Parliamentary Budget Office

ECR-2025-2406

Junior Minerals Exploration Incentive	
Party:	The Coalition
Summary of proposal: The proposal would extend the Junior Minerals Exploration Incentive (JMEI) with a $100 million credits cap over 4-years to support the next wave of exploration and investment. The proposal would start on 1 July 2025.	

Costing overview

The proposal would be expected to decrease the fiscal and underlying cash balances by around $11.5 million over the 2025-26 Budget forward estimates period (see Table 1). This impact reflects an increase in administered expenses.

The proposal would be expected to have an impact beyond the 2025-26 Budget forward estimates period. A breakdown of the financial implications (including separate public debt interest (PDI) tables) over the period to 2035-36 is provided at Attachment A.

Table 1: Junior Minerals Exploration Incentive – Financial implications ($m)[(a)(b)]

	2025-26	2026-27	2027-28	2028-29	**Total to 2028-29**
Fiscal balance	-	-3.1	-4.2	-4.2	**-11.5**
Underlying cash balance	-	-3.1	-4.2	-4.2	**-11.5**

(a) A positive number represents an increase in the relevant budget balance; a negative number represents a decrease.
(b) PDI impacts are not included in the totals.
- Indicates nil.

Uncertainties

The financial impact of the proposal is uncertain and sensitive to various factors such as: economic conditions, business confidence in seeking to prove new mineral deposits, commodity prices, and investor appetite for new share purchases for these types of companies. Greenfield exploration is considered uncertain and a high risk, high reward activity and as such the unutilised losses (that are converted to credits) have not been factored into future impacts on company tax collections.

A prior budget measure[1] that extended the JMEI for four years until the end of 2024-25, announced a yearly cap of $25 million would be available on a first come first served basis. The actual take-up of

[1] Budget 2021-22, *Junior Minerals Exploration Incentive — extension*

the incentive has been lower, at average annual Budget impact of around $4 million a year on average[2].

Key assumptions

The Parliamentary Budget Office (PBO) has made the following assumptions in costing this proposal.

- All tax credits available would be applied for and allocated to companies each year. Resulting in no carry over from year to year.
- Tax credits would only be distributed to investors who purchased newly issued shares in that eligible entity during a certain period[3].
- The credits would not be used if shares are not created and issued within 12 months after allocation.
- The 2-year average rate of around 60% of JMEI credits would be available for distribution.
- The 2-year average rate of around 30% of JMEI credits would be issued to shareholders from available credits.
- Timing of claims:
  - Around 70% of credits would be claimed by shareholders one year after the year the expenditure occurs (i.e. JMEI expenditure incurred in 2025-26 and credits were then distributed in 2026-27. The shareholders use it against their 2026-27 tax return, either directly or through amendment).
  - Around 30% of remaining credits would be claimed by shareholders 2-years after the year the expenditure occurs.
  - Claims after the second year exist but are insignificant.
- Company credits (i.e. companies that invest in junior mineral explorers) would be converted to franking credits. They are not distinguishable from other franking credits on the tax return and are not considered an administered payment.

Methodology

The historical level of JMEI related tax losses (from ATO data on applications for the incentive up to the current associated cap of $25 million in JMEI) was modelled into the future. This was reduced by the proportion of companies that complete a share capital raising, and then was further reduced by historical averages, of how much JMEI are distributed to shareholders. The distributed credits were timed for tax lodgement and assessment.

Financial implications were rounded consistent with the PBO's rounding rules.[4]

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[2] 2024-25 Tax Expenditure and Insight Statement, item G1

[3] About the JMEI | Australian Taxation Office

[4] https://www.pbo.gov.au/for-parliamentarians/how-we-analyse/pbo-rounding-rules

Data sources

Commonwealth of Australia (2025) *Pre-election Economic and Fiscal Outlook 2025,* Commonwealth of Australia.

The Department of Treasury provided Junior Minerals Exploration Incentive forward estimate model (informed by ATO data) as at 16 December 2024 current as at 2024-25 MYEFO.

Australian Taxation Office (2024) *About the JMEI.* ATO website, accessed 6 May 2025.

The Treasury (2025) *Portfolio Budget Statement 2025-26*. The Treasury website, accessed 6 May 2025.

The Treasury (2024) *2024-25 Tax Expenditure Insight Statement*. The Treasury website, accessed 6 May 2025.

Attachment A – Junior Minerals Exploration Incentive – Financial implications

Table A1: Junior Minerals Exploration Incentive – Fiscal and underlying cash balances ($m)[(a)]

	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	**Total to 2028-29**	**Total to 2035-36**
Revenue													
Administered tax													
Extend Junior Minerals Exploration Incentive by 4-years	*-*	*-3.1*	*-4.2*	*-4.2*	*-4.2*	*-1.1*	*-*	*-*	*-*	*-*	*-*	***-11.5***	***-16.8***
Total – revenue	**-**	**-3.1**	**-4.2**	**-4.2**	**-4.2**	**-1.1**	**-**	**-**	**-**	**-**	**-**	**-11.5**	**-16.8**
Total (excluding PDI)	**-**	**-3.1**	**-4.2**	**-4.2**	**-4.2**	**-1.1**	**-**	**-**	**-**	**-**	**-**	**-11.5**	**-16.8**

(a) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms. A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments or net capital investment in cash terms.

\- Indicates nil.

Table A2: Junior Minerals Exploration Incentive – Memorandum item: Public Debt Interest (PDI) impacts – Fiscal and underlying cash balances ($m)[(a)(b)]

	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	**Total to 2028-29**	**Total to 2035-36**
Fiscal balance	-	*-0.1*	*-0.2*	*-0.4*	*-0.6*	*-0.8*	*-0.8*	*-0.9*	*-0.9*	*-1.0*	*-1.0*	***-0.7***	***-6.7***
Underlying cash balance	-	*-0.1*	*-0.2*	*-0.4*	*-0.6*	*-0.7*	*-0.8*	*-0.9*	*-0.9*	*-1.0*	*-1.0*	***-0.7***	***-6.6***

(a) As this table is presented as a memorandum item, these figures are not reflected in the totals above. This is consistent with the approach taken in the budget where the budget impact of most measures is presented excluding the impact on PDI. If the reader would like a complete picture of the total aggregate, then these figures would need to be added to the figures above. For further information on government borrowing and financing please refer to the PBO's online budget glossary[5].

(b) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms. A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments or net capital investment in cash terms.

\- Indicates nil.

[5] Online budget glossary – Parliamentary Budget Office (pbo.gov.au)