

CLEVELAND–CLIFFS AND MINERAL RESOURCES — KOOLYANOBING

816. Hon PETER COLLIER to the Leader of the House representing the Premier:

I refer to the government’s decision to provide royalty relief to Cleveland–Cliffs, and royalty relief and concessions on port fees to Mineral Resources Ltd.

- (1) What is the expected total cost to the state of this agreement?
- (2) What is the expected value of the royalty relief that Mineral Resources will receive?
- (3) On what basis was a \$5 million royalty rebate provided to Cleveland–Cliffs?
- (4) What environmental conditions need to be reviewed as a part of this agreement?
- (5) How did the government decide that a \$5 million environmental offset package was a suitable alternative to meeting environmental conditions?

Hon SUE ELLERY replied:

I thank the honourable member for some notice of the question.

- (1)–(2) A significant amount of work will need to be undertaken to provide an answer to parts (1) and (2); therefore, I request that those parts be put on notice.
- (3) The royalty rebate was provided to Cleveland–Cliffs to reduce the cost Mineral Resources faced in acquiring Cleveland–Cliffs’ assets and liabilities and, thus, to make the acquisition a viable proposition for Mineral Resources. The \$5 million amount represented the estimated royalty that would be owed by Cleveland–Cliffs for the June 2018 quarter.
- (4)–(5) I am advised that in discussions between Mineral Resources and the Department of the Premier and Cabinet, Mineral Resources inquired about some environmental conditions related to Cleveland–Cliffs’ mines—ministerial statement 982, conditions 7 and 10; ministerial statement 1054, conditions 8, 9 and 10. Department of the Premier and Cabinet staff provided general advice to Mineral Resources on the process to review environmental conditions under the Environmental Protection Act 1986, conducted by the Environmental Protection Authority. Mineral Resources indicated that as part of any review of these conditions, it would be willing to propose to fund an offsets package of \$5 million as an alternative to meeting those conditions. When environmental conditions are reviewed, the Environmental Protection Authority will provide a report to the Minister for Environment for consideration, at which stage a decision on any changes to conditions would occur.