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Western Australia's Iron-cladded Budget

A \$5.6B record operating surplus in 2021-22 headlined the Western Australian State Budget built on a foundation of COVID-19 management, strong commodity prices, and a growing mining and mineral exploration sector.

The State Budget surplus was underpinned by a record \$9.8B of royalties. Western Australia benefited from the \$154.50 average iron ore price over the last financial year, \$20 higher than the pre-election projected price of \$134.00. Iron ore accounts for 87% of royalties income.

"The WA Budget has been iron-cladded by iron ore royalties and strong covid management," said Warren Pearce, Chief Executive Officer of the Association of Mining and Exploration Companies (AMEC).

With \$120M committed for approvals officers, and \$12.5M for the Exploration Incentive Scheme, the State Budget included a range of initiatives that will benefit the mining and mineral exploration industry. A further \$5M was provided to complete Kalgoorlie's Joe Lord Core Library and \$6.3M for the Minerals Research Institute of Western Australia to keep WA on the cutting edge of mineral research. \$1M has been provided for research into the viability of a local green steel industry. Further funding has been supplied for an additional mining warden.

"The Western Australia mining and mineral exploration sector continues to benefit from the combination of opportunities, high commodity prices, record levels of investment and a lack of COVID-19 in the community."

"There are at least twelve mines in near-term development in Western Australia, and combined with strong residential and civil construction growth, will generate further pressure in the economy"

"The State's Government record \$30.7B investment in public infrastructure is also competing for staff, equipment and materials with the private sector. This is often the case, and in more ordinary times is not usually a major concern."

"However, in an economy that has only 4.6% unemployment and ongoing border restrictions, we are already seeing significant labour shortages.

"With a range of industries experiencing heady growth, the risk of the economy over-heating continues to grow. This is certainly a good problem to have, but it is still a problem."

"There is a high demand for people, skills and materials in WA, which means that both Government and industry projects will likely face delays and increased costs, and there is the further risk that inflationary effects may escape these industries, and add to cost of living pressures across the community."

"Finding a safe way to bring interstate and international workers into Western Australia will be the most effective way to relieve these pressures."



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“Despite these potential challenges, the 2021/22 Budget clearly evidences that Western Australia is strongly positioned to continue to grow in a post COVID-19 environment,” said Mr Pearce.

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