

Financial Assurance and Rehabilitation Reforms

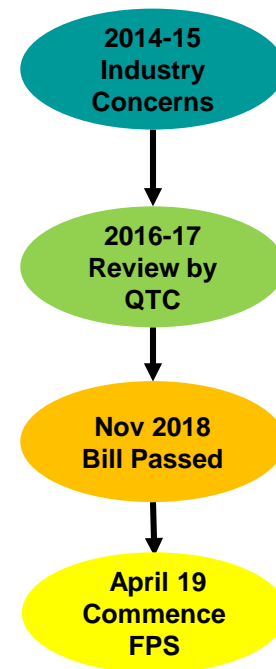


Agenda

1. Financial Assurance Reforms – Policy Background – presented by Maria Rosier
 - Background
 - New reforms
2. Implementation of reforms – presented by Jackie McKeay
 - Estimated Rehabilitation Cost process
 - Progressive Rehabilitation and Closure Plans
3. Questions

Background

- **2014-2015 – Emerging Issues**
 - Industry identified that the existing Financial Assurance framework is costly and is a barrier to investment in the resources sector
 - Industry sought more clarity on the Government’s Policy and expectations for rehabilitation of mine sites
 - Government incurred financial costs when a number of mine sites did not fulfil their environmental obligations
- **2016-2017 - Queensland Treasury Corporation Review**
 - Increased exposure to rehabilitation liability (e.g. due to discounts, lack of clarity on rehabilitation requirements, flawed process for tenure transfer etc)
 - Need for clarity of roles and responsibility
 - Opportunities to streamline data collection
 - No source of abandoned mines funding



Financial Assurance Reforms

- Whole of Government approach
- Project Management Office
- Continuous stakeholder engagement



Residual Risk (2019/2020)

Objective:

- Certainty for business on residual risk assessment and calculation methodologies
- Clarity for post surrender management of land
- Transparency in management of residual risk funds

Status:

- Managing Residual Risks in Queensland Discussion Paper



The *Mineral and Energy Resources (Financial Provisioning) Act 2018* included 3 of the 6 reforms:

1. Financial Provisioning Scheme (and the new 'Estimated Rehabilitation Cost (ERC)
2. Acceptable Forms of Surety
3. Progressive Rehabilitation and Closure Plans (PRCPs)

The changes commence in two stages:

1. FPS and Surety (1 April 2019)
2. PRCP (will commence no later than 1 November 2019)

Who do the reforms apply to?

Mining

- ERC



- Plan of Operations



- PRCP



Petroleum

- ERC



- Plan of Operations

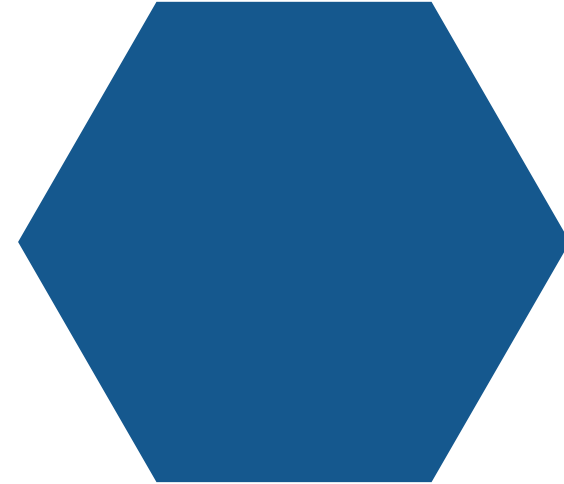


- PRCP

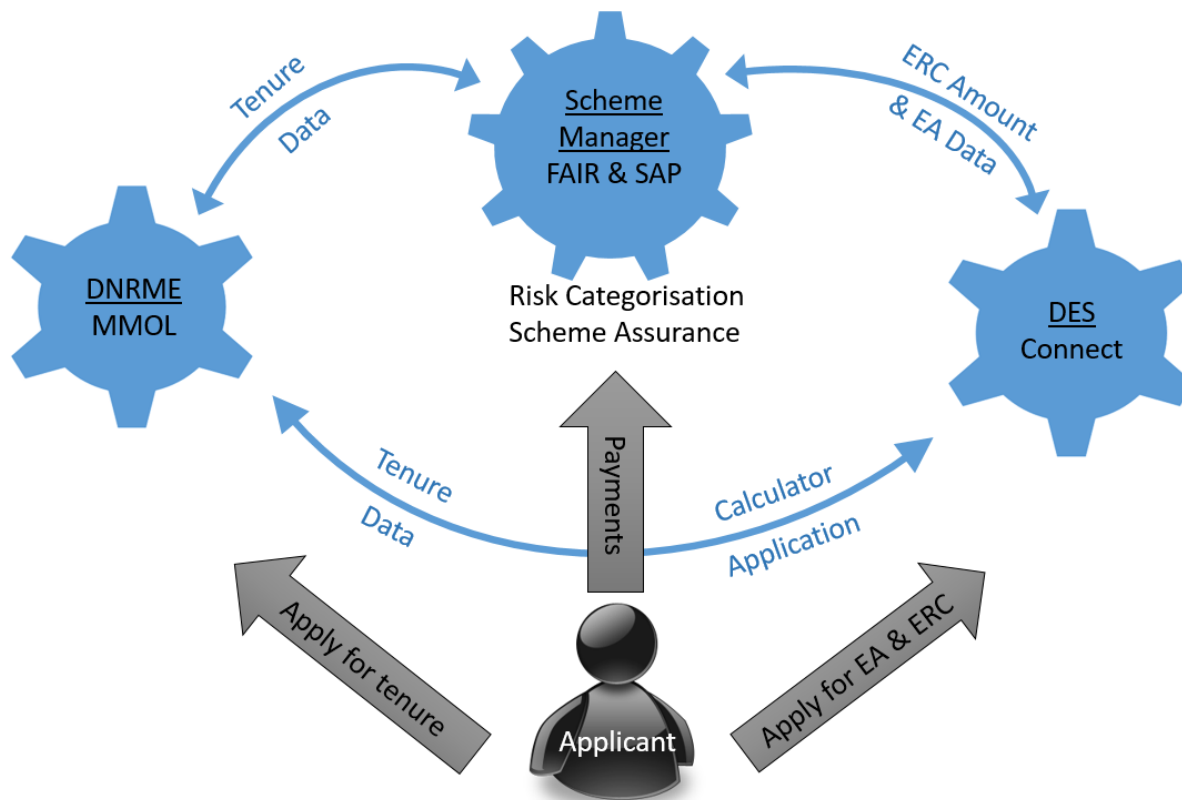


Financial Provisioning Scheme

- New statutory officer - **Scheme Manager**
- New **Financial Provisioning Fund**
- Holders apply for an **Estimated Rehabilitation Cost (ERC)** decision
- Department of Environmental and Science (DES) makes **ERC decision** and informs scheme manager
- Scheme manager will require **contribution to the fund** or **giving of surety**
- Obligation to comply - **Environmental Authority condition**



New Financial Provisioning Scheme Process



Estimated Rehabilitation Cost

- ERC is the estimated cost of:
 - Rehabilitating the land on which the resource activity is carried out; and
 - Preventing or minimising environmental harm, or rehabilitating or restoring the environment in relation to the resource activity.
- There is a deemed condition on all resource EAs (section 297):
 - Prohibits the carrying out of the resource activity unless an ERC decision in place and the full amount of scheme assurance has been provided to the scheme manager.

ERC Calculator and Guideline

• Calculator

- Use of the new ERC Calculator is mandatory
- Has been developed with extensive stakeholder engagement

• Guideline

- New statutory guideline based on FA guideline
- Reflects legislative changes
- Introduces new information requirements (mine waste characterisation/ water management/ materials balance / spatial information for rehabilitation and disturbance)
- Assessing Officers must consider when making decision
- Implements changes to discounts and use of industry calculators

Financial assurance for resource activities

Environmental authority (EA) holders for a resource activity may be required to contribute financial assurance (or security deposit) to the Financial Provisioning Scheme (FPS) that started on 1 April 2019.

You will need to calculate your estimated rehabilitation cost (ERC) for your resource activity and apply for an ERC decision.

Learn more about the [Financial Provisioning Scheme](#).

Applying for an estimated rehabilitation cost decision

If you hold an EA for resource activities, you must apply for an ERC decision using the [Application for a decision on the estimated rehabilitation cost \(ESR/2018/4426\)](#) (DOCX, 170KB).

Your ERC application must meet the minimum information requirements set out in the [estimated rehabilitation cost guideline \(ESR/2018/4425\)](#) (PDF, 916KB).

Applications can be made at any time after the EA has been granted and can be lodged on [Connect](#), or by mailing your form to the [Department of Environment and Science business centre for your resource](#).

Calculating your ERC

Your ERC is based on the likely costs and expenses that the Queensland Government may incur when taking action to rehabilitate or restore and protect the environment because of environmental harm that your activity may cause.

To calculate your ERC, you must use the following guideline and calculator.

Guideline

- [Estimated rehabilitation cost under the Environmental Protection Act 1994 \(ESR/2018/4425\)](#) (PDF, 916KB).

Calculator

- [ERC calculator – mining \(XLSM, 1.5MB\)](#)
- or
- [ERC calculator – petroleum and gas \(XLSM, 1.5MB\)](#).

Read the following calculator user guides for more information:

- [ERC calculator user guide – mining \(ESR/2019/4626\)](#) (PDF, 2.3MB)
- or
- [ERC calculator user guide – petroleum and gas \(ESR/2019/4627\)](#) (PDF, 2.1MB).

Key Changes

	FA Framework	ERC Framework
	FA (all ERAs)	ERC (resource activities only)
Decision	FA decision (DES)	ERC decision (DES) + Risk Category Allocation decision (SM)
Types of assurance	Surety	Contribution OR Surety OR Combination of both
Form of surety	Bank guarantee OR Cash (limited circumstances)	Bank guarantee OR Insurance bond OR Cash OR Combination of the above
Assessment triggers	Application / plan of operations submission / as part of EA application (for standards)	Application
FA Calculators	DES and Industry calculators	DES calculator
Discounts available	Yes	No

Mine Rehabilitation Reform

Objective:

- Enhance planning to achieve rehabilitation outcomes
- Clarity for business on standards for rehabilitation and relinquishment
- Certainty for government, community and business on rehabilitation outcomes



**Mine
Rehabilitation
Reform**

Mine Rehabilitation Reform

- The Queensland Government's Mined Land Rehabilitation Policy was released in September 2017
- Its states that ***the Government is committed to ensuring land disturbed by mining activities is rehabilitated to a safe and stable landform that does not cause environmental harm, and can sustain an approved post-mining land use.***

Mined Land Rehabilitation Policy

The Queensland Government is committed to ensuring land disturbed by mining activities is rehabilitated to a safe and stable landform that does not cause environmental harm and is able to sustain an approved post-mining land use.

Land disturbed by mining activities will be rehabilitated progressively as it becomes available, to minimise the risks of environmental impacts and reduce cumulative areas of disturbed land.

The progress and outcomes of progressive rehabilitation activities will be monitored and reported on to demonstrate how successful they have been in achieving progress towards the approved post-mining landform, and to inform corrective action where required.

To provide certainty about the outcomes and timing of rehabilitation, all site-specific mines will prepare a Progressive Rehabilitation and Closure Plan (PRCP). The plan will include binding, time-based milestones for actions that achieve progressive rehabilitation and will ultimately support the transition to the mine site's future use.

Disturbed land associated with mining activities is considered available for rehabilitation unless it is:

- being actively mined, or
- being used for operating mining infrastructure, or
- overlaying a probable or proven resource reserve identified for extraction in the approved PRCP within 10 years, or
- the site of built infrastructure that will be retained as a beneficial asset in the approved PRCP.

Land disturbed by mining activities is considered to be rehabilitated when it can be demonstrated it is safe, stable, does not cause environmental harm, and is able to sustain the post-mining land use approved in the PRCP.



Department of Environment and Heritage Protection
Department of Natural Resources and Mines
Queensland Treasury



Mine Rehabilitation Reform

- All mining projects who make a **site-specific environmental authority application relating to a mining lease** will need a Progressive Rehabilitation and Closure Plan (PRCP).
- PRCP's will ensure mining projects have a **plan for how the project will be rehabilitated progressively** over the life of the mine.
- The full suite of materials is still being developed via amendments to subordinate legislation (*Environmental Protection Regulation 2008*) and development of a new PRCP Guideline and application forms.
- The PRCP Guideline is currently out for public consultation with comments due 21 June 2019.

PRCP contents

Rehabilitation planning part	PRCP schedule
<ul style="list-style-type: none">• Project planning• Spatial data• Post-mining land uses and non-use management areas• Stakeholder consultation• Rehabilitation and management methodologies• Risk assessment• Monitoring and maintenance	<ul style="list-style-type: none">• Final site design map with post mining land uses and non-use management areas• When land becomes available• Completion dates• Rehabilitation and management milestones• Completion criteria






Associated PRCP processes

- Public Interest Evaluation
 - The public interest evaluation will apply if a PRCP proposes a non-use management area justified to be in the **public interest**
 - The PRCP must include specific information – **public interest considerations** listed in section 316PA of the EP Act
 - A qualified entity will evaluate the public interest considerations and make a **recommendation** to whether the non-use management area is in the public interest
- PRCP schedule audits
 - Every 3 years
 - Carried out by a third party
- Amendments to PRCP follow the environmental authority amendment processes (Minor /Major)

What will this mean for existing operations?

- All existing mining lease environmental authorities will transition to the PRCP framework
- **No immediate action** is required from operators - in the first 3 years DES will **send a notice** to holders requesting a PRCP
- DES will **assess and decide** the PRCP
- Existing rights are preserved in the legislation recognised through ***land outcome documents***
- The law is **not retrospective**

Financial Assurance & Rehabilitation Reforms to deliver

-  Clear Whole of Government Policy Settings
-  Risk Based Financial Provisioning Scheme
-  Flexibility for operational changes
-  Engagement process for framework delivery
-  Certainty for investment in Queensland

Resources and further information

- PRCP Guideline

<https://environment.des.qld.gov.au/management/env-policy-legislation/mining-rehabilitation-reforms.html>

- ERC Calculator

<https://www.business.qld.gov.au/running-business/environment/licences-permits/rehabilitation/resource-activities>

- Financial Provisioning Scheme

<https://www.treasury.qld.gov.au/resource/financial-provisioning-scheme>

Questions?