

NICKEL INDUSTRY

**63. Ms A.E. KENT to the Minister for Mines and Petroleum:**

Before I ask my question, I would like to put on the record my sympathy for the family of the two little girls who were killed in Merredin on Sunday. There are a lot of links to Kalgoorlie. They were travelling back from Kalgoorlie and a lot of people know the family there. I know the granddad and grandmother, who are suffering an unspeakable loss now. My sympathies go to all my friends and those people in the community who are feeling this sadness.

I refer to the challenging global conditions facing the Western Australian nickel industry.

- (1) Can the minister outline to the house how this government is acting to protect local jobs within Western Australia's critical nickel industry?
- (2) Can the minister inform the house how this government continues to respond to market conditions in the nickel industry?

**Mr D.R. MICHAEL replied:**

Firstly, as the Minister for Road Safety I also share those condolences. I saw the news last night when I got home. As the Minister for Road Safety, it made me feel numb. I am sure that, on behalf of all members, the member will take back the Parliament's sympathies to the family.

- (1)–(2) This is my first question as the new Minister for Mines and Petroleum and I am in the seat of the former minister. I see the member for Cannington up the back and I know that the resource industry holds him in high regard. I am looking forward to more contributions from him, as we just heard, now that he is sitting up the back.

The member is a great advocate for the resources industry in her electorate. As the minister, I am looking forward to working with her. The nickel industry supports almost 10 000 jobs in Western Australia. Last year it generated sales of over \$5 billion, which generated \$140 million in royalties. It is an essential component in the state's aspiration to becoming a global hub for the downstream processing of battery minerals. Importantly, in the member's electorate, we will hopefully be able to continue to support those jobs and workers and a whole host of resources in the critical mineral space.

The member outlined, and we heard from the Premier earlier, the global headwinds that the nickel industry is facing. That is why the Cook government has made the decision to support the industry through the nickel financial assistance program. Unlike previous downturns, of which there have been a few in the nickel industry over former decades, there is a significant structural shift underway in the global nickel sector. The challenging conditions have been caused by a significant and sharp structural disruption to the global market prompted by a surge in cheap foreign supply. As we have heard, a lot of it has come out of new mines that have opened in recent years in Indonesia, which is trying to develop its own downstream industries.

I should say that we had a roundtable meeting with Minister Madeleine King. She is a very good commonwealth Minister for Resources. She obviously gets Western Australia, because she is from here, and I know that she advocates strongly on behalf of the resources industry within the commonwealth government. The round table was three-and-a-bit weeks ago on my birthday, 25 January. I know that the biggest call from the state government that came out of that round table was for a royalty rebate program, similar to those we have rolled out for other industries in the past over successive governments. The WA government believes that a 50 per cent royalty rebate over a period of 18 months will go some way to assist nickel companies to weather the storm of current market conditions so that they can be part of ongoing and future efforts to decarbonise our globe.

Of course, the state's minerals belong to the people of Western Australia. At the end of the program, the rebate will be fully repayable by companies that accessed the scheme in equal quarterly instalments over 24 months. The previous minister had a spodumene program with very similar terms. I have been told that the repayments from that program are almost complete. That is how that program worked to help the industry at that time, I think, in 2020.

As the Premier mentioned earlier, rebates will not apply and royalties will be required to be paid in full if the average price of nickel is equal to or greater than \$US20 000 a tonne for a given quarter. I just checked today and the price is about \$US16 400. This means that the program will come at nil or very little cost to the WA taxpayer.

Companies will have to apply for the financial assistance and provide information on their finances and project economics so that we understand the need for assistance, in addition to the steps that they have taken to adjust to the current price environment and any structural changes that they have made. The Cook

government has responded quickly to industry calls for assistance and we remain committed to protecting jobs and growing our value-added critical minerals sector, which is a key priority for our government.

Further to that, WA is the most significant nickel producer of the Australian states. To this end, I also welcome the federal government's initiative to add nickel to the critical minerals list last week. Such a move will give nickel companies the opportunity to access billions of dollars of commonwealth funding through the \$4 billion critical minerals facility and critical minerals-related grants programs, such as the \$40 million international partnerships program. The member for Kalgoorlie represents much of the resources sector. We are going to continue to work with industry, producers and proponents on all resources in her area, especially nickel, as they go through structural shifts. Hopefully, we will keep supporting those workers in her electorate.