry and significant duplication in both costs and administration that should be remedied without delay.

- **Promote investment in the NSW minerals industry** – The NSW Government has and continues to make significant improvement to systems and processes as well as deliver great pre-competitive geoscience, but investment in NSW can be deterred by old perceptions of inefficiency. NSW Government needs to strongly promote our State and investment in critical and high-tech minerals to ensure investment dollars are not being lost to other national and international jurisdictions.

Recommendations:

- Streamline mining project assessment processes to support project assessment and investment in NSW.
- Review MEG policies and guidance to ensure a streamlined, coordinated, risk-based and outcomes-focused approvals processes.
- Continue to improve tenure and activity processing and reduce the backlog.
- Integrate the MEG and RR online portals to avoid duplication in costs and administration.
- Promote investment in the NSW minerals industry to change the perception of NSW as a difficult jurisdiction in which to operate.

4. Continue to extend the *New Frontiers Exploration Program*

Collaborative exploration development programs, where Government provides funding grants to stimulate mineral exploration in under-explored greenfield areas, are offered in many State and Territory jurisdictions and are a key incentive for investment, particularly for historically underexplored minerals.

The *New Frontiers Exploration Program* (previously known as the Co-operative Drilling Program) aims to encourage mineral exploration and discovery particularly in greenfield areas of NSW, test new geological ideas and models as well as creating a stronger relationship between Government and industry. Round five of funding includes \$1.5 million allocated towards drilling or exploration geophysics costs. The previous four rounds of the Co-operative Drilling program in NSW, each with at least \$2 million funding, have been highly successful and oversubscribed. An economic review of the similar Western Australia program led to a finding that for every \$1 million of Government funds invested, there was a direct additional stimulation of \$10.3 million and 12.5 FTE positions in mineral exploration, extending to \$38.3 million if the project is brought to mine.⁶

Supporting the program is also imperative to align with the *Critical Minerals and High-Tech Metals Strategy* that has committed to additional rounds of the Program to incentivise greenfield exploration through dedicated funding support for early-stage explorers of critical minerals.

AMEC believes that this program should be offered annually, just as in other key mining jurisdictions, to ensure there is this regular commitment to this proven program to bring significant investment into the State and help discover the

⁶<http://www.dmp.wa.gov.au/Petroleum/Exploration-Incentive-Scheme-2251.aspx>

next Critical Minerals deposit. A regular annual program in NSW would assist to ensure that our State is an attractive and competitive jurisdiction for exploration investment and is supported to become a global supplier of critical minerals.

Further, AMEC believes that the Program should be extended beyond the previous programs that was limited to 50% of direct drilling costs. This is a fraction of the total exploration expenditure as the mobilisation, drill pad preparation, assay costs, land access, rehabilitation, compliance, labour and consumables are not included – one AMEC member calculated that the program provided only 23% of actual costs of drilling and 5% of the whole program costs.

The program should be extended to cover 50% of all drilling costs (not just direct drilling costs) and consider inclusion of additional forms of exploration of not just geophysical but also geochemical surveys. These measures would broaden the appeal and potential results of the program and to ensure that NSW is competitive with other jurisdictions including Northern Territory, Queensland, South Australia, and Western Australia.

AMEC seeks a commitment for the Government to fund this important program to attract and encourage exploration investment in NSW, and provide confidence that NSW is an established competitive jurisdiction.

Recommendations:

- Provide annual funding for the *New Frontiers Exploration Program* with a minimum \$2 million per annum investment to attract explorers to NSW.
- Continue to extend the program to cover 50% of drilling or exploration geophysics or geochemical costs and to broaden the appeal of the program and potential outcomes.

5. Support industry to rehabilitate and reinvigorate legacy mines

NSW has a long history of mining, and unfortunately a number of historical or abandoned mine sites still exist across the State. The Government has recently reinvigorated the Legacy Mines Program which aims to deliver and manage works to reduce the risks from legacy mine sites through progressive rehabilitation.

In some cases, the legacy mines still have mineral deposits in the ground and/or tailings that may not have been accessible or even discovered at the time the mine was operating. With the thriving exploration sector and commodity prices, there is new interest from industry in legacy mines, as well as mine sites in long term care and maintenance (suspended mining operations). Many operators aim to re-process tailings dams to retrieve minerals and/or develop these sites into newly operational mines as well as complete outstanding rehabilitation on the site.

AMEC recommends that the rehabilitation and reinvigoration of legacy mines by industry should be encouraged and rewarded through Government initiatives such as co-funding rehabilitation works, and loan facilities for projects that meet these criteria. Incentivising industry to take ownership over legacy mine sites will help increase investment in NSW, increase community confidence in the mining industry, and help tackle NSW's legacy mine sites while minimising the burden on Government.

Recommendations:

- Consider options for Government to co-fund rehabilitation being carried out by industry on legacy mine sites or those in long-term care and maintenance.

- Incentivise industry to take ownership over legacy mine sites to support increased investment in NSW.

6. Benchmark and minimise industry fees and charges

Explorers and operators face a multiplicity of fees, charges and levies based on cost recovery, such as administration levies and rental fees, with little or no clarity around the actual costs involved or any recognition of the benefits the resource discovery brings to the State. The cumulative effect of meeting these costs is a reduction in investment.

It will be of benefit to industry and Government to make the system more cost efficient and transparent. Every dollar paid in levies or fees is a dollar lost on investment in work on the ground to explore for mineral reserves. The investors that do contribute to the exploration sector are often deterred when they see their funds simply flowing to Government bureaucracy with no demonstrable benefit to industry, the community, or the State.

AMEC opposes any cost recovery regime to fund 'core' departmental activities, as it substitutes consolidated fund revenue with industry contributions and does not recognise the significant fees, levies and taxation revenue payments that the industry is already making to the State Budget.

Further, the Administrative Levy, introduced in 2012 to provide supplementary funding to deliver improved regulation, had a closing balance as of 30 June 2021 of \$15.8 million (more than \$2.5 million than the year prior)⁷. Part of this significant investment from industry should be utilised for a review of the current fees and charges as we believe that more could be done to utilise these funds and bring a fair regulatory regime that supports the development of the sector.

Recommendation:

- Review and benchmark industry fees and costs to ensure that NSW has a fair, competitive and transparent regime that supports the development of the minerals sector.

7. Review security structure to maximise the use of industry funds

Access to capital is one of the most important issues for the mineral exploration sector. Any capital raised that is not directly related to exploration is seen as a disincentive to investors. This includes capital tied to environmental and performance bonds. The minerals industry is committed to high environmental standards and the importance of the bond to social licence; however, a system must be established that encourages investment and does not disadvantage the smaller, entrepreneurial companies (essentially the explorers) by tying up significant funds.

AMEC strongly supports a full review of the current system and potential introduction of a pooled fund model, similar to Western Australia's Mining Rehabilitation Fund, that removes the need for expensive bonds without reducing any environmental standards or obligations. Queensland has also initiated a similar pooled fund model for some tenure. The Mining Rehabilitation Fund in Western Australia has freed up over \$1.2 billion of much needed working capital

⁷ https://www.regional.nsw.gov.au/__data/assets/pdf_file/0006/1379094/DRNSW-Annual-Report-2020-2021.pdf

and removed the need for administratively and financially expensive rehabilitation bonds without reducing any environmental standards or the State's or industries obligations.

Capital that is tied to a bond, or bank guarantees that must be serviced by explorers and miners, reviewed and adjusted for every exploration activity has significant administrative costs for both industry and Government. This system has inefficiencies and must be reviewed. AMEC provided the NSW Government (both Mining Exploration and Geoscience and the Resources Regulator) with a detailed submission on this matter in March 2020 and we look forward to working with Government on the next steps. The recent changes to security deposit requirements for activity approvals under \$30,000 has been welcomed, but further reform needs to be considered.

Recommendation:

- Review the security bond structure to maximise the use of exploration funds and assess the introduction of a pooled fund model.

8. Extend geoscience in NSW and pilot crowd sourcing for NSW exploration

Geoscience has never been more important in NSW. Geoscience projects have already been used to not only support the minerals industry to find the next mine but also to find water in what was, up until very recently, a drought-stricken State.

Crowd sourcing is a new way of opening challenges to a broad audience as a competition to seek solutions and has recently been implemented in the minerals industry. OZ Minerals partnered with the open innovation platform, Uearthed, to launch the Explorer Challenge in December 2018⁸. This unique, online crowdsourcing competition called for geologists and data scientists from across the globe to develop ground-breaking approaches to discover new exploration targets with a \$1 million prize pool to be awarded to winning ideas. In November 2019, the South Australian Government was the first Government globally to host a \$250,000 crowdsourced open data competition to fast-track the discovery of mineral deposits in South Australia⁹. NASA has also successfully used crowd sourcing since 2015 to seek solutions for complex rocket science problems including development of super-fuel-efficient full-scale aircraft, discovering a new multi planet system, and designing an improved astronaut glove¹⁰.

NSW could pilot a similar opportunity as a novel way to attract global interest in NSW minerals and bring fresh ideas, diverse thinking and new approaches to the State. Providing a pilot program utilising a data set in a prospective area with rewards of \$250,000 for proposed exploration targets or solutions could help bring more interest and investors to NSW.

Recommendations:

- Extend pre-competitive geoscience to support the minerals industry and further scientific understanding of the State.
- Pilot a crowd sourcing mineral exploration project in NSW with rewards of \$250,000.

⁸ <https://www.ozminerals.com/media/news/oz-minerals-partners-with-uneearthed-on-explorer-challenge/>

⁹ http://www.energymining.sa.gov.au/minerals/latest_updates/sa_to_host_first_crowd_sourced_mineral_exploration

¹⁰ <https://www.nasa.gov/press-release/nasa-uses-crowdsourcing-for-open-innovation-contracts>

9. Support education and diversity programs that secure the future minerals industry

Exploration and mining are generally not seen as preferred industries by many school leavers, and this is reflected in the very low university enrolment numbers in the various mining-related disciplines. This is leading to severe skill shortages and a lack of locally trained minerals professionals which in turn stifles development.

A Government-Industry collaborative approach is needed to address this issue by promoting the minerals industry, particularly to primary and secondary level students. Government, some companies, and sectors are doing work towards this objective, but a unified approach is needed to spearhead a campaign to ensure that NSW does not lose a generation of skilled experts to realise the future minerals industry.

Gender diversity is also a key issue for the minerals industry. Women NSW note that mining is one of the most male dominated professions in NSW, just behind construction, with a female workforce of only 15%¹¹. AMEC supports the NSW Women in Mining Network (WIMnet) Mentoring Program and believes that the NSW Government should provide annual support for this proven program that provides mentoring for NSW women in mining.

Recommendations:

- Support a collaborative approach to secure skilled and professional workers for the future minerals industry.
- Support initiatives to further gender diversity in the minerals industry including the NSW Women in Mining (WIMnet NSW) Mentoring Program and programs for school age students.

¹¹ <https://www.nsw.gov.au/women-nsw/toolkits-and-resources/nsw-gender-equality-dashboard#participation>