



Supporting the Western Australian resources sector

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Background

Western Australia's resources sector comprises a diverse range of mineral and petroleum projects with an equally diverse range of investor and ownership groups. The very nature of the industry means its development and operation continually evolves in a highly-competitive environment with strongly fluctuating commodity prices.

The resources sector, just like any other, is supported through a wide range of government programs, regulatory instruments and policies at both the State and Commonwealth level. This support is targeted at reducing the costs of doing business with government, and is largely based on various regulatory and environmental approvals and tariffs.

Beyond this, successive State Governments have fostered the development of the resources sector through the approvals processes, by working closely with proponents and other tiers of government. This ensures viable and responsible projects, and their associated supporting infrastructure, are not delayed or frustrated through ineffective coordination.

The State Government's encouragement of resource development is underpinned by a strong royalty system that provides industry with a simple, transparent, stable and predictable cost structure. The State Government is committed to protecting the low sovereign risk status of this system and ensuring resource extraction achieves a fair return to all Western Australians. This approach continually sees Western Australia placed as a leading global resources producer.

Purpose

In the above context, the purpose of this guidance note is to outline how the State Government may support the Western Australia resource sector in a range of economic and market conditions. It intends to provide greater transparency as to decisions made regarding the distribution of public resources and the information considered in making such decisions.

This guidance note does not intend to encourage or invite unsolicited requests for support, but rather highlight the key principles which guide the State Government in its decision making.

Key principles

In considering a request for support, the State Government must strike a balance between assisting projects to maintain the economic and community benefits they deliver and protecting the State's interests in terms of the cost to the State Government and the community in general. To achieve this, the State Government considers each request on a case-by-case basis and in the context of the following principles.

Maintain an efficient and highly competitive industry structure

Western Australia's ongoing success in attracting strong investor interest depends on maintaining an efficient and highly competitive resources industry structure.

A request for support is rigorously assessed to determine if there are any exceptional circumstances that would warrant State Government intervention.

Protect Western Australia's interests

A request for support is subject to a thorough risk assessment. This allows the State Government to consider the potential cost to government against the benefits to the economy and community, ensuring that any decision is in the public interest.

Ensure effective stewardship of the State's finite resources

The State's rich endowment of mineral and energy resources is finite. The State Government must closely assess any deviation from usual policies and standards which apply to resource management and regulation.

Resource developers are expected to demonstrate best practice in planning and managing all aspects of the mining process. Optimised, economically efficient mining is required to ensure the return to the community is maximised. In some cases, it may be preferable for resources to be left undeveloped until they are able to be extracted economically and efficiently to generate a fair return to the community.

Promote equitable treatment, consistency and fiscal responsibility

Careful management of the State's finances and the ability to balance the many competing needs for taxpayer funds is an important consideration. All requests for support must be considered on a fair playing field. This may include assessing the extent to which the applicant has received support through direct or indirect government involvement; for example through infrastructure or other assistance programs.

Support community wellbeing and advancement

Resource projects are expected to be managed on the basis that communities benefit from resource development activity.

Projects which are not commercially viable (or not designed to be sustainable in the long term) will cause ongoing community disruption and uncertainty. Intervention by the State Government has the potential to exacerbate these problems.

Seeking support

There are no prescribed programs or schemes designed to support Western Australia's minerals and petroleum industry. Requests for financial support from industry are considered on a case-by-case basis against the above set of principles, and involve relevant State Government agencies.

Requests for support are made through the Minister for Mines and Petroleum. The Minister may ask the Department of Mines, Industry Regulation and Safety (DMIRS) to assess the application and any supporting information. DMIRS's analysis is considered by the Minister and may require Cabinet to determine if the State Government will consider and/or approve support.

A request for support requires as much information as possible. This allows the State Government to understand the project and the exceptional circumstances leading to the request. It is the responsibility of an applicant to inform the Minister of any substantial change in factors affecting the accuracy and/or relevance of information supporting the initial application.

Any financial information submitted as part of a request for assistance is treated confidentially. However, the information is subject to release in accordance with conditions set out in Western Australia's *Freedom of Information Act 1992*.

DMIRS's process

The process of considering and assessing a request for support is made on the basis of being:

- fair and equitable
- transparent
- free from conflict of interest.

DMIRS's analysis includes assessing the risks associated with:

- the long-term viability of the project against a broad range of economic and market conditions
- compliance issues such as regulatory issues, existing or previous litigation, receivership or administration status
- the extent to which the applicant has received government assistance in the past
- the applicants' ability to repay any assistance, if required.

DMIRS also considers how the project has provided, and the extent to which it would continue to provide:

- economic benefits to Western Australia (e.g. through employment, production volumes and royalties)
- benefits to the local community including employment and training undertakings, provision of community facilities and ongoing community support and contributions pledged by the proponent.

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