

GOLD ROYALTIES

420. Ms M.J. DAVIES to the Premier:

I refer to the Premier's comments at the Chamber of Minerals and Energy WA annual business lunch that the National's proposal to increase the special lease rental would be redistributed to other states.

How much of the \$392 million collected through the increase in gold royalties will be distributed away to other states through the GST system?

Mr M. McGOWAN replied:

The special lease rental proposition that the National Party took to the election resulted, fortunately, in the election of a fantastic member for Pilbara, who supports jobs and opportunities for people in the Pilbara. He is a significant improvement on the former member for Pilbara. It is a fixation of the Leader of the National Party. It is groundhog day once again with Punxsutawney Phil over here.

The way the GST system works with iron ore is this: when the royalty is collected, considering that iron ore is almost exclusively mined in Western Australia, we lose around 90 per cent. Western Australia is basically the only place that mines iron ore. There might be a small mine in South Australia from memory but apart from that it is all Western Australia.

Mr I.C. Blayney: There's one in Tasmania.

Mr M. McGOWAN: I stand corrected. Thank you, member for Geraldton. There is one in Tasmania.

Mr I.C. Blayney interjected.

The SPEAKER: We heard you the first two times.

Mr M. McGOWAN: Great contribution.

Because Western Australia is largely the only place that mines it, we lose 90 per cent of the royalty that we acquire. Therefore, as the Treasurer has pointed out, it is dramatically affecting our GST share. When it comes to gold, because gold is mined in the Northern Territory, New South Wales and Queensland, after the three-year mark we will keep approximately 40 per cent of the royalty that is received. After the increase in royalty after the three-year mark we keep around 40 per cent of the royalty and the rest will be redistributed to other states. That is a significant improvement on the share that we would get compared with iron ore. That is one of the attractive elements of what we have done about the gold royalty because Western Australians will keep a far greater proportion of the royalty than we would if it was iron ore.