Submission
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Foundations for a Stronger Tomorrow

Draft State Infrastructure Strategy

Submission to Infrastructure Western Australia

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About CME

The Chamber of Minerals and Energy of Western Australia (CME) is the peak resources sector representative body in WA. CME is funded by member companies responsible for more than 88 per cent of the State's mineral and energy workforce employment,[1] ranging from mining (mineral and petroleum commodities), manufacturing (alumina, basic inorganic chemicals and explosives) and support services (aviation, gas transmission pipelines and electricity supply).

In 2020, the industry reported a record value of $174 billion,[2] with iron ore the most valuable commodity at $116 billion. Petroleum products (including crude oil, condensate, liquefied natural gas, liquefied petroleum gas and natural gas) followed at $27 billion, with gold third at an all-time high of $17 billion.

The value of royalties received from the sector totalled $12.7 billion in 2020-21, accounting for 31.7 per cent of general government revenue.[3] Accounting for 47 per cent of the State's total Gross Value Added by industry,[4] the sector is a significant contributor to the local, State and Australian economies.

Context

The WA economy is performing extraordinarily well, helped by substantial royalty and payroll tax receipts collected from the WA resources sector. Although assumptions of when iron ore prices will fall to their long-run average keep deferring, it will inevitably happen. With the largest Asset Investment Program on record announced last year as recovery, it will become unsustainable to continue infrastructure stimulus spending.

To date, the COVID-19 pandemic has laid bare our vulnerabilities, escalating the skills shortage, tightening the intense competition for skills in a finite Australian labour market and constraining our capacity to invest in new or existing infrastructure. As we continue to live with the uncertainty of COVID-19 and its emerging variants, there should be discipline and vigilance on infrastructure prioritisation and funding, ensuring better value for money outcomes. Recovery should focus on building resilience, facilitating business investment and job-led sustaining growth. Therefore, it is pleasing to see Infrastructure Western Australia (IWA) work alongside Infrastructure Australia (IA) to develop a framework of ten common principles for an infrastructure recovery response.[5]

While CME acknowledges and supports the recent 2021-22 WA Budget (the Budget) announcement to smooth out $506 million of transport projects over the forward estimates, the total health and economic impacts of COVID-19 are yet to shake out globally, nationally and locally. Public investment into infrastructure needs to be firmly cost-controlled, providing the State Government with the fiscal capacity to respond to the risk of new variants of COVID-19, address the skills shortage, meet net zero emissions aspirations, respond to geopolitics and other headwinds.

The work by IWA to extensively consult, prepare and deliver the 300-page draft State Infrastructure Strategy (the Strategy) is strongly supported by CME. To facilitate a sustainable longer-term future of economic growth and diversification, a strategic whole-of-government approach and vision on infrastructure priorities, coordinated planning and delivery are necessary. We look forward to continued engagement with IWA and the release of the finalised Strategy next year.

Recommendation summary

Access to affordable, reliable and connected infrastructure is crucial for pit-to-port supply chains, influencing the capacity of members to compete internationally as low-cost producers in the global markets for iron ore, lithium, gold, LNG and other commodities. We acknowledge infrastructure directly impacts business case viability, productivity and ongoing competitiveness. Infrastructure will be exponentially relevant to WA seeking

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[1] Government of Western Australia, *2020 Economic indicators resources data*, Safety Regulation System, Department of Mines, Industry Regulation and Safety, 1 April 2021.
[2] Ibid.
[3] Government of Western Australia, *2021-22 Budget: Economic and fiscal outlook*, Budget Paper No. 3 presented to the Legislative Assembly, Department of Treasury, 9 September 2021.
[4] Cassells, R. *et al*, *BCEC Quarterly economic commentary: November 2020*, Bankwest Curtin Economics Centre, 26 November 2020, p. 2.
[5] Commonwealth of Australia, *Common principles of infrastructure recovery (COVID-19)*, IA.

to achieve its downstream processing and advanced manufacturing aspirations, including near-term and developing opportunities in future-facing commodities and the emerging hydrogen industry.

In preparing this submission, CME has focused our commentary on cross-cutting themes, sector-specific matters and non-build solutions that are materially relevant to our members. Given the breadth of the Strategy and the diverse interests of our membership, the feedback we have provided is non-exhaustive and targeted wherever possible.

In principle, CME supports most of the Strategy's views and recommendations that call for increased clarity, consistency and coordination. Most of the observations are linked to previously identified systemic failings,[6] requiring improved public sector governance, integration, transparency and accountability to be addressed.

Our views on some of the Strategy's specific recommendations are in Appendix A. We have classified our response into the following four categories. Where we have indicated qualified support or do not support, we have endeavoured to provide supporting commentary.

- Strong support
- Support
- Qualified support
- Do not support.

We also encourage IWA to view the submissions we have made on related build and non-build infrastructure matters such as approvals reform and land use planning (see Appendix B).

[6] Premier of Western Australia, *Major systemic failings identified in Special Inquiry*, media statement by the Hon. Mark McGowan MLA, Premier; Treasurer; Minister for Public Sector Management; Federal-State Relations, 20 February 2018.

Coordinating a whole-of-government vision on infrastructure

CME acknowledge this is the first Strategy and understand the focus thus far has been on obtaining an end-to-end government perspective on infrastructure. There is considerable overlap in what each Ministerial portfolio and State agency have underway with their committed funding and resources from the Budget. CME, therefore, appreciate IWA's focus on transparency and completeness in bringing these discrete initiatives into one coherent umbrella of infrastructure. CME, however, would like to caution the fine line of avoiding duplication in government effort.

Overall, CME agrees with IWA that strategic, longer-term infrastructure planning can be inconsistent, sometimes absent and influenced by siloed interests in agencies. For significant infrastructure projects involving more than one agency, tangible progress can be limited to budgetary cycles or sidelined in favour of service delivery where recurrent appropriations are guaranteed. We understand these issues can arise because infrastructure is inherently complex, requiring consideration across multiple disciplines, stakeholder groups, spatial and temporal dimensions.

Like public sector reforms, infrastructure needs to be underpinned by good governance and a clear, shared vision for stewardship. We have observed an increasing trend towards establishing new standalone cross-agency taskforces to address these underlying barriers.[7]

If business case development is successful, Westport will be an excellent example of the longer-term benefits that can be achieved from whole-of-government coordination and collaboration. The visibility of engagement of multiple local governments and government trading enterprises (GTEs), in addition to agencies, departments and statutory authorities, is what makes this project, unlike others.

Government trading enterprises

Port authorities are gateways for inbound and outbound freight movement. At the same time, electricity and water utility providers keep industrial processes running and operating, supporting economic activity directly as an input or indirectly as an overhead. It is therefore pleasing to see the Strategy include more than a hundred mentions of GTEs.

Most of our members have one or more operations and prospective projects across WA. Therefore, some interact with more than one GTE and notice how GTEs publicly approach infrastructure investment decisions beyond the forward estimates differently. This inconsistency can also apply to short to medium-term decision-making processes unrelated to infrastructure. Exposure risks to COVID-19, for example, have been assessed differently by each of the port authorities, resulting in different operating protocols.

We also understand GTEs forecast demands differently, assessing the certainty of new or increased demand differently into their scenario planning and, therefore, longer-term strategic planning. Western Power has a well-established block load criteria framework (albeit almost a decade old) which assigns loads into three discrete categories of low, central and high out to seven years.[8] The increasing risk of system inertia and reliance on fast ramp-up generation will likely change the assigned weighting of multi-criteria analyses (MCA) used in these frameworks. Given the uncertainty of new technologies emerging and whether the current uptake rate of existing technologies will accelerate, assessment frameworks like this may need refreshing more regularly to inform a whole-of-government vision on energy infrastructure.

For larger scale proponents seeking to invest in WA or expand existing investments, improved clarity on what GTEs plan to do in response to megatrends and net zero 2050 ambitions is needed. CME, therefore, supports the Strategy's recurring themes of a need for increased transparency, consistency and sharing of information across GTEs. See Appendix A for details.

Some of CME's members have a diversified customer base and operation, servicing the WA resources and public sectors or compete with GTEs for market share and have observed the following:

- An absence of a clear pipeline of infrastructure projects beyond Budgeted expenditure. First established last year, we welcome the current Pipeline of Work at $30.7 billion[9] as a positive step. As governance and asset management matures under IWA and the Department of Treasury guidance, we expect more

[7] Recent examples include the Westport Taskforce, Energy Transformation Taskforce, Future Battery Industry Taskforce, Port Hedland Dust Taskforce, Major Projects Directorate and Renewable Hydrogen Council.
[8] Western Power, *Annual planning report 2012*, figure 4.1, p. 48.
[9] Premier of Western Australia, *Projects adjusted to deliver a strong economy for the long term*, media statement by the Hon. Mark McGowan MLA, Premier; Treasurer; Minister for Public Sector Management; Federal-State Relations, 9 September 2021.

detail and projects to be added to this pipeline. As many of the businesses that supply project-based services to the State Government also supply to the WA resources sector, line of sight on upcoming work will help firm up certainty and allow internal investment in capability and capacity in anticipating project demand.

- The Pipeline of Work could identify if the projects include new and sustaining capital, aligning with private-sector practices. Currently, the onus is on the industry to engage with State agencies and GTEs on their infrastructure plans outside the forward estimates.
- Open and transparent risk acceptance, acknowledging when the risk should not sit with government.
- Lack of contingency planning for changes in economic circumstances, e.g. supply chain patterns due to COVID-19 imposed travel restrictions or factory closures, escalating material costs and wage pressures due to the skills shortage in WA.

Local governments

Despite references throughout the Strategy to place-based decision making, we understand IWA's powers do not explicitly extend to local councils. In regional and remote WA, local councils carry significant economic and social infrastructure portfolios, directly influencing amenity and community well-being.

In reforming how State agencies fund or manage infrastructure through the provision of grants to local governments or in working parallel like in the case of METRONET, it is crucial, the chronic operating deficits and infrastructure backlogs in areas of regional WA does not unintentionally worsen. For example, local governments in the Gascoyne region spend almost half of their annual expenditure on transport, with a Financial Health Indicator and Asset Sustainability Score below the WA average in 2019-20.[10] We, therefore, welcome a continued Budget commitment to the State Road Funds to Local Government Agreement, allocating a portion of vehicle licence fee collections towards local governments. This allocation helps alleviate the pressures of vertical fiscal imbalances and enables local governments to work alongside Main Roads WA in maintaining road infrastructure.

Recommendations 39 and 40 on asset management maturity also do not mention local governments. Other than recommending an increased portion of funding to local government biking projects (recommendation 60), the Strategy is mainly silent on vertical and horizontal fiscal imbalances and the effects on infrastructure maintenance. It is thus vital in implementing recommendations such as 19 and 25; there is due consideration given beforehand on the funding and resourcing of local governments and the relevant assisting agencies.

Role of the private sector and opportunities in a low emission economy

Whilst recognising the competitive strengths and resilience of the WA resources sector, further diversification from the existing base into new and emerging downstream value-adding and adjacent industries presents a significant opportunity for WA in the global transition towards a low emission economy. WA has several existing advantages to leverage in the worldwide energy transition, including:

- Established gas pipeline infrastructure and extractive industries.
- Access to established global supply chains and trading relationships.
- Port access and proximity to markets in the Asia-Pacific to keep shipping costs low.

Green iron and steel

Steel is a critical input into public infrastructure but is a significant contributor to embodied emissions. Globally, producing steel and cement generates 15 per cent of all global carbon dioxide emissions.[11] WA's world-class iron ore industry is an opportunity to progress further down this value chain into beneficiated products for use in green iron and steel production. For example, the exothermic nature of magnetite requires less energy for pellet production, resulting in lower energy consumption, production costs, and emissions.

[10] Government of Western Australia, *MyCouncil: Compare all councils*, Department of Local Government, Sport and Cultural Industries,
[11] Commonwealth of Australia, *2021 Australian Infrastructure Plan*, IA, 2 September 2021, p. 233.

The higher iron content in magnetite products makes it more suitable for LNG-fuelled direct reduced iron (DRI) processes, with a lower emission footprint than coal-based reduction technologies. These DRI technologies are also adaptable for use with hydrogen, providing the potential for lower or zero emissions in iron ore and steel production.

Hydrogen

However, CME notes that most of the financial focus at the State level has been supporting diversification into renewable hydrogen. In contrast, significant investments in decarbonising alumina and fertilisers have primarily been funded to date by the Federal Government through the Australian Renewable Energy Agency. We therefore strongly welcome the State-based initiative by the Minerals Research Institute of WA to support the industry in reducing emissions in steel and related industrial processes.

Further to the recent submission by the Australian Petroleum Production and Exploration Association (APPEA),[12] natural gas can assist in the global transition to a lower emission economy. CME support their views on the identified challenges for energy and export infrastructure. CME would like to also welcome the recently announced partnership with the Future Fuels Cooperative Research Centre[13] and the public release of the ACIL Allen report into downstream gas processing,[14] officially expanding the focus by more than one Minister to other low carbon fuels. In finalising the Strategy, some of the findings and recommendations from the ACIL Allen report we would like to draw IWA's attention to consider include:

- Findings 3 and 6. There is an active interest in value-adding gas projects to produce basic chemicals and fertilisers for export to agriculture in the Asia-Pacific. However, it will be used as a feedstock rather than an energy source, presenting a challenge for WA.
- Findings 11 and 12. Time, complexity and capital costs associated with obtaining approvals, land tenure, remoteness of some projects and our industrial relations system as deterrents.
- Recommendation 4. Preparing Strategic Industrial Areas (SIAs) in the North West to be development ready in facilitating downstream industries, including confirming appropriate planning arrangements for infrastructure corridors and engaging with GTEs and other utility providers to meet needs.
- Recommendation 5. Firm definitions of which projects are eligible to achieve State Significant status.
- Recommendation 6. Formalise the approach of providing capital support for heavy industry projects, including infrastructure the State Government is willing to fund or provide. Adopting this recommendation should avoid duplication with existing mechanisms.

Critical minerals and battery materials

Throughout the Strategy, there is little discussion of the relationship between climate change, energy, low emission vehicles and what this can mean for the upstream demand of the relevant inputs from WA. Our members who mine and process minerals like copper, nickel, lithium and cobalt will have a significant role to play as economies worldwide undergo their energy transition.[15]

While CME recognises IWA's remit extends to some infrastructure owned and operated by the private sector, the State Government will need to be more transparent on its position for this industry. For example, actions to stimulate domestic demand for battery electric vehicles (EVs), energy storage systems (ESS) and the subsequent second-order effects for infrastructure servicing these up-and midstream industries (e.g. decarbonisation of GTEs).

During the last boom in EV uptake and the resulting increase in lithium prices, WA could not get the approvals and infrastructure underway to take advantage of the elevated prices fully. Supply and market balances can be inconsistent for these commodities with few competitors, and the State Government cannot accept these

[12] APPEA, *Re: Inquiry into intergenerational challenges and opportunities for the WA economy*, submission to the Economics and Industry Standing Committee, 27 August 2021.
[13] Minister for Hydrogen Industry, *WA joins Future Fuels CRC*, media statement by the Hon. Alannah MacTiernan MLA; Minister for Regional Development; Agriculture and Food; Hydrogen Industry, 14 September 2021.
[14] Deputy Premier, *New study fuel for WA gas industry*, media statement by the Hon. Roger Cook MLA, Deputy Premier; Minister for Health; Medical Research; State Development, Jobs and Trade; Science, 23 August 2021.
[15] International Energy Agency, *The role of critical minerals in clean energy transitions*, World Energy Outlook special report, May 2021, pp. 36-39.

windows of opportunity as a given. See Appendix B for links to our submissions calling for meaningful streamlining of approvals.

Exploration expenditure on nickel and cobalt in WA is steadily growing, almost double its 20-year average.[16] Should this trend continue, the State Government will need a more strategic whole-of-government vision to establish a stronger position in a diversified export market, i.e. if we wish to expand into:

- Local wind turbine manufacturing – We will need a secure, stable supply of rare earth elements for processing into permanent magnets.[17]
- EV and ESS applications – We will need nickel, silicon, lithium and vanadium.
- Large scale solar photovoltaic farms to commercially export renewable energy – We will need copper and aluminium.[18]

Environmental disasters and COVID-19 have exposed vulnerabilities of sourcing minerals from developing economies, with several projects forced to close. There is an opportunity for the State Government to visibly commit and strengthen the linkage between these minerals and clean energy technologies, which are material-intensive,[19] to assist WA to secure its market position in the global landscape.

An overarching vision to consolidate and connect the separate State-based initiatives would benefit both WA and Australia.[20] It is essential to note it should seek to align with but not duplicate initiatives pursued by the Commonwealth. Therefore, an integrated cross-agency and intergovernmental approach that encourages agencies and GTEs to incorporate this vision into their infrastructure planning would support both up and downstream and help achieve economic diversification.

Protecting industrial land uses

Further to recommendations in the recently released 10-year Industrial Land Strategy, there is a need to improve the protection of industrial SIA land, infrastructure corridors and supporting General Industrial Areas (GIAs) as we look to unlocking economic growth in the medium-term. We understand the Strategy does not have a standalone recommendation on managing conflicts and incompatibility of existing and future land uses. There is neither no up-to-date guidance on minimum separation distances or buffers between industry and other land-use types. CME has recently commented on these land use issues in our Planning Reforms Phase 2 submission (see Appendix B).

Enforceable guidance like 'State Planning Policy 5.1: Land use planning in the vicinity of Perth Airport' will be needed to ensure new and existing industrial land uses can establish and expand. Local planning schemes of surrounding local governments enshrine this policy. Therefore, it has a legally binding effect, allowing the Perth Airport not to support development applications that may unreasonably encroach on its operation.

Foreign investment and skills

CME takes this opportunity to raise the issue of recent changes to foreign capital flows and what this could mean for financing the construction of capital-intensive infrastructure in WA, whether it be public or public-private institutional investors. As foreign investment in infrastructure can trigger national security tests and regulations to prevent foreign sabotage and espionage, changes in our trading relationships could influence the infrastructure landscape in the medium to longer term.

Like the 2021 Australian Infrastructure Plan,[21] there must be a focus on maintaining global competitiveness to ensure the infrastructure sector remains attractive to foreign organisations and investment. Infrastructure reforms should address pinch points and be developed collaboratively with a commitment to shared objectives. WA must stay firm in its resolve to be an attractive destination of choice for foreign investment, complementing structural shifts like globalisation and technological advancement in the broader economy.

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[16] Commonwealth of Australia, *8412.0 Mineral and petroleum exploration, Australia*, table 4, Australian Bureau of Statistics, released 30 August 2021.
[17] International Energy Agency, *The role of critical minerals in clean energy transitions*, World Energy Outlook special report, May 2021, p. 32.
[18] Ibid, p. 45.
[19] Ibid, p. 28.
[20] State-based initiatives include the Mineral and Petroleum Resources Development Strategy, Sectoral Emissions Reduction Strategies, EV Strategy, Energy Transformation Strategy, Climate Policy and Future Battery Industry Strategy.
[21] Commonwealth of Australia, *2021 Australian Infrastructure Plan*, IA, 2 September 2021, p. 274 and 294.

Lastly, CME applauds the focus by IWA on activating medium to longer-term infrastructure solutions. In the short term, however, there should be an increased, concerted focus with other jurisdictions on non-build solutions such as access to the skilled professionals required to deliver large-scale infrastructure projects. Due to complexity, the intellectual know-how or technology used, expertise is sourced overseas. With competing public and private infrastructure pipelines across Australia, both quantity and quality of skilled labour will become an issue. Both government and industry should bring more attention to this.

Conclusion

CME welcomes the release of the draft Strategy, which lays a foundation for improved coordination and governance under a unified vision. This vision will facilitate consistent planning and delivery of infrastructure across the State. Tangible delivery against the Strategy's ten objectives, including resolution of identified constraints and realisation of opportunities, will be the sole metric for measuring success in the long run.

If you have queries on matters raised in this submission, please contact Linh Nguyen in the first instance, Policy Adviser – Industry Competitiveness, on 0439 488 672 or at L.Nguyen@cmewa.com.

Authorised by	Position	Date	Signed
Robert Carruthers	Director – Policy & Advocacy	20/09/2021	
Document reference	CME INF - Draft State Infrastructure Strategy submission v0.3		

Appendices

Appendix A – Responses to recommendations

Abbreviated recommendations	Response	Comments
Chapter 3. Climate change and sustainability cross-cutting themes		
11a and 11b. Embed net zero emissions by 2050 aspiration as a de facto target for all State agencies and GTE infrastructure-related assets and activities and prepare and implement net zero transition plans, including: • Interim targets • Triple bottom line benefits • Funding, resources and public sector capability training • Public annual reporting. **11c. Preparing and implementing sectoral emissions reduction strategies, which should:** • Prepared under the direction of the Department of Water and Environmental Regulation with authority of a Cabinet decision • Analysis of opportunities for agencies and GTEs to influence embodied, operational and enabled emissions • Prepare infrastructure to accommodate emerging low and zero carbon technology and transitions	Qualified support	The realisation of net zero emissions aspiration by various agencies and GTEs should be cost-effective, appropriately funded, and if relevant, carried out with careful and considered consultation of affected stakeholders. CME does not support new or increased levies and fees on industry to fund agencies and GTEs meeting their targets. Like the regulatory reforms pursued by several departments, this transition will need to be well resourced and supported by technology, automation, a skilled workforce and alternative energies. Building internal capability through training alone will not provide enough support. Some goods and services provided by GTEs like electricity and access to shipping are integral to the day-to-day operation of many industries. Therefore, the private sector needs greater transparency and consultation on how GTEs propose to reduce emissions. Any change in how GTEs operate to reduce emissions will need to be measured and phased in, with several system redundancies built into the transmission network. This approach will help ensure supply reliability and reduce the risk of unintended consequences on businesses and industries that rely on services. GTEs must consult with the community under their respective Acts, but not business or industry per se. It is inadequate to consult with only a subset of customers on upcoming proposed changes as they have different exposures and risk profiles. For example, mid-tier companies or high-functioning operations may not accept frequent interruptions and productivity loss from supply disruptions to services due to a lack of financial room to plan workarounds. As with the assessment and approvals system, there is inconsistency within and between agencies. While we support the Department of Treasury preparing a Climate Risk Framework, each agency will inherently assess risk differently and treat it differently in their financial management of infrastructure assets. The self-assessment of climate risk levels will be no different if there is no accountability. In meeting net zero aspirations, it is essential the wheel is not reinvented. Use of existing environment, social and governance (ESG) frameworks and established principles of sustainability should be used wherever possible for consistency, ensuring robustness in the 'Invest and Trade in WA' campaign. Under the Future Battery and Critical Minerals Industry Taskforce, creating a WA-based credential system was discussed. CME considers this would make an additional layer of duplication to existing voluntary ESG and carbon reporting disclosures. We look forward to what ESG credentials the WA Treasury Corporation will market to bond investors and understand this will underpin the development of a State-based ESG framework and funding strategy.

• Identify cost-effective emission reduction actions.		CME agrees with the views of IWA. Since the WA Climate Strategy release, there has been little detail on the method, timing, or requirements for achieving net zero. The transition must be appropriately funded and resourced to succeed without adverse or unintended consequences for private industries.
12. Strengthen and expand existing programs to develop carbon farming and sequestration markets.	Qualified support	In expanding the market, we support the principle of a co-existing multi-land use framework that considers the highest value of use and balances the interests of multiple interest holders. However, policy settings to enable functional and long-term co-existence remain outstanding. They must be prioritised to provide an adequate framework for all stakeholders and establish a market for carbon farming and sequestration in WA.
14. Implement effective methods of accountability and coordination across agencies and GTEs to support climate change mitigation and adaptation, including performance measures in Directors General and CEOs.	Support	Currently, accountability across agencies and GTEs will need to be well-considered to facilitate positive climate action.
15a. Incorporate sustainability into Strategic Asset Plan guidelines, including reducing demand on assets, improving productivity and increasing supply through smarter, more sustainable build options.	Support	We support strengthening the existing Strategic Asset Management Framework to include risk-based assessments linked to the Treasury's Climate Risk Framework. CME, however, would like to see increased consideration of options pre-build as it may be smarter and more sustainable for assets to be commercially owned and operated, shifting risk off the balance sheets of the State Government.
Chapter 4. Regional development cross-cutting themes		
17. Develop and implement a regional development strategic framework that identifies priorities to guide effective whole of government action and investment, including: • Reflected in agency and GTE Strategic Asset Plans and business cases • Prioritise regional centres based on strategic importance to the State's economic and population growth	Qualified support	CME has members operating in offshore waters, the Kimberley, Pilbara, Goldfields-Esperance, Peel and South West regions, and understandably, it is difficult to reconcile competing interests. Likewise, agencies, Members of Parliament and Ministers have different interests in regional economic development opportunities. This discrepancy can be more pronounced when officers, teams and agencies compete for funding and resourcing for separate regions. For example, the portfolios for state development, regional development, Indigenous affairs, transport and ports are independent and the Kimberley often competes with the Pilbara in the developing northern Australia agenda. When comparing the Kimberley with the Pilbara, the opportunity for unlocking productivity and facilitating diversification cannot be comparatively measured. The benefits that would accrue in the Kimberley are inherently tricky[22] for individual agencies to value and articulate into a compelling business case. CME is aware IA has refreshed their Assessment

[22] Considered mostly non-physical, non-economic, soft or intangible benefits that lead to improvements to the quality of life or benefit future generations.

• Align to integrated regional land use plans.		Framework this year to make it more holistic and the use of MCA easier to adopt.[23] A more balanced approach that allows for MCA, rather than a traditional cost-benefit analysis, would benefit remote WA. Federally, it is essential to note that the Office of Northern Australia now sits within the Department of Infrastructure, Transport, Regional Development and Communications. CME supports this Machinery of Government change and hopes to see more collaboration of the State with the Commonwealth on regional Australia matters. With well-established challenges (see Appendix B to links to our remote area submissions), it is not easy to attract and maintain sustainable financing models for government infrastructure in these regions. It is essential to highlight any strategic framework on regional priorities should holistically consider the asset's lifecycle (ongoing maintenance, decommissioning and land use post-closure) and population fluctuations (demand usage). These elements of sustainability may not be well-considered, resulting in chronic backlogs of infrastructure maintenance, an inability to fund capital upgrades and the public sector playing catch up with the private sector. Overall, CME agrees with the observations made in the report. Some of the regional infrastructure priorities are 'overly aspirational' like the hastily published Lithium Valley report, contributing to industry commissioning two reports to overcome the disconnect between opportunity and the reality of financial sustainability: • Chamber of Commerce and Industry of WA and CME – *WA's future in the lithium battery value chain*, which highlights cause for both excitement and caution. • Association of Mining and Exploration Companies and CME – *A case for building resilience into WA's lithium industry* highlights the need for a solid upstream industry before the downstream opportunity can be pursued. Developing a strategic framework to guide effective whole-of-government action on regional priorities is therefore strongly supported by CME, especially if it improves coordination and governance on infrastructure and supply chains that span more than one region. The economic activity of ports and intermodal hubs are far-reaching and not limited to the last mile. An agreed-upon approach on regional priorities that adequately values non-economic benefits and integrates with the State Government's plan for climate change adaptation would help address some of this disconnect and ensure resilience in regional and rural communities.
18. Improve transparency on regional investment by reporting in the Budget all government regional expenditures and its geographic distribution.	Qualified support	While this is a welcome initiative, we are cautious this will create an onerous burden on agencies to prepare if guidance on materiality is not adequately considered. Alternatively, expenditure proposals that go to the Cabinet or the Minister could explicitly elaborate on contributions to regions, enabling collation and aggregated reporting of significant investments only.
19. Develop and implement a regional service and infrastructure framework to	Qualified support	Please refer to CME's commentary above on local governments. Any move towards this will need to be developed hand in hand with the Department of Local Governments, Sports and Cultural Industries and local governments who are

[23] Commonwealth of Australia, *Assessment Framework – Guide to multi-criteria analysis*, IA, 16 July 2021.

support more integrated, localised and efficient services.		increasingly exposed to higher expectations than the typical service delivery of road, rates and rubbish. A hub and spoke network model would need to consider cost-shifting implications.
Chapter 5. Planning and coordination cross-cutting themes		
20. Develop a single digital government approvals system.	Strong support	Since the 1890s, mining and energy projects have invested significantly in infrastructure in regions of poor connectivity. Therefore, we wholeheartedly agree with IWA that the approval processes for infrastructure and investment proposals can be complex, challenging to navigate, and costly. We welcome the initiatives brought under Streamline WA and would like to put weight behind IWA's observations it can fall short of customer experience and expectations. An actual end-to-end perspective on project approvals is welcome and a one-stop-shop could theoretically achieve this if implemented well. The reforms to date have not been transformational, nor have they seriously consulted with proponents in considering which reforms to pursue. See Appendix B for links to our submissions on approvals reform. However, this is an enormous undertaking from an IT system, agency process and organisational cultural perspective. Currently, not all interagency processes are governed by an agreed memorandum of understanding. Not all agencies are customer-centric in their approach to regulation, licencing or promoting best practices as a preventative measure. Like previous whole-of-government attempts (i.e. GovNext-ICT), such an endeavour, while very welcome by industry, carries a high and costly risk of failure if it is not well supported, resourced or funded.
21b. Evaluate success of the COVID-19 temporary measures and identify if they are suitable for permanent adoption.	Qualified support	If risk-based assessments and the precautionary principle were adopted in planning legislation, then we would support this measure. However, it is unclear if these new pathways will inadvertently lead to development applications passing through without due diligence and consideration of future impacts. Success will need to be measured over the long term to minimise the risk of permanently adopting a pathway that could constitute a loophole.
23c and 23d. Embed rigorous infrastructure appraisal in the planning decision-making framework, including: • **An understanding of the real costs** • **Rezoning proposals for greenfield land are considered in the context of land supply and demand.**	Support	CME supports understanding the infrastructure's total capital and ongoing operational costs to determine suitability and staging of strategic planning and rezoning. It should include the risk of environmental and legal costs of land use disputes developing further down the track and resulting in reduced demand for infrastructure corridors. Future proposals to rezone greenfield land in the Perth and Peel regions should address the existing Environmental Protection Agency (EPA) interim strategic advice on managing land use impacts, buffers and compatibility.[24] See link to our 2021 planning submission in Appendix B.
26. Progressively prepare integrated regional plans to establish the long-term	Qualified support	CME acknowledge this should assist in keeping local planning schemes and region schemes more current but understand this is a complex issue, requiring a combination of both top-down and bottom-up approaches to ensure these regional

[24] Office of the Environmental Protection Authority, *Perth and Peel @ 3.5 million: Environmental impacts, risks and remedies*, interim strategic advice of the EPA to the Minister for Environment, July 2015.

land use, infrastructure and environmental needs of each region.		plans sufficiently capture local matters. The State Government will need to lead this process for it to be enforceable and we understand this is considered by the Department of Planning, Lands and Heritage. Currently, regional land supply assessments are carried out as needed. Not many stakeholders are aware this can be requested, leading to duplication of effort and disconnect.
27. Introduce and implement State priority areas to identify locations of state-level significance for greater government infrastructure coordination and investment, including: • Develop a prioritisation framework to support identification and consistency of approach • Endorse the framework and locations at a whole-of-government level to ensure sufficient carriage by agencies and GTEs.	Strong support	CME welcomes this recommendation. It is the most critical recommendation in the report that could help complement investment from the private sector and local government from purely an infrastructure perspective (see land use planning submission). Tailored governance models and land use planning intervention will give investors the transparency and certainty they need on land access tenure and security. Currently, significance or strategic importance is defined differently by all levels of government: • The WA-based projects which make it to the IA Infrastructure Priority List are inconsistent and not always supported by cross-agency governance structures. • Some projects receive Major Project Status from the Commonwealth Government or Lead Agency Status from the State Government, while some other projects do not receive either. • There can also be different pieces of legislation that prescribe importance or priority, e.g. the *Electricity Networks Access Code 2004* (WA) defines 'priority project' as Western Power investments that are not subjected to regulatory tests for the benefit of the South West Interconnected System (SWIS). • An election commitment or relevant to a specific State electorate, e.g. the Strategic Industrial Hub encompassing Henderson, Latitude 32, Kwinana and Rockingham industrial zones. Areas of priority should be identified regardless of election and budget cycles. • There is no formal mechanism for business and industry to actively work with the State Government on identifying investment priorities for shared infrastructure. The Australian Marine Complex Strategic Infrastructure and Land Use Plan is one of a kind, triggered by a top-down desire to expand the State's defence industry.
28. Facilitate and coordinate investment in industrial and technological precincts.	Strong support	All recommendations put forward by the Industrial Lands Steering Committee that have been incorporated into the IWA draft recommendations are supported by CME and its members. We see an increasing proportion of new industrial projects awarded tenure in DevelopmentWA managed SIAs, which is welcome progress. CME, however, would like to highlight the issue of protecting industrial estates that are not operated by the Department of Jobs, Tourism, Science and Innovation or DevelopmentWA. See our planning submission on identified gaps in protection.

		Although the Kwinana Industrial Area is often described internationally as a great example of industrial symbiosis,[25] the rest of our SIAs remain untenanted and only a quarter demonstrate active industrial ecosystems.[26] More can be done to ensure these SIAs are turn-key and internationally competitive with industrial zones elsewhere, such as investing in headworks, servicing infrastructure, and preliminary assessing potential impacts for approvals. We understand work is currently underway to make these SIAs project-ready, which CME supports.
29. Develop and implement a shared use policy framework and practical guidelines for multi-user infrastructure corridors and facilities.	Strong support	Greater upfront clarity will help reduce commercial ambiguity and pre-empt the level of economic regulation needed further down the track. Shared use is typically considered after the fact if not managed initially, resulting in access applications that need to be reviewed and regulated regularly, whether a light- or heavy-handed approach by the Economic Regulation Authority. It may hinder the innovation and development of new or emerging industries that do not have the capital to invest in proprietary standalone infrastructure. CME can see this recommendation benefiting future water management as supply becomes finite and increasingly unpredictable due to climate change. Shared use water infrastructure may need to be one of the solutions considered.
30. Identify and secure strategic sites: • **Dedicated and recurrent fund for regional land acquisition** • **Matching needs with government landholdings** • **Regional offset plans.**	Strong support	CME support State Government-owned land to be considered a shared public sector resource. This should help develop the carbon farming industry that relies on leases to have multiple allowable uses and may also need to be considered in promoting the growth of the hydrogen industry. As part of this initiative, we also recommend all SIAs have minimum offset areas set aside to prevent the need to secure land on an isolated, case by case basis. For this recommendation to be implemented, we note the EPA Guidance No. 3 on buffers and offsets will need to be updated and interagency referral processes updated to reflect.
31. A single, agreed set of common planning assumptions.	Support	It should help address the divergence in cross-agency interests and improve the consistency of cross-agency risk-based decision making.
32. Improve two-way public and private sector information sharing about infrastructure capacity, including: • **Statements of Opportunity to identify surplus capacity or constraints in public infrastructure for collaboration with industry**	Qualified support	CME understands the need for better information on current and future infrastructure plans and notes the provided examples being taken forward as a similar approach for other government infrastructure activities. Commercial considerations aside (see below), we support the concept for public and public-private infrastructure. For this to be successful, recommendations 27 and 29 should be in place and all effort undertaken to minimise duplication of the existing problem and opportunity identification processes under the IA Infrastructure Priority List. IWA should note this may be a difficult recommendation to implement as private sector infrastructure plans can be commercially sensitive and a key driver of obtaining a competitive advantage over another company. For example, CME has facilitated discussions between member companies, the Department of Transport and the Civil Aviation Safety Authority on multiple private mine site airstrips in proximity to each other. We have also facilitated discussions between

[25] Bossilkov, A., van Beers, D. and van Berkel, R., Industrial symbiosis as an integrative business practice in the Kwinana Industrial Area: Lessons learnt and ways forward, *11th International Sustainable Development Research Conference*, Finland, 2005. Harris, S., Industrial symbiosis in the Kwinana Industrial Area (WA), *Measurement + Control*, vol. 40, iss. 8, 8 October 2007.
[26] Australian Venture Consultants Pty Ltd (AVC), *A case for building resilience into WA's lithium industry*, report commissioned by CME and the Association of Mining and Exploration Companies, June 2020

• Place-based assessments of future infrastructure intentions, with an initial focus on the Pilbara, based on two-way information sharing and a focus on cumulative impacts.		member companies, the Department of Transport, and Perth Airport to project growth in fly-in and fly-out workforce numbers. In both cases, we were unable to elicit meaningful information to help with infrastructure planning. The Pilbara market is small, with few major private players. While we support place-based assessments, IWA should be aware this recommendation may be difficult to achieve in existing environments with established commercial models of doing business. There may be more opportunities in greenfield environments.
33. Support improved infrastructure planning and decision-making.	Support	CME agrees some business cases led by a single agency do not involve the required level of cross-agency consultation to ensure impacts on enabling infrastructure are considered. We support integrated businesses that drive mutually beneficial outcomes across agencies and the private sector. The merits of a business case should not be reviewed in isolation if it will have flow-on impacts or benefits to other projects. For major and priority projects like Westport, accountability and transparency are a must. Therefore, we want to echo last year's findings and recommendations by the Office of the Auditor-General on these matters.[27]
Chapter 6. Infrastructure delivery cross-cutting themes		
38. Review potential for private sector funding for the delivery of infrastructure: • Asset recycling • Public infrastructure $100 million or more for private funding • Principles for prioritisation of State funding contributions.	Qualified support	Some members of CME support asset recycling, i.e. divestment of underused and underperforming assets. We support this draft recommendation in principle to improve efficiency and minimise the cross-subsidisation of portfolio losses. CME support greater consistency and transparency in how the government assesses proposals to support private sector economic development. We agree with the identified principles of returns to government, broader longer-term macro-economic impact (including taxes and royalties to the Commonwealth Government), employment creation and risk profile. IWA may need to assist the State Government in soliciting and appraising public and public-private infrastructure proposals in line with commitments to net zero by 2050.
Chapter 1. Energy sector		
41. Evolve the Whole of System Plan and ensure implementation actions are transparent, including: • Updating assumptions for net zero aspirations, impacts of Mid West renewable hydrogen activation, curtailment of renewable energy, testing ESS and EV uptake	Strong support	While CME welcomed the release of the Whole of System Plan, it lacked substance in what it would mean for GTEs from now on. Further to our comments above on the WA Climate Strategy, we therefore strongly supports recommendation 41b. An implementation plan is necessary to secure certainty in economic growth for private sector industries reliant on the SWIS or Water Corporation for the most likely scenario. Market reforms to allow participants to diversify and provide essential support systems also needs to be accelerated. For industries with long operating lives, any increased transparency on what actions GTEs will implement is appreciated. Some of the unknowns include: • What the increased uptake of behind-the-meter ESS and battery EVs across households, businesses and industries will have on the overall system frequency and stability. Earlier this year, we hit a new record low for minimum demand.

[27] Office of the Auditor General WA, *Transparency report: Major projects*, report 6: 2020-21, 29 October 2020.

• Detailed implementation plan for the most likely scenario, identifying network constraints and opportunities.		• What effects of more users seeking to go off-grid (technology-enabled) will have on the sunk cost of transmission and distribution infrastructure. • Implementation of Diversify WA and the Modern Manufacturing Strategy as downstream and value-adding industries can be energy-intensive. In the absence of a competitive energy market, it is uncertain what the net effects are. Energy Policy WA must remain pragmatic in adopting and applying their principles of least-cost in modelling the most likely scenario. See link to our future fuels' submission in Appendix B.
42. Prepare a North West Interconnected System energy futures report to provide a long-term view on energy generation, demand and network infrastructure requirements.	Strong support	Due to production competition within our iron ore membership, this has been a problematic area for CME to forecast a long-term view. The energy transformation has been rapid, technology-led and commercially driven, with regulation and policy struggling to keep up. Companies are increasingly looking at ESS to be self-sufficient, either behind-the-meter or in off-grid applications, as they seek to manage their climate risks and improve throughput reliability. We welcome an opportunity to coordinate the optimisation of common user infrastructure for our smaller and mid-tier sized companies who cannot pursue the energy transition themselves. Please see the comments above. We also support recommendation 42c in identifying suitable sites for large-scale renewable energy generation and storage near industrial land and high energy users. Land tenure and access can be fragmented. Any assistance that can be provided is appreciated; however, it will need to be carefully managed and avoid any unintended consequences such as sterilisation or land banking.
43. Investigate future energy storage options in the medium term.	Support	Our member companies have competing interests in which technologies should be pursued. We support an approach that remains technology agnostic, reliable and cost-effective.
44. Review and revise energy legislation in addressing emissions and costs for first and last-mover disadvantage.	Support	Addressing the discrepancy in first and last-mover disadvantage will improve equity and ensure no industry is left behind unfairly in the energy transition.
45. Use the State's hydrogen work program to accelerate reform, stimulate domestic market demand and prioritise infrastructure in certain locations.	Strong support	Hydrogen is an area of great interest to the State and CME members and would benefit from the recommendations outlined in the Strategy. In implementing this recommendation, it would be useful to have clear terms of reference to provide visibility on how activities support the work plan's achievement and how various parts of the State Government are coordinated and collaborating to achieve stated outcomes. We would caution against a new structure to deliver these recommendations unless it is explicitly clear how this adds to, or is distinct from, several other existing structures considering the same or similar issues. We note that the Strategy states blue hydrogen will have a 15-year price advantage compared to green hydrogen. If WA is to export within the next 15 years and be a significant domestic user, it is likely to be blue hydrogen realistically. To capture this opportunity, policy reform and enabling infrastructure will be required. Several of the points outlined in this recommendation would, on the face of it, take place outside of the WA Renewable Hydrogen Strategy, given it is explicitly limited to green hydrogen. Consideration should be given to updating the

		hydrogen strategy so it is technology-neutral and holistically considers the sustainability of pursuing different development pathways. If this does not occur, there is a chance of misalignment within the State Government on policy development and industry support. Therefore, we recommend a conservative, pragmatic approach in future-proofing the relevant legislation and regulations. Other forms of technologies should not be excluded, preventing their maturity or establishment as they could be more cost-effective. Such an approach will ensure the State Government can keep pace with technological advancement, likely direction of industry developments globally, structural shifts in the economy and better align carbon sequestration with hydrogen and the energy transition.
Chapter 2. Water sector		
46. Modernise legislative, regulatory and planning frameworks for water resources and water services, including: • **Progressing the proposed Water Resources Management Bill to consolidate six existing Acts** • **Develop and implement a 20-year State water strategy, including considering a growing hydrogen industry, circular economy, multi-source water planning and activating the role of private sector to support best practice water management approaches** • **Develop regional water plans that align with the State water strategy and regional land use plans, refreshed five-yearly** • **Enable locally integrated alternative water supplies and wastewater**	Strong support	Securing longer-term access to quality water and infrastructure for lithium manufacturing, magnetite beneficiation, hydrogen production, and several other industrial processes will be crucial. In principle, CME supports the limbs of this recommendation. We support a strategic 20-year+ approach to managing water resources and land use by developing a State Water Strategy (the out-years can be high-level estimates), with regional place-based water and land use plans. Place-based assessments that capture local issues at the catchment or basin scale will be crucial for sensitive regions. • The Pilbara, for example, has excess high-quality water in some inland places due to dewatering. Still, there is a shortage in the coastal region, requiring expensive transportation of large water volumes across the Pilbara. There is a high probability that a water shortage will constrain the industry in the future and limit the region's investment attractiveness. The State Government could unlock economic potential by using government-owned infrastructure to rebalance these surpluses against the deficits, e.g. the Bungaroo and Water Corporation project.[28] We also note a GHD report was tabled in Parliament that investigated the reuse of these surpluses, although the proposed end-use did not extend beyond one industry.[29] • Other than the suggested five-yearly cycle, CME would like to caution some regions are more sensitive and will need their modelling updated more regularly, i.e. data suggests increasing drought conditions caused by El Niños, directly influencing climate risk and therefore scenario planning. Additionally, significant recharge events (through cyclonic and other extreme events) can be highly variable year to year in some regions, which changes to the climate will exacerbate. • For the Peel and South West regions, an integrated longer-term regional water strategy and scenario planning that considers the whole economy, community and environment are needed. Water insecurity can create uncertainty for some members and contribute to disclosure as material in their sustainability reports to shareholders.[30] Our members have long-lived assets exceeding the timeframe of most publicly available government action plans.

[28] Government of Western Australia, *Bungaroo Creek Water Reserve drinking water source protection plan - West Pilbara Water Supply Scheme*, report WRP 135, Department of Water, November 2012.
[29] GHD, *Report for Department of Water – Pilbara surplus mine dewater study*, summary report DOW0814, 1 July 2015.
[30] Water stewardship is publicly disclosed as a material standalone issue, topic or risk for Alcoa, Albemarle, Newmont, Glencore (Minara Resources), Tronox and Yancoal (Premier Coal).

systems if timelier and more sustainable • Rigorous infrastructure appraisal to consider opportunities to collaborate with other sectors.		• Interconnected system solutions and services, encouraging a circular economy approach to different types of water sources. It should consider desalination, recycled (treated) water, surface and groundwater sources across public and private use. Such an approach would align with Global Reporting Initiative (GRI) standards. • The principles outlined in the guidelines to the 'Draft State Planning Policy 2.9: Planning for Water' would support best practice water management amongst stakeholders. CME would like to see improved water use and efficiencies through the enhanced identification and allocation of sustainable yield, licensing, metering and cost-effective trading measures. • A market-based framework to support large scale trading and transfer of licences in the private sector, ensuring resources are allocated to the highest value of use while maintaining certainty on supply needed for public use such as drinking water and public open spaces. This framework will need to ensure yields are within sustainable limits, considering what is required first to maintain environmental flows. Such a framework could better influence water use behaviour and minimise perverse consequences. • Research on irrigation in the Murray-Darling Basin has highlighted unwanted rebound effects on water extraction behaviour due to cost-ineffective measures. There has been water theft and growth in unlicensed diversions due to poor policy settings, governance and compliance tools.[31] Reforms to robustly manage water flows may be needed to prevent similar issues in WA. • In 2018, when the Department of Water and Environmental Regulation consulted on water licences, it was determined application costs would only apply to the WA resources sector and water utility service providers. Water licences are a service used by all sectors of the economy. Such inequitable pricing mechanisms do not promote water stewardship, nor do they ensure that scarce water resources flow to their highest value, leading to market distortions and, therefore, an inefficient allocation of finite resources. See Appendix B for a link to our cost recovery submission.
48. Manage water demand through initiatives such as introducing expanded water efficiency programs.	Qualified support	As discussed with IWA, CME understands this will have limited value to businesses and industries that voluntarily disclose their water management practices according to GRI standards. Over half of our producing members register their GRI-based reports with the Sustainability Disclosure Database. Further to the Bungaroo example, please see the Rio Tinto approach to integrated surplus water management using existing water pipeline infrastructure. [32] Water management (including sourcing, transport and treatment etc.) is expensive, driving a strong commercial incentive to use water efficiently. Given this existing cost driver and the broader community, shareholder and other ESG stakeholder expectations on industry to be responsible water managers, the likely impact of expanded initiatives for water efficiency programmes may be limited and unlikely a cost-effective measure to pursue.

[31] Wheeler, SA, Carmody, E, Grafton, RQ, Kingsford, RT and Zuo, A, The rebound effect on water extraction from subsidising irrigation infrastructure in Australia, *Resources, Conservation and Recycling*, vol. 159, iss. 104755, 28 April 2020.
[32] Field, G. and Harold, M., *Development of beneficial use solutions for surplus water from Marandoo Mine: Lessons learned*, Ozwater'13 Conference, 7 May 2013. International Council on Mining & Metals, *Surplus water management: Marandoo mine*, water stewardship case study, 2016.

49. Ensure long-term water security climate-independent infrastructure and protection of natural water resources, to provide fit-for-purpose and sustainable water services, including an additional desalination plant for the Integrated Water Supply Scheme.	Strong support	CME understand this will be likely the case for sensitive regions such as the Mid West, where hydrogen activation is considered. CME acknowledge this will be a challenging exercise to provide climate-independent water infrastructure, requiring a trade-off with energy efficiency and emissions. Desalination, which is eventually fuelled by renewable energy sources, maybe an essential water security option in several regions across WA. A focus only on the Integrated Water Supply Scheme may be insufficient to ensure all WA has access to the water needed for current and future water demands.
Chapter 3. Waste sector		
52. Accelerate implementation of the Waste Avoidance and Resource Recovery Strategy 2030, including: • **Progressing reforms to encourage recovery of materials derived from waste.**	Strong support	As the value of mineral commodities rises in the long term with increasing resource scarcity, population growth, and technological applications (per capita use), waste regulation needs to modernise to and encourage a robust, circular and innovative economy broader than strict industry regulation. For both the water and waste sectors, an incremental approach to reforms will be insufficient. A circular economy approach on waste should be extended to water to encourage innovation and synergistic exchanges like the Kwinana Industrial Area.[33] The current legislative definition of waste does not support a market for recovered resources and, therefore, does not facilitate industrial symbiosis. Reusing non-residual material for other applications such as waste-to-energy is not allowed under the current system due to levy implications and controlled waste management obligations, etc. See Appendix B for links to our waste submissions. A summary of the issues raised in these submissions is provided below for your convenience: • Effective whole-of-economy policy and strategic planning, including procurement power in GTEs and State agencies to underpin domestic demand for these markets. • Expanding the toolbox to drive waste reduction. It should not be limited to the use of the levy; supporting infrastructure and markets are needed. • A fundamental cultural shift in how the public perceives the risk of using recovered resources and by-products because it is derived from waste or otherwise. This attitude is partially driving the demand for virgin materials used in residential development. Alternative terms could include secondary material, derived resource or recovered resource. Recovered resource aligns with the terminology used in other jurisdictions. • Waste reforms should not inadvertently prevent the creation of new markets such as industry-to-industry transfer of recovered resources for new uses. There is no mature industry-to-industry market that allows these recovered resources to be commercially sold for other uses. The demand for recycled road base, for example, is primarily limited to inert aggregates from construction and demolition materials. Several of our members would like to see

[33] Oughton, C., Anda, M., Kurup, B. and Ho, G., Water circular economy at the Kwinana Industrial Area, WA – the dimensions and value of industrial symbiosis, *Circular Economy and Sustainability* (2021), published 27 July 2021.

		growth in recovered resource markets in WA, allowing them to diversify and sustainably manage their by-products to displace the use of virgin materials in construction and processing.
Chapter 4. Transport sector		
53. Stronger transport system outcomes by reforming governance arrangements and reforming funding hypothecation arrangements for motor vehicle licence revenue to fund other modes.	Do not support	While CME supports a strategic, mode-agnostic approach to transport network planning and delivery, we hold strong concerns if the hypothecation arrangements are reformed to remove the direct nexus between levying a charge on industry and the services delivered by Main Roads WA. CME has member companies that own vehicle fleets and would not support cross-subsidisation of government revenue raised on non-road initiatives. Such hypothecation would distort the principles of user pays and cost recovery.
54. Refresh WA-wide strategic transport planning, including developing a 20-year regional transport plan focusing on freight supply chains across all modes and regions.	Strong support	CME understand this is currently underway with the Department of Transport and welcome a focus on matching different transport classes to public and private economic activity, e.g. pit-to-port. Further to our comments above, a broader focus not limited to regions is appreciated. The release of the South West Supply Chain Strategy did not adequately connect the dots in considering inbound and outbound freight movement by the future Westport project and broader Peel region. With commitments to an advanced manufacturing hub in the Bunbury Geographe and another industrial corridor between Henderson and Rockingham, a better understanding of commuters, business and industrial transport across regions and modes is needed.
55. Future loss of fuel excise revenue: • **Working with other jurisdictions** • **Future proofing** • **Review merits of location and time-of-day pricing signals.**	Qualified support	A collaborative federal-state answer with the agreement of all private sector industries will need to be achieved. CME support future-proofing to avoid subsequent needs to retrofit and amend legislation. However, given the uncertainty on technology and consumer uptake, it will need to be a careful exercise to prevent developing a gold-plated solution, which may not be fit-for-purpose. However, CME would oppose the repeal of fuel tax credit rebates as vehicles used on private property should not be expected to fund servicing of public roads.
61. Implement further measures to support the State EV Strategy.	Qualified support	See commentary further above. There should be a holistic technology-neutral approach to supporting EVs, i.e. battery EVs, hybrids, plug-in hybrids, hydrogen fuel cells and biomass-fuelled EVs. CME notes the WA Government can play a crucial role in stimulating demand and setting targets for converting fleets, including light and heavy fleets operated by the Public Transport Authority, Main Roads WA and port authorities.
63. Conduct further strategic planning to complement Westport preparations for a new container port in Kwinana.	Support	With the global pandemic, demand for online shopping and container shipping has exceeded expectations. CME would like to recommend additional modelling to address changes in the shipping industry.
64. Planning and staged expansion of the Australian Marine Complex.	Qualified support	There must be covered laydown areas sufficiently set aside for upcoming major construction projects, e.g. stackers. CME understand the Department of Jobs, Tourism, Science and Innovation are aware of this design requirement.

65. Support expansion of direct shipping services to the north.	Qualified support	Improving access to be more affordable items via reduced transport costs is welcome. However, infrastructure for future lower emission shipping services will need to be considered, e.g. land or sea-based re-fuelling infrastructure and jetties for LNG bunkering vessels used in heavy deep-sea transport.
67. Work with the Federal Government on long-term needs at Perth Airport.	Support	As discussed further above.

Appendix B – List of past CME submissions and reports relevant to draft recommendations

Inquiry into intergenerational challenges and opportunities for the WA economy, submission to the Economics and Industry Standing Committee, Legislative Assembly, 15 September 2021

Planning Reform Phase 2, submission to the Department of Planning, Lands and Heritage, 31 August 2021

2021-22 pre-Budget submission, submission to the Hon. Mark McGowan MLA, Premier; Treasurer, 9 July 2021

Streamlining (Mining Amendment) Bill 2021, submission to the Department of Mines, Industry Regulation and Safety, June 2021

Regional strengths and gaps project survey, submission to IA, April 2021

Future Fuels Strategy: Discussion paper, submission to the Department of Industry, Science, Energy and Resources, February 2021

Waste not, want not: Valuing waste as a resource – Discussion paper, submission to the Department of Water and Environmental Regulation, December 2020

Modern Manufacturing Strategy road maps, submission to the Department of Industry, Science, Energy and Resources, November 2020

Remote area tax concessions and payments – Draft report, post-draft submission to the Productivity Commission, 16 October 2019

Closing the loop: Waste reforms for a circular economy – Consultation paper, submission to the Department of Water and Environmental Regulation, July 2020

State Infrastructure Strategy – Discussion paper, submission to IWA, 31 August 2020

AVC, *A case for building resilience into WA's lithium industry*, report commissioned by CME and the Association of Mining and Exploration Companies, June 2020

Climate change in WA: Issues paper, submission to the Department of Water and Environmental Regulation, November 2019

Remote area tax concessions and payments – Issues paper, initial submission to the Productivity Commission, May 2019

Policy, regulatory, taxation, administrative and funding priorities for Australian shipping, submission to the Senate Standing Committees on Rural and Regional Affairs and Transport, March 2019

Phase 2 review: Local Government Act 1995 (WA), submission to the Department of Local Government, Sport and Cultural Industries, March 2019

Discussion paper on cost recovery [re: native vegetation clearing and water], submission to the Department of Water and Environmental Regulation, November 2018

AVC, *WA's future in the lithium-ion battery supply chain – An assessment of the competitiveness of WA in the global supply chain and recommendations for industry policy*, report commissioned by the Chamber of Commerce and Industry WA, November 2018

Draft State Planning Policy 4.1 – Industrial interface, submission to the WA Planning Commission, February 2018

Draft State Planning Policy 5.4 – Road and rail noise, submission to the WA Planning Commission, December 2017