

SE General
HD State's coal bill to rise by \$15m
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The State Government appears poised to take a direct stake in the coal industry with a new long-term deal under which government-owned Synergy will pay an extra \$15 million a year to Chinese-owned Premier Coal to keep Collie power stations running.

As foreshadowed by The West Australian last month, Energy Minister Mike Nahan yesterday announced the Government had agreed to pay more to Premier Coal after months of lobbying by the Yancoal-owned company for a higher price to keep the operation afloat.

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Dr Nahan told Parliament details of the deal were commercial in-confidence but later told reporters it was worth an extra \$15 million a year.

He said outside Parliament the deal allowed the State to convert the "uplift" in price to equity in the mining company.

Premier was also obliged to develop new ore bodies and give the State some supervisory rights over mining, including a veto on capital spending.

Shadow energy minister Bill Johnston queried why these details were not given to Parliament in Dr Nahan's brief ministerial statement, accusing the Treasurer of "hiding the truth".

The deal is understood to involve Synergy paying about \$7 a tonne extra, up from the existing price of about \$40 a tonne.

Dr Nahan insisted the extra cost would have no impact on power prices, which are regulated by the Government, and that the extra costs to Synergy would be offset by benefits of the Government merging Synergy and Verve.

Dr Nahan said Premier had "asked for the world" but the Government had given it only a "fraction" of this.

He said that if Synergy had not agreed to a price rise, Premier would have gone to the wall, jeopardising hundreds of jobs and WA's power supplies, as well as leaving the State to run an unviable mine.

Premier is owned by Yancoal — the Australian subsidiary of China-backed giant Yanzhou — which bought the asset from Wesfarmers for \$297 million in 2012.

"They are still struggling at that increased price but that gave them enough money . . . to go out and commit to the mine long-term," Dr Nahan said.

Mr Johnston said Dr Nahan's comments made the deal "even more opaque".

CO yaptl : Yancoal Australia Limited | yankua : Yankuang (Group) Corp | ynzmn : Yanzhou Coal Mining Co Ltd

IN i112 : Coal Mining Support Activities | ibasicm : Basic Materials/Resources | imet : Mining/Quarrying

NS ccat : Corporate/Industrial News

RE austr : Australia | apacz : Asia Pacific | ausnz : Australia/Oceania

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