

# Media release

## Gold Royalty requires urgent reform

### Statement from James Sorahan, Executive Director, MCA Victorian Division

The Victorian government's proposed gold royalty requires urgent reform to avoid unintended impacts on regional mines, workers and communities.

The clock is now ticking to fix the government's gold royalty fiasco. The government should admit that it got the design wrong and needs to start again in the interest of workers and communities in regional Victoria.

MCA Victoria has highlighted the problems with the new tax in a [submission](#) to the Victorian Government's Regulatory Impact Statement on Imposing Royalties on Gold.

MCA Victoria does not oppose the introduction of a carefully considered gold royalty that is fit for purpose for Victoria.

The proposed royalty was announced without consultation and without warning. It has been rushed and poorly designed. Poor policy process leads to flawed policy which will impact regional jobs and industry.

Victoria's mining industry seeks a fair and transparent consultation process. A delay in the implementation of the royalty until after a comprehensive consultation process in 2020 is the sensible way forward.

The minerals industry has attempted to work with government to make modest and sensible changes to the royalty to remove harmful impacts the current design would have on regional development:

- An exploration offset to remove impacts on reinvesting is exploration which is the lifeblood of gold mining
- A progressive royalty rate structure with a gold price floor to reduce impacts on Victoria's competitiveness for global gold investment
- Staged implementation to reduce retrospectivity.

Imposing a new tax which handicaps the ability of mines to grow and deliver greater benefits to the community is a massive blunder.

The MCA's submission includes independent economic analysis which finds the RIS modelling is fundamentally flawed.

The RIS's claim that imposing a significant new tax with little notice on every mine in Victoria will have no impact on profitability, jobs or regional businesses reliant on mining is clearly absurd.

As currently proposed, the gold royalty will not meet the government's own objective of securing a sustainable revenue source to benefit the community.

Consideration of a royalty should take place at the same time as the government's planned review of mining licence fees next year and after the Victorian Government Rates Review hands down its findings in March 2020.

Mining is an important part of many regional communities including Bendigo, Ballarat and Stawell. Without reform of the gold royalty structure, this is put at risk.

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