MEDIA RELEASE
MINERALS COUNCIL OF AUSTRALIA

GOLD ROYALTIES HIKE HIGHLIGHTS NEED FOR GST DISTRIBUTION REFORM
Statement from Brendan Pearson, Chief Executive, Minerals Council of Australia

The latest move to increase royalties in WA again demonstrates the economic damage caused by the GST distribution system and the need for reform.

Without its fair share of the GST the WA government has resorted to once again increasing mining royalties in its state budget.

This announced increase in gold royalties will undermine the productivity drive of the WA gold industry over the last four years and put regional jobs, investment and new exploration spending at risk.

Despite bearing all of these negative economic impacts, WA won't even keep the revenue benefits – around 60 per cent of the additional revenue raised will be re-allocated to other states via the GST distribution.

GST reform that rewards states that grow the output of their mining sectors rather than incentivising them to tax at higher rates is urgently required to support growth in the economy.

The Minerals Council's proposal to discount mining revenues in the GST distribution assessment will bring a fairer distribution of the GST while stimulating the mining investment needed to support more jobs in regional Australia.

This reform would apply a 25 per cent discount on the impact of the mining revenue assessment in the GST distribution to recognise the differences in state policies that affect the development of their resources sectors.

With an appropriate safety net transition system, no state will be worse off under the reform proposal, which will deliver a fairer and more efficient system by taking account of policy differences between the states and recognising the positive impact that mining activity has on the national economy.

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