



WA 2024-25 Pre-Budget Submission



CME
The Chamber of Minerals & Energy
of Western Australia

WA 2024-25 Pre-Budget Submission

ACKNOWLEDGEMENT OF COUNTRY

We respectfully acknowledge the Traditional Custodians of the lands on which we live, travel and operate throughout Western Australia. We acknowledge their enduring connection to the lands, waterways and communities and pay our respects to Elders past, present, and emerging.

Contents

Introduction.....	1
Executive Summary.....	3
1. A stable and cost competitive environment	5
Stability in tax and royalty settings is critical	5
Costs are rising due to cost recovery and other fees and charges.....	5
Incentivising a critical and battery minerals industry is imperative amidst strong global competition..	6
Recommendations.....	8
2. Efficiency in regulation.....	10
Approval processes are lengthy and duplicative.....	10
Proposed regulatory changes at the federal level will further reduce productivity, increase costs and add to delays.....	11
Climate.....	12
Environment.....	12
Workplace Relations.....	13
...threatening economic activity and decarbonisation efforts.....	13
Recommendations.....	14
3. Energy security and energy transition.....	15
The state's energy transition presents substantial opportunities and challenges.....	15
CME welcomes the WA Government's efforts to date.....	15
...but further urgent action is required.....	16
Recommendations.....	16
4. Skilled workforce development.....	17
Employment demand from the WA resources industry remains strong.....	17
The industry invests heavily in the safety, health and capability of a local workforce.....	17
...and there must be transparency that funding provided by industry is used to support industry.....	17
Access to international talent pools remains critical.....	18
Recommendations.....	18
5. Regional Economic Development.....	19
The resources sector is a key driver of regional economic activity.....	19
Regional workforces need 'liveable' communities.....	19
Recommendations.....	19



CME looks forward to ongoing cooperation between the resources industry and the WA Government, its departments and the WA community, to realise the unprecedented opportunities for all Western Australians.



REBECCA TOMKINSON

CEO, The Chamber of Minerals and Energy of Western Australia

Working together for a stronger future

The mining and resources industry is working hard to continue supplying the minerals and energy the world needs, and contributing to the economic stability and prosperity of all Western Australians in a way that it is economically, socially, environmentally and culturally sustainable. Alongside the enormous opportunities ahead are significant challenges that can only be overcome through industry, community and government working together.



Courtesy of Woodside Energy

INTRODUCTION

The Chamber of Minerals and Energy of Western Australia (CME) is the peak representative body for the mining and resources sector in Western Australia.

CME is funded by member companies responsible for more than 86 per cent of the State's mineral and energy workforce employment,¹ ranging from mining (mineral and petroleum commodities) to manufacturing (alumina, basic inorganic chemicals and explosives) and supporting services. Within WA, the sector is vast and complex, comprising of operations across a diverse range of commodity types and project stages, from exploration through to construction, production and closure.

The resources sector drives the **WA economy**. In 2021-22, it generated:

48%



48%

of the WA economy

\$186.8b in gross value add (GVA)²



95%

of WA goods exports

\$233.6b in export revenue³



48%

of investment

\$34.4b in total capital expenditure⁴

The sector provides **jobs** and **livelihoods** ...

27% of all **jobs** are **resources sector** related



10.2%

of WA employment

155,810 direct jobs⁵



15.6%

of WA employee earnings

\$20.6b in direct employee earnings⁶



17%

of WA employment (indirect)

259,959 indirect jobs⁷

supports **local businesses**, **communities** and **regions**...



14,003

Local businesses⁸



958

Community organisations⁹

and is the **largest** contributor to funds for WA:

27.1%

in royalties¹⁰

+

2.4%

in other taxes,
levies and charges¹¹

=

29.5%

of WA Government
Revenue

The sector's **contribution** to WA Government revenue **funds**...¹²



Nurses



Police



Teachers

WA's mining and resources sector generates **25%** of Gross Regional Product¹³



The WA mining and resources sector is building a stronger economic future to benefit all Western Australians.

1. Government of Western Australia, [2021-22 Economic indicators resources data](#), onsite employment under State legislation, Department of Mines, Industry Regulation and Safety, 5 October 2022.
2. Source: ABS Cat. 5220 Table 6.
3. Sources: DMIRS [Western Australian Mineral and Petroleum Statistics Digest 2021-22](#); ABS Cat. 5302 Table 21.
4. Sources: ABS Cat. 5220 Tables 6 and 25; ABS Cat. 8412 Table 4; ABS Cat. 8104 download 5.
5. May 2022 figures. Source: ABS Cat. 6291 Table 5.
6. Source: ABS Cat. 5220 Table 6.
7. Chamber of Minerals and Energy WA (CME), [2021/22 Total direct economic contribution to Western Australia](#).
8. *ibid*
9. *ibid*
10. *ibid*
11. Total royalties plus leases rentals. Source: Government of Western Australia, [Annual Report on State Finances 2022-23](#), September 2023, Table 2.1.
12. Chamber of Minerals and Energy WA (CME) 2021-22 Economic Contribution Survey.
13. The sum of employee benefits expenses for WA Health, Education and Western Australia Police Force in 2021/22 was \$11.9 billion. Source: Government of Western Australia, WA State Budget 2023-24; Budget Agency Details, May 2023

EXECUTIVE SUMMARY

The WA resources sector drives the WA economy. It provides jobs and livelihoods, supports local businesses, communities and regions, and contributes substantially to the provision of government services.

The outlook for the resources sector is strong, and the industry is working hard to maintain globally competitive operations and progress the \$148.8 billion worth of WA resource projects in the pipeline.¹⁴ Building on the industry's existing strengths in supplying the minerals and energy the world needs, there is enormous opportunity for WA to have a world leading, sustainable, value-adding battery and critical minerals sector. Achieving this opportunity will not only support the critical decarbonisation of our world and our nation, but allows the industry to continue to support WA households, businesses, communities and government.

However, our sector faces considerable challenges in the form of intense global competition for investment capital, geopolitical tensions, rising costs and persistent skilled labour shortages. Further, recent changes and uncertainty regarding regulatory policy decisions at both a state and federal level, compounded by lengthy and duplicative approval processes, threaten WA's relative attractiveness to highly mobile global capital.

These challenges cannot be overcome by the resources sector alone. We need to continue to work with the WA Government, alongside the WA community, to achieve this shared vision of a capable and competitive resources industry, which continues to contribute significantly to the state.

In preparing this 2024-25 Pre-Budget submission (the submission), CME has sought feedback from member companies across commodities and operational stages as well as contractors and suppliers to the sector. This submission is structured to make specific recommendations under the following key policy areas:

- A stable and cost competitive environment
- Efficiency in regulation
- Energy security and transition
- Skilled workforce development
- Regional economic development

A summary of our key recommendations is provided below, with further detail in the following sections. While delivery of each individual recommendation is important, we believe the combined impact of progressing all recommendations will yield the greatest returns.

Courtesy of Rio Tinto





1. A STABLE AND COST COMPETITIVE ENVIRONMENT

- An ongoing commitment to no new taxes or royalties or increases in existing taxes or royalties.
- Regulatory cost recovery fees to be developed transparently and based on an efficient price with clear, transparent performance metrics and reporting.
- Ensure the royalty rates applied to second tier intermediary and beneficiated products remain competitive and consider targeted incentives (such as a 'value-add' rebate) to support investment across the critical minerals value chain.
- Engage with industry to develop an approach to ensure well-located, turnkey strategic industrial areas.



2. EFFICIENCY IN REGULATION

- Reinvigorate the Streamline WA reform agenda.
- Continuously review available government department resourcing to ensure allocation to its highest and best use.
- Once efficient and non-duplicative approvals processes are embedded, ensure sufficient funding of approvals processing resources, including removing existing backlogs and responding to increased demand.
- Work alongside the Australian Government to avoid duplication and inconsistency, and advocate to the Australian Government on offshore approvals and workplace relations reforms.
- Continued investment in the WA public sector to ensure it is able to meet the expanding requirements of a growing WA economy.



3. ENERGY SECURITY AND TRANSITION

The WA Government must act with urgency to provide all stakeholders with certainty that a low emission, reliable and cost-competitive energy system will be delivered by 2030.

In the near term:

- Release a draft master transmission plan for the SWIS by no later than mid-2024, in collaboration with industry, regulators and other key stakeholders.
- Appropriately resource and support the detailed planning and construction of transmission infrastructure to support industry decarbonisation.
- Commit in principle to a transmission funding model based on user pays with cost recovery over time.
- Commit to sharing price and schedule risk where industry is contributing to new transmission infrastructure construction.
- Establish a Cabinet-level consultative forum to facilitate whole-of-government discussion and exchange of information with industry regarding the energy transition.
- Develop a whole-of-government energy roadmap outlining the path to net zero for WA.



4. SKILLED WORKFORCE DEVELOPMENT

- Engage with training councils and the WA resources sector on future skills needs and encourage Jobs and Skills Australia to develop a 10-year 'jobs and apprentices plan'.
- Streamline requirements for Skilled Nominated and Regional (Provisional) Skilled Nominated visa categories.
- Expand the Skills Recognition Apprenticeship Program.
- Provide further allocations under the Adult Apprenticeship Employer Incentive.
- Ensure sufficient and adequate funding is provided for vocational education and training (VET) delivered to secondary students.
- Amend the definition of 'construction' within the *Building and Construction Industry Training Fund and Levy Collection Act 1990* (WA) to capture construction activities undertaken within the resources sector.



5. REGIONAL ECONOMIC DEVELOPMENT

- Establish a working group to advise on priority budget allocations for regional health, education, and economic and social infrastructure to improve liveability.
- Ensure the state's housing strategy targets the bringing-forward of land and housing releases in areas of highest demand, including regional locations.
- Advocate to the Australian Government for reforms to fringe benefits tax that improve regional liveability.

14. The pipeline includes \$60.3 billion committed or under construction and \$88.5 billion planned or possible, as at March 2023. Department of Mines, Industry Regulation and Safety (DMIRS), *Industry Activity Indicators*, accessed 19 September 2023.



1. A STABLE AND COST COMPETITIVE ENVIRONMENT

Stability in tax and royalty settings is critical

The WA resources sector is a price taker in global markets and reliant on highly mobile international capital. Maintaining a low-cost operational base is therefore paramount to operational viability and investment attraction. Material changes in cost structures can significantly affect investment decisions and cash flows across the life of an asset, bringing forward the end of life, reducing the ability to invest in expansion of existing projects or failing to attract investment in new projects. Certainty in a stable, low-cost structure is essential to providing the industry with the necessary confidence to continue investing against the ongoing risks of skills shortages, labour and materials price escalation, and the tightening of financial conditions. This long term certainty is critical given the current timeframes to obtain approvals for project expansions or new projects. A recent study on development timeframes for new gold, copper, nickel, silver and zinc mines found it takes 14 and a half years from discovery to production in Australia, on average.¹⁵

In June 2023 the International Institute for Management Development (IMD) ranked Australia 19th out of 64 countries with regards to overall competitiveness.¹⁶ Key competitor resources and energy jurisdictions such as the USA (9th), Qatar (12th) and Canada (15th) all scored more favourably. With regards to tax policy Australia is ranked 25th.

Costs are rising due to cost recovery and other fees and charges

The WA Government is moving to adopt cost recovery for a range of regulatory functions. The most recent example is the commencement of cost recovery under the Environmental Protection (Cost Recovery) Regulations 2021 on 1 January 2022. Industry is now paying significant fees for these Part IV assessments based on a commitment that the fees would be utilised to “...provide a timely and effective service” and enhance departments’ “capacity to meet demand for assessment services during peak times”.^{17, 18}

However, despite paying fees for the cost of assessments, members advise that there has been no improvement to service delivery or assessment timeframes. Due to lack of transparency, it is unclear if funds recovered from proponents for Part IV assessments have been provided to the Department of Water and Environmental Regulation (DWER) and other agencies critical to the assessment workflow to improve assessment processes or supplement departmental capacity during periods of high demand or backlogs. Since capacity pressures are likely to persist in the short to medium term both within government and industry, it is essential for recovered funds to be used to facilitate assessments as previously committed.

We also note the lack of transparency on the derivation of fees. This was observed with fees set under the Environmental Protection (Cost Recovery) Regulations 2021, with fees set during 2023 under the now repealed Aboriginal Cultural Heritage (Cost Recovery) Regulations 2023 and fees that have been proposed under the Aboriginal Heritage (Fees) Regulations 2023 which will form part of the amended *Aboriginal Heritage Act 1972* framework. Derivation of fees for cost recovered services must be developed transparently to provide confidence that over recovery and cross subsidisation does not occur.

In general, implementing cost recovery measures based on historical costs and without service performance indicators is a disincentive to efficiency improvements in assessment processes. CME’s position is that applicants for assessment must not bear the costs of inter- and intra-agency inefficiencies. This includes costs imposed directly via cost recovery measures as well as the broader financial costs as outlined in section 2 – Efficiency in regulation.

15. S&P Global Market Intelligence, ‘Discovery to production averages 15.7 years for 127 mines’, 6 June 2023.

16. IMD, *World Competitiveness Booklet 2023*, June 2023.

17. Government of Western Australia, *Cost Recovery: Part IV Environmental Protection Act*.

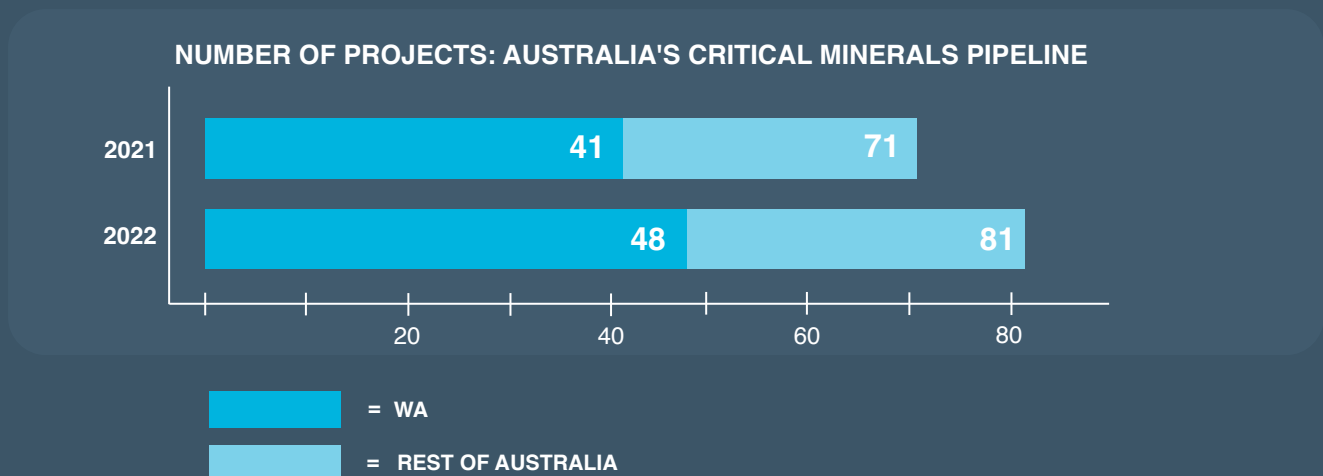
18. Department of Water and Environmental Regulation, December 2021, *Implementing Cost Recovery for Part IV of the Environmental Protection Act 1986 Discussion Paper Consultation Summary*.

Incentivising a critical and battery minerals industry is imperative amidst strong global competition

In addition to ensuring the continued competitiveness of our traditional commodities such as iron ore and gold, there is enormous opportunity for Western Australia to have a world leading, sustainable, value-adding critical and battery minerals sector.¹⁹ Western Australia hosts almost all the specified minerals on Australia's critical mineral list, and is currently:



At the end of 2022 Australia's critical minerals major project pipeline had increased to 81 projects from 71 a year prior, with an estimated value of \$30-42 billion. More than half of the nation's critical minerals' projects – in terms of both project numbers and investment value – were located in WA.²⁴



19. See CME, *Accelerating opportunities in Western Australia's Critical Minerals Sector*, position paper, June 2023.
 20. S&P Global Market Intelligence (annual 2022)
 21. United States Geological Survey (USGS) (2023), *Mineral commodity summaries 2023*, pp142
 22. United States Geological Survey (USGS) (2023), *Mineral commodity summaries 2023*, pp 60
 23. United States Geological Survey (USGS) (2023), *Mineral commodity summaries 2023*, pp122
 24. Department of Industry, Science and Resources, *Resources and Energy Major Projects 2022*, December, page 13. WA accounted for 58 per cent of Australian critical minerals projects in 2021 and 59 per cent in 2022.

SNAPSHOT: WESTERN AUSTRALIA'S CRITICAL MINERALS SECTOR



6 Operating lithium mines²⁵

7 Operating nickel mines²⁷



2 Operating rare earths projects²⁹



2 Operating lithium hydroxide plants²⁶



1 Nickel sulphate plant²⁸



1 Rare earths refinery under construction³⁰

Additional critical minerals mines and processing facilities are under development or planned, and pending investment decision. However, these are complex projects which are energy and resource intensive with capital spending often greater than \$1 billion per project.³¹ In order to realise governments' objective of moving further along the critical minerals value chain, attracting international investment from strategic partners with technical capability will be critical to acquiring and building capacity.

Investment choices are made in an increasingly competitive global context for highly mobile funds, with some jurisdictions providing significant incentives and concessions for critical and battery minerals processing and downstream value chains to be established domestically. The most notable example is the United States' *Inflation Reduction Act* (IRA) of 2022. Under just one of the Act's mechanisms – the Advanced Manufacturing Credit (otherwise known as Section 13502) – a tax credit equal to 10% of the cost of production is awarded to the producers of critical minerals.³² While the US Congressional estimates budget the measure to cost around US\$16 billion for the period 2022-2031,³³ other modelling suggests strong demand could extend the total cost for this provision to around US\$150 billion.³⁴ In the six months following the passage of the IRA, over US\$45 billion in investments were announced across the critical minerals and battery supply chain.³⁵

Other international jurisdictions have responded to the *Inflation Reduction Act* with their own significant policy incentives to attract capital investment. This includes the:

- European Union's Green Deal Industrial Plan,³⁶ which includes €723 billion in loans and grants,³⁷ as well as budget guarantees for public and private investments in sustainable infrastructure and research and development.³⁸
- Republic of Canada's Canada Growth Fund³⁹ and Made in Canada Plan, which includes generous investment tax credits for investments in clean technologies and critical minerals projects.⁴⁰
- Republic of Korea's range of tax incentives for qualifying investments in critical mineral and battery industries including tax credits of up to 40 percent, tax exemptions (including the acquisition and property tax on property acquired for up to 15 years), and exemptions from customs duties, VAT and individual consumption tax on imported capital goods.⁴¹

25. Greenbushes, Pilgangoora, Wodgina, Mt Marion, Bald Hill and Mt Cattlin. Source: Department of Mines, Industry Regulation and Safety (DMIRS), [Lithium Investment Opportunities](#), March 2023.

26. Kwinana and Kemerton. Sources: IGO Limited, [FY23 Results Presentation](#), August 2023, slide 12; Albemarle, [Albemarle reports net sales increase of 60% for second quarter 2023](#), 2 August.

27. Mt Keith, Murrin Murrin, Leinster, Ravensthorpe, Savannah, Kambalda, Nova-Bollinger. Source: Department of Mines, Industry Regulation and Safety (DMIRS), [Nickel-cobalt Investment Opportunities](#), March 2023.

28. Kwinana. Source: BHP, [BHP Operational Review for the year ended 30 June 2023](#), July.

29. Mt Weld and Browns Range. Source: Department of Mines, Industry Regulation and Safety (DMIRS), [Rare Earth Elements Investment Opportunities](#), March 2023.

30. Eneabba. Source: Iluka, [2023 Half Year Results Presentation](#), August, slide 18.

31. For example, Covalent Lithium's Mt Holland lithium project and associated lithium hydroxide plant in Kwinana is estimated to cost \$2.4-2.6 billion. Source: Wesfarmers, [2023 Half-year results briefing presentation](#), February 2023, slide 15.

32. International Energy Agency, Policy, [Inflation Reduction Act 2022: Sec. 13502 Advanced Manufacturing Production Credit](#), last updated 23 May 2023

33. US Congressional Budget Office, [Cost Estimate](#), 7 September 2022, Page 13

34. Benchmark Mineral Intelligence, [Cumulative Demand for 13502 Credit](#)

35. The White House, [Treasury releases guidance to drive investment in critical minerals and battery supply chains in America](#), 31 March 2023

36. European Commission, [The Green Deal Industrial Plan \(europa.eu\)](#)

37. EU, [Recovery and Resilience Facility](#)

38. EU, [InvestEU Fund](#)

39. Canada Development Investment Corporation, [Innovative funding to help accelerate Canada's decarbonization strategy](#)

40. Government of Canada, [A made in Canada Plan: Affordable energy, good jobs and a growing clean economy](#), Federal Budget 2023.

41. Price Waterhouse Coopers (2023), [Worldwide Tax Summaries](#)

Neither Western Australia nor Australia have equivalent incentives and we have an international reputation as a high-cost jurisdiction for project investment and production. While WA has some of the world's largest and highest quality critical mineral deposits, the opportunities from these endowments will only be realised if the cost settings relative to other jurisdictions are sufficiently competitive to attract highly mobile investment funding. It should also be noted that greater processing complexity for value-add products results in higher capital investment intensity and increased operating costs.⁴²

WA's royalty system is an important lever the WA Government could pull to incentivise investment in second-tier intermediary and beneficiated products, capture more of these strategic value chains domestically and support economic diversification. CME continues to strongly support the long-standing ad valorem royalty system in WA, but notes the specific royalty tiers applied to certain processed commodities might not be the best fit for modern, high value-add commodities that carry higher risk. In addition to ensuring specific royalty rates remain competitive, targeted incentives could be utilised to support downstream investments across critical minerals commodities.

Strategic industrial areas (SIAs) form a key part of the WA Government's strategy for developing new industries and attracting investment into WA. The resources industry welcomes this initiative, noting the economies of scale that SIAs can facilitate, improving the industry's competitiveness. CME members believe further improvements could be made in the provision of SIAs, particularly in relation to 'turnkey readiness'. Members report that for some existing SIAs, road access and utility connections including for power, water and sewage are not established, leaving proponents to organise and fund such connections themselves. This can make projects cost prohibitive, particularly for smaller firms, as the first 'mover' (proponent) is usually asked to fund the full cost of new infrastructure despite the aim of an SIA to share the costs of shared infrastructure.

SIAs should be located as close as practical to upstream developments and be connected to utilities and adjacent transport infrastructure (e.g. roads, rail). Preliminary consultation, investigations and approvals related to land tenure, heritage and environment (e.g. native vegetation clearing and associated offsets) should be progressed to ensure that the area is fit for the intended industrial purpose.

Recommendations

To ensure WA remains a stable and cost competitive jurisdiction CME calls on the WA Government to:

- Make an ongoing commitment to no new or increased taxes or royalties.
- Ensure that regulatory cost recovery fees are developed transparently and based on an efficient unit price (not historical actuals) with clear, transparent customer service performance metrics and reporting. CME continues to be alert to escalating costs and the imposition of cost recovery models, fee increases and other charges, which impose a disproportionate burden on the resources sector.
- Ensure the royalty rates applied to second tier intermediary and beneficiated products remain competitive and consider targeted incentives (such as a 'value-add' rebate) to support investment across the critical minerals value chain. Consistent with the first recommendation, this must not come at the cost of increasing other royalties or taxes.
- Engage with industry to develop an approach to ensure well-located, turnkey strategic industrial areas.

42. CME, [Mining Amendment Regulations \(No. 5\) 2019 – Consultation draft](#), submission to the Department of Mines, Industry Regulation and Safety, 24 January 2020; AVC, [A case for building resilience into WA's lithium industry](#), commissioned by CME and AMEC, June 2020.





2. EFFICIENCY IN REGULATION

Approval processes are lengthy and duplicative

To secure project investment funding and compete in international finance and commodity markets, our sector relies on an efficient and effective regulatory regime that provides strong environmental and social governance (ESG) outcomes and internationally comparable certainty on approval timeframes and outcomes. CME believes the WA regulatory regime delivers strong ESG outcomes, but member feedback indicates certainty on timeframes and approval outcomes is deteriorating.

Inefficient assessment processes and assessment delays present an investment risk because delays are costly. Proponents typically incur significant costs while they wait for assessments to be completed and in turn, production revenues are delayed. Productivity Commission modelling has shown that a one-year delay to a project could reduce the net present value (NPV) of that project by between 7 and 18 per cent, depending on discount rate and the stage of the project at which the delay occurs.⁴³ As a result, any unnecessary delays in approval processes can cause a reduction in investment and the jobs and government revenues that flow from it.

In this context, the current resources sector experience of persistent assessment delays, protracted timelines, and a backlog of environmental assessments across the Departments of Water and Environmental Regulation (DWER), Mines, Industry Regulation and Safety (DMIRS), Biodiversity Conservation and Attractions (DBCA) and Planning, Lands and Heritage (DPLH) are a significant concern.

The processes, cost, timeframes and regulatory overlap between assessments conducted under the *Environmental Protection Act 1986* (EP Act) and the *Mining Act 1978* (Mining Act) continue to weigh on Western Australia's reputation as a destination of choice for resource investment. The WA Government's decision to repeal the *Aboriginal Cultural Heritage Act 2021* (the ACH Act) and replace it with an amended version of the *Aboriginal Heritage Act 1972* has also created uncertainty and has delayed the modernisation of our heritage framework. Further, the amended Act does not provide a clear pathway to remove duplication between Part IV assessments under the EP Act and the heritage assessments. While we welcome a commitment from government to work with us on options to resolve this issue, the immediate impact is an increase in regulatory duplication and uncertainty. This is particularly concerning given the Annual Survey of Mining Companies saw Western Australia's ranking drop from 4th to 10th during 2022 on the Policy Perception Index due to concerns about environmental regulation, regulatory duplication and regulatory inconsistency.⁴⁴

CME members are also continuing to experience increased end-to-end⁴⁵ approval timeframes within and across departments due to inefficient processes and a lack of cross-agency collaboration to remove interagency duplication. For example:

- Frequent application of 'stop-the-clock' gates or request-for-information (RFI) 'holds' on assessments across different regulators.
- Limited use of parallel processing, active case management of assessments and direct communication with proponents to resolve issues during processing.
- Multiple rounds of agency comments during assessment processes that are not material matters or related to legislative objectives.
- Poor intra and inter-agency coordination, communication and information sharing.
- Limited integration of various databases and IT systems, inconsistent sharing of source data and fundamental 'usability' issues with IT systems.
- Overly precautionary and prescriptive (i.e. non risk-based) approaches to assessment and decision-making that appears focused on 'appeal proofing' decisions rather than efficient and effective outcome-focused decisions aligned with legislative objectives and published guidance material.

43. Australian Government Productivity Commission, *Resources Sector Regulation: Study Report*, December 2020. Fraser Institute, *Annual Survey of Mining Companies 2022*, May 2023.

44. Proponents focus on 'end-to-end' approvals timeframes i.e. the time from scoping of the environmental assessment to issue of the 'approval' document, not just statutory

45. timeframes related to specific steps of the assessment process. This is an important distinction between government processes which focus on efficiency of components related to statutory timeframes as opposed to the resource sectors focus on the efficiency of the end-to-end approval process.

The persistence of extended approval timeframes is especially concerning for assessments conducted under Part IV of the EP Act (Part IV assessments) following the introduction of 'Environment Online' in August 2022 and commencement of cost recovery under the Environmental Protection (Cost Recovery) Regulations 2021 on 1 January 2022. Both initiatives were introduced to improve Part IV assessment processing efficiencies, but these efficiencies have not been realised.

Through the establishment of Streamline WA and related initiatives such as the recently established Green Approvals Unit, the WA Government has demonstrated that it understands the impact of ineffective regulation on the cost and difficulty of doing business, and that it is committed to the modernisation and streamlining of regulation, regulatory practices, and timeframes through a whole-of-government approach. However, these important initiatives are not currently meeting industry's expectations. Whilst some Streamline WA workstreams have progressed, the streamlining benefits have not been assessed to determine if efficiency and effectiveness have been enhanced.⁴⁶



Senior decision makers within my organisation are struggling to justify investment decisions for any WA projects due to the excessively long, uncertain and complicated approvals processes. We are looking at a four year approvals program to obtain an additional 12 months of feedstock. Cost recovery has not resulted in any improvement in approval timeframes.

- CME MEMBER



We have been waiting on primary state environmental approvals on certain projects for almost five years now and continue to receive multiple requests for further information from the regulator.

- CME MEMBER



There is little communication on the status of approvals once they enter the 'intra-government' review process of the assessment. Within this process other government agencies are requesting extensions which adds to the total approval timeframe. As there is minimal communication with the proponent, we lose line-of-sight over the approval timeframe.

- CME MEMBER



Several recent mining proposals to DMIRS have been subject to requests for information (RFI) that extend beyond their regulatory remit (e.g. visual impact assessments). More broadly, the 'trickle feed' of RFI unnecessarily extends approval timeframes. RFI should be consolidated and better targeted.

- CME MEMBER

Proposed regulatory changes at the federal level will further reduce productivity, increase costs and add to delays...

The Australian Government is undertaking a significant reform agenda, particularly in the climate, environment and workplace relations areas. Future changes to federal heritage legislation have also been foreshadowed but have not yet commenced.

46. Government of Western Australia, [Streamline WA Progress Report and Achievements July 2020 to March 2023](#), accessed 29 August 2023.

Climate

The federal greenhouse gas emissions (emissions) legislative framework has strengthened since 2022 and provides a robust framework for regulating emissions nationally. Recent updates to Australian Government policy settings include changes to Australia's Nationally Determined Contribution (NDC) to align with Australia's commitments under the Paris Agreement, the legislation of the 2030 and 2050 national emission targets in the *Climate Change Act 2022* (Cth) and reforms to the Safeguard Mechanism requiring heavy industry to reduce facility baseline emissions (Scope 1) annually. The Australian Government recently instructed the Climate Change Authority (CCA) to commence development of whole-of-economy sectoral decarbonisation plans to guide the development of Australia's 2035 emissions target as required under the *Climate Change Act*. In addition to the requirements for emissions reporting under the *National Greenhouse and Energy Reporting Act 2007*, the Australian Government is in the process of implementing a standardised, internationally aligned mandatory climate-related financial disclosure regime that applies to large business and financial institutions. Consultation on the regime is well progressed, with introduction planned for the 2024-25 financial year. The requirements of the federal initiatives will apply to many resource sector projects operating in WA. Over the same period, the WA Government, WA Environmental Protection Authority (EPA) and other departments (predominantly DWER and the Department of Jobs, Tourism, Science and Innovation (JTSI)) are developing separate targets, sectoral emissions reduction strategies and greenhouse gas policy guidance that will apply to the same WA resource sector projects. These are not always aligned with federal reform objectives, introducing additional, inconsistent and duplicative requirements.

Environment

In December 2022, the Federal Minister for Environment released the Nature Positive Plan (NPP) which outlined major reforms to the *Environmental Protection and Biodiversity Conservation Act 1999* (EPBC Act), including creation of a federal Environmental Protection Authority (Environment Protection Australia), development of National Environmental Standards (NES), establishment of an environmental data division (Environment Information Australia) and transition to a full cost-recovery model for federal environmental assessments. The Australian Government is targeting the implementation of Nature Positive legislation inclusive of six 'priority' NES for 1 July 2024. The priority standards include standards for Matters of National Environmental Significance (MNES), Offsets, Regional Planning, Community Engagement and Participation (Community Engagement), First Nations Engagement and Participation (First Nations) and Data and Information. Many WA resource sector projects typically trigger assessment under both state (EP Act and Mining Act) and federal (EPBC Act) processes. Under the EPBC framework, bilateral assessment processes are in place to enable federal matters to be assessed jointly with state matters by DWER, in recognition of the overlap in assessment processes occurring across different levels of government. Accreditation processes are proposed under the Nature Positive regime and are considered essential by the resource sector to maximise efficiency in both assessment effort, and to ensure costs are not recovered twice across different levels of government.

Information provided by the Australian Government on the proposed approach to regional planning and offsets under the Nature Positive reforms, including the establishment of a federal offsets fund, suggest that there may be significant overlap with regional planning and offset fund/application at a state level. Current resource sector experience under the EPBC Act and EP Act regime is that on-ground biodiversity offset project implementation is significantly hampered by lack of transparency in offset requirements, inconsistent obligations and inconsistent conditioning between federal and state agencies. Additionally, WA land tenure issues are a significant barrier to biodiversity offset project developments meeting federal requirements. It is imperative that state and federal governments work proactively together to ensure that duplicative and inconsistent requirements are not introduced during the NPP reforms, as this increases the complexity, cost, time and regulatory uncertainty associated with resource project assessment processes.

The federal approvals system for offshore projects is also in urgent need of reform. As a result of recent case law, regulations are too open to interpretation and there is an ongoing lack of clarity over consultation requirements. A backlog of more than 40 Environment Plans are under assessment by the regulator.⁴⁷

47. The Australian, *Broken oil and gas approvals system 'to drive away energy investment'*, 2 October 2023.

Workplace Relations

On workplace relations, the *Fair Work Legislation Amendment (Closing Loopholes) Bill 2023* was introduced to Parliament on 4 September.⁴⁸ On 7 September the Senate referred the provisions of the Bill to the Education and Employment Legislation Committee for inquiry and report by 1 February 2024.

The Bill introduces a raft of significant industrial relations changes intended to close ‘a labour hire loophole’ (previously referred to as ‘same job same pay’), re-define casual employment, regulate ‘employee like’ work, and expand union powers. It is an onerous piece of legislation which will significantly and unnecessarily increase compliance costs for employers, introduce uncertainty and reduce productivity. As a result, CME strongly opposes the Bill in its current form.⁴⁹

All of these reforms are significant for WA and CME members, and while some include a stated intent to streamline, there is a risk that failure to realise this objective or to properly target the reforms will lead to further reductions in productivity, increasing costs and adding to delays.

Beyond the specific impacts of proposed changes, the sheer scale and pace of reform is leading to regulatory uncertainty and could be a risk to investment. It is critical that consultation on these changes is robust and genuine and includes early consideration of adequate transition processes to provide certainty.

...threatening economic activity and decarbonisation efforts

Existing or additional regulatory duplication and delays threaten the ongoing viability of existing operations as well as investment in new and sustaining capital projects, including the \$148.8 billion project pipeline in WA.⁵⁰ In doing so, they risk the resources sector’s ongoing contribution to the WA economy, jobs, local businesses, communities and WA Government revenues, now and for decades to come. With WA’s natural gas and critical minerals supply essential to the global and local energy transition, such inefficiencies also threaten decarbonisation efforts.

In addition to ongoing resource sector projects, CME anticipates a significant increase in project referrals for large-scale renewable projects, brownfields decarbonisation projects and critical minerals projects required to meet Australia’s 2030 and 2050 emission targets as legislated in the *Climate Change Act 2022* (Cth). We understand that DWER and DMIRS are also forecasting significant demand for resource project assessments. These projects will require numerous significant approvals including tenure, heritage, environment, water, mining, planning and others and require assessment by staff from DMIRS, DWER, JTSI, DPLH and DBCA. We are already observing the first wave of referrals related to major decarbonisation and renewables projects, with several large-scale referrals to the EPA lodged over the past 12–18 months and DWER reporting an upward trend in Part IV referrals in 2022-23 compared to historic trends.



We expect at least a doubling in the number of approvals we require over the next 12-24 months. This primarily reflects approvals required from DMIRS and the EPA.

- CME MEMBER



As part of a new solar energy project it took almost 18 months to receive a native vegetation clearing permit for a related transmission line.

- CME MEMBER

48. See also the explanatory memorandum, available at Parliament of Australia, *Fair Work Legislation Amendment (Closing Loopholes) Bill 2023*, September 2023.

49. CME’s submission is available on the inquiry [webpage](#).

50. The pipeline includes \$60.3 billion committed or under construction and \$88.5 billion planned or possible, as at March 2023. Department of Mines, Industry Regulation and Safety (DMIRS), *Industry Activity Indicators*, accessed 19 September 2023.

Recommendations

Reinvigorate the Streamline WA reform agenda:

- Review Streamline WA priorities, assess outcomes of implemented Streamline WA projects against their objective and broaden focus of initiatives to deliver tangible improvements to regulatory assessment timeframes in the near-term.
- Review regulatory processes and procedures associated with project assessments conducted under the EP Act, Mining Act and Aboriginal Heritage Act to improve efficiency and reduce assessment timeframes across agencies.
- Assess digital platforms funded via cost recovery or through the Digital Capability Fund (e.g. Environment Online) to ensure that streamlining and efficiency benefits are realised for both regulator and customers and that the platforms are modified where objectives have not been met.
- Ensure transparency and accountability at all levels of assessment processes conducted under the EP Act, Mining Act and Aboriginal Heritage Act to resolve issues and deliver risk-based outcomes.
- Establish, report and monitor performance indicators related to service delivery for all steps of the EP Act, Mining Act and Aboriginal Heritage Act assessment process with the objective of reducing end-to-end assessment timeframes.
- Establish areas of strategic expectations or programs to efficiently and effectively replace the need for case-by-case assessment (e.g. establish strategic expectations for biodiversity offsets throughout the state).

We acknowledge the resourcing challenges experienced by government departments, particularly the attraction and retention of suitable skilled and experienced staff. These challenges are unlikely to ease in the short term. It is therefore recommended that available government department resourcing be continuously reviewed to ensure allocation to its highest and best use. The public sector is essential to the delivery of government services and continued investment in the WA public sector is critical to ensure it is able to meet the expanding requirements of a growing WA economy.

Once efficient and non-duplicative approvals processes are developed and embedded, the WA Government must ensure sufficient funding of approvals processing resources, including removing existing backlogs and responding to increased demand (as is currently occurring). It is important to note that sufficiently funding an inefficient process 'bakes in' inefficient processes and adds unnecessary cost to taxpayers and industry. Resourcing needs should be regularly reviewed as demand changes to ensure departments are meeting service performance metrics and to ensure that resourcing is prioritised based on the core regulatory remit.

It is critical that efficiency and performance metrics are developed for all stages of the assessment process (not just those parts of the process subject to statutory timeframes), with performance regularly and transparently tracked to ensure that service delivery for cost recovered processes is prioritised.

It is crucial for the WA Government to work alongside the Australian Government to:

- Ensure proposed significant reforms at a federal level do not introduce duplication to the robust approvals assessment processes conducted at a state level.
- Review federal regulatory requirements and processes and where required, modify the WA approach to minimise duplication, remove inconsistency in conditioning and align processes to maximise efficiency and reduce assessment timeframes across levels of government.
- Ensure WA has the opportunity to implement an 'accreditation' process as soon as possible, and prior to Western Australian projects being required to navigate the additional assessment and decision making processes proposed in the repeal and replacement of the federal *Environmental Protection and Biodiversity Conservation Act 1999* (EPBC Act) and introduction of a national Environmental Protection Authority (EPA). This extends to supplementary state-based schemes related to offsets and regional planning.
- Conduct a strategic review of state offset requirements to ensure they facilitate the implementation of on-ground biodiversity offset projects that align with federal requirements under Nature Positive reforms and are able to be accredited.
- Actively assist proponents to navigate approvals processes and provide certainty for those already in the pipeline to support investment.

We ask the WA Government to, alongside industry, advocate to the Australian Government to:

- Urgently reform the offshore projects approvals system, taking immediate action to progress the backlog of current approvals and creating a framework that supports future development of offshore projects.
- Ensure workplace relations reforms are properly targeted and do not reduce productivity by introducing additional complexity, uncertainty and cost.



3. ENERGY SECURITY AND ENERGY TRANSITION

The state's energy transition presents substantial opportunities and challenges

CME members are committed to achieving net zero and are developing plans to decarbonise their current and future operations by 2050 or earlier, in line with both voluntary corporate commitments, and state and federal government policy settings.⁵¹

For CME members, action to decarbonise will take many forms, and will be influenced by the development and availability of effective emissions abatement technologies. The industry's focus to 2030 will be largely on increasing the proportion of electricity sourced from low emission (renewable) generation. In addition, low emission, reliable and cost-competitive electricity is a critical enabler of globally competitive future green industries in WA, including critical and battery minerals, green hydrogen and manufacturing industries, and creates opportunities to further reduce emissions through future process electrification.

For a large number of CME's members the South West Interconnected System (SWIS) provides the only viable pathway for decarbonisation. All project proponents are looking to make investment decisions to achieve emissions reduction targets now, given it takes on average a minimum of five years to plan, construct and commission projects of this scale.

CME welcomes the WA Government's efforts to date...

We welcome the WA Government's work to date regarding the transition of the state's main electricity grids: the South West Interconnected System (SWIS) and the North West Interconnected System (NWIS). CME and the resources industry has worked collaboratively with government on these initiatives.

- In May 2023 the WA Government published its South West Interconnected System Demand Assessment (SWIS DA), for the period 2023 to 2042. The SWIS DA models the optimal mix of renewable generation and storage required to meet anticipated electricity demand in the SWIS over the next 20 years (based on expansion and electrification plans shared by industry) and identifies the network augmentations necessary to transport that electricity to where it is needed. The central 'Future Ready' scenario estimates a step change in total electricity demand on the SWIS to around 5 GW by 2031, from around 2 GW in 2023, with a further doubling to around 10.5 GW by 2042. More than 50 GW of new generation and storage capacity would be required to meet this demand, compared to 5.9 GW of total utility-scale generation capacity in 2022.⁵² In addition, more than 4,000kms of new high-capacity transmission lines could be needed over the next 20 years.
- In August 2022 the WA Minister for Energy established the Pilbara Industry Roundtable to discuss the unique opportunities and challenges of a clean energy transformation in the Pilbara (NWIS) and explore the opportunities of developing new common use electricity infrastructure to underpin renewable energy development. CME and several resources companies participated in the Roundtable, whose work plan involved modelling future electricity demand scenarios and was completed in July 2023. There is consensus among participants that subject to appropriate commercial arrangements, common use electricity infrastructure has a role to play in supporting increased levels of renewable energy and decarbonisation in the Pilbara.⁵³

CME also welcomes the WA Government's efforts to secure up to \$3b in concessional loans and equity investments under the federal Rewiring the Nation program for new builds and major upgrades to transmission in the SWIS and the NWIS.⁵⁴

In early October a registrations of interest (ROI) process was announced, building on the SWIS DA, to inform how and when future major transmission build will be undertaken. The ROI aims to establish the customer base that will shape future major transmission expansion projects and prioritise areas for grid investment in the first stage of investment, and to gain valuable insight to enable policy setting for suitable funding arrangements.⁵⁵

51. Chamber of Minerals and Energy WA, *Climate Policy*, 2023.

52. Government of Western Australia, *SWIS Demand Assessment – 2023 to 2042: A future ready grid*, page 7.

53. Government of Western Australia, *Pilbara Industry Roundtable Communique*, 26 July 2023.

54. Government of Western Australia, *Joint media statement - \$3 billion Rewiring the Nation deal to power WA jobs and growth*, 29 August 2023.

55. Government of Western Australia, *Transmission Network Expansion: Phase 1 of Proposed Build – Registrations of Interest*, October 2023.

...but further urgent action is required

Industry needs certainty that a low emission, reliable and cost-competitive energy system will be delivered by 2030. This is vital for the sector to finalise investment decisions associated with 2030 decarbonisation targets. To do so, companies need information that shows how SWIS-connected generation and supply (and storage) will meet expected demand, in what timeframe and at what cost.

With regards to timeframes, the WA Government has provided initial funding to Western Power to commence detailed scoping and planning activities and purchasing of long-lead items for initial upgrades under Stage 1 transmission works identified in the SWIS DA. However, Western Power's draft 2023 Transmission System Plan (TSP) notes that 'the majority of the SWIS Demand assessment investments are at a very early stage of development and there is insufficient detail to include them in the analysis of this TSP'.⁵⁶ In May 2023, the WA Government also announced and allocated \$1.25m towards the development of a Facilitation Body to expedite delivery of the new network and network augmentation,⁵⁷ but this body is yet to be established.

In terms of costs, the costs to industry to reach decarbonisation targets are significant and unprecedented. Industry contributions to transmission network augmentations and upgrades will be in addition to the substantial investment being made in behind-the-meter generation and storage, plant and process upgrades to enable electricity-powered processes, as well as compliance costs with respect to the Australian Government's Safeguard Mechanism. Industry is willing to contribute its share, however the totality of increased costs on industry as a result of decarbonisation targets could impact the viability of some operations as well as appetite for future investment in our state. The recently announced ROI requires that industry customers have scope to contribute around \$100,000/MW to network augmentation costs in addition to their connection costs, yet submission to the ROI does not guarantee supply or an ability to access the network in a specific location,⁵⁸ nor does it address the current issue with new transmission connections that the customer bears both the price and schedule risk.

On top of contributions to transmission network augmentations and behind-the-meter investments, it remains uncertain whether electricity prices in the SWIS will be globally cost competitive. Balancing (spot) prices in the WA Wholesale Electricity Market (WEM) have already increased significantly over recent years. The record high quarterly weighted average price of \$113/MWh in Q2 2023 was 67 per cent higher than the previous corresponding period and around double the prices observed during 2020 and 2021.⁵⁹

Ensuring sufficient supply of gas to the domestic market will also be critical for a stable energy transition in WA. The importance of gas in the energy transition, and especially for firming the grid, is evident in the SWIS DA's forecast that gas-fired generation capacity will need to increase from 3.1 GW in 2022 to 7 GW by 2042.⁶⁰

The WA Government must act with urgency given the short timeframes for industry to make these critical investment decisions and the long planning and construction timeframes involved in new energy infrastructure. The Australian Energy Market Operator's (AEMO) 2023 Electricity Statement of Opportunities (ESOO) confirms this need for urgency, highlighting the need for 'significant and sustained investment in additional capacity, a fast-tracking of the pipeline of generation, storage and demand-side projects, and investment in transmission infrastructure'.⁶¹

Recommendations

It is recommended that the WA Government:

- Release a draft master transmission plan for the SWIS by no later than mid-2024, in collaboration with industry, regulators and other key stakeholders.
- Appropriately resource and support the detailed planning and construction of transmission infrastructure to support industry decarbonisation.
- Commit in principle to a transmission funding model based on user pays with cost recovery over time.
- Commit to sharing price and schedule risk where industry is contributing to new transmission infrastructure construction.
- Establish a Cabinet-level consultative forum to facilitate whole-of-government discussion and exchange of information with industry regarding the energy transition.
- Develop a whole-of-government energy roadmap outlining the path to net zero for WA.

56. Western Power, *Transmission System Plan – 2023 (DRAFT)*, 7 July 2023.

57. Government of Western Australia, *McGowan Government taking action to facilitate green energy boom*, 9 May 2023.

58. Western Power, *SWIS Transmission Network Expansion: Phase 1 of Proposed Build – Registrations of Interest*, October 2023.

59. Australian Energy Market Operator, *Quarterly Energy Dynamics Q2 2023*, July 2023.

60. See also CME's submission to the Economics and Industry Standing Committee's *Inquiry into the WA Domestic Gas Policy*, received 18 August 2023.

61. AEMO, *AEMO reliability outlook flags the need for investment in Western Australia's South West Interconnected System*, 17 August 2023. See also AEMO, *2023 Wholesale Electricity Market Electricity Statement of Opportunities*, August.



4. SKILLED WORKFORCE DEVELOPMENT

Employment demand from the WA resources industry remains strong

Demand for skills in the WA resources sector is at record levels. WA resources sector employment reached 166,000 in May 2023, 40 per cent higher than pre-COVID levels (Feb 2020) and equivalent to 10.8 per cent of total WA employment, the highest share since at least 1990.⁶² This reflects strong labour demand for operations and ongoing maintenance and shutdown work across existing projects as well as construction activity for new and expansionary projects. Competition for labour has resulted in increased turnover and wage pressures, with resources wages growing by 3.5 per cent nationally in the year to June 2023.⁶³

This strength in resources employment occurs within a strong WA labour market more broadly. The WA unemployment rate averaged 3.5 per cent in 2022-23, almost two full percentage points below the average of the past decade (5.4 per cent).⁶⁴ Similarly, the WA underemployment rate averaged 6 per cent in 2022-23, well below the 8.7 per cent average of the past decade.⁶⁵ Total WA employment reached a record high in August 2023.⁶⁶ Job vacancies for occupations related to engineering have increased in WA – and across Australia as a whole – indicating a persistent nationwide shortage of these workers.⁶⁷

Jobs and Skills Australia's 'Skills Shortage Quarterly – June 2023' reports employers are still struggling to fill vacant positions, implying that skill shortages persist. The report notes that skill shortages appear more prevalent in occupations with Vocational and Education Training (VET) pathways to the labour market.⁶⁸

The industry invests heavily in the safety, health and capability of a local workforce...

The WA resources sector is committed to providing a workplace that is safe, respectful, and inclusive to all. This commitment has resulted in significant investments including upgrades to workplace accommodation security practices, implementing new technologies to equipment that removes workers from the line of fire, and improved training programs that address physical and psychosocial safety. In creating a more diverse workplace, industry has implemented training pathways that build on the transferable skillsets developed in other industries. For example, partnerships with TAFE support construction pathway programs to those who have not previously worked in the resources sector.

In addition to the promotion of diverse and inclusive workplaces, industry has been investing heavily in both the upskilling of existing workers and employing significant numbers of apprentices and trainees to meet demand. However, labour market tightening in both the state and national economies is placing pressure on local businesses. The introduction of further competency requirements has created a further strain on industry's ability to upskill and diversify our workforce. For example, the increased requirements surrounding statutory positions under the *Work Health and Safety Act 2020* (WHS Act) calls for all appointments to hold authorised Units of Competency in risk management and completion of a legal examination. The lack of availability of legal examinations in regional areas presents difficulties for industry to meet its WHS Act obligations.

...and there must be transparency that funding provided by industry is used to support industry

Industry contributes materially to initiatives designed to support the development of a skilled and productive local workforce. In return, industry asks for transparency that this funding is indeed used for this purpose.

As an example, funds collected under the Mines Safety and Inspection Levy Regulations 2010 can only be used for mines safety regulatory activities and initiatives at Western Australian mining workplaces. This is in recognition that WHS regulators with competent personnel are critical to effectively monitor compliance, provide direction and assistance to companies to manage health and safety risks and support continuous improvement efforts. CME recognises the importance of a dedicated and specialised mines safety inspectorate but has also consistently advocated on the importance of transparency with respect to collection and distribution of levy funds.

62. ABS, [Labour Force, Australia, Detailed](#), Table 5.

63. ABS, [Wage Price Index, Australia](#), Table 9.

64. ABS, [Labour Force, Australia](#), Table 8.

65. ABS, [Labour Force, Australia](#), Table 23.

66. Government of Western Australia, [Western Australia's employment hits new record](#), 14 September 2023.

67. Department of Treasury [Western Australia's economy and international trade](#) 31 August 2023.

68. Jobs and Skills Australia, [Skills Shortage Quarterly - June 2023](#).



While we know some funds have been used for the Mental Awareness, Respect and Safety Program, there is currently no transparency around this. With the transition to the WHS Act and a range of associated reforms, it is important that the sector is assured that the levy is being used effectively to support the mining-focused work health and safety activities of WorkSafe WA. Our members ask that the costs recovered through the levy will continue to ensure that a specialist inspectorate remains in place, noting specialist skillsets appropriate to the unique hazards and risks across mining operations are an important aspect of this regulatory service.

Another example is the Construction Training Fund, which the resource industry contributes substantially to but has difficulty accessing funds from due to the current definition of construction.⁶⁹ Despite the resources sector contributing significantly to the fund since 2018, access to the fund is constrained and direct benefits to our sector are likewise limited.⁷⁰

Access to international talent pools remains critical

The large and complex nature of resource sector projects, alongside strong current and projected industry demand, highlights an ongoing requirement to source experienced and highly skilled professionals and trade qualified workers from international talent pools. This is particularly important when considering pathways to realise the ambitions of decarbonisation and energy transition, material recycling opportunities, and the development of value-adding industries, such as downstream processing and battery manufacturing. To support and sustain the establishment of value-adding industries in WA, there needs to be ongoing policy and funding support to increase the quantity, quality, and transferability of skilled labour – both local and international.

Recommendations

It is recommended that the WA Government:

- Engage with training councils and the WA resources sector on future skills needs to inform work occurring nationally and encourage Jobs and Skills Australia to develop a 10-year 'jobs and apprentices plan'.
- Streamline and simplify requirements of the Skilled Nominated and Regional (Provisional) Skilled Nominated visa categories.
- Expand the Skills Recognition Apprenticeship Program to include qualifications in areas of skill shortages (e.g. automotive, engineering, electrotechnology and telecommunications trades).
- Provide further allocations under the Adult Apprenticeship Employer Incentive to support longer-term training outcomes.
- Ensure sufficient and adequate funding is provided for vocational education and training (VET) delivered to secondary students (e.g. Certificate II programs) that is consistent with WA resources sector workforce development priorities, in particular to support the Clean Energy and Engineering pathways.
- Amend the definition of 'construction' within the *Building and Construction Industry Training Fund and Levy Collection Act 1990* (WA) to capture construction activities undertaken within the resources sector and ensure funding for similar initiatives recovered from the resources industry is transparently allocated and delivers benefits that support the sector.

69. Government of Western Australia Construction Training Fund, [CTF Levy & Disbursements Guide](#).

70. CME [submission](#) to the Review of the Building and Construction Industry Training Fund and Levy Collection Act 1990 (WA), June 2019.



5. REGIONAL ECONOMIC DEVELOPMENT

The resources sector is a key driver of regional economic activity

Mining and resources operations stimulate regional development by creating economic activities in remote or underdeveloped areas. Resources companies often provide funding for regional infrastructure, schools, healthcare facilities, and other amenities to support local communities. Additionally, employment opportunities and business contracts with local suppliers promote income generation and economic diversification in the regions.

CME's annual Economic Contribution Survey and associated modelling estimates both the direct and indirect contribution of the WA resources industry to WA's regions. In 2021-22, the resources industry supported 2 in 5 jobs in the Pilbara and Goldfields-Esperance regions, 1 in 5 jobs in the Perth and Peel regions, and 1 in 8 jobs in the South West region.⁷¹

Regional workforces need 'liveable' communities

The mining and resources sector's workforce is a key enabler in sustaining and developing the potential of the sector in WA. Regional liveability is an important attraction and retention mechanism to fill job vacancies with an appropriately skilled workforce.

The term 'regional liveability' has a wide scope and encompasses all factors needed to facilitate a happy, healthy presence in the local community. The challenge of enhancing regional liveability is one that needs to be met by all sectors of the community.

The availability and affordability of housing and early childhood education and care, alongside the accessibility and quality of education and health care services, are critical to attract and retain skilled and unskilled talent in the regions. As such, we welcome the recent announcement of a dedicated Housing Supply Unit within the Department of Treasury designed to boost housing supply and affordability across WA.⁷² Road infrastructure, access to reliable power, clean water, affordable air travel for regional residents and safety and security in the community are also regional liveability considerations. Equally as important is access to social lifestyle infrastructure and services such as sporting, recreational, arts and cultural hubs, and hospitality venues.

All workers, including those providing the many support services, require a place to live. The availability, affordability and diversity of housing stock is a major determinant of regional liveability. Ongoing and sustained investment in the bringing-forward of land and housing release in areas of highest demand will be required to adequately support our regional communities. The importance of housing and accommodation as it relates to regional liveability has been well evidenced by previous periods of rapid expansion in the state's economy and resources investment and production.

Recommendations

It is recommended that the WA Government:

- Establish a working group to advise on priority budget allocations for regional health, education, and economic and social infrastructure to improve liveability.
- Ensure the state's housing strategy targets the bringing-forward of land and housing releases in areas of highest demand, including regional locations.
- Advocate to the Australian Government for reforms to fringe benefits tax to:
 - provide full exemptions on housing incentives offered to employees to reside in regional and remote locations permanently.
 - extend the fringe benefit tax exemption for on-premises childcare assistance to off-premises.

71. As significant as these contributions are, they are expected to be underestimates of the industry's true impact due to incomplete survey coverage. For more details please see our [Economic Contribution Factsheets](#).

72. Government of Western Australia, [New unit established to drive housing supply in Western Australia](#), 17 October 2023.

The Chamber of Minerals and Energy of Western Australia (CME) is the peak resources sector representative body in Western Australia. We are a member-funded not-for-profit organisation representing the views and the needs of members. CME leads policy development on issues impacting the sector, promotes the value of the sector to the community, and provides an avenue through which members and stakeholders collaborate.



Level 13, 225 St Georges Terrace,
Perth WA, 6000

Locked Bag N984, Perth WA, 6844

Tel: +61 8 9220 8500

Email: chamber@cmewa.com

Website: www.cmewa.com.au