Financial Assurance and Rehabilitation Reforms
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

- **DNRME MMOL**
- **Risk Categorisation**
- **Scheme Manager FAIR & SAP**
- **Scheme Assurance**
- **ERC Amount & EA Data**
- **DES Connect**
- **Payments**
- **Calculator Application**
- **Apply for tenure**
- **Apply for EA & ERC**

Applicant
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
### Key Changes

<table>
<thead>
<tr>
<th></th>
<th>FA Framework</th>
<th>ERC Framework</th>
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<tbody>
<tr>
<td><strong>Decision</strong></td>
<td>FA decision (DES)</td>
<td>ERC decision (DES) + Risk Category Allocation decision (SM)</td>
</tr>
<tr>
<td><strong>Types of assurance</strong></td>
<td>Surety</td>
<td>Contribution OR Surety OR Combination of both</td>
</tr>
<tr>
<td><strong>Form of surety</strong></td>
<td>Bank guarantee OR Cash (limited circumstances)</td>
<td>Bank guarantee OR Insurance bond OR Cash OR Combination of the above</td>
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<tr>
<td><strong>Assessment triggers</strong></td>
<td>Application / plan of operations submission / as part of EA application (for standards)</td>
<td>Application</td>
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<tr>
<td><strong>FA Calculators</strong></td>
<td>DES and Industry calculators</td>
<td>DES calculator</td>
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<tr>
<td><strong>Discounts available</strong></td>
<td>Yes</td>
<td>No</td>
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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
The Queensland Government’s Mined Land Rehabilitation Policy was released in September 2017.

It 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.
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.
<table>
<thead>
<tr>
<th>Rehabilitation planning part</th>
<th>PRCP schedule</th>
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<tr>
<td>• Project planning</td>
<td>• Final site design map with post mining land uses and non-use management areas</td>
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<tr>
<td>• Spatial data</td>
<td>• When land becomes available</td>
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<tr>
<td>• Post-mining land uses and non-use management areas</td>
<td>• Completion dates</td>
</tr>
<tr>
<td>• Stakeholder consultation</td>
<td>• Rehabilitation and management milestones</td>
</tr>
<tr>
<td>• Rehabilitation and management methodologies</td>
<td>• Completion criteria</td>
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<tr>
<td>• Risk assessment</td>
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<td>• Monitoring and maintenance</td>
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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**
<table>
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<th>Financial Assurance &amp; Rehabilitation Reforms to deliver</th>
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<tbody>
<tr>
<td>✓ Clear Whole of Government Policy Settings</td>
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<tr>
<td>✓ Risk Based Financial Provisioning Scheme</td>
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<tr>
<td>✓ Flexibility for operational changes</td>
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<tr>
<td>✓ Engagement process for framework delivery</td>
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<td>✓ Certainty for investment in Queensland</td>
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Resources and further information

• PRCP Guideline

• ERC Calculator

• Financial Provisioning Scheme
Questions?