

22 August 2023

Critical Minerals Office
Department of Industry, Science and Resources

Via email: CMOconsultation@industry.gov.au

Dear Sir/Madam

The South Australian Chamber of Mines and Energy (SACOME) is the leading industry association representing the resource and energy sector in South Australia, the powerhouse of the State's economy.

SACOME welcomes the opportunity to provide a submission on the Critical Minerals List Issues Paper. To inform its submission, SACOME has consulted with interested member companies and the State Government in respect of its own Critical Minerals Strategy, which remains in draft form. SACOME understands its release is imminent but statements from the State Government on 17 August confirm that the State Government now regards copper as a critical mineral. This is likely to be extended to zinc.

SACOME notes the release of the Commonwealth Critical Minerals Strategy in June this year, which affirmed Australia's definition of critical minerals as 'metallic or non-metallic materials that are essential to our modern technologies, economies, and national security, and whose supply chains are vulnerable to disruption'.

The criteria for inclusion further state minerals that Australia's strategic partners need or for which Australia has potential economic geological resources.

Further issues affecting the update of this list would include mineral vulnerabilities, minerals needed for the Australian economy and sovereign capability, international supply chain vulnerabilities that Australia could help address, and the needs of Australia's strategic partners. This is informed by the multilateral Critical Minerals Security Partnership and the bilateral Australia-United States Climate, Critical Minerals and Clean Energy Transformation Compact.

SACOME's commentary is confined to the questions as identified by the Issues Paper, but, at the outset, we highlight that our principal submission is **the inclusion of copper and zinc** to the Critical Minerals List pursuant to the existing criteria.

The five questions as identified by the Discussion Paper are:

1. *Is the current set of criteria still fit for purpose?*

Noting the Commonwealth's definition above, and the caveat in the Issues Paper that 'critical mineral' is not a term of art with automatic consequences that follow, SACOME submits that the current set of criteria is broad and appropriate. We strongly recommend that processing capacity should also be included to ensure sovereign capability issues are holistically considered and to realise further critical minerals opportunities. The criticality of minerals should reflect economic, industrial, energy transition and security objectives.

If a mineral is included on the Critical Minerals List, as a general statement it should be the case that these would be considered eligible for critical minerals funding on their own merits and not subject to further restrictive criteria. While there will always be targeted funding initiatives, it rather defeats the purpose of a Government-authored Critical Minerals List if there is little benefit in being recognised as such.

2. *Addition or removal of minerals from the List.*

SACOME supports the South Australian State Government in their calls for copper and zinc to be included on the Critical Minerals List, noting that the importance of these two minerals clearly aligns with the Commonwealth's criteria.

This is particularly so in respect of technologies necessary for the energy transition and electrification, addressing supply shortages, and security-related purposes, in addition to priority technologies identified by the Commonwealth, such as batteries.

Furthermore, South Australia's poly-metallic copper and zinc commonly host other critical minerals. It is unlikely that the exploration or processing of some critical minerals in isolation will release the investment needed for the energy transition, but these further minerals would be unlocked as valuable by-products because of increased copper and zinc extraction and production.

By way of example, germanium and gallium are by-products of zinc-lead processing and integral to the development of semiconductors for microchips; another priority technology identified by the Commonwealth. In August this year, China announced export restrictions on the same which has had the consequence of increasing prices, according to some reports, by 50%.

This also reinforces the need for processing capacity to be included as part of the inclusion criteria.

3. *Should Australia differentiate between criticality or importance of minerals, and the capability to process them, through categories within the list or a separate category that sits alongside the list? The differentiation could reflect the size and maturity of markets and the different challenges or barriers faced **AND***
4. *What lessons could be learned from other countries' approaches or the ways in which they consider their criteria for listing critical minerals?*

There will be a variety of perspectives concerning the proper structural design of a list and SACOME reiterates its comment from (1) that inclusion within the Critical Minerals List ought to satisfy most criteria for Government funding for projects.

The stratification or sub-categorisation of minerals may lead to needless complexity or duplication.

5. *What should trigger an update to the list? For example, global strategic, technological, economic or policy changes.*

SACOME submits that a regular review of the list would be most appropriate, with the capacity for the Minister or Department to commission an earlier review in response to rapidly emerging opportunities or extreme supply chain risks to Australia or its strategic partners.

This removes the need for an external trigger – which may or may not be the subject of some political controversy – and ensures the list is kept contemporary and in line with current Government policy and objectives. Every two years, with a relatively confined consultation period, would likely meet both Government and industry expectations, notwithstanding the rapid pace of the energy transition generally.

By way of example, SACOME and its members regularly interact with both the South Australian *Mining Act* and the *Petroleum and Geothermal Energy Act*, which govern the mining and oil and gas industries respectively. The regulation of both these industries is critical to the economy and the success of the energy transition.

The former Act is reviewed infrequently and on an ad hoc basis, becomes mired in political debate, and is not regarded by SACOME members as contemporary. In contrast, the latter Act is reviewed frequently and regularly, amendments are primarily regarded as non-controversial and technical, and members have confidence that the Act is best practice.

Additionally, feedback from member companies has emphasised the need for any such future assessment for inclusion to be transparent, with particulars of weighting or formulae adopted to be published.

In closing, SACOME thanks the Critical Minerals Office for the opportunity to provide comment on a matter of fundamental importance to Australia's energy transition and economic future.

Yours sincerely



Rebecca Knol

Chief Executive Officer

South Australian Chamber of Mines & Energy