

1 July 1998

Introduction of WA gold royalty; 2.5% of the royalty value of the gold metal produced. The first 2,500 ounces of gold metal produced by each gold royalty project per annum are exempt.¹

17 May 2012

Delivering the Budget, WA Treasurer Christian Porter surprised the mining industry by announcing a three-year review of the state's royalty regime. The move was forecast to raise an extra \$180 million in 2015-16 but miners feared the actual take would be much higher².

4 December 2013

Bill Johnston MLA (now ALP Govt Minister for Mines and Petroleum; Energy; Industrial Relations) told Parliament: "We do not support increasing royalties³. . . . We do not support the figure of \$180m or a 35 per cent increase in the royalties for the non-iron ore sector. . . ."

28 February 2015

A Weekend West article "Start ad blitz, Labor tells goldminers" reported: "Opposition Leader Mark McGowan has urged the gold industry to launch a politically damaging advertising campaign against the Barnett Government over its possible plan to raise royalties on the precious metal. Mr McGowan made the suggestion after a request from the goldminers' lobby group for a Labor commitment to support a disallowance motion in Parliament against any increase to gold royalties. The Gold Royalties Response Group has secured written commitments from Mr McGowan, Labor's leader of the Upper House Sue Ellery and Greens MLC Robin Chapple to support any disallowance motion brought to the Legislative Council."⁴

7 September 2017

In the Budget Speech, Treasurer Hon Ben Wyatt MLA announced an increase in the gold royalty intended to be raised \$392m over four years.⁵ The Treasurer expressed his view: "It's about the gold sector delivering returns to the people that are in line with community expectations and other commodities. In relation to gold royalties the gold industry has consistently provided a return to the community that is materially less than both the benchmark and the return provided by other commodities. For example, in 2013, gold's royalty return as a percentage of mine-head value was around half that of iron ore."⁶

8 September 2017

Newcrest Mining chief executive Sandeep Biswas stated: "The increase in royalties reflects a lack of understanding of the dynamics of the Australian gold industry, and will hurt Western Australia as a place to invest and explore, threatening the viability and longevity of gold mines. At the end of the day it's going to cost jobs and investment dollars into WA."⁷

¹ Overview of State Taxes and Royalties 2018-2019

² The Australian online, article by Andrew Burrell, 19 May 2012

³ Legislative Assembly Hansard Wednesday 4 December 2013 p7252b-7259a

⁴ Quoted in the Legislative Council by Hon Peter Collier, 12 October 2017, Hansard page 4666

⁵ Legislative Assembly Hansard Page 3599, Thursday, 7 September 2017

⁶ Online West Australian article by Ben Harvey, 23 September 2017

⁷ Online Sydney Morning Herald, article by Darren Gray, 8 September 2017

18 September 2017

More than 1,000 gold miners and their supporters attended a Kalgoorlie rally against the gold royalty increase. ABC online reported⁸: “Despite the heavy Liberal presence, the Opposition MPs attending the rally declined to say whether they would oppose the Government's plan. With Nationals MPs and a majority of crossbenchers pledging to vote against any increase, the Government's ability to get the budget measure through the Upper House rests on the decision of the WA Liberals.”

20 September 2017

The West Australian⁹ quoted Treasurer Wyatt: “. . . the CME is interested only in a perpetual review so it can run a perpetual campaign against the gold industry paying its fair share of royalties on a commodity which belongs to every West Australian.” The article concluded: “The rate rise can be blocked if the Liberals join the Nationals and cross-benchers in the Upper House to oppose it, but Opposition leader Mike Nahan says the party room is yet to decide. . .”

29 September 2017

Gazetta¹⁰ of the Mining Amendment Regulations (No. 2) 2017, increasing the gold royalty to 3.75%, with the increase not applying in any month when the average gold spot price does not exceed A\$1,200 per ounce, and a concession applying in respect of a quarter during which production did not exceed 2,500 ounces.

8 October 2017

Northern Star Resources chairman Bill Beament said the royalty hike would cost the company about \$12m a year, equivalent to the cost of eight drill rigs, each of which employs six people.¹¹

10 October 2017

Hon Robin Scott MLC presented to the Legislative Council a Petition¹², bearing 799 signatures, principal Petitioner Michael Darby. The Petition listed six reasons why the Legislative Council should “return the Appropriation (Recurrent 2017–18) Bill 2017 to the Legislative Assembly with the request that no change be made to the gold royalty”¹³.

10 October 2017

Legislative Council Notices of Motion:¹⁴ Mining Amendment Regulations (No. 2) – Disallowance Notices of motion given by Hon Jacqui Boydell and Hon Robin Scott

10 October 2017

Gold industry supporters rallied at Parliament House. When the Treasurer spoke, nobody applauded, not even the Treasurer’s own staff. Opposition Leader Hon Mike Nahan MLA addressed the crowd but did not give a commitment to oppose the royalty increase.

⁸ ABC Goldfields by Sam Tomlin, updated 19 Sept 2017, 10:32am

⁹ The West Australian online, article by Josh Chiat, 20 September 2017, 7:14pm

¹⁰ Government Gazette of Western Australia, No. 188 of 2017, Friday 29 September 2017.

¹¹ Online Australian Financial Review, article by Tess Ingram, 8 October 2017

¹² The Petition was drafted by Michael Darby

¹³ Legislative Council Hansard Page 4175, Tuesday, 10 October 2017

¹⁴ Legislative Council Hansard Page 4177, Tuesday, 10 October 2017

10 October 2017

At 8.15pm the Legislative Council began debating the Disallowance Motion of Hon Jacqui Boydell MLC (Nationals)¹⁵: “That the Mining Amendment Regulations (No. 2) 2017 published in the Government Gazette on 29 September 2017 and tabled in the Legislative Council on 10 October 2017 under the Mining Act 1978, be and are hereby disallowed.” As had been made clear at the rally earlier in the day, the Nationals plus five Cross-Bench members representing Pauline Hanson’s One Nation, Shooters Fishers and Farmers, and Liberal Democrats were all in support of the Disallowance Motion. At 9.07pm Hon Simon O’Brien MLC committed the Liberals to support the Disallowance Motion, giving the gold industry confidence that the Disallowance Motion would pass.¹⁶ Debate was adjourned at 9.45pm.

11 October 2017

fHon Robin Scott MLC presented to the Legislative Council a Petition drafted by Michael Darby, bearing 772 signatures, principal Petitioner Graeme Campbell. The Petition listed six reasons why the Legislative Council should “return the Appropriation (Recurrent 2017–18) Bill 2017 to the Legislative Assembly with the request that no change be made to the gold royalty.”

11 October 2017

Debate continued on the Disallowance Motion.

12 October 2017

Hon Ken Baston MLC presented to the Legislative Council a Petition, bearing 3,655 signatures, principal Petitioner Reg Howard-Smith of the Chamber of Minerals and Energy of Western Australia. The Petition listed four harmful effects of the royalty increase and asked the Legislative Council “to oppose the proposed increase on the gold royalty rate”.

12 October 2017

Debate continued on the Disallowance Motion. The Disallowance Motion was passed by 17 votes to 16 votes on 12 October 2017 at 5.15pm.¹⁷

16 October 2017

Publication of report¹⁸ by Adjunct Professor (UWA) and Managing Director of MinEx Consulting, Richard Schodde, BEng(Hons), MBA, FAusIMM: ***“Long-term forecast of Australia’s mineral production and revenue. The outlook for gold 2017-2057.”*** The report states:

“It is significant to note that the model predicts that in 15 years-time (i.e. by 2032) half of Australia’s gold production will come from mines that are yet to be discovered. However, of serious concern is the fact that the weighted average delay between discovery and development for a new discovery is 13 years. There are also indications that it is getting harder and slower to convert a discovery into a mine. Consequently, government and industry need to support exploration today. We only have the next couple of years to properly identify and address ways to improve our exploration performance - otherwise Australia runs the real risk of a significant supply disruption in the medium-term.”

¹⁵ A similar Disallowance Motion had also been lodged by Hon Robin Scott MLC

¹⁶ Legislative Council Hansard Page 4225, Tuesday, 10 October 2017

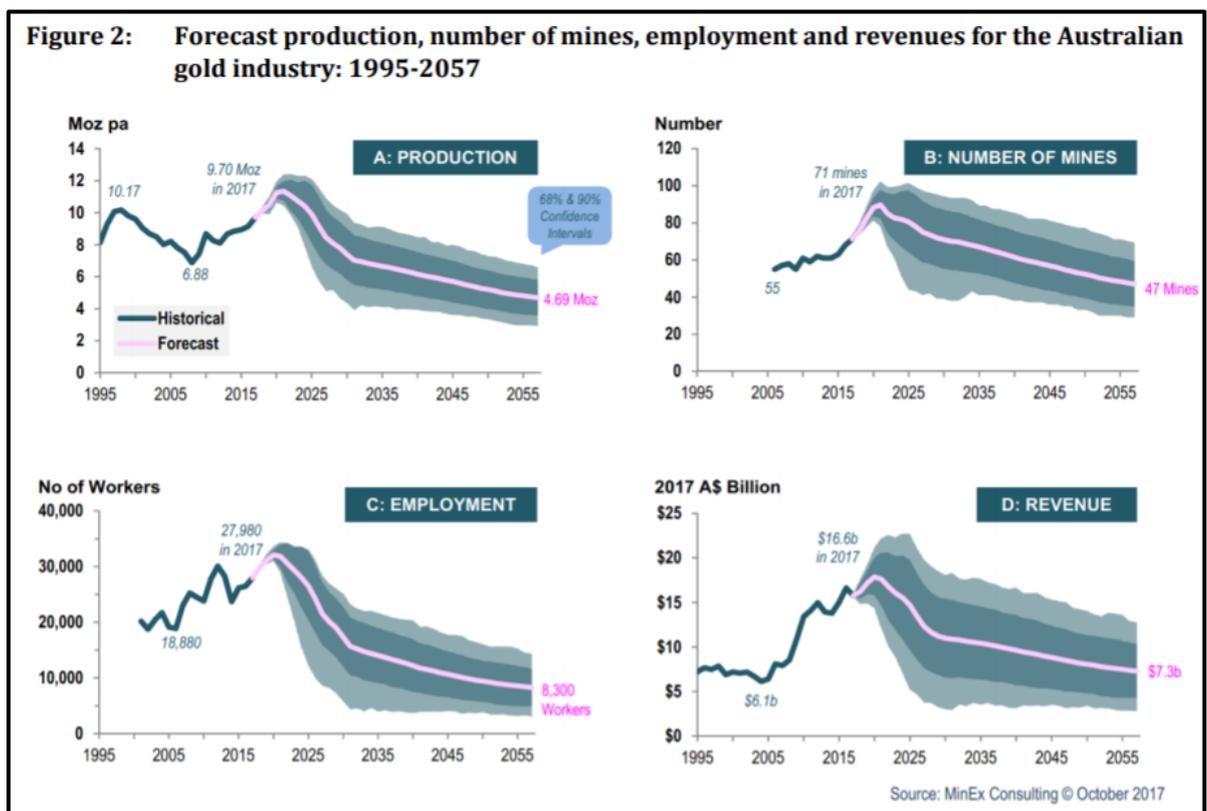
¹⁷ Legislative Council Hansard Page 4687, Thursday, 12 October 2017

¹⁸ <http://minexconsulting.com/long-term-forecast-of-australias-mineral-production-and-revenue-the-outlook-for-gold-2017-2057-2/>

16 October 2017

[Continuing to quote the MinEx Report by Professor Schodde:]

‘Figure 2 [reproduced below] shows that over the next forty years, gold production and revenues are set to drop by half – to 4.69 Moz and A\$7.3 billion respectively. The number of operating mines is set to fall by a third (from 71 to 47) and total employment by 70% (from 27,980 to 8,300 workers). Half of the fall in employment is associated with productivity gains associated with automation. Sensitivity studies indicate that each additional dollar spent on exploration generates an extra \$11.40 in revenue. MinEx estimates that for the Australian gold industry to maintain production at current levels in the longer term, it will either need to double the amount spent on exploration or double its discovery performance (i.e. reduce unit discovery costs from \$70/oz to \$35/oz). The incremental benefits of reaching this target will be an extra 4.05 Moz of annual production, an extra \$6.23 billion in revenues and additional 7160 jobs.’



NOTE: Professor Schodde’s key conclusion: **“government and industry need to support exploration today”** was well understood by gold industry personnel at every level who are all fully aware that any increase in royalty automatically and inevitably reduces the funds available for exploration.

21 November 2017

Treasurer Ben Wyatt outlined a revised plan for increasing the gold royalty from \$2.50 per ounce to \$3.75 per ounce, intended to generate \$332m over four years. On this occasion the Liberal Opposition immediately joined with the Crossbench and the Nationals in rejecting the plan¹⁹.

¹⁹ ABC online, Article by Eliza Laschon, updated 21 November, 4.49pm.

24 November 2017

Gazetal²⁰ of the Mining Amendment Regulations (No. 3) 2017, increasing the gold royalty to 3.75%, with the increase not applying in any month when the average gold spot price does not exceed A\$1,400 per ounce.

28 November 2017

Legislative Council Notices of Motion²¹: Mining Amendment Regulations (No. 3) – Disallowance Notice of motion given by Hon Robin Scott

28 November 2017

At 7.30pm²² Hon Robin Scott moved the Motion²³: “That the Mining Amendment Regulations (No. 3) 2017 published in the Government Gazette on 24 November 2017 and tabled in the Legislative Council on 28 November 2017 under the Mining Act 1978, be and are hereby disallowed.” At 9.35pm the Disallowance Motion was carried by 15 votes to 14.²⁴

10 May 2018

The Premier reportedly admitted that the Government was using the Water Corporation as a cash cow to compensate for the failure to increase the gold royalty²⁵.

10 May 2018

A report that in the May 2018 Budget the WA Government “resisted any temptation to try for third time lucky on a gold royalty increase”²⁶.

11 May 2018

Treasurer Hon Ben Wyatt MLA told the annual Post Budget Business Breakfast: “I grew up in the Goldfields, the gold sector is world class. But my view is that the discounted rate is no longer appropriate and it should be what we should expect — that is 3.75 per cent. I’ve made that clear. It’s my view, it’s still there.” The Treasurer continued: “It was a \$14 an ounce net impact. . . . The price has gone up \$100 to \$150 since then. It’s not something I’m going to reintroduce into Parliament and get beaten up again but it’s there and I’m willing to have that conversation. I think some of the arguments made were just not correct. I’m happy to have a public debate but I’m just not happy if the arguments being raised against the policy are simply not correct. It’s all about ten percent mine head value.”²⁷ [The report is appended, overleaf].

26 April 2019

In the context of gold industry speculation about a renewed attempt to raise the royalty, the Treasurer stated: “The Government has no plans to increase the gold royalty rate.”²⁸

²⁰ Government Gazette of Western Australia, No. 219 of 2017, Friday 24 November 2017.

²¹ Legislative Council Hansard Page 6069, Tuesday, 28 November 2017

²² Legislative Council Hansard Page 6100, Tuesday, 28 November 2017

²³ The Disallowance Motion was drafted by Michael Darby

²⁴ Legislative Council Hansard Page 6117, Tuesday, 28 November 2017

²⁵ Online West Australian article by Daniel Mercer, 13 March 2018.

²⁶ Online Australian Financial Review article by Brad Thompson, 10 May 2018

²⁷ Kalgoorlie Miner, Monday, May 2018, “Treasurer adamant royalty too low”, Ben Harvey and Daniel Mercer

²⁸ Online West Australian article by Stuart McKinnon, 26 April 2019

26 April 2019

[Continuing to quote the online West Australian] Stuart McKinnon wrote: “In 2017, the Government proposed raising the State’s gold royalty rate from 2.5 per cent to 3.75 per cent, but the plan was blocked by Liberals, Nationals and crossbenchers in the Upper House. It was expected to raise \$392 million over four years. Last year Mr Wyatt threatened to revisit the tax hike, insisting the gold royalty rate was too low.”

NOTE: The Treasurer did not say: “The Government will never raise the gold royalty.” The Treasurer did not say: “The Government will not raise the gold royalty in its current term.” The formula statement: “The Government has no plans to . . .” is a time-honoured platitude uttered routinely by politicians on all sides. In April 2019 the gold price was around A\$1,800. The 9 October 2019 spot bid price of A\$2,228.17²⁹ cannot fail to reinforce the Treasurer’s enthusiasm for increasing the WA gold royalty. To quote Hon Ben Wyatt’s statement from the above Kalgoorlie Miner article: **“It’s all about 10 per cent mine head value.”**

27 May 2019

Victorian Treasurer Hon Tim Pallas brought down a Budget including a \$2.75% gold royalty³⁰. Hitherto Western Australia has been competing for gold exploration investment with a zero-royalty jurisdiction. That possible inhibition on a royalty rate rise in WA no longer applies.

17 July 2019

The Kalgoorlie Miner reported that the Mayor and CEO of the City of Kalgoorlie-Boulder were now prepared to consider a hike in the gold royalty³¹.

Treasurer adamant gold royalty too low

Ben Harvey and Daniel Mercer

WA Treasurer Ben Wyatt has doubled down on his veiled threat to revisit increasing the gold royalty, telling a business breakfast that arguments against the failed tax hike were wrong.

“I say this from a position of love,” Mr Wyatt told the annual Post Budget Breakfast on Friday. “I grew up in the Goldfields, the gold sector is world class. But my view is that the discounted rate is no longer appropriate and it should be what we should expect—that is 3.75 per cent.

“I’ve made that clear. It’s my view, it’s still there.”

Mr Wyatt’s original plan would have raised \$392 million over four years by boosting the royalty rate from 2.5 per cent to 3.75 per cent for miners producing more than 2500 ounces a year.

The higher rate was to kick in at \$1200 an ounce.

The legislation, and a later watered-down version, was defeated after conservatives blocked it in the Legislative Council.

That came after an intense lobbying campaign by the mining industry to can the plan, including warnings from Silver Lake Resources the increase would wipe out a quarter of the company’s cash margin and threats by Newcrest that it would close the Telfer mine.

On Friday, Mr Wyatt defended the policy.

“It was a \$14 an ounce net impact,” he said.

“The price has gone up \$100 to \$150 since then. It’s not something I’m going to reintroduce into the Parliament and get beaten up again but it’s there and I’m willing

to have that conversation.

“I think some of the arguments made were just not correct. I’m happy to have a public debate but I’m just not happy if the arguments being raised against the policy are simply not correct. It’s all about 10 per cent mine head value.”

Kalgoorlie Miner, Monday 14 May 2018



State Treasurer Ben Wyatt is not giving up on his push to increase gold royalties. Picture: Ian Munro

²⁹ Perth Mint Spot Bid Price 5pm, WST, 9 October 2019.

³⁰ Victoria Legislative Assembly Hansard 27 May 2019, page 1539 onward

³¹ Online Kalgoorlie Miner article by Tom Zaubmayr, 17 July 2019