

## SUMMARY

### Performance Auditing Report “Efficiency control of mineral resources exploitation“

The use of non-renewable mineral resources would be more rational, and the budget revenues from the mineral resource levy would be greater if adequate control was exercised over the operators and better coordination was established between the competent authorities.

Mining provides the country's energy independence and further economic and industrial growth, so non-renewable mineral resources should be used in a strictly controlled and sustainable manner. The operators of the exploitation calculate, report and submit to the Ministry of Mining and Energy and the competent provincial authority information on the amount of mineral resources exploited and the sales revenue, as well as the amount of fee. Debt to the budget of the Republic of Serbia on the above fee as of January 15, 2019 amounted to 2.6 billion dinars.



Source: Ministry of Mining and Energy

The competent authorities did not adequately control the data on the amount of exploited mineral resources, the income from the quantities sold, as well as the calculated amounts of the fee for the use of mineral resources, which is why there is a risk that the obligations of the operators of exploitation on this basis are understated:

- The records of the competent authorities do not sufficiently ensure the reliability of data on the status of operators of exploitation,
- About 30% to 60% of the operators of the exploitation did not submit or did not regularly submit the prescribed documents,
- The Tax Administration did not control the calculation and payment of the mineral resource use fee in the observed period, and the Ministry and the Provincial Secretariat did not present evidence that they had addressed the request for control,
- The competent authorities did not apply penal provisions in the supervision, except for inspections in individual cases.

Collection of fees for the use of mineral resources has not been sufficiently efficient, which is why there is a risk of non-realization of part of budget revenues.

No single record has been established with integrated data on all operators of exploitation at the level of the Republic of Serbia. The manner of supervising the affairs entrusted to the Provincial Secretariat have not enabled the Ministry to fully determine the state of their execution, and thus to eliminate the irregularities that had occurred. The strategic and legislative framework is not fully established.

#### *Recommendations*

The State Audit Institution has issued the following recommendations to the Ministry of Mining and Energy:

- to establish a single, comprehensive and uniform record of the operators of mineral resources in the Republic of Serbia,
  - to establish a publicly accessible register with integrated data on all carriers of exploitation in the territory of the Republic of Serbia,
  - to perform directly the entrusted work if it is not performed by the Provincial Secretariat, that is, to remedy the identified irregularities in the execution of the entrusted tasks,
  - to take measures to adopt a strategy in the field of mineral resources management.
- The State Audit Institution has issued the following recommendations to the Ministry of Mining and Energy and the Provincial Secretariat:
- to take all measures prescribed by the Law on Mining and Geological Surveys against carriers who do not submit the prescribed forms,
  - to take all measures prescribed by the Law on Mining and Geological Surveys and the Law on Fees for the Use of Public Goods to the Operators of Exploitation who have not settled the obligations on the basis of the Fee for the Use of Mineral Resources within the prescribed deadline,
  - to carry out all inspection measures prescribed by the Law on Mining and Geological Surveys and the Law on Inspection Surveillance.