



CLEAN ECONOMY JOBS, RESOURCES AND TRANSPORT COMMITTEE

Members present:

Ms KE Richards MP—Chair
Mr PT Weir MP (virtual)
Mr BW Head MP (virtual)
Ms JE Pease MP (virtual)
Mr LA Walker MP (virtual)
Mr TJ Watts MP (virtual)

Staff present:

Dr A Ward—Committee Secretary
Mr Z Dadic—Assistant Committee Secretary

PUBLIC BRIEFING—INQUIRY INTO THE MOUNT ISA MINES LIMITED AGREEMENT (CONTINUING MINING ACTIVITIES) AMENDMENT BILL 2024

TRANSCRIPT OF PROCEEDINGS

Monday, 24 June 2024

Brisbane

MONDAY, 24 JUNE 2024

The committee met at 9.09 am.

CHAIR: Good morning. I declare this public briefing for the committee's consideration of the Mount Isa Mines Limited Agreement (Continuing Mining Activities) Amendment Bill 2024 open. My name is Kim Richards, member for Redlands and chair of the committee. I would like to acknowledge the traditional owners of the land on which we meet and pay my respects to elders past, present and emerging. We are very fortunate in this country to have two of the world's oldest continuing living cultures in Aboriginal and Torres Strait Islander peoples whose lands, winds and waters we all now share. Other committee members with me here today via videoconference and teleconference are Pat Weir, member for Condamine and deputy chair; Bryson Head, member for Callide; Trevor Watts, member for Toowoomba North; Joan Pease, member for Lytton; and Les Walker, member for Mundingburra.

On 1 May 2024 the member for Traeger introduced the Mount Isa Mines Limited Agreement (Continuing Mining Activities) Amendment Bill 2024 in the Queensland parliament. The bill was referred to the committee and the purpose of today's briefing is to assist the committee with its consideration of the bill. This briefing is a proceeding of the Queensland parliament and is subject to the parliament's standing rules and orders. Only the committee and invited witnesses may participate in the proceedings. Witnesses are not required to give evidence under oath or affirmation, but I remind witnesses that intentionally misleading the committee is a serious offence. I also remind any members of the public that they may be excluded from the briefing at the discretion of the committee.

These proceedings are being recorded and broadcast live on the parliament's website. Media may be present and are subject to the committee's media rules and the chair's direction at all times. You may be filmed or photographed during the proceedings and images may also appear on the parliament's website or social media pages. I ask everyone present to please turn their mobile phones to silent or turn them off. The committee will now hear from the member for Traeger, Mr Robbie Katter, and Mr Cameron Parker.

KATTER, Mr Robbie, Member for Traeger, Parliament of Queensland

PARKER, Mr Cameron, Parliamentary Policy Officer

CHAIR: Welcome.

Mr Katter: To give a brief overview of the genesis and the purpose of this bill and a little bit on the content, firstly I would start by saying this is not an anti Glencore bill; this is a pro Queensland bill. It is addressing probably the shift in cultures that has occurred since this Mount Isa Mines agreement was formulated. I think the culture in Australian mining has very much changed since then. Certainly the cultural shift of the leaseholders out there has changed dramatically compared to what it used to be. It has changed significantly and legislation has not changed to keep up with that changed standard.

There was a Mount Isa Mines Limited Agreement Act created in 1985 to recognise that a mine was built in the town. It was hard to draw the line between the mine and the town. Both supported each other. It speaks volumes that back then every kid in Mount Isa, with a population of 30,000 people, regardless of whether their parents worked at the mine or not, got a substantial Christmas toy at the Mount Isa Mines Christmas party. They struggle to have a Christmas party now. It is a small and seemingly insignificant anecdote, but I certainly think it is significant because there has been a cultural shift since then. They are businesses now—they operate a business—and they do not have the same concern for the collective benefit of Queenslanders or Mount Isa people when they make their business decisions. I think that is a pretty well established fact among the mining industry now, and certainly in Mount Isa it is.

We have a bill that has not moved with the times to recognise that and we have had a significant change in operations which has dealt a devastating blow to the community of Mount Isa. As I said, the population used to be 30,000 and only a couple of years ago it was 20,000. They are now talking about 18,000 as the population, so 1,200 workers for a city of 18,000 people is highly significant. This is coupled with the fact that both federally and the state—and I would argue it is both sides of the

parliament—have acknowledged the commitment to critical minerals, and federally they refer to critical minerals as copper. If you want to engage in the modern economy and particularly in the renewable space, you cannot do that without a strong commitment to copper. It is still the main ingredient in any of that renewable space globally.

It is said that in the next 25 years we will have to take more copper out of the ground than has been done in the history of man. The third biggest copper operation in Australia has just announced they are going to shut down their operations. It is our interpretation that is because they have six other copper mines overseas that give them a better return on their investment and so they have chosen to put their capital into that rather than an aged resource that is problematic for them; there is no question about that. The current leaseholder have decided to ship those 1,200 jobs overseas and that investment and that capital to their other copper mines. We do not think that aligns with the federal and state aspirations to build the North West Minerals Province—as Prime Minister Albanese said, our sovereignty over our copper production and our metals; this is pretty much the opposite—and build CopperString. CopperString was predicated on a vision to expand the North West Minerals Province—\$650 billion worth of metals that we know of in the ground and, I am sure, plenty more that we do not know of. There is no point doing that if you let one of the main leaseholders in the region disable one of the bigger producers and let that go.

This is important to me as the local member because many people have been keen to take on the resource. They have made inquiries saying, ‘Can we talk?’, but the leaseholder has said, ‘We’re not interested in selling.’ It seems a strange set of circumstances in this state where there is a resource that provides 1,200 jobs and copper production to fulfil the aspirations of the government both at a state and a federal level but the person who was granted that lease has said, ‘We can’t be bothered mining that anymore. It is easier to do that somewhere else,’ and the Queensland minister says, ‘There’s nothing we can do about it.’ This legislation addresses that problem. It gives the minister and the government the right to do something about it.

This would not apply to all mines in Queensland, just the Mount Isa Mines mining operation in the north-west. The bill says that if there are any major changes to their operation we would like to assess that. If it does not meet the criteria insofar as it goes against the economic interests of Queenslanders’ strategic economic interests, they will be forced to sell that lease. It goes on the ‘use it or lose it’ principle. However, they do not actually lose it; they just sell it. There are a lot of willing buyers around at the moment, but you cannot introduce a willing buyer to a seller who says they are not selling.

There is nothing for sale at the moment; they can just sit on it for the next 30 or 40 years. Copper prices are at over \$10,000 a tonne. One of the biggest deals in mining history was when BHP were trying to acquire Anglo quite openly to acquire copper interests. The rest of the world is focused on copper and we need copper production, and this one leaseholder in the north-west and the third biggest copper mine in Australia said, ‘We’re just going to sit on this and shut it down.’ This legislation addresses the fact that that is not consistent with the strategic aims of both sides of the Queensland and Australian parliaments. We need to keep these leases operating and viable not just because of the jobs they provide but also for the copper production. Quite simply, the actions of this leaseholder have transported those 1,200 copper jobs and that effort overseas when it should remain in Queensland. This does not take it off them; it just forces them to sell it onto an open market.

Mr WEIR: Just for the clarity of the committee, where does the smelter fit into this? Is that included in what you are talking about? Is that all under the one ownership and the one act?

Mr Katter: That is a really good question. It would be difficult but not impossible—and I can only speak anecdotally—to sell separate components of the mine. They are very well integrated because they have all been operated—the zinc operation, the copper operation, the lead operation and the copper smelter and, for that matter, the acid plant that is owned by Incitec Pivot which is onsite as well. I understand it would be problematic but not impossible to separate those businesses. There are a number of scenarios at the will of the vendor in terms of how they dispose of that asset. Again, anecdotally, I have heard that has been the problem. BHP were in town trying to buy the mine a few years ago. The word was that Glencore wanted to sell the whole thing holus-bolus but they only wanted certain elements of it. However, you have to buy the whole shebang, which includes the port and the copper refinery in Townsville as well. That is really an issue for the vendor. I do not think it would be impossible for them to just sell the copper mine itself.

Mr WEIR: Obviously that plays a huge role in the future of Mount Isa. Going back to the mine, you seem to have advice that there still is a significant copper deposit. Where is that information coming from? Who is coming to you and saying that there is still a significant reserve that can be mined?

Mr Katter: If you are after empirical data, that is pretty difficult because you can only get that from Glencore, the current leaseholder, and they perhaps would not be so forthcoming with the viability of their copper for commercial reasons. As was said to me by a couple of people in the industry who are higher level participants, go and look at their annual report. Look at the number of tonnes they report to their shareholders to show off—‘We’ve got this many tonnes of copper there’—and look at the current price of copper. Beyond that, most people would say whether or not it is problematic that is a huge opportunity.

For other evidence along those lines, look at the Ernest Henry mine, which was their second biggest copper operation. Glencore sold the Cobar copper mine a few years ago and Ernest Henry, which was their next biggest copper mine. They repeatedly told the public there were only four years left to run at Ernest Henry. They sold it to Evolution Mining, which is a junior Australian mining company from Tasmania. They said, ‘This is a really big mine for us to purchase,’ and within a year they had raised extra capital and set a long-term plan in place. Within 18 months of owning it they had added 17 years to a mine that definitely only had four years left to run. Now it has 17 years for a junior miner. They are one of a number of companies that said it would be nice to get hold of. I am not sure they are in a position to buy Mount Isa, but pretty much everyone is sniffing around and see it as an opportunity.

My personal view is that Glencore take a short-term view on things. They are a global commodity trader; they are not a miner. When they need to make long-term investment decisions about 10 years of returns such as expanding an underground operation or doing another vent or building the next stage of development of the mine that requires a couple of hundred million dollars, they are not going to invest because they take a short-term view of things. Like I said, they have six other major open-pit copper mines around the world. If something is problematic and requires large capital investment, they would rather deploy that capital overseas than into a mine that is becoming more difficult to mine. There is no question that the underground operation in Mount Isa is becoming more difficult. The next expansion is a superpit, which I understand requires a couple of billion dollars of investment. If there is an operator that keeps taking a short-term view and refuses to spend any money, it is very difficult to see how any Queenslander would take any benefit from that.

Mr WEIR: The superpit, as you called it, has predominantly been underground. How would you see an open-cut operation like that on the edge of Mount Isa operating?

Mr Katter: I understand it would displace a large section of the town, so it is not without impact. I think it is inevitable; it will be mined one day. Someone who had more concern for disruption to the town would try to do that transition without it. There has just been the announcement that they are going to shut down 1,200 jobs, shut down the operation and get to the next stage when they get to it. That could be 20 years down the track and by that stage Mount Isa could be reduced to 6,000 or 10,000 people. I do not think it is good for Queensland—people here in Brisbane or anyone—for them to have that attitude. A more responsible operator would ease out of the underground operation, which I am sure will deplete some day, and transition into whatever that next stage is, whether it is the superpit or whatever else. I think it could be done better with another owner.

Again, I am not necessarily against Glencore being the owner, but they should be forced to align with the aspirations of Queenslanders and not just shut down things on a whim as it suits their business model. The people of Queensland have a desperate need for critical minerals to be mined and that keeps resources coming and creates royalties and jobs for Queenslanders. If someone wants to tap out of that because it does not suit their business model, they are not really a good partner to have in business in Queensland. We should be trying to incentivise companies that would prefer to align themselves with the values and aspirations of our people and our government.

Mr WEIR: Mount Isa is going to remain a very critical town because of all the other mines and opportunities that are going to develop around that area. Mount Isa still needs to be successful while those mines are developing, which is probably what you are saying. We still need to secure the future of Mount Isa and it relies entirely on that mine.

Mr Katter: That is a very insightful comment—I might take it as a question—and I have not really touched on that. There is a copper smelter and there is also the biggest fertiliser plant in the Southern Hemisphere, the Incitec Pivot fertiliser plant, which is absolutely critical to Australia’s fertiliser needs. All the sulphur that comes off the copper smelter is piped a couple of hundred metres away to the acid plant to make sulphuric acid which is in critical shortage in Australia now. There was an inquiry on the supply of acid in Australia. We have acid that comes off the copper smelter that helps keep the fertiliser plant up the road and the phosphate mine viable. The phosphate fertiliser plant also takes acid from the Sun Metals Zinc Refinery in Townsville and that is a part of their business that keeps them viable. If we lose phosphate we could lose Sun Metals zinc and then you

would also lose the copper refinery in Townsville. The copper smelter is a very valuable chess piece in the ecosystem of mining in the north-west and North Queensland, even in port activities, and the copper mine helps keep that viable. This legislation would play a role in keeping viable the business case for a copper smelter in the long term as well. That is a really insightful question and something that I missed.

CHAIR: The copper smelter has a knock-on effect in terms of the operations of Incitec Pivot—

Mr Katter: And Sun Metals zinc and the copper refinery in Townsville. There are about 1,200 jobs in that value chain that are all compromised without the copper smelter. It is about getting volume through that smelter. In the last few years for the first time ever they have been taking everyone else's copper ore from the whole province and processing it for them just to keep the volumes up. There is no question they have dropped volumes underground in Mount Isa.

CHAIR: Have you had any feedback from Incitec Pivot or Sun Metals with regard to the impact of—

Mr Katter: In my view the government has done a good job of incentivising the copper smelter, keeping them till 2030. They are probably not hitting panic buttons at the moment over this decision.

CHAIR: Just yet.

Mr Katter: If we are all taking a long-term view, which we should be, the member for Condamine's question is highly relevant in the long term.

Ms PEASE: You mentioned 1,200 jobs. Is that just from Glencore's mine, or is that flow-on? Does that include Incitec Pivot jobs as well?

Mr Katter: No. Unfortunately, that is direct jobs. They have already started bleeding all those jobs.

Ms PEASE: Incitec Pivot would not be able to continue to operate without the smelter.

Mr Katter: In the long term it would be difficult to see how they would. They would have to import most of their acid from the likes of Canada, and the transport from Canada is a lot more than the transport from Mount Isa.

Ms PEASE: There is a lot to be said for the circular economy, making use of products that are being produced onsite.

Mr Katter: Precisely. It is a beautiful synergy, taking sulphur emissions from one plant to a factory a couple of hundred metres away and making acid out of it.

Mr HEAD: In this day and age there is talk of investment risk in Queensland because of various things that have happened. Do you not think that legislation like this would make the wider mining industry nervous at all? Obviously government interference can be seen as adding to investment risk. Does weighing up the broader interests of Queensland and forcing them to sell take away some of the potential concerns the broader mining industry may have?

CHAIR: Do you mean this could set a precedent?

Mr HEAD: Yes. In your view, have you mitigated those concerns to an extent?

Mr Katter: I do not think it is a case of me mitigating their views; I think the issue has itself. I could probably see a scenario where some commentators on the mining industry or the media might say this would present some risk, but I think anyone who knows what they are talking about in the mining industry would not give it a second blink. I think that most people who know what they are talking about in the mining industry know the modus operandi of certain operators. I think most people would know how Glencore operates, particularly when it comes to the metals industry. They are a global commodity trader with a focus on that, not mining.

I would simply say that three parties have informally contacted my office to get an introduction to Glencore with a view to trying to purchase the copper operations. I do not know why you would have a rush of people in there if they felt this was creating uncertainty around the industry. Let us not forget that this is an amendment to the Mount Isa Mines Limited Agreement Act. It is not mining in Queensland generally, just one mining operation in Mount Isa. It would be counterproductive if you were doing something that was attacking an operation when you are trying to encourage people to buy it and invest in it. I would say the best evidence is the fact that, while I am not a mines broker or a business broker, I have had three people come to my electorate office and ask, 'Can you get us an introduction to someone there, because we're pretty keen to have a crack at it?' I think that best addresses your question. Standing back and looking at it, theoretically you could see how mining commentators or media commentators might say that, but to me it is a bit of a stretch.

Mr HEAD: It is more that you are not necessarily forcing them to sell or forcing them in a particular direction. It still gives them options and mitigates those potential concerns in itself.

Mr Katter: Yes, and they are not bad options. I think this just curbs their activity. One outcome here could be that they just re-evaluate it, take a longer term view and say, 'Let's make the investment and massage this into the superpit', or whatever it might be. I am not an expert on their operations. They could hold on to the lease and still be compliant with these amendments. Let us not forget that at worst this only forces them to sell it. Like we said earlier, BHP were lining up to buy it, Rio. You have copper at over \$10,000 a tonne. It is the hot topic at the moment. I would be pretty surprised if there was not a strong interest in the market for something like this, which to me would completely contradict the theory that it creates an element of risk or uncertainty in the marketplace. It gives them an opportunity to sell it, get buyers or otherwise re-evaluate and take advantage of a long-term view of copper operations there.

Mr WATTS: Looking into the long-term future, obviously sooner or later the mine will run out. I can see how this extends things, but I am wondering what the prospect is for the town without the mine.

Mr Katter: Cam has just reminded me that, if everyone does their due diligence at the start of the tender process and finds there is no business to be had, this renders the amendment obsolete and it does not take effect. It is only if you have people willing to buy it that it gets taken on. When I first ran for politics, I think back then they were talking about converting everything to the superpit. They were saying there was 40 or 50 years mine life on the superpit. We all know there is a lot of resource out there; it is just a matter of how it is dealt with. I think that speaks to the real heart of this bill. The upsetting thing for me as the member for Traeger is that when this announcement was made a message was sent to the rest of Australia that the mine has run out of ore and Mount Isa has had its day. Some of the wording used in a lot of media was it had run its course, it has been there 100 years and it has just run out of ore and that is it. You can imagine what that is doing to bank lending, consumer confidence and the property market. It has just thrown a wrecking ball into the community, which for me is a big part of the motivation for this bill. I think the bigger point for you MPs and representatives in the Queensland state parliament is what sort of signal we want to send to mining operators in this state that do not align with the aspirations we have. Both sides of politics cannot walk away from the fact that we need to get as much copper and critical minerals out of the ground as we can. It is safe to say we can ill afford to let a great resource like this just sit on the shelf for the next 20 years.

Mr WATTS: Ultimately if people come and do their due diligence, go through the process and decide not to invest, what is the outcome from the bill's point of view?

Mr Parker: Effectively, the bill is set up in a staged process. If the leaseholder wished to make what is termed an operational change to their operation, then the minister needs to go to tender to test the market. Going to what the member for Traeger was just saying, is there a willing new tenderer for the lease? If their due diligence as tenderers is unsuccessful or they wish not to participate in the tender, then the minister may approve the operational change for the current lessee. If we are to use today's names for ease of understanding, the minister would have to approve or otherwise any change to Glencore's operation. If there are no tenderers, then the bill indicates the minister may approve such a change because there is no alternate tenderer out there. If there were tenderers who saw potential there, that is where the process goes through to indicate that the current lessor must onsell that to a willing participant to preserve the Mount Isa community and Queensland economy as much as possible.

Mr Katter: It just occurred to me that I probably have not made a pertinent point—that is, if this goes through we have the ability to stop it. The operational decision to cease the operation has not been made yet. That is next year, so there is still the ability to turn this around with this legislation. It is not as though that ship has sailed. There is still the ability to act and prevent the loss of jobs and keep the continuity of the operation going.

CHAIR: Member for Mundingburra?

Mr WALKER: No, I have no questions.

CHAIR: What do you think the key underpinning factor is as to why they have made this decision?

Mr Katter: They are a global commodity trading company that acquired—I think it was through Xstrata; I am not sure exactly of the corporate history—150 or so mines around the world. This is not the centrepiece of their copper operations. They have six copper mines around the world. They have

three smelters, I believe. It gets very different to discern the drivers behind their decision-making. When the price of zinc was down they shut Lady Loretta and displaced about 300 or 400 workers for a few years until the price came back and then they opened it back up. They are very responsive to the market. I think that, as is highly evidenced by a lot of their activity, they will take a short-term view of things. A really good example is the Ernest Henry mine, which is 130 kilometres away. Glencore said, 'We're finished with it. It has four years left to run. It's a tiny little mine for us in our global footprint.' Evolution Mining said in a public statement, 'This is a massive investment for us. This is big. We think we can do a lot with this.' That mine just has the wrong owner right now.

CHAIR: Why do you think they took that approach with the Ernest Henry mine?

Mr Katter: That is what is confusing here because it was the world's worst kept secret. It is widely recognised in mining circles that BHP was out there trying to buy it a few years ago. I do not know whatever happened. There are some big environmental obligations for a mine that has been sitting there for 100 years.

CHAIR: Sitting on it will mitigate their—

Mr Katter: Yes. That is another issue we have not even discussed here. This triggers barely any of the environmental clean-up stuff. They can just sit on this stuff and keep telling the Queensland public and the government, 'No, we intend on mining this at some point.' Under the existing legislation they can just continue to pontificate and say, 'Yeah, we'll do this and that,' with perhaps no real intention. They have all of their other zinc and lead operations on the periphery, so they can keep going with that. They can sit there and invest where they see a better return on their investment in the meantime and see what happens in the future. What is disappointing is that they seemed pretty keen to sell.

CHAIR: If they were keen to sell, that was holus-bolus. There was not the zinc, the lead—

Mr Katter: Yes, that is right. The George Fisher mine is 20 kilometres up the road but there are some haulage roads that come across it. There is a bit of interaction with all the sites. Again, it is not impossible to separate and somehow petition off. They have divested from all of their mineral assets in Australia, so Cobar and Ernest Henry. This is the last one if you include McArthur River up in the Territory which is run as the same business, the zinc mine operations there. This is the last. They have understandably just focused on coal because it is a much bigger income earner for them and this still remains. This again speaks to the heart of the problem. There are people there who would be interested. I have people coming to my office—some pretty big names—saying, 'We're pretty keen to talk to someone.' How do you talk to someone who is saying, 'We don't want to sell'? We can only speculate on whether they really do have an intention to sell and they are just not communicating that publicly or whatever.

That is where we feel the government has to play a role or we have to create a scenario in the legislation that triggers something to happen. I do not think the future of copper production in Queensland should be determined by a board sitting in Switzerland. I think it should be determined by elected representatives and the Legislative Assembly here, particularly when such a primary objective in our economy is getting these critical minerals out of the ground. That decision-making should not be left at the whim of a global commodity company based in Switzerland. There should be some pressure applied to them so that autonomy shifts towards our sovereign interests, as the Prime Minister declared we should be doing.

CHAIR: In terms of rehabilitation, how did you get to \$2 billion worth of environmental obligations?

Mr Katter: That is a number that is thrown around in the industry. I could not confirm that. It is a good number to work off. I think it is just enough to acknowledge that it is significant and it would be a deep concern to any potential purchaser. Despite that, BHP was still looking at it. There are people out there. That is why the amendment suggests that if the people who are there are willing to follow through the process and buy it they should have the option. If you cannot even get a 'for sale' sign up, it is a bit hard to attract a buyer.

CHAIR: Who are the key mining brokers in Mount Isa?

Mr Katter: I do not know how that business works, to be honest. It is certainly not me. I do not know anyone who works in that field. I think PricewaterhouseCoopers works in that space. I could not help you there. It is above my pay grade, Madam Chair.

CHAIR: Are there any other questions?

Mr WEIR: I have one. You mentioned a potential impact on CopperString. Is that something you are getting feedback on? Do you think it will have a significant impact on that investment?

Mr Katter: It probably depends on who you are talking to and whether you take a long-term or short-term view of things. The fact remains that the government's assessment is there are \$650 billion worth of minerals in the ground out in the north-west and we are currently confronting some of the world's highest industrial energy prices, so that fact remains whether Mount Isa Mines exists or not. I would argue you are not going to get \$650 billion worth of value out if you do not have competitive energy. It helps to have one of the major players still operating to make it all viable in the short term. If you have a short-term view, yes, of course it would have an impact. In the long term I see CopperString more as an enabler, not just as a service to all the existing minerals. I also forgot to mention before that this applies to all minerals. This is not just about copper mining, because there is zinc, lead and silver-lead-zinc ore out there. Mainly it is lead and zinc in addition to what they mine, but that is incorporated in the amendment as well.

CHAIR: There being no further questions and no questions taken on notice, thank you both for appearing before us today. That was really useful and helpful information. I declare this public briefing closed.

The committee adjourned at 9.49 am.