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Tim Buckley | Critical minerals strategy needs to dig a little deeper

By Tim Buckley
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Australia has the potential to lead the world in the critical minerals required for the clean technology – such as batteries and wind turbines – that underpins the energy transition.

We are the number-one exporter of lithium globally, with a 50 per cent share. We have some of the [world's leading geological reserves](#) and we are among the top exporters globally of other key energy transition materials including cobalt, copper, nickel and rare earths. We have abundant sun and wind to power processing of these minerals and metals onshore pre-export using clean energy.

The [Australian Critical Minerals Strategy 2023-2030](#) released this week by federal Resources Minister Madeleine King provides a much needed framework to [grow Australia's critical mineral sector](#) and create diverse, sustainable supply chains through strong international partnerships.

Ms King acknowledges that global competition is fierce, and we need ambition and speed to win.



Resources Minister Madeleine King. Picture by Sithixay Ditthavong

The key takeout of the strategy is that the government has earmarked \$500 million for the Northern Australia Infrastructure Facility to support processing of critical minerals onshore.

This is a good step, but 100 more such steps are needed urgently to build the sovereign mining and processing capacity Ms King calls for, and to deliver the strategy's projections of 262,600 new jobs by 2040 and a \$134 billion uplift in gross domestic product.

We estimate that, overall, the federal government needs to mobilise in the order of \$100 billion of strategic, national interest public funding to attract the \$200-300 billion of private capital required to capture the full scope of Australia's opportunity as a renewable energy superpower, including in critical minerals processing.

The race is on to respond to global initiatives like the US\$800 billion [Inflation Reduction Act](#). The act is triggering a massive influx of energy transition capital into the US, turbocharging critical minerals processing, battery and EV production, and renewable energy generation.

For example, since it was introduced just 10 months ago, a domestic investment pipeline of US\$50 billion into batteries has been announced. Elsewhere, landmark policies - like the EU's Net Zero Industry Act and Critical Raw Materials Act, and Japan's green transformation GX Roadmap - are dramatically reshaping global energy geopolitics as governments and trade blocs jostle for position.

We can't compete dollar for dollar with the US and others, but rather than a proportionate response, we need to commit capital commensurate with the scale of Australia's unique opportunity. CEF has argued for [key reforms](#) to mobilise this capital, including creating a new \$20 billion public-interest critical minerals processing equities fund, administered by the future fund; and reforming superannuation benchmarks to catalyse the flow of super into zero carbon investments, putting Australia's world leading \$3.5 trillion of pension capital to work on energy transition.

A \$5 billion commitment to the Northern Australia Infrastructure Facility would have been more appropriate than the \$500 million in the strategy, reflective of the scale of Australia's opportunity.

Further, the investment mandate of NAIF should be revised to be fully aligned with climate-responsible investments, and key priorities for the fund should be supporting common user infrastructure for critical minerals development, and decarbonising our electricity supply to drive low-cost zero-emissions energy supply for processing.

To its credit, the strategy clearly recognises the importance of building partnerships in critical mineral value chains with our key trade allies. But the \$40 million Critical Minerals International Partnerships program is insufficient to fund one project, let alone the 10-20 such projects available to Australia with, for example, South Korea alone.

We will soon release our CEF blueprint calling for a collaborative South Korea-Australia effort to jointly leverage the US IRA and the new [Australia-US Climate, Critical Minerals and Clean Energy Transformation Compact](#) announced by US President Joe Biden and PM Anthony Albanese in May.

If the Compact is approved by Congress, Australian companies and projects will be treated as domestic suppliers under the IRA, making them eligible for subsidies and tax breaks under that unprecedented pool of capital. The US is seeking to attract investment and capacity from countries, such as Korea and Australia, with which it has free-trade agreements.

South Korea has the manufacturing capacity and expertise for battery production and is already supplying into the US, and Australia has a strong history of working constructively with Korea, and brings world-best reserves of critical minerals and an abundance of renewable power potential for value-adding. But while we talk, South Korea is already implementing a [critical minerals partnership](#) with Canada. We need material action now. Time is of the essence.

On the plus side, the new Critical Minerals Strategy is correct in making social licence and environmental considerations central to planning for the sector, and we applaud its focus on genuine engagement and collaboration with First Nations communities to promote benefit sharing and respect of land and water rights.

Ultimately, critical minerals are part of the broader energy transition, and the driver of the transition is to solve the climate crisis. As one of the world's top three petrostates, alongside Russia and Saudi Arabia, currently exporting climate change to the rest of the world in our coal and LNG, we need to change, and our critical minerals and renewables potential is our ticket to the future. Australia should think ambitiously

in terms of [net zero by 2038](#), as the science dictates; a gentle glide to 43 per cent emissions reduction by 2030 is not enough.

The transition requires a massive step change in decarbonisation effort, as the [Australian Energy Market Operator \(AEMO\) CEO Daniel Westerman](#) said this week, warning we are not acting fast enough. Now is the time for ambition and vision – including an urgent investment of national-interest funding at scale – or Australia risks forgoing its generational opportunity for prosperity, energy security and global clean energy leadership in a rapidly transforming world.

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