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PM ALBANESE'S \$2BN TOKEN INVESTMENT INTO AUSTRALIA'S GOLDEN CRITICAL MINERALS OPPORTUNITY FALLS WOEFULLY SHORT

Australian Prime Minister Anthony Albanese, on a state visit to the US hosted by President Joe Biden, has announced a [new investment of \\$2bn of public capital into the Australian critical minerals industry](#), doubling the federal government's existing [\\$2bn Critical Minerals Facility](#).

The announcement is framed as leveraging the opportunity to boost clean energy supply chain partnerships under the US's landmark climate and energy policy, the ~\$1 trillion Inflation Reduction Act (IRA). The announcement is also intended to build on the [US-Australia Climate, Critical Minerals and Clean Energy Transformation Compact](#) Albanese and Biden agreed in May.

Tim Buckley, director of independent public interest think tank [Climate Energy Finance](#) said:

"This is a mere token response to the US\$1 trillion industrial and energy stimulus of the IRA – the biggest in US history – and the single biggest opportunity for Australia this generation. It isn't even a down payment, it is so lacking in courage, conviction and ambition.

"Australia is the world's largest producer of the key critical mineral lithium (50% of the world's supply in 2022) and is abundant in the other resources such as cobalt, vanadium, graphite, rare earths, copper and nickel that underpin the energy transformation. We have unrealised capacity to add value to our minerals by using our low-cost, zero-emissions renewable energy to power processing onshore and reestablish our sovereign manufacturing capabilities, for example in battery supply chain, allowing us the competitive advantage of also exporting 'embodied decarbonisation'.

"We also have a high-level geostrategic alliance with the US, including the Critical Minerals and Clean Energy Compact, and the opportunity to leverage that to position ourselves as a world leader in global cleantech by building secure critical minerals and energy supply chains with the US.

"An appropriately ambitious strategic public capital investment proportionate to the opportunity, and aligned to the unique and world-leading scale of Australia's potential, would

attract a massive influx of private capital to Australia, as the IRA has done in the US. It would turbocharge Australia's transformation to a zero-emissions trade and investment leader.

"Policy ambition and public investment at scale and speed sends a signal that 'crowds-in' domestic and foreign private investment, as was clearly demonstrated by Export Finance Australia's contribution to battery minerals producer [Liontown Resources \\$1bn capital raise](#) last week.

"The IRA catalysed [more than US\\$500 billion of new private sector investment into the US](#) in less than a year since its passage. US manufacturing investment in the last 12 months is four times the highest previous level in US history. The irresistible critical mass of the landmark US stimulus now threatens to accelerate the pull of capital away from Australia just when we need it most.

"Triggered by the IRA and China's leadership in energy transition, economies the world over are committing major expenditure to cleantech industry development in a global decarbonisation 'race to the top'. And the window is closing.

"If \$2bn represents the entirety of the new Australian investment, this is an abject failure of leadership and strategic vision when we can least afford it. It is playing on the margins.

To sink hundreds of billions of dollars into a submarine program, and a miniscule fraction of that into critical minerals, misreads a geopolitical context where our energy security, national security and economic prosperity are fundamentally linked, and signifies that strategic priorities are out of whack. They are called critical minerals for a reason.

"[Climate Energy Finance](#), the [Climate Capital Forum](#), the [Smart Energy Council](#), the [ACTU](#), [Saul Griffith's Rewiring Australia](#), the [Clean Energy Council](#) and others have all called on the government to invest \$100bn of strategic public interest capital into an Australian renewables industry package, including critical minerals, to respond to the challenge of the IRA.

"An investment of this scale would realise massive employment, trade, economic, emissions reduction, environmental and social benefits for our nation, businesses and community, reindustrialising our economy, helping secure our energy independence, diversifying our exports and creating hundreds of thousands of jobs.

"Our historical dependence on coal and gas exports – which places us as a global top three exporter of emissions alongside Russia and Saudi Arabia as the climate crisis escalates – also puts us at risk as the world rapidly decarbonises.

“Chump change won’t cut it. We urge the government to go back to the drawing board and get serious about its obligation to rapidly invest at scale to advance the national interest and secure our prosperity at this critical inflection point in the accelerating global green economic transition – *before it is too late*.

“We await further announcements with bated breath.”

Blair Palese, founder of [Climate Capital Forum](#), an alliance of investors, companies and climate finance experts including Ethinvest, Australian Impact Investments, the Smart Energy Council, and Rewiring Australia, said:

“Unfortunately, today Prime Minister Albanese missed a golden economic opportunity to show leadership and deliver a Marshall Plan-like approach that would allow Australia to build our future economy through the massive global effort to decarbonise.

“Right now Australia urgently needs real investment and economic policy reform in response to the US\$1 trillion global decarbonising kickstart the US IRA set in motion,” Palese said. “A\$2bn goes nowhere near what we need to get in, and stay in, the game in the way a real national play should. Once again Albanese has chosen a piecemeal response when a solid federal plan, a strong market signal and comprehensive leadership is needed.

“Today’s announcement of A\$2bn for critical minerals development is nothing short of a national disappointment. Albanese has failed to announce substantive national investment in all decarbonising sectors, establish a plan for manufacturing tax credits and de-risking of decarbonising projects to encourage large-scale private investment, and mandate that Australia value adds to our incredible rare earth mineral assets. He has failed to ensure our companies, investors, workers and everyday Australians get the benefits we deserve.”

For further information see:

- [An Australian Response to the US Inflation Reduction Act](#), 11 Sept 2023
- [The Australia-US Climate, Critical Minerals and Clean Energy Transformation Compact](#), May 2023
- [A Critical Minerals Value-adding Superpower](#), Mapping Australia's Opportunity, Feb 2023.

Tim Buckley and Blair Palese are available for comment/interview.

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