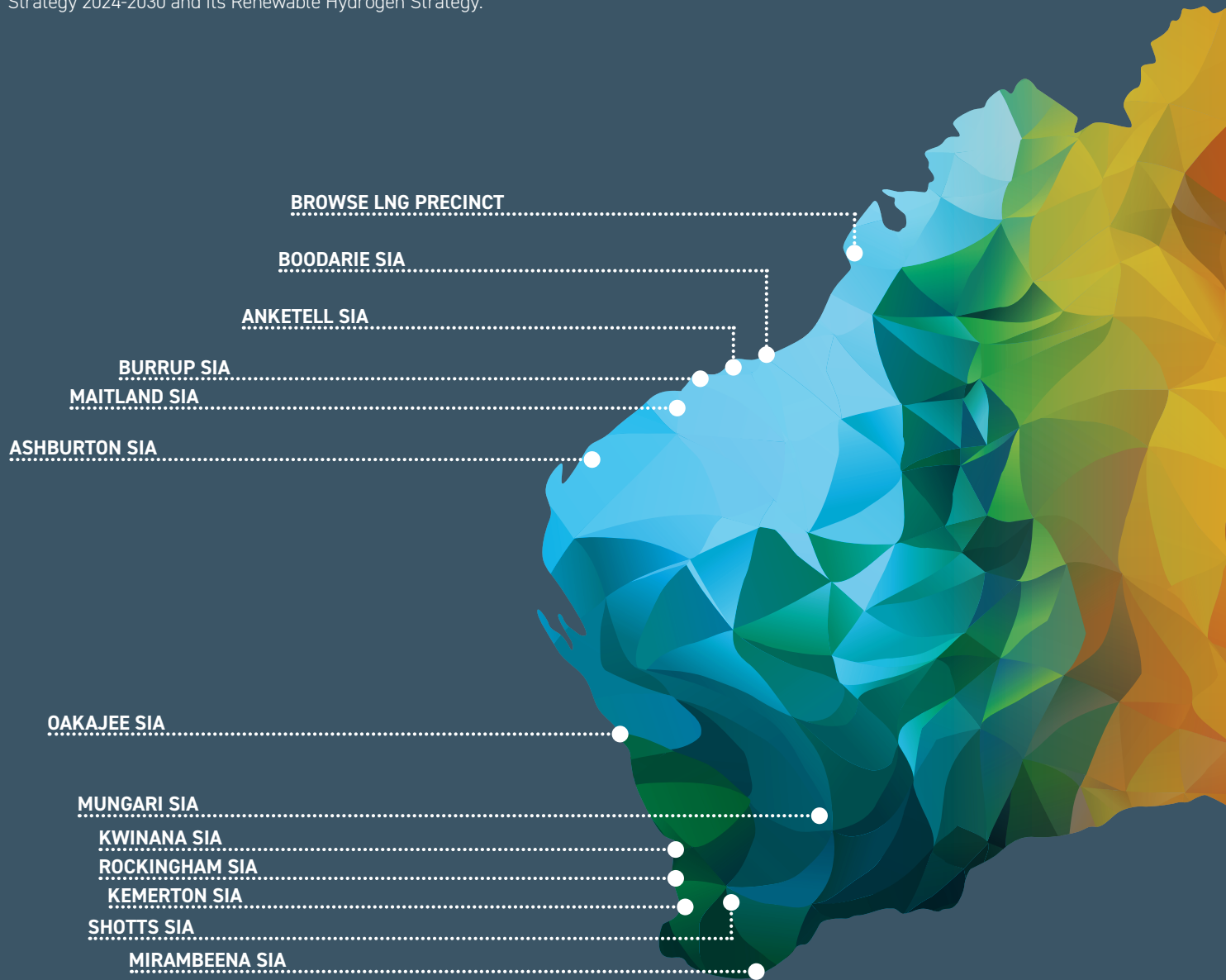


Activating Western Australia's Strategic Industrial Areas: CME Policy Brief

The Chamber of Minerals and Energy of WA (CME) has long advocated for the important role that Strategic Industrial Areas (SIAs) can play in achieving Western Australia's ambitions to attract and develop strategic, value-adding industries including battery and critical minerals processing and low-carbon hydrogen production. SIAs reduce investment and operating costs by allowing industrial projects to co-locate and share common infrastructure.

Similarly, the WA Government has identified SIAs as a key enabler under several key economic diversification and industry development strategies, including its Battery and Critical Mineral Strategy 2024-2030 and its Renewable Hydrogen Strategy.

However, Western Australia is not alone in its efforts to attract clean energy and advanced manufacturing investment and activity. CME commissioned Australian Venture Consultants (AVC) to examine a range of competing industrial precincts in jurisdictions with comparable industry growth aims, assess the current project readiness of WA's SIAs, and recommend actions to enhance the effectiveness of our state's SIA framework. This Policy Brief provides a high-level summary of the detailed analysis conducted by AVC.



There is strong global competition to attract investment in clean energy and value-adding manufacturing



There is no question that China holds a dominant position in global critical minerals processing and clean energy production supply chains, reflecting significant structural cost advantages, supportive regulatory frameworks and a large domestic consumer market. However, geostrategic and supply chain diversification strategies are creating opportunities for other countries to secure a greater share of value-adding downstream activities.

Within the broader Asia Pacific region, other nations with an existing or emerging presence in similar supply chains, including Vietnam, Malaysia, Indonesia and South Korea, offer significant investment attraction measures including Special Economic Zones (SEZs) and turnkey industrial precincts.

In addition to competitive manufacturing cost bases, these industrial precincts offer established utility and transport/logistics infrastructure, alongside substantial corporate and other tax incentives and grants. Importantly, they also feature dedicated regulatory facilitation services which act to significantly de-risk project investment decisions.

The United States and Canada have also introduced significant policy incentives to attract investment in critical minerals processing and clean energy technologies, with the US Inflation Reduction Act of 2022 the most notable. These jurisdictions also offer turnkey industrial areas involving approvals and other regulatory facilitation services, as well as grants and regional property tax exemptions.



Western Australia's Strategic Industrial Areas need substantial improvement



For SIAs to effectively attract investment they must be 'turnkey' or development-ready to minimise the time it takes for new projects to commence operations and provide crucial investment certainty. Utility connections (water, gas, electricity, waste and recycling), transport infrastructure (road, rail and ports), and land tenure, environmental and heritage approvals must all be in place (including for SIA transport and infrastructure corridors). While not all industries will have identical needs, the competitiveness of individual SIAs will also be determined by their proximity to a skilled local workforce and to any upstream materials supply, such as resource deposits.

AVC's investigations and CME member feedback identifies that WA's SIAs are not currently development-ready, and significant investment is required to effectively compete with global SEZs and industrial precincts.

Key findings of the Study include that:

- WA SIAs are not comparable to industrial precincts in key competitor jurisdictions. Common-use infrastructure, such as utility and transport connections, is lacking, land use is restricted, and regulatory facilitation processes need improvement. Kwinana is viewed as the only WA SIA that could be classified as turnkey and roughly comparable to global industrial precincts, but it is approaching capacity.
- The absence of competitive SIAs threatens WA's ability to achieve its downstream processing and manufacturing ambitions.
- Significant reforms are required. The announcement of a \$500 million Strategic Industries Fund in the WA 2024-25 Budget is a positive step, but well below the amount required to deliver fully turnkey SIAs. Strategic use of these funds will be vital.
- The fiscal task is significant and while early and strategic 'no regrets' investment in enabling infrastructure must be WA Government led, the full costs of activation will likely require co-contribution by the Commonwealth.

A high-level assessment of the project readiness of WA's SIAs is provided below.

WA SIA Relative Investment Attractiveness

Good **Average** **Poor**

Evaluation Criteria	Strategic Industrial Area									
	Kwinana	Kemerton	Anketell	Ashburton	Boodarie	Burrup	Maitland	Browse	Oakajee	Mungari
Brownfields site	Good	Good	Poor	Average	Poor	Good	Poor	Poor	Poor	Poor
Land availability	Poor	Good	Good	Good	Good	Average	Good	Average	Good	Good
Security of tenure	Good	Average	Good	Good	Average	Good	Good	Good	Good	Good
Access to water	Good	Average	Poor	Poor	Poor	Average	Poor	Poor	Poor	Poor
Electricity supply	Average	Poor	Poor	Poor	Average	Average	Poor	Poor	Poor	Poor
Gas supply	Good	Good	Poor	Average	Average	Good	Average	Poor	Poor	Poor
Road infrastructure	Good	Average	Poor	Good	Poor	Poor	Average	Poor	Average	Average
Rail infrastructure	Good	Poor	Poor	Poor	Poor	Poor	Poor	Poor	Poor	Poor
Proximity to process inputs	Good	Average	Average	Average	Average	Good	Good	Poor	Average	Poor
Proximity to third party services	Good	Good	Average	Good	Good	Good	Average	Average	Good	Good
Proximity to port (constructed)	Good	Good	Poor	Poor	Poor	Good	Average	Poor	Poor	Poor
Logistics and supply chain access	Good	Average	Average	Average	Average	Good	Average	Poor	Average	Average

Prioritisation, reforms and new approaches are required for WA's SIAs to compete on the global stage

Urgent action is required to ensure the state's SIAs are fit-for-purpose and can effectively support the WA Government's diversification and industrial development strategies. CME recommends that the Government progress the following actions to improve the competitiveness of WA's SIAs on the global stage.

1. Targeted support for priority SIAs:



a.

Immediate industry-led prioritisation of the announced Strategic Industries Fund. The Kemerton SIA is likely to be a high priority for funding due to 'overflow' pressure from the lack of land availability in Kwinana, along with key northern SIAs including Ashburton, Boodarie, Burrup and Oakajee.

b.

Develop ongoing processes to inform further near- and longer-term Western Australian and Commonwealth Government investment in SIAs.

2. Address internal Western Australian Government limitations and barriers to SIA activation:



a.

Create a structure within the Government to deliver comprehensive and transparent SIA business cases and public-private investment frameworks in consultation with industry.

c.

Reform and adequately resource relevant WA Government Trading Enterprises and Agencies to deliver turnkey common-use SIA infrastructure.

b.

Enhance the lead agency model to deliver genuine single-contact project facilitation services.

3. Develop new approaches to deliver global standard 'turnkey' experiences:



a.

Ensure all land within SIAs is subject to tenure arrangements that enable intended land uses and leasing to industry on appropriate commercial terms.

c.

Fund and complete cultural heritage surveys for all SIAs and negotiate appropriate and equitable Indigenous Land Use Agreements where relevant.

b.

Ensure SIA common-user infrastructure planning and zoning is fit-for-purpose.

d.

Secure SIA-wide state and federal environmental approvals and land clearing permits and ensure expedited processes for any residual specific environmental approvals.