

UPDATE – Mineral Titles Fees and Regulations

In 2008 the Mineral Titles Branch of the BC Ministry of Energy, Mines & Petroleum Resources (MEMPR) initiated a public consultation process to look at the current state of fees and regulations related to mineral titles and the use of Mineral Titles Online (MTO), the government’s online staking system.

MTO was implemented in 2005 and it was believed that after three years of operation, it was time to address some of the unresolved matters not dealt with in 2005 as well as any unintended consequences that arose from the change from physical to online staking.

Specifically the consultation included discussion on the following topics:

- Fees
- Claim maintenance (exploration work and work obligations)
- Streamlining items such as claim size, subdivision and amalgamation of claims, assessment reports
- Placer titles
- Other incidental issues

In the spring of 2008 Mineral Titles Branch Director Rick Conte conducted a number of regional consultations intended to review the entire mineral title process, including new claim registration fees, claim exploration levels, work reporting processes, use of cash payment and other related issues. These consultations were provided as “an opportunity for those interested in mineral titles, to learn more on this topic. The discussion, concerns, and feedback on a number of points will be incorporated into a summary document that could form the basis of changes to the Mineral Tenure Act Regulation.”

Regional consultations were held in Cranbrook, Grand Forks, Kamloops, Quesnel, Smithers and Vancouver Island. AME BC organized four additional meetings in Vancouver. Most regional exploration groups were covered with the exception of the Chamber of Mines of Eastern BC in Nelson. Feedback was provided on new claim registration fees, work registration fees, exploration work levels, cash payments, new claim size, PACs (portable assessment credits), work reporting, Crown Granted claims, ten year work limit, Free Miners Certificates, issues related to the use of Mineral Titles Online and other matters.

The Mineral Titles Branch also maintains an industry advisory group which includes members who happen also to be AME BC board members, although they do not sit on the advisory group as AME BC representatives. This advisory group has also had input into proposed changes.

The results of the consultations formed the basis of the initial fee change proposal (see below). The process was suspended in late 2008-early 2009 due to the provincial election and government focusing on other priorities. Mineral Titles Branch “reactivated” the file in the summer of 2009. Since that time the Mineral Titles Branch director Rick Conte has met with AME BC on several occasions and has conducted a conference call with Regional Exploration Groups. Considerable correspondence has also been received from interest companies and individuals.

In the face of these changes AME BC has been working with others in the industry including the Mining Association of BC, Geoscience BC, regional exploration groups, interested individuals and exploration companies and MEMPR to improve recommended changes and minimize their impact on the industry. Further changes and suggestions have been incorporated although not all were accepted.

AME BC has also been working with these other stakeholders to direct funding to some form of prospectors program, increased funding for early geosciences & mapping (BC Geological Survey and Geoscience BC) and possible increased funding for outreach or reclamation.

An agreed upon solution is that industry, through mineral titles, will support a reasonable industry levy where funds will be redirected back to industry for priorities as set by industry. These priorities could include assistance to prospectors, better early stage data for exploration companies and prospectors and possibly outreaching regarding reclamation activities that would improve the industry’s reputation in the face of increased land-use pressures.

AME BC’s board is in general agreement with this approach and voted to support the necessary changes.

The MEMPR proposal consists of the following elements:

- Increasing mineral claim registration fees.
- Eliminating work registration, amalgamation and claim size reduction fees.
- Increasing mineral claim work obligations.
- Increasing the maximum size of new claims
- Increasing the mining lease rental fee
- Similar changes to place fees
- In order to accommodate the changes to the MTO software, and so not to have two parallel systems (existing claims and new claims), all claims would be treated as Year 1 for the purposes of work obligation.

AME BC’s review of the changes has identified the following pros and cons:

Pros

- Diminished land speculators and “online gamblers”.
- Increases costs for land sterilization.
- Eliminates costs associated with filing work—thereby increasing body of public knowledge.
- Pushes tenure holders to do more exploration work versus holding property.
- Fees to government are cost neutral after 4 years and lower going forward.
- Puts BC in the “middle of the pack” of provinces with regards to fees.
- Revenue Neutral government as proposed.

Cons

- Increased up-front costs.
- Costs to those holding claims three years or less.
- May not address all land sterilization issues.
- Required works fees considerably higher.

Draft Changes

Item	Current Fees	Proposed Fees
New mineral claim registration fee	\$0.40 per hectare	\$1.75 per hectare
Mineral claim work registration fee	\$0.40 per hectare per year	Zero
Amalgamation of claims	\$10.00 per claim	Zero
Reduction of claim area	\$10.00 per claim	Zero
Annual mineral claim work obligations	Year 1 - 3 - \$4.00 per hectare Year 4+ - \$8.00 per hectare	Year 1-3 - \$5.00 per hectare Year 2-3 - \$10.00 per hectare Year 4-5 - \$15.00 per hectare Year 6-7 - \$20.00 per hectare
Maximum size of a new claim	25 cells	100 cells
Annual mining lease rental	\$10.00 per hectare	\$20.00 per hectare

Other Changes:

- Modifications to the definitions of work to include “newer science” so as to allow for the possible inclusion of work that may be innovative.
- Changing the claim maintenance process to include cash payments and add geographic restrictions on work application.
 - o Update of work definitions.
 - o No cash payment in first year of claim life.
 - o Cash must advance a claim a minimum of 180 days.
 - o Restrictions on the geographic area for applying work credit.
- Similar changes to placer fees.
- Transition Issues:
 - o All annual mineral claim work obligations would revert to Year 1. (So a claim in year 4 currently with an \$8 per hectare work obligation would revert to year 1 with a \$5 per hectare obligation).
 - o The original mineral claim work registration fee would still apply to any claims acquired before the changes are enacted (meaning any claims acquired for the 40 cent per hectare fee would still be subject to work registration fees).

Additional Fee Revenue Projections (examples only - not confirmed)

New Base Fee	Additional Mineral Claim Fee (surcharge)	Total New Mineral Claim Fee	Additional Revenue Raised for Industry
\$1.75	\$0.55	\$2.30	\$1 million
\$1.75	\$1.11	\$2.86	\$2 million

Approximately 11 cents per additional \$200,000.

Revenue Neutrality Assumptions

- Historically the annual revenue from Mineral Titles has been around \$7 million. This is the threshold MTO revenues must meet to be revenue neutral for government.
- A sustainable level of new mineral claims per year is projected at 1.8 million hectares.
- \$1.75 per hectare would raise \$3.15 million per year. Additional revenue would be made up from new placer claims (\$600,000), cash payments (\$3 million) and miscellaneous fees (\$350,000).
- Based these revenue assumptions MTO would earn \$7.1 million per year.