Submission to the Treasury:

Australian Government Re:think Tax Discussion Paper

ASSOCIATION OF MINING AND EXPLORATION COMPANIES

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Contents

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1. INTRODUCTION

Thank you for the opportunity to provide comment on the Re:think Tax Discussion Paper, dated March 2015 (Tax Reform White Paper).

The Association of Mining and Exploration Companies (AMEC) is the peak national industry body representing hundreds of mining and mineral exploration companies throughout Australia.

AMEC welcomes the Tax Reform White Paper as it provides a significant opportunity for the Australian Government to deliver a fairer, simpler and more efficient tax system.

AMEC looks forward to ongoing close consultation during the review process to ensure that any possible reforms to public policy settings do not have unintended consequences on existing and future Australian mining and exploration projects.

It is crucial that any reform initiatives and revised public policy settings go beyond theoretic economic and financial modelling, and fully consider the practical effect on business and investment decision making.

2. EXECUTIVE SUMMARY

Collectively mining and mineral exploration companies contribute billions of dollars annually into Federal, State / Territory and Local Government revenue streams.

At a company level, the total tax take ratio (company tax plus royalties) increased on average from 42.1% in 2007/8 to 47.1% in 2012/13.[1]

AMEC considers that an appropriate company and business tax reform program can drive domestic and foreign investment, growth and workforce productivity to maximise Australia`s economic potential.

One of the major challenges facing the Reform process is to ensure that Australia`s tax system is internationally competitive. Australia`s company tax rate is high by global standards. The PwC *Paying Taxes 2014 Report*[2] indicates that Australia is ranked 134 out of 189 tax systems surveyed on a total tax rate of 47%. In the Asia Pacific region, the Australian tax system is ranked 29 out of 38.

The Tax Reform White Paper provides a clear opportunity for the number of taxes, and the total tax rate to be closely reviewed and rationalised.

In order for Australia`s corporate tax rate to be internationally competitive it should be reduced to at least 25%.

The Review should note that the mining and exploration sector is faced with a range of other business input costs, such as royalties, tenement rentals, rehabilitation and mine safety levies, fees

[1] Deloitte Access Economics – Minerals industry tax survey December 2014 – page ii
[2] PwC Paying Taxes 2014 Report – page 173

and charges for permits and licences, environmental offsets, shire council rates, road haulage levies, rubbish removal, and other utility charges for water and power.

AMEC considers that a lowering of the current company tax rate to 25% will stimulate additional capital investment and significantly improve resource project economics. It will also create economic activity throughout the nation and provide fiscal sustainability.

There is also a clear need for the Goods and Services Tax regime and Grants Commission re-distribution process to be reviewed, and where appropriate revised.

3. RECOMMENDATIONS

1. **The corporate tax rate should be lowered to 25% in the short to medium term.**

2. **The number of tax, fee and levy related payments made to all Governments should be reviewed and where appropriate rationalised.**

3. **Tax reform must acknowledge the critical role of domestic and overseas investment through the Foreign Investment Review Board criteria.**

4. **The Horizontal Fiscal equalization (HFE) model should be simplified to the extent that it provides predictability and stability in the State and Territory budget setting process.**

5. **State and Territory governments should be rewarded for strategies, innovation, reform and development that results in good economic performance.**

6. **The current 3 years 'average rolling period' should be further reviewed to make the 'relativity' process more timely and adaptive to meet immediate development and infrastructure needs.**

7. **The current State and Territory based royalties system should be maintained.**

8. **The Goods and Services Tax (GST) regime should be reviewed and revised to encourage equity, growth and productivity within the economy.**

9. **Inefficient State and Territory based taxes should be rationalised and replaced with a more efficient, simple and equitable revenue source such as the GST re-distribution process.**

10. **Retention of the diesel fuel credit arrangements that apply to off road use in the mining and mineral exploration sector.**

11. **The budget allocation for the Exploration Development Incentive for the 2017/18 year and Forward Estimates should be increased to at least $130m per annum.**

12. **Employee Share Schemes start-up concessions should be available as a mechanism by which mining and exploration companies can attract and retain skilled employees, and expanded to listed companies.**

13. **The Research and Development tax incentive should be retained.**

14. **Employers should be provided with the incentives to upskill and train employees to meet demand.**

15. **Employers should be given greater incentives to employ trainees and apprentices, and provide structured on the job training for the existing workforce.**

16. **Fly-In, Fly-Out (FIFO) should be acknowledged and supported as a legitimate workforce strategy which enhances the mobility of labour.**

3. STATE OF THE INDUSTRY

Australia`s mining industry is no longer as cost competitive as it once was with production costs continuing to rise dramatically. Contemporary research has clearly identified that Australia is far less competitive than its international counterparts.

The economic climate in the Australian mining industry is such that it is facing:

- Low prices in the majority of commodities,
- Comparatively high exchange rates,
- High and increasing production and operating costs,
- Lower grades and higher strip ratios and waste removal costs,
- Deeper deposits requiring increased pre-production expenditure and the subsequent higher mining and extraction costs,
- Tighter margins, and
- Limited cash flow.

The current cost pressures indicate that many projects are finely balanced with low margins. Various cost saving measures are being applied on a daily basis by emerging miners in order to keep their operations viable.

Industry has experienced significant growth in production costs over recent years – energy (a large diesel fuel input is essential as there is limited access to the power grid in remote locations), labour, water, fees and charges, duties, levies, taxes, third party royalties, community support, regulation and compliance costs. These cost increases can only be sustainable in an environment of high commodity prices.

Increased costs of extraction, caused by deeper discoveries and the declining grade of deposits, have had a direct impact on waste stripping ratios and the Break Even Cut Off Grades (BECOG). There are fewer mines being developed and less exploration being undertaken, and those that are being developed are often not much more than marginal. The result is a reduction in Government revenue streams.

In addition, mining and mineral exploration companies are experiencing an environment where:

- discoveries are reducing, getting deeper and harder to find,
- approvals are becoming far more expensive, and
- equity investment is being lost to competitive offshore projects.

These trends are of extreme concern and require attention at all levels of Government in order to increase mineral exploration to generate revenue from the mines of tomorrow, and to reduce business input costs.

The Tax White Paper can contribute to that process with the development and implementation of appropriate public policy settings.

4. UNDERPINNING PRINCIPLES TO TAX REFORM

A stable public policy framework and fiscal regime must exist in the Australian economy in order to provide much needed clarity and certainty, and enhance the investment and decision making processes in the mining and minerals exploration industry.

AMEC considers that there are a number of underpinning principles that are essential components of an appropriate tax reform model, as follows:

Internationally competitive
Recognising that capital and people are mobile it is essential that Australia has a stable, reliable, simple and competitive taxation framework to be a preferred investment destination to foster business development ie effective tax rates needs to be competitive.

Stable, predictable, transparent and adequate
Australia`s tax regime must be stable, predictable, transparent and adequate in order to promote growth, productivity, investment and development.
A good tax regime should provide incentive for industry to grow, and for Governments to raise adequate revenue to meet budgetary needs without imposing costs on the economy.

Fair, equitable and ensures competitive neutrality
The minerals sector comprises a large number of commodities, each of which has different economic, investment, production, cost, market, risk and competition characteristics. Australian companies should operate on a level playing field with their domestic competitors to ensure that the Australian economy reaches its maximum potential.

Efficient, simple to administer and ensures compliance
A tax regime should be efficient, simple to administer and compliance easily achievable. A regime that does not meet these features will encounter significant administrative difficulties and require additional resources to be applied by industry and Government for compliance purposes.

5. DESIRED TAX REFORM OUTCOMES

In addition to addressing the underpinning principles, AMEC considers that the tax reform agenda should aim to achieve the following outcomes:

- Protect Australia`s sovereign risk,
- Increase national economic growth and productivity, and not penalise innovation and entrepreneurship with more tax,
- Lower corporate taxation rates to boost investment in Australia,
- Boost workplace participation and increase efficiency, and
- Achieve low administration and compliance costs for industry and Government.

These outcomes are generally consistent with the four ambitions identified in the Industry Innovation and Competitiveness Agenda, namely:

- *A lower cost, business friendly environment with less regulation, lower taxes and more competitive markets;*
- *A more skilled labour force;*
- *Better economic infrastructure; and*
- *Industry policy that fosters innovation and entrepreneurship.*

In order to achieve the desired tax reform outcomes and meet the following critical challenges, AMEC has made a number of recommendations in this submission.

6. CRITICAL CHALLENGES FOR AUSTRALIA`S TAX SYSTEM

AMEC notes the White Paper identifies a number of challenges for Australia`s tax system, such as the changing demographic profile, ageing population, increasing demand on aged care, social and welfare services.

There are also significant changes occurring in global economies; the increased emphasis on the digital economy; and growth of digitised commerce. The importance of these challenges cannot be under estimated.

AMEC is however unable to comment on these specific challenges, but does make comment on the following issues which directly affect the Australian mining and mineral exploration sector:

Creating an internationally competitive corporate tax rate

> AMEC notes that Australia`s Future Tax System Final Report (Henry Tax Review) recommended[3] that '*the company tax rate should be reduced to 25 per cent over the short to medium term with the timing subject to economic and fiscal circumstances*'.
>
> The Report stated that *reducing taxes on investment would increase Australia's attractiveness as a place to invest, particularly for foreign direct investment. Reducing taxes on investment, particularly company income tax, would also encourage innovation and entrepreneurial activity. Such reforms would boost national income by building a larger and more productive capital stock and by generating technology and knowledge spillovers that would improve the productivity of Australian businesses and employees.*[4]

[3] Australia`s Future Tax System Final Report – Recommendation 27
[4] Ibid – Chapter B – Investment and Entity Taxation – Key Points

AMEC supports these observations as such a reduction in the corporate tax rate would provide essential capital investment in mining and mineral exploration activities.

Australia`s company tax rate is high by global standards. The PwC *Paying Taxes 2014 report*[5] indicates that Australia is ranked 134 out of 189 tax systems surveyed on a total tax rate of 47%. In the Asia Pacific region, the Australian tax system is ranked 29 out of 38.

AMEC further notes that the Business Tax Working Group[6] stated that a lower statutory company rate could also make Australia less susceptible to profit shifting by multinationals.

1. AMEC recommends that the corporate tax rate should be lowered to 25% in the short to medium term.

Balancing the large range of Commonwealth and State based taxes, levies, fees and charges

The Australian mining and mineral exploration industry makes a large range of payments, directly and indirectly, and makes a considerable contribution to all Government revenue streams. Examples include:

Commonwealth:

- Corporate tax,
- Goods and services tax,
- Personal income tax from employees / contractors and suppliers – indirect,
- Fuel excise,
- Superannuation guarantee levy – indirect,
- Fringe benefits tax,
- Environment approval fees (including environmental offset charge),
- Customs duties.

State / Territory:

- Royalties,
- Payroll tax,
- Stamp duty,
- Annual tenement rentals (exploration licence and mining lease),
- Mining rehabilitation fund levy / security bonds,
- Mine safety levy charge,
- Various application fees and charges, such as approvals agencies,
- Registration of dealings / searched / exemption / plaint fees,
- Permits and registration fees, including equipment / vehicles,
- Environmental offset charge,
- Power generation,
- Water rates,
- Land tax,
- Port charges and levies,

[5] PwC Paying Taxes 2014 Report – page 173
[6] Business Tax Working Group Report, October 2012 – page 4

- Private royalty payments to Native Title claimants – indirect,
- Cultural heritage payments to Indigenous groups – indirect.

Local Government:

- Shire rates based on Unimproved, Gross Rental Valuations and Differential Rates,
- Road haulage levies / road user charges.

These payments create considerable inefficiency, excessive regulatory red tape, and add to the administrative, reporting and compliance burden on industry.

2. AMEC recommends that the number of tax, fee and levy related payments made to all Governments should be reviewed and where appropriate rationalised.

Acknowledging the critical role of domestic and overseas investment

Australia is currently competing for foreign investment in global markets which have become increasingly more mobile as a direct consequence of digital commerce.

The credible Fraser Institute annual survey of mining companies indicates an increase in the number of mining related jurisdictions increasing from 45 in 2002 to 122 in 2014. The large increase in mining jurisdictions have in turn drawn on the capital pool available for investment in Australia.

We have also seen the major proportion of funds being raised for mining related Initial Public Offerings in 2014 was greater for overseas based projects

The Australian Government`s foreign investment policy settings must therefore acknowledge the critical role overseas capital plays in resource development.

3. It is recommended that tax reform must acknowledge the critical role of domestic and overseas investment through the Foreign Investment Review Board criteria.

Addressing the current inefficient interaction between Commonwealth and State systems, including the Goods and Services Tax re-distribution process.

In its submission dated October 2011 to the Goods and Services Tax (GST) distribution review AMEC made a number of recommendations, including:

4. That the Horizontal Fiscal equalization (HFE) model is simplified to the extent that it provides predictability and stability in the State and Territory budget setting process.

5. That State and Territory governments should be rewarded for strategies, innovation, reform and development that results in good economic performance.

6. That the current 3 years 'average rolling period' should be further reviewed to make the 'relativity' process more timely and adaptive to meet immediate development and infrastructure needs.

7. That the current State and Territory based royalties system should be maintained.

AMEC considers that these recommendations are still relevant based on the following comments.

Australian States and Territories rely heavily upon Goods and Services Tax (GST) revenue for much needed services and infrastructure. In fact state and territory governments obtain over 50% of their revenue from Commonwealth funding.

AMEC recognizes that the current GST distribution process is based upon the Horizontal Fiscal Equalisation (HFE) principles, which aim to ensure that each state and territory government has the capacity to provide a similar level of services to their constituents.

The GST distribution process is dysfunctional and complex and needs to be amended to address a number of inequities and shortcomings, particularly in relation to State based royalty calculations.

It is understood that over 100 criterion are used by the Commonwealth Grants Commission when assessing the various annual 'relativity submissions' made by the state and territory governments.

Such complexity creates an unpredictable and unstable budget environment for state and territory governments.

This has an indirect 'flow on' effect for industry and business investment and decision making processes due to the resultant budgetary uncertainty caused by future revenue shortfalls and the subsequent need to raise taxes or royalties.

The HFE model should be simplified to the extent that it provides predictability and stability in the state and territory budget setting process.

The current treatment of revenue is inequitable, particularly as not all state and territory revenues are considered as 'revenue' in the HFE process eg gambling taxes.

Conversely, Western Australia and Queensland that have strong economic growth and have recently outperformed other Australia states are penalized through the HFE averaging process, particularly as a significant proportion of mining related royalty revenue earned by those states are passed onto other less performing states and territories.

These inequities and penalties remove any incentive for state and territory governments to implement economic reform, or develop proactive and growth strategies that seek to significantly improve economic performance and productivity.

AMEC considers that states and territories should be rewarded for reform, innovation and development that results in increased productivity and growth.

It is imperative that the Government maximizes all of the opportunities available to it, and not inhibit this growth caused by demand for Australian resources.

It should also be noted that Australia is not the only jurisdiction in the world that has marketable resources available, and that the demand for Australian commodities is elastic, as other jurisdictions increase and bring on new commodities and additional tonnage onto the world market.

It is essential that Australia`s financial, physical and intellectual resources should be applied to their most productive use.

As the Commonwealth Grants Commission uses a three year average of relativities to determine the current year`s allocation of GST revenue, there has been concern that the relativity calculations are slow to react and not sufficiently current to satisfy immediate and critical services, road, rail, and port infrastructure needs. AMEC notes that this ‘rolling averaging period’ has been reduced from 5 to 3 years, however, consideration should be given to a more ‘timely’ and adaptive process.

AMEC considers that the current state and territory based royalty system is a simple and appropriate process to compensate the community for the extraction of a non-renewable resource, which are according to the Constitution owned by the respective state and territory governments, and not the Commonwealth Government.

Combined with the long standing HFE process, AMEC considers that the current royalties system enables equitable distribution of the subsequent revenue stream between the states and territory governments.

The ‘status quo’ of the current royalty regime should be maintained and not confused by other mechanisms that may interfere with that process.

Due to budget constraints in all Australian jurisdiction AMEC considers that it is an opportune time to debate the merits of the current Goods and Services Tax (GST). Such debate should include a potential broadening of the GST base, reviewing the current list of exemptions and the economic impact of a change in the rate.

The current inequitable GST re-distribution process should also be closely reviewed and revised.

8. AMEC recommends that the Goods and Services Tax (GST) regime should be reviewed and revised to encourage equity, growth and productivity within the economy.

Addressing the complexities within the general business tax system

AMEC supports the observations in the White Paper[7] that:

- *Tax is becoming increasingly important as competition for foreign investment intensifies and businesses become more mobile,*
- *While company tax is paid by companies, the burden is passed on to shareholders, consumers and employees,*
- *Australia`s corporate tax system is extremely complex,*
- *Business innovation encompasses improvements to goods and services, processes and marketing.*

AMEC considers that inefficient state and territory based taxes (such as payroll tax and stamp duty) dampen innovation and growth, and are a clear disincentive to business investment. These taxes are also extremely unpredictable revenue sources; costly to manage and a deadweight on business.

9. AMEC recommends that inefficient State and Territory based taxes should be rationalised and replaced with a more efficient, simple and equitable revenue source, such as the GST re-distribution process.

This rationalisation process should be more fully considered in the context of the Federation White Paper, the intergovernmental grants and financial relations processes.

In the meantime, AMEC has developed a separate Paper (available upon request) which supports a recommendation to relevant Australian jurisdictions to exempt exploration licences from the definition of 'land' for stamp duty purposes.

The recommendation is based on sound and established legal precedent in the New South Wales duties legislation, in High Court authority, and in relation to the precedent created by the current exemption from stamp duty on petroleum exploration licences.

In its 2015/16 State Budget the South Australian government has committed to removing stamp duty from the transfer of exploration permits from 1 July 2018. This is a strong indication of support for the mining and exploration sector and should be adopted in Western Australia.

Protecting the industry cost base

Diesel fuel credits

There have been repeated calls for the full removal of the diesel fuel tax credit currently provided to the Australian mining and mineral exploration industry.

This display of naivety does not take full account of the essential role and circumstances under which the diesel fuel credit was provided to the mining industry.

[7] White Paper – page 73

At its inception the diesel fuel excise was aimed at use by heavy public road haulage with the revenue collected used to fund the building and maintenance of road infrastructure in recognition of the damage caused by those vehicles.

At that time a 'rebate' was provided to off-road users (mining, agriculture, fishing and forestry) of diesel fuel in recognition that they did not use the roads. Over time this policy position has shifted and diesel fuel tax is now collected as general revenue. The term 'rebate' has also changed and the term 'Fuel Tax Credit' is used.

Diesel fuel is a major business input. Taxing such a significant business input is at odds with sound taxing principles - efficiency, neutrality, equity and simplicity.

The fuel tax credit is not a subsidy. It removes fuel excise as an impost on a critical business input – a public policy which has had bipartisan support since the scheme was introduced[8].

Diesel fuel is the primary source of energy for mining and mineral exploration companies, accounting for 54% of all energy sources. However for smaller miners the figure is as high as 75%[1]. Approximately 25% of mining costs is represented by diesel fuel. The removal of the diesel fuel tax credit would impose cost increases of 4-7%[2] on typical minerals projects, but would be particularly felt by small miners – the mainstay of the Australian mining industry.

As most mining and exploration activities are located in remote regional Australia there are limited alternative fuel sources for their activities, including off grid power generation.

Maintenance of the diesel fuel credit arrangements is crucial to the future viability and operation of thousands of regional Australian businesses. Removal of the credit would also undermine the industry`s international competitiveness, noting that it would add a fuel excise tax on production of exports. It is understood that a number of Australia`s international competitors levy no tax on diesel used in mining.[9]

10. AMEC recommends retention of the diesel fuel credit arrangements that apply to off road use in the mining and mineral exploration sector.

Exploration Development Incentive

Legislation to introduce the Exploration Development Incentive (EDI) passed through Parliament in March 2015.

The EDI will allow eligible mineral exploration companies to convert a portion of their tax loss to exploration credits which can be provided to Australian resident shareholders as a tax benefit through franking credit / dividend imputation arrangements.

[8] Media release ALP Shadow Minister for Resources, Hon Gary Gray 6 May 2015
[1] Australian Bureau of Statistics, 2010 Category 4660.0 - Energy, Water and Environment Management, 2008-09
[2] Regaining competitive edge report, Port Jackson Partners, September 2012
[9] Powering regional Australia – the case for fuel tax credits report – 18 March 2015

AMEC has worked closely with the Australian Taxation Office in the development of guidance material, noting that the incentive applies from the 2014/15 income year and is capped at a total of $100 million over the three year period ($25m in 2014/15, $35m in 2015/16, and $40m in 2016/17).

The incentive is due for review in 2016.

It is vitally important for the incentive to receive ongoing bi-partisan support beyond the Forward Estimates (current cut-off date of 2016/17) as it will take some time before high risk longer term greenfield exploration activities show positive results and discover the mines of tomorrow.

Canada introduced a Mineral Exploration Tax Credit (Flow Through Shares concept) in 2001 and has supported that very successful program on an annual basis since inception.

In 2013, AMEC commissioned KPMG to undertake research[10] on the potential cost of implementing a Mineral Exploration Tax Credit (similar in design concept to the EDI).

KPMG identified a potential annual cost commencing at around $130m, which in turn would generate over 4,000 jobs across the whole mining sector and contribute up to an additional $2.2b in Gross Domestic Product.

It is also critically important for the continued success of the EDI that dividend imputation / franking credit arrangements continue to be available.

11. AMEC recommends that the budget allocation for the Exploration Development Incentive for the 2017/18 year and Forward Estimates should be increased to at least $130m per annum.

Employee Share Schemes

AMEC was supportive of the Tax and Superannuation Laws Amendment (Employee Share Schemes) Bill 2015 as it reversed changes made by the previous Government in 2009.

Employee Share Schemes (ESS) recognise the vital role start-up companies play in the development and continuation of Australia's economy which create prosperity and employment in a much shorter timeframe than other small businesses. It also recognises the challenges facing start-up companies, in particular the attraction and retention of skilled employees and securing sufficient capital to allow the company to succeed.

Australian mineral exploration companies are the 'start-ups' of the Australian mining industry. These companies face a continuing challenge of securing sufficient capital to progress their projects and therefore rely on ESS to remunerate their staff which in recent times have had the effect of exposing staff to significant financial risk due to the applicable tax regime.

[10] http://amec.org.au/download/KPMG_METC_final%20report_25072013.pdf

Developing an ESS system that allows Australian mineral exploration companies to remain competitive and provide the similar tax outcomes to our international competitors is pivotal in ensuring Australia's future mining prosperity continues.

Whilst supportive of the overall thrust of the legislation, AMEC is concerned that the start-up concession in Section 83A-33 (Explanatory Memorandum para 1.83 and 1.84 also refer) states that '*to access the concession, no equity interests in the company in which the ESS interest is in, can be listed on an approved stock or securities exchange'.*

Such a requirement excludes a large proportion of Australian mineral exploration companies due to this 'unlisted' requirement. These companies are critical to discovery in Australia and equivalent to "start-up" status across other sectors.

It must not be assumed that listed companies have ready access to capital. Many companies have listed to fund exploration projects and are yet to make, and in the majority of cases never make a profit.

Listed mineral exploration companies should be included in the concessional arrangements in order that they can attract and retain skilled and exceptional employees in an extremely competitive global environment. Such an amendment is considered crucial to the sector.

AMEC recommended that the current wording of Section 83A-33 in the Amendment Bill should be reviewed and amended in order that listed mineral exploration companies are included in the start-up concessional arrangements so that the employee share schemes can be made more attractive. However, the legislation did not include this recommendation. AMEC considers that a subsequent amendment can be made to the legislation in the medium term.

12. AMEC recommends that Employee Share Schemes start-up concessions should be available as a mechanism by which mining and exploration companies can attract and retain skilled employees, and expanded to listed companies.

Research & Development

The White Paper acknowledges[11] that research and development is a critical step in innovation.

It also notes that the Research and Development (R&D) Tax Incentive is the primary mechanism by which the Government seeks to encourage companies to undertake research and development in Australia.[12]

Over the last few years AMEC has made a number of submissions to the Australian Government expressing strong support for retention the R&D Tax Incentive.

[11] White Paper – page 100
[12] Ibid

This included a submission in September 2012 to the Business Tax Working Group which emphasised the fact that investment in R&D plays a major part in the acquisition of new knowledge and the resultant growth potential of the industry, and should be retained.

The R&D tax incentive encourages mineral exploration and mining companies to conduct activities that would not otherwise be undertaken.

13. AMEC recommends that the Research and Development Tax Incentive should be retained.

Ensuring the availability of a skilled and mobile workforce

Australia`s ageing population and shrinking labour force relative to the number of retirees will place increased pressure on the availability of a skilled and mobile workforce to meet future development demand.

14. AMEC recommends that employers are provided with the incentives to upskill and train employees to meet this demand.

15. AMEC recommends that employers should be given greater incentives to employ trainees and apprentices, and provide structured on the job training for the existing workforce.

Rather than continuing to review the merits or otherwise of the current Fly-In, Fly-Out (FIFO) workforce strategies adopted within the resources and other sectors, Governments should be embracing the strategy and acknowledge that it provides a mobile workforce to meet the demands of the economy.

16. AMEC recommends that Fly-In, Fly-Out (FIFO) should be acknowledged and supported as a legitimate workforce strategy which enhances the mobility of labour.