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Exempt - section 22

From: Bartley, Scott
Sent: Saturday, 15 May 2010 9:18 AM
To: McDonald, Hamish
Cc: Davis, Graeme
Subject: RE: A couple of things [SEC=PROTECTED]

Hamish

These were the two points

The Western Australian Government has previously raised the prospect of increases in several of its royalties:

- WA Premier Colin Barnett has indicated that the Pilbara iron ore royalty concession is to be withdrawn with effect from 1 July 2010 and BHP Billiton and Rio Tinto must start paying the full industry standard royalty rate of 5.625 per cent. TWP
- The WA Premier, Colin Barnett, has also alluded to lifting the gold royalty rate from 2.5 per cent in response to the soaring price of gold. (*The West Australian, Gold industry unites to fight tax grab, February 22, 2010*).

From: McDonald, Hamish
Sent: Saturday, May 15, 2010 8:16 AM
To: Bartley, Scott
Cc: Davis, Graeme
Subject: RE: A couple of things [SEC=PROTECTED]

Hi Scott,

1. I presume these are mainly aimed at analysts and bankers, and to an extent savvy miners. And I think they could definitely be useful from that perspective. It would be good to have a bit more work on them, so that the key points are drawn out in some way (as it is, you really need to know what you are looking for)

2. The WA royalties stuff didn't make it into the Mandy F note that I say (but there might be a subsequent that's slipped past me). Would you mind shooting them to me and I'll make sure they are incorporated.

Thanks,

Hamish

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From: Bartley, Scott
Sent: Friday, 14 May 2010 7:43 PM
To: McDonald, Hamish
Cc: Davis, Graeme
Subject: A couple of things [SEC=PROTECTED]

Hamish

1. I have attached a couple of documents we have been working on to explain how the RSPT works. The idea is to put something on the website to remove much of the ambiguity and misinformation in the market place. It would be good to get an initial reaction to expedite releasing them (subject to some further tinkering). We will give you a further opportunity to comment on the finished product.

The documents still need some work but the parts dealing with the RSPT calculation, the RSPT capital account and the company tax interaction are pretty close now. The bits dealing with the decomposition of the cash flows into the project asset and the deferred tax asset still need some work to get the story across more simply. I will try to add some value to these over the weekend. This extra bit is important to inform the market about the existence of the risky project asset and the risk free deferred tax asset which is central to the neutrality of the tax.

2. Did something come up from Mandy Fitzpatrick today on the WA royalty issue we discussed last night? There were some dot points on the Pilbara royalty concession and the gold royalty that I put together. The messaging I passed on last night from Mandy about a CGC document referring to an increase in the royalty rate on iron fines (5.625%) to the lump iron rate (7.5%) appears to be incorrect. The CGC document appears to be referring to the removal of the Pilbara concession rather than increasing the royalty on iron ore fines from 5.625% to 7.5%.

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