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Resource Exploration  
Productivity Commission  
GPO Box 1428  
Canberra City ACT 2601

Dear Sir/Madam,



I write to you in relation to the Productivity Commission's Draft Report: *Mineral and Energy Resource Exploration*.

Business SA is South Australia's leading business membership organisation, representing thousands of businesses through direct membership and affiliated industry associations. We represent businesses across all industry sectors, ranging in size from micro-business to multi-national companies. Business SA advocates on behalf of business to propose legislative, regulatory and policy reforms and programs for sustainable economic growth in South Australia.

Business SA would like to provide feedback on the Draft Report, building on our submission to the Issues Paper.

1. Business SA does not support the PC recommendation;  
*Where possible, Governments should not allocate exploration licences for tenements that would be too small or too irregular a shape for an efficient mine or production wells to be established.*

Our concern with this recommendation stems from a view that Government should not be deciding what size of tenement is too small or irregular a shape for efficient mining. In our view, this is a commercial consideration for the explorer. If a Government had this authority, we would question the basis upon which they would decide the supposed efficiency of any potential mine. Further, we do not believe there is sufficient evidence to suggest mining isn't possible or viable on a single graticular block.

2. Business SA does not support the PC recommendation;  
*The PC recommends Governments monitor the outcomes of the cost recovery funding approach to the provision of pre-competitive geoscience information being adopted by the NSW Government, with a view to its possible broader application in other jurisdictions.*

Business SA is concerned about Government's shifting all the costs of pre-competitive geoscience information gathering and dissemination back onto

explorers. Given minerals are a public good and royalties are paid upon extraction, we believe it should be in the Government's best interest to encourage mineral exploration. In short, pre-competitive geoscience information should be viewed as a prospectus issued to explorers so they can maximise the potential of the public's minerals through royalty payments back to Governments. We acknowledge that in other industries such as grain, farmers are required to pay a levy to fund research into new varieties of wheat etc. However, the fundamental difference between Agriculture and Mining is that the government does not receive any royalties on farmer's crops whereas miners must pay royalties on any minerals extracted.

3. The PC originally included "workplace relations" in its Issues Paper but in its Draft Report, took the following stance;

*Although acknowledging the many submissions received regarding inflexibility around the establishment of Greenfield agreements, because the resource exploration workforce only represents around 0.2% of employees nationwide, any examination of workplace relations concerns would need to consider matters well beyond those of resource explorers. Any future reviews of the Fair Work Act 2009 or the Mining Industry Award would be more appropriate for examining workplace relations issues.*

Business SA was one of those respondents that made specific mention of the inflexibility around Greenfield agreements, primarily the fact that their negotiation must take place with unions who can make inflated claims before a project even commences. We are perplexed as to why workplace relations were included in the Issues Paper when the Draft Report makes clear the PC review is not the forum for examination of workplace relations concerns.

Aside from the three issues above, Business SA commends the PC on its report, particularly its focus on reducing regulatory overlap between jurisdictions. Explorers need efficient regulation, both at a State and Federal level, and increased harmonisation between different jurisdictions, particularly given explorers often operate in multiple States. Business SA supports the PC view on pushing for further consolidation of State and Federal powers around sea exploration.

We also support further cooperation between State and Federal Governments which should give State Governments the ability to facilitate environmental approvals on behalf of Federal Government. Further, we agree that NOPSEMA should be able to undertake environmental assessments and approvals under the *Environment Protection and Biodiversity Conversation Act (1999)* for petroleum activities in Commonwealth waters.

In response to the PC's request for information on whether the current funding arrangements of Australia's geological surveys represent the optimal way to finance them, Business SA does not accept deficiencies in the current system of block appropriation. Taxpayers do not pay levies to receive services of a public good nature like police protection, and explorers should not pay a levy to receive pre-competitive geo-science information.

Business SA is concerned that any issues of funding certainty for pre-competitive geo-science information are being used as justification for NSW imposing a levy on explorers. The vast majority of Government spending is not funded through levies and it is a misconception that levies alone can secure a funding stream. Further, a levy funding stream does not necessarily guarantee an "adequate" level of funding.

Yours sincerely

Nigel McBride

**Chief Executive Officer**