
Update on Prior Years' Report Items

2003 Recommendation

The Department should comply with the Financial Administration Act and with Program Guidelines established for special assistance.

Action Taken

The Department indicated that it is complying with the *Financial Administration Act*. Funding for special assistance is budgeted under what is known in Government Program Structure as an activity. This is the level at which the House of Assembly votes funding and is the level used for appropriation control. This activity provides for payment of special assistance grants to municipalities and other entities. All payments from special assistance have been properly authorized by the Legislature. All expenditures from special assistance are made under the authority of the Department of Municipal Affairs.

Department of Natural Resources

3.2.23 *Mining Act* (2003 Annual Report, Part 2.29)

Introduction

In 2003, we performed a review of mining and quarry leases in the Province. The objective of our review was to determine whether lessees were complying with the *Mining Act* and *Mining Regulations*, in particular whether lessees had:

- submitted a development plan;
 - submitted a rehabilitation and closure plan;
 - provided the required financial assurance; and
 - submitted reports on mining operations for both the upcoming and the preceding years on an annual basis (operating plans and annual reports).
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Conclusions from our 2003 review

As a result of our review, we concluded that the Department was not obtaining all of the information required under the *Mining Act* and *Mining Regulations* necessary to monitor mineral development in the Province. As of 31 March 2003, there were 38 lessees holding 66 active leases. Of these 38 lessees:

- 21 lessees holding 31 leases applied for designation as a small scale operation which would exempt them from the requirements of the *Mining Act*. However, the Department had not completed its evaluation of any of the 21 lessees relating to the 31 leases and therefore, it had not determined whether the lessees were required to provide the information outlined in the *Mining Act* and *Regulations*.
- 17 lessees holding the remaining 35 leases were all in violation of the *Mining Act* and *Regulations* in that the Department indicated that not all of the required information had been obtained.

We also concluded that the Department had not determined the potential environmental impact for the leases or the potential liability to the Province for any future remediation and rehabilitation costs.

Update

In October 2005, we contacted the Department of Natural Resources requesting an update as to any further progress on our recommendations and whether all companies are in compliance full with the *Act*.

In its response to our report in 2003, the Department indicated it had processed all small scale operation exemption applications. As a result, the information provided below is in response to the remaining two recommendations.

2003 Recommendation

The Department should increase its efforts to enforce compliance with the Mining Act and the Mining Regulations by lessees.

Action Taken

The Department indicated that it has worked diligently with lessees to gain compliance with the *Mining Act*.

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As of 24 November 2005, the Department indicated all operators holding mining leases have submitted Development Plans and Rehabilitation and Closure Plans as required by the *Act* and have submitted annual Operating Plans and Annual Reports. The Department has completed arrangements for financial assurance with six of the lessees and has received proposals from the remainder. The Department is currently engaged in active negotiations with operators to complete financial assurance arrangements as soon as possible. It was further indicated that since the Departments' response to the 2003 report, a number of operators chose to re-submit their plans based on revised guidelines prepared by the Department. Currently, two re-submissions are under review.

The Department also indicated that it has received Development Plans and Rehabilitation and Closure Plans from all applicable quarry lease holders, with the exception of two, and has financial assurance in place for the majority. The Department is following up with those operators that have not yet completed arrangements for financial assurance. If the Department cannot successfully conclude financial arrangements, the Department indicated it will then limit such operators' ability to obtain other leases and permits from the Department.

Finally, the Department indicated that it continues to issue new mining and quarry leases and that there is a 100% compliance with the *Mining Act* for these new issuances. In addition, the Department has established a protocol with the Department of Environment and Conservation that all Certificates of Approval issued by the Department of Environment and Conservation for mining projects will be conditional on the operator complying with the *Mining Act*.

2003 Recommendation

The Department should maintain an information system or listing that provides information on what each lessee is required to provide to the Department and what type of information the lessee actually provided.

Action Taken

The Department indicated it has commissioned the creation of a *Mining Act* database to monitor and manage information submitted or required by the *Act*. Programming and initial testing has been completed and is currently undergoing extensive testing by Department staff. It is planned that this management tool will be populated with currently available information and made available for use to Department mine inspectors in the second quarter of 2006.