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Executive Director
Mineral Resources Division
Department of State Development
GPO Box 320
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Dear Executive Director

MINING ACT REVIEW DISCUSSION

Thankyou for the opportunity to comment on the Mining Act review discussion paper. Our thoughts are detailed in this letter. For background we own or operate about 8 private mines, one mineral lease and about 20 extractive mineral leases.

COMMENTS ON MINING ACT REVIEW

(1) 3.5.7 Mineral Claims

I believe mineral claims should stay. The twelve months to develop a mining proposal gives the applicant and other related parties the opportunity to develop and lodge their lease application. The time period pushes the applicant to keep the process moving.

We have also had a case where it gives the applicant a defined period where to progress their claim and negotiate with the relevant parties.

My comment in (1) is based on extractive minerals.

(2) 2.6 Extractive Areas Rehabilitation Fund(EARF)

Section 63 of the current Mining Act allows for " the rehabilitation of land disturbed by mining operations for the recovery of extractive minerals"(3)(a).

Each operator pays into an EARF fund for every tonne extracted.

Originally the EARF fund paid the operator for both progressive and final rehabilitation. Over time the operator has been encouraged through regulation to do their own rehabilitation.

We believe operators should do their own progressive rehabilitation but should be able to use the fund for their final rehabilitation as long as the lease is cancelled at the end of the process and DSD has an input into the final rehabilitation.

Our proposal(model) is;

Currently we pay 52 cents per tonne. 4 cents DSD administration, 30 cents royalty. Therefore 18 cents goes into the EARF per tonne.

The following model is designed to have a functioning EARF (pay in – get something back) where the best rehabilitation outcomes are obtained whilst giving industry something back for what they contribute.

The aim of the fund is to get the best rehabilitation outcome which helps both industry and government and their image. To do this the best way forward is the carrot and stick approach. The stick is by using regulation (PEPR, MOPS, ACT and Regs). If the operator knows they can get a small proportion of their rehabilitation paid for it encourages them to do regular progressive rehabilitation and a better final rehabilitation. Using the EARF in the final rehabilitation enables DSD to have an input in the whole final process (design to inspection).

If our or a similar model is not introduced many final rehabilitations will not get done. For example - An operation will get to the end of its life and the total cost of the rehab is too expensive to be funded by the operator. The operator would avoid doing the rehabilitation. The current Mining Act encourages paid rehabilitation through the EARF. Section 63 of the Act and the EARF guidelines vary (are not consistent) on their intent. We need section 63 of the Act not to change, encouraging high quality rehabilitation projects which is better for industry, government and society. Let the fund do what it was designed to do (be a fund to encourage rehabilitation).

Model

The model is based on the premise that the miner is responsible for all rehabilitation. The fund will contribute to the costs on the following basis;

(a) You can claim 70% + 15% (b) of the money you have contributed to the fund for the final rehabilitation of the site. Site must be fully rehabilitated and lease cancelled.

(b) 15% can be claimed at any time for any environmental or a rehabilitation project (on safety or environmental grounds). If the rehabilitation project is not claimed during the life of the mine it can be claimed during the final rehab proposal.

(c) The other 15% will go to pay for existing mines rehab or old mines rehab (source of last resort).

The operator/miner must pay for all plans out of their claim. The operator would be able to budget that the fund will pay \$fixed and they will have to find the balance from their own business.

In conclusion the EARF in the Act was never designed to be solely a source of last resort funding. It should (and was designed to) be used as a mechanism to encourage the best rehabilitation outcomes.

The EARF in South Australia has worked well in the past. With a fully functioning EARF we do not need bonds. Bonds only add expense for no benefit.

(3) 3.7 Changes to Operations

(a) Some quarries begin their operation by crushing stone to produce aggregate. Then there may be an opportunity to receive concrete and crush it for sale.

Acknowledging EPA approvals and licences need to be obtained, do we need to change lease conditions and/or do a new PEPR/MOP?.

Even if we are investigating a change in operation does the Mining Act allow for this pathway?.

(b) Change from EML to a Retention Lease(RL)

Sometimes we have obtained an EML for a specific purpose/project. Sometimes that project gets delayed for years but the resource is still important.

Is there a way to change to and from an EML and RL thus reducing fees by communicating such change in writing to DSD?. This assumes a RL is cheaper to hold than an EML and changes can be made in a reasonably easy manner back and forth.

(4) 2.1.1 Review of the MOP(Mine Operations Plan) for Private Mines

A MOP needs to be reviewed every 7 years. PEPR's for EML's do not have this time requirement but can be reviewed by the DSD at any time. We ask that MOPs and PEPRs have the same requirement for review. Change the 7 years to 21 years thus repealing 73(G) (15).

(5) EL(Exporation Licence) holder needs to give permission to peg a MC(Mineral Claim) for an EML

Currently we write to the EL holder for approval to peg a MC for an EML in their EL area. Most EL holders are good and grant permission because they have no rights over extractive minerals.

Occasionally we come across a EL holder who we find will not give approval to peg a MC in a timely manner(a few months). It would be helpful to have a process(forms) whereby we can ask for them to respond within 30 days. If the EL holder does not respond within 30 days the MC applicant should be able to write to DSD who could write on their behalf or help in some way.

(6) 3.5.8 Generic Leases

We believe the current system and types of leases is working and should not be changed.

CONCLUSION

The Mining Act Review document prepared by DSD is very comprehensive and raises many issues. We believe the current Mining Act has been good but needs updating to allow more flexibility of operations.

We believe a fully functioning EARF is important to rehabilitation outcomes and that bonds are only needed in rare cases.

We are happy to discuss/clarify any issues that are raised in our response further.

Yours Sincerely

Richard Fricker
Director

