



**CME**

The Chamber of  
Minerals and Energy  
of Western Australia

WA 2025-26

# Pre-Budget Submission

POLICY BRIEF



The Western Australian resources sector is a strong contributor to both our state and our nation, with the sector supporting 3 in 10 jobs in WA and providing one third of the WA Government's general revenue in 2022-23 – enabling the provision of public goods and services such as doctors and nurses, teachers and police.<sup>1</sup> However, the sector is facing headwinds from falling commodity prices, rising costs and uncertainty around federal regulatory reforms.

Prices for commodities including iron ore, lithium and nickel have fallen notably over the past 12 to 18 months, while energy, labour, construction and shipping freight costs have all increased substantially. At the same time, slow progress on transitioning energy networks, protracted delays in obtaining regulatory approvals, and industrial relations reforms and uncertainty regarding environment and heritage settings at a federal level have increased uncertainty, threatening to reduce productivity and delay activity at a critical time for Australia's economy.<sup>2</sup>

Challenging market conditions have resulted in numerous WA resources companies placing mining and construction activities into care and maintenance, leading to significant job losses – particularly in the nickel sector. Combined with regulatory challenges and uncertainty, these conditions pose risks to the \$119.8 billion investment pipeline of potential future projects<sup>3</sup> which are critical to WA's economy, jobs, communities and government revenue.

While there are near-term challenges to which governments must be responsive, WA continues to be well placed to capture the medium and long-term opportunities presented by the global energy transition. This includes supporting the growth of future industries such as critical minerals, hydrogen and green metals. Realising these opportunities requires action today. We must continue to play to our strengths, leveraging our world class mining and resources sector so it continues to underwrite the prosperity of the nation over the coming decades.

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1 CME, *2022-23 Economic Contribution – Western Australia*, published 17 March 2024.

2 Multifactor productivity growth has only averaged 0.4 per cent per year over the 20 years to June 2023. ABS, *Australian System of National Accounts*, Table 13.

3 Planned and possible projects as at March 2024. DEMIRS, *Industry activity indicators*, accessed 6 September 2024.

CME's 2025-26 Pre-Budget Submission (PBS) provides further context on the challenges and opportunities facing the minerals and energy sectors and WA's economic outlook. It details our priority recommendations to support the competitiveness of existing resources operations and the attraction of new investment and industries.

This Policy Brief summarises the key recommendations contained within the PBS across the following policy areas:

- 1 Competitive fiscal settings
- 2 Efficiency in regulation
- 3 Energy security and transition
- 4 A safe, diverse and productive workforce
- 5 Regional economic development



**Falling  
commodity  
prices**



**Rising  
costs**



**Uncertainty around  
regulatory reforms**



The WA resources sector is beholden to global markets and is reliant on international investment. As such, it is critical to have fiscal and policy settings that support Western Australia's competitiveness.

At a state level, the royalty system is the key fiscal setting influencing resource projects. CME supports WA's ad valorem royalty framework and has several recommendations to improve its effectiveness, including measures that complement federal initiatives to support critical minerals development.

The provision of project-ready or 'turnkey' industrial precincts is another important investment attraction mechanism.<sup>4</sup> The ability to offer common-user utility, transport and logistics infrastructure and dedicated concierge services to support regulatory facilitation are significant advantages.

To ensure competitive state royalty settings and enhance the effectiveness of WA's Strategic Industrial Areas (SIAs) CME recommends the WA Government:

- Reiterates its commitment to no new or increased taxes or royalties.
- Reviews and adjusts royalty settings to better incentivise value-adding products such as magnetite and battery minerals, including considering royalty holidays or tiered royalty rates for critical mineral projects during production ramp-up.
- Consults with industry to prioritise both current and future funding support for SIAs, noting the Kemerton, Ashburton, Boodarie, Burrup and Oakajee SIAs are likely to be near-term priorities.
- Ensures all land within SIAs can be leased to industry on commercial terms with fit-for-purpose common-user infrastructure planning, zoning and approvals in place. This includes land clearing permits, cultural heritage surveys and, where relevant, Indigenous Land Use Agreements.
- Works with the Australian Government to explore regulatory options that complement the state's SIAs by incentivising investment and innovation critical to the establishment of strategic industries, including the use of a 'regulatory sandbox', special economic zone(s) or similar arrangements.
- Structures and adequately resources Government Trading Enterprises and Agencies to deliver the business cases, investment frameworks and infrastructure corridors required for competitive SIAs.

<sup>4</sup> CME, *Activating WA's Strategic Industrial Areas – CME Policy Brief*, July 2024.

## 2 Efficiency in regulation



Efficient regulation, including access to land, is vital to the ongoing operation of the WA resources sector. Protracted assessment timeframes across multiple state government departments continue to impact the ongoing viability of existing operations and the investment attractiveness of new projects, including those related to decarbonisation.

Recent WA Government efforts to streamline state approvals processes have provided positive momentum but Australian Government actions across environment, climate and industrial relations pose a significant risk.

CME recommends further improvements to deliver more efficient approval settings and support the sustainability and diversification of WA's resources sector. CME recommends the WA Government:

- Swiftly implements outstanding recommendations from the Vogel-McFerran Review, particularly those that facilitate improved oversight of referrals, clear guidance and processing efficiencies.
- Introduces further reforms focused on improving regulatory efficiency and productivity, including a decision-oriented and project management-style approach and the introduction of time-based targets and metrics to drive efficiency.
- Appropriately resources the Green Energy Major Projects initiative and streamlines approvals for projects that reduce net global emissions and support energy security.
- Reviews the funding and priorities of the WA Government's Aboriginal Heritage Survey program to align with key government priorities including SIA activation, surveys of infrastructure corridors, energy generation, transmission and storage sites and survey of areas related to the diversification and development pipeline of the WA resources sector.
- Prioritises working alongside the Australian Government and WA industry on Nature Positive reforms to improve outcomes for both the environment and business by removing duplication and maintaining ecologically sustainable development (ESD) principles to support decisions which align with WA's unique land tenure regime, environmental conditions and resources-focused economy.
- Develops a climate adaptation policy aimed at improving WA's resilience to the physical effects of climate change such as drought, fire, floods.
- Works closely with the Australian Government, including through upcoming reviews of recent federal legislation, in support of industrial relations reforms that improve labour productivity.

### 3 Energy security and transition



A low emission, reliable and globally cost-competitive energy system is critical to the ongoing viability and decarbonisation pathways of the WA resources sector. CME welcomes the WA Government's actions to date to decarbonise the South West Interconnected System (SWIS) and the Pilbara region, along with investigation of a Goldfields Regional Network. However, much work remains.

CME members have raised concerns regarding rapid increases in electricity prices and declining grid reliability in the SWIS. Third party modelling from Endgame Economics<sup>5</sup> indicates that substantial investment in new transmission, generation and storage capacity will be required to meet future demand. Similarly, decarbonisation and new industry development in the Pilbara such as green iron, requires the WA Government to provide certainty to industry, investors and financiers regarding the timing and cost of new common-user infrastructure.

To support the delivery of a low emission, reliable and cost-competitive WA energy system CME recommends the WA Government:

- Urgently releases a draft master transmission plan for the SWIS and appropriately resource the detailed planning and construction of SWIS transmission infrastructure to guide public-private investment and support industry decarbonisation in a manner that does not disadvantage first movers. Industry must have a seat at the table to inform priorities and have visibility over timeframes.
- In parallel, consults with industry, market participants and potential investors to co-design flexible, genuine user-pays transmission funding models for the SWIS.
- Reviews the Wholesale Electricity Market (WEM) market structure and other relevant policies applicable to the SWIS to ensure there are appropriate incentives to deliver the required future generation and storage mix to ensure a low emission, reliable and globally cost-competitive grid.
- Works at pace to ensure the current Expressions of Interest process for common-use Pilbara transmission projects results in Priority Project designations, and recommendations to the Clean Energy Finance Corporation for concessional finance, by the end of 2024.
- Engages with industry to identify the specific employment and industry development opportunities for WA presented by green metals, with a focus on alumina and iron.
- Coordinates required tenure, including agreements with Traditional Owners, as part of the Pilbara Energy Transition Plan; both to ensure fair and equitable arrangements are in place but also to give sufficient certainty to secure investment in transmission infrastructure in 2025.

<sup>5</sup> CME, *Energy costs in transition: Decarbonising Western Australia's South West Interconnected System (SWIS)*, September 2024.



A skilled and productive workforce is critical to the success of our industry and the WA resources sector is committed to providing a workplace that is safe, respectful and inclusive to all.<sup>6</sup> Despite recent job losses the labour market remains tight, and with a large future pipeline of potential resources and renewable energy infrastructure projects it is critical that industry and the WA Government remain focused on addressing current and anticipated skills shortages.

Our industry has implemented a raft of initiatives to maximise local training and employment opportunities to grow, develop and retain its workforce, as well as making significant contributions to the Construction Training Fund despite limited access to it. But there are several important areas where CME is seeking WA Government support to help address current skills shortages and develop a skilled future workforce.

CME recommends the WA Government:

- Removes all barriers limiting the resources sector's ability to directly access the Construction Training Fund, including reforming the legislative and policy framework.
- Ensures sufficient funding is provided for vocational education and training (VET) to unlock pathways from Certificate II level onwards, raises the profile of trade training careers and works with the WA resources industry to support workforce development priorities, in particular to support the clean energy transition.
- Streamlines and simplifies requirements of the Skilled Nominated and Regional (Provisional) Skilled Nominated visa categories and expands the Skills Recognition Apprenticeship Program to include qualifications in areas of skill shortages (e.g. automotive, engineering, electrotechnology and telecommunications trades).
- Reforms unnecessarily prescriptive requirements for statutory position appointments (e.g. supervisors) under work health and safety (WHS) laws and improve the structure and availability of legal examinations.

<sup>6</sup> CME, *Diversity and Inclusion in the Western Australian Resources Sector*, September 2024.



Western Australia's resources sector is anchored in regional WA. The adequate and accessible provision of economic and social infrastructure across regional and remote WA is pivotal to safeguarding WA's prosperity. This includes the economic building blocks of land, water, energy, waste, telecommunications and transportation; and the community building blocks of affordable housing, education, childcare, training and community health and wellbeing services.

As such, we urge the WA Government to prioritise regional liveability as a key driver of economic success and diversification.

The inadequate provision of essential infrastructure including housing, early childhood education and healthcare services, in addition to ongoing community safety issues across many regional areas, can stunt regional economic opportunities and disincentivise private investment.

CME recommends the WA Government:

- Advocates to the Australian Government for Fringe Benefits Tax exemptions to encourage employers to incentivise their residential workforce to build or own their own homes.
- Expedites the release of serviced land for residential development and increases investment in affordable social and key service worker housing in the regions.
- Alleviates regional childcare shortfalls through further early childhood training and qualification incentives and increasing the WA Government's Regional Childcare Grants Program.
- Prioritises funding that helps to achieve equitable primary and mental healthcare infrastructure in regional centres across WA, particularly in the Goldfields and the Pilbara.
- Prioritises development of a sustainable funding model for local government infrastructure requirements that involves appropriate, untied, auditable funding allocations that give local governments flexibility in how they direct funding to the highest priority and best-use projects.

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