

**To: Department for Energy and Mining**

**Re: Green Iron and Steel Strategy, Green Iron EOI**

**4 October 2024**

## Introduction

AMEC appreciates the opportunity to provide feedback to the Department for Energy and Mining on the Green Iron and Steel Strategy, and the Green Iron Expression of Interest (EOI) process.

## About AMEC

The Association of Mining and Exploration Companies (AMEC) is a national industry association representing over 570 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.

## State of the Industry

Mineral exploration and mining make a critical contribution to Australia's economy, directly employing around 300,000 people. In 2023-24 Industry generated \$417 billion in resources exports, which is two-thirds of Australia's merchandise exports, invested \$4.2 billion in exploration expenditure to discover the mines of the future, and collectively paid over \$74 billion in royalties and taxes in FY23.

South Australia's minerals sector has long been a key economic sector, directly employing over 16,000 people in 2024 and hosting significant investment of explorers and miners working to advance minerals projects across the state. The commodities explored for and mined, represent a wide range of minerals critical to the energy transition and a decarbonised future.

In FY24, \$302.9M was spent on mineral exploration in South Australia, a 31% increase in original terms, from the \$231.2M spent in the previous year. Mineral resource exports were reported at \$7B for 2023, while a record \$3.2B was spent on capital expenditure in 2023. In 2023, the State recorded \$8.7B in mineral commodity sales and a record high of \$286.9M in royalties were generated in FY23. Royalties are an important income stream for South Australia's ongoing prosperity, contributing to hospitals, schools and other key government services.

The range of projects across the state that transition from mineral exploration to production, will ultimately deliver high-value jobs and royalties of the future, and long-term ongoing social, environmental and economic benefits for the State and its communities.

## General comments

AMEC welcomes the South Australian Government's Green Iron and Steel strategy to make South Australia a partner of choice for decarbonised steelmaking and a key contributor of the minerals, green iron and green steel required to support the global energy transition. The Strategy is recognised as a major part of the State's Prosperity Project and aligns with the ambitions of the Commonwealth Government's Future Made in Australia Act.

The growing green iron industry has the potential to deliver a large share of national and global decarbonisation goals. Entering new markets will grow the economic and community benefits from more iron and steel that is made in Australia, from Australian minerals, for domestic and global markets. The benefits of achieving a successful green iron industry are enormous, but there is much work to do, with collaboration and commitment required to achieve this goal.

AMEC supports the Green Iron EOI process as part of the Strategy focusing on the development of green iron as a priority value-add product to grow South Australia's mining industry. Several AMEC members are working toward active participation in the EOI process. We recognise the extensive engagement undertaken by the Department for Energy and Mining (DEM) with global, national and local companies that can have a part to play in producing green iron in South Australia. The business-to-business connections that have been facilitated by Government are much appreciated by industry and are a big step toward ensuring a successful EOI process and company growth opportunity.

South Australia exports of iron ore and steel totalled \$1.2 billion in 2023<sup>1</sup>, less than 1% of Australia's \$138 billion iron ore exports<sup>2</sup> and produces 1.2 Mt (21%) of Australia's 5.7 Mt of steel. South Australia has a large endowment of magnetite resources and there are a range of iron ore projects across the State that are progressing through the development cycle. The right legislative and policy settings, coupled with government investment support will enable the accelerated development of South Australia's green iron industry.

### **Consultation and engagement**

AMEC has provided this submission to DEM because an open public consultation process on the Strategy has not yet occurred. While the targeted industry engagement to date through the Green Iron Industry Forum and the EOI process has been very welcome. AMEC would like to see broader consultation with all stakeholders that have a part to play to inform the pathways and policies required to develop and deliver on all nine Strategy Actions.

This submission should be read in conjunction with AMEC's submission to the Department of Industry Science and Resources on Unlocking green metals opportunities for a Future made in Australia<sup>3</sup>. Consideration of the definition of "green metals" and the Guarantee of Origin for green metals are expected to be led by the Commonwealth Government with collaboration from the State Governments including South Australia. AMEC's submission also includes several other recommendations to the Commonwealth that equally apply to achieving the outcomes of the South Australian Strategy.

AMEC's members are largely mineral explorers, miners and mineral processors and this submission has a greater focus on the issues facing upstream exploration, resource definition, approvals, development and mining. The Government has set a goal of the first shipment of green iron by 2030, and the focus of our submission is on the enablers to grow a ready supply of mineral ore and concentrate for green iron making and export.

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<sup>1</sup> DTF. Economic Briefs. Overseas Goods Exports. July 2024. Government of South Australia. <[www.treasury.sa.gov.au/\\_\\_data/assets/pdf\\_file/0005/1069421/OS-Goods-exports\\_July-2024.pdf](http://www.treasury.sa.gov.au/__data/assets/pdf_file/0005/1069421/OS-Goods-exports_July-2024.pdf)>

<sup>2</sup> DISR. Resources and Energy Quarterly June 2024. <[industry.gov.au/sites/default/files/2024-06/resources\\_and\\_energy\\_quarterly\\_june\\_2024.pdf](http://industry.gov.au/sites/default/files/2024-06/resources_and_energy_quarterly_june_2024.pdf)>

<sup>3</sup> AMEC. Submission. Unlocking green metals opportunities for a Future Made in Australia. <[amec.org.au/wp-content/uploads/2024/07/0714-AMEC-Submission-DISR-Unlocking-Green-Metals.pdf#new\\_tab](http://amec.org.au/wp-content/uploads/2024/07/0714-AMEC-Submission-DISR-Unlocking-Green-Metals.pdf#new_tab)>

## AMEC and industry key observations and recommendations for the South Australian Green Iron and Steel Strategy:

1. **South Australia's competitive and comparative advantages** should be better articulated. There is significant global competition to establish "green iron" market in countries other than Australia. The Green Iron Supply Chain Study demonstrates that South Australian green iron has a 21% advantage when compared with shipping its raw components to Europe is an excellent start and further studies that build on this should be undertaken.
2. **Hematite and magnetite resources** should be better defined and include metallurgical and other properties for DRI amenability and green iron production. The Geological Survey of SA should lead this work with expert partners and share results with Geoscience Australia for inclusion in national databases, publications and promotional materials.
3. **Priority policy reform and streamlining approvals** needs to occur across mineral exploration, project development, mining and compliance. These reforms will have the benefit of accelerating and unlocking both green metals and critical minerals supply-chains, as they are regulated under the same legislation. AMEC has advocated for a reform to the *Mining Act 1971* and for DEM to progress amendments to address the consequences of the 18-year compulsory tenement relinquishment, to address growing uncertainty across industry and ensure that companies working to progress exploration and feasibility studies can continue.

Approvals processes and required studies for the assessment of mines and related infrastructure can take years to achieve. To achieve the State's ambition of new magnetite mines and green iron exports by 2030 will require the timeframes for these processes to be reduced. Industry is supportive of opportunities to accelerate approvals and for Government to front load some studies and running approvals in parallel including for creating pre-approved Infrastructure Corridors that benefit many projects and proponents. The proposed State Development Coordination and Facilitation Act is expected to have legislative powers that can intercede to accelerate approvals, and this would be appreciated by industry.

4. **Multiple Land Use Frameworks (MLUF)** led by Government are essential. This ensures that the greatest value of land and mineral resources can be derived for the benefit of Australians now and in perpetuity. AMEC has repeatedly asked the South Australian Government to update the 2017 MLUF, this needs to be a priority action.
5. **Co-existence of mining industry and renewable energy project** needs to be further considered when granting development approvals and Government Release Areas for new renewable projects. AMEC and industry appreciate the role that renewable projects have in providing decarbonised electricity which may benefit mining and "green iron" processing operations. However, the mineral resources cannot be moved and AMEC and industry seek to ensure renewable energy projects are not constructed in areas that sterilise iron ore (and all other mineral) assets or land that could be used for priority infrastructure corridors.

AMEC seeks to ensure that renewable energy proponents are appropriately educated on new obligations under the *Hydrogen and Renewable Energy Act 2023* including 'Notice of Entry' being appropriately served to mineral explorers and developers where projects overlap.

6. **Land access** to explore and mine mineral resources should continue in areas with restricted land access subject to approvals. These include a range of parks and reserves, conservation areas, defence lands (including the Woomera Prohibited Area) and Aboriginal lands.
7. **Native Title Mining Agreements and Heritage surveys** are an important, fundamental part of agreement making and land access. The timeframes and costs to obtain these necessary agreements are escalating in South Australia and proving difficult to obtain in some cases. The use of Part 9B finds companies held up in negotiations or attempted agreement

processes, in some cases for years. The 'low-level activity' permitted under 9B, is no longer viewed as acceptable, and may threaten relationships, so it is not used as the competitive advantage it was once seen to be. AMEC and industry are asking for amendments to the *Mining Act 1971* to move from Part 9B to the right to negotiate system to ensure that timeframes are supported by effective resourcing and certainty, whilst supporting the ongoing relationship building between stakeholders.

These amendments are expected to be some time away and AMEC is asking for greater support from Government now, to ensure that NTMA's and Heritage under the existing system can be obtained in a more efficient manner.

8. **Sustainable water sources** for magnetite mining operations are a critical resource to turn iron ore into concentrates. Water for mineral exploration and mining, is governed through extensive rigorous approvals and compliance processes across a range of legislative frameworks. AMEC and industry ask that steps are taken to streamline these processes. Support for desalination plants and innovative mine site solutions to use less and recycle water should be advanced by Government. AMEC continues to support Cape Hardy as the preferred site for Northern Water project and offtake scenarios from this project for magnetite mines and green iron industry should be modelled now.
9. **Regional planning** led by Government should include provision of essential services. Companies are filling a gap by providing direct funding to communities for some essential services. Industry would like to see the State Government providing further direction and funding, including securing Commonwealth funding where possible, for these essential community services including appropriate rural health and education programs.
10. **Decarbonising the full mining value chain** includes the mining operations and further investment in clean energy solutions that are both on and off-grid and provide cost-competitive energy, is welcome by industry. South Australian Government collaboration with the Australian Energy Market Operator, SA Power Networks and ElectraNet to ensure well planned private investment and project development is important. Scenario modelling that considers not only the growth of iron ore mines and "green iron and steel" projects, but all other growth elements of the economy need to occur to support an orderly transition.
11. **Hydrogen has a role to play** in future direct reduced iron (DRI) processes and Government support to bring forward hydrogen supply is welcome. In pursuit of this ideal future state, the use of natural gas and transitional technologies should be utilised now and well planned and supported in the interim.
12. **Future fit infrastructure** is vital as demand for pit to port movements places increasing pressure on existing road, rail and port infrastructure. Modelling of scenarios for infrastructure requirements for the 3 key iron ore zones, the Braemar, North Gawler and Eyre Peninsula, should be undertaken including using key industry input data from the EOI process. The EOI data and other industry data such as grain movements and exports, should also be used to model the case for the five ports; Port Augusta, Port Pirie, Port Bonython, Whyalla and Cape Hardy. Options for other ports should also be considered.

New infrastructure corridors and expansion and maintenance of existing routes must be well planned and funded by Government and co-investors. There is a crucial role for Government to step-in and streamline approvals for critical infrastructure using the proposed SDCF Act to accelerate opportunities. Infrastructure feasibility studies and impact assessments for different modes of transport, import and export require significant upfront cost. Government investment to de-risk these critical studies ahead of FID and investment decision would be welcome.

Much of the critical infrastructure for transporting ores and concentrates is privately owned and commercial options for third-party user agreements needs to be better considered. There are options for solutions for access and costing models must be addressed to enable the growth of the minerals industry and other industries, who are all competing for infrastructure with limited access and/or capacity

- 13. Innovation** plays an important role and there are many entrepreneurs and startups progressing technology that can support decarbonised and sustainable, low water use operations. Industry welcomes further State and Commonwealth direct investment and funding options in pilot plants to reduce financial barriers to commercialise and accelerate delivery of these technologies.

There are a range of innovation networks in SA at Tonsley Innovation District and Lot Fourteen, including CORE Innovation and Stone and Chalk. There are also many opportunities to partner with universities and research institutes such as CSIRO, CRCs and CRC-Ps that innovators are struggling to navigate. A one-stop-shop approach to support innovators and connect them to industry would be appreciated.

- 14. Private Investment.** Attracting investors to critical stages of project development across the value chain is important. Industry would like further support from DEM, InvestSA and Austrade for the promotion of projects to international investors through inbound and outbound trade missions and marketing campaigns that promote companies and projects.

There is also a role for the SA government to gain a fair share of the Commonwealth Government funding for green iron and through the *Future Made in Australia Act*. In addition, de-risking of capital investment in construction of green metals facilities through funding and loan guarantees and arrangements like the Commonwealth's Critical Minerals loan facility would also be welcome.

- 15. Commonwealth Government investment** plays a critical role in the success of South Australia's Green Iron and Steel Strategy. The South Australian Government should secure vital funding for multipurpose common infrastructure through direct negotiation with the Commonwealth and co-contribute as required.

The Commonwealth has a plethora of funding options across multiple agencies and industry is confused about which grants are available to them and who to talk to. The SA Government should have a one stop shop both online and in-person to case manage industry through Government funding options.

The Governments of other countries are offering significant financial incentive and supportive policies and legislation for green iron and steel. The Commonwealth Government should review these competitive policies and work with State Governments and Industry to commit to similar policies that are most advantageous to industry growth in Australia

- 16. Domestic green iron and steel demand** levers should be considered to grow Australia's green iron market. Australian metals producers are competing globally with other countries that have less rigorous environmental compliance including more opaque carbon policies. There is competition in our own domestic markets with imported steel from these countries competing with Australian made "green metals". AMEC and industry welcome market stimulation by creating domestic demand for green metals through mandated Made in Australia Government contracts and Industry Participation Plans. These should include cost competitive pricing mechanisms.

## Final comments

AMEC has highlighted several policy actions to support the Green Iron and Steel Strategy and accelerate the upstream growth and development of the State's mineral exploration and mining sector. Progressive agile policy action will ensure long-term sustainable supply of the raw materials required downstream for a multi-generational "green iron" and "green steel" industry in the State.

AMEC and industry welcome ongoing engagement and consultation with the SA Government to grow the green iron industry. Industry has particularly appreciated the close engagement with DEM to facilitate business to business connections and this should continue.

South Australia's Green Iron and Steel Strategy covers a broad range of themes, and it is difficult to do justice to many of these themes in a concise submission. AMEC would welcome the opportunity to participate in an expert reference group to provide further input and guide the Actions of the Strategy and pathways that might arise from South Australia's Green Iron Opportunity and EOI submissions.

AMEC welcomes the *Future Made in Australia Act 2024* and the \$22.4 billion budget commitment announced in 2024-25 that will embed the Government's commitment to unlock green metals. The SA Government should work in close collaboration with the Commonwealth Government to capture the State's share of this funding and to deliver future focused policies that can enable a strong green metals industry for the benefit of all Australians.

### For further information contact:

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