



Ministry of
Energy and Mines

Mines Act Permit Fees

Discussion Paper
February 2014

A. Introduction:

British Columbia's mineral exploration and mining industry is considered to be a global leader that provides well-paying jobs that support communities. B.C. has incredible mineral deposits with world-leading environmental and safety practices.

The provincial government has committed to supporting the mineral exploration and mining industry by removing barriers and making it easier to do business. Industry has made it clear to government that permitting delays cost industry and puts new job creation and mining projects at risk. Over the past few years, great progress has been made through efficiencies and streamlining the permitting process.

In the 2011 Canada Starts Here: The BC Jobs Plan, government committed to eight new mines and nine expansions by 2015. Government is already half-way towards meeting those goals with two new mines in operation, five more permitted or under construction and seven mines expanded. We have reduced the average turnaround time for Notices of Work from 110 days in 2011 to 55 days in 2013.

Since 2011, temporary funding measures have increased the level of service to industry and it is clear that in order to meet industry demands this level of service and efficiency must continue. However, current fiscal constraints make fees the only option available to put long-term stable funding in place. This is consistent with the fee-for-service model and government's commitment to ensuring a balanced budget through cost-recovery and net-zero mandates for service initiatives.

Currently, there are no fees charged for *Mines Act* permits. The Mineral Exploration and Mining Strategy, released in 2012, committed to explore cost recovery options in order to ensure the permitting process remains timely and efficient. The Ministry of Energy and Mines is developing some choices for a sustainable funding model which recognizes the value of government's authorization activities to industry and the overall benefits of a well regulated mining industry to British Columbians.

This discussion paper outlines the types of fees under consideration when applying for *Mines Act* permits, as well as the process under consideration for establishing appropriate rates. Activities permitted under the *Mines Act* range from Notices of Work for exploration and sand and gravel operations, to major producing metal and coal mines. Permit fees will be determined based upon the associated costs of processing the application and will be structured in a manner that provides clarity and is proportional to the range and complexity of mining activities.

B. Appropriate Amount and Rates:

The Province is considering determining rate amounts by the class of application submitted (see table below). For Notices of Work, the e-application system would automatically calculate the appropriate permit fee based upon the information provided in the application. For major mines, permit fee amounts would be outlined in the regulations and confirmed by the Chief Inspector's Office during the application submission stage.

These fees represent a **60 percent** cost recovery of expenses incurred for the permit review process. Costs include corporate administrative services, inspector analysis of permit applications, technical reviews, referral costs and First Nations consultation.

It is proposed that there be one fee amount per class of activity, which would be outlined in a new regulation. Where the scope and complexity of a permit type varies greatly, the permit class would be broken down into multiple classes (for example, by area of disturbance). Applications would not be accepted for review unless a fee is paid in full.

It is proposed that for Notices of Work, amendments to existing permits would be charged fees in the same manner as a new permit. However, amendments would only be charged according to the new work proposed. For example, if an original permit was classified as medium scale exploration, and a subsequent amendment was classified as small scale exploration, then the amendment would only be charged the small scale exploration permit fee for the subsequent amendment. If multiple categories of fee apply to an activity, only the larger fee will be charged.

For all permit types, if an application is not accepted for review, the fee amount will be returned to the applicant. Once an application is accepted for review and enters the permit application review process, the permit fee is non-refundable.

It is anticipated that fees will be levied as a part of the permit application submission stage. For Notices of Work, fee payment would be made through the online application system by credit card or in person at a FrontCounter BC office by cash or cheque. For Major Mine permit fees, payment would be required as a component of the permit application by cheque, wire transfer or other methods approved by the Ministry of Energy and Mines.

Proposed classes of Notices of Work permit fees include:

Class	Criteria	Proposed Fee Amount
No Fee	<ul style="list-style-type: none"> Name Changes Deemed Authorization Notifications Annual Summary of Exploration Activities Annual Work Program Updates for Multi-Year Area-Based Permits 	\$ 0
Small Scale Placer and Mineral/Coal Exploration	<ul style="list-style-type: none"> Placer and mineral/coal exploration activities with a total surface disturbance under 1 hectare 	\$ 2000
Medium Scale Placer and Mineral/Coal Exploration	<ul style="list-style-type: none"> Placer and mineral/coal exploration activities with a total surface disturbance under 3 hectares 	\$ 4000
Large Scale Placer and Mineral/Coal Exploration	<ul style="list-style-type: none"> Placer and mineral/coal exploration activities with a total surface disturbance of 3 hectares or more. 	\$ 6,000
Sand and Gravel	<ul style="list-style-type: none"> Sand and gravel operations (excl. operations under 5000 cubic metres production volume per year) 	\$ 4,000
Custom Mills	<ul style="list-style-type: none"> Custom mills 	\$5,000
Quarries	<ul style="list-style-type: none"> Rock quarries Industrial mineral quarries 	\$ 6,000
Notices of Work Requiring Committee Review	<ul style="list-style-type: none"> All exploration, placer, sand and gravel, and industrial mineral/rock quarries, and custom mills requiring a review under Section 9 of the <i>Mines Act</i>. 	\$ 40,000

Proposed classes of Major Mine permit fees include:

Class	Criteria	Proposed Fee Amount
Large Scale Major Mines, Expansions and Permit Amendments	<ul style="list-style-type: none"> All mines and expansions that are above the volume thresholds as outlined in the Reviewable Projects Regulation 	\$ 300,000
Major Mines, Expansions and Permit Amendments	<ul style="list-style-type: none"> New metal and coal mines and expansions as well as changes to a metal or coal mine plan under EA threshold but requiring review under Section 9 of the <i>Mines Act</i>. 	\$ 100,000
Minor Permit Amendments	<ul style="list-style-type: none"> All changes to a metal or coal mine plan not requiring review under Section 9 of the <i>Mines Act</i>. 	\$ 10,000

C. Enhanced Service

Industry has indicated that delays in permitting are very costly. Between 2011 and 2013, the Ministry of Energy and Mines and the Ministry of Forests, Lands and Natural Resource Operations significantly increased the level of service to the mining industry as a result of temporary contingency funding. This funding included additional inspectors, the online application system for Notices of Work, and additional permitting options such as multi-year area-based permitting and deemed authorized activities. This has resulted in a reduction of Notice of Work turnaround time from 110 days to under 60 days and a number of major mines and major mine expansions gaining approval. Ongoing revenue through a cost-recovery program will enable government to maintain current funding levels and ensure that this enhanced level of service continues.

Without maintenance of current funding, major mine permitting would slow. This would negatively affect both proposed developments and existing operations seeking permit amendments to expand and extend their operations. In the context of softening commodity prices, BC must continue to ensure its project approval processes are efficient and timely in order to attract global mining investment. Similarly, despite process improvements and efficiency gains, without stable funding, Notice of Work permitting backlogs would re-appear and lead to lower investment in the exploration sector.

D. Maintaining Competitiveness

It is expected that the proposed *Mines Act* permit fees, in the context of BC's overall royalty and tax structure, will not have a significant impact on BC's competitiveness. These permit fees would represent a marginal increase in capital and operating costs for mining companies.

In order to measure the potential impact of permit fees on the mineral exploration sector, the Ministry took a sample of the amount of exploration spending and the number of permits issued from 2009 to 2012. This data was used to calculate how much industry spending would be attributed to small, medium and large exploration activities by permit. The proposed permit fees were then incorporated into overall costs by calculating them as percentages of exploration spending by permit. This analysis estimates that the proposed permit fees may contribute to a one to two percent increase in costs for exploration companies per permit.

The proposed permit fees would represent a marginal increase in capital and operating costs for major mines. The Ministry undertook analysis of three producing metal mines in BC that range from small to large production and assumed that each would need to pay permit fees associated with one new major mine, two major amendments and three minor amendments over the life of the mine. The proposed fees would represent approximately 0.1 percent of total life-of-mine costs (excluding taxes) for these companies.

F. Discussion Questions:

1. Should government consider higher fees to increase (rather than sustain) staffing and the level of service provided to the mineral exploration and mining industry?
2. Should government consider an optional additional fee to expedite your application?
3. Do the proposed classes of fees make sense? Why or why not? Would you add classes of fees? Remove some?
4. Does the criteria for which class of fee applies make sense? If not, what changes would you make?
5. Does the method of payment make sense? If not, what would you like to see in terms of how payments are received to ensure simplicity and fairness?
6. What improvements in service could government implement to make the permitting process more efficient?

G. Next steps

Prior to introducing, the *Mines Act* would need to be amended to give the Ministry of Energy and Mines the authority to charge permit fees. Regulations would then be required to set fee amounts and the manner of providing payment. It is anticipated that fees would be in place in fall 2014.

Proposed Timeline:

Milestone	Target Date
Consultation and discussion paper	January-April 2014
Legislation introduced to amend <i>Mines Act</i>	Spring 2014
Develop regulation setting fee amounts	May 2014
Implementation period	May-September 2014
<i>Mines Act</i> permit fees in force	Fall 2014

The Ministry will consult the Mining Association of BC; Association of Mineral Exploration BC; Stone, Sand and Gravel Association of BC and the Placer Miners Association of BC regarding the proposed fees prior to drafting regulations and will continue to consult during the regulation implementation period to ensure a smooth transition for industry.

Please provide comments on this discussion paper by March 31, 2014.

Contact Information:

For any questions about the proposed fees, or to provide written feedback, please contact:

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