

To: Northern Territory Department of Business, Trade and Investment

Re: Mineral Investment Strategy

Date submitted 11 May 2020

Introduction

AMEC appreciates the opportunity to be consulted on the drafting of the NT Minerals Investment Strategy. The willingness of the team from the Department of Business, Trade and Investment (DBTI) to consult on the wording of this strategy is appreciated.

About AMEC

The Association of Mining and Exploration Companies (AMEC) is a national industry body representing over 275 mining and mineral exploration companies across Australia, with 20 member companies actively exploring, mining and developing projects in the Northern Territory.

Strategy

There are three main omissions from the document that should be corrected, despite influencing them being beyond the scope of the Department's remit: land access, royalties and the NT benefit policy.

Land Access

An average Australian mineral exploration company spends approximately a million dollars a year on administration, salaries, and other overheads before investing in mineral exploration. It is expensive to have an ASX listed company in Australia. This is why the average waiting time of three to four years for an exploration permit approval on Aboriginal Land Rights Act land in the Territory is such a critical issue¹. It takes one year to gain access in neighbouring Western Australia on Native Title land. This means a company could have sequentially accessed an average of up to four different parcels of tenements before being allowed to step foot on one on ALRA land in the Territory.

This is beyond the remit of the Department of Business, Trade and Investment. The ALRA legislation is Commonwealth legislation. The Land Councils are separate bodies corporate, under the jurisdiction of the Commonwealth, not the Northern Territory.

Despite being beyond the jurisdiction of DBTI, it does not mean it should not be acknowledged in the Strategy. The time delay is a comparative competitive disadvantage, failure to recognise it ignores a hard reality of operating in the Territory for mineral exploration companies.

¹ P 56, Table 15, Central Land Council Annual Report 2018-19,
<https://www.clc.org.au/files/pdf/CLC-Annual-Report-2018-2019.pdf>

Royalties

Every single organisation paying royalties to the Territory Government has had some form of dispute over the transaction with the Department of Treasury. Most have involved lawyers; most have gone to Court.

This is due to the complexity of the Northern Territory's royalty regime. Every single royalty regime in Australia is structured to incentivise downstream processing and further value adding².

The complexity of the royalty regime means that it is difficult to work out what the royalty will cost. This makes it hard for a company to work out the economic return on a deposit if they do find something, once they get onto the land they need to access. To support transparency of the regulation and decision-making process, the royalty regime should be included in the proposed investor-oriented flow chart.

The Northern Territory royalty regime is widely considered to be comfortably the highest in Australia.

Territory Benefit Policy

The Territory's Benefit Policy³ provides a shared value approach to prioritising outcomes aligning with both business and community interests. Incorporating the Policy into this Strategy encourages consideration of practices to maximise the contribution to the Territory's economy. It also promotes a focus on local benefits and sustains transparency and social licence within communities.

Support for the actions

All the actions in this Strategy are supported. However, the brevity of each statement belies the intricacies of their implementation. The difference in the level of detail that certain priority actions have delved into could give the impression that those with less detail are of less significance.

A concern for Industry is that implementing the supported actions will require unprecedented coordination and cooperation across multi-Government Departments. The final version of this document needs to address the important issue of how these actions will be delivered.

Further consultation

AMEC members have appreciated the open and frank consultation we have been able to have with the Department. We look forward to further discussion in the future.

For further information contact:

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² Chapter 7, WA Mineral Royalty Rate Review 2015, https://www.jtsi.wa.gov.au/docs/default-source/default-document-library/mineral-royalty-rate-analysis-final-report-0315.pdf?sfvrsn=76076e1c_6

³ Territory Benefit Policy, May 2019, version 1.12, <https://business.nt.gov.au/publications/policies/territory-benefit-policy>