Date Introduced: 21 August 1980
House: House of Representatives
Presented by: Rt. Hon. J.D. Anthony, Minister for Trade and Resources

Short Digest of Bill

Purpose

To extend the Australian Atomic Energy Commission's (AAEC) borrowing powers and to remove any doubts as to the authority of the companies involved in the Ranger uranium project to carry on mining operations after the Commonwealth assigns its interest in the project.

Background

On 18 December 1979 the Minister for Trade and Resources, Mr. Anthony, announced the Government's intention to divest its interests in the Ranger uranium project. The Government accepted an offer from Peko-Wallsend to take over the project through a new company, Energy Resources of Australia (ERA). The plan proposed that ERA acquire both Peko's interests as well as the Government's. It was later announced that Electolytic Zinc had reached agreement with Peko to join ERA.

The Government is to assign its interest in the project for $125m and, in addition, ERA will reimburse all past expenditure on the project incurred by the AAEC. ERA is to meet all future expenditure including payments to the Northern Land Council, the Aboriginals Benefit Trust Account, the Ranger Rehabilitation Trust Fund and the reimbursement of payments which the Commonwealth has undertaken to make to the Northern Territory Government in lieu of uranium royalties.

The assignment of the Government's interest has not affected its obligations to the Northern Land Council nor are the environmental requirements relating to the project altered.

The Foreign Investment Review Board is currently examining foreign equity participation in ERA. The companies propose that Peko and EZ will hold 61% of the issued share capital of ERA and a further 14% being offered to the Australian public. A maximum of 25% of the equity
capital of the project will be taken up by major overseas companies, which as a condition of their participation, would be required to bring sufficient sales contracts to ensure the immediate viability of the project. According to the Second Reading Speech, this condition has been achieved.

Provisions

Clauses 3 and 4 amend sections 3 and 30 of the Principal Act in order to extend the borrowing powers of the Australian Atomic Energy Commission. The Commission will be able to raise funds through the issue of bills of exchange and promissory notes in order to continue to finance its contributions to the Ranger uranium project until all Government interests in the project have been transferred to the private sector.

Clause 5 amends s.41 to ensure that mining operations carried on after the Commonwealth assigns its interest will still "on behalf of the Commonwealth" as required by s.41. This was done to remove any possible doubts as to the authorisation of the operations.

28 August 1980

Science and Technology Group
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