MEDIA RELEASE
MINERALS COUNCIL OF AUSTRALIA

Tax, regulatory reform needed to spur investment and jobs in Australian mining

Statement from David Byers, Interim Chief Executive

Future investment and jobs in Australia's world-class mining industry are being put at risk because reform has stalled in the critical areas of streamlining project approvals and modernising workplace relations.

The MCA's submission to the House of Representatives Standing Committee on Economics inquiry into impediments to business investment sets out a comprehensive reform agenda for boosting investment and jobs in Australia.

The Australian mining sector will not achieve its potential to create jobs and national prosperity while the reform agenda remains at a standstill.

Australia's world-class mining companies could perform at their best – generating additional benefits for the economy, the workforce and society – if policy reform was initiated in a number of important areas.

For example, the Productivity Commission estimated in August 2017 that adopting its 2013 proposals to make major project assessment processes more efficient would reduce project delays and save the economy approximately $240 million. The commission also estimated that implementing its 2015 recommendations for workplace relations reform would add $850 million a year to the Australian economy.

Improvements in the regulation of workplaces are crucial because existing rules lock in poor practices that discourage investment, hinder productivity and innovation, and put high-wage jobs at risk.

Since the standard of living of all Australians depends on productivity growth, policies and regulations should encourage firms to invest in capital and allow them to manage the use of that capital efficiently.

The Australian resources sector uses sophisticated production techniques and highly skilled labour to transform natural endowments into valuable exports.

The value of Australia's resources exports is greater than all other industries combined ($207 billion in 2017) and mining workers are the best-paid on average of any industry (approximately $140,000 a year).

While Australia is well-placed to supply growing minerals and energy markets in emerging Asia, this opportunity is not guaranteed. In particular, stable and internationally competitive tax settings are essential for stimulating business investment, especially in capital-intensive industries like mining.

This means the Turnbull Government's Enterprise Tax Plan – which will ensure that by 2026-27 the corporate tax rate for all Australian corporations will be 25 per cent – should be passed by the Australian Parliament as a matter of urgency.

Foreign direct investment is vital to the resources sector, facilitating transfers of technology, skills and capabilities, as well as access to global supply chains and export markets. Australia should continue to encourage free trade and international investment, including by joining the Comprehensive and Progressive Agreement for the Trans-Pacific Partnership (TPP-11).

Governments also need to ensure that policies to encourage business investment do not distort markets or favour particular industries. While government support for pre-competitive activities that yield public goods – such as geological surveys and low-emissions technology demonstration projects – is important and desirable, commercial operations should be run by the private sector and without government assistance.

The Productivity Commission has confirmed in successive reports that Australian mining receives 'negligible' assistance from government.

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