From: s 47F
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Hi s 22

Just following up on yesterday's meeting with our pre-Budget submission.

Please get in contact if there is anything you would like to discuss.

All the best,

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MINERALS COUNCIL OF AUSTRALIA

PRE-BUDGET SUBMISSION 2026-27

30 JANUARY 2026

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1. EXECUTIVE SUMMARY

Capital investment is the key to lifting Australia's economic and productivity growth and securing our living standards.

And more than ever, Australia needs to attract mining investment in its mineral and energy commodities old and new.

Without a significant increase in investment by Australia's most capital-intensive and productive industry, the government will struggle to address the federal budget's structural deficit and growing debt, and the economy will have difficulty navigating growing and uncertain global headwinds.

Increasing taxes on Australia's most productive industries would be a disaster for investment and the economy more broadly. In contrast, expanding the supply side of the economy to achieve budget repair and stronger growth strengthens our future prosperity.

While the opportunities for mining and processing of critical minerals – the materials essential to our modern technologies, economies and national security – are getting increasing attention from governments, our bulk commodities will continue to do the heavy lifting in supporting the nation's living standards.

The minerals industry's ability to continue to grow and compete globally depends on its ability to attract investment in exploration and the development, construction and the operation of mining and minerals processing projects.

Compared to many other mining countries, Australian mining projects face high effective tax rates, slow and complex regulatory approvals, relatively high labour and construction costs, and rising energy prices.

Australia's vulnerability to competition for mining investment from other traditional and emerging resource-rich economies with lower input and regulatory costs and faster approval processes is only growing.

Businesses need policy settings that do not impose high and unnecessary costs that discourage investment and reduce productivity.

The Federal Government must commit to no new taxes, including retaining the fuel tax credit (FTC) in its current form, and ensuring business tax settings like the fringe benefits tax and accelerated depreciation rules and targeted investment allowances work to drive more investment.

There is also an opportunity to supercharge investment in new mining projects through the development of a nationally coordinated northern infrastructure corridor.

Australia's minerals sector has always been a leader in innovation. Our use of technology has been a major catalyst for change in the industry, introducing safer, healthier workplaces and new careers in emerging fields such as data science, virtual reality and artificial intelligence.

Mining is one of Australia's enduring economic strengths. The mining industry is not just a driver of productivity; it is a platform for delivering it.

Built on the back of decades of investment, project development, international partnerships and technological breakthroughs, Australian mining hosts a world leading ecosystem of innovation, skills, corporate expertise and infrastructure and logistics.

Australia's hard-earned comparative advantage in mining comes from the industry's ability to lead the world in developing and implementing new technologies, to drive efficiencies in complex and risky operations, all while meeting the highest global standards in sustainability.

The nation can now take a bold leap forward using artificial intelligence to reduce lengthy and costly approval processes by embedding AI into approvals under the *Environment Protection and Biodiversity Conservation Act* through a pilot project proposed in this submission.

This would complement urgent reforms which would accredit state and territory regulators for assessment and approvals under the EPBC Act, investing in data collection in priority areas for future minerals development and establishing a cost-effective national environmental restoration fund.

For Australian mining to maintain its international competitiveness, the Junior Mining Exploration Incentive must be reinstated and improvements made to environmental regulation and processes.

Ensuring policies deliver least-cost, reliable and clean energy systems along with expanded support for facilities under the Safeguard Mechanism at risk of carbon leakage are necessary to avoid Australian mining and minerals processing being competitively disadvantaged.

Without another mining investment boom or its equivalent, the economy will suffer from insufficient business investment to significantly strengthen growth and lift productivity for the nation to successfully navigate what may lie ahead.

The contribution of mining to the Australian economy is massive, Australia's minerals and energy commodities generate almost 60 per cent of our export earnings.

It underpins the nation's prosperity through being the most productive industry by far (three times the next highest) and a consistently large contributor to our national income.

Without the significant investment in mining in the early 2000s, Australia's real GDP would have been about 14.5 per cent lower, average real household income 17 per cent lower ($19,160 less) and average weekly real wages 12.6 per cent lower ($248 less).

The industry's tax and royalty payments – totalling $394.5 billion over the last decade – support federal and state and territory governments in providing vital public services and infrastructure, including healthcare.

It takes years for mining projects to go from deposit discovery, obtaining approvals, securing finance, completing construction to producing the minerals that provide the jobs, activity and incomes that support households, businesses and government revenues across the country.

The cumulative investment made by mining companies this century has generated massive flow-on benefits for supply chains, innovation, regional and community development and skills.

In 2023-24, Australia's resources sector is estimated to have spent $275.5 billion in the economy. This spending was comprised of $34 billion in wages, $161 billion in purchases from local businesses, $79.8 billion in local, state and federal government payments and $661 million in contributions to community groups and organisations.[1]

The strength of mining's contribution to the Australian economy stems from the large productive capital investment the industry has made over the last two decades. The mining industry's capital stock has reached just over one trillion dollars – a level it has remained at for almost a decade.

Higher than forecast iron ore and coal prices continue to significantly improve the federal budget's bottom line, with mining revenues helping to turn forecasted budget deficits into surpluses.

Higher company tax payments from Australia's bulk commodity producers – iron ore and metallurgical and thermal coal – have provided the Government with the ability to fund schools, hospitals, critical infrastructure, and vital services including mental health, aged care and childcare.

If Australia's economy is to muscle up during an era of sudden shocks and surging megatrends, the government and the mining industry must work together.

[1] Lawrence Consulting, *Australian Resource Sector Economic Contribution Study 2023-24*, released July 2025.

Harnessing the strengths of the Australian mining industry to enable the Government to deliver on its national security and economic resilience priorities requires the right policy settings to drive investment and greater efficiencies.

This is the way to bring the budget back into balance and reduce the nation's debt while boosting economic growth and buttressing living standards.

2. SUMMARY OF POLICY RECOMMENDATIONS

SOLUTIONS FOR PRODUCTIVITY AND INVESTMENT

1. Commit to no new taxes and ensure business tax is fit-for-purpose

- Commit to no new or additional tax imposts on the minerals industry, including retaining the fuel tax credit scheme (FTC) in its current form
- Ensure the fringe benefits tax (FBT) concessions relating to remote-worker travel and accommodation are fit-for-purpose
- Introduce permanent accelerated depreciation measures to all businesses and targeted investment allowances to bring forward the timing of new investment without materially affecting the budget.

2. Multi-purpose infrastructure to develop a new northern minerals corridor

- Commonwealth and state governments agree to coordinate planning, approvals and investment in multi-purpose projects across northern Australia
- Establish a nationally coordinated northern infrastructure corridor, aligning Defence funding with private investment to deliver the Alice Springs-Mt Isa rail link, flood resilient road and rail corridors and upgraded port infrastructure at scale.

3. Embed Artificial Intelligence (AI) tools into the EPBC approvals process

- Build and validate an AI decision support prototype
- Develop priority areas within existing and proposed legislation where AI can deliver the greatest value through a partnership between the MCA, Amazon Web Services and the Federal Government (DCCEEW and/or Environmental Protection Authority)
- Agree to low-risk, retrospective mining/environment decision datasets.

4. Reinstate the Junior Mining Exploration Incentive (JMEI)

- Reinstate the JMEI as a permanent annual scheme and remove the annual cap on credit allocations as part of the JMEI program.

SOLUTIONS TO MAINTAIN COMPETITIVENESS

5. Drive efficiency in the environmental regulation of projects

- Urgently accredit state and territory regulation for assessment and approvals under the EPBC Act and establish effective cooperation between governments
- Efficiently use the data collected by states and territories and integrate with Geoscience Australia. Invest in data collection in priority areas for future minerals development
- Establish a cost-effective national environmental restoration fund to collect proponent contributions and invest in landscape restoration
- Leverage Artificial Intelligence (AI) in assessments to deliver faster, more reliable outcomes while reducing reliance on manual processes (see **Recommendation 4**).

6. Expand funding and eligibility of industrial transition support

- Expand the scope and increase the funding of the Safeguard Transformation Stream (STS) and Industrial Transformation Stream (ITS) to ensure comprehensive support for all at-risk facilities to reduce the risk of carbon leakage during the transition.

7. Provide policy support for CCUS technologies

- Reintroduce the Carbon Capture Use and Storage Development Fund (CCUSDF) and improve community awareness of the important role of all technologies in least-cost emissions reductions.

SOLUTIONS TO PROMOTE ECONOMIC EMPOWERMENT

8. Improve the capacity of Aboriginal and Torres Strait Islander community-controlled organisations to better support localised decision-making on cultural heritage matters

- Establish a nationally consistent and guaranteed baseline funding model for Prescribed Bodies Corporate to allow for sustainable operations and enhanced collaboration with industry on cultural heritage matters
- Redirect government funding from the Environmental Defenders Office (EDO) to Aboriginal and Torres Strait Islander legal services
- Direct the Productivity Commission to undertake a public inquiry into activities that will unlock investment opportunities and increase economic empowerment in Traditional Custodian communities.

SOLUTIONS TO BOOST BUSINESS DYNAMISM

9. Reduce regulatory and fiscal burden to boost business dynamism

- Set an APS-wide agenda for regulatory reform and regulatory burden reduction
- Reinstate the regulatory impact assessment function back into the Productivity Commission
- Commit to fiscal net worth reporting to inform policy spending decisions.

4. MINING, PRODUCTIVITY AND CASHFLOW

Australia as a partner in diverse and resilient supply chains for critical minerals

Mining is the cornerstone of a resilient and secure Australian economy and a global leader built on the back of decades of investment, project development, international partnerships and technological breakthroughs.

Australian mining companies lead the world in developing and implementing new technologies, driving efficiencies in complex and risky operations, and doing all this while meeting the highest global standards in sustainability.

The resource sector's contribution to the Australian economy is massive. In 2023-24, the direct impact of the sector was $275.5 billion, comprising $34 billion in wages, $161 billion in purchases from local businesses, $79.8 billion in local, state and federal government payments and $661 million in contributions to community groups and organisations.[2] Of the government payments, royalties and company tax payments alone were estimated to be $59.4 billion.[3]

Mining investment is essential for Australia to capitalise on the economic opportunity from the world's growing demand for materials when geopolitical instability and uncertainty highlight the fragilities and vulnerabilities in commodity supply chains and international trade.

Secure, resilient supply chains and transparent and well-functioning markets have never been more important for the reliable extraction, processing and supply of minerals critical to national security, electrification, decarbonisation and new technologies.

Internationally competitive and stable policy settings are essential to Australia attracting the mining investment that will maximise the potential value to the economy from the growing global demand for minerals.

Australian minerals industry can become the global supplier of choice for mined commodities if we get the fundamental policy settings right.

Some minerals required for national security and/or economic resilience will require government support in the form of industry policy targeted at mining projects and mineral processing facilities to secure supply.

Australia is well positioned to strengthen its economy and play a key role as a strategic partner with other countries in de-risking the supply chains of critical minerals, providing the nation continues to attract mining investment.

MYEFO reinforces the importance of business investment

The 2025-26 Mid-Year Economic and Fiscal Outlook (MYEFO) once again highlighted an improvement to the forecast budget bottom line through upgraded tax receipts from higher than expected commodity prices.

The MCA estimates that higher commodity prices will deliver a $6 billion revenue upgrade in company tax in the Final Budget Outcome for 2025-26. Other industry estimates suggests that company tax receipts could be about $41 billion higher over four years, with further upside if prices again outperform current forecasts.[4]

[2] Lawrence Consulting, *Australian Resource Sector Economic Contribution Study 2023-24*, released July 2025.

[3] EY, *Royalty and Company Tax Payments, Minerals Council of Australia*. Table 3. Royalty and company tax payments, minerals sector, released 20 May 2025.

[4] P. Bustamante, Bulletin, Westpac Economics, 17 December 2025.

It also highlighted that the budget is projected to be locked into a deficit for at least the next decade unless there is increased economic and productivity growth capable of generating future revenue flows needed to offset structural spending.

In turn, a fiscal pathway that continues to grow the nation's debt and risks higher interest costs will constrain the government's ability to spend on major services such as childcare, aged care, medical benefits, hospitals, defence and the NDIS.

The challenge facing the Government is how to bring the budget back into balance and reduce debt while unleashing the potential of the economy and lifting living standards.

Policy settings must enable the private sector to return to its central role in lifting the economy's potential growth rate through increased investment which generates the revenues, employment and wages growth that provide the tax revenues to fund the provision of public goods and services.

The Deputy Governor of the Reserve Bank of Australia has acknowledged that Australia is fortunate to have an array of investment opportunities to strengthen the economy, including 'extraordinary minerals resources, old and new'.[5]

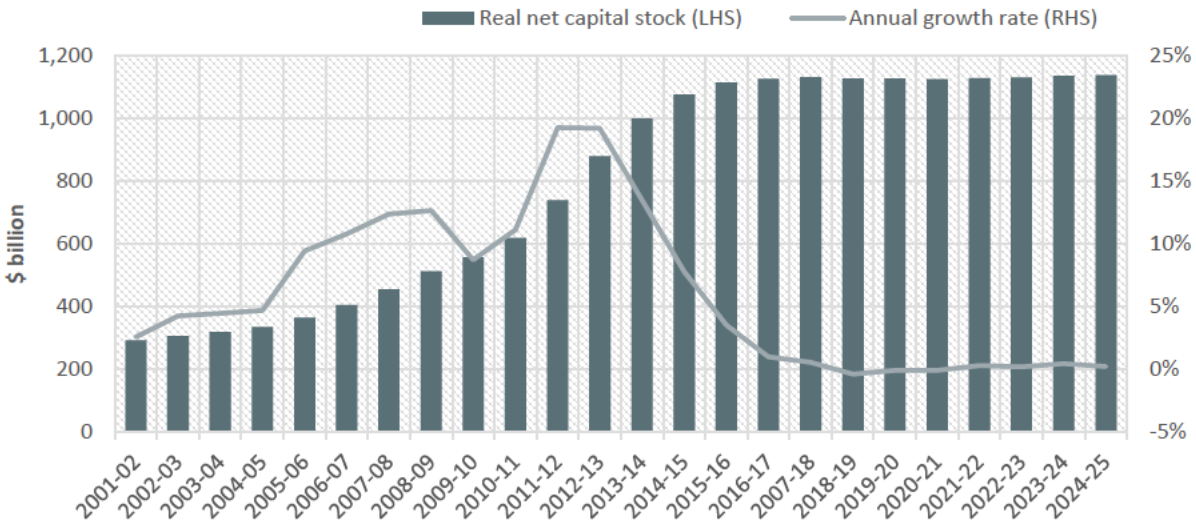
While it is therefore concerning that although forecast business investment in MYEFO is revised up this financial year from 1.5 per cent to 3 per cent, unchanged at 1.5 per cent for 2026-27 and mining investment growth is downgraded to zero for both this financial year and the next, it also presents an opportunity.

Australia's mining investment must grow

An internationally competitive mining industry is fundamental to Australia's national security and economic resilience.

To successfully navigate the plethora of challenges facing the Australian economy and seize the opportunities, improving the conditions for mining investment must become a policy priority. For almost a decade there has been no material growth in the resource sector's capital stock.

Figure 1: Mining sector real net capital stock has plateaued for almost a decade



Source: ABS, *Australian System of National Accounts: Capital Stock, by Industry*, table 58, released Oct 2024

Mining is one of Australia's enduring economic strengths. The industry is the most productive sector in the economy and consistently a major contributor to national income, investment and exports.

[5] Hauser, A. 2025, 'On the rail or off to the races? The outlook for the Australian economy'. Speech delivered to the UBS Australasia Conference, Sydney, 10 November 2025.

Without the tripling of the mining industry's real net capital stock over the last 20 years Australia's real GDP would have been about 14.5 per cent lower, average real household income 17 per cent lower ($19,160 less) and average weekly real wages 12.6 per cent lower ($248 less). [6]

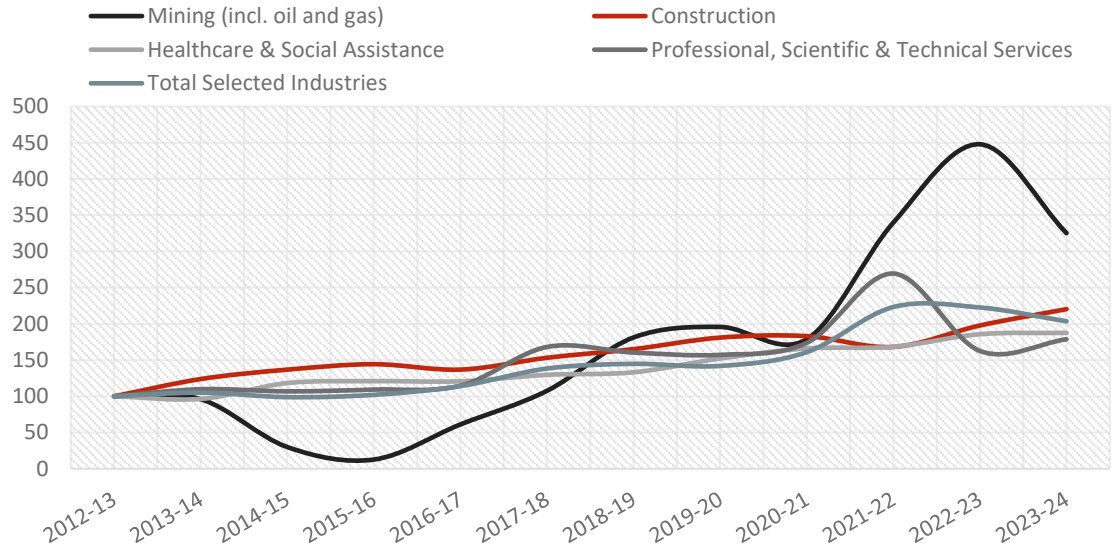
Mining and mining investment are risky businesses and distinctively different to most other business investment.

Investing in a mining project involves committing to high-risk, long-lived, lumpy, capital-intensive expenditure and highly uncertain returns.

Consequently, mining companies are exposed to the largest variation in profits compared to companies in all other industries.

Figure 2: Mining profits are more variable compared to those in other industries

Operating profit before tax (index 2012-13 = 100)



Source: ABS, Australian Industry, 2023-24, table 1, released May 2025.

This inherent characteristic of mining profits also exposes the federal budget to volatile company tax revenue, yet history shows that the industry's royalties and company tax payments have bolstered the Australian economy and government budgets at the very time when external shocks have battered other economies.

Mining is a cyclical industry and a price-taker on international markets. High profits at one part of the cycle must be balanced against large and irreversible amounts of expenditure at other parts of the cycle, including exploration, mine development and expansion, replacement investment, introduction of new technologies, and rehabilitation.

The greater resilience provided to the Australian economy by the mining industry's pattern, pace and scale of investment is generated on the back of a calculated risk: that the high returns that are produced during upswings in global commodity prices are allowed to compensate for the low (or negative) returns borne by mining companies during downswings.

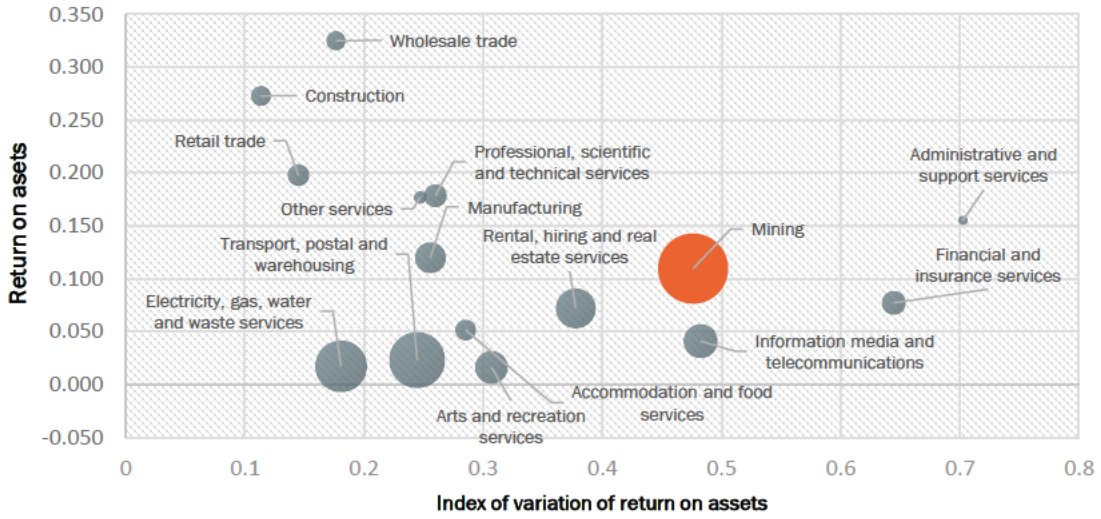
The large amount of assets at risk and volatile and cyclical commodity prices exposes investors to significantly more variation in the returns on assets relative to other Australian industries.

[6] Centre for International Economics, Estimating the economic benefits of mining expansion: an update, prepared for the Minerals Council of Australia, March 2025.

When mining profits are compared to the size of the industry's capital investment, return on assets has averaged 11 per cent over the last fifteen years, compared to a 12 per cent average return on assets across all other industries.

Figure 3: Mining is among the riskiest of all sectors for return on assets

Return on assets and risk (size = relative industry share of net capital stock)

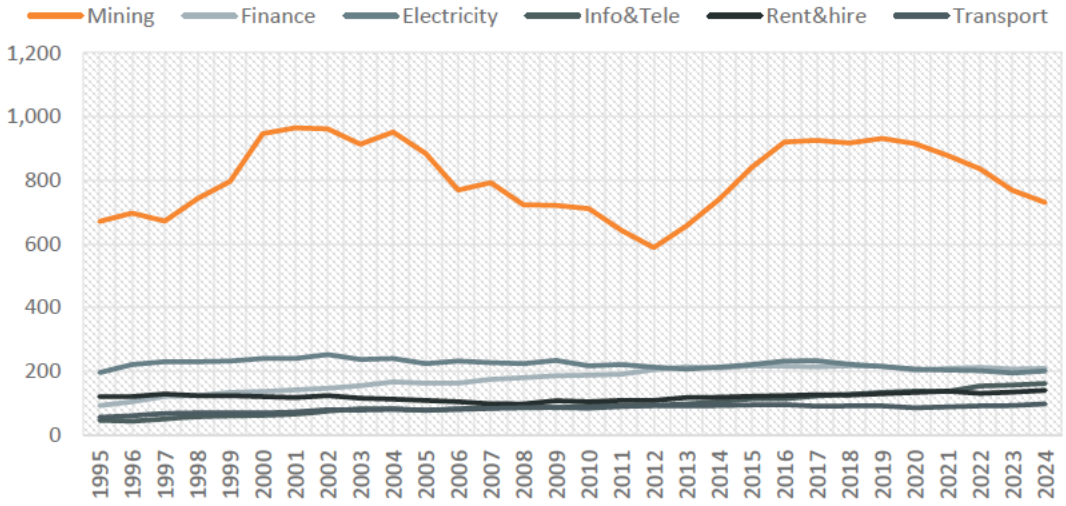


Source: ABS, Business Indicators, table 9, released 5 June 2025; and ABS, Australian System of National Accounts, table 58, released 28 Oct 2025.

The extreme capital-intensity and highly technological nature of mining investment mean the industry's activity also exhibits the largest level of labour productivity compared to any other Australian industry.

Figure 4: Mining is Australia's most productive industry

Value added per hour worked ($/hr)



Source: ABS, Australian National Accounts, table 6, June 2025; ABS, Labour Account Australia, June 2025.

Note: Value added per hour worked is calculated as the ratio of Gross Value Added by Industry (Chain volume measures) to hours worked (derived from ABS measures of the average hours actually worked per job and jobs filled by industry).

Mining labour productivity is very high compared to other Australian industries. In 2024 the value added per hour worked in mining was $730 – which means the average mining employee (combined with the installed mining capital) added more than three and a half times more value added to the Australian economy than the average employee in the next most productive industries (Finance and Insurance Services and Electricity, Gas, Water and Waste Services were $208 per hour and $201 per hour, respectively).

However, mining labour productivity is also cyclical owing to the tendency for the size of the workforce to contract and expand over the commodity price cycle. The counter-cyclical relationship between the industry's workforce size and commodity prices means that downswings in the commodity price cycle are associated with rising labour productivity growth and vice versa. While this can lead to apparently large changes over time, the level of mining labour productivity remains persistently high.

The Australian mining industry is also a key driver of technological innovation. When correctly measured to account for the characteristics of mining, long-term estimates of mining multi-factor productivity consistently show yearly growth of 2.0 per cent to 2.5 per cent.[7]

As an early adopter of technologies such as AI and machine learning to make operations more efficient, the industry paves the way for their application to spillover in other businesses throughout the economy. The industry also has some of the world's most efficient logistic systems, including operating heavy haul rail, seaports and regional airports.

Sustaining the industry's economic contribution as future challenges increase

Sustaining the minerals industry's large contribution to the economy including to government revenues requires companies to keep taking risks on investment in exploration, new projects, and the operation and extension of existing mines.

When an Australian division of a global company makes the case for progressing a local mining project to its board, predictable and competitive policy settings are crucial to assessing the risk profile of that project favourably against other investment opportunities in the company's international portfolio.

There is promising potential for new large-scale resource projects capable of generating capital deepening in the Australian economy.

In 2025, there were 63 projects at the committed stage and valued at $62 billion in capital investment if they all proceed. And there are a further 68 projects with the potential for an additional capital investment of $34 billion at the advanced feasibility stage.[8]

However, none of these projects will proceed unless the investment returns are right as successful investment decisions depend on adequate expected financial returns over the project's life.

Australia's effective tax on mining projects combined with slow and complex regulatory approvals, relatively high labour and construction costs, and rising energy prices, are making investment more challenging.

These conditions are putting at risk the loss of investment in exploration and mining and minerals processing projects to other jurisdictions including those that were traditionally seen as riskier (Canada, USA, Africa, Latin America, the Middle East).

[7] See Syed, A. et al (2015), 'Multifactor Productivity Growth and the Australian Mining Sector, *Australian Journal of Agricultural and Resource Economics*, Vol. 59, pp. 549-570; Zheng S., and H. Bloch, (2014), 'Australia's Mining Productivity Decline: Implications for MFP Measurement, *Journal of Productivity Analysis*, Vol. 41, pp. 201-212; and Topp, V. et al, (2008), 'Productivity in the Mining Industry: Measurement and Interpretation', Productivity Commission Staff Working Paper, Canberra.
[8] Department of Industry, Science and Resources, 'Resources and Energy Major Projects Report', Canberra, 2024, table 1.1, pg. 7.

The Fraser Institute's Annual Survey of Mining Companies shows tax is a growing concern for mining sentiment in Australia, driven by the coal royalty hikes introduced by the Queensland government in July 2022 and followed later by the NSW government in July 2024.

Table 1: Top 5 investment deterrents facing Australian mining companies

	2021	2022	2023	2024
1	Socioeconomic agreements	Regulatory duplication	Regulatory duplication	Regulatory duplication
2	Regulatory duplication	Availability of labour and skills	Uncertainty over which areas will be protected	Uncertainty over which areas will be protected
3	Labour regulations	Labour regulations	Uncertainty re: disputed land claims	Taxation regime
4	Uncertainty re: disputed land claims	Uncertainty over which areas will be protected	Uncertainty re: existing regulations	Uncertainty re: disputed land claims
5	Legal system	Uncertainty re: disputed land claims	Taxation regime	Availability of labour and skills

Source: Derived from Fraser Institute, Annual Survey of Mining Companies, 2021-2024; national ranking derived by weighting state and territory results by mining GVA using ABS, National Accounts: State Accounts, 2024.

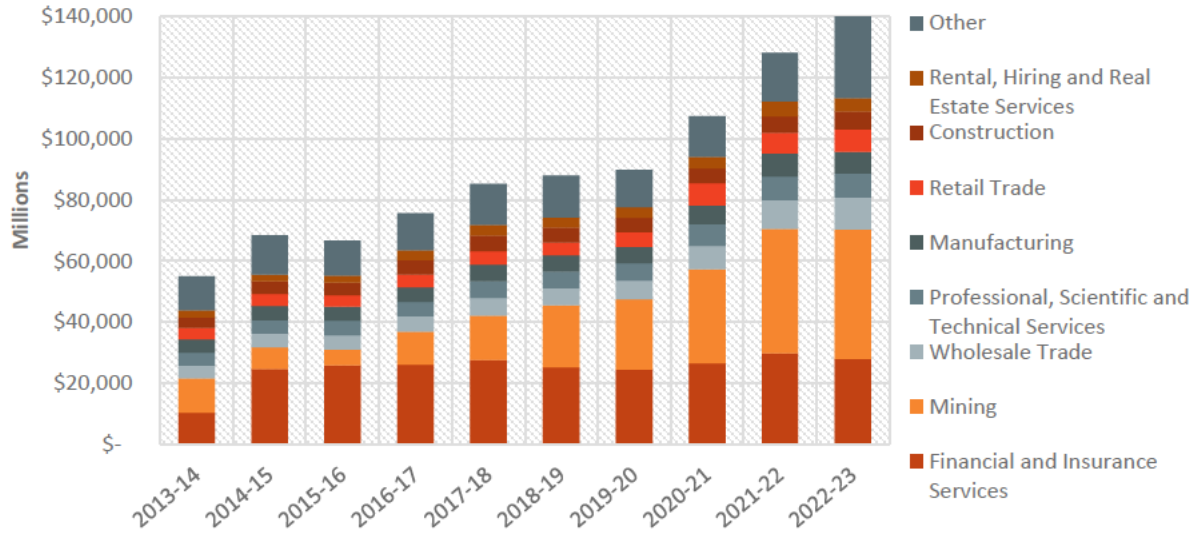
The ability to attract capital investment into Australia is highly susceptible to policy changes that improve the relative returns available in other countries.

Internationally competitive tax settings are essential to attract mining investment

In addition to company income tax, the mining industry pays royalties as well as the other taxes all companies pay – payroll tax, land tax, fringe benefits tax, business levies and fees. The mining industry paid $395 billion in company tax and royalties over the 10 years to 2023-24.[9]

Figure 5: Mining's net company tax contribution has grown over the decade

Net company tax paid by industry 2013-14 to 2022-23, millions



Source: ATO, Taxation Statistics 2013-14 to 2022-23, Table 4A, 27 June 2025.

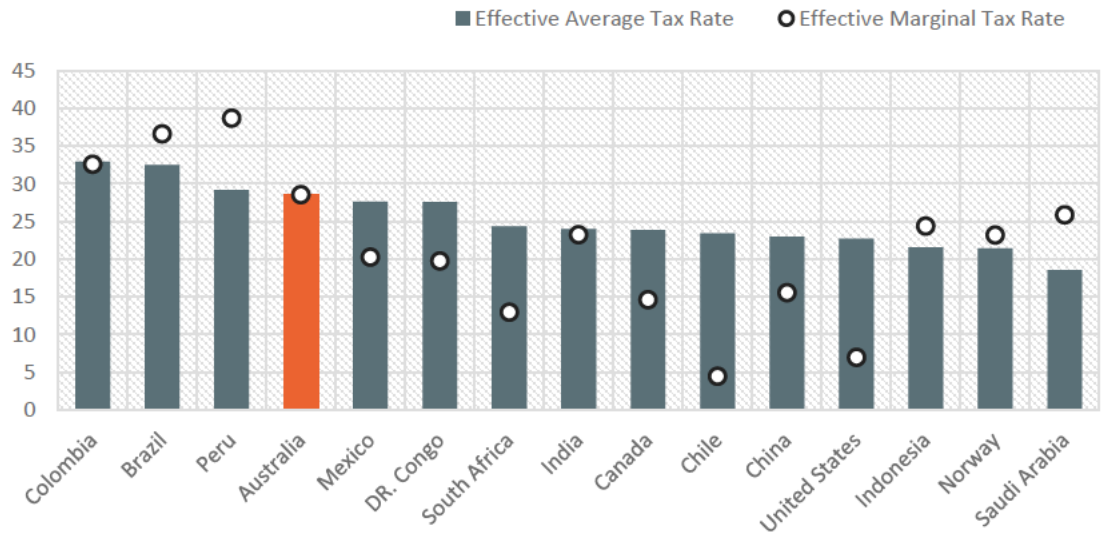
Note: Net company tax does not account for royalty payments by companies to state and territory governments. Other includes agriculture, forestry and fishing, oil and gas, electricity, gas, water and waste services, accommodation and food services, transport, postal and warehousing, information media and telecommunications, administrative and support services, public administration and safety, education and training, health care and social assistance, arts and recreation services and other services.

[9] EY, *Royalty and company tax payments,* 20 May 2025.

Australia's effective tax rates on mining investment are among the highest compared to other mining jurisdictions around the world.[10] Australia already has the second highest effective average corporate tax rate in the OECD behind Colombia, and we perform poorly against the major mining jurisdictions which we compete with for investment capital.

Figure 6: Australia's corporate tax rate is uncompetitive with key mining jurisdictions

Effective Average Tax Rate and Effective Marginal Tax Rate (%)



Source: OECD, Effective tax rates – Corporate tax statistics, retrieved from OECD https://data-explorer.oecd.org/

Note: Effective Average Tax Rate is the share of profit paid in tax for a profitable investment, Effective Marginal Tax Rate is the tax wedge between pre-tax and post-tax rates of return on a marginal investment.

That is why any increase in taxation – such as higher company tax and reduction or removal of the Fuel Tax Credit Scheme – will result in lost output and reduced international competitiveness for investment in the Australian minerals industry.

Fuel tax credits are not a subsidy

Fuel tax credits are a structural feature of Australia's tax system that were put in place for a clearly defined purpose, they are not an industry subsidy. Fuel excise was designed to operate as a road user charge that helps fund the construction and maintenance of public roads.

Where fuel is used off-road – including in mining operations, agriculture, fishing, tourism and remote industrial activity – that excise does not apply. In these cases, the FTC scheme simply returns a charge that was never intended to be imposed in the first place.

Fuel taxes operate by making all fuel users liable for the tax, then adjusting for those who are not liable (where fuel as a business input or for off-road use).

This is the same rationale behind the eligibility for input tax credits in the GST and is considered the best method to ensure compliance and make the system more efficient and easier to administer as in effect, businesses that use diesel fuel off-road are overcharged when they purchase diesel.

[10] P. Bazel and J. Mintz, Corporate tax reform to help address Australia's weak investment performance, School of Public Policy, University of Calgary, prepared for the MCA, 2022.

The principle of not taxing business inputs matters for fiscal efficiency

Taxing intermediate business inputs raise costs, distorts production decisions and weakens productivity growth. Like GST input credits, fuel tax credits prevent the cascading of taxes and preserve neutrality across sectors.

Without this mechanism, businesses would face a double tax burden, first through fuel excise and again through existing regulatory and carbon emissions reduction frameworks – reducing investment and production incentives and eroding the long-run tax base.[11]

Treasury has previously confirmed that *"Fuel Tax Credits are not a subsidy for fuel use, but a mechanism to reduce or remove the incidence of excise or duty levied on the fuel used by businesses off road or in heavy on road vehicles."*[12]

Treating the scheme as a form of discretionary spending rather than being part of the design of the tax system risks undermining coherent fiscal policy design.

This is why Treasury and the Parliamentary Budget Office have stated the FTC is not a subsidy, and why the Productivity Commission does not include it in their annual report examining assistance that government provides to industry sectors.[13]

The Safeguard Mechanism should remain the primary instrument for emissions reduction

Large mining and minerals processing facilities are already subject to binding emissions reduction obligations under the Safeguard Mechanism.

Declining baselines and compliance requirements create strong financial incentives to reduce emissions and invest in lower-emissions technologies. These signals directly influence capital allocation, asset upgrades and operational decisions across the mining sector.

However, decarbonisation pathways in heavy industry are constrained by technology readiness and infrastructure availability. Many abatement options, including large scale electrification, low-emissions mobile equipment and firm renewable supply in remote regions, are not yet available or commercially viable.

The Safeguard Mechanism is designed to provide a transition pathway that enables companies to make progressive emissions reductions as technology emerges so that least-cost abatement can be achieved while endeavouring to manage to real risk of carbon leakage.

Undermining this framework by imposing additional costs outside the Safeguard Mechanism – such as removing fuel tax credits – would increase costs while not achieving emissions reductions and increase the risk of carbon leakage. It would act as a tax on industry. From a fiscal perspective, scaling back the FTC schemes represents an inefficient policy intervention that imposes economic costs without securing environmental benefits.

Fuel tax credits should continue to serve their role in preserving tax neutrality and productivity

The economic consequences of changing the FTC scheme would be concentrated in regional Australia. Industries that rely on off-road diesel – including in the mining, agriculture and tourism industries – underpin employment, export earnings and regional economic activity.

Removing FTCs would increase operating costs in remote areas, weaken business viability, reduce local employment and undermine the competitive position of export industries. The effects would flow through as higher prices to consumers. From a budget perspective, these secondary effects matter.

[11] Chris Richardson, Assessing fuel tax credits, released 19 August 2024.
[12] Australian Treasury, G20 commitment on fossil fuel subsidies, https://treasury.gov.au/sites/default/files/2019-03/Document-19-2.pdf, released 2019.
[13] Productivity Commission, Trade and Assistance Review 2022-23, https://www.pc.gov.au/ongoing/trade-assistance/2022-23/, released 24 July 2024.

Weaker regional economies translate into lower company tax, payroll tax, income tax and royalty revenues over time.

Minerals Council of Australia strongly opposes the proposed Net Cashflow Tax

There would be similar consequences for the minerals industry from proposals for broader company tax reform, such as the Productivity Commission's net cashflow tax, that create an increased tax burden for large companies.[14]

Increasing the tax burden on mining companies who are already Australia's largest taxpayers will kill investment and destroy productivity. Imposing a higher effective tax rate on companies that can deliver large-scale capital investments is not only at odds with improving Australia's productivity growth. It will also see the international competitiveness of Australian industry continue to fall.

Productivity Commission Chair Danielle Wood stated at her National Press Club address in August 2025 that:

> "…our current system does not treat all investment equally. It imposes the biggest cost on higher risk, long-lived and capital-intensive investment – the type that can offer a big productivity kicker". [15]

Mining projects are high risk, long-lived and capital-intensive (Box 1). Greater investment in Australian mining would fast-track productivity gains for Australia.

Large scale projects are important for driving aggregate investment. In 2021, the Reserve Bank of Australia published a report which estimated that the top 1 per cent of firms (measured by gross output) accounted for half of all non-mining business investment in Australia.[16] Including mining businesses is unlikely to change that conclusion.

As the RBA noted:

> 'A key piece of information to link the firm-level outcomes to overall outcomes is an understanding of the firm-size distribution of investment – that is, how much firms of differing sizes contribute to overall investment outcomes.' [17]

There is a substantial gap in knowledge about the effect of both an increase in the impost of taxation on large-scale investment, but also the channel through which particular instruments – like the net cashflow tax – work on influencing investment decisions.

Setting aside the many risks and practical design issues, what is certain is that a net cashflow tax as proposed by the Commission would see companies with turnover exceeding $1 billion pay among the highest effective corporate tax in the world.

There are simpler, more effective changes to Australia's company tax settings that can be implemented to address week business investment and low productivity. The government can make an important and necessary start to reducing the effective rate of taxation on Australia's most productivity enhancing and capital-intensive businesses through measures such as accelerated depreciation or targeted investment allowances.

These approaches avoid the implementation risks and unintended outcomes of unproven and risky proposals such as the net cashflow tax. They also deliver more immediate and material impacts on increasing investment in the productive capital that will make a difference to the economy, with only a modest timing cost to the budget.

[14] Productivity Commission, (2025), Creating a more dynamic and resilient economy. Inquiry report no.109, 10 December.
[15] D. Wood, 'Growth mindset: How to fix our productivity problem', address to the National Press Club, Canberra, 18 August 2025.
[16] Dynan, L. 2021, "Which Firms Drive Business Investment? New Evidence on the Firm-Size Distribution", *RBA Bulletin*, December 2021.
[17] Ibid.

Box 1: Mining projects are high-risk, long-lived and capital-intensive productivity kickers

Mining projects are risky

Mining projects involve large sunk capital under uncertainty, and profits fluctuate significantly over time. A short period of high profits over a mine's long lifetime does not imply that firms systematically earn more than their cost of capital.[18] Because investment decisions have a lot of optionality, firms may delay entry or continue operating at a loss to preserve future recovery. Policy based on snapshot profits risks confusing temporary volatility with sustained economic return.[19]

Mines are long-lived assets

Mining projects create long-lived benefits that flow to workers, communities and regions, and governments. Their returns include payments that compensate for sunk costs, technological innovation, management expertise, bearing risk, and workforce development.[20] Taxing away these payments would deter investment, reduce skills formation, and undermine long-term project performance.[21]

Mining is capital-intensive

Mining involves large capital expenditures during exploration, construction, operation and rehabilitation phases. Capital expenditure generates both upstream and downstream ripple effects through the business supply chain as local businesses purchase goods and services from other businesses, often through several links in the supply chain. This activity plays a catalytic role in the economy – generating spillovers into infrastructure, innovation, regional development and skills. In that sense, mining is not just a driver of productivity; it is a platform for delivering it.

Getting the policy settings right for mining investment

Solutions for productivity and investment

To drive private sector investment growth, Australian businesses need internationally competitive tax settings, expanded trade and investment opportunities, efficient and effective regulatory settings, productive workplace arrangements, an efficient transformation to net zero emissions and industry focused skills and training.

The Government also has a major role in delivering Australia's national security and economic resilience outcomes through well targeted policies and public investment that complement and build on the investment made by the nation's most capital-intensive and productive industry.

There are many opportunities for the Government to do this by implementing policies targeted at improving productivity and investment, maintaining competitiveness, promoting economic empowerment and general microeconomic reforms.

Businesses need certainty in policy settings to make investments and flexibility in how they operate. They need a commitment from the Government to no new taxes, including retaining the FTC in its current form, and ensuring business tax settings like the fringe benefits tax (FBT) and accelerated depreciation rules and targeted investment allowances encourage investment.

[18] Dixit, A. (1992), "Investment and Hysteresis," *Journal of Economic Perspectives*, Vol. 6(1), pp. 107-132.
[19] The seminal paper on valuing the option to enter and/or exit resource projects is McDonald, R. and D. Siegel (1986), 'The Value of Waiting to Invest,' *Quarterly Journal of Economics*, Vol. 101, pp. 707–727. An extensive theoretical and empirical literature is set out in Dixit, A.K. and Pindyck, R.S., 1994. Investment under uncertainty. Princeton: Princeton University Press.
[20] For an Australian context: Ergas, H. and A. Robson, (2012), Revenue Allocation under the MRRT: Economics Aspects, *Journal of Australian Taxation*, Vol. 14(2), pp. 183 – 206; Freebairn, J. Reconsidering Royalty and Resource Rent Taxes for Australian Mining, *Australian Journal of Agricultural and Resource Economics*, vol. 59, pp. 586-601.
[21] Davis et al. (2021), Maximizing Output and Government Revenues from Mining, World Bank Policy Research Working Paper 9825.

Public funding of infrastructure can catalyse investment in new mining projects, including those for critical minerals. There is an opportunity for a nationally coordinated northern infrastructure corridor, aligning funding under the Defence Integrated Investment Program (DIIP) with private investment, to accelerate the establishment of new minerals mining and processing provinces, promote regional development and enhance defence readiness.

To make a start, priority should be given to evaluating the Alice Springs-Mt Isa rail link, Townsville flood-resilience upgrades and Townsville Port efficiency investments as a single integrated infrastructure program.

Solutions to maintain competitiveness

Efficiency of Australian environmental approval regulation is critical to building investor confidence and bringing more large-scale high-productivity projects online.

Exploring how Artificial Intelligence (AI) can be embedded in the Environment Protection and Biodiversity Conservation (EPBC) process is a necessary start to delivering more predictable outcomes, particularly for low-risk activities and environments, enabling regulators to focus on the most complex or high-risk project proposals.

Junior explorers – companies whose sole business is exploring greenfield leases – face an asymmetry in the tax system because high risk expenditure on exploration can go without tax recognition through deductions.

Reinstating the Junior Mining Exploration Incentive (JMEI) as a permanent scheme and removing the cap on credit allocations will ensure junior explorers have the certainty and flexibility to continue to find the mineral deposits of the future while delivering a high return on public investment.

The costs imposed by government regulation can be an impediment to mining investment. Changes to the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act) passed in late 2025 provide the foundation for streamlining approvals and reducing delays, but only if implemented at pace and properly resourced.

There is urgency in accrediting state and territory regulators for assessment and approvals under the EPBC Act, investing in data collection in priority areas for future minerals development and establishing a cost-effective national environmental restoration fund.

Safeguard mechanism facilities facing declining baselines face risk of carbon leakage from facility closure due to an inability to remain competitive while absorbing the additional cost. Expanding the breadth of available support that the Safeguard Transformation Stream (STS) and Industrial Transformation Stream (ITS) to cover all at-risk facilities will allow firms to remain competitive, maintain domestic jobs, and reduce the risk of carbon leakage.

Reliable, affordable, and decarbonised energy systems are critical to resolving Australia's increasing energy demands. Enabling all technology options to be assessed, and where necessary funded, to deliver least-cost, reliable and clean energy systems critical for the success of the Government's priority industries, while ensuring Australian mining and minerals processing are not competitively disadvantaged.

Solutions to promote economic empowerment

Local communities are critical to the success of Australian mining, and the industry fosters relationships at a local level to ensure that heritage is preserved and benefits flow to them. Improving knowledge about the appropriate activities to unlock investment opportunities in Traditional Custodian communities is critical. Culturally appropriate legal representation, resourced by redirecting government funding from the Environmental Defenders Office to the Aboriginal and Torres Strait Islander legal services, and a sustainable baseline funding model for Prescribed Bodies Corporates are essential to improving the effectiveness of local community initiatives.

Solutions to boost business dynamism

Giving effect to these policies will require a fiscal discipline from the Government that is aligned with growing productivity. New policy proposals that are independently assessed for their impacts and a commitment to fiscal net worth reporting will make the government accountable for the efficiency and effectiveness of its fiscal strategy.

The minerals industry has an important role to play in lifting Australia's productivity growth by remaining a vital pillar of the economy.

Implementing policies that can leverage mining to capture opportunities further along value chains and provides Australia the best chance of achieving higher and secure living standards.

5. MINING FOR A DYNAMIC AND RESILIENT ECONOMY

Recommendation 1: Commit to no new taxes and ensure business tax is fit-for-purpose

- Stable and internationally competitive tax settings are essential to attracting business investment. Australia's effective tax rates on mining are among the world's highest. Even the threat of new taxes will deter investment in long-term, capital-intensive projects
- The right tax settings could accelerate the expansion of mining, continue to put the Federal budget on a sustainable path, and further grow Australia's regional economies.

Proposed actions

- Commit to no new or additional tax imposts on the minerals industry, including retaining the fuel tax credit scheme (FTC) in its current form
- Ensure the fringe benefits tax (FBT) concessions relating to remote-worker travel and accommodation are fit-for-purpose
- Introduce permanent accelerated depreciation measures to all businesses and targeted investment allowances to bring forward the timing of new investment without materially affecting the budget.

Outcomes

Short-term: Current tax settings are preserved and further erosion in Australia's international investment competitiveness is prevented for exploration, mining and minerals processing projects

Medium-term: Improved outlook for Australian mining investment conditions through commitment to a stable and competitive tax regime that fosters productivity and provides confidence to both domestic and international investors

Long-term: A shift toward reforms which generate government revenues by growing a productive minerals industry, through investment in exploration, new and expanding mines, and value-add processing, rather than deterring investment with measures aimed at short term revenue raising.

Policy rationale

Internationally competitive tax settings are essential to Australia's prosperity. With the right tax settings, Australia could accelerate the expansion of mining to supply and capture a greater share of the growing global demand for mineral commodities. However, Australia's effective tax rates on mining investment are among the highest of mining jurisdictions and our international competitiveness is threatened by any increase in taxes or royalties.[22]

The FTC scheme is not a subsidy and should not be used as environmental policy (refer pages 14 and 15 of this submission). Large mining and minerals processing facilities are already under the Safeguard Mechanism. Declining baselines and compliance requirements create strong financial incentives to reduce emissions across the mining sector. However, decarbonisation depends on technology readiness and infrastructure availability. Many abatement options are not yet fully commercial or deployable.

Fit-for-purpose FBT concessions for remote workforce travel and accommodation are essential to maintaining the global competitiveness of Australia's mining sector.

Sustainably repairing the structural budget deficit will require a comprehensive and coordinated policy agenda to encourage trade, investment and productivity growth. An effective way for government to achieve these outcomes without having a significant impact on the budget would be through making permanent accelerated depreciation available to all businesses. This will improve the alignment

[22] P. Bazel and J. Mintz, Corporate tax reform to help address Australia's weak investment performance, School of Public Policy, University of Calgary, prepared for the MCA, 2022.

between the economic cost of new capital investments and recognition for tax. It will also reduce the adverse effect of inflation on tax deductions for depreciation which diminish in real terms over time.

Recommendation 2: Prioritise multi-user infrastructure to develop new mineral corridors

- Australia's mining logistics networks already underpin globally competitive supply chains and national resilience with rail and port infrastructure connecting key mines – coal and iron ore – to the closest and most economic port
- But fragmented planning, smaller volume minerals and underinvestment in multi-user infrastructure connectivity has limited the potential for defence readiness, regional growth and east-west logistics integration.

Proposed actions

- Commonwealth and state governments agree to coordinate planning, approvals and investment in multi-purpose projects across northern Australia
- Establish a nationally coordinated northern infrastructure corridor, aligning Defence funding with private investment to deliver the Alice Springs-Mt Isa rail link, flood resilient road and rail corridors and upgraded port infrastructure at scale.

Outcomes

Short-term: Australian governments and industry improve the way they cooperate and plan for major inter-jurisdictional network infrastructure to provide greater national connectivity.

Medium-term: Public investment in critical infrastructure gaps to improve logistics connectivity drives up private investment in Australian mineral corridors on a commercial basis.

Long-term: Australia has an interconnected network infrastructure jointly supporting logistics chains for defence, national resilience, regional economic activity and exports and remote communities.

Policy rationale

Australian mining operates some of the world's most efficient logistics supply chains, linking remote operations to ports through extensive road and rail networks. These systems underpin globally competitive heavy-haul, bulk export and FIFO logistics in extreme environments.

However, much of this infrastructure was designed for large-scale commodity projects and did not fully account for defence readiness, disaster resilience, agricultural uplift or regional development benefits.

New investment in connective infrastructure is now critical to a nation-wide planning perspective that identifies multiple integrated and overlapping opportunities to drive strategic outcomes including strengthening national economic and community resilience and security by integrating northern networks and establishing an integrated east-west corridor.

This will need significant public and private investment in multi-purpose infrastructure, including rail spurs, flood-resilient lines, intermodal hubs, power corridors and regional airports across key mineral provinces.

An integrated, multi-user infrastructure network across northern Australia – a northern logistics arc – could unlock trillions of dollars in combined mining, agricultural and defence value and would enable the Government's Southeast Asia and Future Made in Australia strategies. The main constraints are funding and coordination. Funding already exists in the 2024 National Defence Strategy and Defence Integrated Investment Program (DIIP) which allocated $330 billion to 2033-34, including $14-18 billion for northern bases to improve force projection, resilience and operational sustainment. This funding is intended to deliver a "logistically connected and resilient" northern defence network.

Drawing on DIIP, targeted investment prioritising closing the rail gap between Alice Springs and Mt Isa, flood proofing the Townsville line and improving port efficiency has an indicative cost of about $4.1 billion.

This would enable access to the Northwest Minerals Province while supporting defence capability, regional development and community resilience across Queensland, South Australia and the Northern Territory.

It would also ensure Mt Isa, Alice Springs and Tennant Creek can source feedstock for their operations, enable supply of acids and other byproducts to other minerals processing and enable products and inputs to access export and import points.

Recommendation 3: Embed Artificial Intelligence (AI) tools into the EPBC approvals process

- Efficiency of Australian environmental approval regulation is critical to building investor confidence and bringing more large-scale high-productivity projects online
- The recent passing of reforms to the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act) creates a unique window of opportunity to embed AI and digital tools to drive greater efficiencies at key points in the approvals process
- Public investment of $8-13 million over three years to build AI approval tools could deliver billions of dollars in economy-wide benefits and drive efficiency in approvals regulation.

Proposed actions

- Build and validate an AI decision support prototype
- Develop priority areas within existing and proposed legislation where AI can deliver the greatest value through a partnership between the MCA, Amazon Web Services and the Federal Government (DCCEEW and/or Environmental Protection Authority)
- Agree to low-risk, retrospective mining/environment decision datasets.

Outcomes

Short-term: A meaningful reduction in controlled action and approval decision timelines for newly registered mining projects within twelve months of adopting AI technology in regulatory processes.

Medium-term: Higher quality applications for faster assessments. Regulators make consistent, evidence-based decisions, drawing on AI assessments to inform a data-driven approach to approvals.

Long-term: Faster, more predictable project approvals and policy evaluations that lower capital costs and increase Australia's competitiveness with other mining jurisdictions.

Policy rationale

Embedding AI in the EPBC process could deliver more predictable outcomes, particularly for low-risk activities and environments, enabling regulators to focus on the most complex or high-risk proposals. This would not only benefit mining projects, but also help to address the backlog of housing, clean energy and infrastructure approvals.

There are several different applications of AI and digital tools within the approvals process which would deliver greater efficiency. However, work is required to evaluate these opportunities, test solutions and determine what should be implemented on a priority basis based on a dedicated project led by government and drawing on industry expertise.

Targeted AI solutions could help reduce key points of delay at the gateway/controlled action, and final decision points of the EPBC process. Potential AI services include an interactive submissions coach, pre-submission quality checks and geospatial data integration and tracking. These would help reduce proponent errors, regulator handling and minimise the iterative nature of approvals process.

As AI deployment diffuses into both government and industry systems, there is a need for proponents to respect principles for AI implementation to underpin investor and regulator confidence in the tools.

As a data-driven industry with experience in AI solutions, the minerals industry is well placed and willing to work with government to build and pilot targeted solutions that meet the needs of a modern regulatory system.

This will ensure embedded AI tools facilitate interoperability between Commonwealth and state approvals, have auditable and verifiable reporting, that regulators lead as AI stewards and that humans are at the centre of decision making.

AI could be embedded within the National EPA and Environment Information Australia functions from the outset for maximum efficiency and consistent with the guidance provided by the Australian National AI Plan and the Australian AI ethics principles.

Based on input from a leading AI service provider, the cost to develop a scalable pilot of AI tools for EPBC Act approvals is estimated at $8-13 million over three years.

Recommendation 4: Reinstate the Junior Mining Exploration Incentive (JMEI)

- The Junior Minerals Exploration Incentive (JMEI) expired in June 2025, having successfully facilitated additional capital raising by small, specialised mineral exploration companies undertaking high-social value, high-risk greenfield exploration activities in Australia
- The JMEI has been an important instrument to level the playing field between junior explorers who accumulate loses and larger companies, who are able to deduct exploration expenditures from income earned from mining activities
- In addition to the scheme being reinstated, key changes should be made to the framework of the JMEI to enable it to more effectively encourage greenfield exploration.

Proposed actions

- Reinstate the JMEI as a permanent annual scheme and remove the annual cap on credit allocations as part of the JMEI program.

Outcomes

Short-term: Additional capital raising to fund high-value and high-risk exploration activities across new mineral provinces which benefit each of miners, governments and regional communities alike.

Medium-term: Greater mineral exploration activities across all mining firm sizes and greater leverage and utilisation of public pre-competitive geoscience information across the industry.

Long-term: A significant number of discoveries of new deposits are made and support the continual replacement of projects moving through the mining lifecycle.

Policy rationale

Junior explorers – companies whose sole business is exploring greenfield leases – face an asymmetry in the tax system because high risk expenditure on exploration can go without tax recognition through deductions.

Risk is increased because they often generate insufficient revenues from which deductions can be claimed, whereas larger mining companies are able to offset exploration expenditures against income generated from mining and sales activities.

The expired JMEI ($100 million over four years) levelled the playing field for small explorers by allowing shareholders access to a refundable tax credit on greenfield exploration expenditures. This enabled eligible companies to raise additional capital by reducing the net cost of $100 in exploration expenditure to $70 after taking account of pass-through tax deductions.

JMEI generates additional investment in exploration which would not otherwise be undertaken. A recent evaluation estimates that for every $1 of JMEI credit allocated, an additional $6.38 was invested via capital raisings, supporting $2.41 of greenfield exploration expenditure.[23]

While the JMEI has been shown to be effective, the annual cap on the scheme is problematic as the first-in-first-served allocation of credits by the ATO meant allocations were exhausted within hours of applications opening.

However, there is no cost for participants who receive an allocation but do not issue credits and the cap on the scheme prevents other companies from receiving an allocation. This crowding out of credits has led to underutilisation of the program.

With an uncapped scheme all eligible participants could receive allocations without preventing others from participating. Even if some companies do not issue credits to shareholders, there would be no crowding out as happens with the cap, resulting in a more efficient utilisation of the scheme.

Canada operates a scheme that uses flow-through shares and does not have a cap that limits benefits and participants.[24]

Recommendation 5: Drive efficiency in the environmental regulation of projects

- Recent changes to the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act) provide an opportunity to modernise Australia's environmental regulation
- Recalibrating regulatory culture, institutions and technology to enable responsible project development and improve regulatory efficiency would strengthen the outcomes of the 2025 EPBC changes.

Proposed actions

- Urgent accreditation of state and territory regulation for assessment and approvals under the EPBC Act and establish effective cooperation between governments
- Efficiently use the data collected by states and territories and integrate with Geoscience Australia. Invest in data collection in priority areas for future minerals development
- Establish a cost-effective national environmental restoration fund to collect proponent contributions and invest in landscape restoration
- Leverage Artificial Intelligence (AI) in assessments to deliver faster, more reliable outcomes while reducing reliance on manual processes (see **Recommendation 4**).

Outcomes

Short-term: Lowered the regulatory cost for mining companies and government by reducing duplication and providing access to data and an offsets fund, enabling faster decisions on projects.

Medium-term: Regulation that facilitates responsible development by improving regulatory productivity and resolving delays, rather than adopting an adversarial approach that hinders project advancement.

Long-term: A globally competitive regulatory system for mining and downstream processing projects that is predictable, proportionate, timely and efficient, and full integration of federal, state and territory processes, supported by a regulatory culture that is capable and facilitates responsible development.

Policy rationale

Changes to the EPBC Act passed in late 2025 provide the foundation for streamlining approvals and reducing delays, but only if implemented at pace and properly resourced. Government should move quickly to accredit all state and territory assessment processes and approvals in priority

[23] BDO, *Junior Minerals Exploration Incentive Economic Impact Assessment Report*, prepared for AMEC, 2024.
[24] Government of Canada, *Flow-through shares (FTSs)*, https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/flow-through-shares-ftss.html (accessed 29 January 2025).

jurisdictions. A practical, collaborative approach between governments will reduce duplication, accelerate approvals and deliver lasting cost savings for both proponents and government.

Institutional reforms should reinforce this objective. Treasury's new 'Investor Front Door' project facilitation office will help companies navigate federal processes, but its remit should also include supporting agencies to meet performance benchmarks.

Similarly, the establishment of the national EPA provides a chance to reset regulatory culture to better achieve responsible development. There is also a window of opportunity to integrate modern digital systems and AI-enabled tools into EPBC processes to improve decision speed, while reducing administrative burden. Clear performance measures in all cases need to be adopted to ensure EPA accountability.

Data and offset frameworks also need to support efficiency. Environmental Information Australia (EIA) should harness state, territory and Geoscience Australia datasets to reduce duplication and cut data collection costs. The national environmental restoration fund must be accessible and cost-effective to avoid it becoming a barrier rather than a solution.

Implementation funded through higher cost recovery is not warranted. Proponents already face significant state and federal charges. While additional funding is needed up-front for implementation of the 2025 reforms, the changes will ultimately reduce long-term government costs and support future investment, delivering greater economic and social returns.

Recommendation 6: Expand funding and elibility of industrial transition support

- Safeguard mechanism facilities facing declining baselines face risk of carbon leakage from facility closure due to an inability to remain competitive while absorbing the additional cost
- While the Powering the Region Fund (PRF) supports decarbonisation investment at trade-exposed industrial facilities, not all at-risk facilities are able to access support.

Proposed actions

- Expand the scope and increase the funding of the Safeguard Transformation Stream (STS) and Industrial Transformation Stream (ITS) to ensure comprehensive support for all at-risk facilities to reduce the risk of carbon leakage during the transition.

Outcomes

Short-term: Increased scope of existing programs increases the feasibility of facilities in the Safeguard Mechanism to meet rising carbon compliance costs at no additional cost to government funding.

Medium-term: Facilities in the Safeguard Mechanism achieve baselines at minimum cost while remaining competitive and broad carbon leakage is prevented.

Long-term: Australia's mining industry operates efficiently, continuing to be a driver of economic growth and prosperity while meeting climate targets and protecting the environment.

Policy rationale

Carbon leakage – the relocation of emissions intensive activity to jurisdictions with weaker climate policies – remains a major concern for Australian operations as baselines decline and facilities face rising carbon compliance costs.

Carbon leakage risk is addressed largely through the Trade-Exposed-Baseline-Adjusted (TEBA) Facility where trade exposed facilities at risk of closure can apply for a reduced baseline decline rate. TEBA's sustainability will be challenged as more facilities are likely to qualify for this assistance in coming years.

Introducing a Carbon-Border Adjustment Mechanism (CBAM) like in the EU, may over time reduce carbon leakage risks and allow some SGM facilities to be removed from TEBA. However, Australia's safeguard mechanism includes many valuable export-exposed mining and minerals processing facilities, which receive little protection from CBAM, leaving carbon leakage risks largely unaddressed.

Many mining and minerals processing facilities also face delays in the readiness of deployable decarbonisation technology options to reduce on site emissions.

There is an opportunity to mitigate carbon leakage and provide a least-cost pathway for TEBA facilities in the safeguard through existing funding streams in the Powering the Regions Fund. The $600 million Safeguard Transformation Stream (STS) supports decarbonisation investments at trade-exposed facilities in the Safeguard Mechanism, but not all at-risk facilities are able to access support. And the $400 million Industrial Transformation Stream (ITS) Program is restricted to renewable energy, electrification and energy efficiency technologies only.

Expanding the eligibility criteria in Powering the Regions Fund mechanisms such as the STS and ITS will ensure new facilities are not disadvantaged from entering the market, mitigate carbon leakage risks from early closure of existing facilities, and preserve incentives for new abatement technology.

A focus of these schemes should be electricity generators that use waste coal mine gas (WCMG) as a fuel source for power generation. Without support, this action is commercially constrained. Instead, gas will be vented and flared, forfeiting a valuable source of baseload power and engineering a less satisfactory environmental outcome.

Support should also be considered to help shift WCMG power generation from base load to peaking plants, firming renewable energy generation.

Recommendation 7: Provide policy support for CCUS technologies

- Global demand for electricity, cement, steel and aluminium are expected to increase or remain high during the energy transition requiring ongoing use of coal, oil and gas technologies for which decarbonisation solutions will be needed
- Cuts to funding for Carbon Capture Use and Storage (CCUS) in Australia and a lack of policy/regulatory support have hampered efforts to develop an essential electricity and heavy industry decarbonisation technology
- Investment in developing CCUS and other clean energy technologies through a national approach will diversify Australia's emissions reduction options and boost decarbonisation.

Proposed actions

- Reintroduce the Carbon Capture Use and Storage Development Fund (CCUSDF) and improve community awareness of the important role of all technologies in least-cost emissions reductions.

Outcomes

Short-term: The stable planning environment for CCUS projects gives proponents confidence that investments will be durable and part of the strategy for broad-based emissions reductions.

Medium-term: Demonstrate Australia's capacity to operate CCUS systems effectively and accumulate technological knowledge to place Australia at the global technological frontier of CCUS.

Long-term: Lower emissions across the Australia energy generation and heavy industries, including reductions in mining, manufacturing, chemicals, cement and fertiliser production.

Policy rationale

Global electricity demand is projected to at least double to 54,000 TWh by 2050. It is becoming increasingly evident that the growing demand for electricity cannot be fully met by a system which depends almost entirely on weather-dependent renewable energy sources and storage.

To meet growing demand, clean energy technologies such as renewables, batteries and pumped hydro, along with coal and gas with CCUS, nuclear and hydrogen are critical. Achieving least-cost decarbonised energy systems will require public funding for research, development and deployment of clean energy technologies.

New electricity generation technologies will increase demand for intermediate products from hard-to-abate industries. For example, more cement and steel will be required as components for decarbonised electricity systems, whether it be wind turbines, transmission and distribution infrastructure, nuclear or pumped hydro and CCUS systems.

The IEA and the IPCC have identified CCUS technology as essential for decarbonising electricity generation and critical industrial supplies. While Australia's unique geological conditions are highly suitable for CCUS, recent cuts to funding for CCUS technology and a legislative ban on geological storage in Queensland have prevented progress.

The $50 million CCUSDF ended in 2023, having significantly progressed commercial CCUS deployment. The program aimed to reduce emissions in energy generation and heavy industries by supporting existing and pilot CCUS facilities to form a regional CCUS hub, reducing costs and commercial risks for large-scale abatement.[25]

Reintroduction of the CCUSDF and improving community awareness of the important role of the technology in least-cost emissions reduction will restore investors' confidence in new projects and show the government's commitment to global efforts to deploy CCUS.

Recommendation 8: Improve the capacity of Aboriginal and Torres Strait Islander community-controlled organisations to better support localised decision making on cultural heritage matters

- Culturally appropriate legal representation and greater autonomy for recognised Traditional Custodians on heritage matters is essential to improve the effectiveness of local community initiatives.

Proposed actions

- Establish a nationally consistent and guaranteed baseline funding model for Prescribed Bodies Corporates to allow for sustainable operations and enhanced collaboration with industry on cultural heritage matters
- Redirect government funding from the Environmental Defenders Office (EDO) to Aboriginal and Torres Strait Islander legal services
- Direct the Productivity Commission to undertake a public inquiry into activities that will unlock investment opportunities and increase economic empowerment in Traditional Custodian communities.

Outcomes

Short-term: Improved funding certainty and long-term planning capacity for Indigenous community-controlled organisations to support culturally appropriate legal services and health services

[25] Successful applicants are documented at Business.gov.au: https://business.gov.au/grants-and-programs/carbon-capture-use-and-storage-development-fund/grant-recipients

Medium-term: Indigenous community-controlled organisations have greater certainty of staffing providing robust and consistent advice to Traditional Custodians on cultural heritage matters, which will reduce risks to investment of mining operations that provide localised economic outcomes.

Long-term: Indigenous community-controlled organisations' spending decisions match longer-term community development priorities, thereby leveraging the social outcomes from mining, and improve the effectiveness of local community initiatives targeted at Closing the Gap.

Policy rationale

Australia must improve the capacity for Traditional Custodians to sustainably manage native title rights and interests. It is clear that the current heritage protection system is not working as it should. Heritage protection laws have increasingly been weaponised by activist groups (for example, EDO), often funded by taxpayers, to delay or block mining projects – contrary to the purpose for which these laws were designed.

Most concerning is that these actions frequently override the voices of local Traditional Custodian communities who have supported these projects and stand to benefit from them. Traditional Custodians and industry need a system that ensures heritage is preserved while supporting responsible development. Responsible mining works hand in hand with robust heritage protection, but the process must be transparent, fair, and reflective of the communities it impacts. The current system is failing everyone it is meant to serve.

Commonwealth intervention that overrides states and local Traditional Custodian communities undermines investor confidence by creating uncertainty and making it more challenging to secure financial backing for projects. Investors need stability and clarity in the decision-making process. When that is absent, the ripple effects are that significant projects are delayed or abandoned, jobs are lost, and communities miss out on economic opportunities.

The uncertainty created by commonwealth intervention has far-reaching consequences. It puts Australia's reputation as a stable and reliable destination for investment at serious risk. It also jeopardises the critical partnerships mining companies build with Traditional Custodians and local communities—partnerships that deliver skilled, well-paid jobs and meaningful economic benefits to the regions. An independent review by the Productivity Commission will establish the appropriate activities to unlock investment opportunities in Traditional Custodian communities.

Recommendation 9: Reduce regulatory and fiscal burden to boost business dynamism

- With the regulatory burden on business getting worse, and structural deficits forecast to persist over the next decade, the prospect that of even higher regulatory costs and new revenue measures is clouding private investment decisions and sending capital offshore
- A strategy that encourages business dynamism and puts discipine around new public investment will grow the productive capacity of the economy and generate future revenues.

Proposed actions

- Set an APS-wide agenda for regulatory reform and regulatory burden reduction
- Reinstate the regulatory impact assessment function back into the Productivity Commission
- Commit to fiscal net worth reporting to inform policy spending decisions.

Outcomes

Long-term: The Federal Budget is built on efficient revenue and expenditure decisions that strike the right balance between addressing distribution concerns and fostering productivity growth.

Medium-term: Regulatory decisions are made in alignment with growing productive public and private assets without adding large contingent liabilities to the budget.

Short-term: Businesses have more certainty over how the structural budget deficits and national debt will be made sustainable and new policy is backed by evidence-based decision making.

Policy rationale

Persistent structural deficits forecast in the Federal Budget will be a concern to Australians for at least a decade and require a credible long-term fiscal strategy to be managed to a sustainable level. Growing the economy by expanding productive sectors is a sustainable way to deal with structural deficits without cutting spending, and improving productivity is a key part of long-term fiscal strategy.

Cost of living is a priority of government and has engendered a short term focus, which has meant that government has prioritised redistribution in its fiscal policy. While cost of living is rightly a policy priority, it need not come at the expense of productivity enhancing policies that grow productive assets and reduce the burden of government spending decisions on future taxpayers.

A sustainable regulatory system that puts business and productivity at its centre will boost business dynamism. When businesses have certainty over economic and fiscal conditions they are better able to innovate, invest and acquire the workforce capabilities and flexibilities to be more competitive and grow. Setting an APS-wide agenda for regulatory reform and regulatory burden reduction – as recommended by the Productivity Commission – would be a necessary step in lowering costs.[26]

New policy requires greater scrutiny, review and evaluation to ensure that decision-making is evidence-based and consistent with boosting productivity. Adopting the Productivity Commission's recommendations to improve regulatory impact analysis of Cabinet proposals and in Senate committees, as well as ensuring complex regulatory thickets are reviewed is a critical step forward. [27]

There has been a recent trend toward government introducing risky industry policies that are largely off-budget and expose future taxpayers to potentially large contingent liabilities. Where government spending on assets is deemed appropriate, the fiscal net worth of the government's balance sheet should improve. Broadening out the government's fiscal indicators to include a focus on net worth reporting improve accountable for the efficiency and effectiveness of its fiscal strategy.

[26] Productivity Commission, 'Creating a More Dynamic and Resilient Economy', Inquiry Report, No. 109, 10 December 2025.
[27] Ibid.

From: s 47F
To: s 22
Subject: RE: Request - Meeting Tania Constable, CEO, Minerals Council of Australia with Minister King [SEC=OFFICIAL]
Date: Monday, 2 February 2026 4:21:10 PM
Attachments: image001.png
image002.jpg
image003.jpg
image004.jpg
image005.png
image006.png
image007.png
image008.png
image009.png

OFFICIAL

CAUTION - This email originated from outside of the organisation. Do not click links or open attachments unless you recognise the sender and know the content is safe.

Good afternoon s 22 , you are real gem. Yes, 4.00pm on Monday 9 February works for Tania.

Thank you and kind regards

s 47F
Executive Assistant to Chief Executive Officer Ms Constable
s 47F

OFFICIAL

From: s 22 @industry.gov.au>
Sent: Monday, 2 February 2026 4:47 PM
To: s 47F @minerals.org.au>
Subject: RE: Request - Meeting Tania Constable, CEO, Minerals Council of Australia with Minister King [SEC=OFFICIAL]

CAUTION: This email originated from outside of the organisation. Do not click links or open attachments unless you recognise the sender and know the content is safe.

OFFICIAL

Good afternoon s 47F

Minister King is happy to meet with Tania next week.

Would 16:00 on Monday 09 February 2026 work with her schedule?

Kind regards

s 22
Executive Assistant to the Minister / Office Manager
Office of the Hon Madeleine King MP
Minister for Resources
Minister for Northern Australia
s 22
@industry.gov.au

OFFICIAL

From: s 47F @minerals.org.au>
Sent: Friday, 30 January 2026 14:00
To: s 22 @industry.gov.au>
Cc: s 22 @resources.gov.au>
Subject: RE: Request - Meeting Tania Constable, CEO, Minerals Council of Australia with Minister King [SEC=OFFICIAL]

OFFICIAL

CAUTION - This email originated from outside of the organisation. Do not click links or open attachments unless you recognise the sender and know the content is safe.

Hi s 22 , thank you for your recent email, much appreciated.

May I ask if there is a possibility to meet during the 2nd week of parliament?

Thank you

s 47F

Executive Assistant to Chief Executive Officer Ms Constable
s 47F

OFFICIAL

From: s 22 @industry.gov.au>
Sent: Friday, 30 January 2026 12:38 PM
To: s 47F @minerals.org.au>
Cc: s 22 @resources.gov.au>
Subject: RE: Request - Meeting Tania Constable, CEO, Minerals Council of Australia with Minister King [SEC=OFFICIAL]

CAUTION: This email originated from outside of the organisation. Do not click links or open attachments unless you recognise the sender and know the content is safe.

OFFICIAL

Good morning s 47F

Thank you for your email.

Unfortunately the Hon Madeleine King MP is unable to accommodate your request for a meeting on this occasion, in particular during the first week of Parliament.

Please accept and pass on her sincere apology.

Kind regards

s 22
Executive Assistant to the Minister / Office Manager
Office of the Hon Madeleine King MP
Minister for Resources
Minister for Northern Australia
s 22
@resources.gov.au

OFFICIAL

From: s 47F @minerals.org.au>
Sent: Friday, 30 January 2026 09:31
To: s 22 @industry.gov.au>
Subject: Request - Meeting Tania Constable, CEO, Minerals Council of Australia with Minister King

Good morning s 22
Tania is seeking to meet with Minister King either Monday or Tuesday next week to discuss fuel tax credits. Tania is available anytime that suits Minister.

Thank you in advance

s 47F
Executive Assistant to Chief Executive Officer Ms Constable

Minerals Council of Australia

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PO Box 4497 Kingston ACT 2604