

Amalgated
Prospectors and
Leaseholders
Association of W.A. Inc.

PO Box 2570 Boulder WA 6432.



Representing Prospectors
Since 1904

9/10/2017

To: The Honourable Ben Wyatt, Treasurer; Minister for Finance; Energy; Aboriginal Affairs.
CC: Alannah MacTiernan, Minister for Regional Development.

Re: Increase in Gold Royalty and loss of liability threshold.

Dear Minister,

Prospecting is often seen as waving a metal detector around and finding a few nuggets. This is very far from the truth of what we do. Bona-fide prospectors go out and do what they do best – discover new mineral and metals ore bodies that lead to far more than gold nuggets. These discoveries lead to the hundreds of thousands of ounces of gold from the mines that we take for granted today. History has proven that prospectors find economically viable gold ore bodies that lead to the huge productive gold mines. Over 90% of today's gold mines were found by prospectors recognising the signs and clues that led geologists & engineers in to the sub-surface ore bodies that provide West Australians with jobs, taxes and royalties.

Additionally, expenditure incurred by prospectors would be many millions of dollars and that money flows into Perth and regional economies. Add to that the rents and service fee payments into the coffers of the Department of Mines, Industrial Regulation and Safety (DMIRS). Private employment, utilisation of service contractors and departmental staff are all paid for by the efforts of prospectors and subsequent mine developments by corporate miners. Those same prospectors are now under threat due to the recent increase in the gold royalty rate and threshold changes.

This latest increase of the gold royalty is yet another impediment to prospecting and mining in Western Australia. Explorers and miners also have to deal with the ever increasing legislative and bureaucratic costs such as Mines Safety and the strangling effect of Environmental compliance by DMIRS. Throw in Native Title and Aboriginal Heritage impost and we have a recipe that could finish the 140 year search for what has paid for Western Australia's existence, i.e. Prospecting and Mining. These costs are crippling our industry and causing many of our members to walk away from the search. It's simply too hard and too expensive with diminishing returns the only reward for what is a high-risk occupation as the golden goose is slowly devoured by costs and compliance. The cash grab has to stop.

Our difficult & high-risk occupation with its large upfront outlays holds only a slim chance of success of becoming a gold mine and the consequent financial reward. If the mining companies are compelled to pay out ever increasing taxes and cost burdens then the future of the prospector, the finders of this State's wealth is severely threatened. If companies take the view that discoveries are not financially viable due to increased costs, then there are only two outcomes. Either the project progresses but employs less people or projects are abandoned at inception. Both of these options lead to job losses, subsequent taxation losses and the death of the entrepreneurial spirit that has led Western Australia for over 100 years. The new royalty will see a decrease in prospectors taking that risk as the rewards offered for the attempt will be far less or non-existent.

For there to be a thriving gold mining industry all facets of the industry need to be doing well. The Prospectors, the Juniors Explorers and the Big End of Town. Each of those parties understands that the other has a role to play and utilises its unique skillsets of the others. The more people looking on the ground the better it is for our regions and the country generally. Prospectors do things a little differently to the academically trained geologist and the records show the prospectors have a very high discovery rate. That discovery rate will fall as companies seek to reduce costs in order to pay higher taxes, royalties and compliance costs.

To pay out this increased gold royalty, companies will cut costs. It's inevitable and as any economist will tell us, these costs will include reductions in exploration, jobs and local economic health. Communities will suffer; companies will suffer and when that happens our State suffers. We now need to include the loss of the prospectors that make the discoveries in the first place and with that loss goes WA's economic future. We simply won't be there and most will be seeking unemployment benefits. Meanwhile the mineral wealth of WA will remain hidden in what is the oldest but most mineralised piece of ground on the planet. Then where will we be?

Particularly galling to us in the regions is the Royalties for Regions funds being used to "pork barrel" projects such as the proposed \$20 million foreshore refurbishment in Mandurah. This proposal was announced recently by the Minister for Regional Development. Despite its classification, a place as close as Mandurah is to Perth should not be included in such developments. In this day & age of superior roads, passenger rail and e-communications, Mandurah is a merely conurbation of Perth and it is distressing for regional people to see funds that were generated in the bush through mining and prospecting being wasted on better sea views for day trippers from Perth. Far flung places such as Laverton, Wiluna, Cue and Sandstone need funds to provide the social supportive infrastructure for prospectors to make a living. Spending our funds in the Perth coastal area does nothing for Labour's future electoral prospects and simply serves to alienate us even further as we increasingly perceive Labour as being ignorant of "the bush" and what we need to survive. Many of our members reside in the Perth area but they earn a living in remote regions with seemingly less and less support.

APLA asks that you drop the Gold Royalty immediately and show some insight into the problems faced by prospectors, miners and the people whose future depends on those companies. Help us to survive and flourish by removing what is another threat to our future and hence that of Western Australia.

Yours Faithfully,



Les Lowe, APLA President.

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