

GINDALBIE METALS LTD — ROYALTY CONCESSION

**692. Mr M.P. MURRAY to the Premier:**

I have a supplementary question. Why did the Premier give a royalty concession to Gindalbie Metals but will not commit to provide similar assistance to a much-needed Western Australian employer, or does the Premier have favourites?

**Mr C.J. BARNETT replied:**

I do not have favourites; what a silly proposition that is.

**Mr M. McGowan:** Why? Explain it.

**Mr C.J. BARNETT:** Who asked the question?

**The SPEAKER:** A supplementary question was asked.

**Mr C.J. BARNETT:** Gindalbie was given a royalty concession during its start-up, as the first of a new magnetite industry, which is using relatively low —

**Mr M.P. Murray** interjected.

**The SPEAKER:** Member for Collie–Preston!

**Mr C.J. BARNETT:** It is looking at the start-up of a new industry using magnetite deposits with lower grade iron ore content that have been known about for 100 years and thought never likely to be developed. There are a lot of issues relating to the midwest, Labor's mining tax and a range of other matters.

**Mr M.P. Murray** interjected.

**The SPEAKER:** Member for Collie–Preston, I call you to order for the first time.

**Mr C.J. BARNETT:** This comes at a time of extremely sensitive relations between Chinese investors, state-owned enterprises and Chinese governments over the development of those resources. We gave a concession, a 50 per cent reduction in the royalty—they are not paying no royalties—during the commissioning period. We want to give a signal very clearly to Chinese investment in that area that we want to see the midwest iron ore resources developed. That is a policy on a case-by-case basis. The Gindalbie project is very close to paying full royalties as it concludes its commissioning period.

I had meetings with the coal companies and their owners and existing and future customers, as has the Minister for Energy. We are aware of the precarious nature of the industry but I have not yet been able to get some commonsense and a bit of commercial reality applied. I am confident that we will get to that point, maybe sooner rather than later.