

POLICY STATEMENT NO. 2

**LOCAL GOVERNMENT AUTHORITY ACCESS
TO BASIC RAW MATERIALS FROM STATE
FOREST AND TIMBER RESERVES**

FEBRUARY 1993

1. OBJECTIVE

To regulate the supply of basic raw materials (BRMs) to local government authorities (LGAs) from State forest and timber reserves while ensuring minimal environmental damage, the replacement of values foregone and the rehabilitation of excavations.

2. BACKGROUND

The Departments of Conservation and Land Management (CALM) and Minerals and Energy (DOME) have an agreed strategy that allows the extraction of certain minerals from lands managed by CALM for agricultural, pastoral, household, road making and building uses. The allocation of BRMs (ie, gravel, shale, sand, clay, limestone and rock) by the State to LGAs is provided by CALM leases or mining tenements. The former applies where use of the material benefits CALM management programs. The latter applies where use of the material is for commercial purposes not associated with State forest.

Southwest LGAs have not fully supported State arrangements requiring them to seek BRMs via the provisions of the Mining Act (1978) through mining tenements (or private property) where use is not associated with the CALM managed estate. Sections 97 of the CALM Act (1984) allows the granting of leases on State forest and timber reserves for purposes consistent with gazetted landuses and provides an alternative means of access.

A particular objection of LGAs is that the cost of BRMs through the mining tenement process is significantly greater relative to CALM leases. For example a one hectare mining tenement yielding 10000 cu m of material would cost up to \$7500 per annum in land rent, survey fees and royalty charges. In addition the Mining Act requires tenement holders to spend a minimum of \$5000 per annum in operating costs and CALM would seek compensation for lost forest values of approximately \$3500 per hectare. Furthermore mining tenements holders are required to rehabilitate worked out excavations according to conditions associated with the mining tenement. Costs range between \$5000-\$6000.

A review conducted jointly with LGAs and SWDA has now obtained Cabinet approval for LGA access to BRMs under CALM leases for uses not associated with State forest.

3. POLICIES

These policies are subject to the condition that where proposed BRM leases coincide with existing mining tenements as described by the Mining Act, the proponent shall receive written permission from the title holder before the lease is issued by CALM.

- 3.1 CALM will provide BRM leases on State forests and timber reserves to LGAs for all not associated with the CALM managed estate provided no alternative resources are available. Material is not available for resale by LGAs.
- 3.2 CALM will charge BRM royalties to replace forest values foregone.
- 3.3 CALM will require LGAs to fully fund the rehabilitation of worked out BRM leases to State specifications.

4. STRATEGIES

To accomplish the objectives within the framework of the policies CALM will:

- 4.1 Provide BRMs to all LGAs associated with State forests and timber reserves;
- 4.2 Be responsible for the siting and area demarcation of leases on State forests and timber reserves in consultation with LGAs. Ensure that material extraction occurs at locations and in a manner that maintains both local and regional natural biophysical values;
- 4.3 Establish leases between 0.5 hectares (minimal) and 2 hectares (maximum) for periods not less than 12 months;
- 4.4 Estimate the volume of BRM resource with LGAs;
- 4.5 Until June 1993 charge a BRM royalty of \$1.00 per cu m for uses not associated with the CALM managed estate. Initial establishment costs of \$200.00 will apply for each lease. BRMs will be provided free of charge where the use of the material mutually and directly benefits CALM management programs;
- 4.6 Annually "phase -in" BRM royalty increases of \$0.10 per cubic metre per annum to an amount of \$1.50 per cubic metre per annum all indexed to the Perth Consumer Price Index;
- 4.7 Require LGAs to pay royalties "up front" based on a CALM/LGA estimate of BRM volume for the maximum 2 hectare lease;
- 4.8 Negotiate royalty adjustments with LGAs where BRM volume estimates are more or less than 25 percent of the initial agreement;
- 4.9 Develop criteria that gives special consideration to royalty adjustments for small LGAs or where BRMs are remote, small and/or scattered; and
- 4.10 Require rehabilitation subject to DOME's "Environmental Management of Quarries" (1991) and CALM's "Guidelines for Gravel Pit Rehabilitation" (1992). The work may be undertaken by the authorised contractors of LGAs including CALM.

5. PROCEDURES

Procedures to implement the strategies are attached to the Policy Statement Summary.

Syd Shea
EXECUTIVE DIRECTOR

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LOCAL GOVERNMENT AUTHORITY ACCESS TO BASIC RAW MATERIALS FROM STATE FOREST AND TIMBER RESERVES

POLICY STATEMENT SUMMARY

| Agency | Tenure | Mining Act Tene-ment | CALM lease | Rehabil-itate pits | Comp-ensation to CALM | Royalty | | Approvals | Remarks |
|---|---|----------------------|------------|--------------------|-----------------------|---------|------|------------------------------------|---|
| | | | | | | DOME | CALM | | |
| 1. CALM | Use on CALM land | No | No | Yes | No | No | N/A | CALM District | |
| 2. CALM agents authorised works | Use on CALM lands | No | No | Yes | No | No | N/A | CALM District | |
| 3. Shires, MRD or other authorised agencies | Public roads on or directly benefiting State forest or timber reserve | No | Yes | Yes | No | No | N/A | Executive Director | Directly benefiting means within 5 kms and servicing State forest or timber reserve |
| 4. Shires, MRD or other authorised agencies | Local Government or Government works not within (3) above | No | Yes | Yes | No | No | Yes | Executive Director | Where no alternative exists |
| 5. Contractors | For use on other tenures or on private property | Yes | No | Yes | Yes | Yes | No | CALM would oppose mining tenements | |
| 6. Private individuals - small lots | For use on private property | -- | No | -- | -- | -- | -- | -- | Obtain from contractors. |

LOCAL GOVERNMENT AUTHORITY ACCESS TO BASIC RAW MATERIALS FROM STATE FOREST AND TIMBER RESERVES

PROCEDURES

1. LGA approaches CALM for any BRM pit. If pit is on existing mining tenement LGA needs written approval from the title holder before CALM proceeds. Responsibility for search and letter rests with LGA.
2. LGA pays \$200 establishment charge to CALM District Office.
3. CALM officer and LGA jointly:
 - (a) select the site. Pits not to be located within environmentally sensitive locations or have significant impact on status of regional and local natural biophysical values;
 - (b) demarcate the site clearly with pegs and blazes and calculate area. Note, minimum area 0.5ha, maximum area 2ha; and
 - (c) estimate the volume. Need to probe or excavate pits. LGA to provide equipment and driver.
4. LGA pays "up front" fee to CALM District Office, calculated on the volume estimated as follows:

| | | |
|--------------|---|--|
| to June 1993 | - | \$1 per cubic metre |
| to June 1994 | - | \$1.10 + CPI per cubic metre |
| to June 1995 | - | \$1.20 + CPI per cubic metre for 2 years |
| to June 1996 | - | \$1.30 + CPI per cubic metre for 3 years |
| to June 1997 | - | \$1.40 + CPI per cubic metre for 4 years |
| to June 1998 | - | \$1.50 + CPI per cubic metre for 5 years |
| to June 1999 | - | June 1998 + CPI for 1 year etc |
5. District Office advises SOHQ as follows:
 - (a) Finance Branch - of \$ received
 - (b) Land Branch - to issue lease document.
6. Finance Branch deposits \$ in a separate fund "Royalties from LGA BRM leases".
7. Land Branch issues lease to LGA. In lease document CALM guidelines for gravel pit rehabilitation (1992) is made a condition and attached to the lease document sent to the LGA.
8. Royalty adjustments (if required) will only be made when a new lease or an extension to an existing lease is being negotiated with a district, eg:

| | | | | | |
|-------------------|-----|----------------------|---|---|----------------|
| \$ due to CALM | +/- | any adjustment |) | | |
| for renewal lease | | from previous |) | = | \$ paid by LGA |
| (at new rate) | | least (at rate paid) |) | | |
9. It is preferable if leases for which charges are levied are kept physically separate from leases used for servicing State forest or within 5km of State forest.

10. Where a LGA has an **urgent** need for **limited** quantities of BRM (say $< 1,000\text{m}^3$) this can be provided by:

- (a) issuing an excavation lease, or
- (b) from an existing CALM pit or LGA lease;

provided that an establishment fee of \$200 for a new lease and the appropriate royalty per cubic metre are paid. These should be limited to a 3 month period.

11. Existing leases to LGA for roads on State forest will continue to be renewed subject to District and Regional approval. In the renewal of the lease CALM Guidelines for Gravel Pit Rehabilitation (1992) will be made a condition and attached to the lease document sent to the LGA. A \$200 establishment fee and nominal rental (\$10 per annum) will apply.
12. Excavation leases will continue as per Administrative Instruction 20. Rehabilitation will be as per CALM Guidelines (1992)

SCHEDULE A

SCHEDULE OF ROYALTIES. BASIC RAW MATERIALS POLICY NO. 2

| | | |
|--------------|---|-----------------------------|
| to June 95 | \$1.20 + CPI for 2 years (6/92 to 6/94) = | \$1.24 per M ³ |
| to June 96 | \$1.30 + CPI for 3 years (6/92 to 6/95) = | \$1.41 per M ³ |
| to June 97 | \$1.40 + CPI for 4 years (6/92 to 6/96) = | \$1.57 per M ³ |
| to June 98 | \$1.50 + CPI for 5 years (6/92 to 6/97) = | \$1.68 per M ³ |
| to June 99 | + June 1998 CPI | = \$1.69 per M ³ |
| to June 2000 | + June 1999 CPI (120.8) | = \$1.72 per M ³ |
| to June 2001 | + June 2000 CPI (124.0) | = \$1.77 per M ³ |