



**Paydirt**  
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**By: Barry Avery**  
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# No gold royalty rise in Barnett's budget

The Paydirt Gold Conference in March was the forum used by the Gold Royalties Response Group (GRRG) to voice its strong opposition to a potential royalty hike on the commodity in this month's West Australian State budget.

At that time the Government kept hush on the possibility of a rise, leaving WA gold players with plenty to contemplate.

Their worst nightmare, a royalty increase speculated at 5% to be bestowed upon the sector, caused some WA junior gold companies to hit the panic button, or in this case, set up the GRRG to tackle the issue.

Members of the GRRG include Avoca Resources Ltd, **Catalpa Resources Ltd**, Crescent Gold Ltd, Focus Minerals Ltd, Norton Gold Fields Ltd, Ramelius Resources Ltd, Saracen Minerals Ltd, Silver Lake Resources Ltd and Swan Gold Mining Ltd.

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Arguments against a royalty increase included the impact it would have on the companies' bottom line which could disrupt their exploration and development strategies, ultimately jeopardising community benefits and employment opportunities for local workforces.

Whether or not the Government bowed to this sort of pressure is not known, how-



**WA Premier Colin Barnett has excluded a gold royalty increase in this month's State budget**

ever Premier Colin Barnett made it clear in Parliament on April 21 that the gold sector would be spared the pain in this year's budget.

However it was also clear mining royalties across the board would remain high on the Government's radar in the future.

"There has been discussion within Government about royalties, primarily relating to the issue of discounted royalties applying to BHP (Billiton Ltd) and Rio Tinto (Ltd) under their agreement acts, and also the issue of whether the gap in royalty rates between lump iron ore and fines iron ore should be sustained into the future. They are the two principal issues," Barnett said.

"We have also looked at other royalty rates, particularly concessions. Hon Norman Moore, as the Minister for Mines and Petroleum and a strong advocate for the gold industry, argues that, in his opinion,

there should be no change to the gold royalty.

"I take his advice on that, and I guess the member should just wait until the budget comes around, but the Government does not intend to increase the gold royalty in this budget. As to the long-term future of royalties, we will look at all royalties objectively and carefully," Barnett said.

A supporter of the GRRG, Chamber of Minerals and Energy Western Australia chief executive Reg Howard-Smith, welcomed the Government's stance.

He said the decision reflected how valuable the resources sector was to the State and, delivered a degree of certainty to investors, operators and staff on mine sites where margins were tight.

"Currently resources directly pumps \$3.2 billion in royalties into the WA economy each year ... and this annual figure will only rise in the years to come. It is important the government consults with the industry on any proposed future Mining Act royalty rises."

"Investment decisions can potentially hang on the outcome of these talks, and it's vital the sector is closely consulted on any changes. A strong resources sector means more schools, hospitals and better transport links – and today the Barnett government has recognised this fact."

The WA gold sector is safe for the moment and should maybe spare a thought for its South African counterparts who have been hit with a 2-5% gold royalty, while mining companies in Chile will be charged between 3.5-9% in royalties, up from 4-5%, for the next two years.

**– Mark Andrews**