



16 JAN 1992

MINISTER FOR SCIENCE AND TECHNOLOGY  
PARLIAMENT HOUSE  
CANBERRA, A.C.T. 2600

Dr John Stocker  
Chief Executive  
CSIRO  
PO Box 225  
DICKSON ACT 2602

Dear Dr Stocker

I refer to the Government's announcement that it would provide \$20 million to enable CSIRO to contribute to an R&D program to demonstrate the commercial feasibility of producing magnesium metal in Australia. The Minister for Finance has agreed the following terms and conditions for provision of the funds:

1. The \$20 million will be repaid by CSIRO in real terms, that is, CPI adjusted to take account of inflation.
2. The Commonwealth is to have first call on the revenues over a period of 20 years from the royalty stream of 1.5 cents per kilogram of magnesium metal produced in a commercial plant and any licensing fees or other revenue deriving from the R&D project (revenues received by CSIRO are to be remitted 80:20 to the Commonwealth and Queensland Governments).
3. Repayments in any year are not to exceed revenues received by CSIRO and any shortfall, should it occur, compared with the notional amount to be repaid will roll over for repayment in subsequent years.
4. Any amount in excess of the \$20 million (as adjusted) within the period of 20 years will be retained by CSIRO.

The funds will be provided via a separate sub-item in the CSIRO part of the Portfolio Budget as follows: \$4.9m (1992-93), \$12.3m (1993-94) and \$2.8m (1994-95). The Supply Period component (5/12ths) will be available to CSIRO on or about 1 July in each year, with the balance becoming available, after Appropriation Bills are passed, on or about 1 December in each of the years.

I understand you will shortly seek my approval for CSIRO to enter into contracts with the companies involved and with the Queensland Government so that the proposed program can be implemented.

Yours sincerely

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