



# NEW SOUTH WALES

# 2023 – 2024 BUDGET SUBMISSION

June 2023

Association of Mining  
and Exploration Companies

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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 several 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 this State. We welcome the opportunity to provide recommendations to the new Labor Government prior to the 2023-24 Budget.

Mining is a pillar of the New South Wales economy. Following the drought, bushfires, floods and COVID the minerals industry supports the State, with our heart in regional communities. The resources industry is currently contributing record royalties to the NSW Government. Annual royalties of over \$4 billion were forecast in the 2022 -23 Half-Yearly Review<sup>1</sup> (an increase of \$0.3 billion from the 2021-2022 Budget<sup>2</sup>). Royalties support important State spending on schools, hospitals, and flood recovery. Royalties from the minerals industry have more than paid for the recent NSW and Australian Government investment in NSW flood recovery.

This is a watershed moment for the NSW minerals industry. With the recent approval of two new mines in NSW (McPhillamys Gold Project and Bowdens Silver Project in the Central West) in early April 2023 and the focus on critical minerals, NSW is at the frontier of the next era of mining and well positioned to attract further investment into this State.

To continue to improve NSW's national and international competitiveness, create jobs and attract mining and mineral exploration investment, it remains critically important that NSW is a preferred destination for mineral industry investment to ensure the stability and the future of the industry.

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

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<sup>1</sup> <https://www.budget.nsw.gov.au/sites/default/files/2023-02/2022-23-Half-Yearly-Budget-Review.pdf>

<sup>2</sup> <https://www.budget.nsw.gov.au/>

## Recommendations to support the minerals industry further the State's growth and productivity:

### 1. Support the emerging critical minerals sector in NSW

- Deliver further streams of the Critical Minerals Fund to turbocharge the development of critical minerals in NSW.
- Deliver an action plan with aligned resourcing for the NSW Critical Minerals and High-Tech Metals Strategy with specific deliverables and clear timeframes.

### 2. 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.
- Review the requirements for land access for exploration in NSW to maximise the State's resources.
- Integrate the Tenure and Regulator online portals to avoid duplication in costs and administration.
- Promote investment in the NSW minerals industry and turbocharge the development of critical and high-tech minerals in NSW.

### 3. 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.
- Continue to extend the program to cover 50% of drilling, geophysics or geochemical costs to broaden the appeal of the program and potential outcomes.

### 4. 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.
- Incentivise industry to take ownership over legacy mine sites to support increase investment in NSW.

### 5. 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.

### 6. Review security bonds structure to maximise the use of exploration funds

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

## **7. 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.

## **8. Support education and diversity programs that secure the future minerals industry**

- Support a collaborative approach to secure skilled 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.
- Support and promote STEM education programs that aim to enhance students and recent school-leavers' understanding and interest in the mining industry.

## INTRODUCTION

The Association of Mining and Exploration Companies Inc (AMEC) welcomes the opportunity to provide input to the New South Wales (NSW) Government's 2023-24 Budget and Forward Estimates.

## ABOUT AMEC

AMEC is a leading national industry association representing over 500 mining and mineral exploration companies across Australia. Our members are explorers, emerging miners, producers, and a wide range of businesses working in and for the industry. AMEC represents a growing number of companies exploring, mining and investing in NSW.

AMEC would welcome further consultation on this important matter and if you have any queries regarding this submission, please do not hesitate to contact:

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## STATE OF THE INDUSTRY

### The minerals industry stands ready and willing to support NSW

Mining is a pillar of the New South Wales economy and, as a core regional industry, is ready to support regional NSW following the impact of the COVID-19 pandemic, bushfires, and flooding throughout the state.

The resources industry is currently contributing record royalties to the NSW Government. Annual royalties of over \$4 billion were forecast in the 2022 -23 Half-Yearly Review<sup>3</sup> (an increase of \$0.3 billion from the 2021-2022 Budget<sup>4</sup>). Royalties support important State spending on schools, hospitals, and flood recovery. Royalties from the minerals industry have more than paid for the NSW and Australian Government investment in NSW flood recovery.

Further, the minerals industry directly invests in regional economies by creating more job opportunities and sourcing local goods and services. As a regional industry, we work in regional locations, purchase goods and services locally, stay in local hotels, eat and drink locally, and routinely hire regional contractors and staff. The minerals industry is well placed and ready to be part of the solution to support NSW regional economies as well as the broader economy of the State.

### Promoting NSW for minerals industry investment and developing the critical minerals sector

The recent prioritisation by the NSW Government of attracting minerals industry investment focus on the critical minerals sector have borne fruit with the recent announcement of two new mines in NSW as well as the extension of the Tomingley and Hera projects. These projects will bring significant investment, jobs and royalties to NSW as well as provide important streams of minerals that are so critical to our current and future needs.

These initiatives were welcomed by industry and included the release and implementation of the *NSW Minerals Strategy, Critical Minerals and High-Tech Metals Strategy, Future of Minerals Report, Online Minerals Prospectus, Strategic Statement on Coal Exploration and Mining in NSW* and world class geoscience information such as the high-tech metal resources map and Seamless Geology Project, as well as participation in international promotional opportunities.

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 revenues 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.

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

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<sup>3</sup> <https://www.budget.nsw.gov.au/sites/default/files/2023-02/2022-23-Half-Yearly-Budget-Review.pdf>

<sup>4</sup> <https://www.budget.nsw.gov.au/>

## NSW is underperforming as an exploration and mining destination

While the industry and investor confidence are recovering and growing 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 mining industry as well as other supporting industries.

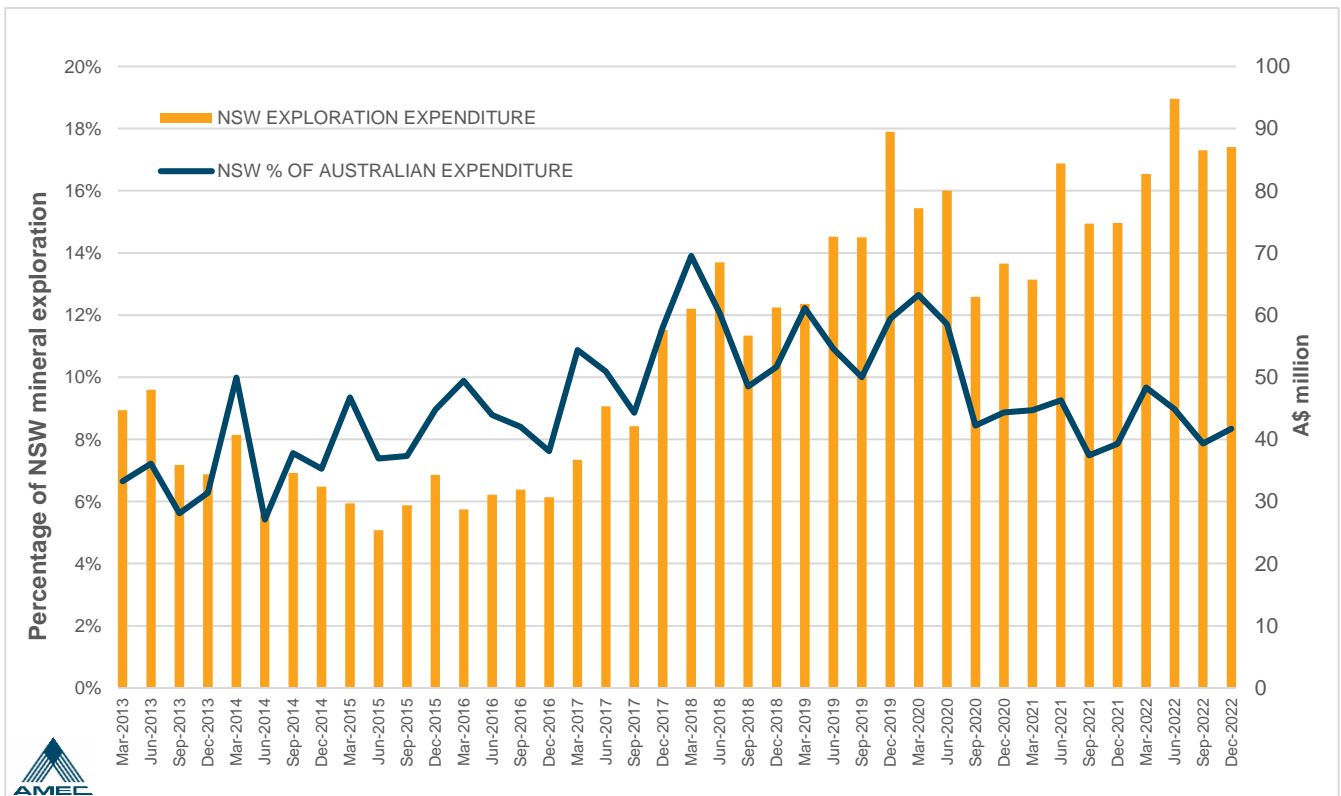
Key indicators of trends and data to assess the state of the minerals industry include:

### 1. Expenditure in NSW in comparison to other jurisdictions

In NSW, mineral exploration expenditure has more than doubled in the last ten years. The Australian Bureau of Statistics' *Quarterly Report of Mineral Exploration Expenditure* shows that NSW expenditure in the calendar of 2022 was \$351M, 8.7% of national mineral exploration expenditure<sup>5</sup>.

NSW lags behind other states and jurisdictions share of Australian exploration investment, including QLD 13.6% and WA 62% as shown in **Figure 1 and 2**. More strategic actions and support are needed to stimulate exploration and to ensure NSW is prepared for surging demand for critical minerals in the future global economy.

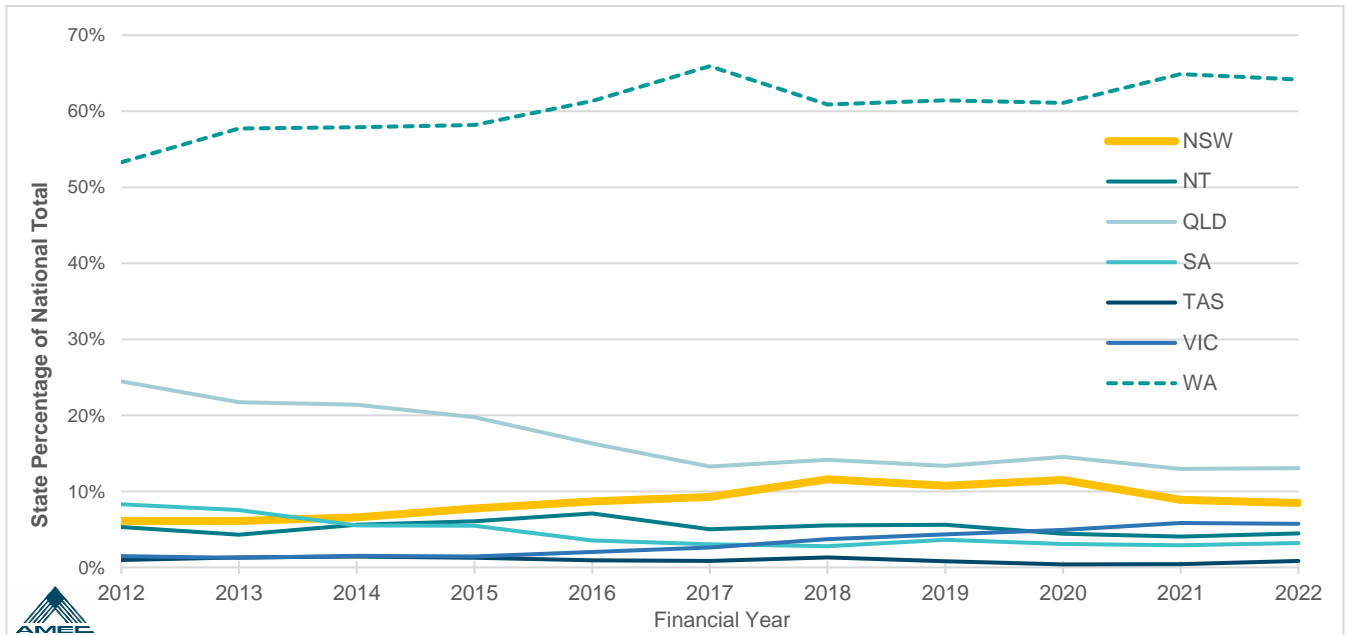
**Figure 1 – NSW mineral exploration expenditure as a percentage of Australian exploration expenditure**



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

<sup>5</sup> <https://www.abs.gov.au/statistics/industry/mining/mineral-and-petroleum-exploration-australia/latest-release>

**Figure 2 – Mineral exploration expenditure by State as a percentage of Australian expenditure**



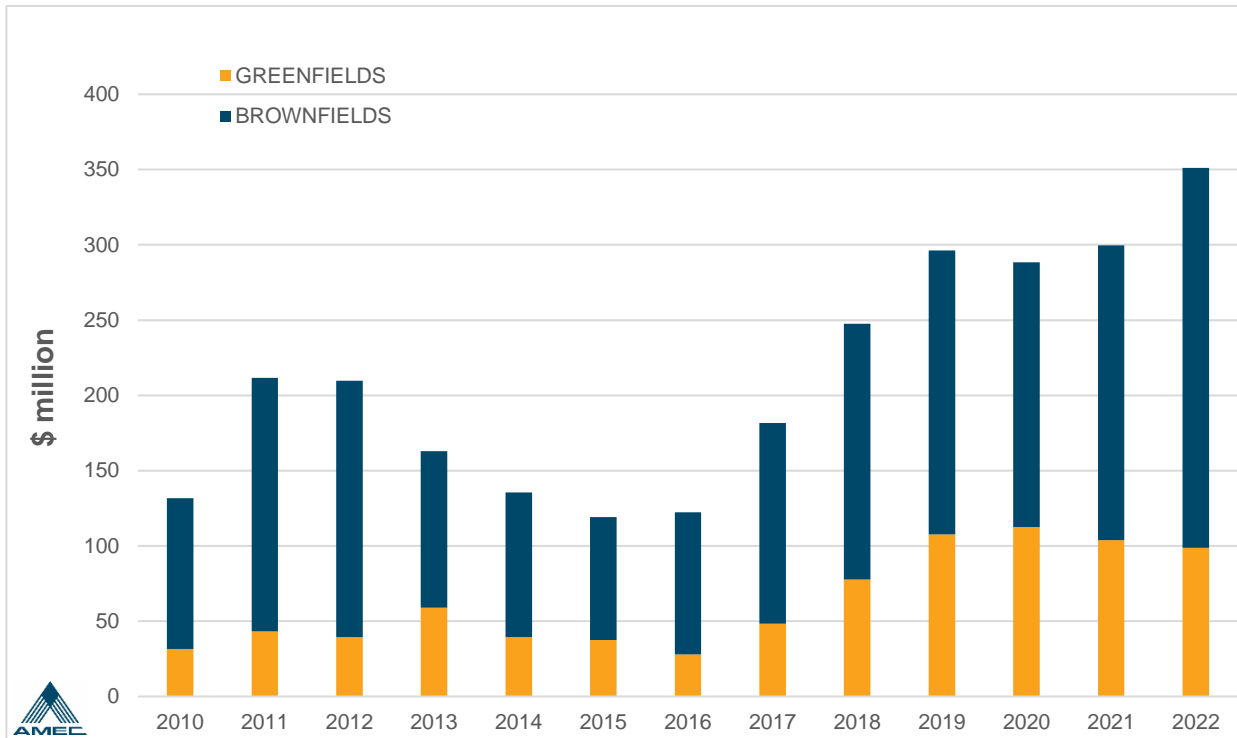
Source: ABS, Mineral and Petroleum Exploration, Australia, Cat No. 8412.0 (as at Dec 2022)

## 2. Share of greenfield/brownfield mineral exploration expenditure

Despite the increase in total exploration expenditure in NSW, the percentage of greenfield exploration (exploration on new ground, not close to known reserves or existing mines) expenditure fell from 2020 to 2022. There is still a considerable disproportion between greenfield and brownfields exploration (exploration on land close to an existing mining operation or known resource) despite the State’s rich geological potential. **Figure 3** shows that \$111.7 Million was spent on greenfield exploration and \$215.3 Million was spent on brownfields exploration in 2022. Incentives to explore and develop new areas, that start with greenfield exploration expenditure, must be increased to support discovery rates of future mines.



**Figure 3 – NSW mineral exploration expenditure on Greenfields vs Brownfields**



Source: ABS, Mineral and Petroleum Exploration, Australia

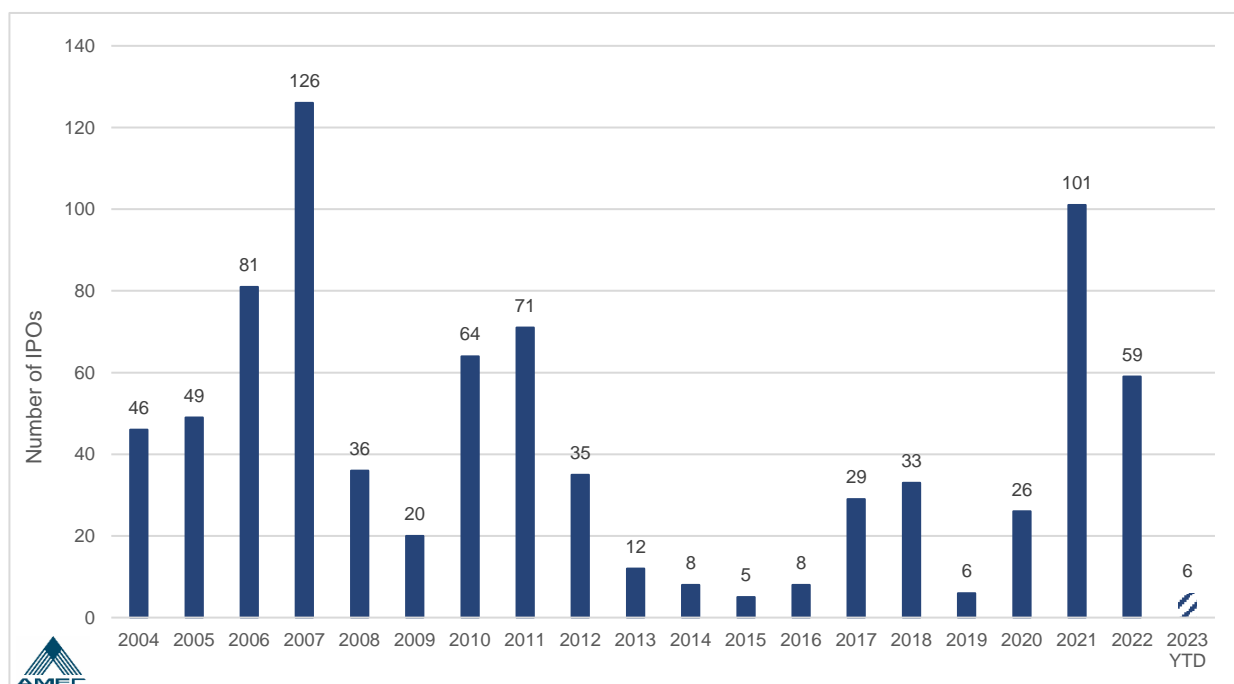
### 3. Number of minerals-related Initial Public Offerings

A clear sign of the recent growth in the minerals industry is the number of mineral related Initial Public Offerings (IPOs) on the ASX, as shown in Figure 4.

In 2021, 101 minerals companies were listed on the ASX, the highest number since 2007, nearly four times more than the year prior, and over 16 times more than 2019. Of the 101 companies listed, 11% had projects in NSW which demonstrated their confidence to operate in the State.

However, the number of IPOs almost halved by 2022 with only 59 mineral companies listed on the ASX, and such numbers are predicted to further decrease in 2023 to less than 10 companies. As a result, we are expected to see even less projects and investment in NSW, demonstrating reduced of investor confidence and NSW’s attractiveness as a destination for exploration and investment.

**Figure 4 – ASX Metals and Mining Initial Public Offerings**



Source: Listcorp and Small Caps

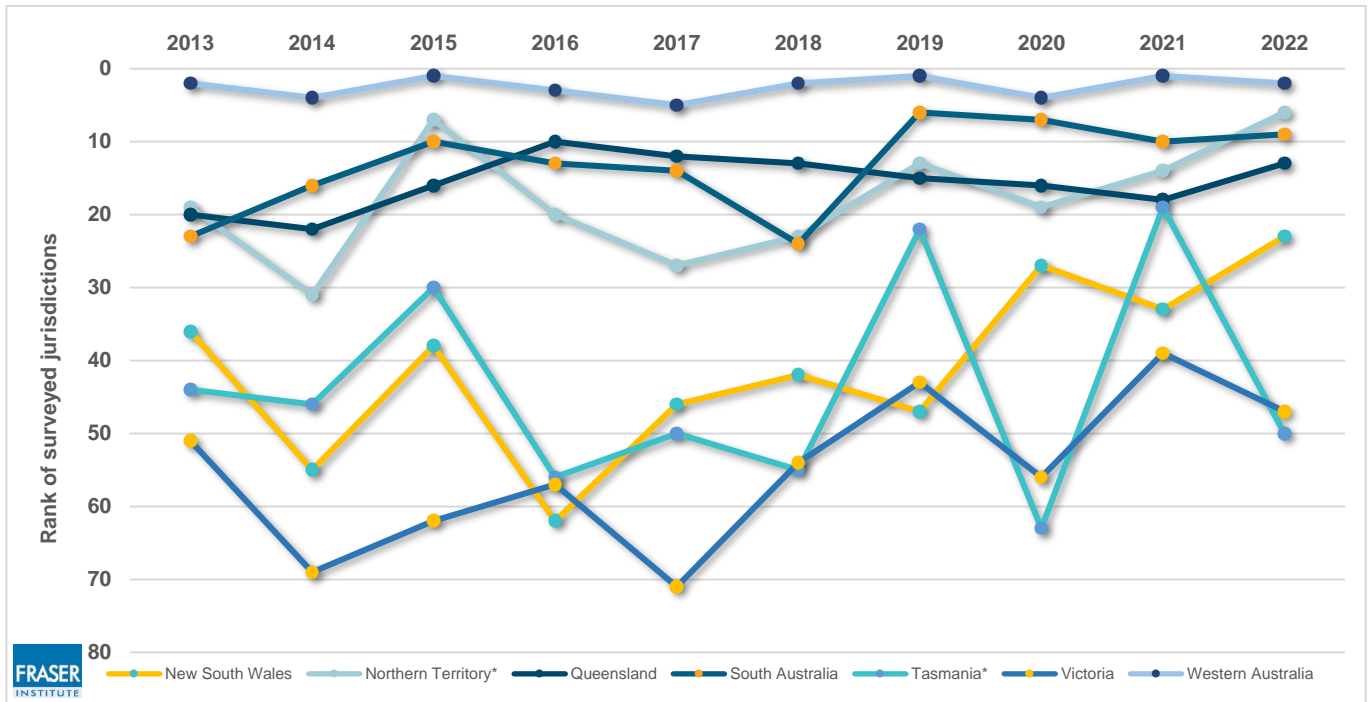
#### 4. Internationally respected Annual Survey of Mining Companies 2022 by the Fraser Institute

The internationally respected Fraser Institute Annual Survey of Mining Companies 2022 notes that nationally, “Considering both policy and mineral potential, Australia is the most attractive region in the world for mining investment”.

For NSW, the scorecard showed some important improvements in key rankings as follows:

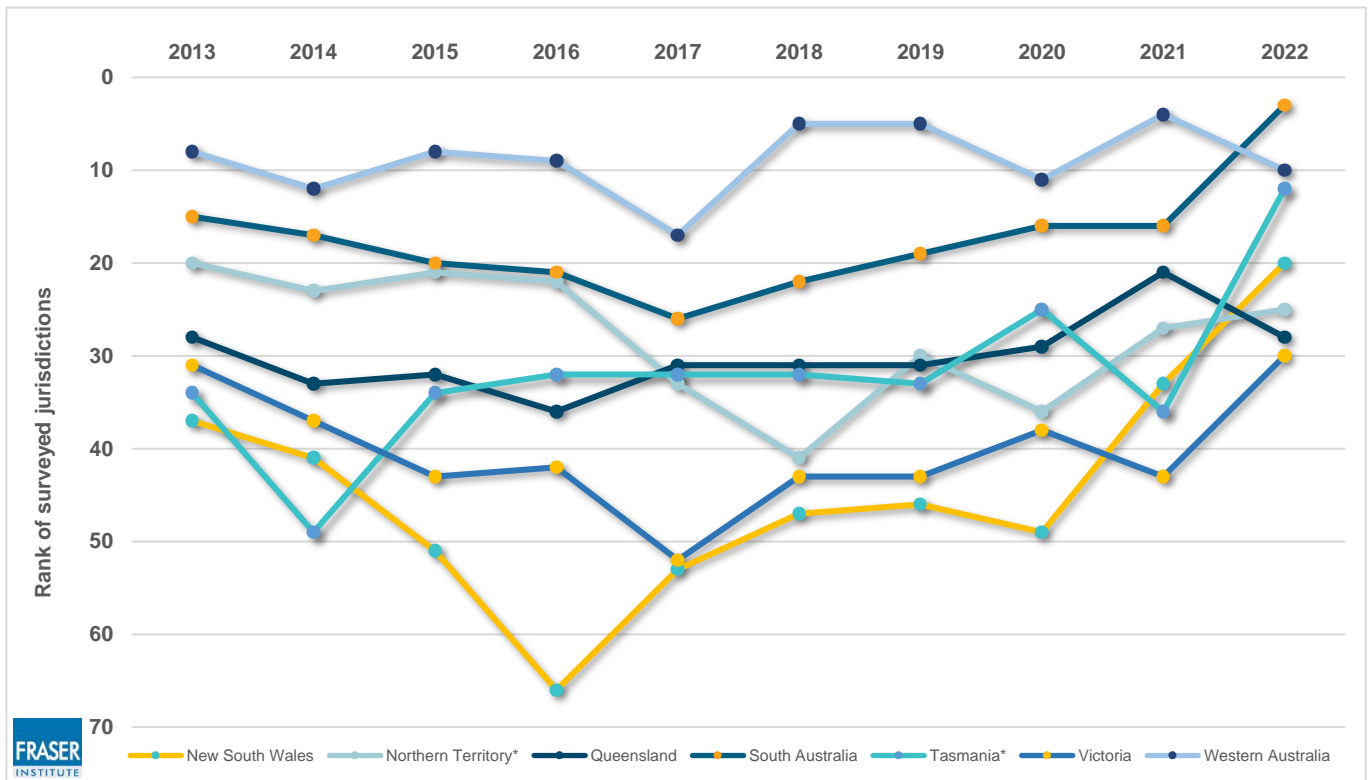
- Investment Attractiveness Index (**Figure 5**) ranking 23rd out of the 62 jurisdictions reporting in 2022 and third lowest Australian jurisdictions behind WA (2nd), NT (6th), SA (9th), QLD (13th) with VIC (47th) and TAS (50th).
- Policy Perception Index (**Figure 6**) ranking rose to 20th behind SA (3rd), WA (10th) and Tasmania (12th), with NSW rated as the best performing state in Australia for meeting established timelines (86% respondents reporting that NSW met their own milestones for permit approval decisions most or some of the time) and NSW stood out for transparency in permit decisions with all respondents noting that their level of transparency encourages (or not a deterrent to) exploration and that they would ‘eventually be granted the necessary permits’.
- Best Practices Mineral Potential Index ranking 25<sup>th</sup> behind NT (1<sup>st</sup>), WA (3<sup>rd</sup>), WLD (5<sup>th</sup>), SA (19<sup>th</sup>).

Figure 5 – Rank of global jurisdictions on the Investment Attractiveness Index



Source: Fraser Institute Annual Survey of Mining Companies 2022

Figure 6. Australian States jurisdiction on the Policy Perception Index Index



Source: Fraser Institute Annual Survey of Mining Companies 2022

## Maximising the resource potential of NSW within a limited State Budget

Following some tough years, the minerals industry in NSW has been leading the state in economic recovery and growth. However, as NSW returns from the challenges, 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.

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

AMEC notes that the Government reaped over \$32.9 million from the Administrative Levy<sup>6</sup> in 2020-21 with a closing balance as of 30 June 2022 of \$17.7million (more than \$1.9million than the year prior). With the minerals industry thriving, this Levy must have been significantly increased in the last year (data not yet made public available). Considering this levy on the industry for the industry, there should be sufficient funds to cover these important initiatives to stimulate minerals industry investment in NSW.

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<sup>6</sup><https://www.regional.nsw.gov.au/about-us/Reports-and-publications>



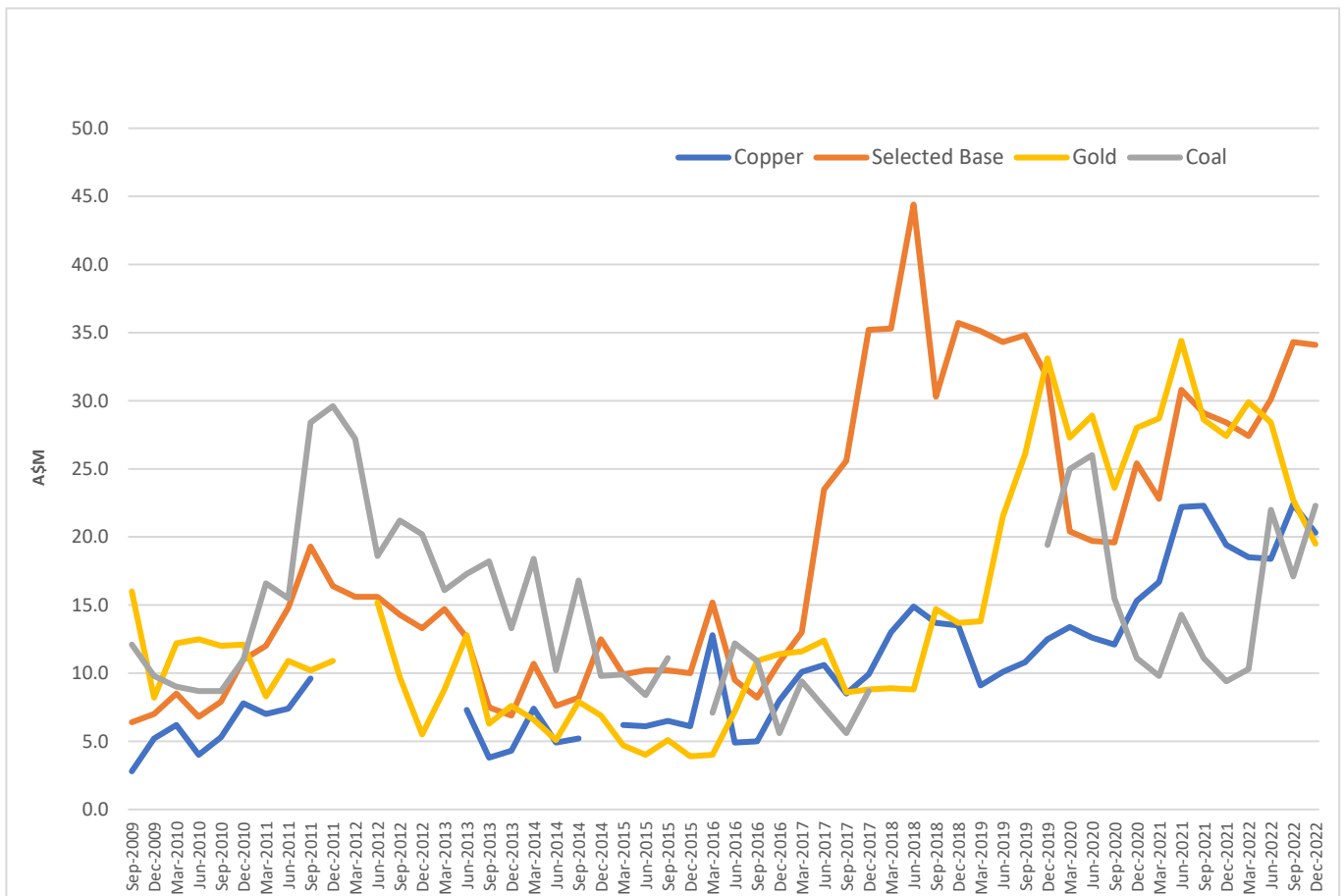
# RECOMMENDATIONS

## 1. Support the emerging critical minerals sector in NSW

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. The production of critical minerals has the potential to create thousands of new job opportunities, support regional development, and increase exports.

NSW is in a privileged position of hosting known critical mineral deposits such as lithium, cobalt, rare earths, nickel, and copper, along with the significant potential for discovery of new deposits. In line with this, 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.

**Figure 7 – New South Wales quarterly exploration expenditure by minerals (in A\$M)**



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.

Further, AMEC recommends delivering the additional rounds of the Critical Minerals Fund to turbocharge the sector. The first round of Stream 1 and 2 funding was delivered late last year and has led to significant advances and additional investment in NSW as shown in the following case study.

### **Case Study – Critical Minerals Fund turbocharges a new era for mining**

*Kingston Resources Limited is a gold-copper mining company that has been headquartered in Sydney, NSW since 2016. Prior to the recent acquisition of the Mineral Hill Mine and processing plant at Condobolin, the company was focussed on WA and PNG only. The company was successful in receiving \$500,000 from Stream 1 of the Critical Minerals and High-Tech Metals Activation Funds to help develop high tech metals at the site. Following the receipt of the grant, Kingston will be matching the investment to complete feasibility work of geotechnical drilling, metallurgical data compilation and associated test work and analysis. Life of mine plans are now being finalised for recommencing open pit and underground mining that will employ over 100 people at the site to produce gold and silver, plus separate concentrates of copper, lead and zinc through at least to the end of 2028.*

### **Recommendations:**

- Deliver further streams of the Critical Minerals Fund to turbocharge the development of critical minerals in NSW.
- Deliver an action plan with aligned resourcing for the *NSW Critical Minerals and High-Tech Metals Strategy* including specific deliverables and clear timeframes.

## **2. 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 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 well over \$10 million, and is finally functional. The RR online portal is also up and running but has been plagued by issues. 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 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.
- Review the requirements for land access for exploration in NSW to maximise the State's resources.
- Integrate the Tenure and Regulator online portals to avoid duplication in costs and administration.

Promote investment in the NSW minerals industry and turbocharge the development of critical and high-tech minerals in NSW.

### 3. 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 included \$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.

#### Case Study – New Frontiers Exploration Program attracts international leading company to NSW

*Legacy Minerals is a recently listed ASX company that is wholly focussed on NSW. In Round 5 of the New Frontiers Exploration Program, the company received a \$50,000 grant for geophysical surveys of the Breccia Sinter Prospect and \$100,000 towards the Bauloora Epithermal Project. Following the receipt of the grants, Legacy secured the global mining company, Newmont Corporation, as a joint venture party on the project. Newmont will invest up to \$15M at the project and participate in the co-funding with the Government. The drilling and geophysics are planned to be conducted by the end of the 2023 calendar year.*

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.<sup>7</sup>

Supporting the *New Frontiers Exploration 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.

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<sup>7</sup><http://www.dmp.wa.gov.au/Petroleum/Exploration-Incentive-Scheme-2251.aspx>



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 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 such as 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. **Figure 8** details the programs in other jurisdictions.

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, geophysics or geochemical costs to broaden the appeal of the program and potential outcomes.

Figure 8 – Collaborative exploration programs across Australia

State	Government Program	Criteria	Government Commitment	Duration	State% of National Exploration Budget (ABS) <sup>8</sup>
NEW SOUTH WALES	New Frontiers Exploration Program (NFEP) <sup>9</sup>	Support search for critical minerals and high-tech metals in NSW. Includes drilling & geophysics.	\$2M per annum Grants provide co-funding of 50% of total drilling program costs and/or exploration geophysics costs	Current (Started 2014)	8.7%
NORTHERN TERRITORY	Geophysics and Drilling Collaborations program (GDC) <sup>10</sup>	Co-fund industry exploration programs to advance geological understanding and resource development	\$9.5M per annum competitive grants program administered by the Northern Territory Geological Survey (NTGS)	Current (Started 2008)	4.9%
QUEENSLAND	Collaborative Exploration Initiative (CEI) <sup>11</sup>	Providing funds direct to industry to support innovative exploration concepts and making geoscientific data from successful programs available to the public	\$55.1M \$22.6M plus \$10M for geophysics & \$5M for new mineral potential Additional \$17.5M pledged until 2027	Current until 2027 (Started 2017)	13.6%
SOUTH AUSTRALIA	Accelerated Discovery Initiative (ADI) <sup>12</sup>	Co-funding exploration activities including exploration drilling, geophysics, research collaboration	\$41.5M \$10M over 3 Years + additional \$11.5M to 2025	Current until 2025 (Started 2019)	4.1%
TASMANIA	Exploration Drilling Grant Initiative (EDGI) <sup>13</sup>	Co-funding exploration drilling projects	\$3.5M over 6 years	Current until 2025 (Started 2018)	1.0%
VICTORIA	TARGET Minerals Exploration Initiative (TMEI) <sup>14</sup>	Grants for exploration companies to conduct co-funded minerals exploration including geophysical surveys, drilling and sampling	\$15M budget \$5.9M spent	2014 - 2018	5.0%
WESTERN AUSTRALIA	Exploration Incentive Scheme (EIS) <sup>15</sup>	50% toward co-funding of drilling programs & 50% to generate pre-competitive information	\$12.5M per annum	Current (Started 2009)	62.8%

<sup>8</sup> <https://www.abs.gov.au/statistics/industry/mining/mineral-and-petroleum-exploration-australia/dec-2022>

<sup>9</sup> <https://meg.resourcesregulator.nsw.gov.au/geoscience/new-frontiers-exploration-program>

<sup>10</sup> <https://resourcingtheterritory.nt.gov.au/exploration-grants>

<sup>11</sup> <https://www.business.qld.gov.au/industries/mining-energy-water/resources/geoscience-information/exploration-incentives/exploration-grants>

<sup>12</sup> [https://www.energymining.sa.gov.au/home/events-and-initiatives/initiatives/accelerated\\_discovery\\_initiative](https://www.energymining.sa.gov.au/home/events-and-initiatives/initiatives/accelerated_discovery_initiative)

<sup>13</sup> [https://www.mrt.tas.gov.au/exploration/exploration\\_drilling\\_grant\\_initiative\\_-\\_round\\_8](https://www.mrt.tas.gov.au/exploration/exploration_drilling_grant_initiative_-_round_8)

<sup>14</sup> <https://earthresources.vic.gov.au/projects/target-minerals-exploration-initiative>

<sup>15</sup> <https://www.dmp.wa.gov.au/Geological-Survey/EIS-Government-co-funded-1433.aspx>

#### 4. 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 increase investment in NSW.

#### 5. 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 2022 of \$17.7million (more than \$1.9million than the year prior)<sup>16</sup>. Although 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.

**6. 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 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 should be considered.

**Recommendation:**

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

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<sup>16</sup> [https://www.regional.nsw.gov.au/\\_\\_data/assets/pdf\\_file/0006/1379094/DRNSW-Annual-Report-2020-2021.pdf](https://www.regional.nsw.gov.au/__data/assets/pdf_file/0006/1379094/DRNSW-Annual-Report-2020-2021.pdf)



## 7. 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 2018<sup>17</sup>. 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 Australia<sup>18</sup>. 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 glove<sup>19</sup>.

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 opening a data set in a prospective area with rewards of \$250,000 for proposed 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. 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 and traineeship programs. 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. AMEC recommends promoting STEM

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<sup>17</sup> <https://www.ozminerals.com/media/news/oz-minerals-partners-with-uneearthed-on-explorer-challenge/>

<sup>18</sup> [http://www.energymining.sa.gov.au/minerals/latest\\_updates/sa\\_to\\_host\\_first\\_crowd\\_sourced\\_mineral\\_exploration](http://www.energymining.sa.gov.au/minerals/latest_updates/sa_to_host_first_crowd_sourced_mineral_exploration)

<sup>19</sup> <https://www.nasa.gov/press-release/nasa-uses-crowdsourcing-for-open-innovation-contracts>

programs for students and high school-leavers to enhance their understandings of the industry's future opportunities and career pathways.

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%<sup>20</sup>. 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 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.
- Support and promote STEM education and Traineeship programs targeted at enhancing students' understanding and passion for the minerals and resources sector.

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<sup>20</sup> <https://www.nsw.gov.au/women-nsw/toolkits-and-resources/nsw-gender-equality-dashboard#participation>