



Inquiry into *Future Made in Australia Bill 2024 [Provisions]* and the *Future Made in Australia (Omnibus Amendments No. 1) Bill 2024 [Provisions]*

Responses to Questions on Notice from Senator Andrew Bragg (received 30/08/24)

1. *Are you disappointed in the Government's lack of action at addressing the looming nickel crisis last year, prior to the issues in early 2024?*

BHP appreciates the constructive engagement we had with the Federal Government as we reviewed our Western Australia Nickel operations this year. Our decision to temporarily suspend these operations follows an oversupply in the global nickel market. Forward consensus nickel prices over the next half of the decade have fallen sharply, reflecting strong growth of alternative low-cost nickel supply. [Refer BHP's media statement attached].

2. *Were you disappointed that the Government did not see fit to include nickel in the critical minerals list before the crisis unfolded?*

BHP welcomes the inclusion of nickel on the Critical Minerals List but, like others in the Australian nickel sector, we have not been able to overcome the substantial economic challenges driven by a global oversupply of nickel.

3. *Whilst price fluctuations in the international market are out of our control, what effective reforms or progress can be undertaken to strengthen our resources sector? I note that in your submission you highlight enabling infrastructure and streamlined permitting.*

The mining sector has become intensely competitive at a global level and Australia can no longer simply rely on its geography and geology to secure investment for new resource projects. To win the race for global capital, both industry and government need to actively contribute to improving Australia's mining sector competitiveness. This can be achieved through measures including best-in-class enabling infrastructure, streamlined approval permitting, stable and competitive fiscal settings and investment in workforce skills and capabilities.

4. *Your submission talks a lot about Australia's competitiveness and the need for a competitiveness agenda - can you walk us through what that looks like at a high level and how that would support a stronger economy?*

a. *Is it fair to say, that comprehensive competitiveness agenda is not in this policy?*

b. *What is the benefit of these policies if the industrial relations, tax, energy supply, and approvals obstacles to investment aren't addressed first?*

BHP supports a competitiveness agenda built around four key pillars:

1. Investment in enabling infrastructure – such as power and water – to expand and unlock key resource basins.
2. Robust, transparent and streamlined permitting that reduces approval timelines without lowering standards.
3. Fiscal stability and competitive taxation, recognising that where a potential Australian project is disadvantaged in terms of its resource quality and/or scale (compared to other projects overseas), Australia's relative fiscal settings will play a crucial role in determining whether the project is able to secure investment.
4. Development of a world-class Mining, Equipment, Technology and Services (METS) sector and mining workforces equipped with future-facing skillsets and capabilities.

This agenda would complement and reinforce the ambitions of Future Made in Australia, strengthening Australia's attractiveness as a critical minerals investment destination at the same time the Government seeks to 'crowd in' private sector capital to priority industries.

BHP NEWS RELEASE

11 July 2024

BHP commits to ongoing support for the WA nickel industry

In light of the significant and sustained challenges to the Australian nickel industry as a result of global oversupply, BHP has taken the difficult but necessary decision to temporarily suspend our Western Australian Nickel operations.

Like others in the Australian nickel sector, we have not been able to overcome the substantial economic challenges driven by a global oversupply of nickel.

Since late last year we have been working closely and constructively with the Western Australian and Federal governments on how best to jointly respond to the sustained pressure facing the Australian nickel industry.

We welcome the inclusion of nickel on the Critical Minerals List, the production tax incentive proposal, state royalty relief and the significant representation that both Federal and State governments have made to promote positive policy and advocate for responsible production standards of nickel on market platforms and production jurisdictions globally.

Ultimately, the market surplus and lower prices anticipated to persist through the medium term could not be countered by the welcome policy interventions made by the WA and Federal governments.

The unavoidable power of these global market realities is what has compelled BHP in our decision to temporarily suspend operations in this case, not government policies.

BHP has put in place a range of measures which will assist our people, our communities and our partners in the industry manage the impacts of this temporary suspension.

Our industry

As this is a temporary suspension, we will continue to invest around AUD \$450 million a year to enable a re-start if the market outlook improves. This will support continued investment in resource exploration and understanding, maintaining the integrity and maintainability of mining operations, smelting and refinery facilities.

BHP is committed to supporting the Western Australian and Federal government's strategies to diversify the WA economy, including through our commitment to work with NeoSmelt partners Rio Tinto and Bluescope to develop the country's first ironmaking Electric Smelting Furnace (ESF) pilot plant. To support this important project, we will continue to work with the WA Government to evaluate land and services for the ESF pilot plant in Kwinana, including a site adjacent to the Nickel West refinery.

We will also commit AUD \$5 million toward supporting 30 Goldfields-based apprenticeships in the building and construction industry through the WA Government's GTO wage subsidy program.

Our people

Consistent with BHP values and commitment to our employees and the communities in which we operate, every frontline employee will be offered another role within BHP, and best endeavours will also be made to identify redeployment opportunities for other employees engaged in the day-to-day operations of Western Australia Nickel.

Our communities

BHP is establishing a AUD \$20 million Community Fund to support local communities and local businesses in the communities in which WA Nickel operates, and we will work closely with local suppliers to work through the impacts of this temporary suspension, including by exploring other opportunities to partner with our iron ore business.

We will also work responsibly with our business partners to mitigate adverse supply chain outcomes, including for domestic users of by-products affected by this temporary suspension.

Support for the critical minerals industry

Through our partnerships with Curtin University we will make our Kwinana refinery resources and our technical expertise available for critical minerals research to support the WA Government's Critical Minerals Strategy throughout the period of temporary suspension.

We will also make a financial contribution to the Critical Minerals Advanced Processing common user facility.

ENDS