



SOUTH AUSTRALIA BUDGET 2023 - 2024

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and Exploration Companies

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ABOUT AMEC

The Association of Mining and Exploration Companies (AMEC) is a national industry association representing over 540 member companies across Australia, with over 37 member companies with direct project interests in South 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 \$39.3 billion in royalties and taxes.

A Budget to set the foundations for growth

The second Budget of the Malinauskas Labor Government, 2023-24, is one that will set a strong tone for South Australia as global economies continue to face increasing inflationary pressures, whilst navigating the ongoing impacts of COVID-19. A Budget that develops resilient foundations to best-position the State to meet and withstand challenges, is one that recognises the importance of a robust mineral exploration and mining sector.

South Australia has a burgeoning mineral exploration and mining industry. With a steady development pipeline and sustained heightened demand for South Australian minerals, the sector is primed for growth. There are a range of minerals projects progressing development, to ultimately, unlock value for South Australian communities and the broader economy. In the right public policy settings, the recommendations outlined below can leverage South Australia's expertise for technological excellence to diversify into a minerals powerhouse, by attracting investment to the State's minerals industry.

In a highly competitive international and interjurisdictional market, there is prime opportunity now for South Australia to emerge as a leading jurisdiction for mineral investment, to capitalise on heightened investor interest and favourable market conditions. This Budget, and the policy recommendations AMEC has outlined below, are intended to serve as a strong indication, that South Australia's minerals sector is open and ready for business.



2023-24 BUDGET RECOMMENDATIONS

On the back of record exports reported by the South Australian resources sector in 2021-22 (FY) of \$5.7B, and a record-high \$323M in royalties paid, there is a window of opportunity now, to elevate the minerals sector's ability to drive economic growth and longevity. Increasing demand for minerals tenure and project development must be supported by robust, yet timely and efficient regulatory systems.

Investment is the key to unlocking and progressing mineral exploration and mining project development. In order to become the international minerals jurisdiction of choice, targeted reform and policy prioritisation can elevate South Australia's share of Australia's minerals success, and demonstrate our industry's leading role in achieving ambitious national decarbonisation targets.

The following policy recommendations for South Australia's 2023-24 Budget present the opportunity for the minerals sector to delivery long-term, wide-ranging social and economic prosperity to South Australia.



Recommendations:

1: Increase resourcing within Department for Energy and Mining (DEM)'s Mineral Resources Division with funding for 15 additional approvals officers and 5 additional Graduate Officers.

- a. Establish an inter-agency secondment program between DEM, EPA and DEW.

2: Reduction in approvals timeframes.

- a. Progress the MERS development to deliver streamlining and transparency to approvals processes.
- b. Develop MOUs with EPA and DEW to formalise timeframes for external-agency referrals.
- c. Advance digital innovation and artificial intelligence in approvals systems.

3: Reconsideration of 18-year Compulsory Relinquishment.

- a. Consultation on legislative reform and secondary policy development to support amendments to the 18-year relinquishment of tenure framework.
- b. Prioritise the development of Retention Leases.
- c. Align Exploration Licence Compulsory Relinquishment with Expenditure Conditions.

4: Standardise Exploration Regulation Fee Zones.

5: Extend and expand the Accelerated Discovery Initiative by a further \$2.5M over three years.

6: Progress a Critical Minerals Strategy for South Australia, aligning with the Commonwealth Critical Minerals Strategy

- a. Establish a Rare Earth Centre for Excellence in South Australia
- b. Progress the work of GSSA to reanalyse historical drill core, and undertake a full economic review of critical minerals in SA.

7: Implementation of an effective Multi-Land User Framework.

8: Establishment of a mineral exploration and mining forum.

9: Refresh the Copper and Magnetite Strategies.

10: Robust legislative review process.

11: Return the concessional royalty regime.

12: Develop targeted investment attraction opportunities for the minerals sector.

13: Identify strategic paths to development.

14: Infrastructure prioritisation.

15: Prioritise Native Title agreement making.

16: Create and publish an online database of past biodiversity environmental reports and studies.



STATE OF THE INDUSTRY

South Australia's mineral exploration and mining industry directly employs over 8,855 people. The royalties generated by the resources sector reached a record high in 2020-21 of \$323 million, an increase from \$311 million in 2019-20. In 2021-22 (FY). Mineral exploration was at an 8-year high at \$122.3 million, a 34% increase from the previous year, and \$2.5 billion was spent on capital expenditure during this period. In 2020-21, over \$237 million was generated in royalties from the \$7.1 billion in mineral commodity sales, representing a record high.

These figures demonstrate the solid exploration pipeline in South Australia, and the importance of maintaining a jurisdiction that attracts investment to develop the mines of the future. Future mines are integral to meeting the State and nation's decarbonisation goals, and will expedite our development of a highly-skilled and world-leading industry.

There are currently nine operating mines in South Australia¹, and a range of projects in the development pipeline, from greenfield exploration through to those awaiting final approval for commencement. The most recent 'tier one' discovery in South Australia, Oz Minerals' 'Carapateena' mine, began production in 2019. It remains one of Australia's largest non-iron ore mines. There are a range of smaller but locally significant mining projects across South Australia's highly prospective but relatively underexplored landscape. As they progress towards development, the State is in an exciting period of growth, with a diversified minerals and energy sector.

A key indicator of mining activity is mineral exploration expenditure. In South Australia, there was a persistent five-year downward trend in exploration expenditure, but in 2018, this trend began to reverse. However, in 2020 with the onset of COVID-19, expenditure again tightened. Nationally, despite being the fourth largest Australian state by geographical area, South Australia remains ranked sixth of jurisdictions for mineral exploration expenditure. Despite pockets of heightened interest, the ability to retain sustained heightened investor interest, has proved challenging. As of the June 2022 quarter, South Australia's mineral exploration expenditure accounts for 3.6% of total Australian mineral exploration expenditure.

¹ <https://sariqbasis.pir.sa.gov.au/WebtopEw/ws/plans/sarig1/image/DDD/205102-001>

Table 1 Mineral Exploration Expenditure by State and Territory (A\$ million)²

	NSW	Vic	QLD	SA	WA	TAS	NT	TOTAL
2010	131.7	69.3	500.9	189	1401.7	31	166.7	2490.2
2011	211.8	65	891.5	312.8	1825.3	38.7	228.4	3573.3
2012	209.8	44.1	844.4	311.6	2052.6	40.7	152.6	3655.8
2013	163	36.3	519.6	144.7	1508.2	37.5	113.3	2522.6
2014	135.6	27.4	389.5	106.7	1045.3	23.7	108	1839.5
2015	118.8	26.8	271.3	57.9	843.7	14.4	104.5	1438.6
2016	122.4	30.3	195.9	49.4	927.6	13.5	85.6	1426.9
2017	181.7	55.5	245	46.2	1108.7	21.2	91.2	1753.8
2018	235.9	92.5	303.1	76.9	1317.7	21.7	123.2	2171.4
2019	296	113	354	87	1648	16	133	2647
2020	288.4	153	408	80.2	1757.5	10.8	110.8	2808.8
2021	299.6	218.5	445.1	106.7	2351.4	20.9	153.9	3596.1
2022 (YTD)	177.3	110	248.1	69.4	1199.3	19	85.4	1908.9

Mineral Exploration Attractiveness and Recent Trends

The recent upswing in mineral exploration expenditure in South Australia represents momentum that must be capitalised on. The previous lull experienced in expenditure to 2018, could have long-term impacts, with resources from operating mines being depleted at a much faster rate than new mines are being developed. With inflationary pressures increasing operating costs, the economics of developing a mine, are in part, reliant on commodity prices and market demand. However, with increasing global demand for the minerals South Australia hosts, there is sufficient current and long-

² <https://www.abs.gov.au/statistics/industry/mining/mineral-and-petroleum-exploration-australia/latest-release>

term demand to dedicate resourcing to ensure the opportunities now, can deliver long-term growth potential for the state.

In 2022 there has been a noticeable reduction in the amount of mineral exploration companies listing on the Australian Securities Exchange (ASX), a common pathway for raising investment capital. In 2022, there have been 45 mineral companies list ASX Initial Public Offerings to date, with 12 near-term listings expected. This is fewer than the 2021 record-high of 191 IPOS, 104 of which were mineral and mining companies listing, but still significantly higher than the 24 in 2020 and 15 in 2019. In the previous mining 'upswing', 71 companies listed in 2011, and in the halcyon days of 2006, 126 companies listed. The record year in 2021 demonstrates global interest in Australian minerals to the like of which we have never seen before.

Independent research indicates it takes over 13 years to develop a mine from initial discovery in Australia, and that only 1 in 135 mineral exploration discoveries will develop into a producing mine. Nationally, 75% of these discoveries are now accounted for by smaller, equity-funded mineral exploration companies³. These junior explorers capture an estimated 64% of value created by the industry, at a value to cost ratio of \$2.10 per dollar spent on exploration. Larger miners meanwhile, deliver an estimated \$0.58 value per dollar spent on exploration.

Investment in mineral exploration, particularly greenfield exploration, is inherently risky. The Victorian Government estimates a conversion rate of 1 in 300 at best, from exploration to mining development. The substantial commitment required however, is not without rewards. From 1990 to 2017, \$1.68 of value was created for every \$1 spent on exploration⁴. MinEx Consulting assessed 100 gold and copper discoveries across the world, finding that it took an average of 12 years and 2.5 companies to make the discovery. The successful company, the last company in the chain, typically took 2.5 years to find the deposit.

Over the last 40 years, the rate of discovery, statistically, appears to be slowing⁵. On average, industry finds three Tier 1, fifteen Tier 2 and sixty Tier 3 deposits per decade. Despite the world's demand for metals doubling every 20 to 30 years, in the last decade no Tier 1 deposits have been found in Australia⁶. As the majority of these discoveries are made by smaller mineral exploration companies who are entirely reliant on capital raising via the ASX, coupled with the riskier nature of greenfield exploration, these companies are the most vulnerable in Australia's mining industry. Mineral exploration companies need to attract financing from investors to their projects, work collaboratively to ensure the jurisdiction they are operating in is viewed favourably for investment, and

³ <https://minexconsulting.com/recent-trends-in-the-the-australian-junior-sector/>

⁴ https://minexconsulting.com/wp-content/uploads/2019/04/Copper_to_the_World_Richard_Schodde_Keynote_address_27_June_2017.pdf

⁵ <http://minexconsulting.com/wp-content/uploads/2019/04/PACRIM-Conference-April-2019-FINAL-updated.pdf>

⁶ https://minexconsulting.com/wp-content/uploads/2019/04/Copper_to_the_World_Richard_Schodde_Keynote_address_27_June_2017.pdf



navigate complex regulatory frameworks with those in some jurisdictions perceived to be more welcome of developing mines than others.

The question of whether a discovery will be developed into a mine or not, is a combination of the geology of the deposit and the economic return which can be gained from mining the mineral. The economics of a return are in part, determined by factors within the control of Government and companies, including land access costs, certainty of land access, regulatory frameworks, mining and processing methods, and transport options for the mineral. Factors beyond the control of Government include the commodity cycle, value of the Australian dollar, and market sentiment.

The commodity cycle and timing of ‘investment windows’ is an important determining factor, as it underpins the financial modelling of feasibility studies required to financially progress exploration projects into mining. For example, in 2017 the copper price appeared to reset from a long run average of \$7,000 a ton to \$8,300 a ton (from 2017-19). This \$1,300 step-change in price could make some marginal projects profitable, if they were able to develop during this window.

In South Australia, there are a small number of multinational enterprises, with the majority of the sector comprised of private or ASX-listed mineral exploration companies, reliant on the ability to raise capital to further their exploration projects through the development pipeline. The increasing depth at which discoveries are being made in South Australia, coupled with natural weather events impeding access to remote towns, increases the time and funds spent trying to develop a mineral asset. All these factors, increase the cost of operating in South Australia.

As of 2018, across Australia, only one in ten already listed companies is drilling ‘under cover’. The greater the depth of drilling required, the less likely existing pre-competitive data is to exist, which creates higher risk⁷. With 75% of South Australia under cover, the Department for Energy and Mining appropriately acknowledges that it is a “major challenge that mineral exploration faces in many parts of South Australia in exploring efficiently and effectively through this extensive and thick cover”.

However, the success rate for finding copper deposits in South Australia is two-times better than the world average⁸. Whilst smaller mines more prevalent in South Australia typically have a shorter mine life than larger mines, they still deliver long-term and wide-ranging benefits to local communities, and contribute to the overall welfare of the State. In addition to job creation leading to a skilled local workforce, a vibrant mining sector can deliver the royalties that are required to develop hospitals, schools, roads, and increase publicly funded frontline health and emergency services officers.

As we shift towards exploring more carbon-neutral elements in mining operations, the demand for critical minerals and base metals which South Australia has a proven geology for hosting, will continue to increase. Opportunities to downstream these mineral bodies locally, need to be considered.

⁷ https://www.minotaurexploration.com.au/wp-content/uploads/2019/06/MEP_Mines-Money-conference_13Jun2019_169.pdf

⁸ Slide 24, Ibid.



RECOMMENDATIONS IN DETAIL

The following policy recommendations have been developed with AMEC's South Australian member companies. They are made in addition to AMEC's South Australian 2022 Policy Platform⁹.

Recommendation 1: Increase resourcing within Department for Energy and Mining (DEM)'s Mineral Resources Division with funding for 15 additional approvals officers and 5 additional Graduate Officers.

a. Establish an inter-agency secondment program between DEM, EPA and DEW.

AMEC's top recommendation in the 2023-24 Budget remains prioritising resourcing to meet increasing demand for timely, effective approvals and reforms. There is an urgent need for increased resourcing within DEM's Mineral Resources Division. AMEC recommends funding for an additional 15 approvals officers, and an increased Graduate Program with specific allotment to the Mineral Resources Division (MRD), above the DEM overall 316 FTE, and approximate 130 FTE within the MRD.

South Australia's work approvals increased from 2021 to 2022, with a 17% increase to 882,000metres drilled for future programmes of work approved, on the back of record commodity prices. A 10% increase in approvals for Programs for Environmental Protection and Rehabilitation (PEPR) was also reported, with 67 PEPRs approved to November 2022.

The need for timely approvals is paramount. With a solid programme of works, including a digital transformation, reform agenda, development of policies and procedures to support the 2021-introduced mining regulatory framework, increased demand for on-ground compliance and enforcement, and increasing volume and complexity of approvals, resourcing constraints pose a significant risk to operational capacity, costs, and timeframes.

Delivering additional resourcing to the Mineral Resources Division to address resourcing constraints and support approvals capacity whilst the Department progresses a substantial transformation and reform agenda, will serve as a strong market indicator to potential investors that cost-effective and timely processes can be met.

In a resource-constrained environment, the ability for Governments to train and retain a highly-skilled workforce must be a priority. Whilst mineral exploration and mining can create long-term career pathways, with highly skilled workers, both trades and professional, retaining regulatory expertise within the sector will support Government in undertaking risk-based regulation. The establishment of an interagency secondment program between the Department for Energy and Mining (DEM), Environment Protection Authority (EPA) and Department for Environment and Water (DEW) can

⁹ <https://0h50cf.a2cdn1.secureserver.net/wp-content/uploads/2021/11/AMEC-SA-2022-Election-Submission.pdf>



enable timely assessments, sharing of information within relevant agreements, and a skilled public sector.

Graduate programs are a relatively low-cost, effective way to attract a talented pool of emerging professionals to DEM. A cross-Department or interagency program will enrich the development of graduates, to incentivise long-term careers, to the benefit of Government and Industry. Graduates will benefit from training across multiple areas of the business, whilst supported by mentorship and opportunities for development within one of the State's key growth sectors.

Recommendation 2: Reduction in approvals timeframes.

- b. Progress the MERS development to deliver streamlining and transparency to approvals processes.**
- c. Develop MOUs with EPA and DEW to formalise timeframes for external-agency referrals.**
- d. Advance digital innovation and artificial intelligence in approvals systems.**

A corresponding reduction in approvals timeframes is expected with increased resourcing for DEM's Mineral Resources Division, and digital streamlining projects.

Increasing timeframes for approvals due to greater complexity, increasing volume and duplication between State and Commonwealth Governments, are hampered by resourcing and capacity constraints across the nation. To maintain a competitive edge, South Australia's regulatory frameworks must be timely and efficient. Dedicated funding allotted through the Budget can address significant challenges, and fast-track approvals reforms to support a robust mining sector.

Approximately 26% of exploration tenements in South Australia are currently awaiting approval decisions. Delays introduce unnecessary uncertainty and opacity to project proponents, potential investors, and communities, with approval timeframe delays typically dwarfing other regulatory costs. Progressing the Mineral Exploration Regulatory System (MERS) online system is expected to deliver improved transparency, traceability, and real-time tracking of approvals, to provide much-needed streamlining and certainty to South Australia's lagging approvals processes. We welcome the development of this system, and the increased ability to ensure that statutory and target timeframes are being met.

AMEC recommends DEM develops formal agreements through a Memorandum of Understanding (MOU) outlining statutory timeframes for response with external agencies, namely the Environment Protection Authority (EPA) and Department for Environment and Water (DEW). Delays to approvals processes can be costly for mineral explorers and miners, and present a significant obstacle in meeting statutory obligations regarding exploration activity and expenditure. Increased transparency and accountability of both industry and Government will facilitate more efficiency.

AMEC also supports advancing digital innovation and artificial intelligence uses in approvals processes, to reduce duplication and administrative burden. Innovative solutions can enable approvals officers to apply risk-based regulation, in a commensurate manner.

Recommendation 3: Reconsideration of 18-year Compulsory Relinquishment.

- e. Consultation on legislative reform and secondary policy development to support amendments to the 18-year relinquishment of tenure framework.**
- f. Prioritise the development of Retention Leases.**
- g. Align Exploration Licence Compulsory Relinquishment with Expenditure Conditions.**

The introduction of compulsory 18-year relinquishment of tenure provisions in the *Mining Act 1971* (Mining Act) and *Mining Regulations 2020* (Regulations) sought to prevent the issue of 'land-banking' to promote diligent exploration. While AMEC supports the 'use it or lose it' principle, this legislative amendment has diminished the certainty required to attract investment to progress mining development, and removed the flexibility required to respond to market shifts and extenuating circumstances. These factors are unfavourable for the State's attraction of mineral exploration and investment, with near-and-longer term, unintended consequences for South Australia's mineral exploration and mining sector.

Legislative amendment is recommended to review this requirement, and re-instate the certainty required to attract investment to progress development. Commercial consideration must be given to the practicalities of developing an exploration project into an operating mine in South Australia, including realistic timeframes, costs, and associated risk factors.

AMEC welcomes consultation on reforms to legislation which supports mineral exploration, commercial ventures, and mining projects, whilst upholding the intent of 'use it or lose it'. We welcome the opportunity to continue collaborating with Government to identify a pragmatic path forward, including the development of policy, to outline criteria to warrant 'extenuating circumstances' for a Minister to grant an extension. This will support our advocacy for the reinstatement of the Minister's ability to grant extensions to terms of tenure, subject to legislative amendment.

To increase transparency and support a competitive tenure system in South Australia, AMEC has made a confidential submission to the Minister and DEM, outlining a range of recommendations for consideration, to support the 18-year relinquishment review. These recommendations are intended to increase competition for access in South Australia, mitigating unintended consequences for mineral explorers.

As a priority, we recommended the three-exploration regulation fee zone model and corresponding fees is reformed, replaced with one consistent fee across the State; the Retention Lease policy is developed; and the Exploration Licence Compulsory Relinquishment policy is updated to align with Expenditure Conditions, supported by increasing industry self-regulation, via the Warden's Court.

Recommendation 4: Standardise Exploration Regulation Fee Zones.

South Australia's current three-fee zone for exploration tenements and the corresponding fee structure introduced under the Marshall Government, was intended to incentivise expenditure in zones with more competition for access.

The complexities in navigating the current model diminish transparency of expenditure requirements and commitments. There is opportunity to increase transparency and increase activity by reviewing the fee structure, and defining one consistent fee across the State.

The increasing global demand for South Australian minerals, reflected in increasing demand for approvals, demonstrates heightened demand for access to land. A regulatory model that enables industry self-regulation through transparent fee structures and minimum expenditure requirements published on the Mining Register, upheld by compliance and enforcement functions, will encourage fierce competition for tenure, in the best interests of the State.

A consistent mineral tenement rental rate regardless of the 'zone' the tenement is located within, will promote the turnover of tenure when expenditure requirements are not being met. With tenements in prospective areas often intersecting multiple zones, the ability for industry to self-regulate is challenging, with proponents often uncertain of the actual expenditure conditions. A consistent fee structure across the State would allow for a common awareness of expenditure conditions, to readily identify those who are not undertaking exploration activity, to use their tenure or risk losing it. As is the case in other jurisdictions, the potential to lose prospective tenure actively simultaneously encourages diligent mineral exploration, and discourages land banking.

Recommendation 5: Extend and expand the Accelerated Discovery Initiative by a further \$2.5M over a further three years.

The Accelerated Discovery Initiative (ADI) is an innovative approach to drive further investment into mineral exploration. The South Australian Government's ongoing commitment to the ADI demonstrates to investors, the Government's support of mineral exploration, and the discovery of the mines of the future. AMEC welcomed the South Australian 2022-23 Budget's continuation of the ADI, to 2025-26. We recommend the oversubscribed program is further extended and expanded, to continue delivering significant return on investment to South Australians, well into the future.

A 2021 WA Government funded-study of a similar co-funding program found that every \$1M invested stimulated exploration activity which generated \$10.3M in direct benefits for the state. Independent studies on other similar Government initiatives including the previous PACE program in South Australia, and Western Australia's Exploration Incentive Scheme (EIS) showed returns of 19:1 and 10:1 respectively. This shows that for every dollar invested, the return was significantly more.

Co-funding investment programs are a strong indicator of Government support for the Industry. The availability of co-funding initiatives encourages mineral exploration in areas which may struggle to attract private investment, particularly those investments considered to be higher risk. As greenfield mineral exploration is inherently higher risk than brownfield exploration, incentives are necessary to encourage this exploration in remote areas.

Mineral exploration and mining activity needs to lift across South Australia to deliver economic, social, and community benefits. In a highly competitive market, incentive programs which boost exploration activity and support further pre-competitive geological data, are viewed favourably. With a total of \$10M available to eligible projects over the initial three years of the program, the innovation

demonstrated by successful applicants demonstrates the value of the program, and opportunities for expansion. The expansion of the ADI for a further three-years at least, and increase in total available funding by a further \$2.5M, will deliver long-term benefits to the State and local communities.

Recommendation 6: Progress a Critical Minerals Strategy for South Australia, aligning with the Commonwealth Critical Minerals Strategy

- h. Establish a Rare Earth Centre for Excellence in South Australia**
- i. Progress the work of GSSA to reanalyse historical drill core, and undertake a full economic review of critical minerals in SA.**

As we progress towards national and global decarbonisation targets, more mines, particularly for critical minerals, will be needed. South Australia hosts a range of these minerals, and a Critical Minerals Strategy developed to align with the Strategy being developed by the Commonwealth Government, can best-position the State to capitalise on these emerging opportunities and meet global demand.

Market needs for rare earth elements (REE), both national and global, cannot be met with current sources of REE. There is an opportunity for SA to leverage technical and theoretical expertise, by developing a REE Centre for Excellence.

The Centre's primary purpose is to answer the question "what facilities, capabilities and expertise are required to identify, diagnose and progress the mineralogical and metallurgical opportunities of Rare Earth Elements?"

A South Australian Centre specialising in REE excellence will leverage academic and technical excellence, in a jurisdiction which hosts multiple REE projects. This presents the opportunity to combine Commonwealth, State, and private-company expertise and input, to ensure South Australia is at the forefront of an emerging critical mineral opportunity, to align with the Commonwealth Government's Critical Minerals Strategy.

Supporting the growth and development of this emerging sector can position South Australia as the nation's leading expert in ionic rare earths and a range of critical minerals, as commercialisation of these projects progresses. Attracting worldwide talent and expertise to South Australia's minerals sector will highlight to investors, the opportunities that exist locally. It will also contribute to ongoing development of a highly skilled future workforce.

Progressing the work of South Australia's Geological Survey (GSSA) to review historical drill core samples for critical minerals, undertake the minewaste study in collaboration with GeoScience Australia and the University of Queensland, and an economic review of South Australia's critical minerals opportunities along the value chain, will all support South Australia in realising value from emerging critical minerals projects across the State.

Recommendation 7: Implementation of an effective Multi-land user framework.

A multi-user land access framework (MLUF) is recommended by AMEC, to ameliorate concerns arising as varying uses for land emerge, and the effective management of multiple users becomes increasingly necessary.

There is no good reason why different land uses and land users cannot co-exist in a properly regulated framework. Just as mineral exploration can co-exist with agricultural or pastoral industries, so too can these industries co-exist with future land uses for hydrogen and renewable energy projects.

There is significant concern the preservation of certain land for the ‘business of primary production’ and renewable energy sources will take precedence over land for mining use, mineral exploration and associated activities. This is an outcome that must be avoided. It would be detrimental to South Australia’s ability to implement and maintain a multi-user land access framework, and deny significant economic opportunity for the State.

Mining is more stringently regulated than pastoral and agricultural sectors, and the legislative and policy amendments, including the consultation currently underway for the Hydrogen and Renewable Energy Act, must consider the potential that they may reduce the certainty of access to land for our industry, without justification.

With mining occurring on approximately 1% of the State geographically, but much more subject to assessments and in-depth analysis for suitability of exploration, expert work is undertaken, often by exploration and mining companies in the development of their EPEPRs and Mining Lease Applications, outside of legislated expectations.

A balanced framework managing access to land, without detrimentally reducing certainty of land access for South Australia’s mineral exploration and mining sector, must be a priority of this Government. A multi-land use framework is being adopted in other States, such as Queensland and Western Australia, which are also preparing for hydrogen and renewal project developments. While South Australia has a MLUF, the introduction of a strong renewable agenda must consider other land uses.

AMEC welcomes ongoing opportunities to work with Government agencies and other industry stakeholders to represent these views, to ensure a holistic awareness of potential implications is considered throughout incremental reform processes.

Recommendation 8: Establishment of a mineral exploration and mining forum.

AMEC recommends a mineral exploration and mining forum is established, to provide the Minister, Minister’s Office, Department for Energy and Mining, Industry Associations, and a select number of exploration and mining companies, a direct and regular opportunity to discuss current and emerging issues and opportunities.

These forums operate in Australian jurisdictions to facilitate and encourage real-time discussion of on-ground and policy considerations, with input from key stakeholders relevant to future regulatory

planning and decision making. The involvement of industry associations in these forums is important, to provide the Minister and Department with a representative view of the industry, given the limited number of direct companies that are typically able to participate.

With a range of exploration projects across the State, a bi-annual mining and exploration-specific forum is recommended at minimum, to address in real-time, current and emerging opportunities for South Australia's developing minerals sector.

Recommendation 9: Refresh the Copper and Magnetite Strategies.

South Australia's 2016 Copper Strategy was a strategic and collaborative effort between Government, Industry, research institutions, community groups and Aboriginal stakeholders to increase the State's leading-edge copper industry. With an already renowned reputation as the 'Copper Kingdom', there is opportunity to expand this competitive edge for South Australia, whilst expanding opportunities to excel in mineral production across other commodities.

Global demand for copper and critical minerals continues to outpace the rate of discovery and production. In 2021/22 Copper has remained the State's leading exported good, at \$3.1B, accounting for 54% of the State's exported goods value¹⁰. A 2019 review of the Copper Strategy found there was \$2 billion of potential capital expenditure across eight advanced copper projects. If developed, these projects could significantly increase production. South Australia's position as a preeminent supplier of these materials, supported by continued advancements in discovery and extraction methodologies, should be promoted via a refreshed Copper Strategy.

A refreshed Copper Strategy can capitalise on the State's adoption of innovation and consideration of modern manufacturing opportunities to create more efficiencies leading to increased production of copper across South Australia. An important point of distinction for the refreshed Copper Strategy, should be the crucial role Copper will play in meeting decarbonisation and energy transition targets.

In 2018, approximately 2.3 million tonnes of magnetite was produced in South Australia for domestic use and export¹¹. The Magnetite Strategy comes to a conclusion in 2022, following an ambitious target to deliver \$10B of committed investment to unlock the potential of magnetite.

With \$801.7M in iron ore exports in 2021/22¹², AMEC welcomes engagement with Government and other stakeholders to support the targeted water and infrastructure projects being considered and progressed by Government. The progression of these projects, in particular the development of the economic heatmap and water infrastructure corridors by the South Australian Government, will positively impact the emerging magnetite sector. There is opportune timing now to establish South Australia as a magnetite jurisdiction. Refreshing and revitalising the Magnetite Strategy with direct

¹⁰ <https://www.energymining.sa.gov.au/home/news/latest/export-record-as-sa-minerals-fuel-climate-change-fight>

¹¹ https://energymining.sa.gov.au/minerals/about_us/initiatives/magnetite_strategy

¹² <https://www.energymining.sa.gov.au/home/news/latest/export-record-as-sa-minerals-fuel-climate-change-fight>

reference to these infrastructure developments, is recommended to capitalise on the potential of existing and untapped resource deposits, to increase the output of magnetite that is exported from South Australia each year.

Recommendation 10: Robust legislative review process.

AMEC recommends any legislative review and/or reform process is suitably resourced with increased Department for Energy and Mining resourcing and Parliamentary Counsel priority, to ensure robust consultation can be undertaken in a timely and concerted manner.

Resourcing and capacity constraints continue to pose a substantial risk to mineral project development across all jurisdictions, including South Australia. With recently introduced legislative reforms in 2021, a wide range of outstanding policy and quasi-legislative documents and procedures are still to be developed. Clarity is sought on the status of these tools. This delay of almost two years, creates unnecessary uncertainty across regulatory officers and industry, leading to delays in accessing ground, for exploration and mining.

A well-resourced department, and adherence to best practice consultation methods, is recommended to address barriers to development.

AMEC has already provided several briefings, including recommendations for a non-statutory mineral exploration code of conduct, a shift from Part 9B to Right to Negotiate, and a review of the 18-year relinquishment of mineral tenure requirements, and welcomes opportunities to consider reforms to enhance the effectiveness of the legislative framework regulating mining across South Australia.

With sufficient time and resourcing, AMEC and our members welcome the opportunity to engage with Government to identify further opportunities to streamline current processes, to develop a more robust regulatory framework, particularly opportunities to consider non-statutory policy improvements. We extend the invitation to facilitate discussions between our members and Government, to ensure a wide range of mineral explorers and miners across South Australia are engaged through the process, once formally announced.

It is envisaged any potential review will deliver a well-consulted regulatory framework, supported by policies, guidelines and factsheets, that meets checks and balances, whilst maintaining a welcoming investment environment.

Recommendation 11: Return the concessional royalty regime.

With a range of projects approaching development in South Australia, a long-term investment environment supported by an incentivising royalty regime is needed to attract investment.

The previously discounted 2% royalty rate for new mines in South Australia, for a period of five years, was a distinct competitive advantage that AMEC recommends reintroducing. The discounted concessional royalty incentivises long-term investment at a critical point in the financing cycle, thus delivering the greatest returns to the State at the point in time when the project is most profitable.

The Mining Act retained the provisions for this concessional royalty through the reform. Its reintroduction should be straightforward, via Treasurer's instructions.

A key determinant of productivity growth is the competitiveness of a State's royalty framework, which is an indicator of investment attractiveness. A 2% discounted introductory royalty will incentivise companies to invest and develop mines in South Australia, whilst simultaneously attracting investment to finance the critically important early stages of the mining cycle.

The development of a mineral exploration project into a producing mines relies on a number of factors, including regulatory approvals, global commodity markets, and feasible mineral discoveries. The revenue derived from royalties will only begin upon commencement of production. The discounted royalty rate represents foregone revenue, that could have a beneficial multiplier effect.

Recommendation 12: Develop targeted investment attraction opportunities for the minerals sector.

In a globally competitive market, with local and international interests competing for similar revenue sources, a minerals-specific investment attraction event is recommended to attract investors to South Australia.

Mineral explorers rely on securing finance to fund exploration work, to discover the mines of the future. Despite its size and the increase in exploration activity across South Australia, attracting investors to the State has proven a continuous challenge.

A targeted investment attraction strategy can promote South Australia as a preeminent jurisdiction for minerals. A minerals specific investment conference is recommended by AMEC, in June 2023. Its success can influence future iterations of this event. The South Australia Investment Conference 2022 for renewable energy projects is an event that could be repurposed in June 2023 for mineral exploration and mining projects, ripe for investment.

Currently, projects seek investment outside of South Australia, in part due to a lack of investment attraction efforts focused on the wide range of minerals projects at various stages of the development pipeline. With concerted focus from the South Australian Government agencies, primarily the Department for Trade and Investment, in collaboration with DEM and Commonwealth Government counterparts, an investor roadshow can be held in Adelaide, to attract investment to the State where the projects are domiciled.

There is opportunity to promote the current and future prospectivity of the State's potential to local, interstate and overseas investors by addressing this vacancy.

South Australia's minerals sector, from early exploration projects through to emerging miners and critical minerals processing companies, represent a range of sought-after minerals at various stages of the value chain, to meet decarbonisation targets. With investment and strategic alliances facilitated by South Australia's Government, South Australia's minerals sector could grow to new and unprecedented heights.

Recommendation 13: Identify strategic paths to development.

There are a range of projects across South Australia, exploring and mining for both traditional and critical minerals. With increasing costs of operating, and progressively complex approvals processes at State and Commonwealth levels, remaining the investment jurisdiction of choice is a challenge for South Australia.

A study to identify barriers to development, from a commercial and operational perspective, can identify opportunities to drive targeted reform and prioritisation for policy development.

South Australia's mineral prospectivity is proven, but timeframes for the progression from exploration to mining have increased. This delays the receipt of benefits to the community, State and economy, and root causes can be identified and addressed, through this activity.

Strategic paths to development can be developed once there is a clear understanding of commercial barriers to development, to spur further investment into the State's burgeoning minerals sector.

Recommendation 14: Infrastructure prioritisation.

AMEC recommends the State Government acknowledges the preferred location of the new port facility in South Australia, at Cape Hardy, as a priority. The port's development has received State and Commonwealth acknowledgement, with over \$25M in Commonwealth Grants announced in 2019. To support the growing number of developing mining projects, increased export facilities are required, outside of Adelaide. Cape Hardy is the first South Australian deep-sea port capable of loading cape-size vessels, can facilitate the increased transport of South Australian minerals and other primary goods, with over 50 formal expressions of interest received, to utilise the port's facilities.

Cape Hardy has strong, widespread local community support, including from the Eyre Peninsula Local Government Association (EPLGA) member councils and Regional Development Australia Eyre Peninsula (RDAEP). The project has an Indigenous Land Use Agreement registered with the Native Title Tribunal and received EPBC approval (EPBC 2014/7285) on 9 March 2018.

The Cape Hardy port precinct has the potential to become an integrated industrial and hydrogen manufacturing and energy exporting hub, with excellent desalination potential. Located in a high-energy zone of the Spencer Gulf, the Cape Hardy site has been found to offer a number of advantages, in particular, access to deep water to enable the sourcing of high-quality seawater for a desalination plant, and likely improved dispersion of brine.

AMEC recommends the South Australian Government names Cape Hardy as the preferred port location, and seals Dog Fence Road (Yeelanna-Ungarra), including the East-West Eyre Peninsula Road, to allow for increased and safer grain freight movements. A modest financial contribution will assist in unlocking the private Australian financing required to develop Cape Hardy port, with a significant potential multiplier effect, encouraging exploration and mining, as well as diversification of South Australian supply chains.

Recommendation 15: Prioritise Native Title agreement making.

The Gawler Craton ILUA, which terminated in February 2017, was the result of robust consultation to identify opportunities to effectively manage Native Title agreement making for expedited land use. It facilitated expedited mineral exploration in authorised areas, for explorers who entered into an 'accepted exploration contract'.

\$1.2 million was committed in the South Australian 2020-21 Budget over five years to re-examine this initiative, in recognition of stagnating developments. Broad consultation was planned with stakeholders to understand opportunities to address concerns and improve engagement.

Prioritising Native Title agreement making must be a priority for Government. Increasingly, operating practicalities mean that Part 9B can result in negotiations or attempted agreement making processes extending to approximately six-years, one third of an entire licence term for an exploration licence holder. This can prevent diligent exploration licence efforts, and expenditure requirements, as relationship building and engagement are prioritised by the proponent whilst seeking to reach agreement, and 'low level exploration activity' may be seen to jeopardise advancements. Whilst a reform of Part 9B and shift to Right to Negotiate is strongly advocated for by AMEC, so too is progressing agreement making over the Gawler Craton, to enable mineral exploration.

Agreement making can also be facilitated by direct support to the South Australia Native Title Services (SANTS), to facilitate minerals-specific meetings per year, to progress agreement making. Currently, exacerbated by COVID-19 and logistic challenges, meetings can be rescheduled and/or delayed multiple times. To ensure priority is maintained, these focussed meetings can address mining sector-specific issues, in a timely manner.

Recommendation 16: Create and publish an online database of past biodiversity environmental reports and studies.

Precompetitive geological data is a competitive advantage for attracting mineral exploration and investment to a jurisdiction. The ability to access up-to-date data from anywhere in the world, enables consideration of projects from leading experts, who can unlock untapped potential in South Australia's minerals sector.

The South Australian Resources Information Gateway (SARIG) is industry-leading, hosting geological data. An expansion to incorporate past biodiversity and environmental reports and studies, provided by mineral explorers and miners throughout the approvals process, will vastly expand this repository's potential.

The current SARIG data supplies one representative drill hole per tenement record. Increasing the amount of drill hole data available at each tenement would allow prospective mineral explorers to have a greater understanding of historic tenements.

A concurrent exercise in enabling the searching of this data via standardized optical character recognition (OCR) is recommended, whereby rescanning existing PDFs would make historical data searchable and useable.

Digitalising existing precompetitive data, and improving access to it, should maximise the uptake of available geographic data to increase mineral exploration. This aligns with DEM's drive for constant digital innovation.

Similar to the Geological Survey of South Australia (GSSA) underpinning economic growth by collating and presenting drill core information on which mining companies can form decisions about further exploration pursuits, the collation and presentation of biodiversity data will allow for greater data analysis and could enhance the effectiveness of environmental assessment and protection.

This work is currently also being undertaken by the Commonwealth Government, through the Digital Environment Assessment Program (DEAP). DEAP is an online system intended to reduce the administrative burden on both Industry and Government, as part of the Commonwealth's broader digitalisation agenda, allowing for increases in business efficiency by reducing timeframes and costs while increase transparency and traceability of assessments through approvals processes.

Mineral exploration and mining companies fund and produce large amounts of environmental data and assessments, including flora and fauna surveys, and water and air quality studies. This data is often duplicative of studies that have occurred previously, but are inaccessible or unknown, as some of the reports are held as the intellectual property of the consultant that undertook the studies. Treating these reports as public documents, following policy and legislative reforms, could provide a substantial precompetitive advantage.

SARIG could host these documents, and incentivize mineral exploration by reducing the cost of doing business in the State, while supporting the due diligence required when selecting a tenement to explore. The systematic collation of this information in one digital database will also allow the public to easily see the broader scientific contributions made by the mineral exploration and mining industry.

To support the expansion and digitalisation of SARIG's precompetitive data can occur, it is important that the necessary information communication technology and network availability is in place.

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