



Speech by

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AURUKUN ASSOCIATES AGREEMENT REPEAL BILL

Mr HORAN (Toowoomba South—NPA) (2.19 p.m.): I want to speak only briefly in this debate on the Aurukun Associates Agreement Repeal Bill as the shadow minister has gone through the legislation in great detail. The issue that he concentrated on and that greatly concerns those of us on this side of the House is the almost obscene haste and rush of the government to put this legislation into parliament. This sets a dangerous precedent for the second time now—that is, that the government has a matter before the court and then comes into the parliament and legislates to overturn whatever may happen in the courts.

While it looked last year to be a simple, straightforward matter, it has blossomed or developed into something of great concern to many people in the mining industry domestically as well as internationally. In October last year the minister came into this House and made a statement about the 42-year lease that Pechiney held and what had not happened with that lease. It appeared to be quite straightforward. We now find out that the minister made that statement to the parliament in the midst of a takeover of Pechiney by Alcan that had been taking place for three or four months. It would have been obvious to the minister that a major company was negotiating this takeover and that there was potential for the problems that he had cited—that is, the amount of time that the lease had been in place and no development had taken place—to be overcome. Alcan has publicly stated that it has indicated to the minister on a number of occasions its desire to commence with a \$15 million feasibility study to get things under way.

Pechiney held the lease over an area where there is an estimated 500 million tonnes of bauxite. It is in the Aurukun area on the western side of Cape York. It held the 42-year lease for 28 years. It did not use the resources because it was not economically viable in the 1980s when aluminium prices were low. It had native title issues in the early 1990s, which made it difficult to develop at that point in time.

The lease that was granted under the Aurukun Associates Agreement Act 1975 was conditional on Pechiney starting construction of an alumina refinery in Queensland to process the bauxite by 31 December 1983. That was later extended to 1988, but Pechiney had not acted. It claimed that in 1983 the government gave an undertaking that the alumina refinery would not have to be built if it was not economically viable. It had not been previously. In 1999, it again claimed that it began discussing with the government the viability of tapping into the resources. The government gave it a list of seven possible refinery sites. The government then broke off contact.

Pechiney says that it presented a proposal to the government in November 2002 to study the feasibility of developing an alumina refinery and was prepared to make a decision within four years if it was found feasible. If it was found to be not feasible it would happily release the rights to other developers. However, the government was not happy with Pechiney's lack of firm commitment. Last year it initiated court action to force Pechiney to surrender the lease.

Pechiney has now been taken over by Alcan. It took the government on in court after the government initiated proceedings. Because the government obviously has some concerns about the weakness of its case, it has legislated over the top of the courts to ensure that it gets the answer that it wants. That sends out a bad signal to the mining community—in many cases the international mining community investing world wide on different continents—that in Queensland, where it has always been

considered a very safe and sure place in which to invest because of our democracy and the certainty of our processes and our court systems and systems of appeal, our certainty could be replaced by a government which has a massive majority. It is prepared to abort a court case which it has instigated and go into the parliament and crash over the top of proper judicial process.

The government wants to call for international expressions of interest in the 500 million tonnes of bauxite. Bids are expected to come from a number of companies. It has been reported in the media that there is significant interest from Chinese companies. We have to wonder what this whole process is about. Doubt has come into the financial and mining communities about what this government is seeking to do. It is now becoming part of the *modus operandi* of this government that if it has a problem in court it comes into parliament and legislates over the top. We saw this with the recent local government issue. The LGA took the Queensland government to court and then the government came in here and legislated over the top of any court proceedings. We are seeing again today in this parliament another dangerous precedent being set.

If we look at the issue when the minister last year made a statement, it appeared, on its face, that there was a lease and that there had been no further development of a refinery. He was saying that it had had long enough to do what it was supposed to do. In the interests of Queensland it was time to move on and see this site developed and see some further development of a refinery in Queensland—preferably in the Gladstone area where we have large refining or smelting capacity already or other potential sites in that area.

That was how it appeared on the face of it. But we found out that the takeover process was in place and an outcome was likely. The outcome occurred not long after that. The company that has taken over Pechiney has since endeavoured to meet with the minister. I understand it has met with the minister. It has put forward a proposal to undertake a \$15 million feasibility study. That is a serious proposal. It is backing it up with a large amount of money. It is a company that has a long, steady and reliable track record in Queensland. It is a company that has been in this state since 1965 and has an over 40 per cent interest in QAL in Gladstone and employs 1,500 people—1,300 at Gladstone and 200 at its headquarters in Brisbane. Whilst it has been able to develop the resources of this state, it has paid back its fair share in terms of development that it has undertaken and in jobs and economic development that it has provided in our state. It was not as though the government was dealing with a company that did not have a track record. It could show the government a very genuine, sincere and traditional-backed proposal.

I think what everybody in this House needs to start to think about is what is going on here. What is the reason for the haste? Why did the government actually instigate proceedings midway through the takeover by Alcan of Pechiney? Does it have some other motive? Does it have someone up its sleeve that it wants to provide a rails run into some particular development in the state? In the event that this bill goes through—because the government has the massive numbers and can almost do what it likes in this parliament—will Alcan still get an absolutely fair crack of the whip when it comes to the new tendering process for this particular lease?

There was an article in the *Australian* on 27 April headed 'State of concern in bauxite lease cuts' written by an Andrew Fraser. It says that Queensland is sending the wrong signal over Aurukun. That is what is happening. That is the signal that is going out. There is concern by the federal government about the way this whole process is being handled. There is concern by the Queensland Resources Council, the Australian Aluminium Council and the Minerals Council of Australia. There have been articles in overseas press about Queensland and the Queensland government and the way it is going through this process and overriding a court decision.

It is almost the sort of thing that one would expect in a Third World country where there is political interference and instability which makes some of those places less attractive to mining companies. Here in Queensland, as I said before, it has been our democracy, our due process and proper application of the law, the court system and appeals process and so forth which has made international mining companies confident and prepared to make massive investments in the extraction, processing and development of leases and mineral resources in this state. As our shadow minister has gone through all of the various detail of Alcan and what it has done in an endeavour to negotiate with the minister, I will not repeat that other than to say that I want to also voice my concern that in Queensland we are seeing the massive majority of the Beattie government being used for a second time to crash over the top of court processes and to legislate in this parliament.

There is one other issue that comes up in the *Alert Digest* that I want to raise. It is very interesting that clause 6 of this bill states that the government will pay Pechiney an amount of \$572,160 within 20 days after the repeal of the act. It looks as if the government wants to pay its way out of this process—that is, legislate over the top and then pay out this company with taxpayers' money when the company has already said that it is prepared to do a feasibility study.

Mr Robertson interjected.

Mr HORAN: That is what the government wants to do, Minister: virtually buy its way out of it. It seems to me to be a very strange process. The government does not want to face its day in court. It does not want to go through the normal, straightforward due process. It wants to come in here, slam legislation over the top and then fork out over half a million dollars to pay out the company when it could have sat down with this company. This company believes that it has the rightful continuing ownership of the lease and wants its day in court. It could have sorted the matter out. The company already employs 1,500 people in Queensland and has a strong and successful track record in this state. There is obviously some other agenda of the Beattie government. That is why everybody in the mining community and the financial community is very suspicious of what the government is doing.

Even the Scrutiny of Legislation Committee in the *Alert Digest* has indicated that it does not feel too happy with this whole process. In clause 14, it states—

Given the complex circumstances and history of this matter, the Committee does not feel in a position to reach any firm view as to the extent of Pechiney's current legal rights.

In other words, it is not quite game to come out and say that it disagrees with the minister. It certainly does not agree with what the minister and government have done. This legislation sets a dangerous precedent. The government obviously has something up its sleeve and it is going to take this very unusual and dangerous move in order to achieve whatever plans it has up its sleeve and crash over the top of our normal, good, straightforward justice system.