



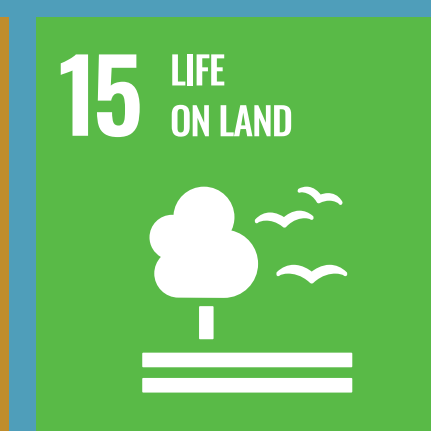
REPUBLIC OF SLOVENIA
COURT OF AUDIT

AUDIT REPORT

Mineral resources management

Performance audit

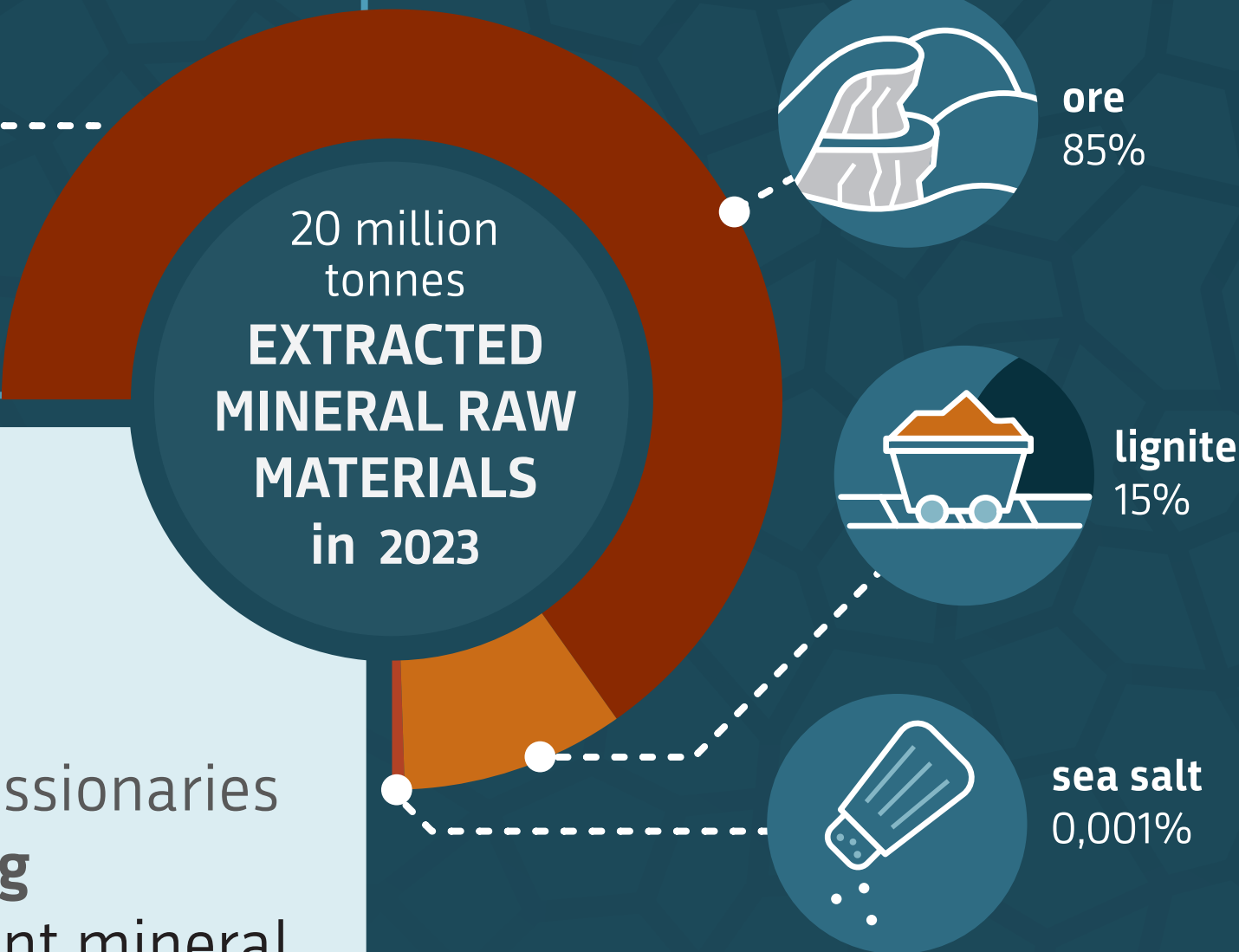
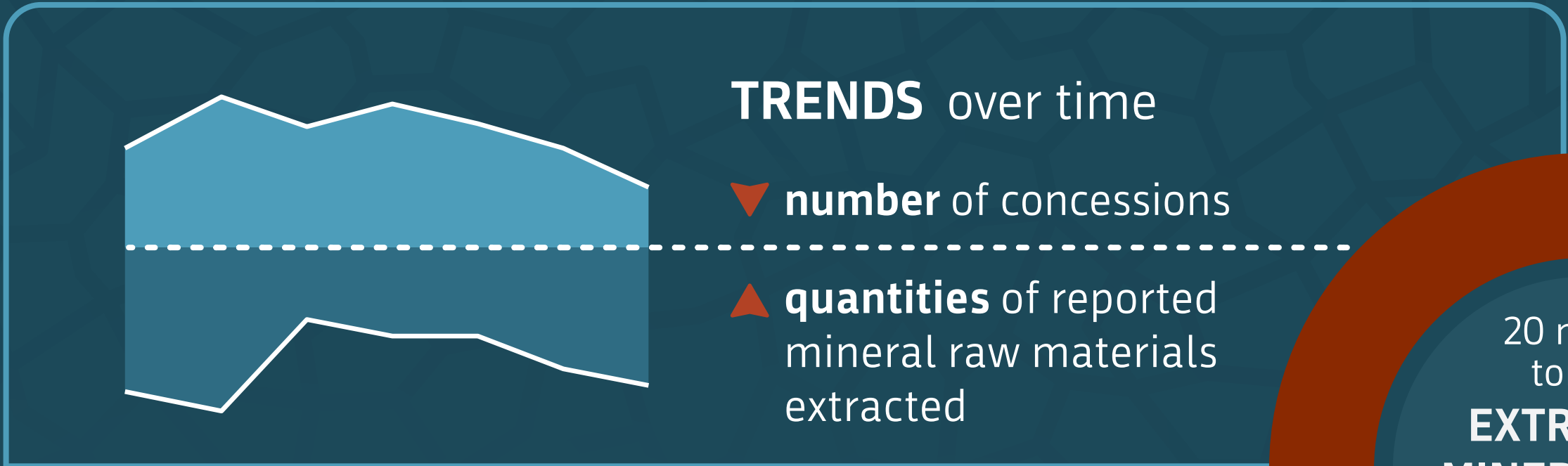
Audit period: 1 January 2021 to 30 June 2023



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.



Ministry of Infrastructure

Ministry of Natural Resources and Spatial Planning
after the transfer of authority

AUDITEES

manages mining policy

decides on mining rights

controls mining

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

175 concessions **for exploitation**
2 concessions **for exploration**

116 concessionaries **extracting**
24 different mineral raw materials

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

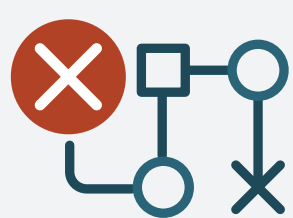
EXPLORATION

RULES



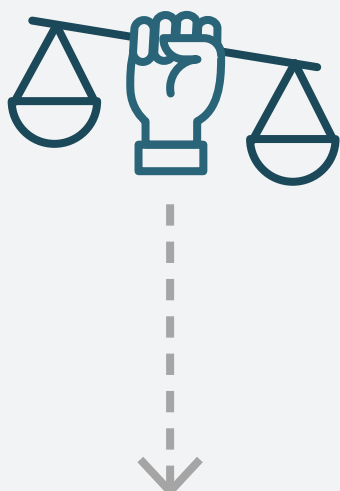
allow **exploration without a landowner's consent** and **do not** foresee **sanctions** therefor

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



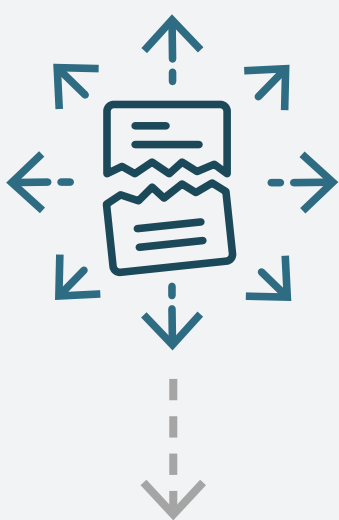
do not prescribe procedures for **withdrawing from exploration**

AWARDING MINING RIGHTS



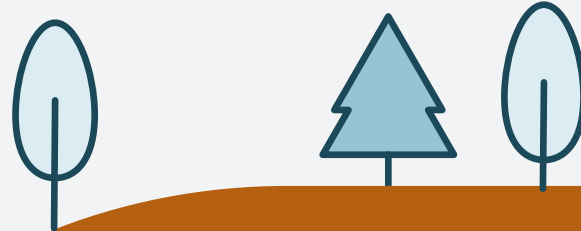
mining right provides **equal rights** to all stakeholders, while **rules do not define equal conditions** for acquiring the right – for the extension of the right one must present compliance of extracting with the rules, but not for transferring or awarding of the right

2 extensions reviewed
10 transfers and 14 awards not reviewed

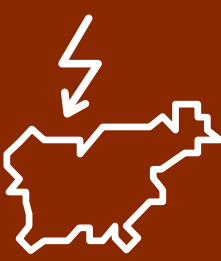


Ministry considers **expansion a new mining right**, thus it **did not examine** compliance of extracting with the rules and awarded a **concession also to violators** that should have their right **withdrawn**

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



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



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



further violations by concessionaires



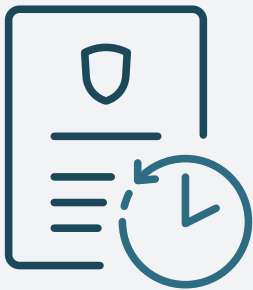
mining right awarded to **violators**

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

EXTENSION OF MINING RIGHTS

regularly and according to intervention acts

TRANSFER 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



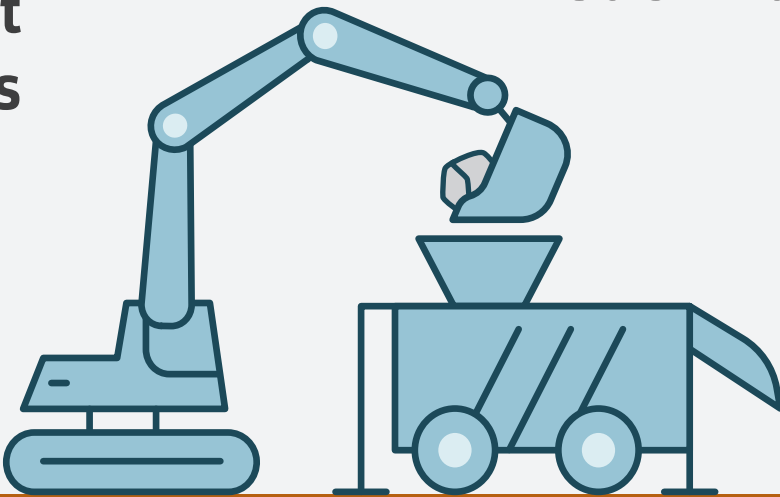
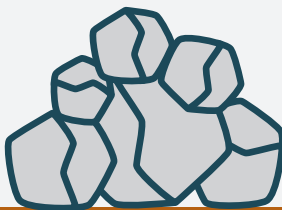
the Ministry, based on intervention acts and contrary to rules, extended 59 expired concessions and 4 concessions that were not submitted on time



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

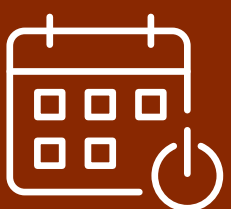


the Ministry changed the prescribed procedure of transfer by favouring landowners or land tenants before the state's interests

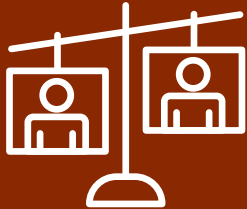


CONCESSION AREA

EXPANSION



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

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:

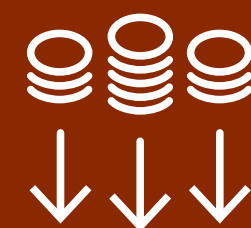


failed to **develop a methodology** for defining
prices of mineral raw materials in unprocessed
condition



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

Studies on reserves and sources of mineral raw materials

a concessionaire
must develop a
study every 5 years



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



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

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

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



failed to implement concessions suspension processes

considered **5 out of 47** received applications



land that is not restored poses danger to people and environment

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

Remedial fee

a concessionaire must provide funds for restoring land by annual payments of remedial fees or bank guarantee

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
- no information system for monitoring mining rights

data received from **11 records**

- not enough personnel
- decided on 1/2** of received applications

Mining book



the Ministry has **set up** the Mining book, **but it:**

- failed to define **timetable for data input**
- failed to consider if it is necessary **for all prescribed data to be kept** in the Mining book
- failed to set up bases for keeping in the Mining book **the data** provided by **external stakeholders** (data on concession fees and remedial fees)

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

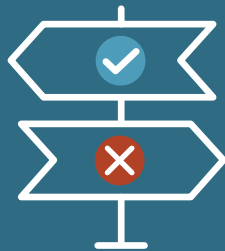


consider appropriateness of providing and refunding of remedial fees

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

