

**A**malgated  
**P**rospectors and  
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**A**ssociation of W.A. Inc.



Representing Prospectors  
Since 1904

**Hon. B. Marmion**  
Minister for Mines and Petroleum.  
10<sup>th</sup> Floor, London House  
216 St. Georges Tce,  
Perth WA  
6000

Your ref: A1820/201101

**Re: IMPLEMENTATION OF APPLICATION FEES FOR MINING  
PROPOSALS AND PROGRAMMES OF WORKS**

Dear Mr. Bill Marmion,

I am replying to a letter received from Mr. P. Gorey regarding the above topic. To say that this letter (attached) has created heated debate from my members is to put it mildly.

I will go through the main issues as I see them first and then include some copies of correspondence from members of my Executive, as well as some general member's comments. Unfortunately I will leave some of these comments off this letter as their language is too colorful.

Firstly this whole issue has come as a thunderclap to myself and APLA. We have, as you know been discussing changes and methodology at MILC, the RER and other venues that APLA are involved with, but at no time has any sort of heinous fee of this type been mentioned.

You are aware that APLA has been very supportive in the Departments concept of becoming "paperless" and all the work done by both parties, I believe has been well received.

This concept was even brought up when this initial discussions were muted, as it was believed that any reduction in paper was naturally a reduction in cost. Therefor to see a fee of this nature is more that confusing, especially when we as APLA have said on many occasions and at various venues – **NO NEW FEE's!**

As we all know, the economy, not only of this State but the Country as a whole is at present suffering badly, in general we are in a depression that no one wants to call.

Therefore, for the government of the day to be looking at increasing fee's that effect a primary producer seems extraordinary.

We have just seen the Department of Lands increase its rates on exploration leases - so another cost impost from the DMP, and one of such magnitude, could prove to be the last straw for many.

Also, it would appear from some emails, that AMEC and the CME were given more information and notice of this proposal than we at APLA were.

I myself was of the understanding that as the department moved towards its changes, ie more self-regulation for smaller operators, spatial programs to access leases and POW's, the ability to move areas of work inside a POW as long as it is reported in the annual summary to be positive steps to improving the relationship between the department and the prospector/small miner. At no time were there the suggestions of fees such as these.

What is also of massive concern is the lack of definition on these fees. How are they determined, is there a minimum size that it applies too, is there a sliding scale or is it ridged regardless of whether it is five square meters plot or a five square kilometers POW?

Similarly there is no size reference on the Mining Proposal, is there a minimum and maximum size? Again where is the justification and what is the modeling based on.

If this is a way to raise funds to cover the cost of administration then I think the model needs to be reevaluated as it is obviously not working.

Based on your figures, you are implying that a POW examination for a five hectare lot is \$590.

This equates, assuming the DMP employee is on \$65,000 per annum or \$31.00 per hour to the equivalent of 19 hours to evaluate a five hectare POW. I would suggest there is something wrong with that methodology especially when one compares the cost of a building permit for a house at \$130.

As mentioned we are at a loss to understand where these fees are derived from and how they can be justified, especially when we look at the following:

- What is the DMP modeling that is used – where is the structure or examples of this calculation.
- We've talked about concepts of changing POW's to self-regulatory for small operations – how is this reflected in this proposal.
- Small operators may put in several POW's a year on the same block due to ground conditions, is this reflected in this fee or are they expected to continually pay.

- If, as the DMP say they want to be a paperless department - then where other than in an hourly rate is this fee going. It would appear to be a way of paying wages or expanding bureaucracies.
- Size of works? Is there a minimum size that this relates to, such as under XX hectares is free?

Bill, as you can see there are a lot of areas that have been left very unclear to us and we would like to think that you and your team can explain them to us. Hopefully to our satisfaction, as we have always said that we could and would **not support any new fees.**

As mentioned in the opening paragraph I have included some excerpts from members of APLA so that you can see the concern they have for this issue. As you know we have over one thousand members in APLA and I am certain that all of them feel they are being targeted unjustly by the concept of this proposed fee.

I hope that you see fit to squash this concept.

*"This is definitely a NEW FEE where the DMP through their environmental arm wants to recover the cost of POWs and Mining proposal assessments – that is their work, that's what they do, that's what they currently have a budget for!*

*APLA was going to go back to them originally and say - No new Fees – obviously that was ignored by DMP.*

*Currently this work is a cost to the DMP Bureaucracy financial accounts and now they want to charge it off to the Miner or Leaseholder as a recovered cost. That makes it a very inefficient charge where the bloated public service costs are factored in and never really challenged – they will grow because of the inefficiencies factored into the Public Service.*

*It will not affect small prospectors in the sense that they are metal detecting or small scale exploring but EVERY POW will incur a cost of \$590 for an application fee to cover the costs of putting in an application. Every Mining Proposal will incur a cost of \$6950 (Mining proposal size is not defined in this email).*

*It is just an additional cost and for the small guy who puts in a POW a year, pretty big impost. NO NEW FEES especially not an inefficient public service cost recovery fee!"*

*"I believe that APLA should be responding to this letter before the next MILC meeting and at that meeting strongly oppose the introduction of this fee for POW applications, I am sure we would have the support of AMEC and CME.*

*DMP has a role to deliver services and assist industry in the development of the state's resources and to ensure continued growth of this industry.*

*By imposing a fee on POW applications they are hitting industry with added costs before we start exploring for minerals.*

*They introduced the Exploration Incentive Scheme that aims to encourage more exploration in WA. Now they are going to introduce a fee to do the exploration that they are subsidizing. By hitting industry with this fee, exploration activity in this State will be drastically reduced. Drilling or scrape and detect activities very rarely discover minerals that will cover the costs incurred. Having this added cost will further deter prospectors from exploring.*

*Mineral exploration is already slowing dramatically in WA, by introducing a fee on POW applications DMP will be responsible for an even further downturn in the search for minerals."*

*"Just looking at the exploration/low impact side of things for the moment... \$590 for a POW is an impost that will cause many prospectors not to have a go in the first place. Everyone needs to keep in mind that you need a POW to do any real type of work on your tenement - so it's not only about scrape and detect operations. It will be for all ground disturbing activities. For instance, if you decide to dig a costean or perhaps clean out an old shaft or undertake some auger drilling; you will need a POW for each event unless all form a part of the same campaign. This could result in thousands of dollars over the life of a tenement. This is a fee for doing what the state wants and demands you to do - explore. We already pay tenement application fees and rent for the privilege of doing this. We also need to find out exactly what the "reduced assessment costs" were as referred to by the DMP's letter "This modelling has taken into account the reduced assessment costs for DMP that will arise through those amendments to the Mining Act 1978 which were recently distributed for consultation." Will this have an impact on the current assessment of POW's?"*

*"If they are to charge this amount to process a POW it proves that they have made it too complex. A building application is \$130. This is just Enviro's raising money to pay for more enviros. It is just desk work after all, they are not in the field."*

Below is a copy of the CME's statements from September of last year.

*"CME does not support the introduction of cost-recovery for the implementation of the RER programme Revenue to implement and administer the reform program on an ongoing basis should continue to be funded from existing government appropriations.*

*CME recommends DMP develop a robust business case canvassing objectives, goals, options, cost benefits resourcing, budgets, governance, monitoring and reporting arrangements in, consultation with industry to inform discussion on the need for a cost recovery proposal.*

*CME consider both compliance fee models will result in cross-subsidisation between mining companies and potentially institute a levy or tax and therefore not suitable as accost-recovery model*

*CME recommends the referral of the full package of RER amendments to the Government's Regulatory Gatekeeping Unit for a Regulatory Im pact Assessment.*

You can see from this small sample that the members of APLA as well as the CME are strongly against this proposal and I think the one thing that stands out more than anything is no one can see justification for this.

If the Department had stated that they were putting more inspectors on the ground or opening up more offices in the regions then people could possibly start to see justification.

To expect to increase fees for revenue raising purposes only will always result in dissention from the general masses as has been seen time and time again.

Bill, as always I am available to discuss this topic, either via electronic methods or in a face to face meeting. Please contact me at your convenience.

Yours truly,

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cc. Phil Gorey – DMP  
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