

NICKEL INDUSTRY

Matter of Public Interest

THE DEPUTY SPEAKER (Mr S.J. Price) informed the Assembly that he was in receipt within the prescribed time of a letter from the Leader of the Opposition seeking to debate a matter of public interest.

[In compliance with standing orders, at least five members rose in their places.]

Mr R.S. LOVE: It never ceases to amaze me what amuses people on the other side. There are five members here standing up and five is all we need.

Several members interjected.

The DEPUTY SPEAKER: Members! Okay, carry on.

MR R.S. LOVE (Moore — Leader of the Opposition) [2.58 pm]: I move —

That this house condemns the Cook Labor government for an inadequate response to a potential collapse of the nickel industry, threatening the loss of over 10 000 jobs in Western Australia.

It is very apparent that over the last two days the Cook Labor government has dealt inadequately with its relationship with the federal government on ensuring a quick and effective response from the federal government to the dire situation that is threatening the Western Australian nickel industry. As everybody has heard, nickel has been added to the critical minerals list, very belatedly, after being on a secondary list prior to that. Nickel is in demand for batteries. It is especially important in rechargeable batteries and for electric vehicles. As we seek to decarbonise the Western Australian economy, nickel will play an increasingly important role. It has extensive application in many alloys, for coins and electroplating, and many other technologies. Nickel is relatively abundant, including in Western Australia. The refined product that is produced in Western Australia is called nickel sulphide. The situation in Western Australia has been challenged recently by the explosion of cheaper nickel that has been sourced from Indonesia under a partnership between Indonesian and Chinese interests that has led to the rapid development of laterite nickel in Indonesia. That has certainly presented a challenge to Western Australia's nickel producers. That is the nub of where we are at. Of course, the process by which nickel is produced in Indonesia is not as environmentally sensitive or as carbon neutral as Western Australia's carbon footprint. Nickel is produced to a very high environmental standard in Western Australia.

Australia is the fifth-largest producer of nickel in the world and it is believed that a quarter of the world's nickel reserves are located in Western Australia. We know that there is a growing demand for nickel throughout the world because of the switch to electric vehicles and electric batteries that are necessary for energy storage systems and the like. In 2023, nickel sales from Western Australia rose to \$5.7 billion. The direct economic activity to the state was estimated to be worth \$201.76 billion. As I highlighted, because of the increased supply from Indonesia and its nickel production system being less green than the nickel that is produced here, we have seen a plunge in the price by, I think, 51 per cent below the 2022 price. This crisis has been unfolding for some time. It was known that that nickel from Indonesia would be coming on stream. It has not suddenly arrived in the last month, since January. Certainly the decrease in the price has been quite sudden, but the industry knew that the Indonesian production would be developed in the future.

There were calls for nickel to be placed on the critical minerals list going back to July and August last year. Again, it missed out after a review in December last year, which was not long ago. At that stage, the Indonesian mines were producing their product and it should have been foreseen that nickel production in Western Australia would face a challenge. Why, then, does it seem that this government has been asleep at the wheel? During question time, we heard an answer from the Minister for Mines and Petroleum—his first question in that role, I believe—that a round table was held on 25 January, which he said was on his birthday. That was at least two months after the review when the federal government refused to put nickel on the critical minerals list, as requested by Western Australia. I am sure that the warning signs should have been apparent to this government. Instead, there was a change of minister and perhaps some ministers were just learning where the office door was and they were not fully in control of the situation or fully across their brief. Maybe this snuck up on them.

Finally, a meeting was held on 25 January. Three weeks after that, a royalty relief package was announced. On the face of it, that was encouraging, but in terms of actual support for the nickel industry, industry players have said that it will be insufficient to turn around the situation for Nickel West. That is very worrying. Since December, six nickel facilities have either scaled back their operations or gone into care and maintenance, which has resulted in a loss of jobs in the goldfields and elsewhere. BHP recently calculated a non-cash asset impairment charge of \$US2.5 billion, which has pretty well written off the value of its Nickel West operation. That is a very serious matter indeed, and it has put 3 500 jobs on the line in Western Australia. We can look at the impact of that on communities in the goldfields. Leinster could conceivably become a ghost town because of this situation, the major industry in Kambalda could be

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challenged and Kalgoorlie could see a loss of employment. Even in the Premier's electorate, the refinery in Kwinana is threatened with closure. If anyone has ever been down there, they will have seen the many cars in the refinery's car park on workdays. That car park could be empty in a short while if all those people lose their jobs.

This is a very worrying situation. It is staggering that federal cabinet is here and there is talk but no action or urgency. BHP could decide at any moment that, due to the lack of support, it will close its operation. If that operation closes, the only nickel refinery in Western Australia will close with it, which will obviously have an effect on many other nickel producers in the state as they will no longer have access to that downstream processing facility. It would also be the end of any dream of building a battery industry in Western Australia. I suspect that we will see that industry develop in Indonesia alongside the development of its mines, given that it has cheaper labour and direct investment from China and elsewhere. That is a real threat to the dream of this country taking steps towards securing its own place in the new economies that we have been talking about and seeing slowly develop—in some cases, rapidly develop—around the world. We will not be able to take our place in that unless the state and federal governments realise that this is a moment in time from which there will be no coming back. If they do not act together to ensure that the nickel industry in Western Australia, with its significantly lower emissions than the Indonesian equivalent but with significant cost challenges in terms of labour and other matters, does not collapse, Australia will not be able to play a part in the new technology.

Industry has called for assistance for months. As I said earlier, it has called for nickel to be listed on the critical minerals list and for the government to consider how it can work with industry to make sure that the industrial relations setting is appropriate. We know that labour is a big component. The mining industry has said that the federal government's industrial relations changes will damage its ability to compete. This tinkering around with the industrial environment might provide some advantage to the industry's 10 000 workers in the short-term, but it will provide no advantage to them if the industry shuts down and they have no job. I implore the state government to ensure that it does what it can to explain to the Albanese government that its industrial relations changes are damaging for our nickel industry and mining as a whole. It needs to re-examine the situation to ensure that our industry can remain cost competitive. With 10 000 jobs in danger, towns that rely on this industry could shut down. Our ability to compete in the critical minerals area will be impaired by the loss of this company and the process in which smelting and refining all play a part. It becomes an ecosystem that shares across different industries, as there might be by-products and produce from one industry that are important to another. Therefore, the ability of our state to develop a battery production system into the future could be negatively affected.

The industry commissioned a report from Mandala Partners, which estimated that if the federal government actually put in place a production tax credit system, it would cost the government about \$340 million across the forward estimates to 2028 and a further \$1.69 billion to 2035, but add \$2.4 billion to the size of the Australian economy and create 4 200 jobs.

In virtually every developed country around the world, governments are having a direct hand in trying to develop critical minerals industries. We know that the European Union's list of critical raw materials opportunities and the United States' Inflation Reduction Act are significant contributors to them seeking to achieve their ideals and goals for the development of a critical minerals industry and a new economy into the future. It is time that our governments join this trend and ensure that they offer the support needed to keep the nickel industry, those 10 000 jobs and our dream of entering the new economy alive in this state.

MS L. METTAM (Vasse — Leader of the Liberal Party) [3.12 pm]: I rise to contribute to the motion moved by the Leader of the Opposition —

That this house condemns the Cook Labor government for an inadequate response to a potential collapse of the nickel industry, threatening the loss of over 10 000 jobs in Western Australia.

I support the motion and express my disappointment, on behalf of the opposition, about the inadequate response and advocacy by the Premier and the Cook Labor government on behalf of the nickel industry in Western Australia. The nickel industry in WA represents 99 per cent of Australia's nickel industry. The industry is at crisis point and on its knees. It has been significantly challenged by some structural issues, as have been raised in the house today and are well understood, and it is on the brink of collapse. What a legacy it will be for the Cook Labor government if these job losses materialise—about 3 300 direct BHP jobs and about 10 000 jobs all together, given the flow-on effects—along with the many impacts on regional centres around the state, with Kalgoorlie being just one. Five other WA nickel miners have already announced plans to close or scale back their operations over the past few months. Last week's announcement of the shutdown of BHP's Kambalda nickel concentrator and the potential closure of this operation in WA should have been a lightning bolt for governments at both the state and federal level.

Our focus is on the Premier's and the Cook Labor government's advocacy for WA. The Premier obviously recognises this. That is why, when he was first promoted to the position of Premier, he talked about the importance of an embassy in Canberra. This raises the question of the efficacy of that embassy, and the importance of a federal government

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that actually listens when representatives of our state speak up on behalf of Western Australia. It is quite clear that there has not been any cut through. Tania Constable, the CEO of the Minerals Council of Australia, stated that the state government's response has been underwhelming. Others have also raised significant concerns about the response.

As I have stated, this industry is on its knees. The lack of response from the Prime Minister and the cabinet so far this week has been disappointing and raises questions about the extent to which the Prime Minister is listening to concerns here in Western Australia. It is one thing to visit and provide handshakes and media opportunities; it is quite another thing to actually deliver for an industry and prevent further job losses. Although we acknowledge the eleventh-hour response from the state government in relation to royalty relief, the concern is that this is too little, too late, and, as I have stated, one industry spokesperson's commentary is that it is underwhelming. There were small hopes about what the Prime Minister would actually deliver when the federal cabinet came to WA. We know that the Premier has spoken about his advocacy in this place. The ineffectiveness of what has been delivered is clear. Industry is still waiting and wondering. Although we understand that a production tax credit has been raised as a potential deliverable on the ground, we are yet to see this measure materialise, raising questions about why it is taking so long and why the Premier is unable to get this deliverable for this industry at a time when so many jobs and families are being impacted by last week's devastating news.

We have heard about the crisis talks. Much has been raised by the critical minerals industry sector about the cost of doing business here in Western Australia. Those issues have also been raised at a national level but have a significant impact on WA. That is why we need a Premier who will stand up for Western Australia. It is a pretty extraordinary situation whereby the federal Minister for Resources of Australia, who is also from WA, lacks the muscle to influence any policy settings to save the industry. It is often said in industry circles that although it is clear there is some commentary from the federal resources minister, the commentary from other parts of federal cabinet is very different. It is absolutely clear that both the state and federal Labor governments have been asleep at the wheel on these issues. It is clear that industry is crying out for support. It is clear that we have a government gripped by inaction. As Tania Constable, the CEO of the Minerals Council of Australia, said yesterday in an opinion piece in *The West Australian* —

It is not enough to simply point across the Timor Sea and blame market forces when the reality is, adverse domestic policies are compounding the problem and pricing our mines out of the market.

That is the reality that dare not escape the lips of our political leaders: The cost of doing business in Australia is becoming a noose around our necks.

...

Policy changes are required to ensure approvals processes are fast, efficient and robust—and approached in a clear and co-ordinated way.

The Leader of the Opposition talked about industrial relations and the significant impact that that is having on WA businesses. We know that 40 per cent of the costs for this industry are associated with such.

The Chamber of Minerals and Energy has also raised concerns. I quote from a CME media release in which the CEO is quoted as saying —

... we need to ensure we have a solution for the short- and mid-term, as well as settings that ensure viability and sustainability in the longer term.

...

“As a nation and as a state we can't afford to approach global energy transition like a snakes and ladders game,” ...

...

“Collectively, the State and Federal Governments need to ladder up and act before prospects to advance the global energy transition slip away ...

This is our opportunity to lose. We need to see some concrete support for an industry that is under incredible pressure. As the Leader of the Opposition has said, we have an incredible product here in Western Australia and operations that continue to reform and innovate, but they need more support if we are going to capitalise on this opportunity as well.

It is clear that we need to see more advocacy at the state level, not only for some immediate short-term solutions, but also on the number of challenging issues that are hurting the sector. I touched on IR; the government's advocacy on behalf of WA on the right to disconnect laws was another weak and disappointing display on federal issues that are affecting Western Australian industries more than the industries of other states. The three-hour time difference

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in summer already compromises our way of operating industry here in WA. When the Premier was asked about this matter in this place the other week, his response was that policies must be consistent with our needs, which is a very weak response to a really significant issue.

The federal government's shambolic IR changes, including same job, same pay, are having significant impacts on industry as well. More broadly, we need to see better advocacy on environmental approvals processes. There is \$318 billion worth of projects, 40 per cent of which are looking at turning away. As I have stated, this is our opportunity to lose and we cannot afford to have a handbrake on the growth and development of the critical minerals industry in Western Australia and the great opportunities of a green energy future.

Seeing Labor governments at both the state and federal levels tying themselves and our future up in red and green tape and publicly funding activists is also of significant concern. It is clear that we have an industry that needs support at both the state and the federal level. We need a Premier who stands up for Western Australia. This is a sector that has been left in limbo by a Premier who is unable to advocate effectively. We are asking the government to do more to ensure that the federal government is also listening and delivering for a sector in this state that faces significant job losses. That will have a flow-on effect for other operations, such as Lynas Rare Earths Kalgoorlie and the broader Kalgoorlie community.

MS M.J. DAVIES (Central Wheatbelt) [3.24 pm]: I rise briefly to contribute to this motion. Let us face it: the state and federal governments have dropped the ball and now we potentially have thousands of jobs hanging in the balance. That is what has happened. The previous Premier, the current Minister for Mines and Petroleum and the current Premier dropped the ball. We have heard the Leader the Liberal Party and the Leader of the Opposition talk about some of the challenges that sit in the federal arena. In the last week we have seen a scramble to address the situation that will leave many families dependent on these jobs hanging in the balance. We all understand in Western Australia that there are ups and downs in the mining sector. That is part of it. The trick is reading the play and understanding the risk to the strategic position of the state. Obviously, the loss of thousands of jobs at the end of a period of extended interest rate hikes is a poor outcome for those families, so many will be in a nervous state of uncertainty, staring down financial distress. At a very granular level, that will translate right across our state's economy. The flow-on impact of the BHP announcement and the other mines that have gone into care and maintenance have been warning signs for the state government. The state was clearly ineffective when it undertook lobbying efforts last year to have the commonwealth place nickel on the critical minerals list because that was not done when it was requested. The previous Minister for Mines and Petroleum attended a nickel conference in October last year and told the conference that the state was lobbying hard for nickel, and I think copper at the time, to be on the critical minerals list. Madeleine King, the Minister for Resources, omitted that and now is trying to shut the gate after the horse has bolted. The horse has bolted—too little too late. We now see nickel on the critical minerals list. I have to say that there has been tepid welcoming of this. The Chamber of Minerals and Energy's CEO, Rebecca Tomkinson, stated back in January 2024 that —

... the Australian Critical Minerals Strategy 2023–2030 remained unclear as to its practical support for the immediate and longer-term sustainability and growth of the critical minerals sector.

Although it is something, what it will do for the longer term sustainability of the industry is not particularly clear.

The Chamber of Minerals and Energy in the broader industry have been advocating for a number of different things, including turnkey industrial land development. They want investment in productive infrastructure and also to look at the fiscal settings for which the state has the levers to pull. My question to the minister and Premier is: what exactly are you doing? They have had two round tables. I have not heard lithium mentioned since the round table was completed; it has become all about nickel. We must have a plan outside of the glossy brochure of the critical minerals strategy. As one commentator has put it, there is a paucity of smart long-term planning. The Premier himself made the comment to *The West Australian* on Friday that longer term solutions were needed. What has the government been doing for the last seven years? This has not come out of nowhere. The state government itself says that this is critical for the decarbonisation and management of the industry, and yet for the last seven years we have seen glossy documents but none of the foundational work to deal with the shocks we are seeing in the system—the market that goes up and down. There are broader things that governments can do.

The report that the CME did noted that without a domestic nickel industry we will miss out on significant opportunities. The Leader of the Liberal Party and opposition leader spoke to this. It is our opportunity to lose 61 400 jobs for Australia and potentially \$17 billion in economic activity, which is what the chamber's document outlines. Production costs have risen almost 50 per cent since 2019. Nothing should be off the table. We do not want more glossy brochures; we do not want more talkfests; we want action from our state and federal governments and some clarity around how we will prevent significant job losses in our state that will have flow-on impacts right across the economy. It will affect the capacity of our state, which should be at the forefront of the critical minerals industry, to lead the way. We will be limited because of the government's lack of foresight.

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MR R.H. COOK (Kwinana — Premier) [3.28 pm]: I take the opportunity to contribute to this debate, which, member for Central Wheatbelt, is about the nickel industry. The motion does not mention the lithium industry at all. If the member for Central Wheatbelt is going to make a contribution to the debate, she should at least read the motion.

Ms M.J. Davies: If that is that is your only criticism, Premier, I am happy to take it.

Mr R.H. COOK: The member for Central Wheatbelt said, “Why are you not talking about something other than nickel?” I simply point out the fact that the opposition’s motion only talks about nickel, so the opposition was not talking about lithium at all. I have talked about nothing else other than the critical minerals, which include lithium, and here the opposition is moving a motion just about nickel. That is the fundamental problem with the member’s contribution, which meant absolutely nothing.

Ms M.J. Davies interjected.

The ACTING SPEAKER (Mr D.A.E. Scaife): Member for Central Wheatbelt, you were heard in almost total silence and I will not brook this any further. The Premier has the call.

Mr R.H. COOK: Thank you, Acting Speaker. Now we have dispensed with the rather paper-thin contribution from the member for Central Wheatbelt, we will deal the substantial arguments in this debate. Critical minerals are an essential part of our overall industry diversification strategy. We know that critical minerals will play an important role in making sure that Western Australia can be a global player in the energy transition, not only making sure we can decarbonise our economy but also that we are contributing to the decarbonisation of economies across the globe. Part of that is making sure that we are a valued member of the battery manufacturing supply chain, which is the reason we have worked assiduously to make sure that we continue to grow our critical minerals capacity. That includes rounds of funding under the investment attraction fund and the allocation of strategic industrial land to make sure we have locations for these companies to establish themselves. It is also around the great work we have done on the Kwinana industrial strip to make sure we can establish it as a global advanced industry hub, making a significant contribution to the battery manufacturing industries. That is why we have seen companies beat a path to our door to make sure they can be part of that great precinct and be part of this great industry. That is the reason we have put so much emphasis on this. My government has allocated more strategic industrial land in the last 12 months than governments in the last 14 years, so there is a lot going on at the moment to make sure that we are providing the opportunities for these companies to come to Western Australia to make great investments to establish themselves.

This is about our diversification strategy. It is about making sure that Western Australia is not only a great player in traditional resources, minerals and energy, but also investing significantly to make sure we are stimulating Western Australian jobs in a range of industries that we can target, utilising our strategic advantages and our innate skills to continue to grow these industries in the energy sector, which is an important part of our economy. We will see Western Australia grow as a renewable energy powerhouse, as well as tourism, events and creative industries, international education and defence industries. Just today, we heard the Minister for Defence Industry make an announcement around significant opportunities for Western Australia to be a key part of the defence industry supply chain. Mining equipment and technology services, space industries, health and medical life sciences and primary industries are the sectors we are targeting to continue to make sure we grow the jobs of tomorrow for the kids of today.

That is why we have put so much work into the critical minerals sector. It is not only an important part of our economic story, but also an important part of our strategic story. We know that having a sovereign capability in the critical minerals sector means that, in turn, as a country we are not as dependent upon other suppliers around the globe for minerals. That is why my government has moved quickly to ensure we do everything we can as a state government to stand by the nickel industry. Members would have heard just last month, on 15 January to be exact, First Quantum Minerals at the Ravensthorpe pits made an announcement that it was going to stop extracting nickel ore and would continue to process its stockpiles but not dig up further ore as part of its cost containment and minimisation process. That was a clear signal to everyone in the community that the global market for nickel is experiencing significant disruption, and the Leader of the Opposition did a good job of providing some insights into what that looks like. The significant and aggressive investment we see in the nickel mining and processing industry in Indonesia is leading to an increase in supply on the global market and thereby putting a downward pressure on the price of nickel. We need to make sure that we are aware of these impacts and that we respond.

Concurrently, we have seen the lithium price reduce. I think the jury is still out about whether that will be the long-term state of affairs, but the market analysis suggests that in the short to medium term the lithium price will recover. Although that requires further monitoring, at this stage it does not require action. However, action for the nickel industry is what people have seen from my government. Just last week, the Minister for Mines and Petroleum detailed our response and outlined how we will continue to support our nickel miners who are still in operation and ensure that we assist them with the current downward pressure on price. Why did we put in place these measures?

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Quite simply, it is because that is what the industry asked of us. It is what the individual miners asked of us. It is what the Chamber of Minerals and Energy of Western Australia asked of us. It is what the Association of Mining and Exploration Companies asked of us. We have delivered on those requests, and we will continue to work with industry to make sure that our policy settings are right for it to deal with the disruption to the global market.

One of the reasons that it took from 15 January to last week to finalise the package is that industry was exploring the needs of its participants to make sure that it got their asks right. I was very pleased to have meetings with both the Chamber of Minerals and Energy and AMEC to discuss what interventions they wanted from the state government. In the meantime, we have also seen the federal government act decisively by moving to ensure that the nickel industry can benefit from the multibillion-dollar funds that support critical minerals industries. The state government and the federal government continue to play our parts in supporting the industry.

We heard the Leader of the Opposition say that somehow changes to industrial relations laws are part of the issue. These laws have only just been determined by the federal Parliament, so I am not quite sure how they could have a significant impact on the costs of a mining operation at this point.

We also heard the member for Vasse suggest that environmental laws are part of the challenge. Obviously, the member for Vasse would have been pleased to hear our announcement in late 2023 that we would significantly review and revamp our environmental regulations to ensure that we get a much smoother pathway for mining proponents looking to develop industrial opportunities in Western Australia. I accept the member for Vasse's belated congratulations to my government for taking those measures, and I am sure she will be pleased that we are already well ahead of her particular point of view on these matters. We are continuing to work with the industry to make sure that we are supporting it wherever we can and that we have the right policy settings, which is the reason that we have seen such great investments in our critical minerals and battery manufacturing supply chains to date. My government is about working with industry to make sure that we facilitate these great investments so that we can continue to make sure that we are generating high-quality Western Australian jobs. We will continue to make sure that that is our focus.

We know there is more to be done. We are working with the federal government to ensure that we can bring to bear further policy measures to support the critical minerals industry. Why are we confident that we can do that? It is because Anthony Albanese, our Prime Minister, gets WA. He has been here more times in the last two years than the last three Liberal Prime Ministers combined. He understands that Western Australia is the engine room of the nation's economy. He is already committed to continuing to do more, working with my government and industry to ensure we can continue to support the critical minerals industry. It is important for not only our economy, but also our sovereign capability and the future of Western Australia as we move to a decarbonised future and become a renewable energy powerhouse.

MS A.E. KENT (Kalgoorlie) [3.39 pm]: I rise today to talk against this motion. As the member for Kalgoorlie, I am aware, more than most, of the nickel industry, and I know which side of government I prefer to be on. I prefer to be on the side of a government that understands the resources sector. The goldfields has a multitude of mines, including those under the banner of BHP Nickel West. Nickel West is 100 per cent owned by BHP and is a fully integrated nickel business that operates open-cut and underground mines, concentrators, a smelter and refinery all located in Western Australia. As we know, nickel is a critical metal in batteries, and as the world keeps moving toward renewables, more batteries are needed to store energy. We know this. BHP is reviewing its nickel operations in WA due to weaker metal prices and is considering a period of care and maintenance. Of course, this is difficult news to the resources industry and my electorate of Kalgoorlie. Both levels of government are listening and acting. Federal Minister for Resources, Madeleine King, made a great announcement last week when she put nickel on the critical minerals list, allowing nickel miners to apply to access a \$4 billion fund. Nickel's inclusion on the critical minerals list will make it easier for project proponents to apply for funding from the federal government's critical minerals facility. The loan facility is managed by the federal government's credit agency, Export Finance Australia, and aims to bolster and develop projects consistent with the Australian critical minerals' strategy. Last year the facilities fund swelled from \$2 billion to \$4 billion, and the federal minister said —

“This will now make sure nickel can fall within that particular facility ...

“The other thing it does is it helps with our international partners too that we move this onto the critical minerals list, so that we can attract some of their investment from their national financing bodies like Export-Import Bank.”

The Cook Labor government also announced that it will offer royalty relief to Western Australia's critical nickel industry to support thousands of local jobs as well as the state's vision of becoming a global battery minerals processing hub. Of course, I want the other K city to feature here as well as Kwinana!

The WA nickel industry has experienced extremely challenging global market conditions in recent times, which have prompted mine and processing plant suspensions and has significantly impacted jobs. These challenging conditions have been caused by a significant structural disruption to the global market, prompted by a surge in

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lower cost supply from other countries coming onstream. In response, this Cook government will offer local nickel producers a 50 per cent royalty rebate starting from the March quarter in 2024 and will be available over an 18-month period through a new nickel financial assistance program. The rebate will be provided if the average price of nickel in concentrate is below \$US20 000 per tonne for a given quarter. The rebate will then be repayable by the companies in equal quarterly instalments over the following 24 months. Companies will need to apply for financial assistance and provide details of their need for support, including information on their finances and projected economics as well as steps taken to adjust to the current price environment and structural changes in the industry. Our nickel financial assistance program will support nickel producers in their hour of need, providing temporary assistance to help with the structural changes to the nickel industry. Recent investments from China have enabled Indonesia to produce significantly cheaper nickel at scale from laterite deposits, placing Australia at a 28 per cent cost disadvantage. The rapid increase in cheap Indonesian nickel has coincided with lower-than-expected demand for battery minerals due to global electric vehicle sales falling three per cent short of forecasts in 2023.

Western Australian nickel producers are also facing growing cost pressures primarily in the form of higher labour costs that account for a significant portion of overall production costs. The Chamber of Minerals and Energy of Western Australia says that the government's measures are promising. CME chief executive officer Rebecca Tomkinson said that the nickel finance assistance program highlights an understanding of the importance of nickel to critical minerals aspirations of downstream processing. She said —

“CME has made it very clear that targeted and evidence-based government support such as temporary royalty relief makes sense for the nickel sector in the near-term, given the significance of the industry to local employment, the economy and our national strategic interests.

That is good to hear.

I talk to all stakeholders in this industry, including BHP Nickel West, from all its sites in the goldfields. They make sure that I am aware of every single part and conversation that they are dealing with at their mine sites and with their employees. The economy, jobs and the community are my priorities and will continue to be so. I am very proud to be part of a state government that reacts so positively and quickly, and I am also very proud to speak against this motion. I thank the Premier for his words, and I am working continuously with the Minister for Mines and Petroleum. I thank the minister for supporting the nickel industry in the Kalgoorlie electorate and doing what is right for WA.

MR D.R. MICHAEL (Balcatta — Minister for Mines and Petroleum) [3.46 pm]: We just heard from the member for Kalgoorlie. Following on from my comments during question time, and like all of us in this government, she listens to her electorate, including not only mining companies and proponents, but also workers who do an incredible job on the mines. We are incredibly lucky to have the member for Kalgoorlie. The member for Pilbara is next to me. He has some mining issues in his electorate. His connections in the Pilbara make an enormous contribution to the state. That is why I am so proud to be the new Minister for Mines and Petroleum in Western Australia, with the incredible wealth and opportunity that the mining and resources industry has given our state over many, many decades. The importance of my role and of our government continuing to support the sector and workers in the sector is not lost on me.

When it comes to critical minerals, there are some quite immature pricing mechanisms around the world in a lot of the emerging markets, which is a problem. We can talk about lithium and other critical minerals another time. Nickel is obviously not a new mineral in that sense, but in my mind it is almost acting like a new mineral. I note the discovery of high-grade nickel sulphides in Kambalda during the 1960s, and the development of mines in the 70s that brought enormous benefits to the state. At that time nickel mining was geared towards the production of steel products, in particular stainless steel. For decades, the pricing and the way the nickel industry on the world market worked was all geared around that particular product and the products that could be made with nickel alloys. More recently, with the decarbonisation of the globe and new technologies of lithium-ion batteries that mostly require nickel, it is almost like it is a new market again that is acting a little like those other new critical minerals required for batteries that we see around the world at the moment. Until recently, the nickel industry has shown some encouraging signs with strong sales volumes and an increase in local nickel project developments, some of which the member for Kalgoorlie and the Premier talked about. Sales quantities were about 160 000 tonnes in 2022–23. That was the highest level since 2017–18. High prices, relative to the early years, meant that the value of nickel sales was about \$5.7 billion, which is the highest since the global financial crisis for the state, and very much more than the two-decade low of 149 000 tonnes in 2018. I think about 95 per cent of the royalties for nickel come from four big producers, many of which have been mentioned here today. We note that they will be increasingly important as battery technology takes off and the demand for electric vehicles increases around the world as emission standards kick in and more people put batteries in their homes to decarbonise their lives and help energy grids around the world—as we have seen here with our big batteries being put in.

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I will talk about the recent price drop and how quickly it happened. For most of 2023, the price of nickel was well above \$US20 000 a tonne; it dropped sharply in the final month or two and into January this year. That is not new to the nickel industry. Like most commodities, there are ups and downs. I see the member for Roe here. The member would be well aware that Ravensthorpe Nickel Operations entered into care and maintenance in 2009 and then again in September 2017, restarting in 2020. That is the same for Savannah Nickel Operations, which went into suspension in 2015 due to the low nickel price. There are lots of examples. It is not unusual for the resources industry; these things happen. Generally, Australia is a price-taker for its commodities. That is something that will continue to happen and is where the government will come in to try to help, where it is able to.

Obviously, one of the reasons for the drop in nickel prices over the last six months is an issue with supply and demand. I think the member for Kalgoorlie talked about the demand for electric vehicles around the world. It is softer than predicted. There has been a wrapping up of battery production for electric vehicles. I have a very lowly undergraduate Bachelor of Economics degree; it is just simple supply and demand. There is just not enough demand. As we have heard, there are massive mines coming into production in Indonesia. It also wants to develop its downstream battery industry, which has markedly increased supply in the world market.

Obviously, one of the issues with those mines in Indonesia is the provenance of the nickel that will go into our batteries. There are concerns. I will not go into it too much because it is not something that I have done too much research on; however, I know there are some concerns about the mines in Indonesia regarding deforestation, air and water pollution and the impact on local communities and the fishing industry. I have even read a few articles about what it is doing to traditional fishers in those parts of Indonesia.

For those of us who want to buy an EV or put a battery in our house, the amount of greenhouse gases that are being used to produce nickel in that industry is important, as well as labour standards—especially safety. I note that, tragically, in late December, 18 people died in a nickel smelter in Indonesia. I read an article—I think it was recently in *The Australian*. It said that a single nickel-focused industrial park located in eastern Indonesia's Maluku Islands will burn more coal than Spain or Brazil when it is fully operational.

These are things around the globe that we will increasingly have to look at to make sure that the nickel in our batteries has a good environmental, social and corporate governance background and provenance. If someone is thinking of doing the right thing by buying an EV or putting a battery in their house, the last thing they want is for the carbon that was produced in the making of the battery to offset all the good work they think they are doing.

I now come to a roundtable meeting with Minister King held on 24 January. She is a very good Minister for Resources for our country. She is someone who gets WA and fights for WA, despite some of the comments from the opposition. I note that it was only in the two weeks before two of the nickel producers, First Quantum Minerals and Panoramic Resources in the north west, made those announcements. Minister King called a round table, which I was very happy to attend. At the nickel round table, we had many of the state producers and peak bodies. I remember that almost everyone in the room at the round table said that there is no silver bullet to resolve the international pricing issues facing the Australian nickel industry. There is no silver bullet, but we can look at doing multiple things. I took away various things that we must continue to work on from a state point of view.

One thing was looking at more assistance to the nickel industry for exploration for new deposits. I think someone said that only one economic nickel deposit has been discovered in the last 10 or 20 years. If we can find new deposits of nickel that are lower on the cost curve and easier to extract, we will make it more competitive. I am pleased to say that of the 36 successful applicants for the last round of the exploration incentive scheme, 21 projects were searching for battery minerals, and that includes 13 companies looking for nickel. That is a great thing. Obviously, the exploration incentive scheme is something that I am looking to continue, and I note that the current round is open until 1 March.

Another one was our approvals reform. In December, the Premier talked about the approvals reform we are looking at. Some of that is in my department, in the Department of Energy, Mines, Industry Regulation and Safety, and requires looking at fast-tracking mining approvals and duplication issues to reduce red tape where we can. My colleague the Minister for Environment is looking to do the same thing in his portfolio. That is another important thing that was asked.

The final suggestion was to introduce a royalty rebate—it was made clear to me—similar to the 50 per cent royalty rebates we rolled out to other industries. I think even the former government supported that 50 per cent rebate. Businesses get it for a time, they have a price cap, and they are able to pay it back. In question time, I gave details of the royalty rebate to support the industry.

The shadow Minister for Mines and Petroleum was a minister in the former government. I am pretty proud of how we were able to turn that rebate around in three weeks and one day from when we had the round table. We went through the proper processes of government to make sure that we had the modelling right. We talked to industry

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and peak bodies to make sure that the settings will be meaningful for some of the industry players. As I said, every mining operation is different. They all have different finances, ownership and ways of doing business, but we have made this as good as we can and consistent with support we have given other industries in the past.

In response, the Association of Mining and Exploration Companies was very happy. In a media release, it stated —

Today's announcement from the Western Australia State Government, to provide 50 per cent royalty relief over 18 months, to nickel producers is very welcome news to the under pressure nickel industry, but it is clear more will be required.

“There is no doubt this timely assistance from the WA State Government is welcomed by the nickel industry.

“The WA Government has stepped up to the plate for this industry in its time of need.

I think that the Leader of the Liberal Party quoted from the Chamber of Minerals and Energy's media statement, but I will quote some bits that were omitted —

Today's announcement by the WA Government to adopt the Chamber of Minerals and Energy of WA's ... recommendation for a nickel royalty relief package has been recognised as a promising measure for the sustainability of the state's nickel industry.

CME Chief Executive Officer, Rebecca Tomkinson, said the Nickel Financial Assistance Program was a positive sign that the weeks of urgent discussions with state and federal ministers and parliamentarians on behalf of industry were productive.

Members have talked a lot today about the federal government for various reasons. I am really happy that Minister King put nickel on the critical minerals list. I know that the Prime Minister made some incredibly strong comments about the nickel industry in the last couple of days, and I know that the federal government has things like the production tax credits, which is a call that came out of the round table, under active consideration—as well as everything else the federal government can do. We have a great relationship with the Prime Minister, and we have a great relationship with the minister. If this issue is so important to members opposite, maybe they should have asked a question about it last week instead of —

The ACTING SPEAKER (Mr D.A.E. Scaife): Minister, your time has expired.

Division

Question put and a division taken, the Acting Speaker (Mr D.A.E. Scaife) casting his vote with the noes, with the following result —

Ayes (5)

Ms M. Beard
Mr R.S. Love

Ms L. Mettam
Mr P.J. Rundle

Ms M.J. Davies (*Teller*)

Noes (48)

Mr S.N. Aubrey
Mr G. Baker
Ms L.L. Baker
Ms H.M. Beazley
Dr A.D. Buti
Mr J.N. Carey
Mrs R.M.J. Clarke
Ms C.M. Collins
Mr R.H. Cook
Ms L. Dalton
Ms D.G. D'Anna
Mr M.J. Folkard

Ms K.E. Giddens
Ms M.J. Hammat
Ms J.L. Hanns
Mr T.J. Healy
Mr M. Hughes
Mr W.J. Johnston
Mr H.T. Jones
Mr D.J. Kelly
Ms E.J. Kelsbie
Ms A.E. Kent
Dr J. Krishnan
Mr P. Lilburne

Mrs M.R. Marshall
Ms S.F. McGurk
Mr D.R. Michael
Mr K.J.J. Michel
Mr S.A. Millman
Mr Y. Mubarakai
Mrs L.M. O'Malley
Mr P. Papalia
Mr D.T. Punch
Mr J.R. Quigley
Ms R. Saffioti
Ms A. Sanderson

Mr D.A.E. Scaife
Ms J.J. Shaw
Ms R.S. Stephens
Mrs J.M.C. Stojkovski
Dr K. Stratton
Mr C.J. Tallentire
Mr D.A. Templeman
Mr P.C. Tinley
Ms C.M. Tonkin
Mr R.R. Whitby
Ms S.E. Winton
Ms C.M. Rowe (*Teller*)

Pair

Dr D.J. Honey

Ms E.L. Hamilton

Question thus negatived.