



Speech by

Hon. PETER BEATTIE

MEMBER FOR BRISBANE CENTRAL

Hansard 17 October 2001

MINISTERIAL STATEMENT Australian Magnesium Corporation

Hon. P. D. BEATTIE (Brisbane Central—ALP) (Premier and Minister for Trade) (11.30 a.m.), by leave: I am aware of some criticism in this morning's press in relation to the government's support for Australian Magnesium Corporation, the AMC project. The concern appears to be focused on the government's support for the early distribution payments on the securities. I advise the House that this practice was employed by the Howard government in the Telstra sale process, the Commonwealth Bank third tranche sale and the Borbidge government in the Suncorp Metway float.

The distribution payments are not a gift from the state government. We are loaning AMC the money to pay those distribution payments and that money will be fully repaid at commercial interest rates. If AMC does not happen, then the loan will not be drawn down. It is that simple.

It is not just the Queensland government that believes this is a worthwhile project. The Howard government has also committed \$150 million in support. Both governments obviously reject the claim that AMC is a high-risk speculative investment. We are not talking about a pie in the sky exploration float. This is a proven world-class technology, demonstrated in the Gladstone pilot plant, with half of the first 10 years production already sold to the Ford Motor Company. It is a new technology in minerals processing where the track record of some nickel ventures in the past has made markets somewhat sceptical about these investments.

However, if Australia does not support technology developed by CSIRO, which adds value to our natural resources, including the largest magnesite deposit in the world, where will our future economic growth come from? That is the question.

It is not for government to invest in these projects and we have not done that. We are simply helping AMC get on its feet with support which is to be fully recovered. I am sure that both the federal government and ourselves would have preferred a lesser exposure, but international circumstances made it very difficult to get this important project flying. I understand that the initial market response has been positive, underlying the value of the particular package presented.

I say to journalist Terry McCrann, who wrote this article for the *Herald Sun*, Melbourne, and John McCarthy, who wrote an article for the *Courier-Mail*: please, take the trouble to study in detail what the government has offered. I repeat that if the equity raising is not successful, only Stanwell has an exposure of \$8 million, which has been secured with a first right of call against the assets of AMC; all other elements of the package would not proceed. This is responsible, it is sound and it is in the interests of the future of the Smart State of Queensland.
