CHAMBER OF MINERALS AND ENERGY WA

29 January 2026

Hon Dr Daniel Mulino MP
Assistant Treasurer, Minister for Financial Services
The Treasury
Langton Crescent
Parkes ACT 2600

Sent via email: prebudgetsubmissions@treasury.gov.au

Dear Assistant Treasurer,

2026-27 FEDERAL PRE-BUDGET SUBMISSION

The Chamber of Minerals and Energy of Western Australia (CME) is the peak representative body for the resources sector in Western Australia (WA). CME is funded by member companies responsible for 24 per cent of Australia's company tax receipts in 2023-24.[1]

In 2024-25, the WA resources sector accounted for 55 per cent of resources exports,[2] 52 per cent of the resources capital expenditure[3] and 51 per cent of the resources employment in Australia.[4] CME's 2023-24 Economic Contribution Survey found that the WA resources sector supported 6 per cent of national employment and 10 per cent of national gross domestic product.[5]

We welcome the opportunity to provide input on the Australian Government's priorities for the 2026-27 Federal Budget (the Budget).

Overview

Australians enjoy a standard of living that is among the highest in the world. Our ability to attract international investment, skilled labour and technology, alongside bold economic reforms such as the deregulation of the financial sector, the floating of the Australian dollar and the introduction of the Goods and Services Tax (GST), drove strong productivity growth through the 1990s and has contributed significantly to the prosperity our nation enjoys today.

The resources sector has been central to Australia's success story. It has invested over $1.7 trillion in capital assets that improve labour productivity over the past two decades,[6] pays the highest average wages of any industry,[7] and has underpinned the WA and Australian Government budget positions for decades.[8] These outcomes have occurred thanks to Australia's historically strong investment fundamentals, including timely access to land, attractive investment and policy settings, a skilled and productive workforce and reliable, low-cost energy.

But there are significant challenges on the horizon. Australia's poor productivity growth since the early 2000s and rising demand for public goods and services have created significant pressures on

[1] Excludes fringe benefits tax, petroleum resource rent tax and fuel excise duty. CME, 2023-24 Economic Contribution: Australia, March 2025. The Treasury (TSY), Final Budget Outcome 2023-24, Australian Government, 30 September 2024, Note 3: Taxation revenue by type, p 38.
[2] Department of Mines, Petroleum and Exploration (DMPE), 2024-25 Economic Indicators Resource Data File, WA Government, 4 December 2025.
[3] Investment refers to capital expenditure as measured by gross fixed capital formation, current prices. Australian Bureau of Statistics (ABS), 5220 Australian National Accounts: State Accounts, Table 25. 5206 Australian National Accounts: National Income, Expenditure and Product, Table 34.
[4] ABS, 6291 Labour Force, Australia, Detailed, Table 5.
[5] Direct and indirect jobs and economic activity. CME, 2023-24 Economic Factsheet: Australia, March 2025.
[6] Mining gross fixed capital formation, chain volumes; figures cover 2004-05 to 2023-24. ABS, Australian System of National Accounts, table 64.
[7] Productivity Commission, Trade and Assistance Review 2022-23, 24 July 2024, pp 31-32. ABS, 6302.0 Average weekly earnings, Australia, table 10.
[8] Australia's minerals sector alone has paid an estimated $394 billion in company tax and royalties since 2014-15. MCA, Royalty and Company Tax Payments, 24 June 2025.

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the Budget, with the Australian Government's underlying cash balance forecast to be in deficit for the coming decade.[9]

A key part of lifting Australia's productivity performance is attracting the next wave of investment in Australia's high-productivity minerals and energy sectors. But global competition for investment is fierce and increasing. Competitors in Asia are offering special economic zones and turnkey industrial precincts,[10] the United States (US) is offering additional funding and reduced red tape for critical minerals development,[11] Indonesia has developed a world-leading position in global nickel production over the past decade[12] and Guinea has attracted over US$23 billion to develop its iron ore resources.[13]

While other jurisdictions are improving their investment offering, both Australia's and WA's investment fundamentals have become increasingly uncompetitive:

- Gas and electricity prices have roughly doubled across Australia since 2020,[14] creating severe financial pressures on existing energy-intensive sectors[15] and creating additional hurdles for new strategic industries.
- Federal-state approvals processes are lengthy, duplicative and increasingly uncertain, due in part to spurious legal challenges.[16]
- Capital costs for construction projects are some of the highest in the world.[17]
- Industrial relations changes have increased costs and complexity while reducing productivity.
- Australia's statutory corporate tax rate of 30 per cent is increasingly uncompetitive with the OECD average of 21.2 per cent.[18] In the past financial year, resources companies have reported effective Australian marginal tax rates (including royalties) of over 40 per cent,[19] well above the statutory corporate tax rate of 30 per cent. Large proposed increases in local government rates, fees and charges are further compounding the internationally high cost of doing business in WA.

This decline in competitiveness is confirmed by Australia's World Competitiveness Ranking, which fell five places to 18th in 2025.[20] The costs of complying with federal regulation alone have now reached 6 per cent of gross domestic product, redirecting resources away from growth and innovation.[21] Similarly, the Fraser Institute's 2024 Survey of Mining Companies found WA's attractiveness as a resources jurisdiction has fallen from 4th to 17th, with jurisdictions in the US, Canada and Europe now comprising the top 10 most attractive jurisdictions.[22]

The Australian Government's Future Made in Australia (FMA) ambition relies on Australia's ability to attract the substantial capital investment, technology and skills required to drive additional value-adding, job-creating industries in Australia. This will not occur without urgent action to address Australia's declining fundamentals, with reliable and low-cost energy especially important for energy-intensive manufacturing activities. Other jurisdictions are competing fiercely for these 20 to 30-year investments and if they occur elsewhere Australia will lose out on the associated jobs, local procurement and taxation revenues for decades to come.

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[9] TSY, Mid-Year Economic and Fiscal Outlook 2025-26, Australian Government, 17 December 20257.
[10] CME, Activating Western Australia's Strategic Industrial Areas: CME Policy Brief, July 2025.
[11] White & Case, New Executive Order regarding Immediate Measures to Increase American Mineral Production, 27 March 2025.
[12] Discovery Alert, Indonesia's Nickel Industry: Powering Global Supply Chains, 3 April 2025.
[13] Australian Financial Review (AFR), What the world's biggest mine means for Australia's iron ore empire, accessed 13 January 2026.
[14] Total delivered electricity costs for large industrial customers in WA's South West Interconnected System (SWIS) are estimated to have roughly doubled between 2020 and 2025 while WA domestic gas prices (contracted) have doubled from $3.5/GJ in 2020 to $7/GJ in 2025. Wholesale electricity prices in the National Electricity Market (NEM) have doubled between 2021 and 2025 while gas prices have doubled from $6.6/GJ to $11.3/GJ between 2020 and 2024. Sources: CME, Energy Costs in Transition: Decarbonising WA's SWIS, September 2024; AEMO, 2024 WA GSOO, December 2024; AEMO, NEM Data Dashboard; AER, Gas Market Prices, accessed 7 August 2025.
[15] Nyrstar to get $135 million bailout for struggling smelters, 5 August 2025; Australian region facing 17,000 job losses as copper pressures hit, 31 July 2025.
[16] *Munkara v Santos NA Barossa Pty Ltd (No 3)* [2024] FCA 9.
[17] The Australian, Pilbara rated most expensive place in the world to build a mine, 7 August 2025.
[18] Organisation for Economic Co-operation and Development, Corporate Tax Statistics 2025, 25 November 2025.
[19] Rio Tinto's Australian effective income tax and royalty rate on underlying earnings in 2024 was 41.5 per cent, while BHP's Australian adjusted effective tax rate including royalties in 2024-25 was 45.7 per cent.
[20] International Institute for Management Development, World Competitiveness Ranking, June 2025.
[21] Australian Institute of Company Directors, $160bn and counting resetting the regulatory balance, 24 November 2025.
[22] Fraser Institute, Annual Survey of Mining Companies 2024, July 2025.

Key messages

CME's 2026-27 Federal Pre-Budget Submission (PBS) outlines the WA resources sector's priority recommendations to improve Australia's international competitiveness and ensure a strong future for our nation's workers, residents and local communities. Similar to CME's 2025-26 PBS, our priority areas for the Australian Government are: ensuring competitive fiscal settings; achieving timely and efficient approvals processes; delivering low emission, reliable and globally cost-competitive energy; and supporting a least-cost net zero transition.

Global investment decisions are based primarily on expected after-tax returns. While many factors drive expected returns for resources projects – commodity prices, the quality of natural resources, the cost and complexity of regulation and the cost and availability of skilled labour, energy and transportation infrastructure – countries with lower taxation burdens are more attractive to investors.

CME commends the Australian Government's continued commitment to no new or additional taxes on the resources sector. However, we are very concerned by the Productivity Commission's (PC) proposal to introduce a new net cashflow tax of 5 per cent.[23] This change would significantly reduce Australia's ability to attract capital and drive productivity growth by further increasing an already uncompetitive cumulative taxation burden for Australia's largest businesses. Any changes to Fuel Tax Credits (FTCs) would have similar detrimental effects on the global competitiveness of the WA resources sector. **CME recommends the Australian Government reject any proposal that would increase the cumulative tax burden on the resources sector, including the introduction of an additional net cash flow tax or changes to Fuel Tax Credits.**

WA's world-class natural resources underpin our state's upstream mining and primary processing industries. Without timely and efficient access to these resources our sector cannot exist, and without domestic upstream activities, Australia is very unlikely to be cost-competitive in downstream processing activities.

CME acknowledges the passage of amendments to the *Environment Protection and Biodiversity Conservation Act 1999* (Cth). While CME continues to hold concerns about aspects of the legislation, we remain committed to working with the Australian Government to ensure the reforms deliver improvements for both the environment and for business.[24]

Despite the passage of the legislation the impact of the reforms remains unclear, with national environmental standards still being drafted and bilateral accreditation yet to be implemented. In addition, issues regarding tenure security persist and federal heritage reforms risk ongoing duplication of well-established state processes. **CME recommends the Australian Government works closely with the WA Government to implement bilateral accreditation of WA, for both EPBC Act assessments and approvals, within six months of the legislation coming into effect. We also call for constructive engagement with industry on national environmental standards to ensure their operability in WA and drive ecologically sustainable development.**

The cost of energy is a key determinant of a nation's global competitiveness, permeating all sectors of an economy. Rapidly rising energy costs across Australia over the past five years are therefore of significant concern, causing or risking the closure of a range of operations no longer able to compete with jurisdictions offering reliable, cheap energy.[25]

The urgent delivery of an energy system that is reliable, cost-competitive and also low emission is critical to ensuring the viability of existing WA resources sector operations and their decarbonisation pathways. Without it, WA will struggle to retain the operations it has, let alone attract new industries including critical minerals, green iron and hydrogen. However, the capital costs of developing low emission electricity grids dominated by intermittent renewables, firmed by batteries and gas-fired generation and connected by major transmission infrastructure are significant. **CME recommends the Australian Government improves the Capacity Investment Scheme's design to ensure it fully covers**

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[23] PC, Inquiry report - Creating a more dynamic and resilient economy, no 109, December 2025.

[24] CME, Senate Inquiry on Environment Protection Reform Bill 2025, 12 November 2025; Supplementary Submission, submissions to the Environment and Communications Legislation Committee, 26 November 2025.

[25] Advanced Bricks closed their operations in 2022 citing rising electricity prices (17 June 2022), Oceania Glass closed their operations due to high energy costs (4 Feb 2025), Qenos closed their operations in 2024 because of high gas prices (18 April 2024) and Dow Chemical shuts its operating plant in Altona in 2019 (29 May 2019). Projects threatened by sharp increases in energy costs include Nyrstar's lead and zinc operations (5 August 2025), the Tomago aluminium project (6 June 2025), the Mt Isa copper smelter (8rd October 2025) and Whyalla Steelworks (18 March 2025).

the commercial gap between the price industrial customers can afford to pay and the price renewable proponents require to achieve final investment decisions.

CME and its members support the Paris Agreement and its goal of limiting global warming to well below 2 degrees Celsius and pursuing efforts to limit temperature increase to 1.5 degrees Celsius.[26] We support a technology-neutral approach to promote the lowest cost-abatement.

We acknowledge the Australian Government's emissions reduction target of 62 to 70 per cent by 2035[27] and reiterate the importance of ensuring climate and energy policies do not impose domestic carbon abatement costs greater than those in competing jurisdictions. The absence of low-emission ('green') price premiums of any material magnitude for Australia's export commodities means such outcomes will make Australia's exports less competitive and create the risk of carbon leakage, where emissions-intensive activities in Australia move overseas. This would undermine climate action by shifting activities to countries with less stringent carbon costs and reducing local support for decarbonisation due to domestic job losses. WA currently produces just 0.2 per cent of global carbon emissions[28] but produces a third of the world's iron ore, more than 40 per cent of its lithium, 12 per cent of its LNG and significant shares of gold, alumina, rare earths and other minerals essential to the energy transition.[29]

CME is concerned that the Australian Government's Carbon Leakage Review, and associated public discourse, has focused on measures such as Carbon Border Adjustment Mechanisms that minimise carbon leakage risks for *import-competing* industries, such as Australian cement and steel producers, but cannot address carbon leakage risks for Australia's export-oriented industries.[30] **CME recommends the Australian Government targets decarbonisation measures such as the recently-announced Net Zero Fund to support export-oriented sectors at greatest risk of carbon leakage, while ensuring Australia's climate policies, such as the Safeguard Mechanism, are focussed on least-cost abatement.**

While there are challenges to overcome, Australia and WA are well-positioned to strengthen our reputation as a leading destination for mining and energy investment. If we can address our declining fundamentals, we can create an even more prosperous future for generations of Australians. CME remains committed to working constructively with the Australian Government to achieve this vision, and this PBS outlines our industry's views on how to get there. Our recommendations have been informed by feedback from across our broad membership and are grouped under the following areas:

- Competitive fiscal and policy settings
- Access to resources
- Energy security and the net zero transition
- A safe, diverse and skilled workforce
- Regional economic development.

[26] CME, Climate and Energy Policy, accessed 8 August 2025.
[27] Reductions on 2005 levels. Department of Climate Change, Energy, the Environment and Water, Setting our 2035 target and path to net zero, Australian Government, September 2025.
[28] WA's total greenhouse gas emissions in 2022-23 were 98.7814 Mt CO2 equivalent while global greenhouse gas emissions in 2023 were 52,541 Mt CO2 equivalent (both figures exclude Land Use, Land Use-Change and Forestry). Department of Climate Change, Energy, the Environment and Water, Emissions by state and territory, accessed 28 January 2026. European Commission (2025), GHG Emissions of all world countries, EDGAR (Emissions Database for Global Atmospheric Research) Community GHG database, accessed 28 January 2026.
[29] Department of Energy and Economic Diversification, Western Australia Economic Profile – November 2025, WA Government, accessed 22 January 2026.
[30] CME, Carbon Leakage Review: Consultation Paper, submission to the Department of Climate Change, Energy, Environment and Water, 12 December 2023.

Competitive fiscal and policy settings

Investment decisions for resources sector projects are made globally, with capital flowing to projects in jurisdictions that have the highest returns. With commodity prices also set globally, this means projects with the lowest costs and greatest certainty are prioritised. This certainty is even more important for new and emerging industries, which face greater risk regarding future demand and prices.

The Australian Government has a number of levers available to create a competitive cost environment that supports the resources sector. Competitive and certain tax settings, efficient project facilitation, well-designed industry support measures, funding for research and commercialisation activities and productive industrial relations settings can all play an important role in maintaining strong capital inflows and lowering operating costs in Australia.

Commonwealth tax settings – Australia's tax system must be globally competitive and incentivise growth and productivity

Taxes, royalties and other government fees and charges are the key determinants of after-tax project returns and play a critical role in shaping investment decisions. However, Australia's company and personal income taxation levels are very high by international standards, with these taxes ranked 59th and 58th, respectively, in the IMD 2025 World Competitiveness Yearbook,[31] and Australia's statutory company tax rate of 30 per cent is well above the 21.2 per cent OECD average.

It is large businesses that drive investment, innovation and productivity in Australia. Research shows that the largest 1 per cent of firms account for around half of all non-mining investment activity in Australia, and that larger businesses drive productivity growth and innovation.[32] In part, this reflects their larger balance sheets, allowing them to undertake large industry-creating capital investments, such as those undertaken by resources firms during Australia's mining investment boom.[33] Larger companies also have more choice on where to invest across the world. Small decreases in the return on investment in Australia, such as through changes to tax settings, can quickly prompt larger companies to invest elsewhere.

Delivering fiscal and policy reforms that improve Australia's competitiveness and attract investment into Australia's resources sector is therefore vital to achieving productivity growth and improving the welfare and prosperity of all Australians.

As a starting point, we support the Australian Government's continued commitment to no new taxes on the resources sector.[34] This recognises that the resources sector is already Australia's largest contributor to company taxation, contributing more than half of the total collected from large corporations in the last three financial years.[35] In addition, the cumulative burden of taxation on resources companies across company and fringe benefits taxes, royalties, payroll taxes, petroleum resource rent taxes and other government fees and charges, is already well above the tax burden on other sectors of the economy. In the past financial year, resources companies have reported effective Australian marginal tax rates (including royalties) of over 40 per cent.[36]

CME strongly opposes the introduction of any additional taxes on large businesses including the PC's proposed 5 per cent net cashflow tax. Increasing Australia's already uncompetitive corporate tax settings for large businesses would be inconsistent with the national objective of boosting productivity and economic growth. It would also be an experimental change that hasn't been tried anywhere else in the world. Concerningly, a cash flow tax would disincentivise businesses from investing, creating damaging unintended consequences.

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[31] IMD, 2025 World Competitiveness Yearbook – Australia profile, accessed 13 January 2026.

[32] Reserve Bank of Australia (RBA), Which Firms Drive Business Investment? New Evidence on the Firm-size Distribution, *Bulletin*, December 2021. PC, Housing construction productivity: Can we fix it?, February 2025; CEDA, Size Matters: Why construction productivity is so weak, 2025.

[33] RBA, Mining Investment Beyond The Boom, *Bulletin*, March 2018. The Effect of the Mining Boom on the Australian Economy, December 2014.

[34] The West Australian, Anthony Albanese rules out mining tax, 9 January 2025.

[35] CME, ATO confirms resources sector pays half of large corporation tax, 2 October 2025.

[36] Rio Tinto's Australian effective income tax and royalty rate on underlying earnings in 2024 was 41.5 per cent, while BHP's Australian adjusted effective tax rate including royalties in 2024-25 was 45.7 per cent.

Fuel Tax Credits (FTCs) are a vital mechanism for maintaining the cost competitiveness of Australia's resources, agriculture and transport industries. FTCs refund fuel tax paid by eligible businesses so they are not taxed on fuel used as a business input, nor fuel used in vehicles offroad or on private roads (given the longstanding principle that the fuel tax is levied to fund public road infrastructure).[37] As such, FTCs represent the return of tax that was never intended to be levied on the eligible businesses.

Another Commonwealth tax mechanism with significant implications for the WA resources sector is the distribution of GST. Vital reforms were enacted to the GST distribution arrangements in 2018 to avoid WA being penalised for developing its economy to the nation's benefit.[38] By introducing a relativity floor of 75 per cent of a state's population share and ensuring no state was worse off, the reforms addressed many of the extreme outcomes and perverse incentives under the previous arrangements. Most importantly, they have enabled WA to invest in critical economic infrastructure that supports the WA resources sector to drive the national economy, such as ports, roads, energy, and water, as well as the investments into our regional communities that play a key role in supporting that activity.

The PC has commenced a review of the 2018 GST distribution reforms, examining the extent to which the 2018 changes to the GST distribution system are operating efficiently, effectively and as intended, and the fiscal implications of the changes for each state and territory and the Commonwealth.[39] CME believes the current GST system with a 75 cent relativity floor is working to incentivise economic development and productivity,[40] while ensuring a level of horizontal fiscal equalisation consistent with other OECD countries.

Recommendations

To support a competitive tax system and ensure GST distribution arrangements incentivise economic development, CME recommends the Australian Government:

- Reiterates its commitment to no new or additional taxes on the resources sector and rejects the introduction of a new 5 per cent net cashflow tax.
- Commits to retaining the Fuel Tax Credit scheme in its current form.
- Maintains the 2018 GST distribution reforms, including the 75 per cent relativity floor.

Future Made in Australia (FMA) – Greater coordination across Government policy and regulatory settings is required, and duplication of reporting under the Community Benefit Principles must be avoided

The WA resources sector has a unique opportunity to become an indispensable part of the world's digital and net zero transformation. To achieve the Australian Government's FMA vision, government support to unlock private investment in priority sectors such as critical minerals, green metals, low carbon hydrogen and low carbon liquid fuels must be in the national interest and at an efficient cost. We thus support the various measures announced to date to stimulate investment in Australia and facilitate the development of these strategic industries.

Realising a Future Made in Australia will need more than financial support. It will require a whole-of-government approach across all levels of government and reflected in policy, regulation and fiscal settings to build Australia's comparative advantage in global value chains.[41] To fully support private-

[37] ATO, Fuel Tax Credits – Eligible activities, accessed 14 January 2026.
[38] Commonwealth Grants Commission, 2018 GST distribution legislation, accessed 1 December 2025.
[39] PC, GST Distribution Reforms, 26 Nov 2025.
[40] WA Premier and Treasurer, Business leaders unite to fight for WA's GST and keep the share fair, WA Government, joint media statement, 26 November 2025.
[41] CME, Future Made in Australia (Production Tax Credits and Other Measures) Bill 2024, submission to the Senate Standing Committee on Economics, 7 January 2025. Establishing a Front Door for major, transformational projects, submission to TSY, 7 October 2024. Future Made in Australia Bill 2024: Provisions, submission to the Senate Standing Committee on Economics, 30 July 2024. Green metals consultation paper, submission to DISR. Unlocking Australia's low carbon liquid fuel opportunity, submission to the Department of Infrastructure, Transport, Regional Development, Communications, Sport and the Arts. Hydrogen Production Tax Incentive; Critical Minerals Production Tax Incentive, submissions to TSY, 17 July 2024.

led growth in Australia, greater transparency and coordination is needed across new and existing policy and regulatory settings.

The CME welcomes the intent to better coordinate government support through the Investor Front Door as well as the focus on improving regulator efficiency through the Treasurer's request to reissue Ministerial Statements of Expectations that reduce compliance burdens and improve Australia's productivity.[42]

However, requirements to develop and regularly report on how FMA support would provide benefits consistent with the Community Benefit Principles (CBPs) adds to the existing cumulative burden of compliance when similar information is already required under local, state and federal laws as well as international reporting obligations. There is also an opportunity to use the Investor Front Door to expand whole-of-government oversight beyond special investment vehicles (SIVs), encouraging regulators to be accountable for ensuring that new and existing government settings do not undermine business productivity.

The framework for CBPs should remain flexible, recognising that meaningful community and economic benefits will vary depending on the project's nature, scale, complexity, duration and location. The CME does not support a prescriptive approach. Instead, the framework should allow applicants and recipients to build on existing practices and capabilities. Clear guidance is also needed on when a decision maker can waive a CBP if it is deemed inappropriate and on the circumstances in which non-compliance with the CBPs may affect access to FMA support; uncertainty in this area has material implications for investment confidence and decision-making.

Recommendations

To support the effective delivery of the FMA plan, CME recommends the Australian Government:

- Avoids duplication and unnecessary compliance costs by using existing reporting requirements and industry best practice commitments in assessing CBP compliance when FMA support is applied for and received.
- Ensures the CBP framework is broad and flexible to facilitate a range of relevant and appropriate community benefits, with the associated minimum and threshold requirements focused on objectivity, measurability and proportionality to the scale of the FMA support, the project, sector and applicant.

Critical minerals – Lowering costs and securing international offtake and investment will spur the next wave of critical minerals investment

Critical minerals are crucial to the production of modern technologies, from renewable energy technologies to military and cybersecurity applications.[43] Approximately 400 new mines are forecast to be needed to meet the increased demand for critical minerals within the next decade.[44]

WA is a top 10 global producer of over a dozen commodities on Australia's Critical Minerals List and Strategic Materials List including bauxite-alumina (aluminium), cobalt, ilmenite and rutile (titanium), lithium, manganese, nickel, rare earths, silicon and zircon.[45] Half of Australia's critical mineral projects under development are in WA, with 45 per cent of WA's investment pipeline attributable to CME's members.[46] Australia is the fourth most critical minerals-rich country in the world and WA accounts

[42] Department of Finance, Reissuing Ministerial Statements of Expectations to focus on productivity, Australian Government, 19 December 2025.
[43] International Energy Agency (IEA), Global Critical Minerals Outlook 2025, 13 June 2025. North Atlantic Treaty Organization, Defence-Critical Supply Chain Security Roadmap, July 2024. Carnegie Endowment for International Peace, Minerals, Manufacturing, and Markets: Foreign Policy for U.S. Energy Technology and Minerals, 26 February 2025. Vivoda V, Matthews R and Andresen J, Securing defense critical minerals: Challenges and U.S. strategic responses in an evolving geopolitical landscape, Comparative Strategy, vol 44, iss 2, 5 March 2025, pp 281-315.
[44] United Nations Trade and Development, Critical minerals boom: Global energy shift brings opportunities and risks for developing countries, 26 April 2024. Fraser Institute, Can Metal Mining Match the Speed of the Planned Electric Vehicle Transition?, 23 November 2023. Benchmark Source, More than 300 new mines required to meet battery demand by 2035, 6 September 2022.
[45] DMPE, 2024-25 Major Commodities Resource Data File, WA Government, 'WA vs Australia vs the World' tab, 4 December 2025.
[46] By known value. DISR, Resources and Energy Major Projects 2025 Report, Resources and Energy Major Projects: 2024 data, Australian Government, 19 December 2025.

for almost half of this known mineral wealth.[47] This presents an enormous opportunity to expand the industry and move into greater downstream processing and value-adding.

However, rising costs, strong global competition and declining prices have placed significant pressure on WA's critical minerals sector over recent years.[48] Key developments include:

- Seven of WA's nine operating nickel mines, plus two projects under construction, moved into care and maintenance[49] between mid-2023 and late 2024 in response to a 50 per cent fall in prices.[50]
- A 90 per cent fall in lithium prices[51] between early 2023 and early 2024 resulted in two of WA's eight lithium concentrate mines moving into care and maintenance, two lithium hydroxide projects cancelling expansion plans and reductions in costs and shareholder distributions to preserve cash.[52]
- Subdued global demand for zircon and titanium feedstocks has also seen one WA mineral sands producer go into administration[53] and another put a mine and synthetic rutile kiln on care and maintenance.[54]

There has been broad recognition from governments worldwide that the supply of critical minerals must be diversified to reduce the risks associated with highly concentrated markets, including the risk of supply disruptions and limited price discovery.[55] Despite efforts by various governments to diversify and ensure the security of supply for downstream manufacturing, there remains significant market concentration of global midstream refining capacity and processing technologies, particularly for rare earth magnets and lithium chemicals.[56]

The Australian Government has several existing measures available to support various segments of Australia's critical minerals industry, including the $7 billion Critical Minerals Production Tax Incentive (CMPTI) to support domestic value-adding (due to commence in mid-2027), the $5 billion Critical Mineral Facility ($4 billion in finance and $1 billion for voluntary national offtake agreements under the announced Critical Minerals Strategic Reserve, CMSR) and the $1 billion National Reconstruction Fund earmarked for value-adding in the resources sector (including critical minerals).[57]

CME welcomes the US-Australia Framework for Securing of Supply in the Mining and Processing of Critical Minerals and Rare Earths announced on 20 October 2025.[58] This framework aligns with CME's longstanding advocacy, and we look forward to the Australian Government building on this momentum, including through the development of complementary frameworks with other trading partners. We note the recent announcement that antimony, gallium and rare earth elements will be the

[47] US Geological Survey, Mineral Commodity Summaries 2025 Data Release, 8 April 2025. Australian Government, Australia's Identified Mineral Resources 2024 figures, Geoscience Australia, 27 February 2025.
[48] RBA, The Global Energy Transition and Critical Minerals, *Bulletin*, October 2025.
[49] Seven operating mines were put into care and maintenance: Panoramic's Savannah, IGO's Flying Fox and Forrestania, First Quantum's Ravensthorpe, Wyloo's Kambalda and northern mines, and BHP's Mt Keith and Leinster. Two projects under construction were also put into care and maintenance: IGO's Cosmos and BHP's West Musgrave. WA's remaining two operating nickel projects are IGO's Nova and Glencore's Murrin Murrin.
[50] Nickel prices have fallen from around USD34,000/t in March 2022 to around USD16,500/t in Q3 2024. DEMIRS, 2023 Major Commodities Resource Data File, accessed 6 September 2024; Trading Economics, Nickel, accessed 22 October 2024.
[51] Fastmarkets assessed a lithium concentrate (6% lithium oxide) mid-point price of USD7,645/t in January 2023 and spot prices on 22 October 2024 were USD755/t according to the Shanghai Metals Market. Lithium hydroxide prices fell from a USD80k/t peak in January 2023 to around USD9.5k/t in October 2024 (accessed 22 October 2024), with lithium supply from Africa contributing to lower prices.
[52] Arcadium Lithium announced its Mt Cattlin lithium mine would transition to care and maintenance by mid-2025, 5 September. Mineral Resources announced its Bald Hill lithium mine would transition to care and maintenance in November 2024.Albemarle announced its Kemerton lithium hydroxide train 2 would enter care and maintenance and cancelled construction of approved trains 3 and 4, 1 August. IGO and Tianqi cancelled construction on train 2 at their Kwinana lithium hydroxide plant in January 2025. Pilbara Minerals did not declare an interim dividend to preserve balance sheet strength in H1 FY24. Chalice Mining reduced expenditure by 40 per cent.
[53] Mining.com, Strandline goes into voluntary administration, 25 February 2025.
[54] Iluka Resources, Mineral sands – production suspension at Cataby and SR2, 10 September 2025.
[55] World Economic Forum, Global Risks Report 2026, 14 January 2026, p 28. IEA, Critical Minerals Market Review 2023, 11 July 2023, pp 46-47.
[56] IEA, Global Critical Minerals Outlook 2024, 17 May 2024, pp 7-8, 42. International Renewable Energy Agency, Geopolitics of the energy transition: Critical minerals, 12 July 2023, p 38. Bipartisan Policy Center, The missing midstream: Identifying investment challenges for American critical mineral processing projects, May 2024.
[57] The $1.2 billion CMSR would have only represented around 5 per cent of WA's battery and critical minerals production value in the prior two years reflecting higher prices. Department of Energy and Economic Diversification, WA Battery and Critical Minerals Profile – September 2025, WA Government, 2 October 2025.
[58] DISR, United States-Australia Framework for Securing of Supply in the Mining and Processing of Critical Minerals and Rare Earths, Australian Government, 21 October 2025.

first minerals included in the CMSR, reflecting trading partner needs and supporting clean-energy and high-technology manufacturing as well as advanced military equipment.[59]

To avoid restricting market opportunities for Australia's current and future critical minerals producers it is important that the proposed strengthening of Australia's foreign investment framework to include scrutiny of offtake agreements is proportionate to the risks posed to Australia's national security.

Recommendations

To maximise the value of Australia's critical minerals, CME recommends the Australian Government:

- Engages closely with strategic partners to establish government-to-government agreements which facilitate direct offtake and investment from overseas customers (both public and private) with Australian producers at prices reflective of Australia's high reliability and environmental, social and governance (ESG) standards.
- Brings forward the CMPTI commencement date to 1 July 2026 to support Australian critical minerals producers facing intense international competition and subdued prices.
- Expands Australia's Critical Minerals List to include bauxite-alumina (which supports high purity alumina, aluminium, gallium and vanadium production), copper, zinc and uranium to better align with the critical minerals lists of our key trading partners.

To ensure a well-designed CMSR that enhances and complements Australia's broader investment settings for critical minerals production, CME recommends the Australian Government:

- Works closely with strategic trade and defence partners to identify any additional minerals which should be included in Australia's Reserve. This includes the form or level of processing of the identified minerals. Final-end-use customers should be involved in all offtake discussions as product specifications often vary between facilities.
- Ensures that the prices offered to producers under the CMSR model reflect Australia's high reliability, ESG standards and costs of production, and support production throughout commodity price cycles.

Green iron – Technology development and commercialisation support is required to decarbonise global steel production

The WA iron ore sector makes an enormous contribution to our state and nation. In 2023-24, it accounted for 58 per cent of WA's total resources exports, 45 per cent of WA onsite minerals employment, 13 per cent of Australia's company and fringe benefits tax payments and over one fifth of the WA Government's general revenue.[60] WA is the dominant seaborne supplier of iron ore to global iron and steelmakers, located predominantly in China.

Steelmaking accounts for an estimated 8 per cent of global greenhouse gas emissions.[61] Up to 90 per cent of these emissions are generated during the process of converting iron ore to higher-grade iron (ironmaking). This reflects the burning of coking coal in blast furnaces to remove the oxygen from iron ore and provide sufficient heat to melt away impurities. The final step of alloying iron with carbon and other elements to make steel accounts for a small share of steelmaking emissions.

Decarbonising the global steelmaking industry, and particularly ironmaking, would contribute substantially to global emissions reduction efforts. There are a range of pathways under exploration, including using higher-grade iron ore feedstocks to reduce coal usage, implementing carbon capture and storage systems for existing blast furnaces and gas-fired shaft furnaces,[62] and developing new pathways to produce iron in a near-zero emissions manner ('green iron').[63]

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[59] The Hon Madeleine King MP, Delivering Australia's critical minerals supply, 12 January 2026.
[60] CME, 2023-24 Economic Contribution: WA Iron Ore, August 2025.
[61] World Steel Association, Climate change and the production of iron and steel - 2025, 7 November 2025.
[62] BHP, Pathways towards steelmaking decarbonisation, 16 October 2024; World Steel Association, Carbon capture and storage (CCS), January 2023.
[63] CME/Mandala, Realising WA's Green Iron Potential, December 2024.

Australia has two key pathways to support the decarbonisation of the global steel industry. The immediate pathway is to increase local production of higher-grade iron ore feedstocks, such as magnetite, which can reduce net lifecycle emissions in existing blast furnace production pathways by around 10 per cent.[64] While very high grade iron ore feedstocks can be converted to direct reduced iron (DRI) in a shaft furnace with around 40 per cent less emissions than the blast furnace process, only a very small portion of current global iron ore production meets the physical and chemical requirements for this pathway.[65]

The longer-term pathway to unlock transformational reductions in ironmaking emissions involves the development and commercialisation of processes capable of producing green iron using Australia's lower grade iron ore feedstocks. This is vital given around 95 per cent of current production is of lower grade feedstocks, and the substantial capital already invested in this industry can underpin low-cost production for decades to come. Developing and commercialising these technologies would:

- Future-proof the enormous contribution of WA's existing iron ore industry
- Contribute significantly to global decarbonisation efforts
- Create opportunities for additional value-adding processing and skilled jobs here in Australia.

However, while CME members are exploring several potential green or low emission iron pathways for WA's iron ores, none are currently commercially viable at an industrial scale, even with current state and federal policy settings as described below. Current activities include:

- Fortescue's Christmas Creek Green Metal Project is under construction and expected to produce 1,500tpa of commercially representative green iron via the green hydrogen production pathway. It will be progressively commissioned throughout 2026.[66] Fortescue is also undertaking a pre-feasibility study for a commercial scale green iron project powered by green hydrogen in the Pilbara.
- BHP and Rio Tinto have partnered with BlueScope, Woodside and Mitsui on a feasibility study for an electric smelting furnace demonstration pilot plant in Kwinana, supported by ARENA.[67]
- Rio Tinto along with Australian environmental technology company Calix is working towards construction of a Zero Emissions Steel Technology (Zesty™) demonstration plant in WA.[68]
- POSCO is developing a hot briquette iron facility at the Boodarie Strategic Industrial Area in Port Hedland, using natural gas as a reducing agent and intending to increasingly substitute with hydrogen in the medium term.[69]
- BHP and POSCO are working together to progress 'near zero emissions' ironmaking technology, advancing POSCO's hydrogen reduction ironmaking technology (HyREX).[70]
- Fortescue is collaborating with the Australian National University and the Heavy Industry Low-carbon Transition Cooperative Research Centre to explore Fluidised Bed hydrogen Direct Reduced Iron for lower grade hematite ores.[71]
- Fortescue is also collaborating with Curtin and Deakin Universities to explore a Low Temperature Direct Electrochemical Reduction project to produce green iron without green hydrogen, supported by ARENA.[72]

CME commissioned work in December 2024 finding that, with the right settings, WA could become the world's third lowest cost producer of green iron by 2050.[73] This would allow WA to capture 14 per cent

[64] CITIC/The Crucible Group, Greenhouse emissions and magnetite iron ore "from pit to product", 2022.
[65] Current Direct Reduced Iron processes require very low impurity (gangue) levels of around 3 oer cent or less, meaning an iron content of at least 67 per cent. Less than 5 per cent of global seaborne iron ore supply meets this threshold. CME/Mandala, Realising WA's Green Iron Potential, December 2024.
[66] Commonwealth Scientific and Industrial Research Organisation (CSIRO), Christmas Creek Green Iron Trial Commercial Plant, last updated August 2024. Fortescue, Green energy and green metals projects approved, ASX release, 21 November 2023.
[67] BHP, NeoSmelt welcomes Federal Government support and signs two new participants, 17 June 2025.
[68] Rio Tinto, Rio Tinto partners with Calix to test low-emissions steel making in Western Australia, pauses BioIron November 2025.
[69] Environmental Protection Authority, Port Hedland Iron Project – Stage 1, WA Government, 18 August 2025.
[70] BHP, BHP and POSCO partner to advance hydrogen-based ironmaking technology, 30 October 2025.
[71] ARENA, ANU – De-risking large-scale Australian fine-ore hydrogen ironmaking, June 2024.
[72] ARENA, Fortescue - low temperature direct electrochemical reduction for zero emissions iron, May 2025.
[73] CME/Mandala, Realising WA's Green Iron Potential, December 2024.

of the global green iron market by 2050, or 218 million tonnes per annum of green iron. Doing so would:

- Almost double the value of WA's iron and iron ore exports from $142 billion in 2023-24 to $272 billion.
- Support an additional 19,600 ongoing direct jobs, equivalent to 25 per cent of WA's current manufacturing workforce.
- Reduce net global carbon dioxide emissions by 1.2 per cent, equal to Australia's current total domestic emissions.

The Australian Government has recognised the opportunity that green iron offers our nation, committing $500 million for early mover projects through the Green Iron Investment Fund,[74] $750 million via the ARENA FMA Innovation Fund for developing and commercialising new low emission metals technologies[75] and up to $400 million for pre-commercial pilot and demonstration plants under the Industrial Transformation Stream of the ARENA Powering the Regions Fund.[76] CME welcomes these actions, which align with key asks in our 2024 Green Iron report. The Australian Government has also committed $2 billion for round 2 of the Hydrogen Headstart program[77] and $6.7 billion towards a Hydrogen Production Tax Incentive,[78] which will support green iron projects seeking to use hydrogen as a reductant.

The provision of low emission, reliable and cost-competitive energy is critical to the commercial viability of Australia's efforts to reduce emissions in the global steelmaking chain. For example, CME's Green Iron report found that a WA green iron industry based on renewable hydrogen could require up to 346 GW of new renewable generation capacity, highlighting the importance of measures to streamline project assessments and lower the cost of new renewable energy generation. CME's views on how the Australian Government can best support WA's energy transition are provided in the energy security and net zero transition chapter, while our recommendations regarding streamlining project assessments are provided in the access to resources chapter.

Enabling infrastructure at key ports and road transport routes will also be key to unlocking WA's green iron opportunity, particularly in the Pilbara. This includes the ability to offload large scale materials for renewable energy componentry, hydrogen and iron production facilities (e.g. plant modules and furnaces). Transmission infrastructure to deliver low emission, reliable and cost-competitive energy to WA's Strategic Industrial Areas (SIAs) is also critical, especially those in regions where green iron projects are planned or under consideration such as the Pilbara, Mid West and Western Trade Coast.

Recommendations

To support the development of a commercial domestic green iron industry, CME recommends the Australian Government:

- Prioritises support for green iron projects located in WA under the Green Iron Investment Fund, FMA Innovation Fund, Powering the Regions fund and Hydrogen Headstart program, recognising WA's world-leading position in iron ore production. Support should span all phases of green iron development and commercialisation – from early-stage R&D and feasibility studies through to large-scale pilots and commercialisation activities.
- Works with established and emerging trading partners through Australia's trade and investment agencies to attract investment in, and offtake agreements for, green iron projects in WA. This should include government-to-government agreements to explore mutually beneficial opportunities in decarbonising global steelmaking chains.
- Introduces measures to reduce the cost of new renewable generation capacity in the Pilbara, including through existing SIVs, including Rewiring the Nation, Powering the Regions, the National Reconstruction Fund (NRF) and the Northern Australia Infrastructure Facility (NAIF). The cost of

[75] Future Made in Australia Innovation Fund
[76] Powering the Regions Industrial Transformation Stream
[77] ARENA, Hydrogen Headstart Round 2, accessed 15 January 2025.
[78] The Hon Dr Jim Chalmers MP, Investing in a Future Made in Australia, 14 May 2024.

renewable energy generation and storage is the single biggest capital cost in producing green iron in Australia.

- Coordinates with the WA Government to fund key infrastructure that will support WA's green iron ambitions:
    - Additional port capacity in Kwinana, the Pilbara and Mid West regions, including the full activation of Lumsden Point and sufficient large-scale material offloading capabilities at Port Hedland and the activation of proposed port developments at Balla Balla, Anketell or Oakajee.
    - Common-use electricity, transmission, water, hydrogen and carbon capture, utilisation and storage infrastructure to support low carbon hydrogen and green iron production. This is particularly important for SIAs with prospective green iron projects such as Boodarie, Kwinana and Oakajee.
    - Road widening and bridge upgrades on routes core to the transportation of large modular materials and renewable power equipment needed for constructing renewable energy infrastructure and hydrogen and green iron processing plants. Continued access to common user facilities at the Australian Marine Complex (AMC) in Henderson is also vital to support green iron and other opportunities.

With regard to regulatory settings, CME recommends the Australian Government:

- Adjusts Safeguard Mechanism settings to support emissions reductions across the steel value chain. This includes developing separate production variables for energy-intensive magnetite ores and reviewing the stationary power variable to avoid penalising off-grid projects.
- Continues with the planned expansion of the Guarantee of Origin Scheme to green iron products and ensure recognition in critical offtake markets.
- Supports international alignment on measuring green steel and iron that acknowledges efforts to reduce emissions in ironmaking.

Industrial Relations – A productive and harmonious industrial relations landscape benefits workers, businesses and all Australians

Productivity growth is the predominant driver of higher living standards for Australians. While there are many factors impacting a sector's productivity, industrial relations settings can have a large impact on labour productivity (output per worker).

There is a body of evidence from the Reserve Bank of Australia and others showing that more productive firms pay higher wages and generate faster employment growth.[79] The same research also finds that more rigid wage-setting methods, such as awards or collective agreements with broad coverage across firms, reduce the movement of workers to high-productivity, higher-wage firms. This not only reduces national productivity growth but also the ability for workers to obtain higher wages.

The resources sector is a prime example of the benefits arising to workers, and the broader community, from a highly productive industry with flexible, directly negotiated wage setting methods.

- Australia's resources sector is one of the highest productivity sectors of the economy[80] and paid average weekly earnings 57 per cent higher than the national average in 2023-24.[81]
- In the WA resources sector, workers enjoyed an average wage increase of 14 per cent over the 2 financial years to 2023-24, higher than any other industry in the country.[82]

[79] Card D, AR Cardoso, J Heining and P Kline, Firms and Labor Market Inequality: Evidence and Some Theory, *Journal of Labor Economics*, vol 36, no S1, January 2018, pp 13–70. Hambur J, Can Wage-setting Mechanisms Affect Labour Market Reallocation and Productivity?, RBA, Bulletin, 16 March 2023. OECD, The Role of Firms in Wage Inequality: Policy Lessons from a Large Scale Cross-Country Study, December 2021.
[80] PC, Trade and Assistance Review 2022-23, 24 July 2024, pp 31-32.
[81] ABS, Average weekly earnings, Australia – May 2024, August 2024 release.
[82] CME, 2023-24 Economic Contribution: Western Australia, March 2025.

These outcomes reflect direct, harmonious engagement between WA resources employers and employees over recent decades. It is also built on the understanding that successful, productive businesses provide secure, highly-paid jobs.

Recent Australian industrial relations changes have introduced significant complexity, along with a range of measures that will reduce productivity and increase costs in the WA resources sector. These changes were legislated in the *Fair Work Legislation Amendment (Secure Jobs, Better Pay) Act 2022*, the *Fair Work Legislation Amendment (Closing Loopholes) Act 2023* and the *Fair Work Legislation Amendment (Closing Loopholes No. 2) Act 2024* (Cth). In addition, recent Court decisions (*Jewel v Magnium Australia Pty Ltd*, 2025[83] and *Fair Work Ombudsman v Coles Supermarkets Australia Pty Ltd & Woolworths Group Limited*, 2025[84] have confirmed provisions in the *Fair Work Act 2009* (Cth) which result in complex and practically unworkable compliance burdens for employers in the resources industry.

Legislative changes that result in employees spending more time on non-work tasks reduce labour productivity and increase unit costs. Examples include easier union right of entry to worksites and expanding the rights of union delegates, as recently confirmed in the Court decision of *Construction, Forestry and Maritime Employees Union v Australian Industry Group* (2025).[85] CME members report increases in union right of entry requests of up to 400 per cent since these amendments were made. Each request takes workers away from productive tasks and can result in additional costs related to supervising visitors.[86] Similarly, the complexity introduced by many of the amendments is creating substantial additional regulatory costs for businesses.[87]

Disappointingly, many of the recent changes do not take employees' preferences or views into account, such as allowing people without a Fair Work entry permit to enter worksites if they are assisting a health and safety representative, or enabling unions to force employers into collective bargaining without majority employee support.

With the link between broad-based collective bargaining and lower wages and employment growth clear, the introduction of 'single interest' multi-employer bargaining is particularly concerning for workers and the economy, reducing the ability for employers to differentiate their employment offering to attract and retain skilled and productive workers.

The adverse impacts of these changes on costs and productivity are expected to increase over time, impacting a sector vital to the livelihoods and quality of life of all Australians. They will make WA resources operations less competitive and therefore at greater risk of job losses during inevitable commodity price downturns; annual price declines exceeding 40 per cent have occurred on many occasions for key commodities produced in WA.[88] Only resources producers with competitive operating costs can withstand these periods and continue to provide jobs and incomes to workers, local businesses, community organisations and governments.

At a time of increasing global competition, rising costs and subdued pricing for many commodities, it is more important than ever to have productive industrial relations settings that support investment and job creation. CME notes the current Closing Loopholes Review[89] and the Standing Committee on Employment, Workplace Relations, Skills and Training's Inquiry into the operation and adequacy of the National Employment Standards under the *Fair Work Act 2009* (Cth)[90] and looks forward to recommendations that will improve productivity and reduce complexity in Australia's industrial relations system.

Artificial intelligence (AI) and automated decision-making (ADM) technologies, like previous technological advances, are likely to drive strong productivity growth and improved safety outcomes across the economy. As the Treasurer has noted, "AI [is] a huge opportunity for Australia, it's a key

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[83] Australasian Legal Information Institute, Jewell v Magnium Australia Pty Ltd (No 2), 15 May 2025.
[84] Federal Court of Australia, Fair Work Ombudsman v Woolworths Group Limited; Fair Work Ombudsman v Coles Supermarkets Australia Pty Ltd; Baker v Woolworths Group Limited; Pabalan v Coles Supermarkets Australia Pty Ltd [2025] FCA 1092, 5 September 2025.
[85] Federal Court of Australia, Construction, Forestry and Maritime Employees Union v Australian Industry Group [2025] FCAFC 187, 17 December 2025.
[86] The Australian, Unions 'the definition of unproductive': BHP, 22 May 2025.
[87] The West Australian, AMWU threatens 'industrial mayhem' in Pilbara unless BHP meets its demands, 24 April 2025.
[88] Iron ore prices fell 69% over the year to April 2009, 44% over the year to September 2012, 54% over the year to April 2015 and 49% over the year to July 2022; nickel prices fell 69% over the year to March 2009, 45% over the year to December 2015 and 43% over the year to December 2023; lithium concentrate (spodumene) prices fell 82% over the year to January 2024 and 75% over the year to August 2024. Sources: World Bank Group, Commodity Markets – Monthly prices, June 2025. DMPE, 2024-25 Major Commodities Data File, WA Government, 4 December 2025.
[89] Department of Employment and Workplace Relations, Closing Loopholes Review, 5 December 2025.
[90] Parliament of Australia, Inquiry into the operation and adequacy of the National Employment Standards, 28 November 2025.

part of our productivity agenda, an absolute game changer".[91] The Productivity Commission considers that multifactor productivity gains above 2.3 per cent, and labour productivity growth of about 4.3 per cent, are likely to be generated from these technologies over the next decade.[92] Within the resources sector, AI is more likely to augment human work than replace it, particularly in high-skilled occupations.[93]

The WA resources sector has long been a key adopter of new technologies to increase its productive capacity through safer, more reliable and efficient plant and machinery. These investments embody new technologies such as remote and autonomous operating systems, machine learning, predictive maintenance, and more. Empowering our existing and future workforce to make the most of the opportunities these technologies offer is critical, with the sector investing heavily in upskilling workers in existing roles and re-training workers to support redeployments within a business or the industry.[94]

Over-regulation of AI and ADM technologies will stifle their potential to improve productivity and safety in the WA resources sector and the broader Australian economy. CME therefore strongly opposes the recommendation made in the Final Report of the House Standing Committee on Employment, Education and Training's Inquiry into the Digital Transformation of Workplaces to classify all AI and AMD technologies for employment purposes as 'high risk', and therefore subject to mandatory guardrails.[95] We welcome the Productivity Commission's recognition of the substantial productivity benefits AI could provide and strongly agree with their recommendation that AI-specific regulations should only be considered as a last resort.[96]

Recommendations

To support a productive, harmonious industrial relations landscape that delivers sustainable real wages growth and employment opportunities for workers, while maintaining the cost-competitiveness of the WA resources industry, CME recommends the Australian Government:

- Rejects the recommendation from the Inquiry into the Digital Transformation of Workplaces to classify all AI and AMD technologies for employment purposes as high risk, and therefore subject to mandatory guardrails.
- Adjusts existing industrial relations settings to minimise their adverse impact on productivity in the resources sector. This includes:
    - providing a clear carve-out for the resources sector from intractable bargaining and involuntary multi-employer bargaining measures (in line with the original intent of this measure) and
    - clearly exempting service contractors from 'same job same pay' measures.
- Uses the opportunity presented by the current Closing Loopholes and National Employment Standards reviews to improve productivity and reduce complexity and unnecessary compliance burden in Australia's industrial relations system.
- Sets clear expectations that the conduct of Australia's unions must be lawful, respectful and cooperative.

[91] AFR, Chalmers pushes back on union demands to regulate AI at work, 14 June 2025.
[92] Productivity Commission, Harnessing Data and Digital Technology, Inquiry Report No. 111, 10 December 2025.
[93] Our Gen AI Transition: Implications for Work and Skills – Final Report, Jobs and Skills Australia, 14 August 2025
[94] Hancock Prospecting, Robots on the ground at Roy Hill, accessed 22 August 2025.
[95] Parliament of Australia, The Future of Work - Inquiry into the Digital Transformation of Workplaces, Final Report, January 2025.
[96] Productivity Commission, Harnessing Data and Digital Technology, Inquiry Report No. 111, 10 December 2025.

Access to resources

WA's leading role in the national economy, the global effort to decarbonise, and the Australian Government's FMA vision is contingent on robust and efficient policy settings. Investors favour jurisdictions that provide industry with certainty of tenure and timely approvals processes. Importantly, this timeliness can be provided while meeting the high ESG standards expected by the resources sector's customers, investors, employees and local communities. The extractive nature of the resources industry means ongoing exploration is required to sustain existing operations, underpin new investments and support Australian jobs.

In a competitive global environment, lengthy and demanding approval processes and uncertainty regarding regulatory processes and tenure can deter the investment required to create and maintain jobs. Concerningly, the Fraser Institute's Annual Survey of Mining Companies 2024 highlighted respondents' concerns over disputed land claims and regulatory duplication and inconsistencies in WA, with these issues often the result of duplicative and inconsistent federal-state processes. Ensuring approvals processes, heritage and land tenure arrangements are timely and efficient is vital to the ongoing viability of the WA resources sector and the national economy.

Environmental law reform – Workable National Environmental Standards and the prioritisation of state accreditation are vital for the WA and national economies

The Australian Government recently passed reforms to the *Environmental Protection and Biodiversity Act 1999* (Cth) (EPBC Act). Progressing these reforms, including the development of National Environmental Standards and supporting regulation and guidance, remains critically important to WA's resource sector. Reform implementation must deliver streamlined assessments and reduce duplication to ensure the international competitiveness of WA's resources sector and to achieve the stated reform objectives of:

- stronger environmental protection and restoration;
- more efficient and robust project assessments; and
- greater accountability and transparency in decision-making.

Policy settings and National Environmental Standards (NES) must be designed and refined in conjunction with state governments to ensure operability in practice, including being accessible, workable and responsive to relevant state-based contexts and regulatory settings.

Accreditation of Western Australia's environmental assessment and approval processes presents the greatest opportunity to deliver meaningful business efficiency gains while improving environmental outcomes and transparent assessment processes. It is critical that both the WA and the Australian governments work together to ensure the accreditation framework is expedited for both EPBC Act assessments and approvals. CME strongly welcomes the WA Government's willingness to work towards this accreditation immediately[97] and encourages both levels of government to work together towards accreditation within six months of the legislation coming into effect.

Establishing systems to monitor end-to-end assessment processing timeframes and produce clear reporting metrics is crucial to implementation and assessing whether the reformed legislation is delivering on the reform objectives. National Environment Protection Australia (NEPA) must have sufficient staffing and operational capacity to effectively deliver accreditation, assessment and compliance functions without causing project delays during or beyond the reform transition period.

CME welcomes the establishment of Environment Information Australia (EIA), which presents a significant opportunity to strengthen scientific understanding, enhance strategic data management and utilisation and improve regulatory efficiency.

[97] The West Australian, Mixed reviews of Albanese's environmental overhaul, as Roger Cook declares it could have been 'a lot worse', 27 November 2025

EIA should maximise the uptake of existing state and territory datasets to ensure efficiency and support alignment across state, territory and federal regulatory processes.

Recommendations

To ensure the recently passed EPBC Act reforms deliver upon their objectives, CME recommends the Australian Government:

- Prioritises the development of National Environmental Standards that are workable with WA's environmental, regulatory and tenure settings.
- Expedites the accreditation of WA for both EPBC Act assessments and approvals within six months of the legislation coming into effect, to remove unnecessary process duplication while improving environmental outcomes.
- Establishes ongoing monitoring and public reporting of key performance indicators that evaluate end-to-end processing times and proponent experience, supplemented by a 12-month review process to support continuous improvement and reform adjustments.
- Ensures that the staffing and resourcing of NEPA supports its effective operation and continuity for proponents.
- Directs the focus of EIA to onboarding data and information held by state and territory agencies to assess knowledge gaps before duplicating any previously conducted research or data collection.

Responsible land access – Native Title and heritage settings need improvements to support First Nations participation and sustainable development

Certainty of access to tenure is a major determinant of the viability of operations. Regulatory, compliance and enforcement mechanisms must strike the right balance to facilitate Traditional Owner decision-making and heritage protection, responsible access to resources and sustainable development to advance the nation's economic and community interests.

A lack of certainty regarding land tenure is a key issue facing WA's resources sector, undermining investor confidence in projects. State judicial decisions and legal interpretations relating to the interaction between the *Mining Act 1978* (WA) and the *Native Title Act 1993* (Cth) have resulted in tenure uncertainty in Western Australia. Second mining lease renewals, and separately consequential amendments to state legislation following judicial rulings related to WA tenure application processes, will both inadvertently trigger future act processes across WA. Procedural amendments to the *Native Title Act 1993* (Cth) are required to address these distinct issues to support security of tenure in WA.

Further, multiple inconsistent First Nations engagement, heritage and Native Title processes exist across federal, state and local government approvals processes. These inconsistent, and often vague, process requirements are detrimental to supporting participation in regulatory processes, diminish regulatory outcomes, drive a reliance on third parties and increase costs. This duplication can contribute to consultation fatigue, strained relationships and unclear responsibilities and obligations.

To facilitate continued meaningful and workable engagement with First Nations communities and Indigenous rights holders it is critical that the Australian Government, in collaboration with the WA Government, addresses the resourcing and capacity issues faced by First Nations representative bodies and rights holders.

The Australian Law Reform Commission's review of the *Future Acts Regime in the Native Title Act 1993* (Cth) (the ALRC Review of the Future Acts Regime), due to report in March 2026, presents an opportunity to improve Native Title laws to maintain collaborative, working relationships between proponents and First Nations communities. The National Native Title Tribunal must be appropriately resourced to implement any expanded functions established as part of this reform.

The Australian Government's commitment to reform the *Aboriginal and Torres Strait Islander Heritage Protection Act 1984* (Cth) (the ATSIHP Act) in this term of government[98] presents an important opportunity to deliver enduring legislative reform through robust consultation with First Nations representatives and industry stakeholders. Alignment across state and federal regulatory processes is critical to avoid duplication and enable efficient participation in regulatory processes. Reform should ensure that First Nations peoples have a central and active role in managing cultural heritage, while establishing a framework that provides clarity and confidence for responsible and sustainable development. Reforms to the ATSIHP Act should reflect the primary regulatory role of state and territory governments in Aboriginal cultural heritage matters.

Reformed settings across First Nations engagement, Native Title and cultural heritage settings must focus on facilitating constructive partnerships between First Nations representative bodies, First Nation communities and industry, and provide clear, outcome-driven processes that avoid duplication across regulatory regimes and state regulatory processes.

Recommendations

To support greater certainty regarding land access and the sustainable development of WA's resources sector, CME recommends the Australian Government:

- Identifies and implements long-term, strategically targeted government funding solutions (subject to appropriate governance controls) for First Nations Representative bodies to support capacity development and enable them to maintain essential corporate functions to effectively carry out responsibilities and actively engage in regulatory processes. This work should be undertaken in close collaboration with the WA Government.
- Makes procedural amendments to the *Native Title Act 1993* (Cth) (NTA) to address consequential impacts of WA case law developments and to confirm that second (and subsequent) renewals of a WA mining lease made in accordance with the *Mining Act 1978* (WA) do not trigger the operation of the future act provision of the NTA.
- Implements sensible reform in response to the recommendations made as part of the ALRC Review of the Future Acts Regime, underpinned by further comprehensive consultation with stakeholders to ensure reforms are workable, align with state and territory tenure regimes, strengthen partnerships with First Nations communities and support sustainable development. Regulatory bodies must be appropriately resourced to undertake any additional functions prescribed by the reform.
- Preserves the ATSIHP Act's role as a backstop for state and territory heritage protection laws while ensuring reforms do not create overlapping or inconsistent heritage obligations.
- In close collaboration with First Nations Representatives, industry and the WA Government, develops a First Nations Engagement Standard that provides process certainty and robust engagement outcomes and is consistently applied across federal and state approvals processes.
- Collaborates with the WA Government to remove duplication in Native Title and heritage settings while maintaining robust, best practice standards and processes.

Pre-competitive geoscience data – Enhancements are required to realise Australia's true resource potential

Pre-competitive geoscience data plays a pivotal role in identifying Australia's minerals and energy resource wealth. A 2023 report published by Deloitte estimated that precompetitive geoscience data and analysis generated a direct economic contribution of $70.5 billion (value added) and supported

[98] Fifth anniversary of Juukan Gorge disaster, Senator the Hon Murray Watt, Minister for the Environment and Water, 23 May 2025

55,549 full-time equivalent jobs in 2021-22.[99] In WA, an economic assessment of the Exploration Incentive Scheme estimated a total return of $31 for every dollar spent in the scheme.[100]

The importance of pre-competitive geoscience data and analysis has been acknowledged by the Australian Government through the release of Geoscience Australia's Resourcing Australia's Prosperity 10-year roadmap. The roadmap acknowledges the imminent need to build on existing pre-competitive geoscience data sets and analyses to identify potential greenfield exploration opportunities. The immediacy of this challenge has been amplified by the ongoing increase in international demand for critical minerals.[101] Western Australia drives Australia's exploration investment, contributing $734 million (two thirds) of the $1,067 million in national exploration expenditure in the September quarter.[102]

The discontinuation of the Junior Minerals Exploration Incentive (JMEI) risks damaging exploration investment in Australia. JMEI was introduced in 2017-18 to encourage investment in junior mineral exploration companies, providing $182.5 million in credits from 2017 to 2024.[103] The scheme was discontinued in the 2025-26 Federal Budget, despite industry advocating for it to be retained. A BDO assessment report on JMEI's economic impact found that for every $1 of JMEI credit allocated more than $6 was invested via capital raisings, supporting an additional $2 worth of greenfield exploration expenditure.[104]

To sustain and build on Australia's potential as a tier one resources jurisdiction and top 10 global producer of many resource commodities, the Australian Government will need to invest heavily in research and exploration. Given the importance of pre-competitive geoscience data to the objectives of the Australian and WA Governments, both governments should work collaboratively to achieve shared goals.

Recommendations

To ensure a strong pipeline of new and emerging resources projects and support exploration, CME recommends the Australian Government:

- Allocates additional resources to Geoscience Australia to bring forward elements of the Resourcing Australia's Prosperity 10-year roadmap.
- Collaborates with industry and the Geological Survey of Western Australia to identify suitable deep dive regions as part of the Resourcing Australia's Prosperity 10-year roadmap.
- Reinstates the Junior Mineral Exploration Incentive to support the exploration activity required to sustain and grow Australia's resources sector.
- Collaborates with the WA Government to support the Geological Survey of WA's Geoscience Data Transformation Project.

[99] The economic value of government precompetitive geoscience data and analysis for Australia's resources industry, Geoscience Australia, Deloitte Access Economics, August 2023
[100] An economic assessment of the Exploration incentive Scheme: 10 years from 2009 to 2020, JJ Fogarty, The University of Western Australia, 2021
[101] IEA, Global Critical Minerals Outlook 2025, 13 June 2025.
[102] ABS, Mineral and Petroleum Exploration, Australia, 1 December 2025
[103] Junior Minerals Exploration Incentive Economic Impact Assessment Report, Association of Mining & Exploration Companies Inc, BDO, 15 November 2024, p.2
[104] Junior Minerals Exploration Incentive Economic Impact Assessment Report, Association of Mining & Exploration Companies Inc, BDO, 15 November 2024, p.6

Energy security and the net zero transition

Access to reliable, low-cost energy has attracted energy-intensive resources and manufacturing operations to WA for decades, underpinning our state's industrial base and high-paying jobs. As the world decarbonises, Western Australia's energy system and industry is moving to one that is also low emissions.

The WA resources sector is committed to decarbonisation, taking action to reduce operational emissions within our control while also providing the minerals and energy needed to support the decarbonisation of our trading partners.

CME and its members support the Paris Agreement and its goal of limiting global warming to well below 2 degrees Celsius and pursuing efforts to limit temperature increase to 1.5 degrees Celsius, and accept the scientific consensus as assessed by the Intergovernmental Panel on Climate Change. CME acknowledges the Commonwealth's 2035 emissions reduction target range of 62-70 per cent (on 2005 levels) and accompanying Net Zero Plan published in September 2025.[105]

Achieving net zero by 2050, meeting interim targets, and realising the government's FMA ambition will be dependent on Australia's ability to attract the substantial capital investment, technology and skills required to drive additional value- adding, job-creating industries in Australia. However, this will not occur without urgent action to address Australia's declining fundamentals and ensure our domestic net zero settings allow Australian industry to compete on the global stage.

CME reiterates its strong concern that Australia's current net-zero policy settings are leading to carbon leakage across export-oriented sectors of the economy. Australian domestic climate policies that impose greater costs than climate policies in other jurisdictions will impact not only the continued viability of existing operations, but the attraction of investment in new industries. This would undermine net zero efforts (as production would move to jurisdictions with less stringent emissions standards and public support would wane) and reduce the living standards of all Australians.

Avoiding the loss of jobs, government revenue and local business procurement that carbon leakage would cause requires Australia to take a technology-neutral, least cost approach to achieving the decarbonisation of our economy. In particular, CME is keen to see:

- The Safeguard Mechanism remain the principal driver for decarbonising the resources sector, with its upcoming review focussed on mitigating the risk of carbon leakage for export-oriented sectors and supporting the case for continued investment in Australian jurisdictions including WA.
- Improved alignment of the various federal funding measures for decarbonisation, and the roll-out of the recently announced Net Zero Fund.
- Improvements to the Capacity Investment Scheme to support the commerciality of wind generation projects.
- Additional measures to support additional renewable generation, storage and transmission infrastructure in the Pilbara region.
- The development and implementation of a *Strategic Delivery Plan* for Carbon Management Technologies (CMTs).
- Continued research, development and commercialisation of novel decarbonisation technologies. While these new technologies are developed and deployed, emissions reduction pathways in hard-to-abate facilities will require access to high-integrity offsets.

Climate regulation – Australia's net zero settings must be conducive to investment

The September 2025 announcement of the 2035 interim target range of 62 to 70 per cent (on 2005 levels) and the accompanying Net Zero Plan and sector plans imply that the resources sector will be

[105] Australia's 2035 Emissions Reduction Target and Net Zero Plan, 18 September 2025

required to shoulder a disproportionate share of decarbonisation over the period to 2035 in comparison to many other sectors of the Australian economy. A sector-specific approach risks undermining least-cost abatement across the economy.

While the Australian Government's Resources Sector Plan[106] acknowledges the substantial technical, commercial and logistical challenges involved in decarbonising the sector and the sequencing challenges posed by existing asset lifecycles, CME is concerned that many of the technologies that will be crucial to achieving net zero are not yet commercially or technologically ready. For example, resources sector companies are conducting trials or entering partnerships for battery electric haul trucks, dozers, excavators and locomotives, particularly in the Pilbara region,[107] but deployment is constrained by:

- low commercial and technical readiness;
- limited availability of equipment and the necessary infrastructure;
- a lack of relevant skills and capabilities; and
- uncertainty regarding the impact on operations from switching to electrified fleets and processes.

While we note that the Safeguard Mechanism is not sector-neutral, CME does broadly support its technology neutral approach to driving emissions reductions in the resources sector.

However, CME is concerned that current settings are creating carbon leakage risk for the resources sector. As CME highlighted to the Carbon Leakage Review carried out by Professor Frank Jotzo in 2023-24, the commodities produced by CME member companies are exported and traded in international commodity markets that are not subject to consistent international carbon pricing and do not involve any material 'green premiums'.

CME remains very concerned that the Review, and associated public discourse, has focused on measures such as Carbon Border Adjustment Mechanisms (CBAMs). While CBAMs might reduce carbon leakage risks for *import-competing* industries, such as Australian cement and steel producers, they cannot address carbon leakage risks for Australia's *export-oriented* industries which face competition from other jurisdictions. We note that the Australian Government is yet to respond to the Review.

Other issues include the significant uncertainty on the Safeguard emissions decline rate for facilities post-2030, particularly given the wide range in the economy-wide 2035 target. In addition, the Safeguard Mechanism's stationary power variable does not reward facilities moving from self-generation with fossil fuels to grid-connected renewable electricity.

CME looks forward to engaging in the Safeguard Review, beginning later this year, which will be an opportunity for the government to ensure that regulatory settings:

- Are assessed and adjusted in the context of Australia's competitiveness relative to other jurisdictions. Clarity on a reasonable decline rate post-2030 is needed urgently to support the investment case in the resources sector.
- Remain stable. There should be no significant changes to the Safeguard Mechanism framework. Substantial changes that increase regulatory burden or complexity only three years following the reform of the Safeguard Mechanism will introduce policy risk and impact investment in WA's resources sector. Any changes to Safeguard settings should be modest and designed to unlock investment in abatement technologies. They should also be evidence-based, relying on realistic and robust assessments of the technology readiness, commercial viability and availability of abatement technologies.
- Drive innovation and commercialisation, including removing the significant disincentive created by the stationary power variable for facilities with on-site fossil generation to switch to grid-connected low-emissions electricity.
- Recognise that the pace of the transition will not be uniform, and that for the hardest-to-abate sectors emissions reductions are contingent on breakthroughs in currently uncommercial or

[106] DISR, September 2025 (page 19)
[107] BHP, BHP and Rio Tinto welcome first Caterpillar battery-electric haul trucks to the Pilbara, December 2025

nascent technologies. In the meantime, these facilities will need access to a liquid market of high-integrity offsets, particularly through the Australian Carbon Credit Unit (ACCU) Scheme.

- Protect industry from carbon leakage by ensuring the competitiveness of facilities determined to be at risk of relocation overseas is maintained through tailored baseline adjustments (through trade-exposed, baseline adjusted (TEBA) provisions). The broader impact of Safeguard settings on Australia's competitiveness in comparison to other jurisdictions should be considered in setting the overarching decline-rate.
- Are efficient and transparent. There is scope to reduce administrative costs associated with compliance, including auditing and verification, including for new entrants.

Recommendations

It is vital that Australia's international emissions reduction commitments are aligned with competing countries and implemented via least-cost domestic abatement policies. To ensure that regulatory settings in Australia are conducive to continued investment in the resources sector and the achievement of the Future Made in Australia plan, CME recommends that the Australian Government:

- Ensures that the terms of the Safeguard Review are clear, engagement with industry and other stakeholders is robust to ensure that the review is evidence-based, and that any recommended changes are clearly communicated in advance. All changes must be designed to improve Australia's competitiveness, address identified carbon leakage risks, and drive the investment and innovation necessary to achieve 2035 decarbonisation targets.
- Assesses the effectiveness of the Safeguard Mechanism in driving least-cost abatement across the Australian economy.
- Responds to the Carbon Leakage Review and outlines policy proposals that will protect export-facing industries from the risks of carbon leakage and support the case for continued investment in these facilities.
- Ensures that the technology-neutral Safeguard Mechanism remains the principal policy lever for the resources sector. It should not be accompanied by additional technology-specific regulation, such as mandates for renewable fuels, which would not be aligned with the principle of least-cost abatement and would further erode competitiveness.
- Ensures that there remains a liquid market for high-integrity offsets, particularly through the Australian Carbon Credit Unit (ACCU) scheme.

Net zero funding – Greater coordination and streamlining of federal incentive schemes is required

Australia should take a technology-neutral, least-cost approach to achieving the decarbonisation of our economy. Existing facilities across the resources and industrial sectors – and different facilities within a sector – will have different decarbonisation pathways. The journey to net zero will be a transition, and many investments will not necessarily be realised in the near to medium term. Investments will be based on a range of facility-specific factors, including asset lifespan and capital investment cycles, commodity-type, price cycles, the availability of abatement technology and any necessary infrastructure, and local environmental considerations.

Many government-led decarbonisation schemes to date have focussed on specific technologies, some of which have proven not to be commercially scalable in the near term. Stimulating the growth of low-carbon markets and securing near-term investment in new low-carbon projects and jobs requires the mandate of federal decarbonisation support schemes to be broadened, in line with the principles of technology-neutrality and least-cost abatement.

CME acknowledges the recent additional funding made available to support investment in low-emissions technologies and techniques in the resources and industry sectors, including the new Net Zero Fund and the expansion of the Clean Energy Finance Corporation's funding envelope. These initiatives complement a wide range of other existing schemes that are designed to support research

and development, trials, and deployment across many technologies and industries.[108] Industry awaits further detail on how these funds will be allocated.

However, CME members have raised concerns that as these streams increase in number, they are becoming increasingly misaligned in their intent, timing, and administrative requirements.[109] As a result, there is a risk that the effectiveness of these measures is weakened. CME members have also raised concern that Special Investment Vehicles focused on providing concessionary finance may not be the most attractive or effective lever to stimulate investment.

We also acknowledge the Australian Government's announcement of the Cleaner Fuels Program, intended to attract investment in domestic, commercial scale production of low-carbon liquid fuels in Australia over the next decade. Adoption of low-carbon fuels in heavy mobile equipment across mining, construction and freight can play a role in reducing emissions. The key constraint is not demand, but the absence of affordable, reliable and scalable supply.

The Australian Government should prioritise product-neutral policies that accelerate the development and scale the supply of low-carbon fuels, including renewable diesel, sustainable aviation fuel and other advanced biofuels. Research and development, enabling infrastructure support and well-designed supply incentives will be critical to expanding production and bringing down costs. Addressing these supply-side constraints will enable fuel switching over time without undermining productivity or international competitiveness in the interim.

Recommendations

To maximise the impact of federal net zero funding measures in supporting least-cost abatement across the economy, CME recommends the Australian Government:

- Offers technology-neutral industry support measures, recognising that each facility will have unique pathways to least-cost abatement and that achieving Australia's decarbonisation targets will require investment in a broad portfolio of solutions. Technology-specific funding risks undermining least-cost abatement.
- Make funding available to trade-exposed industries which have been identified as at risk of carbon leakage to transition to net zero, alongside ensuring the Safeguard Mechanism does not undercut global competitiveness.
- Makes funding available to support investment in multi-emitter decarbonisation clusters.
- Directs federal departments and agencies to work with states and territories to align and rationalise funding mechanisms to maximise impact through scale and alignment of timing and eligibility.
- Ensures that funding vehicles offer measures conducive to stimulating private-sector investment, such as grants, particularly in the context of funding measures offered in other jurisdictions and the low interest rates available from private sector lenders.

South West Interconnected System – Improvements to the Capacity Investment Scheme are required to unlock renewable generation capacity

Resources sector operations in South West Interconnected System (SWIS) connected regions are incredibly diverse and make a large contribution to state, local and national economies. In 2024-25, resource operations in SWIS-connected regions accounted for at least 12 per cent of WA minerals production value, 6 per cent of WA royalties ($650 million) and 19 per cent of onsite minerals employment (26,398 full-time equivalents).[110] The South West region in particular is home to

[108] As an illustration, see Grattan Institute, Submission to Federal Government on Net Zero Fund, page 8, October 2025.
[109] Investor Group on Climate Change and Mandala Partners, Optimising Australia's Specialist Investment Vehicles for the Net Zero Journey, December 2025
[110] Conservative estimates including South West, Peel, Perth, Mid West Wheatbelt and Great Southern regions but excluding Goldfields-Esperance where a substantial number of resources operations are not SWIS-connected. DMPE, 2024-25 Spatial and Regional Resource Data File, WA Government, 4 December 2025.

significant value-adding manufacturing of strategic materials including bauxite-alumina and critical minerals including lithium, silicon, zircon and titanium, which have been in operation for decades. These industries were established in large part due to the historical availability of reliable, cheap energy which underpinned investment decisions and the continued viability of these operations.

However, the total delivered wholesale power costs for large industrial customers on the SWIS have roughly doubled from around $125 per megawatt hour (/MWh) in 2020 to at least $210/MWh in 2025, and potentially as high as $250/MWh.[111] Higher electricity prices reflect increases in domestic coal and gas prices, rising transmission costs and sharp increases in system reliability and administration costs that are driven by the increasing share of intermittent renewable generation. Industry also has concerns regarding the reliability of supply over coming years, with uncertainty over whether enough new generation and storage capacity can be delivered to cover the scheduled retirements of State-owned coal-fired power stations by 2030.[112]

Sharp increases in total electricity prices are threatening the viability of existing operations, with projects to face the full impact of these increases as low-cost long-term energy contracts expire over coming years. Higher prices are also constraining the development of new electricity-intensive resource and manufacturing projects in the SWIS, risking government efforts to attract new value-adding operations and jobs.

Modelling commissioned by CME indicates that the generation and storage mix required to achieve significant emissions reduction, while also ensuring reliability at lowest-cost, will require a significant build out of new transmission infrastructure, long-duration storage and large-scale renewable and gas-fired generation capacity.[113] The modelling indicated wind generation capacity was critical to reliable and low-cost supply given its generation pattern differs from rooftop solar and better matches demand patterns.

New renewable generation projects on the SWIS need both revenue certainty and transmission access to reach a final investment decision (FID). The WA Government published its SWIS Transmission Plan in September 2025[114] which provides much needed transparency and certainty regarding the location and expected timing of new transmission infrastructure.

However, obtaining sufficient guaranteed revenue to obtain finance and reach FID remains challenging for large-scale wind projects in WA. High upfront capital costs, low capacity factors relative to thermal generators and the risk of curtailment mean proponents require prices under purchase power agreements well above what large industrial customers can pay if they are to remain viable. In contrast, reserve capacity prices under WA's reserve capacity mechanism are designed to fully cover costs for new battery entrants[115] which has supported a significant influx of new large-scale batteries in the SWIS over recent years.[116]

The Federal Capacity Investment Scheme (CIS) was introduced to underpin the commerciality of investment decisions for new renewable generation and long-duration storage projects across Australia. CME appreciates efforts by the Department of Climate Change, Energy, the Environment and Water (DCCEEW) to engage with WA stakeholders and adjust the CIS's Wholesale Electricity Market (WEM) tenders for the unique characteristics of the SWIS.

Unfortunately, member and industry feedback indicates that the CIS is not currently effective in bridging the commercial gap between the price industrial customers can afford to pay and the price renewable generation proponents require to achieve final investment decisions, especially for wind projects. CME's main concern is that the design of the tender process is so competitive that it incentivises applicants to bid for price support less than they need to achieve FID due to the fear of missing out entirely. With no Australian wind projects reaching financial close in 2025,[117] and analysis

[111] Estimated total delivered cost of $211/MWh using real-time energy prices or $250/MWh using Synergy Standard Offer Price (last available quote prior to the relevant capacity year). AEMO, Quarterly Energy Dynamics Q2 2025, Figure 127; Economic Regulation Authority, 2024/25 Price List for the Western Power Network, 14 May 2024, Table 1.5, RT7.
[112] WA Government, State-owned coal power stations to be retired by 2030, 14 June 2022.
[113] CME, Energy costs in transition: Decarbonising Western Australia's South West Interconnected System (SWIS), September 2024.
[114] WA Government, SWIS Transmission Plan to make WA a renewable energy powerhouse, 18 September 2025
[115] 2025 Benchmark Capacity Providers Review – Consultation Paper, 29 August 2025
[116] Renew Economy, More hybrids and batteries obtain capacity credits, heralding changing face of world's biggest isolated grid, 21 October 2025
[117] Renew Economy, No new wind, slow transmission and a buyer's strike: Why Australia may miss its renewable energy target, 15 January 2026.

finding only 8 per cent of CIS-awarded wind and solar projects in the National Electricity Market have reached FID,[118] changes are urgently needed to drive investment in new wind generation in WA.

Another issue raised by members is the inability for hybrid generation-storage projects to receive CIS support for both the generation and storage components of their project. The provision of partial support is insufficient to secure enough guaranteed minimum revenue to obtain finance. CME continues to query the ineligibility of peaking gas generation projects for CIS support given modelling highlights the need to expand gas firming capacity in WA to ensure lowest-cost abatement and reliability.[119]

Recommendations

To support investment in new large-scale renewable generation in the South West Interconnected System, especially wind projects, CME recommends the Australian Government:

- Improves the Capacity Investment Scheme's design to ensure it fully covers the commercial gap between the price industrial customers can afford to pay and the price renewable generation proponents require to achieve final investment decisions. This includes providing support for the entirety of a hybrid project's revenue streams. Applications by projects with advanced planning and environmental approvals should be favoured to ensure the timely delivery of new capacity.

Pilbara – Reducing the cost of low emission electricity is crucial to decarbonising one of Australia's most productive regions

The Pilbara region is WA's resources sector powerhouse. In 2024-25, the Pilbara contributed 72 per cent of the total value of WA's minerals production value and 87 per cent of total WA resources sector royalties. Iron ore accounts for 97 per cent of minerals production value in the region.[120] The Pilbara also comprised 53 per cent (70,659 full-time equivalents) of total onsite minerals employment across WA. WA's LNG sector is also anchored in the Pilbara, accounting for around 12 per cent of global LNG exports in 2024.[121]

Decarbonising the Pilbara region is essential to achieve both WA and Australia's commitment to net zero emissions by 2050. Electrification presents the best available strategy for many facilities to reduce emissions. For example, large resources companies are conducting trials or entering partnerships to develop and trial battery electric haul trucks, dozers, excavators and trains in the Pilbara region.[122] However, the Australian Government's recent Resources Sector Plan[123] acknowledges the substantial technical, commercial and logistical challenges involved as well as the sequencing challenges posed by existing asset lifecycles.

Access to reliable, low-emission and globally cost-competitive electricity will be key to enabling the electrification of existing operations and unlocking investment in future resources projects and new industries such as green iron, hydrogen and ammonia. The WA Government's Sectoral Emission Reduction Strategy in 2023 estimated that the Pilbara's electricity needs could increase 5-fold by 2050, requiring around 50GW of new generation and storage capacity.[124] Only 2 per cent of electricity generation in the Pilbara was renewable when the report was completed.

Meeting anticipated increases in electricity demand will depend not only on the scale of renewable generation and storage deployed, but on the speed at which enabling transmission, port and road infrastructure can be delivered. While there is private-sector interest in renewable energy development

[118] Infradebt, Why the CIS's Design is Stranding Australia's Renewable Pipeline, 22 December 2025.
[119] CME, Energy costs in transition: Decarbonising Western Australia's South West Interconnected System (SWIS), September 2024.
[120] DMPE, 2024-25 Spatial and Regional Resource Data File, WA Government, 4 December 2025.
[121] DMPE, 2024-25 Major Commodities Data File, WA Government, accessed 15 January 2025. IGU, 2025 World LNG Report, 18 November 2025.
[122] BHP, BHP orders four battery-electric locomotives for WAIO rail network, 17 January 2022, Rio Tinto, Rio Tinto purchases first battery-electric trains for the Pilbara', 11 January 2022.
[123] DISR, Resources Sector Plan, 18 September 2025 (page 19).
[124] Department of Water and Environmental Regulation, Sectoral emissions reduction strategy for WA: Pathways and priority actions for the state's transition to net zero emissions, WA Government, 2023

in the region, progress is often constrained by sequencing challenges across generation, storage, system services, transmission and demand.

Project-by-project development will remain central to the evolution of the North West Interconnected System due to limited demand outside of the resources sector. However, greater coordination and targeted support to accelerate delivery of renewable generation, storage and enabling infrastructure could help reduce costs, improve reliability and allow electrification and emissions reductions to proceed in line with operational and investment cycles in the resources sector. This includes support for the development of the critical physical infrastructure, such as roads and ports, that are a prerequisite to timely delivery of renewable energy projects in the region.

The WA Government's Pilbara Energy Transition Plan outlines a pathway to a common-use electricity grid in the Pilbara to support much of the decarbonisation of the region.[125] Feedback from CME members indicates transmission corridors in coastal areas, including those to support the Burrup peninsula (where the Maitland SIA is located) and Port Hedland (where the Boodarie SIA is located), are likely to be the nearer-term priorities. Action will also be required to de-risk transmission investments by transmission corridor proponents to avoid differences in timing for associated generation, storage and load projects creating first-mover disadvantages for energy suppliers and customers.

Recommendations

To support the delivery of reliable, cost competitive and low-emission power in the Pilbara region to meet industry's needs, CME recommends the Australian Government:

- Engages with the WA Government, transmission corridor proponents and the Clean Energy Finance Corporation to identify additional actions the Australian Government should take to de-risk investment in transmission infrastructure that is sized adequately to cater for future needs. This might involve changing the remit of the Clean Energy Finance Corporation to allow it to offer grants.
- Develop and roll out an effective scheme to attract rapid investment in renewable generation and storage hubs in the Pilbara. Options include directing federal investment vehicles (such as the Northern Australia Infrastructure Fund and Rewiring the Nation program) to support new common-use renewable generation and storage projects or expanding the Capacity Investment Scheme to include common-use generation and storage infrastructure in the Pilbara.

Carbon Capture, Usage and Storage (CCUS) – CCUS will be critical to the achievement of net zero

CME considers that at-scale deployment of Carbon Management Technologies (CMTs) such as Carbon Capture, Usage and Storage (CCUS) will be critical to achieving net zero. CCUS is a proven, safe and deployable enabling technology[126] that could be implemented in the decade to 2035 with a lead in time of around 7-10 years per project (including engineering, building and commissioning, and assuming timely environmental approvals).[127] CCUS will be crucial in Australia's portfolio of solutions to reduce emissions in the hardest-to-abate sectors of the economy, where alternative technologies are not likely to be commercially or technologically feasible in the near to long-term. This includes existing cement, hydrogen and ammonia, critical minerals, and LNG processing facilities. CCUS should play a role supporting the scale-up of the global hydrogen economy while the costs of electrolytic hydrogen come down, and in the development of a green iron industry.

Other markets in Europe, North America, the Middle East and Asia-Pacific are rapidly progressing CCUS opportunities this decade to enable low-carbon industrial growth, with many investments unlocked by government policy support. In many cases, these countries are working to develop multi-emitter CCUS clusters to drive down costs, underpinned by support to de-risk investment in common-

[125] Pilbara Energy Roundtable, September 2024.
[126] Commonwealth Scientific and Industrial Research Organisation (CSIRO) 'Capturing Global Attention' – accessed 10 December 2025.
[127] Global CCS Institute and CSIRO, WA CCS Hubs Study (for WA Government), November 2023.

use infrastructure (including carbon dioxide pipelines and port infrastructure) which have capacity to allow for future connections.

Western Australia, including its offshore waters, has substantial storage resources, which present a unique economic opportunity. CME highlights the WA Government's 2024 *Carbon Capture, Utilisation and Storage (CCUS) Action Plan*[128] which underlines the state's ambition for CCUS projects to be deployed in the state as an enabler of emissions reductions, including in multi-use CCUS hubs to drive economies of scale underpinned by common-use infrastructure. The *CCUS Action Plan* also highlights the economic benefits from safeguarding existing jobs, in addition to creating new ones. A separate study on CCUS hubs in WA, commissioned by the WA Government, highlighted a potential $55bn value-add to the state economy.[129]

CME acknowledges the work that has been undertaken by the Australian Government on CCUS to support research and development (R&D)[130] and to strengthen the regulatory framework. We also acknowledge the government-to-government engagement with trading partners to secure bilateral trade agreements under the London Protocol[131] for Australia to import and store carbon.

Unlocking Australia's CCUS opportunities now requires the Australian Government to move quickly, proactively and in partnership with industry to lever investment and deploy CCUS at scale where it can deliver cost-effective domestic or international carbon abatement or economic diversification opportunities.

Recommendations

To attract internationally mobile investment in CCUS to support Australia's emissions reduction targets, safeguard and grow Australian jobs and support the decarbonisation of our trading partners, CME recommends the Australian Government:

- Develops and implements a federal *Strategic Delivery Plan* for CMTs. The Plan should:
    - Clearly outline the role that CCUS (and other CMTs) will play in Australia's pathway to net zero, setting achievable targets and recognising the economic benefits of building a sustainable CCUS industry in Australia.
    - Articulate how the government will engage with states and territories to identify strategic CCUS hubs and work with industry and others to drive investment in injection and storage capacity.
    - Put in place effective measures to de-risk investment in common-use infrastructure (such as over-sized pipelines) that removes the first-mover disadvantage for foundation users, learning from the successful approach in other countries. This may involve the use of grants and/or concessional financing (which would require an expansion of the remit of the Clean Energy Finance Corporation to include CMT, including CCUS).
    - Step up proactive engagement with trading partners in the Asia Pacific region to support investment in CCUS hubs, including securing government-to-government bilateral agreements for the trans-boundary shipment of carbon dioxide for storage under the London Protocol.
- Works to highlight the value of and opportunity for CMTs, including CCUS, to support global emissions reduction, taking an evidence-based approach to working with communities and Aboriginal groups to build and sustain social licence.
- Looks to ensure that policy frameworks, such as the Australian Carbon Credit Unit, are open to support Carbon Dioxide Removal (CDR) projects, including mineral carbonation.

[128] WA Government CCUS Action Plan, November 2024.
[129] Global CCS Institute and CSIRO, WA CCS Hubs Study (for WA Government), November 2023
[130] Including through the Carbon Capture Technologies Program, the most recent awards granted in July 2024.
[131] Following ratification of the International Maritime Organisation's 2009 and 2013 amendments to the London Protocol, tabled in the Australian Parliament in October 2024

Hydrogen and derivatives – Large-scale production is needed for Australia to participate in the global hydrogen economy

CME continues to believe that low-carbon hydrogen and its derivatives, particularly ammonia, can play a key role in enhancing energy security and support economic diversification through its uses as a fuel, a reductant, or a feedstock. Various CME members are pursuing opportunities to produce, use or sell hydrogen or its derivatives as part of their decarbonisation strategies. CME considers that low-carbon hydrogen will need to be produced at scale to grow global trade markets and partnerships.

There have been various barriers identified globally and in Australia to growing a successful hydrogen economy, particularly for electrolytic hydrogen. Overcoming these barriers will require considered and substantive support from governments to stimulate both at-scale supply and demand, and to support cost reductions.

On the supply side, CME is of the view that CCUS-enabled low-carbon hydrogen, which can be produced at scale, can play a role in firmly establishing Australia in the growing global hydrogen economy. Many of our trading partners are pursuing arrangements to develop a diverse supply of hydrogen and ammonia and are setting carbon intensity standards accordingly, ahead of the costs of renewable hydrogen coming down in the future. Australia is seen as a reliable future source, as shown by the EU-Australia hydrogen Dialogue[132] and the Australia-Germany joint H2Global joint tender[133] launched in September 2025.

Work to develop standards and certification for low-emission hydrogen has been underway for some years, though these are not yet harmonised. Many countries with strategies to import hydrogen have set pragmatic, technology-neutral emissions intensity standards to allow for the most efficient CCUS-enabled hydrogen to be classed as low-emission[134] in the medium-term in the context of supply incentives. This is acknowledged by the Australian Guarantee of Origin Scheme, which is expected to develop certification for hydrogen production pathways, including through CCUS, this year.

CCUS-enabled hydrogen should be eligible for federal support alongside electrolytic 'renewable' hydrogen. Given the technology and commercial challenges that many renewable electrolytic hydrogen production projects have faced, we support a revaluation of the eligibility requirements for federal support schemes such as Hydrogen Headstart and Hydrogen Production Tax Incentive (HPTI), which are currently limited to renewable electrolytic hydrogen. This would enable CCUS-enabled hydrogen to play a role in producing low-carbon hydrogen and ammonia at scale while the costs of electrolytic hydrogen come down.

Recommendations

To ensure that Australia is able to gain an early mover advantage in the global hydrogen economy, CME recommends the Australian Government:

- Expands federal support programs for electrolytic hydrogen to include CCUS-enabled hydrogen and works with states and territories to stimulate production of low-carbon hydrogen (and derivatives) in line with the carbon intensity standards of our trading partners.
- Extends the window for the Hydrogen Production Tax Incentive to enable projects which have faced delays to secure funding support (for the full ten years) if they take FID after 2030.

[132] Australia-EU Green Hydrogen Dialogue. Climate-KIC Australia, September 2025
[133] Australia-Germany H2Global Joint Tender, launched September 2025
[134] For instance, Japan's framework outlines that CCUS-enabled hydrogen is being pursued alongside electrolytic hydrogen, as summarised by the Australian Commonwealth Science and Industry Research Organisation (CSIRO)

A safe, diverse and skilled workforce

The minerals and energy sector depends on a highly skilled workforce capable of safely managing complex, high-risk operations.

The WA labour market faces significant pressure as major resources and energy projects across iron ore, critical minerals, LNG and decarbonisation progress alongside standard operations and a large public sector infrastructure program, including new hospitals, Westport and the defence precincts at HMAS Stirling and Henderson. The Defence Strategic Review confirms that WA will play a critical role in submarine sustainment, workforce upskilling and shipyard capability, contributing to strong long-term demand for engineers, trades and technical specialists.[135]

Ensuring WA has access to a continuous pipeline of skilled workers, including apprentices, trainees, job seekers, career changers, and highly qualified specialists, to enable all of these projects to progress is vital to a productive state and national economy. Maintaining high safety standards throughout will be a critical focus for all to ensure the continuation of improvements achieved in safety systems over the past decade. A capable, diverse and inclusive workforce also underpins the industry's ability to deliver transition to lower-emissions production, advanced automation and modern expectations around workplace culture.

Skills and training – Ongoing funding required to increase the quantity, quality, and transferability of skilled labour

The WA resources sector has made sustained improvements in competency development, supervision, contractor oversight and critical risk management. These gains are now challenged by the intensifying competition for skilled labour across mining, construction, energy and defence in WA.

Jobs and Skills Australia's Skills Priority List and related analysis show persistent, widespread shortages in key trades and technical occupations nationally, with WA experiencing particularly strong demand across trades, engineering, drilling, processing and supervisory roles.[136] On the labour supply side, enrolments in key resources-related education and training pathways have not kept pace with industry demand, including declining participation in specialist disciplines such as mining engineering and constrained uptake in technical and trade pathways that underpin resources operations.[137]

Looking ahead, the electrification of mobile equipment and on-site processes across the WA resources sector would significantly increase demand for electrical trades, high-voltage specialists, automation technicians and digitally-enabled maintenance roles. Electricians are already a key occupation identified as being in persistent shortage.[138] Training new workers and, very importantly, re-skilling existing workers to fulfil these roles is a priority that will require significant ongoing investment by federal and state governments. Given the central role of state governments in vocational education and training, licensing and course accreditation, CME encourages the Australian Government to work closely with the WA Government to support training pathways that are aligned with industry needs.

WA's defence sector growth — including expanded submarine sustainment at HMAS Stirling, upgrades to the Henderson precinct and increased visiting submarine activity — is expected to place additional pressure on the same skilled trades and technical labour relied upon by mining and energy. The WA Defence Industry Workforce Development Plan highlights medium-to-long-term shortages across electrical, mechanical, fabrication and systems engineering roles, many of which overlap directly with resources sector needs.[139] At the same time, defence's challenge in maintaining a consistent pipeline of work for shipbuilders and submarine sustainment creates an opportunity:

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[135] Department of Defence, National Defence: Defence Strategic Review 2023, Australian Government, 24 April 2023.
[136] Jobs and Skills Australia, Skills Priority List 2023 – Key Findings Report, Australian Government
[137] McKinsey, Has mining lost its luster? Why talent is moving elsewhere and how to bring them back, 14 February 2023; AusIMM, How do we nurture the future of the Australian minerals industry?, 5 December 2023.
[138] Jobs and Skills Australia, Skills Priority List 2023 – Key Findings Report, Australian Government, September 2023.
[139] Department of Training and Workforce Development, Western Australian Defence Industry Workforce Development Plan 2022–27, WA Government, September 2023.

coordinated planning across defence, resources and construction could support a more stable, shared workforce rather than intensifying competition for scarce skills.

WA is also likely to feel the impact of recent national changes to the Australian Apprenticeships Incentive System. Under these changes, employer incentives for qualifications on the priority list (excluding residential construction and the energy sector) fell from $5,000 to $2,500 from 1 January 2026, with equivalent reductions for apprentices. Given WA's strong reliance on priority list trades, these changes risk reducing apprenticeship uptake and completion at a time when workforce demand across WA's heavy industries is at a peak.

When workforce demand rises faster than the capacity to train and supervise workers, safety risks increase. Evidence from previous WA construction and mining booms demonstrates that reduced supervision, accelerated training, and reliance on inexperienced labour can elevate exposure to critical hazards.[140]

Skilled migration remains an essential lever to mitigate safety risks, support jobs growth and drive labour productivity. This is the case for experienced and highly skilled professionals and trades-qualified workers. While certain defence roles require citizenship, WA's reliance on migrant workers in engineering, maintenance and technical occupations means that delays in immigration processing or inconsistent qualification recognition have disproportionately negative effects in WA, where project sequencing and tight labour markets magnify every bottleneck.[141] Also, the Skilled Australia Fund (SAF) involves significant upfront nomination fees which are non-refundable where the application is refused – regardless of reason for refusal. This results in a duplication of costs for sponsoring employers in the event they elect to lodge a new application, which is a significant cost to all businesses, but particularly prohibitive for small-medium business.

Fragmented skills recognition processes can also delay workforce deployment, limit labour mobility across projects and reduce the attractiveness of WA as a destination for highly skilled workers. Comparable resource-intensive countries, such as Canada, have adopted a more coordinated approach to foreign qualification recognition, supporting faster entry to work while maintaining safety and quality standards.

While Australian Government initiatives through Jobs and Skills Australia and VET reform are constructive, greater focus is needed on expanding high-quality training capacity, strengthening supervision capability and ensuring migration settings support industries with significant safety-critical roles. Collaboration with industry in these areas will enable Australia to address both current and anticipated skills shortages.

Recommendations

Ongoing policy and funding support is required to increase the quantity, quality, and transferability of skilled labour in Australia. To support a continuous pipeline of skilled workers to safely and productively develop and operate WA resources sector projects and the development of new projects, CME recommends the Australian Government:

- Ensures workforce planning for national defence projects includes analysis of cross-sector labour demand in WA and identifies opportunities to develop a skilled workforce that can concurrently deliver defence, resources, construction and state infrastructure projects.
- Allocates funding to modernise and expand electrical licensing options available for clean energy jobs, with a priority on licence classes related to heavy machinery fleet maintenance that allow trades such as mechanical fitters to transition efficiently and continue to maintain Heavy Mobile Equipment.
- Adds the resources sector to the exclusion list for changes to the Australian Apprenticeships Incentive System and increases incentives for all employers to drive greater apprenticeship uptake, particularly for adult apprentices.
- Expands investment in high-quality VET delivery and assessors in WA for safety-critical and technical roles.

[140] DMPE, Fatal accidents in the Western Australian mining industry 2000-2012: What lessons can we learn?, WA Government, April 2014.
[141] WA Government, Submission to the Australian Government's 2024-25 permanent migration program, Department of Home Affairs, 22 December 2023.

- Improves skilled migration settings by ensuring timely processing of Skilled Nominated and Regional (Provisional) Skilled Nominated visa categories, increasing WA's skilled migration allocation to meet workforce demands, changing the refund policy of the SAF to allow refunds in instances where nomination is refused, and modernising IT systems so they are capable of efficient, transparent and demand-responsive processing.
- Assesses the viability of establishing a national, industry-informed skills recognition body for safety-critical and trade occupations, modelled on international best practice (such as in Canada). Such a model could provide consistent qualification equivalence, pre-arrival assessment and structured bridging pathways aligned to state licensing and workforce needs.

Workforce participation – Greater access to childcare is key to increasing workforce participation in the resources sector

Meeting long-term workforce needs requires increasing participation among groups that remain under-represented in mining and energy. Our member companies are making concerted efforts to drive diversity, equity and inclusion in the WA resources sector, however, there are barriers beyond employers' control limiting their ability to support increased participation.

Childcare access and cost remain major constraints for many families. Data from the Australian Bureau of Statistics shows that 70 per cent of mothers with children under 15 cite caring responsibilities as the main barrier to labour force participation, with many noting childcare cost or availability as the determining factor.[142] For fly-in, fly-out (FIFO) and shift-working families, these constraints often erode the financial incentive to work, even in metropolitan areas. Among many examples where industry is filling the gaps, Northern Star is providing additional payments to childcare workers' salaries and subsidising rent to retain that critical workforce in short supply.[143]

Our industry supports gender equality reforms through the Workplace Gender Equality Agency (WGEA) to improve transparency and drive change, but ongoing changes to WGEA reporting requirements has created a significant workload and the most recent change (introducing the targets framework) presents practical difficulties for project-based and contractor-heavy workforces. Many contractors do not routinely collect the required data, and small to medium enterprises often face a disproportionate administrative burden despite operating within large supply chains. Without simple and practical reporting tools, compliance effort risks outweighing the insights gained.

Mature-age worker participation also offers opportunity. As the sector becomes more technology-enabled, older workers are well placed for mentoring, supervisory and knowledge-transfer roles. Importantly, the latest data from Safe Work Australia shows that in 2024, workers aged 65 and over had the highest fatality rate of any age group — 4.3 fatalities per 100,000 workers — more than three times the overall rate.[144] This underlines the need for age-inclusive work health and safety (WHS) guidance and thoughtful role design to support older workers safely.

Recommendations

To support a practical and meaningful drive towards building diverse and resilient workforce, CME recommends the Australian Government:

- Continues to improve access and reduce the cost of flexible and high-quality childcare in metropolitan areas, considering the unique arrangements for FIFO and shiftwork families.
- Works with industry to co-design practical WGEA reporting models and digital tools that reflect the realities of project-based industries and contracting supply chains.
- Invests in targeted, industry-led workforce pathways that reduce barriers to entry and support the retention and progression of women and other under-represented groups, including funded reskilling, cross-training and career transition initiatives that help employers build sustainable and flexible workforce models.

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[142] ABS, Barriers and Incentives to Labour Force Participation, Australia

[143] Kalgoorlie childcare: Northern Star tops up childcare workers' salaries to keep them out of Super Pit

[144] Safe Work Australia, Key WHS Statistics Australia 2025; worker fatalities by age 65+, Australian Government, data release as of 16 October 2025.

- Supports industry initiatives that encourage greater use of mentoring, supervisory and knowledge-transfer roles for mature-age workers as operations become more technology enabled.

Work health and safety (WHS) – Greater engagement between Safe Work Australia and the WA resources industry is required

Safe Work Australia (SWA) plays an important role in developing national evidence-based WHS policy and coordinating regulatory frameworks across jurisdictions. The tripartite governance model is intended to allow industry, unions and governments to collaborate on WHS issues and produce guidance that is practical, contemporary, evidence-based and capable of supporting safe work.

However, as workforce and operational models evolve, SWA requires the capacity to engage more directly with all industries to ensure WHS policy settings are risk-based and suitable for a broad variety of operational contexts. Mining and energy operations in WA have unique WHS challenges, including complex contractor management, critical risks and remote operations. SWA guidance documents do not always reflect these realities, and a lack of public consultation alongside constrained timelines can limit meaningful engagement with technical subject matter experts.

Strengthening the resourcing, consultation mechanisms and industry interfaces within SWA would support more timely and specialised guidance. While SWA is not a regulator, WHS legislative and policy settings cannot be decoupled from compliance. Improved coordination between SWA and state-based regulators would also help ensure that WHS reforms and guidance remain consistent across Australia, where appropriate, reducing compliance complexity for businesses operating in multiple jurisdictions.

Recommendations

To ensure that model WHS policy changes are risk-based and avoid the introduction of unnecessary regulatory overlap and burden, CME recommends the Australian Government:

- Supports SWA to work more closely with the WA Minister for Industrial Relations, WorkSafe and the WA resources sector.
- Directs SWA to:
    - Prioritise regulatory impact assessments, genuine public consultation and evaluation as core elements of national WHS policy development process
    - Establish sector-specific working groups to enable deeper engagement with the WA resources sector and meaningful participation from technical experts and industry representatives.
    - Where appropriate, strengthen alignment between SWA guidance and state-based regulators to support nationally consistent WHS expectations.
    - Use the outcomes of the Best Practice Review to ensure future revisions of the model WHS laws and codes of practice remain outcomes-focused, risk-based and free from unnecessary prescription, consistent with the intent of nationally harmonised legislation.

Regional economic development

The WA resources sector is anchored in regional WA,[145] where most resource deposits are situated and developed. The wealth generated by the sector underpins both the state's and the nation's[146] economic prosperity. In a climate of rising costs, global market uncertainty and increasing regulatory, environmental and social governance requirements,[147] the adequate and accessible provision of economic and social infrastructure across regional and remote WA is pivotal. As such, we urge the Australian Government to prioritise regional economic drivers and liveability as a key pillar to future national prosperity.

Economic infrastructure is the building block of modern economic activity, including the cost-competitive and reliable provision of energy, water, telecommunications, and freight and transport (road, rail and port) infrastructure. Social infrastructure such as quality, affordable housing, education and training, early childhood education and care and health and wellbeing services create vibrant, safe and liveable communities, aiding the attraction and retention of skilled workers to regional locations.

The inadequate provision of essential economic and social infrastructure stunts regional economic opportunities and disincentivises private investment. CME urges the Australian Government to focus on equitable infrastructure service delivery across regional WA and prioritise areas demonstrating existing and future economic opportunities.

Freight networks – Debottlenecking key freight networks will drive economic activity

WA's regional freight networks are the lifeblood of the state's economic prosperity. Robust port, road, rail and aviation infrastructure underpin supply chain resilience, improve social connectivity and promote economic development. Regional WA ports are central to Australia's access to global markets, including the importation of key operational and construction inputs. Major regional roads are often the only practicable medium for the movement of goods across the state. Rail is critical to the movement of bulk goods within WA and interstate, while airport infrastructure plays an integral role in the rapid mobilisation of workers and essential workers driving commercial enterprise and liveability.

Regional WA is particularly exposed to extreme weather events such as drought, bushfires, storms, tidal surges, extreme winds and flooding. However, ageing and inadequate roads serving as nationally significant freight routes for the movement of essential and valued goods are particularly vulnerable to increasingly extreme weather events. Because many of these roads have not been built to withstand cyclones and storms, vast sections of the state can be left stranded for weeks at a time.[148] This single-corridor dependency is particularly acute in WA's north west, impacting high-value export supply chains and undermining strategic trade objectives. As well as the immediate cost burden of supply chain disruption to industry, the cost of mobilising emergency services and supplies – coupled with the long-term infrastructure repair – presents a significant financial burden to both the state and federal governments.[149]

Limited capacity at ports further compounds headwinds faced by resources operations across regional WA. CME member feedback indicates key regional ports lack sufficient berths or sufficient capacity for bulk handling, laydown and storage to support current freight demands. These ongoing bottlenecks are widespread, frustrating logistical planning and resulting in high demurrage costs.[150] Limited availability of common-user infrastructure also restricts smaller and new-to-market operators, and insufficient or inadequate intermodal connections (road and rail links to ports) increase freight costs and reduce supply chain efficiency.[151] These limitations compound regional cost disadvantages and act as barrier to investment. Furthermore, the importation of decarbonisation equipment,

[145] DMPE, Major resource projects WA: 2025, WA Government, 28 March 2025.
[146] CME, Economic Contribution Factsheets WA; Economic Contribution Factsheets AU, 2025.
[147] KPMG, Mining Risk Forecast 2025, 2025.
[148] ABC, Supermarket shelves stripped bare, 2025. Guardian, Cyclone Ellie, 2023.
[149] The West Australian, Cost of Cyclone Ellie, 2023.
[150] WA Government, Shipping and Supply Chain Taskforce, September 2023; Sydney Morning Herald, Bottleneck at WA port, January 2023.
[151] WA Government, Shipping and Supply Chain Taskforce, September 2023.

including wind turbines and other modules supporting the decarbonisation of WA's regions, is likely to put additional strain on existing resources. Additionally, WA's rail network is fragmented, frustrating the practicable and efficient movement of bulk goods. A combination of a fragmented network, mixed gauge lines and varying access means the flexibility and broad coverage of WA's roads is often the preferable, albeit inefficient, alternative.

CME welcomed the announcement of First Point of Entry (FPOE) status to the Port of Broome in February 2024[123] and the subsequent announcement of FPOE status for the Ports of Wyndham, Ashburton and Dampier in early 2025.[124] This status will improve supply chain flexibility and reduce costs and emissions related to trucking goods over long distances from other ports. CME also notes the Australian Government's commitment of $2.5 million towards a feasibility study into the WA Government's plan to buy back thousands of kilometres of privatised freight rail lines and the Commonwealth's investment into an ongoing feasibility study for the Kalgoorlie intermodal terminal and rail realignment.

Further investment is required to improve the capacity and resilience of economic infrastructure across regional WA to incentivise economic development. Road improvements at pinch points in key transport corridors, particularly across the north west WA, are critical. There also needs to be a significant capital outlay in regional ports that sees a shift from maintenance and incremental productivity improvements to meaningful capacity and accessibility overhauls.

Recommendations

To streamline productivity and help major projects remain competitive, CME recommends the Australian Government:

- Continues to work with the WA Government and commits additional funding to improve the resilience of the Great Northern Highway. This includes road resealing and raising and improving drainage on vulnerable sections of the road.
- Commits funding to increase the number of overtaking lanes to improve safety on key road freight corridors, including Newman to Port Hedland, Karratha to Roebourne and Port Hedland to Broome.
- Works with the WA Government to support the realisation of the final stages of upgrades to the Manuwarra (Red Dog) Highway (Tom Price to Karratha).
- Leverages the NAIF to provide capital grants to increase berthing, storage, laydown and system capacity at regional WA ports, including Port Hedland, Dampier, Bunbury, Broome, Ashburton and Wyndham.
- Expedites the implementation of the FPOE determination for the Ports of Broome, Wyndham, Ashburton and Dampier, including the design and development of essential security and biosecurity infrastructure and a resourcing plan to facilitate international vessels and cargo.
- Continues to support business case development for the rail realignment and intermodal rail terminal project near Kalgoorlie-Boulder.

Housing – Unlocking affordable housing is an urgent priority

Adequate and affordable housing is central to attracting people to live and work in regional WA. Housing provision is the cornerstone of thriving regional communities. It supports the development of new infrastructure and the provision of essential community services such as healthcare, education, and recreational facilities. Stable housing conditions promote community wellbeing, social inclusion and economic diversity. The industry's success is closely tied to the prosperity and liveability of the regions in which our members operate.

Published rental vacancy rate data, CME membership and stakeholder feedback have consistently identified a severe undersupply of diverse and affordable housing across WA in recent years.[152] Regional WA is experiencing a sustained housing shortage that is constraining workforce attraction,

[152] Real Estate Institute of WA, Rental Vacancy Rates, 2025.

project development, and the delivery of essential services. CME members increasingly cover housing costs for employees and in some cases essential services workers, raising operational costs and affecting project viability. The high cost to build in several regional areas can outweigh the end market value of properties, preventing new developments from obtaining finance. Where valuations do support construction, limited availability of serviced residential land, and shortages in local construction workforce and contractors continues to frustrate new supply.

High finance and insurance costs further compound the costs of regional housing. These issues result in a lack of diverse and affordable housing stock, inhibit investment, disincentivise the provision of key community services and negatively impact regional liveability. Commodity market volatility affects the timing of resource project development, which can see the mobilisation of large workforces in and out of the regions and results in surges of housing availability. Lack of housing undermines labour mobility and disrupts the efficient operation of the labour market. CME members report chronic difficulty filling regional residential roles, despite offering incentives such as relocation packages, subsidised housing loans, mortgage and rent assistance.

CME welcomed the Australian Government's commitment in the 2025-26 Federal Budget to invest an additional $800 million into the Help to Buy Housing program. CME also noted the Australian Government's $58.8 million commitment to increase support for housing, including $54 million to increase the supply and adoption of prefabricated and modular housing construction.

CME's 2019 submission to the PC's inquiry into remote area tax concessions and payments highlighted support for taxation arrangements that promote economic development of WA regions and their communities.[153] The Australian Government helps Australians who reside in specified geographic areas through the Zone Tax Offset, the Fringe Benefits Tax (FBT) remote area concessions and the Remote Area Allowance. CME has long argued the provision of employer-owned remote area housing to employees is an expense incurred in the ordinary course of carrying out business. These expenses are operational, linked to the remoteness, availability, volatility, spatial and temporal variability of projects typical of the resources sector. Therefore, there is an opportunity to improve policy neutrality and increase housing supply by equalising the 50 per cent FBT concession on employee-sourced housing, mortgage interest and rent assistance to a 100 per cent FBT exemption. The current FBT regime is not designed to incentivise employees acquiring housing.

Recommendations

To alleviate WA's chronic regional housing shortage, CME recommends the Australian Government:

- Increases the 50 per cent FBT concession on employer-provided assistance to employee-sourced accommodation, including residential utilities, rent, mortgage interest and purchase property costs, to a 100 per cent FBT exemption in remote areas.
- Leverages the NAIF to deliver social and key worker housing through its Social Infrastructure support category, following successful precedent in northern Queensland.
- Commits funding to support the WA Government release industrial and residential land in regional centres such as Port Hedland and Karratha where the cost of development outweighs the value of the land.
- Prioritises freight infrastructure investments in key ports and roads to reduce freight costs for housing materials.
- Ensures the National Housing and Homelessness Plan and Housing Support Plan deliver improved housing affordability and availability in regional areas.

[153] CME, Remote area tax concessions and payments: Issues paper, submission to the PC, May 2019.

Social infrastructure – Providing social services to the regions comparable to services in metro areas will greatly enhance liveability

Access to early childhood education and care (ECEC) and local healthcare and wellbeing services is a key enabler of regional economic growth and productivity. Sustainable, accessible and affordable access to health services and childcare supports workforce attraction and retention, increases productivity, reduces social dependency and promotes diversity and inclusion.

An acute under-provision of ECEC across many parts of regional WA has seen some regions dubbed 'childcare deserts' and is stifling workforce attraction, retention and productivity.[154] Where ECEC systems exist, they do not always address constraints on parents' workforce participation, including long working hours, shift work, travel commitments and unique work rosters. ECEC shortages are particularly prevalent in the Pilbara and the Goldfields, with some children on childcare centre waitlists for more than two years.[155] In response, the WA resources sector is investing in local initiatives, including through their social investment programs, to help address shortfalls. Long-term government investment is needed to ensure the adequate and sustainable provision of ECEC services in regional WA.

Access to local healthcare and wellbeing services, including mental health, domestic violence and community safety services, supports the welfare and safety of residential workforces and communities. The under-provision of adequate regional healthcare infrastructure and wellbeing services is a significant barrier to residential workforce attraction and retention.[156] Lengthy delays in accessing local services, the reliance on travel to the Perth metropolitan region to access some healthcare services, and the risk of late medical intervention negatively impact workplace productivity, undermine industry competitiveness and detract from regional liveability. The lack of basic medical services across many parts of regional WA points to inequitable healthcare, undermining productivity and liveability in those regions. Industry and local governments are increasingly having to provide incentives to attract General Practitioners to the regions.

CME welcomed the $11.5 million commitment to early childhood education and care in the 2025-26 Federal Budget to support early childhood education and care and improve educational outcomes in Australian schools. We also note the previous 15 per cent pay rise for ECEC workers to encourage greater diversity and participation in regional workforces, and support current Australian Government funding to attract and retain primary healthcare workers opting to live and work in regional communities through the Workforce Incentives Program. CME also supports the work of the WA Health Alliance, responsible for planning and coordinating investment towards equitable primary care services across WA on behalf of the Australian Government.

However, the inadequate provision of essential social infrastructure such as healthcare and childcare continues to stunt regional economic opportunities and liveability. CME urges the Australian Government to focus on equitable social service delivery across regional WA and prioritise areas demonstrating existing and future economic opportunities.

Recommendations

To support a move towards equitable social service delivery across regional WA, CME recommends the Australian Government:

- Targets financial and social support incentives to attract ECEC providers and workers to regional areas through health, wellbeing, housing and professional development opportunities. These incentives should also apply to workers providing out-of-school-hours care.
- Sustainably funds equitable primary and mental healthcare infrastructure in regional centres across Australia, particularly in regional WA.

[154] Victoria University, Childcare accessibility in Australia, 2024.
[155] ABC, Childcare stopping mums returning to work 2023. ABC Childcare waiting lists blow out, 2023.
[156] ABC, Fears Royal Flying Doctor Service is being used to prop up inadequate rural healthcare, 2023.

- Expands existing funding for primary healthcare workers opting to live and work in regional communities through the Workforce Incentives Program.
- Offers financial incentives to attract and retain General Practitioners to regional WA towns and centres.
- Incentivises further private healthcare investment in regional Australia and e-Health opportunities through grants and co-investment.

Conclusion

Australians enjoy a standard of living that is among the highest in the world. This prosperity is due largely to the success of WA's world-leading resources sector, developed on the back of strong investment fundamentals which have attracted over $842 billion in capital investment in the state over the past two decades.

However, the WA resources sector is operating in an increasingly competitive global environment at the same as its historical competitive advantages are deteriorating, especially across access to resources, energy and fiscal settings.

Reclaiming our nation's competitive edge is vital to creating a prosperous future for generations of Australians and CME's 2026-27 Pre-Budget Submission provides the WA resources sector's insights and views on how the Australian Government can do so.

CME appreciates the ongoing engagement and cooperation between the resources sector and the Australian Government and its agencies for the benefit of the entire Australian community.

Yours sincerely,

Aaron Morey

Chief Executive Officer