



## State Budget Submission

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## About CME

The Chamber of Minerals and Energy of Western Australia (CME) is the peak resources sector representative body in Western Australia funded by its member companies, which generate 95 per cent of the value of all mineral and energy production and employ 80 per cent of the resources sector workforce in the state.

The Western Australian resources sector is diverse and complex, covering exploration, processing, downstream value adding and refining of over 50 different types of mineral and energy resources.

In 2014-15, the value of Western Australia's mineral and petroleum production was \$99.5 billion. Iron ore accounted for approximately \$54 billion of production value to be the state's most valuable commodity. Petroleum products (including LNG, crude oil and condensate) followed at \$24 billion, with gold third at \$9 billion.<sup>1</sup>

Notwithstanding the decline in the price of several export commodities, the estimated value of royalty receipts the state will receive from the resources sector will comprise over 16 per cent of estimated total state revenue in 2015-16, or around \$4.4 billion.<sup>2</sup>

As at September 2015, there was approximately \$171 billion in resources sector projects committed or under construction in Western Australia and a further \$110 billion in proposed or possible projects.<sup>3</sup>

## Recommendations

### Economic Competitiveness

- Internal government savings measures should again be prioritised in the 2016-17 budget.
- There should be no increases to the current royalty rates for any commodities.
- The 2016-17 budget forward estimates should not include any additional revenue forecasting possible future increases in royalty rates.
- The payroll tax exemption threshold should be increased from \$800,000 to \$850,000, as previously announced.
- The 2016/17 budget should not contain provisions for any new fees and charges imposed on the resources sector, and where fees and charges and cost recovery already exist, full transparency of the expenditure should be introduced.
- Consideration of long term leasing or sale of assets should be accompanied by suitable regulatory arrangements that ensure timely access for users at reasonable commercial rates to prevent any abuse of any monopolistic position.
- An independent body with industry experience should be established to assist in developing long term, coordinated plans for Western Australia's infrastructure requirements and to advise on the prioritisation of these requirements.
- The government's endorsed port improvement rate (PIR) policy should be applied to Mid West Ports Authority's port enhancement project charge and the budget should therefore

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<sup>1</sup> Department of Mines and Petroleum (DMP), *Western Australian Mineral and Petroleum Production Statistics Digest 2014-15*, 2015, p. 11.

<sup>2</sup> Government of Western Australia, *2015-16 Budget, Budget Paper No. 2 Volume 2*, [www.ourstatebudget.wa.gov.au/Budget-Papers](http://www.ourstatebudget.wa.gov.au/Budget-Papers), pp. 541 & 593

<sup>3</sup> DMP, 2015, *loc. cit.*

not contain provision for dividends from the enhancement project charge, in accordance with the PIR policy.

- Given ports authorities' financial position, the government should review their minor capital works budgets with a view to providing greater flexibility in expenditure.
- Proceeds from the divestment of electricity assets, amongst other government owned assets divested, should be reinvested into productive infrastructure to qualify for the asset recycling initiative.
- The 2016-17 budget should retain provisions for funding roads projects identified through the previous allocation of \$499 million from the Australian Government.

### **People and Communities**

- The Office of the State Coroner should be funded for additional resources to ensure its important data management function can be developed and maintained.
- Funding should be provided to the Department of Health and the Mental Health Commission to ensure the ongoing implementation of mental health and suicide prevention strategies across the entire community.
- A detailed economic analysis and full risk assessments should be undertaken relating to funding provisions for revitalisation funds, regional blueprints and the Pilbara Cities program to ensure funding is most appropriately allocated.
- The 2016-17 budget should include ongoing funding support for Industry Training Advisory Arrangements, Future Skills WA, investment in training facilities and specific funding support for science, technology, engineering and mathematics (STEM) related programs in schools, including the industry-led STEM-WA initiative.
- Funding should be prioritised to further support industry in its education, training and employment programs aimed at fostering sustainable participation of Aboriginal Australians in the workforce.
- The 2016-17 budget should contain provisions to facilitate action on the Women's Consultative Forums' recommendations.

### **Natural Resources**

- A minimum of \$15 million per annum should be committed, as originally budgeted, to the Exploration Incentive Scheme (EIS) to ensure the continuation of the program, safeguard flexibility, and increase its overall effectiveness.
- The 2016-17 budget should not include any provision for cost recovery for environmental regulation, but rather ensure sufficient funding is provided to the agencies delivering on environmental regulatory requirements.
- Funding should be sought from the Australian Government to execute the Office of the Environmental Protection Authority's (OEPA's) regulatory roles under the bilateral agreements, rather than be reliant on introducing cost recovery mechanisms for matters of national environmental significance.
- The 2016-17 budget should allocate funding to support the development of this database to assist with streamlining environmental approvals.
- CME reiterates its support for the Western Australian Biodiversity Science Institute and the government's funding commitment to establish this institute should remain.
- The government must ensure appropriate ongoing funding is budgeted to make certain the Minerals Research Institute of Western Australian (MRIWA) is set on a sustainable financial footing to support its continued operation.

## Context

### CME and the Western Australian resources sector

Throughout 2015 the Western Australian resources sector continued to undertake its significant shift from construction-led growth through to operational growth. As more projects commence operations, this will lead to a smaller overall workforce and greater overall exports.

With greater exports in the global market, not just from Western Australia but also from global competitors, the prices of several commodities has again fallen throughout 2015. Whether prices will continue to fall is uncertain; however, it appears likely the sector is now moving toward normalised, cyclical pricing patterns.

The decline in commodity prices has affected company returns, and State and Australian Government finances. It has also impacted employment across the sector, with the recent reduction in workforce numbers attributable to a combination of both companies' profitability and the transition of projects from the construction phase to the operations phase. However, as a result of investment over the past decade, the base level of employment in the sector remains more than double the level of a decade ago.

The contribution of Western Australia to the national economy remains strong. Western Australia's real gross state product (GSP) rose 5.5 per cent in 2013-14, following 4.6 per cent growth in 2012-13, and was above annual average growth of 4.9 per cent over the past ten years.<sup>4</sup> GSP is forecast to continue to rise, albeit at smaller levels than previously in Western Australia, yet it is still forecast to be equal to, and in several years greater than, increases predicted nationally.

The total value of Western Australia's merchandise exports was \$110 billion in 2014-15, down 15 per cent on the previous year. However, exports grew in volume by nine per cent, well above annual average growth of five per cent over the past 10 years, with the state contributing 43 per cent of Australia's national merchandise exports in 2014-15.<sup>5</sup>

Western Australia also dominates Australia's exports to major trading partners, accounting for 68 per cent of exports to China, 47 per cent of exports to Japan and 46 per cent of exports to Korea. These trade arrangements reflect the state's significance for both Australia and in the Asian region.<sup>6</sup>

While the 2014-15 value of Western Australia's resources sector of \$99.5 billion represents a fall of 19 per cent from 2013-14's record of \$122 billion, a weakening Australian dollar has helped offset falling commodity prices.<sup>7</sup>

While the total value of the sector has declined in line with commodity prices, the volume of exports has continued to increase across a number of commodities due to the considerable investment in resources sector projects over a long period of time. This includes increases in iron ore, petroleum, zinc, manganese and alumina.

Further, Western Australia's iron ore sales are forecast to rise by an annual average of 2.7 per cent to 799 million tonnes between 2014-15 and 2018-19. LNG sales are expected to grow from 20.4 million tonnes in 2014-15 to almost 50 million tonnes by 2017-18, assuming the Gorgon, Wheatstone and Prelude projects are operating at full capacity at this time and the North West Shelf maintains current levels of production.<sup>8</sup>

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<sup>4</sup> Department of State Development (DSD), *Economic Profile*, October 2015, p. 1

<sup>5</sup> *Ibid*, p. 7

<sup>6</sup> *Ibid*.

<sup>7</sup> DMP, 2015, *loc. cit.*

<sup>8</sup> DSD, 2015, *op. cit.*, pp. 5-6

As resources sector projects nearing the completion of construction in Western Australia begin producing, exports will continue delivering corporate taxes while maintaining a sustainable employment base in Western Australia. However, ongoing volatility with commodity prices will be a key determinant in the future growth and expansion of the sector.

Unfortunately, when considering the comparatively short list of proposed projects and the declining exploration figures, it predicts a potentially worrisome outlook for continued growth and development of the resources sector in the short to medium term.

As such, CME has prepared this budget submission focussing on policies and funding measures which aim to generate growth, enhance productivity, reduce regulation and make Western Australia a more competitive place to do business.

The government's focus on deregulation, removal of environmental approval duplications and cutting red tape is welcome. However, this is only the start of the process, with ongoing reform needed to enable businesses to grow and reverse the trend of declining exploration and project proposals.

CME has supported the government's approach of budgeting reductions in 2015-16, with savings achieved from departmental reviews and consolidations. **Internal government savings measures should again be prioritised in the 2016-17 budget.** These and other savings measures are critical in 2016-17 if we are to see improvements to the overall conditions of the Australian economy in the short term.

It is only with ongoing investment in the Western Australian resources sector will Australia be able to capitalise on its natural advantages and continue to spread long term economic benefits to the nation.

## **Economic Competitiveness**

### ***Royalties***

Revenue from royalties continues to dominate earnings for the government, despite the fall in commodity prices witnessed across several commodities over the past 18 months. The 2015-16 mid year budget review confirmed royalties paid by the resources sector will account for approximately 14.8 per cent of the state's own revenue, at almost \$3.8 billion – up from only five per cent a decade earlier in 2003-04 before the expansion occurred.

As per Table 1, royalties are a significant contributor to the state's budget with royalty revenue from iron ore alone over the past five years totalling over \$20 billion.

Given the shift in commodity price cycles, it is expected revenue from resources may continue to decline and this is reflected in the forward estimates.

CME notes the government's focus in the recently completed Mineral Royalty Rate Analysis (MRRA) on maintaining the balance between collecting a fair return for its finite resources, while not detrimentally impacting the sector through additional cost imposts.

CME considers **there should be no increases to the current royalty rates for any commodities.**

To increase any royalties, loosely based on a 10 per cent mine head value, which varies significantly given the dramatic changes the sector has witnessed in both costs and prices over the past decade, would be irresponsible when the sector is already facing considerable external cost pressures.

The government should dismiss the MRRA final report recommendations proposing increases for certain commodities, particularly for those referencing when 'economic circumstances permit'. This uncertainty is detrimental to the respective commodities and will impact investment. **The 2016-17 budget forward estimates should not include any additional revenue forecasting possible future increases in royalty rates.**

**Table 1: Department of Mines and Petroleum top royalty revenue earners (AU\$million)<sup>9</sup>**

	2010-11	2011-12	2012-13	2013-14	2014-15	Cumulative 5 year	Cumulative 10 year	Cumulative 1983-2015
Iron ore	3,358.63	3,831.27	3,654.72	5,307.52	4,389.84	20,541.98	26,479.26	30,446.97
Gold	197.79	224.73	220.13	215.83	218.60	1,077.08	1,632.02	2,080.55
Nickel	112.93	89.83	92.81	78.29	82.88	456.74	1,040.76	1,608.25
Alumina	112.93	68.32	65.11	70.42	77.74	394.53	760.44	1,472.18
Diamonds	15.75	15.18	15.97	20.48	15.41	82.79	233.45	1,024.02
Mineral sands	19.94	19.22	27.51	16.39	11.97	95.03	117.04	117.04
Petroleum	21.54	18.75	18.19	11.49	8.72	78.68	3,173.31	7,386.11
Other	118.31	116.57	142.10	150.14	139.84	666.96	1,354.78	2,243.10
North West Shelf grants	970.38	935.60	1,019.89	1,106.89	943.80	4,976.55	5,736.16	5,736.16
<b>Total royalties</b>	<b>3,937.89</b>	<b>4,383.87</b>	<b>4,236.55</b>	<b>5,870.57</b>	<b>4,944.99</b>	<b>23,373.85</b>	<b>25,453.34</b>	<b>25,453.34</b>
<b>Total revenue<sup>10</sup></b>	<b>4,908.26</b>	<b>5,319.47</b>	<b>5,256.43</b>	<b>6,977.46</b>	<b>5,888.78</b>	<b>28,350.41</b>	<b>40,555.08</b>	<b>52,142.23</b>

A stable, transparent and internationally competitive royalty regime is critical if Australia is to continue to attract the necessary foreign investment to the resources sector.

### ***Taxes, fees and charges***

The ad hoc changes to the payroll tax scale and deferral of the exemptions threshold, announced as part of the 2014-15 budget mid-year review, is a missed opportunity to support industry by increasing the payroll tax exemption threshold from \$800,000 to \$850,000. This will particularly impact companies in the exploration sector, which have budgeted upon the increasing threshold in their cost forecasts at a time when the government is making other policy decisions in support of the sector.

**The payroll tax exemption threshold should be increased from \$800,000 to \$850,000, as previously announced.**

Expansion of other fees and charges, including moves to recovery costs for undertaking mandated regulatory responsibilities, particularly for environmental regulation, continue to challenge the state's economic competitiveness and attractiveness for resources sector operations.

**The 2016/17 budget should not contain provisions for any new fees and charges imposed on the resources sector, and where fees and charges and cost recovery already exist, full transparency of the expenditure should be introduced.**

### ***State infrastructure assets***

The strategic asset review of state owned infrastructure should continue to be undertaken in consultation with industry stakeholders. As part of the review, **consideration of long term leasing or sale of assets should be accompanied by suitable regulatory arrangements that ensure timely access for users at reasonable commercial rates to prevent any abuse of any monopolistic position.**

The government should take advantage of the Australian Government's asset recycling initiative, whereby states and territories receive up to 15 per cent of the asset sale price from privatised assets when the proceeds are reinvested into new productive infrastructure.

<sup>9</sup> Department of Mines and Petroleum Resource data files, Royalty Receipts 2014-15, <http://www.dmp.wa.gov.au/1521.aspx>

<sup>10</sup> Total revenue is royalties and North West Shelf Grant combined.

While there are competing budget priorities and the extent of reinvestment will need to be considered in the context of broader fiscal policy, the potential benefits of capital recycling are substantial. Reinvestment in new enabling infrastructure is likely to stimulate additional job creation and royalty revenue through any project developments or expansions.

**An independent body with industry experience should be established to assist in developing long term, coordinated plans for Western Australia's infrastructure requirements and to advise on the prioritisation of these requirements.** This would better position the state to capitalise on Australian Government funding and private sector finance, potentially reducing the budgetary pressures for the state.

### **Ports**

Ports are critical enablers of the state's export industries and therefore of the state and national economies. The port authorities are in a strong financial position, with some recording substantial returns and thus dividends paid to the government. Increased exports by the resources sector have notably contributed to this position.

However, the port authorities must undertake their legislated requirement to obtain a return on assets deployed only to the extent the return does not compromise their remit to facilitate trade. Substantial increases in fees and charges, which have been evident at some ports, threaten the longer term operations for users of these ports.

CME worked with the Department of Transport to develop a policy clarifying the governance arrangements and circumstances in which a PIR, one of several fees and charges port users face, can be levied, to ensure the use of the charge is not uncontrolled and unreasonable.

The policy excludes PIR revenue from liability for dividends payable to the government; however, it has not been adopted to replace the Mid West Ports Authority's port enhancement project charge. Revenue collected under the enhancement project charge is therefore liable for dividends payable to the government, resulting in no difference in revenue for the port authority, but incurring additional costs for port users than would be expected under the PIR policy.

**The government's endorsed PIR policy should be applied to Mid West Ports Authority's port enhancement project charge and the budget should therefore not contain provision for dividends from the enhancement project charge, in accordance with the PIR policy.**

Given broader state fiscal challenges, CME understands port authorities are unable to access cash reserves to fund capital improvement projects, particularly through minor capital works budgets. CME also understands the increase in port authorities' minor capital works budgets over the last five years has been limited.

**Given ports authorities' financial position, the government should review their minor capital works budgets with a view to providing greater flexibility in expenditure.** Ongoing, appropriate expenditure on minor capital projects may defer the need for investment in new major projects. New major projects could be funded through the use of a port improvement rate in compliance with the government's approved policy for this charge.

### **Energy**

CME supports the government's commitment to reform the state's electricity markets and mechanisms through the Electricity Market Review. Several recommendations endorsed from the Department of Finance's options paper are expected to reduce the government's budgeted electricity subsidy.

However, the reforms do not adequately address the primary barrier to further private sector investment in the market – Synergy's market share. The government should identify a path toward the separation of Synergy into several generators and retailers and the divestment of these assets, through sales or long term leases, to improve competition in the generation



and retail aspects of the supply chain. The government should similarly define a path toward the divestment of Western Power.

**Proceeds from the divestment of electricity assets, amongst other government owned assets divested, should be reinvested into productive infrastructure to qualify for the asset recycling initiative.**

The government should also expedite progress toward cost reflective tariffs, at the efficient cost of supply, which would reduce the budgeted subsidy the government pays for electricity provision for residential consumers.

### **Roads**

Road planning is critical to enable people to travel to workplaces, to transport operations and maintenance components to sites, and to transport commodities to market via the state's ports.

**The 2016-17 budget should retain provisions for funding roads projects identified through the previous allocation of \$499 million from the Australian Government.**

## **People and Communities**

### ***Mental health and wellbeing***

The resources sector has recognised the importance of addressing health and wellbeing in a work context for decades and has continuously improved its practices, moving from reactive compliance based approaches to proactive wellness programs. These programs are directed to all employees in the resources sector, not just those on fly-in fly-out work arrangements.

Every suicide is a tragic loss and, with 366 suicides in Western Australia in 2012,<sup>11</sup> it is evident there is a problem in the community. Despite media assertions regarding suicides among fly-in fly-out workers in the Pilbara in the past 12 months, the figures have not been substantiated, nor have causal factors been identified.

Improved data is critical for developing evidence based solutions. CME acknowledges the government's response to the recommendations of the Education and Health Standing Committee's Parliamentary Inquiry into Fly-in, Fly-out and Mental Health.

The Office of the State Coroner needs to be adequately resourced to ensure the maintenance of a comprehensive record of deaths by suicide and to enable the Coroner to analyse potentially contributing demographics and other factors to enhance our understanding of populations at risk and risk factors relating to suicides. **The Office of the State Coroner should be funded for additional resources to ensure its important data management function can be developed and maintained.**

CME supports evidence based strategies to promote mental health and suicide prevention across Western Australia. **Funding should be provided to the Department of Health and the Mental Health Commission to ensure the ongoing implementation of mental health and suicide prevention strategies across the entire community.**

### ***Royalties for Regions***

CME supports the return of a proportion of mining revenue to the regional communities in which they operate given the importance of this revenue in providing necessary economic and social infrastructure requirements in the regions.

The continuation of the \$1 billion Royalties for Regions fund cap, while not necessary in 2015-16 due to lower anticipated royalty payments, is an approach CME supports.

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<sup>11</sup> Most recent coroners reported data from ABS 3303.0 Causes of Death Australia 2012

In order to provide the greatest return to the regions without duplicating efforts, **a detailed economic analysis and full risk assessments should be undertaken relating to funding provisions for revitalisation funds, regional blueprints and the Pilbara Cities program to ensure funding is most appropriately allocated.**

### **Skills**

The education and skilling of the Western Australian workforce is a priority for the resources sector. As the sector transitions to operations and continues to adopt more autonomous and automated means of exploration and production, the sector's skills needs will reflect this. Ongoing government investment in the state training sector, through facilities and the Future Skills WA program is crucial to ensure this up-skilling of the state's workforce remains a priority.

The reduction of funding for Industry Training Advisory Arrangements in the previous budget's forward estimates is of concern. Under this program, the Resources Industry Training Council plays a crucial role in informing the government of the current and future skilling needs of industry and in leading industry collaboration on training initiatives.

A concerted focus on programs to encourage the uptake of STEM courses at school and university levels is critical to continuing to ensure the foundation for careers in the resources sector.

The resources sector currently provides a major contribution to STEM industry led initiatives, such as through the development and funding of Earth Science Western Australia. CME has also recently supported the proposal for the pilot STEM-WA initiative, which is modelled on the Earth Science Western Australia experience. The initiative aims to actively engage all stakeholders in the reinvigoration of STEM education and is designed to raise teacher confidence and capability, and increase student participation and achievement.

**The 2016-17 budget should include ongoing funding support for Industry Training Advisory Arrangements, Future Skills WA, investment in training facilities and specific funding support for STEM related programs in schools, including the industry-led STEM-WA initiative.**

### **Aboriginal Australian opportunities**

The Western Australian resources sector is one of the largest private sector employers of Aboriginal Australians in the state. The CME Diversity Survey reveals Aboriginal people comprise 5.5 per cent of the Western Australian resources sector workforce. CME's Resources Sector Outlook projects Aboriginal employment to grow significantly, to 8.1 per cent by 2020.

Due to the ongoing automation of the resources sector, programs must prepare Aboriginal Australians for future higher technology employment opportunities in the resources sector beyond machine operator roles, which will decline over time. In particular, programs targeted at career development and leadership positions, not solely entry level positions, and programs to promote the growth of Aboriginal businesses are necessary for sustained economic development of Aboriginal people.

**Funding should be prioritised to further support industry in its education, training and employment programs aimed at fostering sustainable participation of Aboriginal Australians in the workforce.**

### ***Participation of women in the workforce***

The participation of women in the Western Australian workforce sits at 44 per cent and in the Western Australian resources sector is 17.8 per cent<sup>12</sup>. For the resources sector to have access to a broad pool of skilled people in the long term, it is critical the participation of women in the industry is increased – particularly in the context of an ageing population.

The Western Australian resources sector has acknowledged the importance of improving its gender balance and has attempted to address this through various means including establishing a Gender Diversity Reference Group, hosting the Women in Resources Awards event which attracts 1,000 people and promoting the business–case benefits of diversity.

CME welcomes Women’s Consultative Forums held in 2015 addressing women’s economic participation issues and encourages the government to continue to host these meetings. **The 2016-17 budget should contain provisions to facilitate action on the Women’s Consultative Forums’ recommendations.**

## **Natural Resources**

### ***Exploration incentives***

In order to secure the long term future of the resource sector in Western Australia it is vital the next pipeline of resource projects are discovered through active exploration of the state. Critical to achieving this aim is ensuring policies advance exploration through incentives or credits.

Without ongoing investment in exploration activities many resources would remain undiscovered, stifling the growth and prosperity of the sector and the economy into the future, risking employment, investment and government revenue.

At a time when exploration expenditure in the state continues to decline to near decade low levels, it is important the government continues to invest in incentives such as the EIS. Recent modelling on the EIS found, in aggregate, for every \$1 million invested in the EIS, the long run expected net benefit to the state in terms of higher gross state product is \$23.7 million.<sup>13</sup>

Increased funding is required for the EIS to ensure the co-funded drilling program can operate in conjunction with other important and related programs, such as geophysical and geochemical surveys and geological mapping, which underpin the whole EIS package.

**A minimum of \$15 million per annum should be committed, as originally budgeted, to the EIS to ensure the continuation of the program, safeguard flexibility, and increase its overall effectiveness.**

### ***Cost recovery in environmental regulation***

The Department of Mines and Petroleum’s proposed cost recovery under its Reforming Environmental Regulation strategy through the release of the discussion paper *Cost Reflective Pricing Options* in 2014.

Following consultation on the proposal, the Minister for Mines and Petroleum announced the introduction of fees for environmental assessments would be put on hold and deferred until after the *Mining Act Amendment Bill 2015* passes Parliament.

CME welcomed the Minister’s deferral of decision; however, it does not support the introduction of cost recovery following passage of the Bill. CME does not consider it appropriate that the Department of Mines and Petroleum recover the costs incurred in

<sup>12</sup> The Chamber of Minerals and Energy of Western Australia, *Diversity in the Western Australian Resources Sector*, 2015 p.3

<sup>13</sup> ACIL Allen Consulting, *Economic Impact Assessment Exploration Incentive Scheme*, January 2015.

performing its mandated regulatory functions while imposing a further burden on industry. Its funding should instead being provided through the normal budgetary process.

The resources sector already contributes to government revenue through substantial royalty payments, with general consolidated revenue being the most appropriate funding option for independent environmental assessments. **The 2016-17 budget should not include any provision for cost recovery for environmental regulation, but rather ensure sufficient funding is provided to the agencies delivering on environmental regulatory requirements.**

The resources sector supports the Australian and State Government commitments to implementing a 'one stop shop' environmental assessment and approvals process.

The one-stop shop will include the same high level of environmental protection, while minimising process duplication and delays between levels of government regulation. In establishing environmental assessment and approval bilateral agreements, the resources sector does not seek to remove or diminish environmental standards or safeguards. Instead the sector seeks to create a more streamlined process in meeting environmental outcomes and seeks to retain a high level of public confidence in the decision making process.

The implementation of the agreements will result in a significant increase in the workload of an already stretched OEPA in Western Australia. **Funding should be sought from the Australian Government to execute OEPA's regulatory roles under the bilateral agreements, rather than be reliant on introducing cost recovery mechanisms for matters of national environmental significance.**

### ***Approvals tracking***

The government's election commitment to expand the Department of Mines and Petroleum's existing approvals tracking system will enable resources sector stakeholders to access information on projects and approvals applications from a single location. Proponent access to the approvals tracking system will go a long way towards meeting the resources sector's requirement for transparency in the process.

The Department of Mines and Petroleum is developing a publicly available online environmental, water and cultural heritage database and plans to leverage existing systems and progressively provide access to data as it becomes available, which will avoid the cost of repeating surveys. **The 2016-17 budget should allocate funding to support the development of this database to assist with streamlining environmental approvals.**

### ***Biodiversity***

**CME reiterates its support for the Western Australian Biodiversity Science Institute and the government's funding commitment to establish this institute should remain.**

There are significant benefits to Western Australia and Australia of a larger, more effective and coordinated approach to acquiring and interpreting knowledge related to the state's globally significant terrestrial biodiversity.

### ***Minerals Research Institute of Western Australia***

CME worked with the Department of Mines and Petroleum, the Department of Commerce and other stakeholders to facilitate the creation of the MRIWA, announced in 2012.

While CME notes slight increases in funding for MRIWA over the forward estimates, **the government must ensure appropriate ongoing funding is budgeted to make certain the MRIWA is set on a sustainable financial footing to support its continued operation.** It must also ensure investment in research is guided by a Research Priority Plan so the grants program focuses on areas most likely to deliver tangible benefits to the industry and the state.

## Conclusion

CME looks forward to your response to this submission and ongoing engagement with the government on these important issues to ensure the success and viability of the resources sector and, in turn, both the Western Australian and Australian economies.

Should you have any queries regarding the matters raised, please contact Ms Nicole Roocke, Deputy Chief Executive, CME on 08 9220 8513 or [n.roocke@cmewa.com](mailto:n.roocke@cmewa.com).

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