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Submission to the *South Australia's Copper Strategy* Discussion Paper

December 2024

South Australian Chamber of Mines & Energy

The leading industry Association representing the resource and energy sector in South Australia.

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1. Introduction

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

SACOME welcomes the opportunity to provide feedback to the Department of Energy & Mining's (DEM) *South Australia's Copper Strategy* Discussion Paper (the Strategy).

SACOME notes that the 2024 Strategy iterates on prior versions, with the purpose of refreshing and refocusing the South Australian Government's efforts in growing copper production in the context of rapidly growing global demand; and a desire to elevate the State's standing in the global copper supply chain.

SACOME acknowledges that the aims of the Strategy development process are to:

- set the South Australian ambition for copper production, exploration and shared benefits;
- establish performance success targets for the sector across a range of outcomes including production, investment, and environment, social and governance (ESG) objectives;
- position the State to support sustained growth in production from our planned and existing mines;
- integrate the copper strategy with broader state priorities and major projects such as the State Prosperity Project and Northern Water project;
- identify opportunities to accelerate or support copper exploration and further resource identification;
- identify new or innovative opportunities to capture additional value from the growth in the copper sector within South Australia.

We further note that the refreshed copper strategy will *"identify key policy, investment and engagement opportunities which can deliver the outcomes necessary to support the State's future copper ambitions"* and that it *"will contain actions and projects which can be taken by a range of stakeholders including government, industry and research bodies"*.

SACOME supports the general direction and intent of the Copper Strategy, recognising that it links goal setting in the form of a production target to detailed consideration of the pathways required for development and the action that needs to be taken. This is a welcome and necessary step.

Over the last five years, SACOME has continued to advocate for policy measures that address the fundamental actions required to catalyse industry growth, with a strong focus on removing barriers to development – principally water, power and the path to market.

While the policy principles articulated by SACOME are relevant to growth of copper production, they can be applied equally to other commodities, noting that the fundamentals of project development and production are broadly consistent across commodity types.

For this reason, it is encouraging to see the rationale underpinning SACOME's long-held policy positions reflected in the Copper Strategy, and in the South Australian Government's broader industry development policy agenda.

SACOME is committed to working collaboratively with the Malinauskas Government and DEM as this iteration of the Copper Strategy is developed.

2. Response to Discussion Paper Questions

SACOME's responses to the Discussion Paper are provided against its relevant sections.

2.1 Setting our Copper Ambitions

What is most important to you for the future of copper in South Australia?

What is the role for Federal, State and local governments in supporting the expansion of the copper sector?

What projects or activities can be undertaken by government, industry or research bodies (or partnerships between them) to unlock the greatest value from the State's copper resources?

What are the barriers or issues we need to consider that may affect our ability to support significant growth?

As a jurisdiction South Australia continues to excel in setting a vision and ambition in relation to copper production, however, the recurring issue for the State is translating these ambitions into actual production of copper at a scale consistent with its ambitions.

The inaugural 2016 Copper Strategy set a vision for South Australia to be the world's third largest copper producer by 2030; and to more-than-triple South Australian copper production to 1 million tonnes per annum (mtpa) by 2030.

SACOME notes that Australia has the world's third-largest copper reserves after Chile and Peru, accounting for more than a 10% share of global copper reserves; and that South Australia accounts for more than 69% of Australia's demonstrated economic reserves of copper.

In terms of output, global copper output from ore in 2023 was 22 million tons. The main copper-producing countries were Chile (5 million tonnes), Peru (2.6 million tons), China (1.7 million tonnes), and the United States (1.1 million tonnes). Australia produced approximately 810,000 tonnes of copper in 2023 and ranks 8th in the world.¹

By comparison, South Australia produced approximately 250,000 tonnes of copper in 2014-15, increasing to over 320,000 tonnes in 2023-24.

This is an increase of approximately 70,000 tonnes of production in the space of a decade, clearly demonstrating the scale of the challenge and the need for a major change in approach if the South Australian Copper Strategy's target of 1mtpa by 2030 is to be achieved.

¹ <https://news.metal.com/newscontent/102686247/Overview-of-the-output-of-the-worlds-top-ten-copper-ore-producing-countries-in-2023>

For context, the Copper Strategy sets an ambition for South Australia as a sub-national jurisdiction to equal the United States as the fifth largest producer of copper in the world in six years' time.

SACOME submits that, instead of continuing to rely on ambitious headline targets, a focus on iterative step change and progressing actions necessary for industry development must be the focus of the Copper Strategy. Additionally, SACOME submits that the Copper Strategy should incorporate an implementation plan to drive progress, and include a timeline against which this progress will occur.

SACOME recognises that continuing engagement with the Australian Government will be critical to achieving development of major infrastructure like the Northern Water Project. We further note the importance of collaborating with the Australian Government where points of policy alignment exist, with the *Future Made in Australia* policy framework being a prominent example.

SACOME submits that continuing to advocate for Federal investment in province development measures that advance national policy goals must be a priority of the South Australian Government, both in the specific case of the Copper Strategy and in meeting national goals of industry decarbonisation and transition, strategic commodity development, and positioning Australia as a leading supplier of 'green' metals to its trade partners.

South Australia continues to suffer from a comparative lack of major infrastructure investment by the Australian Government versus other Australian States.

SACOME submits that securing Federal support for infrastructure to enable province-level development and associated upstream processing of key commodities like copper equates to timely investment in nation-building and future prosperity.

2.2 Areas of Opportunity

What focus areas or themes are most important to you?

South Australia's GSSA has run highly successful programs of work including the Plan for Accelerating Exploration (PACE) Copper and the Accelerated Discovery Initiative (ADI).

What future GSSA programs would deliver the most value to South Australia's copper exploration activities?

What are the biggest barriers or issues to developing already known copper resources?

What opportunities are there to add value to South Australian copper before it is exported or recycled?

SACOME members are highly complementary of the Geological Survey of South Australia (GSSA) and describe South Australia's Drill Core Library as the best facility in Australia and a world-class database in itself.

Operators have suggested GSSA could leverage further advantage through a shift in focus from resource 'prediction' to resource 'detection' by undertaking initiatives such as:

- Unifying a district-wide drill database.
- Using the drill database for orientation studies around known resources.
- Wholesale re-analysis of drill core (including additional geochronology, uXRF mineralogy studies, spectral alteration mapping, heavy mineral MLA, and FTIR mineralogy).

The issue of large tenure holding by some proponents for long periods of time without activity has been flagged as an opportunity for improvement.

SACOME notes that recent legislative reform has undertaken to discourage land banking, but operators have suggested that more can be done to ensure that tenement holders are actively trying to undertake work programs.

Operators have also stated that reaching agreement on land access and heritage often results in delays to carrying out activity, demonstrating the need for improvement to these processes in a way that benefits both land owners and proponents.

2.3 Critical Enablers

Copper mine developments require a range of infrastructure to be available, often requiring significant upfront investment. What is the role of government to lower these initial costs?

How can we make it easier to develop existing copper resources in South Australia (for example infrastructure corridors, workforce development, project assessment processes)?

What additional changes to new and existing regulatory frameworks could provide greater opportunity to develop the copper resources in South Australia and grow the copper industry?

How can we establish and cultivate productive relationships, and benefit sharing between landholders, local and First Nations communities, explorers and producers?

Ensuring the State's 'pipeline of projects' - covering the spectrum of stages from exploration to production - should continue to be a focus for DEM.

SACOME emphasises that proponents will have different priorities depending on what stage their project is at – the priorities and requirements of major operators are vastly different to

those of a junior explorer or project developer. Ultimately, the South Australian Government should establish a framework that enables projects to move through development stages in an efficient and timely manner.

Over the last two decades, South Australia has made significant investment in precompetitive geoscience data and exploration activity through the PACE and ADI programs, which has resulted in a sound understanding of the State's available resources and an understanding of where commodity reserves are located. SACOME supports the continuation of exploration incentive programs consistent with its prior advocacy.

The present challenge for the State, given the South Australian Government's array of stated policy aims, is to translate this knowledge base into production outcomes by focusing on measures that resolve the well-understood and long-standing barriers to development of resources projects in South Australia.

Those jurisdictional barriers continue to be:

- Water;
- Power (in terms of availability, reliability, cost and suitability for industrial processes/heat requirements);
- Transport and logistics;
- Regulatory approval timeframes and cost;
- Land access;
- Access to tenement;
- Deep geological cover;
- Skills and workforce.

SACOME notes that progress is being made on resolving these jurisdictional barriers, notably through initiatives like the Northern Water Project, the *State Coordination & Facilitation Bill 2024*, preliminary work undertaken by the Department of Infrastructure & Transport to advance the concepts set out in SACOME's Infrastructure Corridors and Economic Heatmap policy proposal.

SACOME members have also suggested that greater levels of investment in research should be prioritised to improve the quality (and hence price) of copper, and members have advised that this research should focus on the removal of radionuclides as a means of improving commodity grade.

It has also been suggested that a greater focus on in-situ recovery methods can provide an efficient means of progressing stranded assets to production.

Resolution of these barriers will assist both investment attraction at a jurisdictional level and assist proponents in demonstrating the suitability of South Australia as an investment location in the context of capital raising, attracting project partners and securing off-take agreements.

Not resolving these barriers is likely to see a continuing reliance on increases to the copper price and lower Australian dollar as the determiners of project development.

2.4 Measuring Success

How do you think we should measure the success of South Australia's copper sector?

SACOME submits that the success of the copper sector is best measured by production of copper, encouraging development of associated upstream processing measures and linking this activity to domestic and international customers.

In practical terms this means development of new mines, expansion of existing mines, continued exploration for new ore bodies, and construction of new refining, smelting and manufacturing facilities to add value beyond simple commodity prices.

South Australia presently falls short of its stated 1mtpa Copper Strategy production target by some 680,000 tonnes.

Noting the strong projected demand for copper into the future, and its economic importance to the State, SACOME submits that measures to lift production should be prioritised.

Resolving jurisdictional barriers to project development so as to enable this outcome is therefore another important measure of success and should be viewed as milestones to mark progress on the journey to 1mtpa.

SACOME submits that achievement of these milestones represent iterative successes, recognising that the completion of each enabling mechanism offers compounding benefits to the State over time.

Measures like production figures, export values, royalties paid to government, percentage of Gross State Product, number of mines in operation, number of upstream processing facilities and associated value-add, number of persons employed and salary grades continue to be reliable indicators of success.

Explorers have also suggested that success could also be measured by new greenfield discoveries underpinned by an efficient regulatory, land access and approvals policy framework.