

Barnett fumes as Palmer wins in court

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Exclusive

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The West Australian government could be liable for hundreds of millions of dollars in damages after it lost a commercial arbitration dispute with a company part-owned by **Clive Palmer** over an iron ore project in the Pilbara.

WA Premier **Colin Barnett** refused to sign off the proposed development at Balmoral South by **Australasian Resources**, which is 50 per cent owned by Mr Palmer's Mineralogy, in 2012 despite it being the subject of a state agreement.

Mineralogy and co-partner International Mines took the matter to arbitration where former High Court judge **Michael McHugh** late last month ruled against the WA government.

The decision to kill the proposal was made by Mr Barnett in his capacity as State Development Minister.

Only days after the arbitration decision was handed down late last month, Mr Barnett launched an unprecedented

attack on Mr Palmer. The WA Premier said Mr Palmer was damaging Australia's relationship with Chinese business given his protracted legal dispute with CITEC Pacific over another iron ore tenement.

Mr Palmer last month resigned as a director from his companies, including Mineralogy and Queensland Nickel, to focus on his new political career.

McHugh, who now works as an independent mediator and arbitrator, said Mr Barnett had failed in his duties to give a decision on the project – which was to export 24 million tonnes of iron ore a year – within the two month time frame.

Two earlier projects covered under the same state agreement, Sino Iron and

Korean Steel, on neighbouring tenements had been approved by the WA government, but not the Australasian Resources project.

McHugh also rejected the WA government's claim that Australasian Resources proposal was incomplete and could not be considered under the state agreement legislation.

"The failure of the Minister to give a decision within that time means he is in breach of the state agreement and is liable in damages for any damage that the applicant may have suffered as a result of the breach," the court ruling said.

"But it does not follow in logic or in law that, by reason of the failure, the proposal is approved without qualification or reservation."

The confidential arbitration ruling was tabled in state parliament in Queensland in the early hours of Friday morning by Palmer United Party state leader **Alex Douglas** under the cover of parliamentary privilege.

The damages claim, to be lodged in the next few weeks, is expected to run into the hundreds of millions of dollars, given the slump in share price for Australasian Resources since the project was delayed and the fact it has spent about \$100 million on the project.

Australasian Resources said it was still committed to pursuing the Balmoral South iron ore project, which it claims is the world's largest undeveloped magnetite resource.

A spokeswoman for Mr Barnett on Friday said they had yet to receive any new legal action from Mr Palmer.

"Mineralogy has not pursued a claim for damages," the spokeswoman said.

"If they do, they will need to substantiate any claim."

Mr Palmer is no stranger to the legal system. He is currently involved in a defamation action against Queensland Pre-

mier **Campbell Newman** for alleging he had attempted to "buy" the government. Mr Palmer is seeking \$1.1 million in damages.

Mr Newman on Thursday signalled he would challenge the court action, accusing Mr Palmer of attempting to use his political donations to gain favourable treatment for his business interests.



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