



Australian Government
**Department of Industry,
Science and Resources**

Submission to the Inquiry into factors shaping social licence and economic development outcomes in critical minerals projects across Australia.

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Introduction

The Department of Industry, Science and Resources (the department) welcomes the opportunity to make a submission into the inquiry examining factors shaping social licence and economic development outcomes in critical minerals projects across Australia (the Inquiry). The department's submission outlines activities underway to grow and support Australia's critical minerals sector as they relate to the Inquiry's terms of reference.

In 2023, the Australian Government released the *Critical Minerals Strategy 2023-2030* (the Strategy), which provides the overarching framework to grow Australia's critical minerals sector. In December 2023, the *Critical Minerals List* (the List) was updated, and again in February 2024 to include nickel. The Strategy and the Critical Minerals List are both administered by the department through the Critical Minerals Office (the Office). The objectives of the Strategy include:

- creating diverse, resilient and sustainable supply chains through strong and secure international partnerships;
- building sovereign capability in critical minerals processing;
- using Australia's critical minerals to help become a renewable energy superpower; and
- extracting more value onshore from our resources, creating jobs and economic opportunity, including for regional and First Nations communities.

The Office and Critical Minerals Security Branch within the department provide national leadership on critical minerals policy and play a strategic role in growing Australia's critical minerals industry. The department works closely with Commonwealth delivery partners to support the effective delivery of the Strategy: including with Department of Foreign Affairs and Trade (DFAT), Export Finance Australia (EFA) and the Australian Trade and Investment Commission (Austrade), state and territory agencies, industry, and community stakeholders.

What is a critical mineral?

A critical mineral is a material that is essential to our modern technologies, economies, and national security, and whose supply chains are vulnerable to disruption. To be included on Australia's Critical Minerals List, minerals must meet four key criteria. These are: 1) essential to the priority technologies set out in the Strategy; 2) Australia's geopolitical potential for resources; 3) significant demand from our strategic international partners; and 4) vulnerability to supply chain disruption. The List is scheduled for review on a three yearly cycle or as determined by the Minister for Resources.

One example of a critical mineral used every day, is antimony. Lead-acid batteries use antimony as a hardening agent to enhance strength, resist corrosion and assist with charge and discharge cycles, but Australia relies on overseas supply. Demand for antimony is growing, but most of the world's supply and processing happens overseas. Even though Australia has antimony resources, limited local production means everyday products like batteries are vulnerable to global supply disruptions. This reliance is why antimony is classified as a critical mineral.

Delivering a Future Made in Australia to support economic development

The Australian Government has introduced the \$22.7 billion Future Made in Australia Plan (FMA) to maximise opportunities from the global net-zero transition, strengthen national security, and attract private investment in priority industries. Critical minerals are a cornerstone of the FMA, with critical minerals processing identified as a priority under the National Interest Framework due to its supply chain vulnerabilities. Developing domestic capability in critical minerals processing is intended to support Australia's economic resilience by reducing exposure to supply disruptions.

This underscores the strategic importance of mining, refining, and processing of critical minerals to Australia's economic development. Critical minerals are essential for technologies tied to renewable energy, clean energy technologies, advanced manufacturing and defence. Australia has proven world-class deposits of a significant number of critical minerals including lithium, rare earths, manganese and titanium and has the potential to supply these critical minerals to many countries, to meet demand in coming decades.

Growing Australia's critical minerals sector and expanding downstream processing will capture greater economic value, create more jobs and boost Australia's sovereign capability. As outlined in the Strategy, external modelling commissioned by the department in 2023 indicates increasing exports to maintain our market position in critical minerals and other energy transition minerals could add \$71.2 billion in Gross Domestic Product (GDP) and 115,100 jobs from 2022 to 2040. Expanding downstream refining and processing capability and securing a greater share of trade and investment could generate \$139.7 billion in GDP and increase the number of jobs by 262,600 from 2022 to 2040.¹

In 2023-24, the mining sector contributed \$65 billion in company tax and royalties. This included \$38.1 billion in corporate tax paid to the Australian government and \$26.9 billion in state-based royalties.² Critical minerals exports are forecast to grow from around \$11 billion in 2024-25 to \$14 billion in 2026-27.³ These revenue streams help fund essential government services and strengthen Australia's economic position.

The department is implementing the following measures to support these objectives:

- \$17.5 billion Critical Minerals Production Tax Incentive (from July 2027) to support critical minerals, with regulations developed in early 2026, to expand eligibility criteria for processing activities including listing High Purity Alumina, graphite and precursor cathode active material.⁴
- \$1.2 billion Critical Minerals Strategic Reserve to secure supply and support investment into key minerals vital for Australia's economy, national security and FMA ambitions.
- \$5 billion committed through EFA Critical Minerals Facility, which is currently supporting six major projects (approximately \$3.1 billion) in the Northern Territory, Queensland, South Australia, and Western Australia.

The department is also supporting the transformation of Nyrstar's Port Pirie and Hobart smelters by coordinating the Australian Government's contribution to a \$135 million joint support package with South Australia and Tasmania. The package is funding a pilot plant for antimony production at the

¹ The economic potential of Australia's critical minerals and energy transition minerals report, 2023, PWC Australia

² Corporate tax transparency report 2023-24, Australian Taxation Office.

³ Resources and Energy Quarterly (REQ), Department of industry, Science and Resources, December 2025.

⁴ These regulations were tabled in Parliament on 19 January 2026, with the disallowance period ending on 26 March 2026.

Port Pirie site, as well as feasibility assessments and asset integrity upgrades to modernise both sites and transition them into critical minerals production. This is in line with Australia's broader goals for sovereign capability, national security, and FMA.

The department understands the importance of developing strategically important projects. The department works with EFA, Northern Australia Infrastructure Facility (NAIF), National Reconstruction Fund Corporation (NRFC) and Clean Energy Finance Corporation (CEFC) to support project development.

The department also works closely with Austrade, which has primary responsibility for commercial business matching and the identification and promotion of investment ready critical minerals projects, through business missions and products such as the *Critical Minerals Prospectus*. Austrade connects Australian critical minerals projects with prospective global investors, those who purchase off-take and strategic partners, and leverages commercial insights to inform policy.

The department is also advancing international cooperation to develop critical minerals projects. For example, in October 2025, the *United States–Australia Framework for Securing of Supply in the Mining and Processing of Critical Minerals and Rare Earth* (the Framework) was signed by President Trump and Prime Minister Albanese. The Framework will strengthen investment in Australia's critical minerals sector by providing architecture for Australian producers to access US financing. The Framework supports the supply of raw and processed critical minerals and rare earths crucial to the commercial and defence industries of the United States and Australia.

Working with States and Territories for regional and remote development

Reaching net zero by 2050 will require the expertise of the resources sector. Most critical minerals projects are in regional and remote regions which creates economic and employment opportunities in regional Australia. The Strategy recognises that strategically planned enabling infrastructure like roads, rail and energy can help develop industrial precincts to support regional development.

The movement toward clean energy industries in regional Australia is projected to increase employment by 30 per cent or around 213,000 workers by 2033.⁵ Many of these opportunities are in regions where critical minerals projects are prospective. As the clean energy transition accelerates, the continued development of Australia's critical minerals sector will play a central role in supporting regional development and jobs growth.

State and territory governments play a central role in enabling this regional development. They are responsible for key aspects of onshore mining, including mineral ownership, exploration, mining approvals, environmental assessment, and regional planning.

The Australian Government is partnering with state and territory governments to deliver the \$10.2 million Critical Minerals National Productivity Initiative. This involves supporting state and territory governments undertaking feasibility studies for common user minerals processing infrastructure to help unlock downstream processing opportunities. The Australian Government has already signed Federation Funding Agreements with several state and territory governments under this program, including with Victoria, Western Australia, Tasmania and Northern Territory.

⁵ Australian Government State of Australia's Regions 2024 report.

The department also supports the Minister for Resources' Ministerial Resources roundtable which brings together Federal, State and Territory jurisdictions, to strengthen collaboration on resources policy, including critical minerals policy.

Improving engagement practices with Traditional Owners

The Strategy notes 60 per cent of Australian resources projects, including exploration and extraction, operate on land covered by a Native Title claim or determination. Mining employs 4.6 per cent of employed First Nations people compared to 2.6 per cent of non-Indigenous people.⁶ The Strategy recognises the importance of genuine engagement and collaboration with First Nations communities that promote benefit sharing.

The department recognises that effective engagement and consultation with First Nations communities can support meaningful negotiations for access to land and land use proposals under land rights legislation or the *Native Title Act 1993*. The department remains engaged on the Australian Law Reform Commission (ALRC) review of the Future Acts Regime of the *Native Title Act 1993*.

The Community Benefit Principles under the *Future Made in Australia Act 2024* also emphasise ongoing engagement with First Nations Groups by supporting effective and meaningful First Nations participation and sharing the benefits of the Net Zero transition.

The department's stretch Reconciliation Action Plan further commits to strengthening cultural capability across the organisation and enhancing Australia's economic and social opportunities for Aboriginal and Torres Strait Islander peoples.

Ensuring Commonwealth investment delivers benefits to communities, workers and industries

Public trust in the mining industry has improved, with acceptance and trust in mining increasing between 2014 and 2024.⁷ Continuing to build trust ensuring a fair distribution of benefits and engaging communities are key to maintaining the sector's social licence to operate. This is important for the industry's ability to secure ongoing support from the community. A lack of social licence to operate can have negative consequences to a company's reputation and financial standing and at the extreme may lead to government action. This may involve appropriate regulatory action against a company or new legislative or regulatory requirements for an industry.

What is a social licence to operate?

Social licence refers to the ongoing acceptance and approval of an organisation's activities by its stakeholders and the public. Unlike legal or regulatory licences, social licence is intangible and must be continually earned through responsible practices and engagement.⁸

In 2024, CSIRO found only 52 per cent of survey respondents agreed that mining communities receive a fair share of benefits.⁹ In 2024, the Australian Government established the Community Benefits Principles (CBPs) as part of the *Future Made in Australia Act 2024* (the Act). The CBPs are

⁶ Australia Bureau of Statistic 2021 Census.

⁷ CSIRO's Australian attitudes toward mining 2024 survey report.

⁸ Australian Institute of Company Directors' definition of social license to operate.

⁹ CSIRO's Australian attitudes toward mining 2024 survey report.

designed to ensure government investment supports broader benefits to local workers, businesses and communities. The CBPs are:

- promoting safe and secure jobs that are well paid and have good conditions;
- developing more skilled and inclusive workforces, including by investing in training and skills development and broadening opportunities for workforce participation;
- engaging collaboratively with and achieving positive outcomes for local communities, such as First Nations communities and communities directly affected by the transition to net zero;
- supporting First Nations communities and traditional owners to participate in, and share in the benefits of, the transition to net zero;
- strengthening domestic industrial capabilities, including through stronger local supply chains; and
- demonstrating transparency and compliance in relation to the management of tax affairs, including benefits received under FMA supports.

Under the Act, decision-makers must have regard to the CBPs when delivering FMA support. The department and Treasury consulted on the implementation of the CBPs from 19 December 2025 to 2 February 2026.

As part of this consultation, Treasury also sought stakeholder feedback on the application of the CBPs to the Hydrogen and Critical Minerals Production Tax Incentives. Both departments are analysing feedback from the consultation which will inform the development of the legislative rules prescribing requirements to operationalise the CBPs.

Supporting Australian jobs

The Strategy recognises there is a shortage of skilled labour, particularly mining engineers, geological, geotechnical and processing engineers, geologists, hydrogeologists and metallurgists, which poses a risk for the sector. The Strategy also acknowledges that a skilled, diverse and growing workforce that continues to grow Australia's critical minerals sector is required, particularly as we move into downstream processing.

The department works closely with the Department of Employment and Workplace Relations, the lead agency for workforce development on these matters. State and territory governments also play a critical role in supporting local training, employment services and workforce planning.

Conclusion

The department is working to deliver the Australian Government's vision for critical minerals under a Future Made in Australia. Australia's policy and regulatory settings are enabling the nation to contribute to a globally diverse, secure and reliable supply of critical minerals. The increasing production of critical minerals requires companies to be attuned to their local communities, steward the environment and work with First Nations to ensure the sector delivers more than economic benefits. Through FMA, the Government is providing a legislative basis underpinning that underpins the social licence of companies working in the critical minerals sector.