

**To: Department of Industry, Science and Resources**

**Re: National Battery Strategy Issues Paper**

**Date submitted: 3 March 2023**

## **Introduction**

The Association of Mining and Exploration Companies (AMEC) appreciates the opportunity to make a submission on the National Battery Strategy Issues Paper.

If Australia is to maximise the opportunity that advanced battery manufacturing presents, it is essential that the federal government is considering the supply chain as a whole and the critical role that Australia's exploration and mining sector can play in achieving success.

## **About AMEC**

AMEC is a national peak industry body representing over 530 mineral exploration and mining companies across Australia. Our members are mineral explorers, emerging miners, producers, and a wide range of businesses working in and for the industry. Collectively, AMEC's member companies account for over \$100 billion of the mineral exploration and mining sector's capital value.

Mineral exploration and mining make a critical contribution to Australia's economy, directly employing over 274,000 people. In 2020/21 Industry generated a record high \$301 billion in mining exports, invested \$3.2 billion in exploration expenditure to discover the mines of the future, and collectively paid over \$43.2 billion in royalties and taxes.

## **General comments**

AMEC acknowledges the work that is underway at the federal and state levels to define and operationalise the domestic battery opportunity. With so much analysis and action afoot, it is critical to ensure as a fundamental principle that coordination and integration of these respective efforts is implemented. This will enable governments to negate the risk of duplication and achieve optimum efficiency in rolling out their respective opportunities and the supporting roles and responsibilities of each jurisdiction, to achieve their objectives.

AMEC is concerned of the duplication between the department's National Battery Strategy Issues Paper and the Critical Minerals Strategy that has now closed for consultation. The rationale for why both are being pursued in parallel and not in an obviously integrated fashion, is not clear. Similarly, the lack of recognition of battery related strategies at the State level is missing.

AMEC considers there are currently too many state and Commonwealth Government 'strategies' considering the critical minerals to battery value chain. The Government should consolidate this battery minerals strategy with the critical minerals' strategy. It must look to integrate with activity at the State level.

## **Recommendations**

Rather than answer the Issues Paper questions directly, below are recommendations that AMEC see as being integral to the development of a domestic battery industry.

- **Speed up approvals for critical minerals exploration and mines.**

All the critical minerals necessary to battery production—lithium, cobalt, nickel, vanadium and graphite—are in abundance across Australia. Developing these minerals, both brownfield and greenfield, continue to be an obstacle, with the average timeframe for the approval of an Australian mine being 13 years from discovery to production. If Australia intends to meet the opportunity of supplying critical minerals to battery supply chains, be it domestically or internationally, it needs to find a way to accelerate this process while maintaining robust regulation.

All levels of Government persist with increasing the level of regulatory complexity of the resource approval assessment process despite each having standing commitments and taskforces to cut “red and green tape”. The increasing complexity coupled with high staff turnover within the regulators’ means statutory timeframes (where they exist) simply are not met.

Australia needs a fundamental reconsideration of the assessment and approval process if critical minerals projects are to be met and maximise any opportunity of accessing battery supply chains in the short term. This is the single biggest issue facing industry and should be a key focus of any battery strategy.

- **A regulatory sandbox for critical minerals.**

To support efforts to speed up assessment and approvals for critical minerals exploration and mining, a regulatory sandbox could be piloted, for the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act). The Queensland Government is developing a regulatory sandbox for critical minerals as an innovative mechanism to identify mechanisms to accelerate assessment for critical minerals. The Queensland sandbox has three departmental partners involved and their corresponding administrative responsibilities, this includes the Department of Resources, Department of Environment and Science, and the Department of State Development, Infrastructure, Local Government and Planning.

The Australian Energy Market Commission (AEMC) has implemented a sandbox to support the development of renewables. The AEMC describes it as a framework where “participants can test innovative concepts in the market under relaxed regulatory requirements at a smaller scale, on a time-limited basis and with appropriate safeguards in place”<sup>1</sup>.

Critical minerals face numerous Commonwealth approvals, a regulatory sandbox approach could present a path forward to help identify improvements to the current process, as well as new pathways to achieve assessment efficiency.

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<sup>1</sup> <https://www.aemc.gov.au/market-reviews-advice/regulatory-sandboxes#:~:text=A%20regulatory%20sandbox%20is%20a,with%20appropriate%20safeguards%20in%20place.>

Another aspect that could be exercised through the regulatory sandbox mechanism is accelerating the development of the proposed Bioregional Plan for a critical mineral zone, such as Julia Creek-Richmond in Queensland. The objective being to achieve responsible development and deliver certainty for the vanadium developers in this area. This could be piloted in several defined zones around Australia such as the vanadium prospects in the Julia creek-Richmond area, critical minerals projects across the Mid-West of Western Australia, and the Barkly Region in the Northern Territory. Following these pilots, it could then be applied more agnostically in other zones. Aspects of the sandbox could include but not be limited to, front loading land access, environmental assessments, cultural heritage, and other assessment requirements, ultimately creating a development ready zone.

While critical minerals are the focus of this activity currently, AMEC strongly encourages that where systemic improvements can be made for other commodities that these are implemented with broad intent and Australia's already established commodities—copper, gold, bauxite—are not left behind.

- **Local content targets that establish markets for domestically sourced critical minerals.**

To build a mine, most companies need guaranteed offtake so that they can receive the necessary financing. This is true of all commodities, including critical minerals. If the Commonwealth Government were to intervene in the market and require nationally local content targets of domestic critical minerals in batteries for the domestic grid or similar, this would effectively be embedding markets and offtakes agreements for certain critical minerals and facilitate those minerals being mined. Similar procurement targets and mechanisms are used by State Governments effectively, to ensure that mining developments source their supplies from local regional suppliers and communities as much as possible. This is a key reason regional communities are traditionally highly supportive of mining development as they are a lifeblood of regional economies. Embedding procurement and local content targets for batteries would trigger the same regional waves of sustained economic development.

- **Boost investment by adjusting FIRB.**

Australia needs foreign investment to develop mines and will also need this investment to build a battery supply chain. Recent reforms to the Foreign Investment Review Board (FIRB) and Foreign Acquisition and Takeover legislation (FATA) have made investment from less risk-averse nations more challenging to secure. Without investment, critical minerals projects and their associated supply chain opportunities will not be developed.

FIRB and FATA are creating a barrier to investment in Australia. The issue and focus should be on where the mineral is proceeding down the value chain, not who funds the mining of the mineral. This is fundamental to achieving any aspiration the Commonwealth Government has in achieving a domestic advanced battery manufacturing supply chain. Unless this is changed, developing a battery strategy is a moot point.

- **Critical Minerals Strategic Reserve.**

Developing aspects of the battery manufacturing supply chain domestically—utilising local minerals, Research and Development (R&D) and skills—is a key mechanism to support national sovereignty and prepare Australia for future challenges. A reserve for critical minerals that are strategic to

Australia's sovereign capability would help future proof Australia's ability to maintain battery production necessary to support out ambitious energy transition pathway.

Australia holds a strategic reserve of fuel, with stockpiles of quantities of diesel, petrol and jet fuel for use at a time of crisis. Similarly, the European Union is looking to introduce, through their proposed Critical Raw Minerals Act, a strategic reserve, but for critical minerals<sup>2</sup>. In her 2022 State of the European Union address to the European Commission, President von der Leyen stated that without secure and sustainable access to the necessary raw materials, the EU's ambition to become the first climate neutral continent was at risk. To meet that challenge, they would "build up strategic reserves where supply is at risk"<sup>3</sup>.

As such, Australia has an opportunity to create a strategic supply of certain minerals to ensure that we can meaningfully contribute to the achievement of our decarbonisation targets, which are now legislated, and achieve energy transition no matter global circumstances.

- **Common User Infrastructure.**

Investment in common user infrastructure to bridge the gap between concept and reality would support supply chain development from exploration through to manufacturing for batteries. This is currently being successfully implemented in Queensland where the State Government has committed \$75 million toward the Queensland Resources Common User Facility that will be built in Townsville. The objective of the facility is to provide critical mineral miners with the ability to access and trail production processes for commercialisation and enable miners to produce mineral samples at scale for markets. The intention is that vanadium miners will access the facility first, however it will be critical mineral agnostic eventually, as well as open to minerals from other States and Territories. Queensland has also committed a further \$100 million to a Critical Mineral Investment Fund that will target downstream applications to help bridge that development gap as well.

Investment such as this is a clear signal from government that critical mineral and associated supply chain development is a priority. This model could be used federally to support bridging development gaps in other feasible battery minerals, for example graphite.

Graphite is a critical mineral used widely in battery manufacturing and is an industry that is being developed in South Australia, and Queensland. South Australia's graphite developers would benefit from a common user facility, that allows them to test their processing and establish viable samples for markets. Alternatively support for expansion or a complimentary facility that establishes a Hub in Queensland could be an option for consideration.

- **Industrial Land Initiatives.**

The Commonwealth Government could establish industrial land areas that facilitate the development of Hubs for battery development. This could include but not be limited to, front loading environmental

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<sup>2</sup> [https://ec.europa.eu/commission/presscorner/detail/en/STATEMENT\\_22\\_5523](https://ec.europa.eu/commission/presscorner/detail/en/STATEMENT_22_5523)

<sup>3</sup> [https://state-of-the-union.ec.europa.eu/system/files/2022-09/SOTEU\\_2022\\_Address\\_EN.pdf](https://state-of-the-union.ec.europa.eu/system/files/2022-09/SOTEU_2022_Address_EN.pdf)

assessments, provision of secure water and green energy and other development assessment requirements, ultimately creating a development ready Hub.

The Commonwealth Government has the ability to exercise its power in a way that can secure land appropriate for such hubs to provide for co-location of minerals processing with various degrees of battery component manufacturing. Each State has identified Industrial land estates, working with the State Governments to clear the Commonwealth Government approvals and build the necessary headworks infrastructure to develop their respective development goals.

- **Inflation Reduction Act 2022 like action.**

AMEC recommends the consideration of a mechanism similar to the Inflation Reduction Act (IRA) of 2022 in the United States would be effective to trigger investment along the battery supply chain, from pit to advanced manufacturing.

The objectives of the IRA include:

- Reduce domestic inflation;
- Address climate change and support energy transition; and
- Establish a New Advanced Manufacturing Production Credit to incentivise the domestic production of components, which includes certain critical minerals used in renewable energy generation, storage and related manufacturing.

Under the IRA, the new tax credit equal to 10% of the cost of production is awarded to the producer of the critical minerals—which must be produced in the United State—captured in the regulation. New and dynamic approaches are necessary if the Commonwealth government is committed to supporting the establishment of this emerging industry. Critical to any success will be actionable and multi-faceted approach; one that goes beyond strategy and narrative and provides meaningful, economically beneficial support to each aspect of the supply chain.

## Conclusion

AMEC welcomes the opportunity to discuss these proposals with the department and facilitate engagement with the membership to bring to life the battery opportunity across Australia.

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