

## INFRASTRUCTURE AUSTRALIA: REGIONAL STRENGTHS & GAPS PROJECT SURVEY

The Chamber of Minerals and Energy of Western Australia (CME) is the peak representative of the Western Australian (WA) resources sector. CME has a diverse membership, covering over 70 mining and energy companies both up and downstream operating across regional and remote WA.

In preparing this submission, CME will broadly comment on common themes such as opportunities and challenges relevant to the demand and supply of infrastructure used or owned and operated by the sector. In balancing the views of a diverse membership, priorities between regions are not ranked.

### 1. Which region(s) are you providing feedback on?

- Peel-South West
- Goldfields-Esperance
- Pilbara
- Kimberley
- Mid West-Gascoyne

### 2. What do you see as the region's key physical or natural assets? Describe each asset and why you see it as a regional strength.

Region	Strengths	2020 commodity export value <sup>1</sup>
Peel-South West	A biodiversity hotspot and scenic landscape, within a two-hour drive of the Perth metropolitan region.	> \$4 billion Bauxite-alumina, gold, lithium, coal and mineral sands.
Goldfields-Esperance	An area rich in geological deposits and history, within a one-hour flight from Perth.	> \$15 billion Gold, nickel, lithium, rare earths, cobalt and copper.
Mid West-Gascoyne	Solar, wind, land and proximity to the South West Interconnected System (SWIS), which is suitable for new energy industries.	> \$4 billion Gold, iron ore, copper, mineral sands and salt.
Pilbara	Proximity and access to the Asian market for exports (ports) and high iron ore content.	> \$110 billion Iron ore, gold, salt and lithium.
Kimberley	Rich geological landscape and proximity to the Canning and Browse Basins, enabling WA to benefit from affordable domestic gas prices.	> \$ 2 billion Iron ore, mineral sands, nickel and gold.

<sup>1</sup> [Government of WA](#), 2020 Spatial and regional resources data, Department of Mines, Industry Regulation and Safety, 1 April 2021.

**3. Which incumbent industries are a regional strength and why?** Please be specific and attempt to quantify why the named industry is a strength for the region (i.e. employees, community impact, environmental impact, contribution to Gross Regional Product).

The WA resources sector is a strong contributor to each of these regions. Based on a 2018-19 economic contributions survey of more than 50 companies, the sector supported more than 14,000 businesses, 800 community organisations and 75 local governments across WA.<sup>2</sup>

A regional breakdown of these contributions is provided below. Please note these figures exclude the economic effects of household consumption (i.e. spending by those directly and indirectly employed).

Type	Peel-South West	Goldfields-Esperance	Mid West-Gascoyne	Pilbara	Kimberley
Full-time jobs directly (residents)	8,483	2,305	2,423	10,262	586
Salaries and wages	\$1 billion	\$276 million	\$330 million	\$1.6 billion	\$84 million
No. of businesses	789	874	439	682	265
% of local business <sup>3</sup>	> 5%	> 20%	> 15%	> 30%	> 10%
No. of community organisations	124	175	56	213	58
No. local governments	13	8	20	4	3
% of local government rate revenue	> 3%	> 13%	> 5%	> 51%	> 1%
Full-time jobs indirectly (supply chain)	7,062	5,827	2,185	13,387	1,120
% of regional jobs with a WA resources sector influence <sup>4</sup> (direct + supply chain)	> 20%	> 35%	> 60%	> 70%	> 10%

<sup>2</sup> [CME](#), 2018-19 economic contributions, WA factsheet, 20 July 2020.

<sup>3</sup> [ABS](#), 8165.0 Counts of Australian businesses including entries and exits 2015 to 2019, 20 February 2020 release.

<sup>4</sup> [Government of WA](#), WA Economic profile – December 2019, Department of Jobs, Tourism, Science and Innovation, 9 January 2020.

**4. Please provide details of any other strengths relevant to the region.** Please click on the link below this form if you wish to submit documentation (PDF or word format) in support of your answers (e.g. research report or similar evidence in support of identified regional strengths).

Region	Other infrastructure related strengths
Mid West-Gascoyne	<ul style="list-style-type: none"> <li>• APA Group will be piloting a 43-kilometre conversion of the Parmelia Gas Pipeline to be hydrogen-ready for safe and efficient transmission.<sup>5</sup> The pipeline will help businesses and industry to transition to low-carbon energy use.</li> </ul>
Pilbara	<ul style="list-style-type: none"> <li>• Leveraging proximity to Asia, Rio Tinto has launched a new direct freight shipping service from Singapore to Dampier.<sup>6</sup> The service is open for use by local businesses and should help reduce the cost of doing business in remote WA.</li> <li>• Using solar energy, sea water and access to markets, Yara Pilbara Fertilisers proposes to produce carbon-free fertiliser and green ammonia for export.<sup>7</sup> This will help the agriculture industry reduce emissions in their feedstock.</li> </ul>

**5. What are the key infrastructure gaps in the region?** Please list up to five gaps ranked in terms of priority (1 highest priority, 5 lowest priority) and quantify why you believe it is a gap? Note: Infrastructure gaps are localised challenges or opportunities, where the solution (either built or reform) is not defined. This project will not define specific infrastructure projects.

Energy infrastructure is a high priority across the Pilbara, Mid West-Gascoyne, Goldfields-Esperance and South West regions. Both the South West Interconnected System (SWIS) and North West Interconnected System (NWIS) are undergoing significant reforms. To successfully deliver Australia's Modern Manufacturing Strategy, affordable and reliable energy will be key to unlocking value-adding downstream industries.

Childhood education and care services (social infrastructure) is also a priority in the Pilbara and Goldfields-Esperance regions. Currently, the gender gap for WA workforce participation is the highest in the regions, with 57 per cent of women citing lack of childcare as a barrier to further work.<sup>8</sup> In attracting workers to reside close to where they work, access to quality education<sup>9</sup> and affordable childcare is one of the facets families consider in assessing regional amenity.

Region	Key infrastructure gaps
Peel-South West	<ul style="list-style-type: none"> <li>• Water (1) – Water scarcity and security given multiple competing uses.</li> <li>• Energy (2) – Transmission infrastructure may need to be upgraded to cope with increasing penetration by renewable energy sources.</li> <li>• Transport (3) – Existing rail and road infrastructure does not adequately consider capacity for establishment of new industries or expansion of existing industries. Greater consideration of multi-user infrastructure should be considered to minimise duplication and promote infrastructure sustainability.</li> <li>• Land use (4) – With urban sprawl, strategic industrial areas, ports, infrastructure facilities and transport corridors are at risk of encroachment.</li> </ul>
Goldfields-Esperance	<ul style="list-style-type: none"> <li>• Energy security (1) – Lack of consistent supply restricts continuous operation.</li> </ul>

<sup>5</sup> [APA Group](#), *APA set to unlock Australia's first hydrogen-ready transmission pipeline*, media statement, 23 February 2021.

<sup>6</sup> [Rio Tinto](#), *Rio Tinto connects the Pilbara to Asia with new direct freight shipping service*, media release, 19 February 2021.

<sup>7</sup> [Yara International ASA](#), *ARENA announces funding for Yara Pilbara and ENGIE's feasibility study on a renewable hydrogen to ammonia solution in fertilizer production*, news release, 21 February 2021.

<sup>8</sup> [Government of WA](#), *2019 Women's Report Card – An indicator report of WA women's progress*, Department of Communities, August 2019.

<sup>9</sup> [Government of WA](#), *Living in the regions 2016 – Insights report*, Department of Primary Industries and Regional Development, 6 December 2017.

	<ul style="list-style-type: none"> <li>• Land use (2) – Shortage of available land for residential accommodation can restrict growth of the workforce. There is also a need for more integrated, longer-term planning for releasing industrial land.</li> <li>• Water quality (3) – Supply of quality water reduces maintenance requirements.</li> <li>• Childcare (4) – Increased availability to promote parents to return to work.</li> </ul>
Mid West-Gascoyne	<ul style="list-style-type: none"> <li>• Energy (1) – Strategic opportunity to capitalise on.</li> </ul>
Pilbara	<ul style="list-style-type: none"> <li>• Energy reforms (1) – CME notes uncertainty amongst industry on implementation and timing of upcoming reforms to the NWIS. The project, first approved for undertaking in December 2014, has undergone several iterations.</li> <li>• Land use (2) – Shortage of available land for residential accommodation can restrict growth of the workforce.</li> <li>• Childcare (3) – Increased availability to promote parents to return to work.</li> </ul>
Kimberley	<ul style="list-style-type: none"> <li>• Road upgrades (1) – There is less funding allocated to roads in northern WA. There are several single lane bridges and flood ways which need to be improved to achieve safety and network efficiency gains.</li> </ul>

**6. For each of the infrastructure gaps listed above, if these gaps were addressed what would that mean for your business/industry/organisation you represent?** Please be specific and attempt to quantify the positive impact (for example, how much faster would your revenue grow, or how many more employees would you hire, what would be the social, community or environmental impact...)

Depends on the business case of each member company. General comments on positive impacts are provided in the above table.

**7. What other stakeholders/industries/businesses/residents/community would benefit from addressing this gap and why?**

Further to our response to question 3, the sector supports several businesses, community organisations and local governments. Supporting industries servicing the WA resources sector would benefit from continuity and growth of projects.

**8. Do you have any other comments about the Regional Strengths and Gaps project?**

CME understands this project will inform the priorities of each Regional Development Australia committee. To promote stakeholder engagement and discussion (buy-in), CME recommends the prioritisation process for each RDA Committee is closely aligned with the WA Department of Primary Industries and Regional Development and its Regional Development Commissions. Acknowledging a new Charter has come into effect this year for RDA Committees, greater collaboration with local stakeholders will help ensure the program is effective and avoid past concerns.<sup>10</sup>

For example, the RDA's release of *Lithium Valley* created an optimistic expectation which failed to adequately recognise the policy, regulatory, fiscal and workforce barriers that need to be addressed to capitalise on this strategic opportunity. CCIWA<sup>11</sup> and CME<sup>12</sup> have subsequently commissioned reports on the challenges of securing this competitive advantage.

CME has previously made submissions on related infrastructure matters, and where relevant, recommends alignment to outcomes from these consultations:

<sup>10</sup> [Commonwealth of Australia](#), *Regions at the ready – Investing in Australia's future*, Select Committee on Regional Development and Decentralisation, June 2018.

<sup>11</sup> CCIWA, *WA's future in the lithium battery value chain*, November 2018.

<sup>12</sup> [CME and AMEC](#), *A case for building resilience into WA's lithium industry*, June 2020.

- Draft Bunbury Geographe Sub-Regional Strategy, submission to the Department of Planning, Lands and Heritage, 10 February 2021.
- State Infrastructure Strategy – Discussion paper, [submission](#) to Infrastructure WA, 31 August 2020.
- Pilbara economic development – Consultation paper, submission to the Department of Jobs, Tourism, Science and Innovation, 15 February 2020.
- [Submission](#) to the Select Committee on the effectiveness of the Australian Government's northern Australia agenda, 20 September 2019.
- Review of the Northern Australia Infrastructure Facility, submission to the Department of Industry, Innovation and Science, 13 December 2019.
- Policy, regulatory, taxation, administrative and funding priorities for Australian shipping, [submission](#) to the Senate Standing Committees on Rural and Regional Affairs and Transport, 22 March 2019.