



## **BHP Pre-Budget Submission 2024/25**

### **1. Introduction**

BHP welcomes the opportunity to participate in consultation for the 2024/25 Federal Budget.

As one of Australia's largest employers, taxpayers and investors, we are proud of the contribution we make every day to the national economy. In the financial year 2023, this included:

- **Employing over 50,000 people across Australia in skilled, well-paid jobs.** With 8.3 per cent of our people identifying as Aboriginal and Torres Strait Island peoples, making BHP Australia's largest resource sector employer of Indigenous Australians.
- **Paying A\$18.0 billion in Australian taxes, royalties and other payments to governments.** Approximately 8 per cent of company tax paid in Australia in the 2023 financial year was paid by BHP. In Queensland and WA, BHP-operated projects contributed close to 10 per cent and 11 per cent of all revenue (excluding grants) respectively.<sup>1</sup>
- **Providing A\$86 million in social investments** and leading Australia's corporate philanthropy contributions.
- **Reaching the milestone of over A\$1 billion spent with small and Indigenous businesses** since the commencement of our Local Buying program.

In 2022–23, the mining sector generated a record A\$455 billion in annual export revenue (equal to 66 per cent of Australia's total export revenue). It has also helped give Australia one of the highest GDP's per capita of any major country.<sup>2</sup> The benefits of mining underpinned the country's standout economic performance through the global financial crisis<sup>3</sup> and continues to make a significant economic contribution<sup>4</sup> to Australia's post-COVID recovery. This is reflected by the upward revision of estimated total tax receipts in the 2023-24 MYEFO of \$57.2 billion, largely credited to the continuing strength of iron ore and coal prices.<sup>5</sup>

Despite the heavy reliance on the mining sector, decisions at a State and Federal level have raised material concerns about future investment in Australia. These include changing fiscal settings with minimal or no prior consultation, commodity price caps and the addition of complex and costly industrial relations changes that reduce flexibility.

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<sup>1</sup> [BHP Economic Contribution Report 2023](#)

<sup>2</sup> According to the International Monetary Fund, Australia had a GDP per capita of US\$63.5k in 2023. This is the tenth highest globally, behind Luxemburg, Ireland, Switzerland, Norway, Singapore, Qatar, United States, Iceland and Denmark. IMF (2023), GDP per capita, current prices.

<sup>3</sup> According to a research paper published by the Reserve Bank of Australia, by 2013, the mining boom was 'estimated to have raised real per capita household disposable income by 13 per cent, raised real wages by 6 per cent and lowered the unemployment rate by about 1¼ percentage points'. Peter Tulip (2014), The Effect of the Mining Boom on the Australian Economy.

<sup>4</sup> [Australia govt sees budget almost in balance for 2023/24 | Reuters](#)

<sup>5</sup> [Mid-Year Economic and Fiscal Outlook 2023–24 \(budget.gov.au\)](#)

More than 17 million Australians own a part of the Australian mining sector directly or via their superannuation holdings.<sup>6</sup> Policies that deter mining investment flow on to negatively impact the retirement savings of many Australian shareholders.

The resources Australia produces are fundamental to global economic growth, improved living standards and the energy transition. The sector has a strong forward pipeline of potential investments to further grow the sector and the benefits it brings to the country. However, without a strong partnership between business and government that builds confidence, Australia risks missing this opportunity to set the nation on a growth trajectory for a stronger economic future.

## **2. Economic context**

The upward revision by \$57.2 billion in the estimate of total tax receipts since the last budget in the 2023-24 MYEFO<sup>7</sup> due to stronger than expected commodity prices reflects the continuing reliance of the Australian economy on the contribution of the resources sector.

Both the International Monetary Fund (IMF) and the OECD forecast global growth to continue to slow into 2024 and while slightly recovering in 2025 but will remain well below the historical average.<sup>8</sup>

The rapid and widespread deployment of clean energy technologies including renewable energy, nuclear power, battery storage and electric vehicles to meet the aims of the Paris Agreement present a significant opportunity for the resources sector and Australia. While strong global headwinds are placing significant pressure on the short-term viability of commodities such as nickel<sup>9</sup>, medium to long term estimates by the International Energy Agency (IEA) suggest significant growth opportunities for copper nickel lithium and cobalt mines. Without the right policy settings, Australia risks squandering these emerging opportunities.

### **2.1. Policy settings that help not hinder**

Australia will not attract the investment capital needed to position the sector to supply the future facing commodities crucial to Australia's continued economic prosperity unless it is competitive.

Government and industry must work together to improve the competitiveness of Australia's mining sector so that the nation can also enjoy the future benefits that these new opportunities can bring. Over the last two decades, labour costs in the mining sector have doubled while productivity has remained flat compared to a 34 per cent increase across all sectors.<sup>10</sup>

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<sup>6</sup> [Recapturing Australia's Competitiveness – Challenges and opportunities for Australia's mining sector](#)

<sup>7</sup> [Mid-Year Economic and Fiscal Outlook 2023–24 \(budget.gov.au\)](#)

<sup>8</sup> [World Economic Outlook, October 2023: Navigating Global Divergences \(imf.org\)](#)

<sup>9</sup> [A Critical Juncture: Australia's Opportunities and Challenges in Nickel \(mandalapartners.com\)](#)

<sup>10</sup> [Recapturing Australia's Competitiveness – Challenges and opportunities for Australia's mining sector](#)

A budget that fails to put in place the policy settings that improves our competitiveness and encourages the next wave of resource investments, risks the future financial contributions of the resources sector that over the last 10 years have contributed 21 per cent of Australia's GDP growth.<sup>11</sup>

## 2.2. The future opportunity and current global threat

Australia's historical resource success does not mean it can take future success for granted. While demand for key commodities such as iron ore and metallurgical coal remains strong, there is significant structural changes underway in markets globally as nations position themselves to supply the future resources the global economy requires.

Australia is well-positioned to supply the commodities essential to low-carbon energy technologies the world needs,<sup>12</sup> with 24 per cent of the world's economic resources for nickel<sup>13</sup> and ranking second in the world for global supplies of copper.<sup>14</sup>

However, the near halving of the nickel price in 2023 in the face of a supply surge from Indonesian mines<sup>15</sup> resulting in a number of Australian mine owners enter administration<sup>16</sup> or moving into care and maintenance shows more than simply an abundance of a resource is needed to compete internationally.

## 3. Proposals for the 2023-24 Budget

### 3.1. Competitiveness

Privileged natural endowment and strategic policy settings has seen Australia historically regarded as an attractive investment destination. These traditional strengths can no longer guarantee future success. As challenges with Australia's high-cost environment become more acute, and its reputation as a jurisdiction with stable fiscal and regulatory settings has taken recent hits, work needs to be done to keep the country in a position to leverage its natural advantages. To remain competitive and continue to lead in the sector, Australia must proactively recapture its competitiveness and reset its current trajectory.

Relative competitiveness in the mining sector depends on the interplay between four major elements:

- resource properties
- talent and mining equipment, technology, and services (METS)
- transport, energy, and infrastructure; and
- regulation and policy environment

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<sup>11</sup> [Mining is key to Australia's economic future - Minerals Council of Australia](#)

<sup>12</sup> [Climate-Smart Mining: Minerals for Climate Action \(worldbank.org\)](#)

<sup>13</sup> [Nickel | Geoscience Australia \(ga.gov.au\)](#)

<sup>14</sup> [Copper | Geoscience Australia \(ga.gov.au\)](#)

<sup>15</sup> [ASX BHP: why the Kalgoorlie nickel smelter upgrade is the perfect project for Anthony Albanese and BHP to unite over \(afr.com\)](#)

<sup>16</sup> [Nickel price collapse claims Aussie miner Panoramic \(afr.com\)](#)

Over the last 30 years, Australia has enjoyed strong performance against these dimensions, entrenching its position as the leading producer of the world's most industrially important commodities and the nation has benefited from this. However, the forward outlook against these dimensions is less clear.<sup>17</sup>

### 3.1.1. Tax

BHP is committed to paying its fair share of tax and reporting these contributions openly and transparently.

Fiscal stability alongside globally competitive policy settings remain critical for attracting and retaining investment in Australia. Fiscal policy should promote investment and innovation and be underpinned by effective and meaningful consultation. Sudden and unexpected increases in taxation and royalties damage investor confidence in Australia as an investment destination.

BHP believes tax systems should be effective, efficient, and competitive, to support economic growth, job creation and viable long-term tax contributions. BHP recognises taxes are important sources of government revenue and are central to the fiscal policy and macroeconomic stability of countries. Paying the right amount of taxes and royalties enables governments to finance and deliver on national development plans for the benefit of the broader community to promote sustainable economic growth, full and productive employment, and reduce poverty and inequality within and among countries.

An ongoing reform agenda that ensures the overall burden of taxation and royalties is competitively benchmarked against other leading mining jurisdictions is important to Australia's long-term competitiveness – 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.

We continue to support the commitments from the Australian Treasurer and other senior members of the Government that they do not intend to make any changes to the fuel tax credit system. Fuel tax credits are not a subsidy for fuel use, but a mechanism to reduce or remove the incidence of excise or duty levied on the fuel used by business off road or in heavy on-road vehicles and it is important they are recognised as such.

***BHP recommends that taxes and royalties should be benchmarked against other leading mining jurisdictions to ensure Australia remains competitive. This exercise should consider the full fiscal burden on the Australian mining industry, taking account of the mix of taxes and royalties imposed at all levels of Government in Australia.***

### 3.1.2. Workplace Relations

The Government should be making it easier, not harder, for Australian companies to succeed, to grow and to create well-paid jobs. The passage of the *Fair Work Legislation Amendment (Closing Loopholes) Bill 2023* has delivered far-reaching changes to Australia's system of workplace relations. We remain strongly opposed to the legislated changes that reduce Australia's competitiveness and productivity.

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<sup>17</sup> [Recapturing Australia's Competitiveness – Challenges and opportunities for Australia's mining sector](#)

At an economy-wide level, these changes will compound existing productivity challenges, particularly in the mining sector where wage growth has consistently outstripped productivity growth. Productivity happens when employers have the capacity to invest and innovate, train workers, upgrade machinery and adopt new technology. It enables our economy to produce more and ultimately drive higher living standards.

By removing the link between wages and productivity while also taking away the ability to reward employees' experience, high performance, innovation and success, the ability of businesses to compete is threatened. This creates unsustainable cost pressures that will further erode Australia's competitiveness as an investment destination, ultimately increasing costs for business and consumers and higher costs for inflation.<sup>18</sup>

To prevent business confidence from eroding further, government must refocus workplace relations policy on reviving productivity, supporting enterprise bargaining, and enabling access to diverse forms of employment to achieve wages growth. This legislation will close opportunities for Australian businesses, limiting productivity, operational flexibility, and investment by adding more layers of complexity and uncertainty to workplace relations.

***BHP recommends that the Government put a stop to further productivity-destroying workplace relations changes and focus its reform agenda on measures to restore the link between wages and productivity and to address the circumstances of exploitation of vulnerable workers in low-paid sectors of the labour hire workforce, consistent with the original stated intent of its policy.***

### 3.1.3. Workforce

Australia's mining sector will need new skillsets and capabilities to prosper and significant investments in re-skilling and up-skilling. The pressures facing the sector globally are being felt acutely in Australia with critical workforce shortages and declining productivity.<sup>19</sup>

Nearly 50 per cent of the applicable skilled engineering workforce globally will be reaching retirement age in the next decade<sup>20</sup>. The sector faces challenges at the top of the talent pipeline as enrolments in educational courses drop<sup>21</sup> and sentiment towards careers in mining continues to decline.<sup>22</sup>

With investment expected to reach A\$300m over five years, BHP's FutureFit Academies, first opened in 2020, have successfully produced a pipeline of highly skilled, diverse and job-ready talent who move on to permanent jobs across BHP at the completion of their training. In 2022, 80 per cent of FutureFit students were female, 20 per cent Indigenous and retention was more than 83 per cent.

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<sup>18</sup> [Cost of Living Select Committee. 2023. 09\\_26\\_Official.pdf;fileType=application/pdf \(aph.gov.au\)](#)

<sup>19</sup> Australian Resources and Energy Employer Association (2022), Resources and Energy Workforce Forecast 2022–2027.

<sup>20</sup> Deloitte (2023), Tracking the trends 2023: The indispensable role of mining and metals

<sup>21</sup> For example, Professor Peter Knights has estimated that the number of Australian mining engineer graduates has declined from its peak of 333 in 2015 to 87 in 2021 – a drop of nearly 75 per cent. Minerals Council of Australia (2022), The Digital Mine: A review of Australia's mining innovation ecosystem.

<sup>22</sup> For example, a recent survey conducted over Australia, Canada, Latin America, South Africa and the United Kingdom found that just 15 per cent of students said they would be 'very interested' in pursuing a career in mining, and only 54 per cent of students indicated they saw mining as an essential part of the global climate solution. BDO (2022), Attracting the Next Generation: Turning sceptics into changemakers.

The Government's decision to not continue the Boosting Apprenticeship Commencements (BAC) wage subsidy was a disincentive for the broader economy to build the pipeline of skills workers needed in Australia. Reconsidering decisions such as this could help address the 12 per cent decrease of apprentices<sup>23</sup> seen between 30 June 2022 and 30 June 2023.

***BHP supports the resumption of programs such as the Boosting Apprenticeship Commencements wage subsidy to incentivise employers to increase their intake of apprentices and trainees.***

#### 3.1.4. Skills and Training

A key challenge to be address is support for the re-skilling and upskilling of existing workforces to support them in a transition to a low emission economy. *The Clean Energy Generation: workforce needs for a net zero economy*<sup>24</sup> report published on 3 October 2023 by Jobs and Skills Australia has identified a lack in the fundamental skills and training needed to assist in the country's renewable energy transition.

The commitment of more than A\$100 million over nine years to support apprentices in the energy sector<sup>25</sup> is an important step but additional work is needed to help those already employed in existing roles such as heavy diesel fitters to reskill and retrain to gain the skills necessary in the future workforce.

***BHP supports the development of further programs to support employers with the reskilling and upskilling of existing workforces to equip them with the skills necessary in lower emission economy.***

#### 3.1.5. Improved Permitting and Approvals

High standards in environmental and social permitting are welcome and essential.<sup>26</sup> Despite flagging the importance of faster approvals and strong environmental protections<sup>27</sup> as part of a fit for purpose regulatory and policy framework, Government is yet to demonstrate an ambition that matches Canada's 'one project one assessment'<sup>28</sup> or the EU's maximum timeframes for strategic projects.<sup>29</sup>

Reforms to the *Environmental Protection and Biodiversity Conservation* (EPBC) Act outlined in the Federal government's *Nature Positive Plan* must be delivered without increasing complexity or leading to significant permitting delays. If not managed appropriately, the proposed transition from the current process-based act to the new standards-based act has the potential to make permitting processes even more complex, increasing regulatory burden, approval timelines and litigation risk as well as increasing the cost associated with offsetting impacts.

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<sup>23</sup> [Apprentices and trainees 2023: June quarter \(ncver.edu.au\)](https://ncver.edu.au/apprentices-and-trainees-2023-june-quarter)

<sup>24</sup> [Clean Energy Capacity Study | Jobs and Skills Australia](#)

<sup>25</sup> [Speech - Address to Careers for Net Zero Fair \(Melbourne\) | Ministers' Media Centre \(dewr.gov.au\)](#)

<sup>26</sup> [BHP submission to the Updating Australia's Critical Minerals List issues paper](#)

<sup>27</sup> [4. Promoting Australia as a world leader in ESG performance | Critical Minerals Strategy 2023–2030 | Department of Industry, Science and Resources](#)

<sup>28</sup> [Ottawa's critical mineral strategy calls for faster project approvals | CBC News](#)

<sup>29</sup> [The EU's hunt for critical minerals | Reuters](#)

Reviews<sup>30</sup> have noted that current permitting processes are ‘complex and cumbersome’; adding costs to business ‘often with little benefit to the environment’.<sup>31</sup> Duplication between federal and state requirements, new obligations and increasing data requirements, slow decision-making and potential misuse of public appeals and legal challenges make it harder for Australia to compete for new investment.

***BHP recommends that the current reform process is not rushed and that all stakeholders are continued to be offered the opportunity for meaningful consultation to enable workable outcomes.***

### **3.1.6. Northern Water Supply Project, South Australia**

The South Australian Government-led Northern Water Supply Project (NWSP), supplying a sustainable water source to South Australia’s north represents a significant opportunity to unlock economic development. BHP continues to be a proud partner in the project and see it as a worthy opportunity for Federal Government support.

This economically significant project will underpin development of a global minerals province in South Australia and unlock the potential for valuable new lower greenhouse gas-emission industries such as hydrogen and lower emissions intensity steel production (produced with alternatives to blast furnace steelmaking). The NWSP also facilitates significant community investment while protecting cultural values and delivering environmental benefits to the River Murray and the Great Australian Bight. BHP is proud to partner with industry and the South Australian Government on what we see as a truly nation building project.

If Australia were to increase its production of the commodities needed for the energy transition, this could deliver up to A\$20 billion in annual investment for years to come – supporting high-paying jobs in regional and remote areas, and new opportunities for Indigenous participation.<sup>32</sup>

Our vision for the South Australian copper province, with shared infrastructure and use of Olympic Dam’s smelter to produce ore to metal, sees a strategy with an expanded value-add-opportunity at its heart as we work to investigate expanding the capacity of our fully integrated processing facility. Investigations into expanding our smelting capacity in Roxby Downs show our long-term commitment to continuing to progress up the copper value chain – from mining to metal in South Australia.

***We encourage the Federal Government to support and work with the South Australian Government and industry partners to deliver this important project and achieve first water by July 2027.***

## **3.2. Climate, Energy and Critical Minerals**

### **3.2.1. Climate**

BHP supports the aims of the Paris Agreement to limit the increase in the global average temperature to well below 2°C above pre-industrial levels and pursue efforts to limit the increase to 1.5°C. The world must work

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<sup>30</sup> For example, Productivity Commission (2020), Resources Sector Regulation.

<sup>31</sup> Graeme Samuel (2020), Independent Review of the EPBC Act – Final Report.



toward these aims with increased levels of national and global ambition to limit the impacts of climate change. Our Climate Transition Action Plan, published in 2021, provides an overview of our role and actions in this space.<sup>33</sup>

To support the net zero transition that the world must make, we will continue to pursue more sustainable provision of our products, many of which are essential building blocks of decarbonisation and are critical to achieving global climate ambitions.

Policies to encourage rapid action should be implemented in an equitable manner to address competitiveness concerns, achieve lowest cost abatement, and support equitable change and transition.

### **3.2.2. Enduring efficient, well-functioning energy markets**

BHP supports Australia's targets to reduce emissions by 43 per cent by 2030 and to reach net zero by 2050. As a major energy user, we are also aligned on the need to ensure reliability and reduce price volatility as Australia decarbonises. Government has a role to play in ensuring policy settings are fit-for-purpose in delivering the electrification and decarbonisation goals of the mining sector while minimising market-distorting interventions. Such settings could include:

- applying a market-based emissions reduction requirement on the electricity sector (one that is fungible with the Safeguard Mechanism);
- introducing staged and technology neutral policies to ensure firming capacity is available for system reliability and flexible sources of generation do not prematurely exit the market agreeing a federal-state strategy for transmission and empowering a single agency to coordinate the delivery of essential projects; and <sup>34</sup>
- re-doubling efforts to improve national consistency in federal and state approaches to climate and energy policy, to provide greater certainty, reduce transaction costs and address potential areas of duplication.

### **3.2.3. Reducing barriers to the energy transition**

BHP continues to advocate for the removal of unnecessary restrictions on new sources of energy supply such as existing prohibitions on nuclear energy. Artificial constraints on the market distort the development of an effective and effective energy system and deter innovation.

The signing of the Declaration to Triple Nuclear Energy by more than 20 countries at the recent COP28 conference including key partners such as the United States, Canada, Japan, Republic of Korea and the United Kingdom, recognizes the key role of nuclear energy may play in achieving global net-zero greenhouse gas emissions by 2050 and keeping the 1.5-degree aim of the Paris Agreement within reach.<sup>35</sup>

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<sup>33</sup> [Climate Transition Action Plan \(bhp.com\)](https://www.bhp.com/climate-transition-action-plan)

<sup>34</sup> Tony Wood (2023), The great transmission challenge.

<sup>35</sup> [At COP28, Countries Launch Declaration to Triple Nuclear Energy Capacity by 2050. Recognizing the Key Role of Nuclear Energy in Reaching Net Zero | Department of Energy](https://www.energy.gov/cop28)



### 3.2.4. Supporting the development of critical and strategic minerals

Australia has the potential to be a globally significant producer of critical and strategic minerals with its resource endowment, expertise in mining and METS, and reputation for high standards. Our recently released report, *Recapturing Australia's Competitiveness*<sup>36</sup> outlines the structural steps needed to best realise this potential.

Dramatic changes in the market dynamics for key battery minerals like nickel and lithium over the past year has seen prices collapse.<sup>37</sup> The 7 closures and more than 1,000 job losses announced to date in Australia's nickel industry that employs more than 10,000 Australians, 95 per cent plus of whom live in Western Australia, should serve as a wake-up call regarding the urgency of actions that will be required for Australia to fully capitalise on the mining-related opportunities presented by the energy transition.

If Australia wants to be a globally significant producer and processor of minerals like lithium and nickel, and to take advantage of the opportunities in the global battery value chain, governments, including the Federal Government, should give serious consideration to the introduction of reforms and measures that assist Australian producers navigate current market dynamics.

The Government's current approach of concessional finance alone will not be sufficient to protect Australia's national interest in relation to the sustenance and development of these industries. More meaningful support will be required, such as the introduction of new targeted assistance through the Powering the Regions fund or a new targeted tax incentive modelled on the IRA.

**BHP recommends that the Government introduce meaningful reforms that would assist Australian producers of critical and strategic minerals withstand short-term market volatility and provide the basis for a long-term and sustainable industry. The design of any reform should be undertaken in close consultation with industry.**

## 4. Conclusion

The importance of the resources sector as a key contributor to Australia's economic prosperity both now and into the future cannot be underestimated. In the face of ongoing global uncertainty, ensuring we embrace the opportunity that currently exists to position and actively support mining as an industry that is critical to Australia's future is central to ensuring Australia builds a stronger, more diversified and productive economy.

While Australia has world-class resources, technical capability and innovative people, it can only succeed in seizing this opportunity if it is willing and able to successfully compete. Government and industry working together to improve the competitiveness of the sector provides the best opportunity for the nation to enjoy the future benefits that are potentially available to it.

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<sup>36</sup> [Recapturing Australia's Competitiveness – Challenges and opportunities for Australia's mining sector](#)

<sup>37</sup> [A Critical Juncture \(cmewa.com.au\)](#)

BHP is committed to playing our part in Australia's economic future and believes our contribution – and that of many other businesses – could be strengthened through the proposals put forward in this submission.

Thank you for the opportunity to put forward a submission and we would welcome further discussion on any of the proposals raised.