

To: Senate Standing Committees on Environment and Communications

Re: Middle Arm Industrial Precinct

31 October 2023

Introduction

AMEC appreciates the opportunity to provide industry feedback to the inquiry into the Middle Arm Industrial Precinct by the Senate Environment and Communications Reference Committee.

The Middle Arm Industrial Precinct is primed to facilitate the growth in mining and exploration activity in the Northern Territory (NT). Middle Arm is crucial for the Territory to accrue greater value downstream from the critical mineral that will be mined, as it provides the necessary area and infrastructure to accommodate their development. Without an industrial area the full potential of the geological opportunities are more likely to be forfeit.

AMEC supports the continuation of the Middle Arm Industrial Precinct as necessary to deliver on Australia's critical minerals potential. Critical minerals are in high demand globally to drive the world's decarbonisation journey and enable a suite of future technologies.

About AMEC

The Association of Mining and Exploration Companies (AMEC) is a national peak industry body representing over 560 mining and mineral exploration 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 274,00 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.

General Remarks

The mining industry contributes heavily to the Northern Territory (NT) economy through international trade, private investment, and employment. In 2021-22 the value of the NT mining industry was \$6.9B and accounted for 35.3% of gross state product. Currently this value is primarily derived from upstream products that are then shipped overseas for further refinement, beneficiation, and processing.

New and near-term projects with plans for production and downstream processing of critical minerals represents the opportunity for value-adding. These projects include Arafura Resources Nolans rare

earth elements mine and processing plant, TIVAN's Speewah and Mount Peake projects to produce vanadium, and Avenira Limited's Wonarah project for processing of phosphate. These different projects all have the ability to utilise the Middle Arm Industrial Precinct similar to the Santos Darwin LNG and the INPEX Ichthys LNG processing facilities.

The development of industrial parks, such as Middle Arm, is fundamental to the successful realisation of downstream opportunities. The benefits of cleared land, transport, electrical, water and gas infrastructure as well as the necessary strategic approvals, cannot be understated. Simply, these approvals can lower the cost of doing business and shift project economics. The Middle Arm Industrial Precinct allows access to cheaper and cleaner energy with the potential for hydrogen use in the future, port access, and employment.

Internationally, Australia is competing with jurisdictions that are providing completely developed land within industrial ecosystems that lower the cost of doing business, shorten the distance to customers and create secondary markets for by-products and waste products. Currently, a considerable proportion of the Australian critical minerals extracted in Australia are processed further downstream. This is not solely because of the need for industrial land, but also because of the financial, tax and cost structures faced by Australian businesses compared to international opportunities.

In the future, with increased industrial investment, Middle Arm will become an increasingly functioning ecosystem with neighbouring projects supporting each other's development.

The development of Darwin's Middle Arm Precinct, the role and funding intentions of the Northern Territory and Commonwealth governments

The investment into the Middle Arm Industrial Precinct will have many beneficial outcomes for the Territory, Commonwealth, community, and industries, across the long term. The development of greater processing and downstream facilities will generate greater technical employment opportunities and demand a wider range of skillsets.

We consider that the role of the NT and Commonwealth governments is to continue to support and facilitate the development of further industry use in the Middle Arm Industrial Precinct.

The Middle Arm is currently the only industrial precinct in the NT. If the Commonwealth and Northern Territory government want to realise development of critical minerals projects in the near term, Middle Arm presents the only space to do so. The Middle Arm has completed all environmental regulatory approvals process to date, and if not Middle Arm, where?

The minerals mined in the Territory will have further processing and be developed into a variety of products. Capturing some of that value in the NT is possible with an industrial precinct. Otherwise, development will occur offshore in other facilities that face less environmental regulatory requirements and scrutiny.

The question is not of how but when, with great interest in the development of this area. With the release of the Territory Economic Reconstruction Commission (TERC) final report in November 2020, there has been a substantial push by the NT government to invest more into the industries which support the Territory. There is a global uplift in interest to invest in a diversified supply chain, so now is the perfect time to invest in the Middle Arm Industrial Precinct.

The likely and intended future uses of the site as well as the industries and supply chains that would benefit from those plans

As stated, the Northern Territory could develop and facilitate the green energy transition. Middle Arm provides an opportunity to be a global leader. The proximity of the Territory to shipping lanes and potential of Darwin is unparalleled in comparison to the rest of the country, being many days closer to both Indonesia, Southeast Asia, South Korea, and Japan.

The Middle Arm Industrial Precinct's potential intended future uses are the critical minerals and downstream processing facilities. Several critical minerals projects are currently on the cusp of production, one industry in particular is the processing of phosphate.

For example, Lithium Iron Phosphate or LFP batteries are finding and increasing number of roles in electric vehicle, utility scale stationary applications and backup power storage. In comparison the lithium nickel manganese cobalt oxide battery which clearly requires a number of different minerals, LFP only requires lithium and battery-grade phosphate, both of which have the potential to be mined in the NT and Australia.

The continued development of the Middle Arm will provide low-cost energy, minimise logistics as well as provides future proofing capabilities with the potential for hydrogen and renewable energy in the future.

Any climate, environmental, health or cultural heritage impacts as a result of developing the harbour and the industries seeking to establish themselves at Middle Arm

There is potential climate and environmental benefits for both Australia and the global community by developing the Middle Arm Industrial Precinct. East Asia dominates the critical minerals processing market, and the Territory has higher environmental regulatory expectations than other international jurisdictions.

The further development of the harbour must be passed through the Northern Territory's rigorous environmental approvals process. In the nearer term, the prioritisation of investment in headworks for electrical, water and renewables infrastructure would be an enabler of greater investment.

The conduct, process, and implications of the proposed strategic environmental assessment for Middle Arm

The Northern Territory Chief Minister agreed to undertake the Middle Arm SDP strategic assessment in March of 2022. The Terms of Reference for the strategic assessment was published in June of 2022 for public consultation. The NT Government is yet to release its findings of the environmental assessment to the public. This delay creates unnecessary uncertainty, and AMEC looks forward to the publication of the report.

Engagement and advocacy by industries and their representatives throughout the Middle Arm proposal, including with First Nations groups and communities adherence to the principles of free, prior, and informed consent.

Appropriate and early engagement with First Nations people and local communities is a priority for the mining and mineral exploration industry.

The Government's development of the Middle Arm Precinct follows the same regulatory pathways and faces the same community expectations as industry does.

Final Remarks

The development of the Middle Arm Industrial Precinct is necessary for the development of critical minerals downstream processing in the Northern Territory. Middle Arm has followed the approvals pathway and has been identified, developed, and marketed by multiple Governments as the prime industrial land location in the NT.

This Senate Inquiry's support of Middle Arm is support of the Northern Territory realising greater value from their critical mineral's endowment.

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