

Operational Policy

Security assessment – mineral and coal resource authorities

MIN/2018/4110

Purpose

The purpose of this policy is to provide information about the assessment process that will guide the determination of the amount of security to be held for a resource authority granted under the *Mineral Resources Act 1989* (MRA).

Security may be initially determined during the assessment and grant of an application for a new resource authority. The amount of security held will be reviewed when an application for the renewal of the resource authority is lodged and, under the security provisions of the MRA the Minister (or authorised delegate) may, at any time, decide that the holder must deposit additional security.

This policy is not applicable to parcel or district prospecting permits or mining claims.

The principles of this policy may also be applied to the requirement for security for transfers under section 21 of the *Mineral and Energy Resources (Common Provisions) Act 2014* (MERCPC).

In addition to security under the MRA, resource authority holders are required to meet financial assurance (FA) requirements under the *Environmental Protection Act 1994* (EP Act). FA is held under the EP Act as security for compliance with the environmental authority associated with the resource authority, and for costs or expenses incurred by the administering authority to prevent or minimise environmental harm or rehabilitate or restore the environment (i.e. the financial assurance is held in case the holder cannot fulfil their environmental obligations and meet their rehabilitation outcomes contained in an environmental authority).

The information provided in this policy does not override legislative requirements. Any changes will be published through a revised version of this policy.

Policy

Security assessment and calculation

1. Under the MRA security for a resource authority is held as security for:
 - compliance with the conditions of the resource authority (including those set out under the MRA and any additional conditions that may be placed on the authority);
 - compliance with the provisions of the MRA;
 - rectification of any actual damage that may be caused by any person whilst acting under the resource authority to pre-existing improvements; and
 - amounts payable to the State (other than penalties) under the MRA.
2. Under the MRA, the Minister (or delegate) must fix or determine an amount of security to be deposited for an exploration permit, mineral development licence or mining lease. The Minister (or delegate) will consider the appropriate amount of security to be deposited on a case-by-case basis.

Where the Minister (or delegate) is considering fixing an amount of security for compliance with conditions in relation to any pre-existing improvements, equipment, activities and infrastructure on the resource authority, the following amounts may be considered as a starting point, having regard to the usual types of plant and equipment that are likely to be present for each type of tenure:

- \$500 for an exploration permit for mineral or coal;
- \$2,500 for a mineral development licence for mineral or coal;
- \$1,000 for a mining lease for eluvial, colluvial and alluvial gold and eluvial, colluvial and alluvial tin;
- \$1,000 for a mining lease for corundum, gemstones and other precious stones; and
- \$2,500 for a mining lease for coal or any other mineral.

However, these amounts are for guidance only, and the Minister (or delegate) will consider the specific circumstances for each resource authority in determining the amount of security to be fixed.

3. When assessing security the Minister (or delegate) may also take into consideration any surface area that is proposed to be used for access.

Plant, equipment and pre-existing improvements

4. In determining the amount of security, the Minister (or delegate) will consider whether security is required for the removal of plant and equipment on the authority. This is to ensure the statutory condition of the authority to remove equipment and plant (where applicable) is met, in circumstances where the removal is not associated with rehabilitating, restoring or protecting the environment.
5. This may include, but is not limited to, the following activities on a proposed or existing resource authority:
 - demolition and removal of structures including buildings, sheds and camps;
 - removal of site services e.g. water, power, communications, sewage;
 - removal of processing plant and equipment;
 - collection and removal of resource samples and stockpiles;
 - removal and disposal of fencing, gates and grids.
6. While each matter will be considered on a case-by-case basis, this component of the security may be calculated using a unit of cost that is based on the following:
 - estimates regarding the removal of structures, water and vehicles;
 - the estimated cost of rectifying damage or remedying non-compliance proportionate with the size, risk and term of the authority; and
 - the consumer price index (CPI).
7. Consultation with the administering authority for FA will be undertaken to ensure that the Minister (or delegate) does not include amounts that have already been calculated for financial assurance in respect of activities, infrastructure and equipment.
8. The Minister (or delegate) may also require additional security for any pre-existing improvements in the area of the resource authority that may be damaged and require the holder to carry out improvement restoration¹. Pre-existing improvements means all improvements on, or attached to, the land the subject of the resource authority

¹ Section 6C of the MRA

immediately before the application for the authority was lodged. This includes, but is not limited to:

- Roads (restoring unsealed roads, haul roads and access roads if damaged);
 - bridges;
 - fences;
 - stockyard;
 - buildings, sheds; and
 - equipment, machinery or plant.
9. Where a holder has entered into a compensation arrangement in respect of damages to improvements on private land, this will be taken into consideration when determining security.
10. Machinery, equipment and removable improvements (plant) that remain in the area of a resource authority after the termination of the authority becomes vested in the State. The holder of a may apply to the Minister for permission to remove;
- for an MDL, remove the plant from the land²;
 - for an ML, remove the mineral and property from the land³.

Form of security deposit

11. Security is to be deposited in a form acceptable to the Minister (or delegate). This may include cash or another form of security such as a bond, guarantee or indemnity by financial institution.⁴ Other forms of security deposit must not be encumbered and must be readily available when required by the Minister (or delegate).
12. If the holder of a resource authority or an resource authority makes an application for a new resource authority, the Minister (or delegate) may, instead of refunding the whole or part of the security deposited, retain that security or part thereof (together with any further security fixed by the Minister (or delegate) as the security for the new resource authority.
13. If there is a transfer of the resource authority, prior to the transfer approval, the new holder may be required to provide a new security.

Release of security

14. Security may be refunded to the holder upon surrender, expiry or termination of the resource authority. The Minister (or delegate) will confirm that the holder has complied with their obligations in respect of compliance with conditions and the MRA.
15. If the security is not utilised all or part of the security held in the form of a bond, guarantee or indemnity by a financial institution, insurance company or another credit provider (security provider) as security, any amount of the security to be refunded must be refunded to the security provider and not to the holder of the resource authority to which the security relates⁵.

² Section 313 of the MRA

³ Section 313(2) of the MRA

⁴ Section 277(9) of the MRA

⁵ See for example section 277 of the MRA

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Related documents	Collection of Security Guideline
Contact	<p>For help and information contact an Assessment Hub</p> <p>Coal Hub Phone: (07) 4936 0169 Email: CoalHub@dnrme.qld.gov.au</p> <p>Mineral Hub Phone: (07) 4447 9230 Email: MineralHub@dnrme.qld.gov.au</p> <p>For technical support contact the MyMinesOnline Helpdesk. Telephone: +61 7 3199 8133 Email: mines_online@dnrme.qld.gov.au</p> <p>8.30am – 4.30pm (AEST) Monday to Friday on Queensland business days.</p>

Disclaimer

The purpose of this policy is to provide a framework for consistent application and interpretation of the legislation administered by the department. Policies may be applied flexibly where individual circumstances require an alternative application of policy. Where this policy, or part of this policy, is inconsistent with relevant legislation, the legislation will prevail to the extent of the inconsistency. While this document has been prepared with care it contains general information and does not profess to offer legal, professional or commercial advice. The Queensland Government accepts no liability for any external decisions or actions taken on the basis of this document. Persons external to the Queensland Government should satisfy themselves independently and by consulting their own professional advisors before embarking on any proposed course of action.