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Sand dredgers sit moored on the bank of Koh Kong province's Tatai River in June.

Gov't scoops up more mining revenue

Fri, 7 October 2016 Kali Kotoski and Cheng Sokhorn

In the first eight months of the year the Ministry of Mines and Energy has already surpassed its annual target for non-tax revenue collection from sand dredging and construction material-related mining operations, collecting 117 percent of the \$6.6 million outlined in the 2016 national budget, a ministry official said yesterday.

Dith Tina, secretary of state at the ministry, said the government collected \$7.7 million in non-tax revenue, a broad category that includes licencing fees, royalties and fines on companies found in violation of regulations. By contrast, in 2015, the government collected just \$6.9 million in non-tax revenue from the same extractive industries.

"The growth in revenue is above expectations because we have strengthened our operating groups that inspect mining sites and we also collect revenue from companies when they submit their mining plans," he said, adding that previously the ministry waited until operations had actually begun before levying dues.

"And then we double check to see that they are actually following their plans," he added.

Tina said that with increased enforcement, investigation into mining operations and a clampdown on illegal mining and dredging, the ministry has been able to increase revenue from fine collection.

"We push to investigate and crack down on companies mining without a licence, and fine them strictly," he said, adding that the ministry was still pursuing companies that were trying to dodge their payment obligations.

While royalty collection dominated the government's figures, raking in \$6.2 million in the first eight months, fine collections increased by 154 percent to \$56,000 as permit collection fees rose by 138 percent to \$730,000, compared to all of last year.

The Ministry of Mines and Energy terminated 116 mining licences during the first six months of the year while issuing 40 fresh licences for construction-related materials, ministry officials said last month. Over 500 mining licences for activities that include mineral exploration, construction material extraction and industrial applications were active as of the end of July.

Natacha Kim, executive director of the NGO Cambodians for Resource Revenue Transparency, said it was nearly impossible to tell if the government was collecting the correct amount of revenue from the mining sector as private companies will not release information on their production capacity and profits.

"If we had a transparent independent set of data from companies, we could assess if the

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companies are actually producing.”

Nevertheless, she attributed the government’s huge percentage growth to either being the result of overly “conservative” budget estimates for the sector, or the government forcing companies to become compliant.

“I think at least it is a good sign that there is an increase and the government is reporting how much it is collecting to public,” she said, noting that the ministry appeared to be carefully vetting new licences.

“Before, the ministry was giving companies licences without the proper technical certifications,” she said.

“Now, to civil society’s surprise, the ministry has been a lot more transparent in disseminating environmental impact studies to relevant stakeholders. Civil society is being taken into account when it comes to mining activities.”

Li Lang, CEO of the Cambodian-owned Taiwan Kamhwa Crushing International Co Ltd, which operates a stone quarry in Kampong Speu province that produces crushed rock for cement and infrastructure developments, said that the improvement of revenue collection showed that the ministry was striving for more transparency and was creating a better operating environment for the sector.

“More transparency in the mining industry allows for more healthy competition and a level playing field,” he said.

While he admitted there was more that the government needs do in monitoring the mining sector, he believed the improvements being made now would create “fair operations in the future.”

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