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## Mr Barnett warms Rio and BHPB on iron ore royalties

*Thursday, 12 Nov, 2009*

The Australian reported that Australian Premier Mr Colin Barnett has warned BHP Billiton and Rio Tinto he could spike their contentious iron ore merge plans if they do not agree to pay raised royalties.

Mr Barnett, after meeting with Mr Marius Kloppers CEO of BHPB and Mr Tom Albanese CEO of Rio Tinto on Tuesday night, said that his meeting was robust and direct.

Mr Barnett said that "Not a lot of words were wasted, it was straight to the point. The major point I stressed is that I would want to see full royalties applied to both BHP and Rio projects."

He added that "Do not assume that I as Premier am going to drop the government's entire legislative program to facilitate BHP and Rio's corporate plans. That was one of the messages I gave to both BHP and Rio."

He said that "To redraft or inter link a whole raft of state agreements is a very difficult, technical task and it would take a lot of parliamentary time."

Mr Barnett said the arrangement was outdated and simply gave them an edge. He said that "I don't believe anyone can argue today that BHP and Rio, the world's largest mining companies, the world's wealthiest mining companies, should pay half the royalty rate of small Australian companies."

He said that "The state believes that the concessions on iron ore royalties have really run their course. BHP and Rio should pay the same price, the full price for iron ore, as does every other mining company."

Under agreements dating back to the 1960s, the two mining giants pay significantly reduced royalties to recognize their contribution to early infrastructure in the Pilbara.

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