



### Submission to the NSW Government on the Updated Critical Minerals and High-Tech Metals Strategy

Mining and Energy Union, November 2023

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The Mining and Energy Union (MEU) appreciates the invitation to make a submission to the NSW Government as it consults for its updated Critical Minerals and High Tech Metals Strategy.

The MEU represents more than 20,000 members nationally in Australia's mining and energy industries, predominantly in coal mines and coal-fired power stations. Members in New South Wales are represented by the Northern Mining & NSW Energy District and the NSW South Western District of the MEU. In addition to coal mines and coal-fired power stations, members of the MEU in NSW also work in metalliferous mines in the Broken Hill area.

The MEU strongly supports an ongoing role for mining within the NSW economy, given the economic value it creates for communities and the number of quality, ongoing jobs it sustains. As a union, we have generations of experience in supporting the regional mining communities that have built our state and nation. Accordingly, our submission draws attention to important socioeconomic factors that the Government must consider in its strategy.

#### *Background*

Through its long-established coal mining industry, New South Wales is a major energy exporter to the world. In return, the coal industry has sustained many of our major regional economies, and its royalty payments have boosted Government budgets. Over the coming decades, the global energy transition will present a major challenge to this key industry and the economic prosperity it supports. The International Energy Agency models a 13.7% decline in global coal demand by 2030, and a 40.3% decline by 2050, under the *existing* policy settings of countries' governments – before taking into account any future policy ambition.<sup>1</sup> The high quality of NSW coal exports, compared to other international suppliers, make them well-placed to perform strongly in the global export market for decades to come, but the overarching trend is clear.

The upshot of all this change is that NSW *must* develop new industries that can sustain its economy into the future. The Commonwealth Treasury's recent Intergenerational Report reports that 'global demand for critical minerals will need to increase by 350% by 2040 for the world to reach net zero emissions by 2050.'<sup>2</sup> Critical minerals and high-tech metals present an important opportunity that NSW must grasp. In addition to NSW's nationally-significant economic

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<sup>1</sup> International Energy Agency World Energy Outlook 2023, coal demand forecast under the Stated Policies scenario.

<sup>2</sup> Commonwealth Treasury, Intergenerational Report 2023.

demonstrated resources of transition metals such as silver, cobalt, and copper,<sup>3</sup> around a dozen metals featured on the federal government's list of critical minerals can be found in NSW.<sup>4</sup>

To-date, the typical approach to Australia's mineral resources wealth has been to dig it up, and ship it out, where it is then processed and manufactured overseas. But the emerging global context demands supply chain security. Not only is it in the social and economic interests of our regions to develop domestic processing and manufacturing capacity, but it is also in the interests of our energy security and that of our global partners.

Internationally, major policies have been introduced to shore up reliable supply chains and gain competitive advantage in the global market for critical minerals, which is currently dominated by China. These policies include the European Union's Critical Raw Materials Act and the United States' Inflation Reduction Act. **Governments at all levels in Australia are moving quickly so as not to be left behind.**

**However, policy success in this area will require the NSW Government to be sensitive and responsive to socioeconomic factors in regional communities,** both to navigate policy challenges *and* to ensure communities and local workers see tangible benefits from future critical minerals and high-tech metals industries.

#### *Local infrastructure*

Mining communities face unique challenges. They frequently accommodate transient workforces, their roads and public infrastructure are subject to high demand, and their economies fluctuate with the volatility of global commodities markets. NSW mining communities must see tangible benefits from their contributions to the state economy, with government investment directed back into those regions.

Poor local infrastructure is a major barrier to the further development of metalliferous mining in Western NSW. Housing and infrastructure are poor for both residents and industry. Investment will be required to ensure workers at future metalliferous mines can reside and raise their families in local communities. Regional communities will miss out on significant local benefits if a metalliferous mining industry is allowed to develop with an entirely non-resident workforce (i.e., fully FIFO or DIDO), and this would severely undermine the industry's social licence to operate.

New mining, processing, and manufacturing industries would also place significant demand on our electricity grid. The NSW Government must continue with its work on safeguarding energy security into the future.

#### *Skills, training, and workforce attraction and retention*

A successful critical minerals and high-tech metals industry requires an appropriately skilled workforce. After successive funding cuts by past governments, the NSW Government must

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<sup>3</sup> See page 11, Australia's Identified Mineral Resources 2022 Report, Geoscience Australia.

<sup>4</sup> <https://www.industry.gov.au/publications/australias-critical-minerals-list>; for a list of metalliferous deposits in NSW see *Critical Minerals and High-Tech Metals Strategy, NSW Government, 2021*.

reinvest in regional TAFE campuses, which currently lack the teaching staff and equipment to educate students in skills relevant to emerging mining, manufacturing, and energy industries.

However, regardless of training and skills, new industries will struggle to attract the workers they need while they continue to pay inferior wages. Critical minerals mining and processing industries will need to co-exist with the coal industry for some decades to come. Strong union presence over generations in the coal industry has supported good pay and working conditions. Project proponents in emerging mining and manufacturing industries would do well to emulate those pay-rates and conditions, and to recognise the constructive role played by unions in making workplaces attractive to workers.

There is scope for the Government to include labour standards within their updated Critical Minerals and High-Tech Metals Strategy. Strong labour standards in those industries, supported by union-negotiated enterprise agreements, would support workforce attraction and retention and improve social licence to operate.

### *Context within the broader energy transition*

The impact of the energy transition on energy workers and their communities is well-documented, with Jobs and Skills Australia's recent Clean Energy Capacity Study noting that 'the transition to clean energy [should be] acknowledged as a potential negative experience for many transitioning workers, communities, and regions.'<sup>5</sup> Governments at all levels are considering policy responses for affected workers and communities. Federally, the future Net Zero Authority is set to play a critical role in supporting workers displaced by industry closures and diversifying the economies of affected communities. The MEU welcomes the NSW Government's commitment to establish Regional Transition Authorities which will play an important complementary role.

The most important marker of policy success for these Authorities is the creation of new ongoing jobs, located in affected communities, that displaced workers can move into. Renewable energy creates plenty of work during its construction phase, but provides few ongoing jobs. Conversely, minerals processing and manufacturing facilities have the potential to sustain large ongoing workforces. While critical minerals mining is geographically constrained to the location of mineral deposits, related industries need not be. New processing and manufacturing facilities should be located in energy communities that are facing significant economic upheaval due to impending power station closures. The updated strategy should reflect this, and planning to establish those industries should commence promptly, thereby enabling energy workers affected by facility closures to access training relevant to future opportunities in their local communities.

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<sup>5</sup> Jobs and Skills Australia, Clean Energy Capacity Study 2023, p. 246.