



**Ben Blackburn Racing submission
on the Australian Government's
Clean Energy Workforce Discussion
Paper released by Jobs and Skills
Australia**



Wednesday, 5th April 2023

Australia's Clean Energy Workforce Discussion Paper

Jobs and Skills Australia

Department of Employment and Workplace Relations

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Dear Clean Energy Capacity Study Team, JSA's interim Director, Professor Peter Dawkins AO and the Project Steering Group Members,

PUBLIC SUBMISSION

I am extremely pleased to provide this public submission in response to the Australian Government's release by Jobs and Skills Australia (JSA) of its *Australia's Clean Energy Workforce Discussion Paper* for public consultation.

I note that JSA's interim Director, Professor Peter Dawkins AO, has established a Project Steering Group to support the study and provide expertise and technical advice on matters.

I note that public consultation on this discussion paper is an opportunity to work together and Ben Blackburn Racing values the opportunity to make a contribution to this process.

I understand that the Australian Government has commissioned Jobs and Skills Australia (JSA) to undertake a capacity study on the workforce needs for Australia's transition to a clean energy economy.

I note that this study will provide critical evidence and insights to support the workforce planning, policy development and program design phase.

Australia's minerals industry

As the Minerals Council of Australia highlighted in its 2023-24 Pre-Federal Budget Submission, the Australian minerals industry has demonstrated its ability to be a major contributor to our national economy and this contribution should not be taken for granted.

Over the last decade, the industry contributed to \$2.4 trillion in resources export revenue, \$252 billion in mining wages, \$143 billion in company taxes, \$112 billion in royalties, and generated 21 per cent of the economy's growth.

Australia's minerals industry could increase its contribution to the economy with the right policy settings.

The opportunity ahead

The world will need a huge amount of minerals and metals to achieve the goal of global net-zero emissions by 2050. **This will require a massive uplift in investment in exploration and mining projects along with improvements in productivity from the adoption of new technologies and a more innovative workforce.**

By 2030, to meet demand for electricity storage alone the world will require 50 new lithium mines, 60 new nickel mines and 17 new cobalt mines.

Global mining investment is expected to increase by US\$100 billion annually from current levels to produce the mineral commodities required for the world to achieve net-zero emissions by 2050.

The economic opportunity this presents for Australia is significant, but not guaranteed.

Unless the industry has favourable investment conditions the opportunity will be missed given the considerable time it takes from discovery to production for new mines – up to 18 years for a nickel mine.

Australia has over 100 prospective mining and processing projects totalling about \$50 billion of investment and potentially providing around 30,000 construction jobs and 20,000 operating jobs.

Converting these prospective projects into actual investment is dependent on government policy settings not lowering returns on investment.

Growth in Australia's productivity and net capital stock have weakened over the past decade. Annual growth in Australia's net capital stock slowed substantially, falling by almost two and a half percentage points, and is now growing at its lowest rate in 60 years.

The minerals industry invested \$246 billion in the decade following the end of the mining boom, however growth in the resources sector's capital stock has plateaued since about 2015-16.

Reversing this trend requires policies that improve the industry's productivity and competitiveness. This will attract the investment needed to retain Australia's comparative advantage in mining and minerals exports and expand activity in minerals processing and mining-related manufacturing.

Australia needs more minerals exploration. The industry's long-term success depends on exploration and in particular, the discovery of large deposits of global significance.

As a priority, the Australian Government must adequately and permanently fund Geoscience Australia to undertake the geoscientific research and maintain, develop and enable access to the precompetitive geoscience data necessary to attract investment in exploration.

Policy concerns

The Australian Government must show leadership and facilitate an effective transition to net zero emissions by 2050.

- Ensure that changes to the safeguard mechanism maintain the international competitiveness of industry by:
 - Not putting Australian businesses at a competitive disadvantage.
 - Accounting for parent company emissions reduction plans in the treatment of covered facilities that are linked to them.
 - Ensuring the upside price risk of compliance cost is appropriately managed by government as per comparable international schemes.
- Ensure that the Powering the Regions Fund is adequately resourced to support the international competitiveness, decarbonisation and carbon offsetting requirements of a changed safeguard mechanism.
- Enable least-cost abatement of CO2 emissions by promoting all low and zero-emissions technologies, including carbon capture, utilisation and storage and currently prohibited advanced nuclear technologies.
- Encourage the uptake of cost-effective abatement opportunities ahead of normal investment cycles through accelerated depreciation allowances.
- Enable access to increased supply of credible, verified, low-cost domestic and international abatement following the progress made on Article 6 at COP 26 in Glasgow. Support timely project approvals and uphold high levels of environmental and heritage protection.
- Maintain the minister as the ultimate decision maker for mining projects.
- Accredite State and Territory regimes for EPBC Act assessments and approvals.
- Progress technical reforms to improve EPBC Act assessment and approval processes, including statutory timeframes for post-approval processes, risk-based assessments and flexibility to vary approvals.
- Rationalise the water and nuclear triggers and remove the prohibition on nuclear energy.
- Support industry engagement in the modernisation of heritage protection safeguards.

The economic contribution of the Australian minerals industry

Australian mining is a nation builder and a global leader.

The minerals industry has been an integral part of the Australian economy and is firmly embedded in the nation's future. It is a global leader in providing the essential elements of modern life while growing the economy and sustaining regional communities and supporting the economic aspirations of Indigenous Australians through local commerce and employment, and the provision of community services.

Australia is the world's largest exporter of minerals and metals, making it an essential part of global supply chains. The country ranks as the top exporter of iron ore, metallurgical coal, alumina, lithium and mineral sands, and is a prominent exporter of uranium (second in the world), thermal coal (second), nickel (fourth) and copper (sixth).

Furthermore, Australia is the second-largest producer of gold and a leading producer of critical minerals including lithium, rare earth elements and cobalt. The minerals industry produces these minerals and metals through world leading sustainability standards, including best-practice environmental management and community engagement.

Australian mining is the largest contributor to the Australian economy accounting for almost 10 per cent of GDP, the largest source of export income, and supports over 1.1 million jobs at over 200 operating mine sites and in supply chains across the country.

Mining uses less than 0.1 per cent of Australia's land area and undertakes continuous rehabilitation of land disturbed during operations.

Since the peak of the mining investment boom in 2013, the industry has produced \$2.4 trillion in resources export revenue, \$252 billion in mining wages, \$143 billion in company taxes, \$112 billion in royalties, and generated 21 per cent of Australia's GDP growth.

It is estimated that over the next three decades, the world is on track to consume more minerals and metals than have been consumed over the last 70,000 years.

By 2050, the minerals and metals required globally each year to decarbonise the electricity sector could be two to nine times the amount produced in 2015, and three and a half to seven times for the transport sector, depending on the speed of emissions reductions.

Australia is fortunate to have the mineral resources, stable political system, world leading exploration geoscience, and the processing technologies and environmental management systems needed to sustainably help meet this growing global demand.

However, as the Minerals Council of Australia and its CEO Tania Constable PSM have consistently argued – these advantages are not enough to ensure the minerals industry is globally competitive in attracting and securing investment in new and expanded projects.

In the last decade mining investment has resulted in increased production for some commodities, such as Australia's bauxite mining increasing 41 per cent, iron ore production increasing 84 per cent and lithium output rising nearly 400 per cent.

However, other commodities have not fared as well. For example, over this period Australia's copper production declined by 12 per cent and nickel production declined by 50 per cent, while global copper production increased by 25 per cent and nickel production by 36 per cent.

This occurred despite Australia ranking 2nd in the world for copper resources and has 22 per cent of the world's nickel resources.

Australia has over 100 prospective mining and processing projects totalling about \$50 billion of investment and potentially providing around 30,000 construction jobs and 20,000 operating jobs.

Converting these prospective projects into actual investment greatly depends on how policy settings affect their return on investment compared to opportunities in other mining countries.

Global commodity markets are highly competitive and there is strong international competition for investment in exploration, mine development and downstream processing facilities.

Safeguard Mechanism policy principles

With respect to the proposed safeguard mechanism changes:

- The policy principles (section 1.2) must be extended to include competitiveness and the scheme should explicitly aim to avoid carbon leakage. Where Australia's trade competitors do not have comparable carbon constraints, future investment may be negatively impacted, and in some circumstances, this may even lead to the premature closure of facilities potentially resulting in carbon leakage. The baseline decline rates should be calibrated to align with the availability of technologies. Declining baselines ahead of technology solutions will increase costs for safeguard mechanism covered export facilities.
- The government must include an additional pathway, similar to the Renewable Energy Target (RET) shortfall charge or price cap in other international schemes, for facilities to satisfy compliance obligations and manage upside price and scheme risks by paying per tonne of CO₂-e. This is in addition to safeguard mechanism credits, the existing official carbon credit systems (Australian Carbon Credit Units), and international credits.
- The economy wide approach outlined in the Nationally Determined Contribution should be reflected in domestic legislation with all sectors of the economy contributing to the abatement challenge. Reform of federal, state and territory emissions approaches are urgently needed to ensure a least cost approach to achieving the 2030 target. Safeguard mechanism-covered facilities should be exempted from additional State-based emissions reduction obligations.
- Crediting and trading should commence from the start of the scheme. The administrative allocation of SMCs is very important as this encourages facilities that can reduce emissions by investing in abatement to do so, which is critical to achieving the 2030 target.

- Existing SGM facilities should not be competitively disadvantaged against new entrants due to the baseline approach taken.
- The government should allow flexibility mechanisms such as multi-year monitoring that allow facilities to manage their abatement pathways at least cost.
- The government should allow flexibility for facilities to choose between using facility specific production-adjusted baselines, facility specific fixed baselines, or industry average production adjusted baselines.
- The government should provide certainty to industry that baselines will not be declined ahead of any supporting legislation needed to enact cost management measures contained in the consultation paper such as safeguard mechanism credits.
- The government should undertake a comprehensive regulatory impact analysis that includes both cost benefit analysis as well as transparency on the model and assumptions used in order to provide much needed detail. This modelling should include an assessment of the economy wide cost of carbon needed to achieve the 2030 target.
- The government should consider additional policy supports for technology, such as accelerated tax depreciation and R&D tax incentives.

As the Minerals Council of Australia CEO Tania Constable has highlighted in her media release on Monday 27th March 2023:

“...Australian mining companies have been charting their own paths towards net zero, investing billions of dollars annually in the technology required to meet their ambitions and reducing their carbon footprint.

“The challenges to meet the Safeguard Mechanism shouldn’t be underestimated.

“If we are not careful, some facilities in Australia will close.

“Not only would that damage our economy and slash tens of thousands of regional jobs and billions in investment, it also would push the emissions reduction burden on to other nations that are less able or less willing to decarbonise.

“The Greens’ demonisation of coal also does not help the Australian economy, particularly as the nation continues to rely on coal powered energy generation to keep the lights on and keep prices down”.

Thank you very much for the opportunity to make a contribution through this public submission on the Australian Government’s *Australia’s Clean Energy Workforce Discussion Paper* released in April 2023 by Jobs and Skills Australia.



Ben Blackburn Racing