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Resource contribution underscores the need for greater resource investment

“Tonight’s budget is headlined by the first surplus in 15 years – a surplus delivered on the back of high commodities prices for Australia’s resources and the work of the resource’s industry,” said the Association of Mining and Exploration Companies’ (AMEC) Chief Executive Officer, Warren Pearce.

“This support has enabled the Government to deliver \$14.5 billion in cost-of-living measures for Australians to offset the impact of significant inflation occurring in the Australian economy.”

“Equally, Australian industry is also facing increasing challenges in the form of persistent inflation, supply chain pressure, an inability to source workers along with increasing international competition.”

“The previously announced \$15 billion National Reconstruction Fund is one of the largest investments in manufacturing in Australia’s history, it includes \$1 billion focused on ‘value adding in resources’.

“How this money will be allocated awaits further policy development, and the finalisation of the Government’s new critical minerals strategy.”

“The inclusion of \$57.1 million for Critical Minerals International Partnerships to secure strategic and commercial partnerships is promising. Ensuring Australia can compete internationally in attracting critical minerals investment will be important, particularly in light of the \$US 370 billion in tax breaks and grants through the United States Inflation Reduction Act 2022.”

“Without substantially stronger support from Australian governments and Australia’s international partners, the ability for Australian projects to attract capital for value-adding will diminish, and with it, the opportunity to realise greater value from our resources and the highly skilled and highly paid jobs that would accompany it.”

“Critical to addressing workforce issues, is the government’s Migration Strategy, which outlines a range of significant measures, with 70% of 190,000 migration places in 2023/24 to be made up of skilled migrants, combined with a major investment in training and a further 300,000 TAFE and vocational education training places to become fee free.”

“Each is needed to support industry’s skilled worker needs, however despite the ambitions of the National Housing Accord and the Housing Australia Future Fund, delivering the housing growth to accommodate the needs of new migrants looks especially challenging.”

In the week before the budget, the Minister for Infrastructure announced an expected 90-day review into the \$120 billion, ten-year infrastructure pipeline of over 700 projects.

“Continued infrastructure investment in Australia’s regions is key to stimulating economic development in these areas and critical to improving the commercial viability of mining and mineral exploration projects in these areas. Industry will be watching the outcome of the infrastructure review closely.”

Media enquiries to:

Kelly Oversby - Manager | Media and Communications

M: 0401 446 429 | **E:** kelly.oversby@amec.org.au

www.amec.org.au

“The budget has also delivered on the Government’s commitment to environmental reform and decarbonisation. It funds the recently announced national Net Zero Authority, which will support industry and the community’s transition to renewable energy. The \$2 billion hydrogen head start fund will support cutting edge innovation, as Australia moves to commercialise hydrogen.”

“\$600 million for the Safeguard Transformation Stream in the Powering the Regions Fund provides needed support to trade-exposed facilities covered by the Safeguard Mechanism as they work to reduce their on-site emissions while competing internationally.”

“Continued engagement with industry on the implementation on these programs will be important.”

“The decision to alter the Petroleum Resource Rent Tax to levy greater revenue from these projects sets a concerning precedent for Australian industry. As do a range of foreshadowed regulatory measures that are likely to threaten greater investment in mining and mineral exploration.”

“Ultimately, the budget’s forward estimates anticipate a return to deficit and a continuing fiscal challenge.”

“Re-investing some of the revenue taken from the resource sector in growing Australia’s resource sector and realising greater value here at home offers a much better, and more sustainable, path back to budget surplus and stronger long-term revenue generation for our country.”

“And ensuring that Australia’s economic and regulatory framework becomes more, not less attractive is essential to our future prosperity,” said Mr Pearce.

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