

LITHIUM INDUSTRY

**939. Mr D.T. PUNCH to the Minister for Mines and Petroleum:**

My question is to the very astute Minister for Mines and Petroleum.

I refer to the continuing expansion of the lithium industry in Western Australia. Can the minister explain to the house how the McGowan Labor government is providing investment certainty to Western Australia's lithium industry and how this provides greater opportunities to create jobs and further develop downstream processing in our state?

**Mr W.J. JOHNSTON replied:**

What an excellent question. One of the great things about our future battery industry is that much of it is happening outside Perth. The member for Bunbury is one of those who enjoys the growth in employment in our battery industry with Albemarle's decision, with the support of the Premier, to invest in Kemerton to create one of the world's largest lithium hydroxide plants. This year, we are looking forward to the first production of lithium hydroxide from the Tianqi plant in Kwinana. This, together with other investment by Sociedad Química y Minera de Chile and Wesfarmers, will see within five years, Western Australia become the single largest source outside China of lithium hydroxide—that is processed material—which will give Western Australia a unique and strong position in the future battery industry as batteries replace internal combustion engines across the world in automotive production. The government works very closely with the industry to make sure that we are listening to its needs. Again, I highlight a decision we made, which is to change the basis of the royalty on lithium hydroxide. Lithium hydroxide and lithium carbonate would have been subject to a royalty of five per cent if we had taken no action. This would have put the royalty rate on processed lithium at an uncompetitive rate compared with the case in other jurisdictions and would have been an impediment to support future investment in the processing of lithium material in Western Australia. With the support of cabinet, we have set the royalty rate as a feedstock rate, which means that whether the spodumene that comes out of the concentrators at mines is exported or used for domestic use, the royalty will be applied in exactly the same way. Let me make it clear: had we left the royalty regime in the way that it had been left to us, there would have been effectively a disincentive to process spodumene in Australia. In fact, there would have been incentive to send the spodumene outside Australia to be processed overseas.

Our battery industry strategy is working. I report to the house that there has been an 83 per cent increase in employment since the last year of the former government just in the mining of battery materials. In 2016, there were 6 320 people employed in mining battery materials. This year, there are 11 590. That is an extra 5 000 jobs just in the mining industry. Of course, there are even more jobs in the processing. Downstream processing of battery materials did not happen until the Labor government came into power, and now we are moving to be the dominant player outside China in this industry. We are very keen to support further chemical processing of battery materials in Western Australia, and I want to congratulate BHP's Nickel West for its investment in nickel sulphate and cobalt sulphate capacity. That is new capacity and new chemicals being processed here in Western Australia that takes us another step down the pathway of this important industry.

I also want to let members know that there is now 7.5 megawatt hours in battery storage across Western Australia from state government initiatives, which shows that we are advancing not only at the beginning of the value chain, but also in the implementation of using batteries and systems. Western Australia is now recognised as a world-leading jurisdiction in the application of batteries into electrical systems, and people are literally coming from all around the world to learn about how to do that here in Western Australia. This is a good news story because the McGowan government is working with industry to support these important investments.