

CABINET MINUTE

DECISION NO.

BRISBANE, 24 / 2 / 1986

48154

SUBJECT: Central Queensland Coal Associates Agreement.

(Submission No. 43409)

Copies Received at 3.30

a.m.

20 / 2 / 1986

p.m.

See John Bache Petersen

Copies Made

32

CIRCULATION DETAILS

1	GOVERNOR		21	Decision File	
2	SIR JOH BJELKE-PETERSEN	af	22	Primers	
3	MR. GUNN	af	23	Part Counsel	30 Copy of relevant submission attached
4	MR. HINZE		24	Treasury	29 Copy of relevant submission attached
5	MR. WHARTON	af	25	Minis	28 Copy of relevant submission attached
6	MR. GIBBS	af	26	R'say	27 Submission attached
7	MR. AHERN		27	156	
8	MR. LANE	af	28	CG + 113	26.2 JF
9	MR. GLASSON		29		
10	MR. AUSTIN		30		
11	MR. POWELL		31		
12	MR. TURNER		32		
13	MR. LESTER		33		
14	MR. TENNI		34		
15	MR. HARPER		35		
16	MR. MUNTZ		36		
17	MR. McKECHNIE		37		
18	MR. KATTER		38		
19	MRS. CHAPMAN		39		
20	Master File		40		

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CABINET MINUTE

Copy No. _____

Brisbane, 24th February, 1986

Decision No. 48154

Submission No. 43409

TITLE: Central Queensland Coal Associates Agreement.

CABINET decided:-

That approval be given for the preparation of legislation to authorise the Honourable the Premier to execute, with the Companies concerned, an agreement to amend the Central Queensland Coal Associates Agreement to reflect the proposed change in ownership outlined in the Submission.

CIRCULATION: Premier's Department and copy to Premier and Treasurer.
Parliamentary Counsel.
Treasury Department and copy to Minister.
Department of Mines and copy to Minister.
Department of Railways and copy to Minister.
The Honourable the Leader of the House.
All other Ministers for perusal and return.

Curt
Certified True Copy



Roberts
Secretary to Cabinet.



Submission No.

Copy No.21.

F O R C A B I N E TCENTRAL QUEENSLAND COAL ASSOCIATES AGREEMENT

1. Utah Development Company Limited has advised of a proposed sale by the Utah Group of a 3.25 percent equity interest in the mines covered by the Central Queensland Coal Associates (C.Q.C.A.) Agreement and the Gregory Mine to the Queensland Coal Trust (Q.C.T.). The Central Queensland Coal Associates Agreement will need to be varied to permit the sale to proceed.
2. Ministers may recall that the restructuring of interests in the C.Q.C.A., Blackwater and Gregory mines in 1984 left the General Electric Company of America with an 8.5 percent interest in these mining operations. Subsequent restructuring has taken Australian ownership in the C.Q.C.A. and Blackwater mines to 88 percent (Mitsubishi Development Pty. Ltd. hold 12 percent) and in the Gregory mine to 100 percent. The Utah Development Company Limited is now a Queensland incorporated company as foreshadowed prior to the restructuring in 1984.
3. As a result of complex and time consuming negotiations, agreement in principle has now been obtained from all joint venture participants and lenders to the purchase by the Queensland Coal Trust of an additional 3.25 percent equity interest in the Central Queensland Coal Associates and in the Gregory mines. The Blackwater mine has not been included due to prohibitive financing costs. The change in the ownership structure of the C.Q.C.A. mines will be as follows:

	<u>OLD</u>	<u>NEW</u>
	%	%
Utah Development Company Limited (formally Utah Development Company)	31.0	31.0
Mitsubishi Development Pty. Ltd.	12.0	12.0
Australian Mutual Provident Society	7.75	7.75
Umal Consolidated Limited	4.0	.75
Pancontinental Mining Limited	3.0	3.0
Bell Coal Pty. Ltd.	5.0	5.0
Utah Queensland Coal Limited (formally General Electric Minerals Incorporated)	8.5	8.5
UB Minerals Incorporated	5.0	5.0
Bowen Basin Minerals Proprietary Limited (formally Bowen Basin Minerals Incorporated)	2.0	2.0
Q.C.T. Investment Pty. Ltd.	12.0	12.0
Q.C.T. Mining Pty. Ltd.	9.75	13.0

4. It is proposed that the sale will be effective from the close of business on March 23rd 1986 with settlement on the following Tuesday, March 25th. The Company has advised that a condition precedent to settlement is that the Honourable the Premier and the Companies execute an agreement to amend the Central Queensland Coal Associates Agreement so as to reflect the changed ownership from March 23rd 1986. Under the provision of the C.Q.C.A. Agreement Act, authority to execute such an agreement may be granted by either the Governor in Council by Order in Council or by an Act of Parliament.

However, the Company has also advised that it will not be possible to verify whether the Queensland Coal Trust will proceed with the purchase of the 3.25 percent interest until the Queensland Coal Trust unitholders' meeting scheduled for 14th March 1986. Insufficient time is available between 14th March and the 23rd March (the date the sale is to proceed) to have an Order in Council varying the Central Queensland Coal Associates Agreement tabled in the Legislative Assembly for the required 14 sitting days. Accordingly the Company proposes that the agreement be varied under the authority of an Act of Parliament. Ministers may recall that similar circumstances prevailed in regard to the initial restructuring in 1984. At that time Cabinet approved the preparation of legislation to allow the restructuring to proceed. (Cabinet Decision No. 42315 of 6th February, 1984 refers).

5. The Company has also sought to vary the C.Q.C.A. Agreement to:

- (a) adjust the method used to calculate coal reserves;
- (b) have the Queensland Coal Trust recognised as Australian equity for the purposes of the calculation of an export tonnage entitlement.

These proposed variations were discussed at a meeting between the Company and appropriate State Departments. The Company was advised that these proposals would benefit the Central Queensland Coal Associates substantially in terms of increased coal reserves and export tonnage entitlements and may require examination by the Government in regard to other provisions of the Agreement, such as the rail freight arrangements which are low in relation to other mining developments in the area. It was recognised that the time available to consider such issues was extremely limited.

The Company advised that they would pursue both proposals at a later time as:

- (a) approvals for both were not being sought by the joint venturers as a condition of the proposed transfer; and
- (b) approval of the transfer of interest to Queensland Coal Trust by March 23rd was of paramount importance.

6. In regard to the request for special legislation as outlined in 4 it is considered that whilst the time available to introduce such legislation during the current sitting of Parliament is very limited, it is the only possible course of action if the Company's time limits are to be met.

7. It is therefore recommended that approval be given for the preparation of legislation to authorise the Honourable the Premier to execute, with the Companies concerned, an agreement to amend the Central Queensland Coal Associates Agreement to reflect the proposed change in ownership.

J. BJELKE-PETERSEN,
PREMIER AND TREASURER.

Brisbane.

Date: 20th February, 1986.