



# Approvals maze remains a major concern



INTERNATIONALLY embarrassing.

Not the words any government would like to see used to describe the regulatory regime applying to their most important industry.

But that is how Galaxy Resources chief executive Iggy Tan described the “green-tape” delays endured at Gindalbie Metals’ \$1.8 billion Karara magnetite mine near Geraldton.

By the time Gindalbie belatedly secured its final environmental approvals for Karara last month, the steel mill built in China by partner AnSteel to take Karara ore had been ready for a year.

Nor is Gindalbie an isolated example. According to the WA Environmental Protection Authority’s 2008 annual report, the agency took an average of 140 weeks to go from determining the appropriate level of assessment for a project to delivering a final recommendation. And that does not include the open-ended period for determining appeals.

Mr Tan, whose company is developing the \$70 million Mt Cattlin lithium mine near Ravensthorpe, said Gindalbie’s experience demonstrated why Western Australia had slipped down the list of attractive mining investment locations in recent years.

In the latest annual global survey by Canadian research group the Fraser Institute, WA fell out of the world’s top 20 most appealing mining investment destinations for the first time.

At 21, WA ranked below not only Botswana and Chile, but also the Northern Territory and South Australia, where successive governments have bent over backwards to attract mining investment away from more traditional locations in WA and

Queensland.

Initiatives such as defined and coordinated approvals processes, the absence of third-party appeals over environmental approvals, and funding support for exploration drilling in virgin areas have all propelled the NT and SA surge up the rankings to 20th and 16th respectively.

“They are proactive and want to get projects up ... whereas it is the other way round in WA,” Mr Tan said.

“Maybe it’s the volume of projects in WA or whatever, but there is just a different mindset in those two states, so if you had a choice, why wouldn’t you go there?”

The eight mining sector executives who attended *WA Business News*’ recent roundtable all supported the Barnett state government’s promise of definitive action to streamline the approvals system and adopt a more pro-development stance.

But they warned bureaucratic culture also had to change.

“The real issue is delay,” said Craig McGown, chairman of Goldfields base metals explorer Pioneer Resources.

“There seems to be a basic lack of understanding [in government] on the impact that will have on state revenues.

“If a junior company is looking at developing a project, and they are constantly saying, ‘we thought we’d have approval this quarter’ ... it puts their timeframes on hold and reduces investor enthusiasm.”

And that made explorers reluctant to move into development, said Warwick Resources chairman Will Burbury, because investors were growing more fearful of the potential delays during development than exploration.

“That really makes it a lot harder to get development money, even

when you have geologically de-risked the project,” he said.

Ken Hellsten, managing director of iron ore explorer Polaris Metals, said the sector merely wanted certainty and to be subjected to the same standards as most other industries.

For example, it was often quicker to get approval to build a permanent structure like a home than to undertake temporary work such as drilling in the same area.

“We simply ask that similar standards be applied to our industry as other industries,” he told the roundtable.

“It’s not about trying to lower standards, we still want the right outcomes, but it’s about getting a process to achieve that in a more timely way.”

Heron Resources managing director Mat Longworth said a simple starting point would be to fix the periods for each stage of the approvals process, and give just one government agency or department oversight of the process instead of the myriad bodies currently responsible in WA.

Damian Hicks, managing director of nickel explorer Hannans Reward, said allowing greater self-regulation at the early exploration stage would be another big step forward, underpinned by prohibitive penalties for doing the wrong thing.

“I’m an optimist and believe that 99 per cent of us will do the right thing; we don’t want to clear more than we have to, we just want to find something and then move on,” he said.

“More holes would get drilled, which means increased probability of discovery and more investment in exploration, which can only be good.”

The general mood was summed up by Iron Ore Holdings chairman Mal



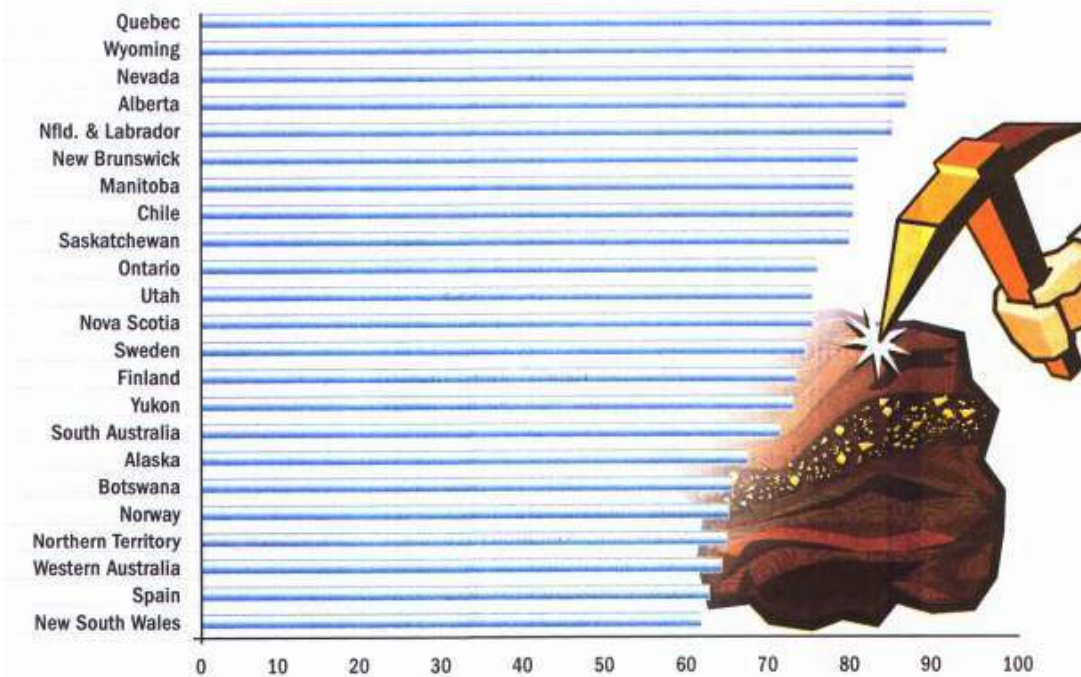
Kandall, who said: "It's an indictment of the process when the easy part is finding the orebody."

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- Craig McGown



**Current mineral potential index**



Source: Fraser Institute