

## Mount Isa Mines Limited Agreement (Continuing Mining Activities) Amendment Bill 2024

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**Submitted by:** Glencore  
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**Submitter Comments:**

## Submission

### Clean Economy Jobs, Resources and Transport Committee Inquiry into

*The Mount Isa Mines Limited Agreement (Continuing Mining Activities) Amendment Bill 2024*

Energising Today  
Advancing Tomorrow



# GLENCORE

17<sup>th</sup> July 2024,

The Hon Kim Richards MP  
Chair  
Clean Economy Jobs, Resources and Transport Committee  
Parliament House  
George Street  
Brisbane QLD 4000  
Via email: [cejrtc@parliament.qld.gov.au](mailto:cejrtc@parliament.qld.gov.au)

Dear Chair

We welcome the opportunity to provide feedback on the *Mount Isa Mines Limited Agreement (Continuing Mining Activities) Amendment Bill 2024* as part of the Committee's current Inquiry.

As you are aware Australia has been endowed with vast and diverse natural resources which continue to be an economic cornerstone of the national economy.

We believe mining matters and continues to contribute to Australia's economic prosperity, whether in the form of direct investment, jobs, taxes and royalties or support for other businesses in the supply chain or support for local communities where mines are located.

## Background

Glencore has been investing in Australia for over 25 years.

Glencore is one of Australia's largest producers of coal, cobalt, zinc, lead, silver, copper and nickel. We operate 22 mines across Australia as well as several metals processing facilities including concentrators, smelters, and refineries.

Last year Glencore's Australian operations directly contributed \$23.5 billion to the national economy.

Our metals business alone in Queensland directly contributed \$2.6 billion to the economy, provided jobs for 4,350 people, spent \$1.8 billion on goods and services from almost 2000 suppliers.

We could achieve none of this without a diverse, dedicated, and driven workforce in Australia who make a huge contribution to our success and our ability to make a positive difference in both the cities and in regional areas.

As the world moves towards a low-carbon economy, Glencore is focused on supporting the energy needs of today and investing in transition-enabling commodities or critical minerals.

We have both zinc and copper operations across North West Queensland where we mine, process and export zinc-lead and copper products to a global network of customers.

Perhaps the most well-known of these operations is Mount Isa Mines which is celebrating its centenary this year.

Mount Isa Mines can trace its beginnings back to February 1923, when prospector John Campbell Miles discovered lead ore while travelling through the region now known as Mount Isa. The ore he discovered was assayed in Cloncurry and found to contain a high percentage of lead.

Convinced of the importance of his discovery, John Miles quickly pegged out a lease which he named Mount Isa. As word spread of the discovery, prospectors moved into the region, pegging



out 118 leases by the end of 1923 and soon after Mount Isa Mines Ltd was established and the region began to develop.

Since its early beginnings Mount Isa Mines has explored, developed, mined, processed, smelted, and refined the zinc, lead and copper from the mineral ore bodies for the last 100 years.

Today, the metals and minerals from Mount Isa are exported all over the world and help make possible a range of items we use every day. From zinc in zinc oxide used in sunscreens, to fibre optic cabling, galvanising steel, electronics like mobile phones to medical equipment like ultrasounds.

## Mount Isa Mines Operations

The Mount Isa Mines complex is made up of multiple mines and processing facilities which include two mining and processing streams, copper and zinc-lead-silver.

We **mine** copper at our Enterprise and X41 underground mines and zinc from our George Fisher underground mine in Mount Isa. Mount Isa Copper Operations or "MICO" refers to X41, Enterprise, Black Rock and Copper Concentrator.

We also undertake **metals processing** via our copper concentrator, zinc-lead concentrator and filter plant, copper smelter and lead smelter and copper refinery in Mount Isa and Townsville.

The ore is processed onsite at our concentrating and smelting operations, to produce copper anode, lead bullion and concentrates. Our products are then transported to Townsville to the **refinery** for further processing and export to domestic and international markets.

## Closure of Mount Isa Copper Operations (MICO)

Every mine has a beginning, a middle and an end. After over 60 years of operation, the economically viable copper ore bodies at Mount Isa Mines have been mined out.

Over the past five years, Glencore has completed several studies to optimise the remaining resource base and has already extended the life of our copper assets through extension projects utilising new mining methods and technology such as the Black Rock sub-level cave. Low grade resources where viable and feasible to extract have been incorporated into the mine plan wherever possible leading to an extension from 2023 to 2025.

The decision to close MICO was very carefully considered and not taken lightly. The mine has come to the end of its life and the remanent resources are very low grade and technically inaccessible.

The currently economic copper Mineral Resources are depleted, and the copper ore grade has significantly declined making the remaining Mineral Resource uneconomic to pursue today from underground methods. However, there are significant commercial drivers for Glencore to continue mining at Mount Isa and we will review viable options that are safe and can compete in the global market.

## MICO Update

Once Glencore made the decision to close MICO in 2025, we briefed a range of key stakeholders including State and Federal Government, Unions, local government and of course our workforce. We have also provided updates to the Mount Isa community. Our approach has been to provide almost two years advance notice of the closure so we can engage and consult with our workforce through this transition.

First and foremost, Glencore is focussed on the safety and well-being of our workers. It is never an easy decision to close a mine, knowing that workers and their families will be impacted.



Working at MICO does not automatically result in a redundancy – not only will Glencore be investigating opportunities for our people across all our operations in Mount Isa but we have also been in contact with other organisations in the industry in general in the region to minimise the impact to our people.

We continue to provide regular updates to our workforce and have proactively initiated an expression of interest process for redeployment of MICO workers to other non-impacted operations, including George Fisher Mine. To date we have received around 660 expressions of interest and currently have over 70 successful or transfers pending within our business.

At this stage we will continue producing copper through to the end of H1 2025.

We will commence a workforce resourcing change from August, in line with the production milestones. So far, we have had a limited number of workforce reductions due to vacancies and proactive movement of personnel to vacancies across the business. Removing vacancies is always the first step in our process for aligning our workforce requirements with operational changes.

We will also be hosting a number of job fairs this year and in early 2025 so workers can understand options for redeploying within Glencore, meet local region employers, and look for broader opportunities.

## Comments on Katter Private Members Bill

Glencore has significant concerns about the proposed *Mount Isa Mines Limited Agreement (Continuing Mining Activities) Amendment Bill 2024 (The Bill)*. The Bill relates specifically, and only, to Glencore's Mount Isa mines, which is regulated by, amongst other things, a 'special agreement Act', being the Mount Isa Mines Limited Agreement Act 1985 (**MIMLAA**).

The proposal in the Bill is to amend MIMLAA to restrict MIM from ceasing mining activities without Ministerial approval and that such Ministerial approval cannot be given unless the opportunity to undertake the discontinued activity is opened up for tender to third parties.

Our principal position is that the Bill is unnecessary because appropriate regulation in this area already exists which provides protection to the State in relation to the realisation of the mining resource. Additionally, we submit that the manner in which this Bill is drafted would lead to a range of significant negative unintended consequences.

## Appropriate Current Regulatory Protection

One of the key risks we consider arises because of the proposed Bill, is the retrospective encroachment on existing rights of the lease holder which in turn increases the level of sovereign risk and jeopardises private investment.

The Queensland Government already has a robust regulatory regime which oversees mining activities and extensive powers and discretion to demand information and action from mining companies, particularly in relation to utilisation of natural resource deposits leased to companies.

In effect "Use it or Lose it" conditions referred to in the Bill already exist within the existing Queensland regulatory regime to ensure that companies continue to develop natural resources consistent with their approvals and terms of their mining leases. The Mineral Resources Act provides that all leases for prescribed minerals must have a 'development plan' which provides the regulator with detailed information about the nature and extent of activities to be carried out under the relevant lease and its stated purpose is to ensure appropriate development of minerals. Those plans must be approved by the Minister.

Amendments made to MIMLAA in 2014 introduced the requirement for a development plan for the Mount Isa mines. Having an approved development plan and complying with it are a

condition of the Agreement under MIMLAA - failure to do so would result in a breach of the Agreement.

To this end, Glencore submits that the existing MIMLAA already provides for an appropriate level of Ministerial control and oversight over the activities of MIM and ensures acceptable development at the Mount Isa mines, and it is similar to the regime that applies to many other mines. There is no necessity to introduce the Bill which amends MIMLAA and has the effect of creating uncertainty and significant sovereign risks.

Furthermore, Glencore has maintained a good track record of operational performance at Mount Isa mines.

## **Bill leads to unintended consequences**

As we referred to earlier, we are concerned that the Bill would create uncertainty within the industry and be extremely difficult to implement due to unintended consequences that would flow following its application. To highlight that concern we note that the Bill proposes that the Minister can only approve a change to the Mount Isa mines operations if either (i) the Minister is satisfied that the change will not *adversely affect* the economy; **or** (ii) after going to tender for the mining activity that is to be ceased a third party is selected by the Minister and Glencore agrees to relinquish its rights to that third party in order to enable that candidate to take that mining up.

Based on that:

- it is hard to imagine how the reduction or cessation of some existing mining activity would not have some "adverse impact" on the Mount Isa community or Queensland (e.g. loss of jobs, loss of export revenue, loss of royalties), and therefore this limb might never be satisfied;
- In effect this means only the second limb of the Bill is capable of being met – which effectively means either:
  - i. Glencore continue the relevant activity; or
  - ii. relinquish the relevant activity to somebody else.
- the Bill does not provide an option that allows the operator to cease an existing activity even though no third party might tender and agree to acquire it, thus making the Bill unworkable.

We make the further comments in relation to the Bill:

- It adopts an entirely unrealistic approach to mining in that it doesn't account for changes in circumstances, changes in markets, changes in resource quality and reserves etc. that are inevitably encountered in a mine over time as resources are depleted, different areas are mined, and markets change. These are all material aspects that the mining industry needs to consider when making decisions in relation to investment within the industry.
- As referred to above the requirement that the Minister, before giving approval, would need to call for public tenders for somebody else to carry out the 'preserved mining activity' and Glencore has agreed to "relinquish" our entitlements under the Agreement, is unworkable and fails to consider the following:
  - It has no regard for how the third party operations can co-exist with the ongoing mining operations of Glencore at the mine. This poses safety, environmental, logistical and commercial risks.
  - The Bill refers to Glencore relinquishing existing rights but is silent on the issue of obligations (payment of rent, environmental compliance,



rehabilitation liabilities etc) on the incoming acquirer of our mining rights, particularly when we would still be operating other parts of the mine.

How would the practical aspects of co-existence work in relation to infrastructure, logistics and other facilities?

- How are safety, environment and other compliance obligations managed where two different companies are effectively mining in the same place for different minerals.

The Bill is much more extreme in terms of its proposed control and involvement in operations than other examples of legislative effect being given to the 'use it or lose it' principle.

In this regard, we submit the proposed Bill to be unworkable and furthermore it introduces a level of potential safety and compliance risks which would be unacceptable to any responsible operator.

## Conclusion

Glencore's purpose is to responsibly source the commodities that advance everyday life.

We want to bring about long-term growth and opportunity for all our stakeholders, including customers, shareholders, employees, and the communities in which we operate.

Glencore has continued to invest in our Mount Isa and Townsville operations over decades.

Mount Isa Mines is a 100-year-old asset and has faced significant challenges to its global competitiveness from both the nature of the resource base (depleted mineral resources, declining ore grades, asset maturity, mine geology and operational complexity) and external factors (rising energy and labour costs, volatility of commodity cycles and strong growing international competition).

The operations in Mount Isa are an important part of the Glencore business. We take our stewardship obligations to responsibly manage and utilise Queensland's natural resources for the benefit of all stakeholders seriously.

We firmly believe that the existing regulatory regime in Queensland is robust and fit for purpose, including the existing amended MIMLAA and the requirement for being accountable to a development plan.

The proposed Bill is aggressive, unworkable and fails to consider the practical reality that the mining and processing facilities at Mount Isa Mines function as a fully integrated complex.

We look forward to the opportunity to answer the Committee's questions.

Yours sincerely



Sam Strohmayr  
Chief Operating Officer  
Zinc Assets – Australia  
Glencore