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Director
Production Tax Incentives Unit
Corporate and International Tax Division
Treasury
Langton Crescent
Parkes ACT 2600
Email: CriticalMineralsProductionTaxIncentive@treasury.gov.au

Dear Director,

Re: AMWU Submission to The Treasury Consultation on the Critical Minerals Production Tax Incentive.

The Australian Manufacturing Workers' Union (the AMWU) welcomes the opportunity to provide a submission to The Treasury's Critical Minerals Production Tax Incentive consultation.

The AMWU has organised and represented workers in the Australian manufacturing sector for 170 years. Today, the AMWU represents over 60,000 members in every Australian city and region. Our representation includes the process workers, technicians, chemists and maintenance workers that will play a crucial role in the development of Australia's advanced critical minerals manufacturing capabilities. Our members are the skilled tradespeople and technical workers that refine and process our critical minerals and rare earths. Supported by strategic industrial policy, these workers can continue to play a significant role in prosperous social and economic outcomes for all Australians.

It is in this spirit that the AMWU has a vision to represent Australian manufacturing workers that process, refine and transform the critical minerals that will power our renewable industries. These critical minerals include lithium, cobalt, nickel, alumina, bauxite, copper, silica and zinc as well as some 'rare' metals like graphite and vanadium.

Defining the role of a Production Tax Incentive for Critical Minerals Industries

The AMWU welcomes the Federal Government's announcement to develop a Critical Minerals Production Tax Incentive (henceforth CMPTI) and the government's important role in using it to attract and enable investment in the critical minerals processing, refining and manufacturing capabilities that add value to these industries and move Australia's critical minerals industrial capabilities up global value chains.

The AMWU has observed The Treasury's increasingly outmoded position on economic policy. Its orthodox economic dogma favours primarily limited industrial comparative advantages (i.e., commodities extraction and export) that elicit diminishing returns over the long term, as opposed to competitive advantages that require patient investment in value-adding capabilities to produce increasing economic returns over the long-term (i.e., elaborately transformed manufactures). The Treasury's relative neglect of developing policy for such competitive advantages are made clear in the consultation paper's statement that "Australia can leverage its track record as a trusted and reliable trade partner, with established relations in key markets in North Asia, the United States and Europe, to be a reliable supplier into the markets of the future".¹ Likewise, its proposed rules for the CMPTI state that "[e]ligibility does not depend on the end use of the output, including whether it is used domestically or exported."² This implies that The Treasury's position on Australia's vast critical minerals opportunities is that we should retain our place in global value chains as 'quarry to the world'. It is implied that no significant attempt will be made through the CMPTI to establish a new social contract with mining businesses to move Australia significantly up the value chain.

To take full advantage of the renewables boom, Australia should require and develop value chain opportunities for the export of highly complex manufactured products that assist the energy transition of other nations, rather than further committing our critical minerals industries to exporting the high-purity commodities that other nations will manufacture and sell back to Australia at a premium.

The AMWU further observes that regardless of enunciated government policy, the default position of many policymakers remains a lazy version of comparative advantage that would make even some Ricardians blush. This appears to be a small-minded and vested interest claim that a nation such as Australia, with world-significant energy and mineral resources, should confine itself to private commodity extraction for overseas export, and that almost any effort at onshore value-adding is in its very essence inefficient.

Among the many ways in which this position ignores reality are the following. The scale of demand for Australia's resources from a decarbonising world creates scale for efficient and competitive value-added manufacturing and production upstream and downstream of resource extraction. That is the point of *Future Made in Australia*. Further, the industry economics and structure of decarbonisation will often mean that both the interests of Australia and those of a decarbonising world will best be served by manufacturing energy intensive products as close to the green energy source in Australia as possible.³ Additionally, investment in advanced manufacturing technologies would provide major benefits to both large scale-based industries and flexible smaller players, removing previous barriers to lower-scale and expanding the opportunities for globally competitive onshore value chains based on Australia's vast resources and comparative advantages.

The AMWU – along with many other proponents of rebuilding Australia's sovereignty in advanced manufacturing capabilities – envisions the opportunity for Australia's role in the global critical minerals supply chain as one of greater economic complexity than is currently provided by the 'dig-and-ship' growth paradigm, avidly promoted by The Treasury and its stochastically handicapped allies in the Productivity Commission. Harvard University's 'Atlas of Economic Complexity' measures the diversification, development and ability to integrate

1 The Treasury, 2024. *Critical Minerals Production Tax Incentive – Consultation Paper*. Canberra, p. 2

2 Ibid., p. 4.

3 Garnaut, R. (2019). *Superpower: Australia's low-carbon opportunity*: La Trobe University Press. Note that Garnaut's impeccable free trade credentials have not hindered his advocacy of Australia's taking on at least some elements of a green industrial policy.

advanced technologies into the industrial base of domestic economies. Economic Complexity is a synonym for the knowledge intensity of an economy. It is centred on the embodied knowledge represented by the composition of its output and production (and does not, as recently and incorrectly claimed by a former head of the Productivity Commission, pertain to the use of imported high technology by extractive resource industries to export unprocessed raw materials).⁴

In the most recent edition of the Atlas, Australia ranked 9th in the world for GDP per capita but only ranked 93rd for economic complexity, despite many of our closest allies and largest trading partners (i.e., the United States, countries in Western Europe, Japan and the Republic of Korea) ranking within the top 10 for economic complexity. Moreover, Australia has been falling in those economic complexity rankings: since the turn of the century, our ranking has dropped by 31 positions. Unless this trend is reversed, the Australian economy will remain the (second) least industrialised in the OECD. This resource dependence will leave it vulnerable to external economic shocks, much like that which occurred during the peak of the COVID-19 pandemic, and as are evident today with increased superpower competition and the acceleration of extreme weather events related to the ecological crisis.

The industrial concentration in export of raw mineral commodities tells the story of Australia's slump in global economic complexity standings. The 'dig-and-ship' mentality ensures that we have, for many decades, missed major opportunities to add value to our minerals – without question some of the highest quality raw inputs to manufacturing processes in the world. We now risk entering a period of green global economic development that will be defined by more missed opportunities.

The key message from the analysis provided by the Atlas is that 'what a country makes is what a country knows';⁵ and the takeaway is that Australia knows very little relative to the nations with which we often like to compare ourselves. To harness an evident, but very disparate, knowledge base in the kinds of product exports that make a country complex (and which is therefore capable of capturing highly valuable positions in global value chains), our capacity to value-add to critical minerals must be developed to ensure our economy benefits from higher returns on our exports over the long term. As argued below, policy should actively promote lead customer partnerships with SMEs, government and institutions of education and training deliberately geared to the development of coherent and efficient onshore value-adding supply chains (which should not be misrepresented as a call for autarchy). This will have the ultimate effect of higher benefits flowing to workers and their communities in the form of higher-skilled, higher-paying jobs, greater standards of living and ultimately, a more cohesively integrated society.

The current weak, or non-existent industry policy settings not only enable, but encourage, the rush to export unrefined critical minerals, which continues to undermine domestic efforts to develop new sovereign mineral processing capabilities that are essential to the foundation of renewable industries and further critical minerals supply chain manufacturing opportunities. This is the position downstream of extraction of mineral resources, but the situation upstream is also poor. The same policy settings have cemented Australia's position in industry and trade as one of almost pure extraction by also minimising obligations on major resource developments to encourage local production of upstream manufacturing and

⁴ Kehoe, J. 2023. 'Mining is smart, not 'stupid', outgoing productivity boss says', *Australian Financial Review*, 4 September. <https://www.afr.com/policy/economy/mining-is-smart-not-stupid-outgoing-productivity-boss-says-20230904-p5e1vb>

⁵ See <https://atlas.cid.harvard.edu/>

engineering inputs, plant and equipment.⁶ Major opportunities to grow Australia's complexity and knowledge-intensity are lost at both ends of the value chain in the current model.

Domestic manufacturing industry sectors in high demand of critical minerals

The following section details a range of high-value manufacturing industry sectors that Australia has opportunity to develop onshore through downstream investments, and which are economically complex sectors that can make a major contribution to Australia's economic development if the CMPTI is applied in an effective way.

In 2023 the AMWU commissioned the *Towards a Renewable Energy Superpower*⁷ report, which sought to identify industry opportunities for Australia to embrace in the clean energy revolution. The report suggested that building Australia's renewable energy industry credentials is in large part a matter of adding value to already-existing high-value industries, including green metals manufacturing, solar photovoltaics and heavy vehicles. The key is to move manufacturing capabilities within these industries further along value chains to claim a more significant position in both domestic and global supply of renewable industry technologies.

The key industries that the report detailed can all be developed extensively by the Federal Government implementing a dedicated Green Metals Strategy. Enlivening this strategy through the Government's Future Made in Australia umbrella industrial strategy, and with additional access to National Reconstruction Fund loans, the CMPTI can become another important lever for connecting Australia's minerals industries to downstream opportunities in key value-adding sectors. The biggest opportunity sectors, as detailed in the *Superpower* report, are detailed below.

Green metals manufacturing

The closest nearby capability that can be developed in Australian minerals and metals industries is in green metals production. Australia has national opportunities in the application of renewable energy technologies to existing capital equipment (i.e., electric arc furnaces) to process green iron ore and aluminium and supply green iron and steel to downstream projects in domestic supply chains.

Diversified battery supply chain

The development of green mining industries in Australia, especially in the mining of lithium, rare earths, copper, nickel and silica could link to national opportunities in the material processing of battery cells and packs for domestic and export markets. This would also facilitate demand for the expansion of recycled materials in a circular supply chain that takes end-of-life battery materials and feeds them back into critical mineral refinement stages. In turn, this opens opportunities for both the prevention of outsourced material recycling to other nations – as Australia currently lacks an elaborate industry for such recycling, as well as the importation of scrap metals from other nations to be fed into renewable processes onshore. Targeting the growth of an onshore recycling industry can also provide scale for development of domestic battery manufacturing industries, both in Australia and the US⁸.

⁶ *National Rail Manufacturing Plan*. Department of Industry, Science and Resources. 2023. <https://www.industry.gov.au/publications/national-rail-manufacturing-plan>

⁷ SGS Economics & Institute for Sustainable Futures at UTS, 2023. *Towards a Renewable Energy Superpower: Industry Opportunities for Australia to Embrace the Clean Energy Transition*. Sydney.

⁸ Worrall, L, Gamble, H, Spoehr, J, 2022. *The Circular Economy – International Lessons and Directions for Australian Reindustrialisation*. Adelaide: Australian Industrial Transformation Institute, Flinders University of South Australia; The

Together, the onshoring of these capabilities and inputs could generate new revenue streams for a sophisticated green metals circular economy value chain.

In these industries, Australia's rich reserves of green metals would become a key input to highly complex refinement, processing, production and recycling – each of which represents a highly valuable industry sector, with major implications for global competitiveness given Australia would possess a near-complete value chain unmatched in the world. This is a far more desirable prospect to the default policy position of favouring ongoing commodity exports. Green metals manufacturing value chain expansion holds the foundations to the Australian economy breaking its dig-and-ship approach to patterns of industrialisation that attract levels of revenue that will exhibit diminishing returns compared to the competitive value-adding opportunities presented by complex manufacturing processes.

Solar supply chain expansion

The Institute for Sustainable Futures at UTS has estimated that Australia could create up to 60,000 jobs in manufacturing by capturing solar supply chain opportunities.⁹ There are major green metals opportunities in the mining of silica, quartz and aluminium in Australia, which could be linked to emerging national opportunities in material processing (i.e., polysilica refinement), and downstream to the manufacture of ingots, solar cells, solar modules and solar panel framing. There are also lucrative opportunities in bolstering supply of high-quality, Australian-made solar panels to Australian businesses for operation and usage on commercial and residential buildings. As discussed above regarding battery supply chains, this industry would also link to end-of-life and recycling capabilities presented by circular economy opportunities, of which Australia can become a key global player if it commits to strategic investments in these areas. Australia has one of the world's largest penetrations of domestic roof top solar. Many units are now coming to the end of their lives and under the current policy settings will simply go to landfill. The significant scale of Australia's household solar represents an industrial opportunity to develop a strong domestic recycling and reuse capability, together with regaining upstream manufacturing capabilities.¹⁰

High voltage cable manufacturing

The integration of renewable energy generation facilities into Australia's energy grid will depend on them being connected to homes and businesses via high voltage cables. Global supply shortages are estimated to see projects like undersea cabling require a lead time of eight years, creating a two-fold opportunity for Australia to establish a domestic high voltage cable manufacturing sector. Such a sector would provide certainty in the long-term to domestic renewable projects and their timely integration into the national grid, for example: the proposed Sun Cable project which will require approximately 12,000km of cabling. Furthermore, developing a domestic industry would be globally competitive given the constraints to supply for overseas projects.

Wind tower manufacturing and offshore wind port infrastructure

Over the coming decades, market demand for wind towers in Australia is estimated to be worth \$20-80 billion. If Australia embraced this opportunity, it would mean increased demand for green steel. In turn would expand the steel manufacturing supply chain. This opportunity would be enabled most of all by offtake agreements and local content rules that create certainty for investment in new manufacturing facilities.

White House. (2021). *Building resilient supply chains, revitalizing American manufacturing, and fostering broad-based growth*.

⁹ SGS Economics & Institute for Sustainable Futures at UTS, 2023. *Towards a Renewable Energy Superpower: Industry Opportunities for Australia to Embrace the Clean Energy Transition*. Sydney.

¹⁰ Worrall et al op cit.

Electric heavy vehicle manufacturing

Australia's metal industries supply segments of domestic heavy vehicle (bus and truck) manufacture for activities including public transport, road freight and mining haulage. As these industries transition to electric and low-emissions vehicles to help reduce overall transport emissions, the production of green metals (i.e., steel, aluminium) that go into these vehicles can contribute to reducing overall carbon emissions in Australian manufacturing. The Australian green metals sector's involvement in the manufacture of electric vehicle battery cells and components can expand demand for our existing metal industries.

These are significant opportunities irrespective of the further major opportunity for Australia's critical minerals. Critical minerals including lithium, nickel, and cobalt are essential for electric vehicles and Australia could play a larger role in the supply chain beyond extraction and export if downstream processing and manufacturing was encouraged. Key supply chain links from green iron ore and rare earths mining can be reinforced so that greater volumes of these minerals are supplied to the manufacture of batteries, chassis and other vehicle components.

Common user infrastructure to scale industries benefiting from the CMPTI

The AMWU appreciates that by announcing the CMPTI, the Federal Government has identified that domestic clean technology manufacturing industries will be successful if able to attract cheap Australian commodities. The Treasury has likewise indicated that the CMPTI's value of support "will depend on the industry's success in responding to this initiative and broader economic factors that help bring projects online."¹¹ Retaining a reliable supply of critical minerals onshore can help guarantee that a considerable portion of these resources are made available to a burgeoning range of sectors, including those outlined above, and to firms able to utilise these resources by acquiring scale and capacity.

Reaching scale and capacity is an issue the AMWU has been addressing for many years by proposing the expansion of Common User Facility (CUF) infrastructure to manufacturing sectors beyond defence shipbuilding. The CUF model is one where government owns the land and infrastructure, providing open access to multiple private users. Government ownership presents opportunity for bidding by private sector firms, and successful bids can be based on the strategic aims of the precinct. Some of the key features and benefits of CUFs include:

- Firms leasing space and infrastructure gain access to cutting edge common use infrastructure, which can include the latest in industry 4.0, digital, additive manufacturing and machine learning technologies.
- Supporting SMEs to achieve scale through alliances and joint ventures that bid for major projects.
- Providing firms with access to research and development opportunities to help them innovate.
- Containing skills centres, run in conjunction with TAFEs and universities, which provide access to state-of-the-art education and training facilities for the training of apprentices and the upskilling of workers.
- Co-locating enterprises and related services maximises local content and local jobs and creates an economy of scale effect that helps all companies to be internationally competitive.

All these benefits are provided while maintaining public ownership over infrastructure. All proceeds generated from leasing the infrastructure is reinvested in the facilities which means significant returns on initial public investment.

¹¹ The Treasury, 2024. *Critical Minerals Production Tax Incentive – Consultation Paper*. Canberra, p. 3.

Paired with the financial support offered by the CMPTI, CUF initiatives could help to drive the development of downstream value chain opportunities that increase demand for high purity feedstock in Australia and closer connections to advanced manufacturing in renewables industries.

Industry policy conditionalities for access to and eligibility for the CMPTI

Returning now to value-adding downstream of extraction, the AMWU's reading of the CMPTI consultation is that it will still fall significantly short of achieving complex manufacturing capabilities to focus primarily on incremental movements along the value chain. The Consultation paper states that "[t]he CMPTI will only be payable where minerals are processed to specified purity levels, or outputs."¹² This appears most likely to add *some* complexity to critical minerals industries but entrench a dig-and-ship economy for a period of global economic transformation that could otherwise transform Australia's role in the renewable energy future.

CMPTI eligibility

Given that it is the Federal Government's intention to enhance Australia's sovereign capabilities in high value-adding industries through a new social contract between government and business, the AMWU believes that it has a responsibility to ensure that companies are required to meet specific conditions and demonstrate they can maintain and improve on these to receive support. The conditions attached to the CMPTI that make a firm's eligibility contingent should not only ensure their products meet a required level of purity, but also commit the firm to the development of downstream, onshore domestic sovereign capabilities in transforming critical minerals into high-value manufactured products at points on the value chain beyond just processing stages. This also means that "mid-stage processing" should be a minimum baseline upon which corporations seeking access to the CMPTI should be assessed. Beyond mid-stage processing, this would notionally encourage production ranging from componentry for lithium-ion battery cells, solar photovoltaic components, advanced medical and laboratory devices, infrastructure like high voltage cabling and wind towers, electric heavy vehicles for mining, transport and freight sectors, and potentially a range of other applications. Mapped opportunities in these sectors are discussed later in this submission.

Limitations to eligibility

Thus, at the highest level the AMWU supports that eligibility criteria for the CMPTI be limited only to corporations committed to meeting a predetermined quota of critical minerals value chain development within Australia, and to making advanced upstream engineering and technology investments that make critical minerals production processes more efficient at the point of production. This is essential to stimulate Australian capital goods and engineering services relating to the resources sector, which will also aid further development of secondary manufacturing industries. Quotas could be reached through policy targets for demand-driven supply of critical minerals through downstream linkages to Australian manufacturing firms in a range of sectors (detailed later in this submission).

A tiered system for eligibility

The AMWU is not opposed to creating a tiered system of eligibility to maximise the CMPTI's impact on the development of sovereign capabilities in domestic Australian manufacturing industries. This could include upstream capability development such as engineering and technologically advanced inputs to critical minerals mining, processing and refining capabilities that add complexity at the point of mining production in ways that stimulate

¹² The Treasury, 2024. *Critical Minerals Production Tax Incentive – Consultation Paper*. Canberra, p. 3.

demand in Australian manufacturing sectors. For example, the full amount (10 per cent of eligible expenditure) could be applied as a deduction only when firms have carried out all due diligence in seeking opportunities to assist the development of value chain opportunities in Australia and thus, the offtake of critical minerals for further processing and transformation onshore for Australian cleantech and renewable energy projects. A lower percentage of the total incentive amount could be offered where a firm makes no attempt to assist in the development of downstream domestic markets.

Incentivising industrial sovereignty

The AMWU further proposes that a category for CMPTIs should be offered to resource firms hitherto engaged exclusively or primarily exporting critical minerals commodities on the condition that they commit part of their production to the development of sovereign downstream capabilities to refine and manufacture these minerals, together with efforts to stimulate supply of Australian capabilities in upstream technologies, plant and equipment. This targeted incentive would aim to leverage a firm's trade in local domestic markets, particularly where there exist opportunities for offtake agreements in domestic value chains. Such an incentive can help to ensure that Australian value-adding in supply chains is reinforced and assisted to grow to scale. Under this category of incentive, resource firms that invest in domestic downstream capabilities could be further incentivised by paying lower rates of tax on surplus exports of unprocessed commodities. This would help to prevent the bypassing of domestic supply chains and assist the value chain opportunities that exist to manufacture critical minerals into complex cleantech components onshore.

Firm accountability and commitments

The AMWU believes that firms should be held accountable to such a process of due diligence to be eligible for the CMPTI, as part of their social contract with First Nations Peoples, workers and communities. This process could involve industry mapping, market research, industry partnerships and collaborative initiatives to propose funding for large-scale supply chain initiatives. Firm participation in planning upstream and downstream domestic value chains should be both monitored by The Treasury in consultation with the Department of Industry, Science and Resources and the Department of Foreign Affairs and Trade, and reportable by firms seeking to access the CMPTI. A set of criteria need not be an onerous process for firms themselves to meet, where the Federal Government makes widely available its resources and networks of public and commercial institutions including Geoscience Australia, the CSIRO, the Industry Capability Network and Jobs and Skills Australia to provide the industrial, scientific, commercial, labour and skills intelligence reports that can help the critical minerals industry and its existing or prospective supply and value chains pursue sustainable value-adding opportunities. Furthermore, the work of the National Reconstruction Fund Corporation and more broadly, the *Future Made In Australia* industry policy framework can assist with investment opportunities.

Mandated CMPTI plans

Participants in the CMPTI program should be required by mandate to submit a plan that details how they will use the production tax incentive to build capability in Australian critical minerals industries, including opportunities for adding capacity in supply chains enhancements to value chains that they will help to deliver onshore. Only when a firm has submitted a plan and had it approved by The Treasury based on this and other conditionalities, and that they have demonstrated delivery on this plan, should a firm be awarded eligibility for the CMPTI. A two-gate system of how to implement this process is detailed further below.

Secure, well-paid union jobs

The Secure Australian Jobs Code (SAJC) must underpin the practices of all critical minerals industry firms for them to be eligible for the CMPTI. Critical minerals businesses applying for access to the CMPTI must undergo an Ethical Treatment of Workers Evaluation. The Evaluation should include specific compliance, strategies and targets in relation to:

- Adherence to industrial laws;
- Enterprise agreements with the relevant union or unions and recognition of the right to collectively bargain;
- Safety (including hours of work and fatigue management);
- The right of workers to representation in the workplace;
- Encouraging union membership to all workers;
- Workplace participation for First Nations people;
- Maximising the participation of women and gender equity goals;
- Employing apprentices, trainees, and cadets;
- A security of payments framework;
- Local content procurement;
- Regional local employment;
- Stable, secure and ongoing employment for workers; and
- Use of subcontractors who also hold a Certificate.

Use of CMPTI to repurpose subsidies for public benefit

Critical minerals and fossil fuel energy firms accessing the CMPTI should also forego the subsidies currently gifted to them, redirecting these subsidies to institutionalising the social contract that the CMPTI implies between business, workers and their communities.

This should include the government exploring opportunities for public ownership of industrial assets and businesses, particularly those relating to key investments in capital and infrastructure that help to build scale and contain levels of risk that are unattractive to private sector-led investment. Public investment in value chain developments and common-use infrastructure (detailed further later in this submission) would also help to build scale that crowds in private investment. The Federal Government can make a convincing business case for the specific industrial assets and junctures in supply and value chains that enable commercial investment by utilising the abovementioned public institutions and resources at its disposal.

The two-gate system for CMPTI eligibility

To ensure and enforce these eligibility criteria, the AMWU supports the recommendation of the ACTU regarding a two-gate system for the CMPTI mechanism. This two-gate system would feature two stages. The first stage would see an adjudication entity run an eligibility determination process. The second stage would determine the size of the tax credit to be awarded.

In the first stage, the eligibility determination process would address factors including:

- Current industry wages and conditions;
- Access to portability of worker entitlements;
- Promotion of gender equality;
- Promotion of employment opportunities for Aboriginal and Torres Strait Islanders; and
- Continuing education pathways for workers, targeted especially at apprenticeships, traineeships and cadetships.

Upon fulfilling these conditions, an applicant firm would proceed to the second stage featuring additional criteria, with the satisfaction of each individual criterion incrementally increasing the size of the CMPTI credit awarded to the applicant. These criteria would determine the quantum of the incentive and could contain, amongst other criteria, the following:

- Existence of a collective agreement with a union and/or agreement to arbitration;
- Agreement including 5 days of paid training per year for workplace delegates;
- Union inductions for all new starting employees;
- Provision of >80% secure jobs;
- Minimum rates of apprenticeships (at least 1 apprentice per 10 employees);
- Registration of an Indigenous Land Use Agreement (ILUA) with the National Native Title Tribunal;
- Investment in a Net Zero Economic Agency (NZEA) designated transition region/participation in an NZEA pooled redeployment community of interest;
- Domestic content/local manufacturing targets; and
- Being a signatory to a community benefit agreement.

Community benefit principles

As with all major structural shifts in the economy, some workers and regions will be impacted more than others. With the international shift away from fossil fuels, Australia's coal mining and energy production regions are going to experience significant economic reorganisation. These changes cannot be left to the whims of the market. Instead, ambitious and targeted industry policies are needed to ensure that well-paid, secure jobs are available that utilise and build on workers' existing skill sets and ensure the prosperous futures of their communities.

The Australian Government's approach to creating opportunities in its regions should identify the possible industrial opportunities that emerge from critical minerals industries development, to leverage social and economic outcomes that provide regionally specific benefits. This means that legacy fossil fuel regions should be prioritised for harnessing local industrial and labour strengths that capture critical minerals industry and technology opportunities to drive renewable industry transitions. Ostensibly, corporations seeking access to the CMPTI will operate in these regions and this means upholding transition principles is of critical importance. Such principles include, but are not limited to:

1. Ensuring safe and secure jobs that are well paid and have good conditions.
2. Developing more skilled and inclusive workforces, including by investing in training and skills development and broadening opportunities for workforce participation.
3. Engaging collaboratively with and achieving positive outcomes for local communities, including First Nations communities
4. Strengthening domestic industrial capabilities including through stronger local supply chains.
5. Demonstrating transparency and compliance in relation to tax obligations, including benefits received under this Act.
6. Providing support for a fair, just and orderly the energy transition, particularly for those workers and communities directly affected.

The Federal Government must therefore ensure that administration of the CMPTI remains cognisant of a region's specific community and industry needs and coordinate its support of critical minerals firms with the NZEA. This can ensure that most benefits to be derived from the CMPTI flow to transitioning regions and maximise opportunities for transitioning workers in renewables industry development.

Regions in proximity to rich critical minerals deposits would develop value-adding policies that push mining industries up value chains towards advanced manufacturing. The global market trade of value-added products will be crucial to the growth and development of Australia's high-value industries, meaning planning logistics, transport networks and access to key port and rail infrastructure will be an essential part of linking regions with processing and export hubs. Rounding out this whole-of-nation regional strategic approach to maximising the impact of the CMPTI would see metropolitan regions build upon the technological spillovers from these advanced transformations, feeding back into other regions, research & development, advances from education institutions, and the identification of export trade opportunities within our public and private services sectors.

The AMWU believes there can be no reasonable excuse for a resources firm to simply access the CMPTI without considering how they will contribute to Australia's sovereign capabilities in critical minerals processing, refining *and* manufacturing industries and their impact on the complexity of the wider economy; nor can there be any excuse for a resources firm to not adhere to high standards for community benefits flowing from their receipt of taxpayer-funded investment incentives and tax credits.

The AMWU welcomes further discussion and collaboration on this important issue, and we thank you for the opportunity to make a submission. If you require any further information, please contact Mark Dean (mark.dean@amwu.org.au or 0402 669 242) in the first instance.

Yours sincerely,



STEVE MURPHY
NATIONAL SECRETARY