



Hon Bill Johnston MLA
Minister for Mines and Petroleum; Commerce and Industrial Relations;
Electoral Affairs; Asian Engagement

Your Ref: A639958
Our Ref: 71-03854

Ms Tracey Sharpe
Committee Clerk
Estimates and Financial Operations Committee
Parliament House
PERTH WA 6000

c/o icefoc@parliament.wa.gov.au

Dear Ms Sharpe

2017-18 LEGISLATIVE COUNCIL BUDGET ESTIMATES HEARINGS – ADDITIONAL QUESTIONS

Thank you for your letter dated 24 October 2017 regarding additional questions from the 2017-18 Budget Estimates Hearings.

As requested, please find attached answers to the questions posed to the Department of Mines, Industry Regulation and Safety.

Yours sincerely

Hon Bill Johnston MLA
Minister for Mines and Petroleum; Commerce and Industrial Relations;
Electoral Affairs; Asian Engagement

Att.

31 OCT 2017

Public / Internet

31 NOV 17



ESTIMATES AND FINANCIAL OPERATIONS COMMITTEE

Department of Mines, Industry Regulation and Safety

Hon Diane Evers MLC asked:

1) In estimates hearings, it was indicated by Treasury that the Department of Mines could answer these questions with relating to Table 9 on page 95 of Budget Paper No.3, regarding 'Royalty income and key assumptions', therefore:

- a) are royalties from Alcoa's raw bauxite exports of up to 2.5mtpa approved in December 2016, captured in this table and if so, where (i.e. under 'Other' or 'Alumina');

Answer: Alcoa's raw bauxite exports are included under the category named "Other" in the abovementioned Table 9.

- b) noting the State's royalty rate of 7.5 per cent for raw bauxite, what is the estimated royalty income in dollars per year for this year and over each year of the forward estimates for Alcoa's raw bauxite exports of up to 2.5mtpa;

Answer: The 2017-18 Budget estimates for bauxite royalties were \$321 758 in 2016-17, \$417 881 in 2017-18 and nil for the remaining Budget years.

- c) what factors increased the royalty in Alumina from \$81m in 2015/16 to \$85m in 2016/17 and for the estimated increase in 2017/18 to \$90m (e.g. changes in quantity or changes in price); and

Answer:

- i) Between 2015-16 and 2016-17 alumina royalties increased due to increased production quantities and prices, partially off-set by increased exchange rates.
- ii) Between 2016-17 and 2017-18 alumina royalties were forecast to increase due to increased forecast prices, partially off-set by decreased forecast volumes and increased forecast exchange rates.

- d) noting media commentary on a predicted '15-year boom' in demand for bauxite driven by China, and the fact Rio Tinto is planning to increase its raw bauxite exports from the Cape York Peninsula in Queensland to 23 mtpa from 2019, is the WA State Government contemplating allowing more raw bauxite exports out of WA in the future in addition to the existing 5-year agreement with Alcoa, and if yes, please give details including out of which region of WA, and whether an increase for Alcoa will be considered?

Answer: The Department of Jobs, Tourism, Science and Innovation (DJTSI) is lead State agency on this matter. DJTSI has advised that Alcoa has flagged with the State possible further requests for approval to export bauxite beyond the current approved five year period. Each such request will be considered on a case-by-case basis. All bauxite mined is from the South West region of the State.