

To: South Australia Department for Energy and Mining (DEM)

Re: South Australia's Green Paper on the Energy Transition

13 August 2023

Introduction

AMEC appreciates the opportunity to provide a submission to the Department for Energy and Mining (DEM) consultation on the Green Paper on the Energy Transition. The comments and feedback from this process will inform the development of a white paper, as the State pushes towards 2050 net zero targets. AMEC welcomes continued engagement to ensure the opportunities and challenges of mineral explorers and miners are well represented.

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 2021/22 Industry generated a record high \$413 billion in resources exports, invested \$3.86 billion in exploration expenditure to discover the mines of the future, and collectively paid over \$63 billion in royalties and taxes.

In South Australia in 2021-2022(FY) mineral exploration expenditure 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. In 2020-21, over \$237 million was generated in royalties from the \$7.1 billion in mineral commodity sales, representing a record high.

Green Paper on the Energy Transition

General Comments

South Australia has a well-established reputation as energy leaders, recognising the importance of progressing innovation to meet targets set by ambitious climate-related goals. A co-designed framework for the energy transition, much like a co-designed and effective multi-land use framework, will be paramount to underpinning the ability of multiple sectors and Government, to work collaboratively to achieve these goals, as a State.

With a climate emergency declared by the Malinauskas Government in May 2022, just after returning to Government, it is clear there is a strong focus on delivering climate outcomes for South Australia. How the multiple strategies and taskforces established address these challenges, and their success, is yet to be determined.

Mineral explorers and miners cannot operate without impact. There does not yet exist technology to accurately track and assess emissions at all stages of the supply chain, nor is the technology that does exist, accessible by all parties in the market. It is imperative to the ability for the state to remain operational, that any strategies, policies or legislative amendments recognise the challenges in navigating already costly and complex approvals pathways, and that additional layers of bureaucracy are not added.

We welcome clarity of the Department's role as a regulator, including the approvals functions relevant to the energy transition. As we consistently hear from Government, there is no decarbonisation without mining. There is welcome opportunity for strong leadership to ensure the State, and those responsible for regulation, understand commercial drivers and can work with private industry to realise these opportunities in a timely manner, to the benefit of the wider community.

The role of minerals in the energy transition

More, not less mining, is needed to support a green energy transition. This is a concept understood across the minerals industry, however, the broader public sentiment towards the industry is still quite challenging. To support the renewable energy mission, AMEC welcomes increased Government support to complement the work industry is doing, to raise awareness of the important role minerals play in decarbonisation.

It was an interesting reference to include research conducted in 2020 by the SA Department for Environment and Water (DEW) in a 2023 paper, when environmental practices and requirements are moving at a rapid pace. The research referenced said manufacturing and mining emissions in South Australia had not fallen since 2009. When referencing data, accuracy and measures are critical. With a new mine, Carapateena, opening, and production levels across the mining sector increasing, it is a challenging 'one line assertion' to quote without adequate context. Grouping mining and manufacturing together, is also questioned. To track progress, there needs to be accurate baselines.

Energy storage and generation will require large parcels of land. As competition for access to viable land increases, the importance of an effective, updated multi-land use framework is further highlighted. AMEC recommends this is developed as a priority, subject to robust industry consultation. It is imperative that land for mineral exploration is not sterilised as a consequence of land use for other purposes.

Regulation

AMEC notes reference to the role of DEM in the green paper, as 'one of the very few government departments globally to recognise the link between mining and renewable energy. This link is critical to the world's net-zero emissions future.' We do not disagree with this statement, or the work of the regulatory department. However, it is important to track progress against targets, across industry and Government. Does data exist that can demonstrably outline the role that the 'one stop shop' regulator has actively played in progressing approvals in a timely fashion, to meet energy transition targets? Can this data be contrasted against the timeframes for approval, and potentially the outcomes, of those projects that do not have an easily identifiable 'energy transition' link?

If the Department will truly be the one window to industry and Government, it needs to ensure it has stronger powers to enable it to do its job of regulation, including approvals across the multiple areas it regulates, of mining, energy and petroleum. Currently, mining approvals processes are unnecessarily impacted due to lack of transparency and untenable 'stop the clock' provisions when an application is sent to an alternate agency. Memorandums of understanding (MOUs) with other agencies, and statutory timeframes, as well as transparently reporting against these timeframes, will enable greater insight into the performance of the agency tasked with driving the mining and energy industry forward.

There are a range of reforms underway at a State and Commonwealth level to address the risks of climate change. Industry has legitimate concern the South Australian Government will introduce targets and extra regulation that cannot be achieved. While we are concertededly working to reduce emissions, the technology required to accurately track and record Scope 3 does not yet exist, nor do legislated requirements for companies to track these emissions. Environmental approvals processes from the earliest exploration works are requiring demonstration of reduced emissions planning, and planning for closure. At this early stage of exploration, it is not even certain that a mine will be developed. A more robust commercial understanding of exploration and mining projects, and the plethora of Government approvals that are required across every agency, would lead to better regulatory and business outcomes.

Approvals processes and the officers resourcing these functions should be able to assess and regulate projects without unnecessary delays. This can be addressed by a strong Government-led position, that does not introduce unnecessary duplication and additional burden.

A green mining and processing strategy

AMEC seeks to understand what outcomes the South Australian Government contends a potential green mining and processing strategy should, and can achieve. It could eventually have merit, but with too little current focus on mining in South Australia, there is concern that unless a strategy can streamline approvals and curtail the increasing cost to do business in the State, it will likely be another glossy document.

Effective planning and delivery of approvals, regulatory reforms to amend elements of the 2021 commenced Mining legislative framework that AMEC has consistently raised as requiring amendment, and an active effort to address resourcing capacity and constraints, would be a more effective use of Government funding. In the absence of faster pathways to approval and more mines being switched on, it is incumbent on private industry to attract investment to the sector. Government investment into the industry by ensuring co-funded programs like the Accelerated Discovery Initiative (ADI) and efficient regulation are in place, are a strong indicator to the market and project proponents that co-existence of multiple industries can occur.

Should a strategy be developed, the purpose it serves must be clearly outlined. Its alignment with the Critical Minerals Strategy, Copper Strategy and Magnetite Strategies of South Australia, which have all been announced but yet to be released, and the Commonwealth's Australia Made Battery Plan and Critical Minerals Strategy, must be clearly stated. Consideration of the whole lifecycle of a mineral, from exploration to end use, and the risks to proponents at various stages of the cycle due to financing and approvals, is something that does not yet exist but would be beneficial for the state.

Access to affordable, reliable energy in regional locations

AMEC members across the state operate in remote communities, across regional South Australia. These projects if at all, have limited connectivity to the grid beyond their head offices. There is yet to be an energy proposal that addresses limited supply options and cost escalation concerns to small to medium sized businesses operating in regional South Australia. With the State seeking to capture a greater share of the mineral processing opportunity, even greater sources of energy will be required. An attractive proposition to potential investors and developers, is one that considers access to utilities, including energy, gas, water, and infrastructure.

Currently, there are limited competitively priced energy options for South Australian businesses, and there is extremely limited support for those that are not on the grid.

Smaller companies could be encouraged to consider the use of renewable energy sources including batteries via incentive programs such as co-funded investment, reduced rental and installation options, to de-risk the introduction of early-stage technologies that are not typically their core business undertaking.

Energy transition roadmap

The energy transition roadmap should consider the cost of access, reliability of energy sources, and technological developments in this space, particularly the ability of smaller and emerging entities to access these resources.

Mineral explorers, who are typically reliant on capital raisings via the ASX, do not have the finances or the risk appetite to be early adopters; they should not be inadvertently penalised as a consequence. If there is a concept or technology the State would like prioritised, there is a role it should play in ensuring it is accessible by entities of all capacities, or within target ranges, to test its effectiveness.

The roadmap should align with the quickly evolving Commonwealth Government agenda relating to the environment and climate change. This includes EPBC Act reforms, climate-related financial disclosures, safeguard mechanism reforms, and the range of emissions reduction legislative and policy reforms that are currently underway or planned. An incremental, phased approach, which captures the largest emitters first, utilising the ASX top 100 methodology, is recommended. This can ensure there is sufficient time and capacity across industry and regulatory agencies, to meet new demand, and the experiences of those with greater capacity, can inform the next stages for those with less capacity.

Planning for the future

AMEC recommends that focus is given to planning for the current and future state of play in Australia, with regards to energy needs, uses and affordability.

In regards to the minerals sector, with a strong critical minerals agenda, there is a dire shortage of metallurgists to provide the technical expertise on the separation, extraction and processing of these minerals. Critical minerals differ from traditional methods of mining, in that the majority of their 'saleable value add' comes from elements of chemical processing. How we do that in an energy

conscious and efficient manner, requires metallurgical expertise. With enrolments in metallurgy courses across Australian universities reaching all time low levels, investment must be made in building a strong skills base domestically. This should be supported by Geologists, Geochemists, Mining Engineers, Chemical Engineers, Drillers, Environmental Officers, and Regulators, who are all paramount to the mineral exploration to mining life cycle.

Consideration should also be given to the transport, logistics and infrastructure required to support the increased demand from new and expanded industries. Ensuring ports and infrastructure corridors are permitted, built and have capacity for imports and exports of materials to meet energy transition objectives, will reduce the reliance on higher-emissions transport options. Ensuring planning and permitting for waste facilities capable of handling nuclear waste materials, in close proximity to industrial hubs, will reduce the large distances that need to be travelled from a mine pit to the next phase of processing. High level strategic planning for growth will make the State more competitive, with multiple renewables hubs supported by sufficient capacity to accommodate growth in key industries.

Final comment

AMEC welcomes ongoing engagement with DEM, as the State progresses towards 2030 and 2050 targets. The exploration and mining industry consistently seek opportunities to work collaboratively with Government and other stakeholders, and see the green energy transition as an important opportunity to do so, for all industries.

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