



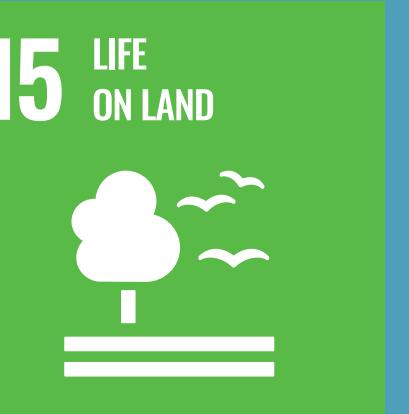
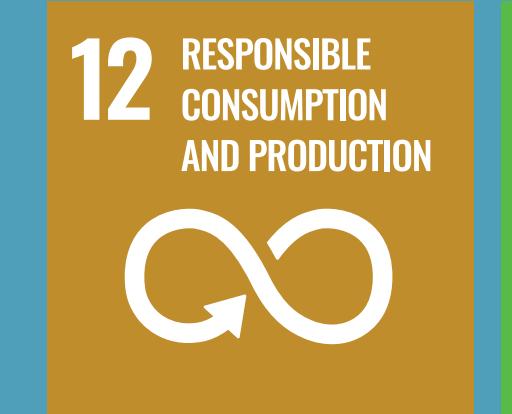
REPUBLIC OF SLOVENIA
COURT OF AUDIT

AUDIT REPORT

Mineral resources management

Performance audit

Audit period: 1 January 2021 to 30 June 2023



**SUSTAINABLE
DEVELOPMENT
GOALS**

Audit field presentation



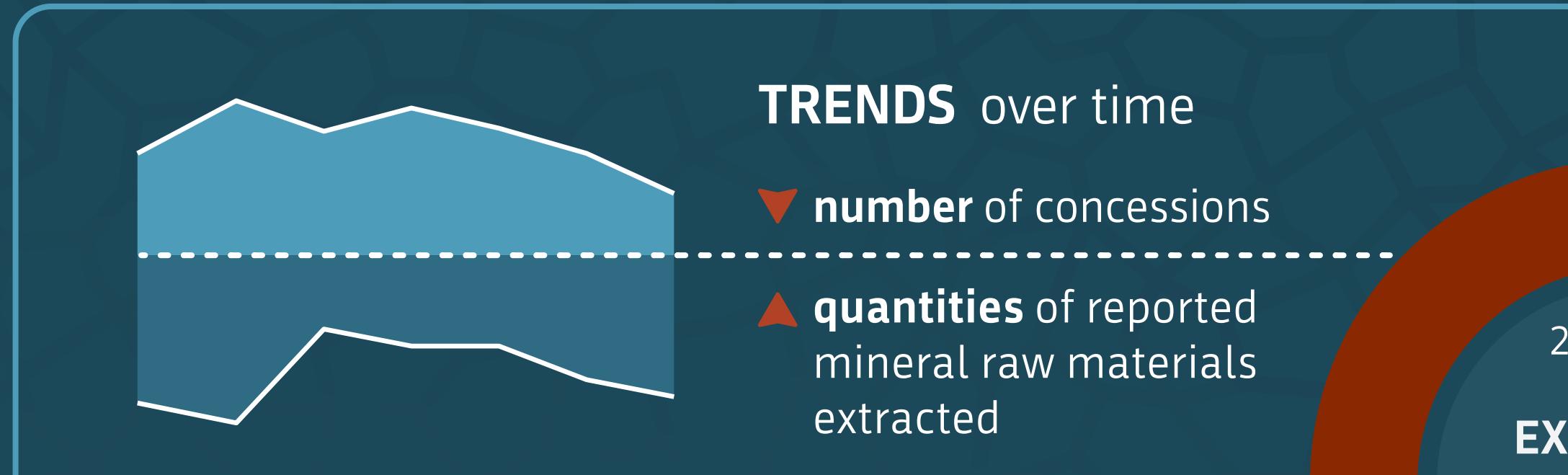
Mining is the process of **exploration**, **extracting** mineral raw materials and **land restoration** that is undertaken **on the basis of a concession** granted by the Ministry.



manages mining policy

decides on mining rights

controls mining



20 million tonnes

EXTRACTED MINERAL RAW MATERIALS
in 2023

175 concessions
for exploitation
2 concessions
for exploration

116 concessionaries
extracting
24 different mineral raw materials



decides on **awarding**, **extending** and **transfer** or **suspension** of mining rights



determines **annual fees**

concession fee
for extracted mineral raw material

remedial fee
for land **restoration**



MINING BOOK
publicly **available** online record of mining data



Findings on deciding about mining rights

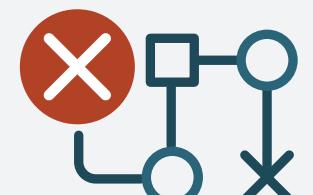
EXPLORATION

RULES

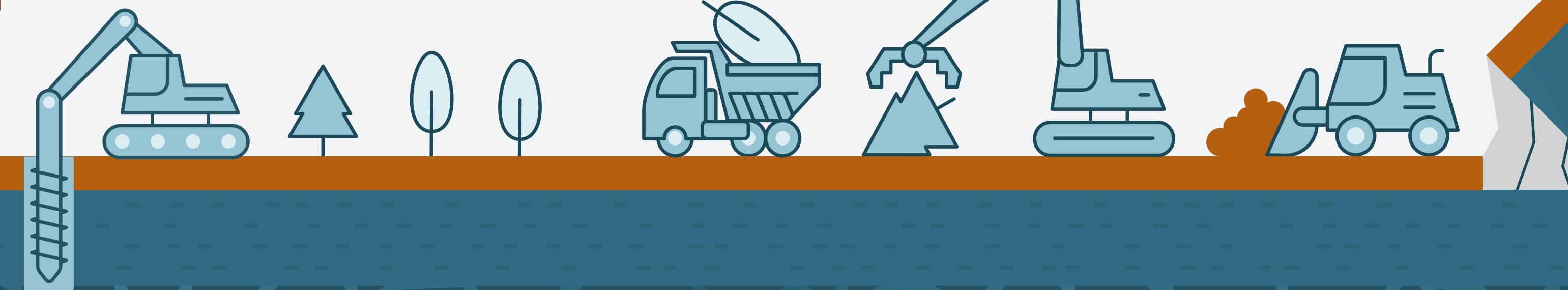


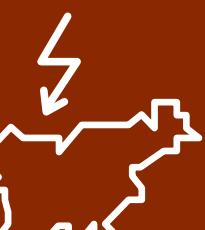
allow **exploration without a landowner's consent and do not** foresee **sanctions** therefor

submitted **2 applications** for **1% of the area of the Republic of Slovenia** (without a landowner's consent) !



do not prescribe procedures for **withdrawing from exploration**



 **the loss of the state due to illegal exploitation**

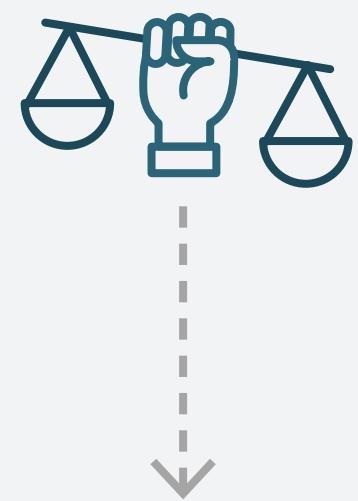


further violations by concessionaires



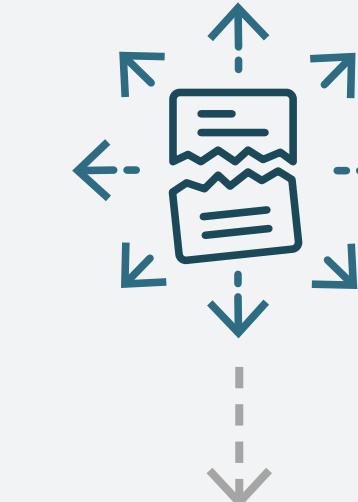
mining right awarded to **violators**

AWARDING MINING RIGHTS



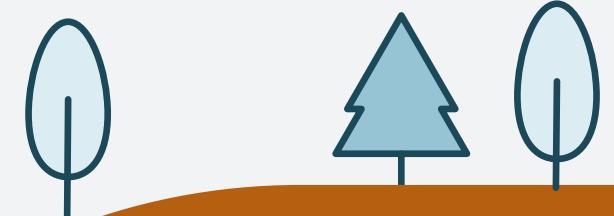
mining right provides **equal rights** to all stakeholders, while **rules do not define equal conditions** for acquiring the right – for the extension of the right one must present compliance of extracting with the rules, but not for transferring or awarding of the right

2 extensions reviewed
10 transfers and 14 awards not reviewed



Ministry considers **expansion a new mining right**, thus it **did not examine** compliance of extracting with the rules and awarded a **concession also to violators** that should have their right **withdrawn**

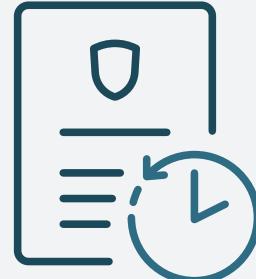
more than **1/3** of concessions represent **expansions**



mining **inspection** found out that the **number of illegal mining works is increasing!** !

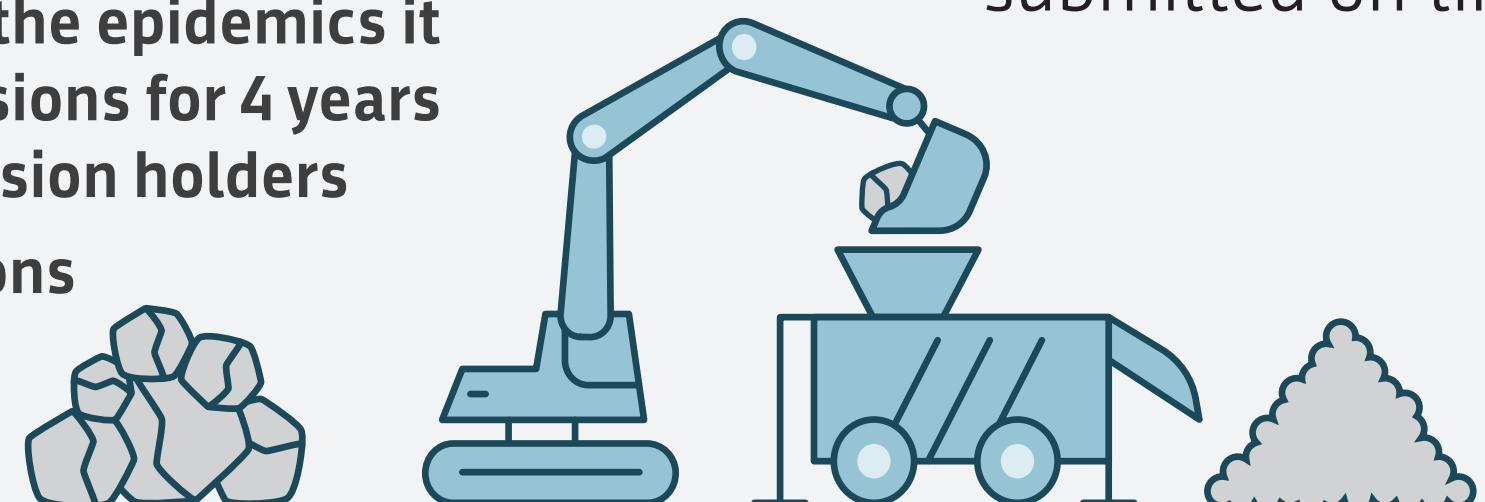
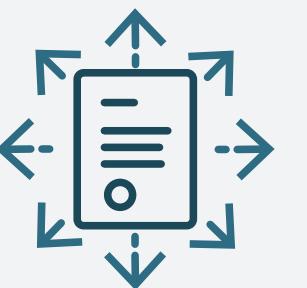
until the expiry of concession, it is possible to transfer or extend the right

EXTENSION OF MINING RIGHTS



the Ministry knew that 133 concessions were going to expire and failed to extend them regularly (unchanged conditions until 2013); it proposed intervention acts, whereby:

- it intervened in the ownership right and the right of municipalities to decide on spatial planning
- without meeting the conditions which were not affected by the epidemics it extended the concessions for 4 years mainly to first concession holders
- it extended concessions also to violators

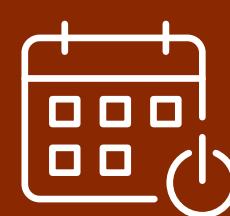
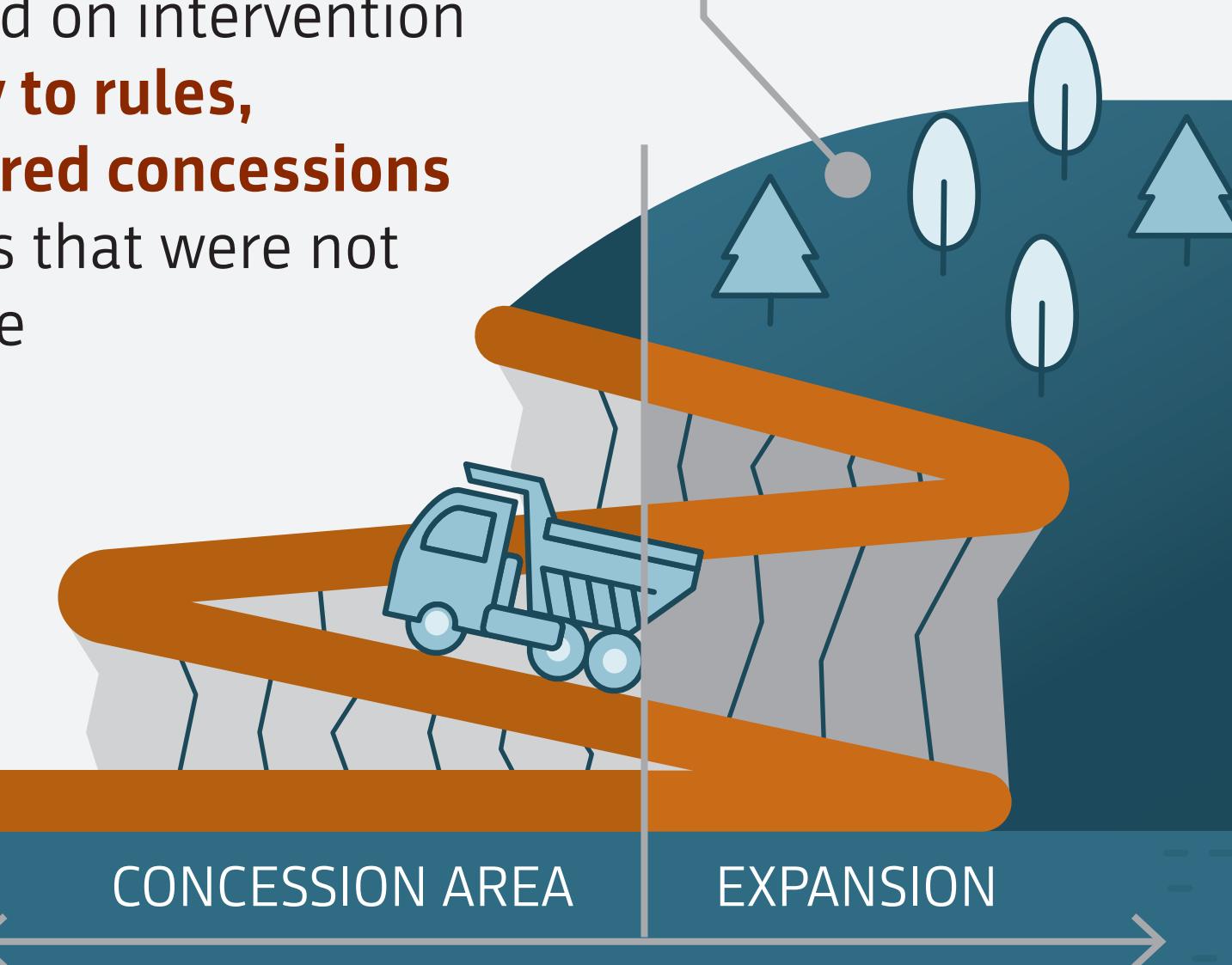


due to non-compliance with demanded conditions **regular extensions are almost non-existent, bypassing the conditions by awarding new concession via expansion**

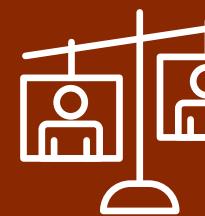
the Ministry, based on intervention acts and **contrary to rules**, **extended 59 expired concessions** and 4 concessions that were not submitted on time



out of 14 awarded new concessions in the audit period there were **13 expansions**



mining right is awarded to **concessionaires who have met conditions for withdrawal** and **concessionaires whose right has extinguished**



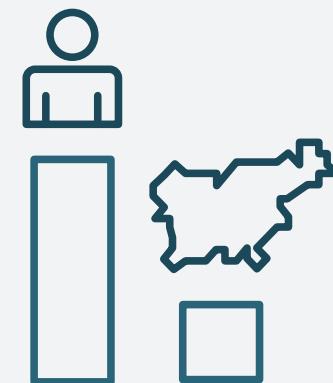
concessionaires **not equally treated**



degraded areas not put into use

regularly and according to intervention acts

TRANSFER OF MINING RIGHTS



the Ministry changed the prescribed procedure of transfer by **favouring landowners or land tenants before the state's interests**

Concession fee

for **2022** issued **180 decrees** for concession fee in the amount of **€ 4,110,195**

annual payment for extracted mineral raw material defined by the Ministry by a decree

MINISTRY:

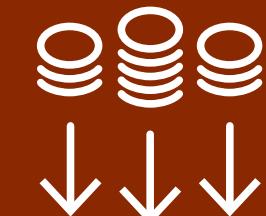


failed to **develop a methodology** for defining **prices of mineral raw materials** in unprocessed condition



failed to **harmonise prices of a mineral raw material with market prices and inflation**

concession fees **too low**



less money for the state and municipal budgets



without the studies the Ministry does not have data to control whether **the total quantity of extracted mineral raw material is reported**



the Ministry failed to set up **controls to detect illegal extraction** of mineral raw materials

Studies on reserves and sources of mineral raw materials



for **60%** of extraction facilities (sites) **no valid studies** on reserves and sources of mineral

for **27%** of extraction facilities (sites) **studies were never developed** !



SUSPENSION OF MINING RIGHTS

MINISTRY:



failed to establish violations which would lead to **withdrawal of mining rights**, along with the **suspension of concession**, the violators could be **banned to submit candidacy** for 7 years



arranged **the basis for remedy** after the suspension of concessions and for recovery from illegal mining



failed to implement concessions suspension processes

considered **5 out of 47** received applications



206 concessions expired – suspended less than **10%**

after the exploitation termination and before the concession expiry a concessionaire must restore the degraded land

Remedial fee

162 decrees issued for the year 2022 defining remedial fee in the amount of **€ 658,164**



MINISTRY:

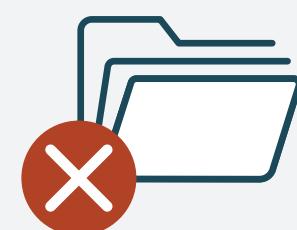
failed to provide that concessionaires collect sufficient **reserve funds for remedy** in case the Ministry should carry it out, since:

- it **failed to obtain** appropriate **bank guarantees** from all concessionaires
- it **failed to define remedial fees** retrospectively when switching from bank guarantees to annual payments of remedial fees
- for some extraction facilities **it never issued decrees on remedial fees** because it did not receive all the data



failed to provide for recovery of paid funds at a **fair value to concessionaires** after the undertaken restoration of land

MONITORING MINING RIGHTS

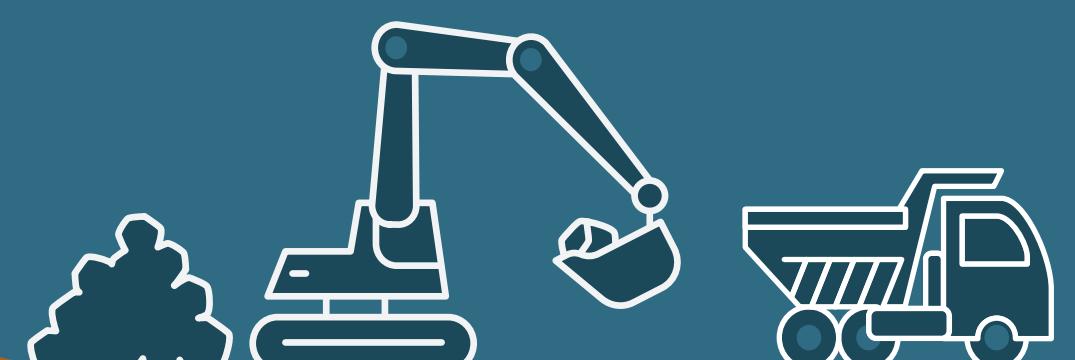


the Ministry **does not have appropriate sources** for deciding on mining rights, since:

- no direct access to data
data received from **11 records**
- not enough personnel
decided on ½ of received applications
- no information system for monitoring mining rights

Opinion

The Ministry was **partially efficient** in managing mineral resources.



DEMAND FOR THE RESPONSE REPORT

The Ministry must prepare **an activity plan** to:



amend the rules prescribing that applicants must present compliance of mineral materials extraction and concessions implementation with the regulations



implement control which would lead to withdrawal of a mining right



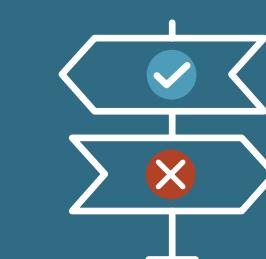
consider appropriateness of providing and refunding of remedial fees



The Court of Audit proposed **recommendations** concerning:



amendments of regulations referring to procedures for implementing mining rights and compensations



more efficient decision-making on mining rights, redefinition of the intended purpose of concession fees, better arrangement of remedial fees

