



26 October 2018

Senate Standing Committees on Economics
PO Box 6100
Parliament House
Canberra ACT 2600

To whom it may concern,

RE: Changes to R&D Tax Incentives Scheme; Treasury Laws Amendment (Making Sure Multinationals Pay Their Fair Share of Tax in Australia and Other Measures) Bill 2018

I make this submission to the Senate Economics Legislation Committee Inquiry on this Bill as a Director and owner of PeopleStart Human Resources. Our company asks you to consider amendments to the Bill which would remove the \$4million cap on eligible research and development (R&D) for companies with an annual turnover of less than \$20million per annum.

PeopleStart works with two companies that will be adversely impacted by the Bill in its current form. These companies, Northern Minerals (ASX: NTU) and Lithium Australia (ASX:LIT), are developing innovative resource projects which rely on R&D. Northern Minerals has recently become the only heavy rare earths producer outside of China, extracting the elements from hard rock as opposed to soft clays, while Lithium Australia is developing a process to extract Lithium from mine waste tailings. The pioneering work of these companies is part of the push to develop Australia's minerals commodities future. The projects hold the promise of many jobs and new downstream processing and manufacturing opportunities.

Northern Minerals has developed the Browns Range Heavy Rare Earths Project utilising cash refunds for eligible R&D expenditure. This current year is the last year in which Northern Minerals has planned to access the cash refunds for eligible R&D. Lithium Australia has developed a business case to utilise the cash refunds for eligible R&D to develop a pilot plant near Kalgoorlie in Western Australia. The \$4million cap on cash refunds for eligible R&D contained in the Bill will have an immediate negative impact on both projects.

PeopleStart Human Resources has assisted Northern Minerals with human resources services since 2016. In 2018 we recruited more than 45 personnel to work in operations at the Browns Range Heavy Rare Earths Project. PeopleStart have assisted Northern Minerals in achieving an initial 15% aboriginal employment engagement target at Browns Range in an area with some of the highest socio-economic disadvantage in the country. We hope to increase this to 30-40% in the coming years.

Securing contracts with Northern Minerals has not only allowed PeopleStart to continue our newly established business but also to grow from two to five personnel over the past year. Myself and my business partner Rob Gallacher are both in our 30s and have taken a risk to build our business and support new resource projects, particularly junior (small-capital) miners.

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PeopleStart
Human Resources & Recruitment

Without the R&D cash refunds Northern Minerals may not have been able to develop the Browns Range Heavy Rare Earths Project. The cap on the cash refunds will create a shortfall in the project's budget in 2018/19 and limit its opportunity to explore downstream processing methods. Should the project not be able to develop further, our business would suffer and there would be significant loss of opportunity for the local community where the project operates.

The Browns Range project is a bright beacon of hope for the community. Should the project move to full-scale production, it would deliver economic and social benefits for the whole community, and particularly aboriginal youth who need employment opportunities.

PeopleStart also provides human resources services to Lithium Australia which plans to use the R&D cash refund scheme. With the proposed changes contained in this Bill, Lithium Australia's large-scale pilot plant project may no longer be able to be built in Western Australia and may instead be moved overseas where more favourable government R&D support is available. This would have a significant negative impact on our business and the nearly 100 job opportunities which the plant would create.

We hope that the Committee will consider the impact on current and future jobs and the many small businesses like PeopleStart, that support innovative critical minerals projects like those developed by Northern Minerals and Lithium Australia. We ask you to consider amendments to the Bill which would remove the \$4million cap on eligible R&D for companies with annual turnover of less than \$20million per annum.

Thank you.

Your sincerely,



Dayna Edwards
Director

