

**Senate Economics Legislation Committee**  
**ANSWERS TO QUESTIONS ON NOTICE**  
Industry, Tourism and Resources Portfolio  
2006-07 Additional Budget Estimates Hearing  
15 & 16 February 2007

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**AGENCY/DEPARTMENT:** INDUSTRY, TOURISM AND RESOURCES

**TOPIC:** *HIs melt*

**REFERENCE:** WRITTEN QUESTION

**QUESTION No.** AI-74

**Senator EVANS asked:**— In relation to the HIs melt facility—  
For the years 2004-05, 2005-06 and 2006-07 how much Commonwealth funding has been provided for the development and operation of the facility?

**ANSWER**

In April 2002, the Commonwealth announced a \$125 million investment incentive to Rio Tinto to secure the commercialisation and development of its HIs melt technology at Kwinana, Western Australia and fund development of multi-user infrastructure, including a co-generation plant, an industrial gas plant and water recycling facilities. The funding is administered by the Department. To date \$80 million has been paid to Rio Tinto (\$50 million in 2005-06 and \$30 million in 2006-07). To the best of our knowledge no other funds have been provided by other Commonwealth Agencies.

**QUESTION No.** AI-75

**Senator EVANS asked:**— For the years 2007-08, 2008-09 and 2009-10 how much Commonwealth funding has been allocated for the development and operation of the facility?

**ANSWER**

Up to \$45 million (conditional on satisfaction of contract milestones).

**QUESTION no. AI-76**

**Senator EVANS asked:**— If there has been any re-phasing of funding in relation to this facility please detail what re-phasing has occurred?

**ANSWER**

In May 2004, \$30 million re-phased from the 2005-06 to the 2004-05 in response to an earlier than expected request for a milestone payment. The forward re-phased was reversed in February 2005.

In October 2005, \$50 million was re-phased from the 2004-05 to 2005-06 after HIsmelt was granted an extension of time to satisfy a milestone.

In May 2006, \$50 million was re-phased from 2005-06 to 2006-07 after HIsmelt was granted an extension of time to satisfy a second milestone.

**QUESTION No. AI-77**

**Senator EVANS asked:**— In relation to Commonwealth funding provided to this facility indicate the purpose of the funding?

**ANSWER**

See in relation to AI-74

**QUESTION No. AI-78**

**Senator EVANS asked:**— Under what program has the funding been provided?

**ANSWER**

Strategic Investment Incentive.

**QUESTION No. AI-79**

**Senator EVANS asked:**— Will the funding be provided through a funding agreement or contract, with payments made on agreed milestones?

**ANSWER**

Yes

