

4 April 2014

Manager
Not for Profit and Industry Tax Concessions Unit
Small Business Tax Division
The Treasury
Langton Crescent
PARKES ACT 2600

Dear Sir / Madam

Re: Policy Design for the Exploration Development Incentive

Thank you for the opportunity to provide a submission in response to the discussion paper Exploration Development Incentive: Policy Design published by the Treasury and the Department of Industry.

The National Farmers Federation (NFF) is the peak national body representing farmers and the agriculture sector across Australia. The NFF's membership comprises all Australia's major agricultural commodities. Operating under a federated structure, individual farmers join their respective state farm organisation and/or national commodity council. While our members address state-based 'grass roots' or commodity specific issues, the NFF's focus is representing the interests of agriculture and progressing our national and international priorities.

The tension between the possibly conflicting land use of agriculture and mining continues to be highlighted by mining and coal seam gas exploration and development across Australia.

NFF and its members are concerned that the Discussion Paper fails to explore the possible consequences of the implementation of the incentive on private landholders. It is proposed that the incentive be targeted for exploration in greenfields. Our concern with the possible growth in exploration by junior mineral explorers is that companies with potentially limited experience in engaging with farmers, would seek to access private property. Furthermore, the incentive may encourage extremely speculative exploration, resulting in unnecessary impacts on agricultural land.

Negotiating access arrangements is critical to establishing a common understanding, and the legal relationship between the explorer and landholder of the property subject to exploration. There can be considerable costs to landholders in executing this arrangement, which are only covered in part by State funding programs. Furthermore, given that increased access to private land is anticipated under that the scheme, NFF requests that Government provide analysis on the potential liability risks to

landholders as a result of having third party explorers on their property. Explorers must be required to 'make good' disturbances resulting from the exploration activity.

While State and Territory legislation covers aspects of these issues, the coverage is by no means comprehensive. NFF urges Government to consider mechanisms to require recipients of the incentive to engage fully with landholders when negotiating access, support landholder costs with these negotiations, ensure that liability rests with the explorer and that any damage to land resulting from exploration activity is rectified.

Given the possible implications of these issues on Australian farmers, the National Farmers Federation looks forward to engaging in further dialogue with Government on these issues. Please do not hesitate to contact Ms Jack Knowles, NRM Policy Manager on 02 6269 5666 or jknowles@nff.org.au if you have any questions arising from this submission.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Matt Linnegar', written in a cursive style.

MATT LINNEGAR
Chief Executive Officer