

**To: Department of Climate Change, Energy, The Environment and Water**

**Re: Electricity and Energy Sector Plan Discussion Paper**

11 April 2024

## Introduction

AMEC appreciates the opportunity to provide a submission to the Department of Climate Change, Energy, the Environment and Water (DCCEEW) regarding the Electricity and Energy Sector Plan Discussion Paper. The Discussion Paper details the role of the Australian Government in facilitating how our country address one of the core areas faced by industry in the race to decarbonise.

## About AMEC

The Association of Mining and Exploration Companies (AMEC) is a national industry association representing over 580 member 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 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.

## AMEC Climate Change position

The Association of Mining and Exploration Companies (AMEC) is committed to action: to support our members as they work to achieve net zero emissions.

The environmental, financial, regulatory, and transitional consequences of climate change are real and will reshape the Australian mining and mineral exploration sector.

An integrated, orderly, phased transition to a low carbon Australian economy aligned to the national commitments made under the United Nations Framework Convention on Climate Change (UNFCCC) will benefit all and future Australians.

The contribution of Australia's mining and mineral exploration extends beyond supplying the minerals and materials that will enable low emissions and abatement technology.

Achieving net zero emissions in our sector will require innovation, new technologies and a deep-seated commitment to drive change.

AMEC considers Australia needs to:

- Honour our commitment to achieve net zero emissions by 2050;
- Create a single nationally consistent, certain, and transparent climate change response;
- Implement these commitments across each sector of the economy and Government equitably;
- Support the development and deployment of low emissions and abatement technologies with a focus on outcomes rather than fuel or technology type;
- Reward innovation and Greenhouse Gas abatement that surpass regulated levels; and
- Enact policy that does not significantly disadvantage new entrants in comparison with established companies.

Australia's commitment should not disadvantage trade exposed industries and their workers in comparison to international competitors or result in carbon leakage.

Climate Change and Industry's response to it is evolving. Over the last several years the ambitions, targets, and action on emission reduction among member companies has rapidly accelerated.

Government and Industry need to work together to put Australia at the forefront of global action.

## Discussion Paper

### General Comments

The energy and electrification sector has a key role for facilitating the mining industry and mineral exploration sector's decarbonisation journey. Decarbonisation is both a priority for the community and is crucial for companies to attract the necessary finance to develop projects.

Investors, financiers, and bankers are actively prioritising sustainability, which is driving the adoption of green technologies and reducing carbon footprints, these industries can attract finance from a growing pool of green investment funds. Industry is conscious that decarbonisation is essential for long-term operational success, and the energy and electrification sector provide the framework for the facilitating that future.

### The diesel challenge.

One of the greatest decarbonisation challenges faced by the mineral exploration industry in Australia is that there is currently no viable commercial alternative to diesel. Replacing this flexible and reliable, mobile fuel source is the key to reducing the carbon emissions of mineral exploration. Diesel fuels generators, trucks, and drill rigs. Industry feedback suggests that the other options are still too early in development or have not been commercialised at scale. All efforts to accelerate the creation of technologies that allow renewables will decarbonise the mineral exploration industry.

### Critical minerals

To address Climate Change, and enable the necessary technologies, the world needs more critical minerals. The Internal Energy Agency estimates demand for lithium and nickel will grow by approximately 40 times by 2040: Australia can provide those minerals in a world leading through environmental responsibility. Australia is a global leader in nearly all the minerals that drive the technologies to address climate change. Australia has 22 commodities ranked in the top five for

world economic resources, including cobalt, lithium, manganese, tungsten, and vanadium<sup>1</sup>. This demand lift will not be met without more mineral exploration and critical minerals mines. To address the Climate change challenge, the global market will need Australia to continue mining critical minerals to meet demand.

### **Environmental Regulatory timeframes and costs**

A barrier to development is the lengthy timeframes and comparatively high cost of doing business to develop the projects necessary to achieve climate resilience detailed throughout the Plan. Australia has a comprehensive and robust environmental and regulatory framework.

Developing the necessary electrical and energy infrastructure discussed throughout this Discussion Paper face the realities of successfully navigating the State and Commonwealth regulatory frameworks. It takes over 13 years for private industry to develop a mineral deposit into a mine. Queensland Government has stated it takes around five years to develop a new major road<sup>2</sup>, it is expected to take 6 years for Copper String 2.0 transmission line to be built<sup>3</sup>.

This is not a unique challenge to Australia but is common to other developed countries. The United States of America Government has recently introduced a proposed rule<sup>4</sup> to streamline environmental approvals. The Bipartisan Permitting Reform Implementation Rule<sup>5</sup> will clarify the roles of lead and cooperating agencies, set deadlines, and page limits, and add other requirements to ensure timely and unified environmental reviews. In the media release, John Podesta, Senior Advisor to the President for Clean Energy Innovation and Implementation explains the urgency for streamlining: “*We need to accelerate and improve the permitting process in order to meet our ambitious climate and clean energy goals. That’s why President Biden has made permitting a top priority of senior Administration officials for the first time in history,*”<sup>6</sup>

Australia similarly needs environmental streamlining to meet its ambitious climate and energy goals.

The reforms to the *Environmental Protection Biodiversity Conservation Act 1999*, the proposed Nature Positive legislation, could be a pathway to achieve streamlining to fast track decarbonisation.

However, the overwhelming and consistent theme of the feedback received from Industry regarding the proposed reforms to the has been the lack of a clear process of consultation.

The content of the Nature Positive reforms will have severe implications for current and future project developments. The Australian economy is facing falling productivity and rising inflation. The reforms do not appear to address the long timeframes faced by all projects in Australia, nor do they reduce the

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<sup>1</sup> [https://www.globalaustralia.gov.au/sites/default/files/2024-01/ATIC\\_Australian\\_Critical\\_Minerals\\_Jan\\_2024.pdf](https://www.globalaustralia.gov.au/sites/default/files/2024-01/ATIC_Australian_Critical_Minerals_Jan_2024.pdf)

<sup>2</sup> <https://www.tmr.qld.gov.au/community-and-environment/planning-for-the-future/building-roads#:~:text=This%20can%20take%20at%20least,the%20cost>

<sup>3</sup> <https://www.felix.net/project-news/qld-govt-to-build-and-own-5bn-copperstring-2.0-project#:~:text=Construction%20of%20CopperString%202.0%20is,well%20as%20construction%20of%20renewables>.

<sup>4</sup> <https://www.whitehouse.gov/ceq/news-updates/2023/07/28/biden-harris-administration-proposes-reforms-to-modernize-environmental-reviews-accelerate-americas-clean-energy-future-and-strengthen-public-input/>

<sup>5</sup> <https://www.federalregister.gov/documents/2023/07/31/2023-15405/national-environmental-policy-act-implementing-regulations-revisions-phase-2>

<sup>6</sup> Ibid

cost of doing business. The mining and exploration industry have cited concerns for the investment profile of Australia in the face of the Nature Positive reforms.

### **Multiple Land Use Framework**

On 10 June 2011, State, Territory and Commonwealth Government Ministers endorsed the development of the Standing Council on Energy and Resources (SCER) Multiple Land Use Framework (MLUF). The MLUF sought to define a clear framework to allow for multiple and sequential land use outcomes in an increasingly challenging and competitive environment. With the transition from the Council of Australian Governments to the National Cabinet, the MLUF has slipped off the National agenda at the very time it is most needed.

The Discussion Paper should prioritise the pursuit of multiple land use outcomes, and ask the question of what is the best land use? Solar and wind present lower carbon energy generation solutions than traditional source of electricity. However, they come at the trade-off of covering a much larger area of the landscape. It is impossible to undertake necessary exploratory drilling underneath an array of solar panels. While electromagnetic surveys are distorted by the electromagnetic signature from the spinning magnets in wind turbines.

A MLUF is crucial for the unlocking of Australia's critical minerals future. An approach that allows Australia to provide the world with the critical mineral resources for the technologies necessary to decarbonise while also building our own renewable energy infrastructure.

### **Skills**

Industry feedback concurs with the Plans comments regarding the labour shortage affecting Industry. The mining and mineral exploration industry is challenged by shortages across all parts of the sector. Nationally, in trend terms, Australian unemployment remains at 3.8% in February 2024<sup>7</sup>- close to replacement rate. This is not a new challenge. In a report in 2021, the Commonwealth Government's Infrastructure Australia noted that Australia was faced " *Labour shortages ... anticipated to be three times greater than in 2017-2018, peaking at a likely shortfall of 93,000 workers in early 2023 or 48% higher than projected supply.*"<sup>8</sup>

### **Taxation and incentives**

The Commonwealth Government should consider what incentives could be provided to drive investment and a faster transition. It is widely held that private enterprise can achieve many outcomes faster than Government entities. Creating the necessary framework, and inducement, could harness the Industry's drive to reduce carbon emissions. Ultimately targeted application of tax and financial incentives are the most likely to shift the economics of investing in net zero emissions forward.

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<sup>7</sup> <https://www.abs.gov.au/statistics/labour/employment-and-unemployment/labour-force-australia/latest-release>

<sup>8</sup> <https://www.infrastructureaustralia.gov.au/sites/default/files/2021-11/Infrastructure%20Workforce%20and%20Skills%20Supply%20report%20211117.pdf>

## Final Comment

AMEC welcomes continued engagement with DCCEEW as the Electricity and Energy Sector Plan moves to finalisation. As noted, the omission of critical minerals from the document should be corrected, as Australia's role as a critical mineral's powerhouse is globally significant in addressing climate change.

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