



29th June 2012

Rob Heferen
Manager
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The Treasury
Langton Crescent
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Dear Rob

Deductibility of Geothermal Exploration Expenditure - Addendum

I refer to my previous correspondence of 22nd June 2012 in which I provided support to the Government's announced changes to the income tax law to extend the immediate deductibility of exploration expenditure currently provided to mining and petroleum explorers to geothermal energy explorers.

AMEC members, although supportive of the thrust of the legislation, have since expressed some concern on whether the draft legislation actually meets the policy intent, as recommended by the MRRT Policy Transition Group.

Further analysis of the exposure draft (subsections 40-80(1A) and 40-730 (2B)) as currently designed appears to introduce new language that varies from that currently used for mining and petroleum explorers.

This appears to be unnecessary and could lead to confusion, resulting in unintended outcomes and decisions, as well as detrimentally affecting individual geothermal companies.

There would therefore appear to be value in reviewing the wording/s contained in the draft legislation to confirm that the original policy intent is met.

If you have any queries please do not hesitate to contact Graham Short or myself.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Simon Bennison", with a long horizontal flourish extending to the right.

Simon Bennison
Chief Executive Officer

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