

POTASH ROYALTY RATE

1094. Hon Dr STEVE THOMAS to the minister representing the Minister for Mines and Petroleum:

I refer to recent media that indicates that the government is considering or planning to raise the royalty rate on the much needed fertiliser potash.

- (1) Is the government considering or planning to increase the royalty rate on potash?
- (2) If no to (1), will the minister commit to maintaining the rate at its current level of 73¢ a tonne?
- (3) If yes to (1), what rate of royalty is being considered?
- (4) If yes to (1), when will the new rate be applied?
- (5) If yes to (1), why is the government making it harder for hardworking Western Australian farmers to stay competitive?

Hon ALANNAH MacTIERNAN replied:

I thank the member for the question. The following information has been provided to me by the Minister for Mines and Petroleum.

The government has already taken the following actions to assist the emerging potash industry. It has reduced the mining tenement rental from \$22 per hectare to \$2.60 per hectare, amounting to a saving of \$174 000 for 10 000 hectares. It has created a specific mining rehabilitation fund levy, recognising that these potash projects are long lived, thus reducing their annual costs from \$50 000 per hectare to \$20 000 per hectare for minerals in brine evaporation ponds. The Minister for Mines and Petroleum has also provided letters to banks on the cost of mining tenement rentals to make sure that lenders know the tenure requirements.

- (1) No.
- (2) The rate of 73¢ a tonne is for salt—NaCl, sodium chloride—not sulphate of potash, SOP.
- (3) The royalty rate applying to SOP has not changed since the Barnett Liberal government.
- (4) Not applicable.
- (5) All current potash projects in development are focused on exporting and although the government of Western Australia expects that, at a future date, potash projects may begin providing domestic consumption, we support the export industry. An ad valorem royalty cannot increase prices because they are paid on the realised market price and not in addition to the market commodity price, unlike a value-added tax.