

The following submission to the South Australian Productivity Commission Review into the Extractives Supply Chain was received via email on 23 July 2020:

To whom it may concern,

Having studied the draft report, a lot of effort has been made to review the cost of regulation to both operators and the Government. Provided these proposed changes will be implemented and more consultation and open discussion follows with industry members, no doubt South Australia will become more competitive and industry friendly State.

Biggest issue for Dimension Granite operators in SA is the flawed and unfounded change in 2011 to define stone quarried in regular dimension blocks as a mineral quarried for specific purposes attracting 3,5% royalty. Granite is and has to be defined as an extractive mineral. If this definition of granite as “ornamental stone quarried for specific purposes” will not be reverted back to what it was prior to 2011, we can't see there much point in investing in quarries more than what is absolutely necessary.

Dimension stone industry in SA has already been reduced to a very marginal industry and if we as operators have to keep paying a royalty of 3,5% on labour, fuel, consumables, explosives and any other production related costs to the government – there is not much point in major development of new quarries or improving current ones.

Not only does this totally unfair and flawed definition increase the costs of already suffering industry but it makes it harder for SA granites to be competitive in domestic and export markets. Granite produced in SA is solely used for construction purposes. There is no use for dimension stone as “ornamental stone”. It is a requirement from those processing granite blocks that stone supplied by quarry operators such as us have to cut the blocks in regular and square form. Since 2011 our operations have been penalised unfairly by doing what we are supposed to do – to produce granite blocks in regular shape to make it feasible to process products such as pavers and kerbing for construction.

As long as granite in any shape or form is defined as an extractive mineral attracting standard extractive royalty – we have no issue in looking to improve our quarries and develop new markets for SA granites. Without such a change – dimension granite industry will diminish further and eventually disappear completely from SA.

Other than the above, SAPC report goes fair way in trying to understand the challenges small operators face in current regulatory environment. I hope common sense approach will be given some consideration and changes will follow if and when impact of quarrying is minor and well managed. Rather than load more costs on operators, Government should consider savings achieved by much simpler and manageable regulatory process.

Regards,

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