



ECONOMICS AND GOVERNANCE COMMITTEE

Members present:

Mr LP Power MP (Chair)
Ms NA Boyd MP
Mr ST O'Connor MP
Mr DG Purdie MP
Ms KE Richards MP
Mr RA Stevens MP

Staff present:

Ms T Struber (Acting Committee Secretary)
Ms M Salisbury (Assistant Committee Secretary)

PUBLIC BRIEFING—INQUIRY INTO THE MINERAL AND ENERGY RESOURCES (FINANCIAL PROVISIONING) BILL 2018

TRANSCRIPT OF PROCEEDINGS

MONDAY, 5 MARCH 2018

Brisbane

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The committee met at 10.59 am.

CHAIR: Good morning. I declare open this public briefing of the committee's inquiry into the Mineral and Energy Resources (Financial Provisioning) Bill 2018. I would like to acknowledge the traditional owners of the land on which we meet. My name is Linus Power, the member for Logan and chair of the committee. Here with me today are the deputy chair, Ray Stevens, the member for Mermaid Beach; Nikki Boyd, the member for Pine Rivers; Sam O'Connor, the member for Bonney; Kim Richards, the member for Redlands; and Dan Purdie, the member for Ninderry.

On 15 February 2018 the Deputy Premier and Minister for Aboriginal and Torres Strait Islander Partnerships, the Hon. Jackie Trad, introduced the bill to parliament. The parliament referred the bill to the Economics and Governance Committee for examination with a reporting date of 20 April 2018. The purpose of the briefing this morning is to assist the committee with its examination of the bill.

The committee's proceedings are proceedings of the Queensland parliament and are subject to the standing rules and orders of the parliament. The proceedings are being recorded by Hansard and also broadcast live on the parliament's website. The media may be present and will be subject to my direction at all times. The media rules endorsed by the committee are available from the committee staff if required. All those present should note that it is possible you might be filmed or photographed during these proceedings.

I ask everyone present to turn off mobile phones or switch them to silent. Only the committee and invited officials may participate in the proceedings. As these are parliamentary proceedings under the standing orders any person may be excluded from the hearing at any time at my discretion or by order of the committee.

I remind committee members that officers from the department are here to provide factual or technical information. Any questions about government or opposition policy should be directed to a responsible minister or shadow minister or left to debate on the floor of the House. We will now hear from representatives of the Queensland Treasury and the Department of Environment and Science who have been invited to brief the committee on the bill.

JENSEN, Ms Judith, Special Counsel, Project Management Office, Financial Assurance Framework, Queensland Treasury

ROBSON, Mr Geoff, Executive Director, Strategic Environment and Waste Policy, Department of Environment and Science

ROSIER, Ms Maria, Manager, Environmental Policy and Legislation, Department of Environment and Science

VAGNE, Ms Kirsten, Project Director, Project Management Office, Financial Assurance Framework, Queensland Treasury

CHAIR: Good morning and welcome. I invite you to make an opening statement briefing the committee after which committee members will have some questions for you.

Ms Vagne: Good morning. Thank you for the opportunity to provide a briefing to the committee on the Mineral and Energy Resources (Financial Provisioning) Bill 2018. Let me start by acknowledging the traditional owners of the land on which we stand. I pay my respects to the elders past and present and elders from other communities who may be here today. We are very fortunate to live in a country with two of the oldest continuing cultures in Aboriginal and Torres Strait Islander people, whose lands, winds and waters we share.

I note that the committee has been provided with a written briefing on the bill. To further assist the committee today and in consideration of this bill I have a handout which, with your approval, I would like to table. I will continue talking and I will come to that in a moment.

CHAIR: Have we sought permission to table a document? Permission is granted to table the document.

Ms Vagne: I would like to commence by giving some background on the issues that led to the introduction of the bill and then outline the benefits the bill delivers. Queensland's resources industry is a significant contributor to the Queensland economy; however, resource activities can also pose challenges for the government and the communities in which they occur.

Queensland's current financial assurance framework is made up of requirements under the Environmental Protection Act. Because, by its nature, resource exploration and extraction disturbs and changes the land, successful rehabilitation of that land is a legal obligation imposed on the resource company and is critical to the industry's social licence to operate. Also, the state obtains financial assurance from the resource company to protect the state's financial interest and the community from instances where a resource company does not meet its rehabilitation or environmental management obligations.

For some time concerns have been raised about the adequacy of this framework: by the state itself about whether the current system effectively protects it from the financial risk associated with rehabilitation of resource sites; by the industry, which has raised concerns about being able to access bank guarantees and bearing an increased cost for the bank guarantee system; and by the community, which has raised concerns about the increasing cost of noncompliance that falls on the public and that results in an increase in less than acceptable environmental outcomes.

Circumstances such as the growing divergence between the area of disturbed land and the area progressively rehabilitated, resource companies being unable or failing to complete rehabilitation, the exposure of the state to financial burden when resource operations fail, the transfer of resource sites without the state having a mechanism to assess the risk profile of new owners and difficulties for some resource operators to secure cost-effective bank guarantees are examples that highlight these concerns. In essence, the current system does not protect the state's financial interest, is expensive for industry and does not promote good environmental outcomes.

A holistic response to these findings is being progressed by the government, and I take the committee to the handout that illustrates a reform package the government is committed to progressing and for which this bill delivers reform in two key areas that will contribute to resolving these issues. If you have a look at the diagram that was handed out, essentially the three things on the right-hand side are what we are addressing today in this bill: the new financial provisioning scheme. Embedded in that is an increase in acceptable forms of surety, and they are also delivering mine rehabilitation reforms. The committee will notice that there are some other aspects of the reform package that are not included in the bill. The government is continuing to consider these aspects and is looking at ways to address those issues in the coming months.

The reform under this bill delivers the following benefits to the state, industry and the community. It reduces the financial risk to the state from resource project failure. It reduces the state's financial exposure through requiring progressive rehabilitation. It also provides an additional source of funds for managing abandoned mines. For the industry the bill and its reforms reduce the costs for many resource companies, in particular smaller resource operations. The reforms provide a wider range of surety options to create a more competitive market. The bill delivers certainty about rehabilitation requirements and promotes a stronger social licence to operate. For the community this bill delivers more responsive management of abandoned mines, provides regional job opportunities in mine land rehabilitation, returns the mine land to productive purposes and delivers improved environmental outcomes.

In closing, I would like to acknowledge the extensive contribution from our stakeholders in the development of the bill including peak industry bodies, individual companies, community groups, environmental organisations, the financial sector and government agencies that have all significantly contributed to the development of this bill.

Mr STEVENS: Thank you very much for your presentation. I do understand the importance of the mining and resources industry to Queensland and the bottom line of our budget. I do understand why we have Treasury here and, of course, Environment have to be here from the department's point of view in terms of rehabilitation and righting the suffering caused to the environment and those sorts of issues. However, I am very perplexed as to why the very people who are being affected by this in terms of the Department of Natural Resources, Mines and Energy are not presenting today to the committee to give their views on the matter as well. In terms of the mining industry going forward they will be well and truly affected by the financial implications—

CHAIR: Do you have a question?

Mr STEVENS: That was the first question: why is the Department of Natural Resources, Mines and Energy not presenting to the portfolio committee? The second question relates to the bank guarantees that you mentioned industry said they were happy to do away with. I understand the bank

guarantees are about one per cent, which would be on a figure of the rehabilitation cost and not on the mine. I am not sure how a government funded proposal—a levy, if you like—that comes out of this bill will be cheaper than a one per cent guarantee on the rehabilitation costs. I am pretty aware of the one up in Townsville—the supposed rehabilitation costing of that particular mine.

Ms Vagne: To answer the first part of your question first, the Department of Natural Resources, Mines and Energy has been integral to the development of this. We have reported to an interdepartmental committee, which has had representatives of Queensland Treasury, department of environment, Department of Natural Resources, Mines and Energy and Department of the Premier and Cabinet. We do have a representative from the department here for technical support if there are any questions particularly relevant to that portfolio. In relation to these two particular reforms, the financial provisioning scheme is being run through Treasury and the rehabilitation reforms are being run through the department of environment. Certainly Mines and Energy has been part of these reforms every step of the way and has contributed to all discussions around all the different proposals put forward for the reforms.

Mr STEVENS: The second part was in relation to the bank guarantee being superimposed by a levy. I assume that is to be determined by the Treasurer, a government department or mineral resources?

Ms Vagne: The scheme sets up and has a statutory officer that is the scheme manager that makes an assessment and determines what rate is charged. There are three rates within the fund depending on the level of risk considered to allocate to an individual environmental authority project. As you would appreciate, individual companies pay different rates for their bank guarantees now, depending on what they can access. We were hearing from the industry that these rates were increasing and in certain circumstances were very difficult to achieve. We heard a number of scenarios where those rates were cash backed and were also quarantined on the balance sheet.

Aside from just the straight financial cost paid to access that bank guarantee, there were also substantial additional costs for the companies associated with the holding of that bank guarantee. If the company, for a particular project, was able to be part of the pooled fund and provide a yearly contribution, those costs associated with cash backing and balance sheet quarantining would not be worn by the company anymore, which would make additional capital available potentially for further expansion at the mine itself. That is one of the key benefits that it offers particular companies. Some will not be in that circumstance, but a lot of them would be. That is a key benefit from the reform.

Mr STEVENS: When that fund is established and developed it will contain quite a substantial amount of money. How is it quarantined in terms of Treasury making sure that that fund is not used for other purposes, for instance?

Ms Vagne: The bill is very clear and specific in terms of the purposes for which money from that fund can be used. It is solely for a cost associated with the scheme, for rehabilitation works that have to be made by the particular chief executives of either the department of environment or the department of mines or otherwise for the existing abandoned mine program. There are administrative processes behind that that will allow said department directors-general to actually make those applications, but there is no allowance within the bill for broad expenditure examples that you could spend it on in terms of other functions of government.

Mr STEVENS: Finally, you mentioned that the levy would be at a different level for different risk purposes. In other words, your commissioner will be sitting like a bank and saying, 'Big companies will pay a lesser levy rate than a small company.' Is that the intention?

Ms Vagne: It is not necessarily related to size, but there will be assessment on both the financial capability of the company and the resource project characteristics of the individual project itself, yes.

Ms RICHARDS: In regard to the rehabilitation plans that are going to be introduced and those milestones, which department will have oversight for managing those plans as they proceed?

Mr Robson: It is the Department of Environment and Science that will administer those plans and administer those elements of the Environmental Protection Act that will oversee that process.

Ms BOYD: Thank you so much for coming along and briefing the committee today. I have a couple of questions just to get my head around this, to make sure I am clear. In terms of the current status in Queensland, we have 20 abandoned mine sites and we have 15,400 other sites that could be uncapped mine shafts. Am I to understand that, between the current mining, those 20 abandoned mines and the 15,400, that makes up the 220,000 hectares that you talk about or the one per cent of the state's land mass in terms of disturbed land within the Queensland resources figures? It is the uncapped mine shafts and the other 15,400, the 20 abandoned mines and current mines in operation?

Mr Robson: Thank you for the question. The 220,000-hectare figure refers to mines in operation. The abandoned mines program of works is a separate program of works. The Department of Natural Resources, Mines and Energy administers the abandoned mines program. The 220,000 hectares of disturbance that you may have seen in material related to the bill does relate to operating mines.

Ms BOYD: Just current mines in operation with that figure. When it comes to the rehabilitation costs for the state, can I just make sure that this is not a typo? Currently \$6.9 million is being held?

Ms Vagne: Sorry, that was a typo. It is \$6.9 billion.

Ms BOYD: That is better. That makes me feel more comfortable.

Ms Vagne: We did correct it at some stage but you have obviously ended up with the older version, sorry.

Ms BOYD: I did have the older version, but just for the purposes of the record I wanted to correct that. In terms of the shortfall we presently have—\$1.8 billion—is that just the current mines in operation or is that the 20 plus the 15,400 plus the current?

Ms Vagne: No, just the current operating mines.

Ms BOYD: At what point would you imagine that a fund would be able to reach its maturity whereby you could actually say we are comfortable enough that if the worst happens we have enough money to deal with the fallout and we want to be able to take some money and deal with the 20 abandoned mine sites that we have and the 15,400 other issues that we have on our plate at the moment?

Ms Vagne: The scheme itself is designed from fairly early on to access some additional funding for abandoned mines. There is not a particular point at maturity, as you would appreciate. The operating mines go through different cycles. At any point in time they might be more or less likely to potentially cause a problem or a higher risk for the state. We have factored into the scheme a regular actuarial review which will, after the first five years, take into account transition and then three-yearly after that have a look at all aspects of how the fund is operating but also determine whether the rates being charged are right. If it is considered that there is a higher risk or a lower risk, that may result in the rates going up or going down. In doing that, one of the things they take into account is the commitment that we have made to provide additional funding to the existing abandoned mines, and one option will be to consider whether that could increase down the track when we do have a larger pool of funds available. Working out the funds, there have been assumptions made that some mines will fail and we will have to pay out from the fund. It is taking those sorts of things into account in determining whether there will be capacity to provide additional funding beyond that which we have already committed to.

Mr STEVENS: Just to clarify what the member for Pine Rivers was alluding to, the levy that is proposed on new mines, I take it, rather than retrospectively on older mines, will cover also the rehabilitation of existing mines that are a problem at this point in time?

Ms Vagne: It covers mines as a whole. Existing operating mines will transition over a three-year period into the new scheme and the new arrangements. As part of the totality of the operation of the scheme we will generate some additional funding to existing abandoned mines.

Mr O'CONNOR: In terms of the shortfall of \$1.8 billion, what time period was that over and did that have to be covered by the state? Did the state have to stump up that extra?

Ms Vagne: That is the estimate based on the current level of disturbance. If we suddenly had to rehabilitate every operating mine in Queensland it would cost us \$8.9 billion. We currently hold in bank guarantees, or in some circumstances cash, \$6.9 billion. That shortfall has occurred over time. For some time we have had a system of discounts, and that explains a large chunk of the difference. Others may be that the financial assurance has not been estimated quite to the full amount that we now are aware. Over time those estimates catch up, but based on our modelling for this review and these reforms that was the existing circumstance that we find ourselves within.

Mr O'CONNOR: How much of that shortfall has had to be covered by the state under the current arrangements? Is that the \$1.8 billion?

Ms Vagne: That is the risk to the state now if a mine failed. For some of them it might be completely 100 per cent and we would be okay. For some of them they would have a portion of that over a billion dollars. That amount would then be the responsibility of the state to manage as best we can.

CHAIR: The explanatory notes talk about the consultation. This is obviously the second time the bill has been introduced. Both industry and environmental groups had an interest in this issue. Can you give us some insight into the concerns raised and how they were dealt with by the various stakeholders?

Ms Vagne: We have consulted a lot with both sides of the argument. We put out discussion papers, which also included a QTC report that was done, and we had a lot of submissions to that. In the context of those we had a lot of face-to-face meetings, both with peak industry groups and individual companies—similarly with the environmental groups as a whole and individually. As you can imagine, there were a number of particular points of difference and particular points of issue with some of the things that were identified.

The original scheme actually had three streams to it. It was not just the fund pool and people who stay on surety; there was a third stream for very large companies that were too big to go in the pool but had a separate arrangement. Through consultation it became clear that that did not really work for either the state or industry and instead we modified that to come up with an arrangement where they could be in the pool up to a threshold and then they would provide surety for the remainder of their rehabilitation exposure. That is probably the largest change that was there.

Some of the small miners originally had a threshold of \$50,000 and those above that would be assessed and under these arrangements. Some of the smaller miners argued that that was too low, and we increased that threshold to \$100,000 because we looked into that and considered that that was also reasonable. For ones under \$100,000 the administrative costs were quite high in having these sorts of reforms. Those are two of the examples that we took on board. Probably some of the outstanding issues are around the relative costs. Industry would like it to be cheaper and the environmental groups would like it to be higher so that more funding is raised for abandoned mines. We feel we have a balance in the middle.

Mr STEVENS: You mentioned \$6.9 billion in terms of cash and guarantees. Could you advise the committee of the cash component of that \$6.9 billion and also the interest earned per annum on that amount?

Ms Vagne: Can I take that on notice? It is less than one billion. It is a smaller amount. I do not want to steer the committee wrong by saying the wrong number.

Mr STEVENS: I am happy for you to take it on notice.

CHAIR: I note that the question has been taken on notice and I will make reference to it at the close of proceedings. If at any point during the hearing you can provide a response, that is fine.

Ms Vagne: I make the point that the vast majority is in bank guarantees. The cash is quite a small component. The majority of cash is small amounts that are aggregated for the smaller companies. There are only a couple of companies with a larger financial assurance requirement that provide cash for that amount.

Mr PURDIE: To expand on the answer you gave before, can you explain to the committee how this will affect the small and medium operators? I believe we are waiting to hear from BHP and some of the bigger players, but are some of the smaller operators and medium operators going to be affected or benefited by this?

Ms Vagne: Each company will be different. Quite a lot of the small operators—and when I say 'small', they are still the ones that are over \$100,000. We are not talking about the ones that are covered by some of the special regulation arrangements, the very small gem miners, but those ones that are over \$100,000 but would not be considered the larger miners. We expect that these reforms are most likely to benefit them. They are in a number of cases the ones that have to cash-back their security. Even if they are not providing cash, they actually have to park the cash with the bank. That also has a significant impact on their balance sheet. The cost will vary as to whether the upfront outlay will be, more or less. In some cases it will be more and in some cases it will be less. Those balance sheets and the freeing up of the cash banking we expect for those small to medium companies will be a very large benefit for them.

Mr O'CONNOR: Can you elaborate more on the transition from the old to the new?

Ms Vagne: Under the financial provisioning scheme elements, once it commences the existing surety all moves on to the new arrangement but it stays under its current surety arrangements. Then we have a three-year transition period. To transition onto the new one, the environmental authority will issue a notice to say that they will be assessed and that triggers the process. In that three years we are looking to roughly do a third each year. We are also looking to put together a schedule such that if there is one large company that has six different projects they do two a year. We are willing to

negotiate with the companies if they particularly want one project in the first year and one in the third year. Where that does not cause us any concerns or difficulties we are certainly open to that. We anticipate, with those larger companies, having negotiation to work out the appropriate schedule over the three years.

CHAIR: I have a question about rehabilitation techniques. Is it proposed that there be funding into pooled research and knowledge about rehabilitation? Is it anticipated that that would lower the costs of rehabilitation over time? There is a reference to understanding how that rehabilitation should go forward and the best way to do it. How will that happen in practice? How do they apply for funding?

Ms Vagne: That is potentially the case. The intention of having an allowance to allocate some of the fund money towards research on rehabilitation is to develop better principles and better ways of doing it such that it can result in savings across the entire industry and benefit the environment and the community. Under the bill an advisory committee will be appointed, and any applications for funding will be considered by that advisory committee. The bill requires one member to be from industry, one from an environmental group and then other members as determined by the minister. There will be five members. We still have to work together on what the administrative processes would be for doing that, but it would need to go via the advisory committee and then an application would be made to the scheme manager. At the moment we are considering utilising existing grant programs, but having the loop that goes past the advisory committee would be an efficient way to do that. If we can find existing programs, that would be appropriate; otherwise, we would look at setting up our own.

CHAIR: Mr Robson, is there anything you would like to add?

Mr Robson: I would just add that, in terms of your question as to the nature of the research, one of the things to bear in mind is that mine sites often have a range of different characteristics. The rehabilitation activity that might take place on a mine site will be affected by the topography, the climate and the geology of the particular site. It is not a static area of science, if that makes sense. There is always research ongoing in terms of good methods of mine rehabilitation; for example, one area is how to deal with the acidic water that is sometimes left behind in the void of a mineral mine. There are researchers in academia and industry who are very active in that space at any one point in time in Queensland and other jurisdictions around the world. The idea is to tap into research where it exists and add to it where there is an opportunity to look into additional areas.

Mr STEVENS: To run through the process to make it simple for me to follow and for the committee and people listening, industry players will put in a levy from here on in. Even the current ones over the next two to three years will put a levy into government coffers, and at the end of that mine's life that mine is to be rehabilitated, and that will be determined by the government and their commissioner; is that correct? He will then allocate the funding and how it is done and by whom it is done to certain people to rehabilitate to a certain degree, taking into account what Mr Robson just advised in terms of what the scientists may need in all of the different mines. Is it the case that once the company has paid its levy it has basically washed its hands of the rehabilitation?

Ms Vagne: No, that is not correct.

Mr STEVENS: That is what I would like you to explain.

Ms Vagne: That is not correct. The same requirements that exist now for a company to do their rehabilitation and meet their environmental obligations under their environmental authority remain. This fund just manages situations where the company is no longer available to do their rehabilitation in cases, usually, where the company has dissolved and disclaimed the land without completing its rehabilitation. When the company still exists and for whatever reason just chooses not to do it, we will use all the compliance measures that we have currently under the act to chase them to meet their obligations. We have had examples in the past where we have not been able to obtain any money under those actions and the state has ended up with the responsibility to rehabilitate the mine. It is just that specific set of circumstances that this fund is covering.

Mr STEVENS: For a company that meets all of its environmental rehabilitation obligations—

CHAIR: Progressively.

Mr STEVENS: Progressively—this levy will be an extra amount on what they have done as well and they will not see it again?

Ms Vagne: It will not be returned to them, but it is not an extra amount. They are currently paying for their bank guarantees, both in the payment that they make to their bank and also any broader implications that that has for their financial position.

Mr STEVENS: The levy to be worked out will be less than their bank guarantees; is that what you are saying?

Ms Vagne: Not necessarily for everybody, but it will be in that vicinity. Different companies pay different rates. We will have a set of charges. There are three levels, depending on risk. The actual amount they pay depends, in certain circumstances, on their arrangement with their bank. We are looking particularly at what the inherent risk to the state is that that company will or will not do its rehabilitation.

CHAIR: Building on the question of the member for Mermaid Beach, where a company progressively rehabilitates a site that is progressing along then their risk is calculated on only those areas they have not yet rehabilitated and it further encourages them to do that progressive rehabilitation?

Ms Vagne: That is completely correct. The actual amount paid is the rate times the estimated rehabilitation cost, so that is the amount of disturbed land. If you are progressively rehabilitating you are decreasing that estimated rehabilitation cost, and that is the big number. The rate times the big number is how much you actually pay. If you are decreasing that large number of how much your rehabilitation cost is, your yearly payment is much less.

CHAIR: It is also a mechanism to reduce the ongoing outstanding rehabilitation work yet to be done?

Ms Vagne: Exactly.

Ms BOYD: Can you elaborate more on the bank guarantees as they exist in the current system, some of the complexities that surround that and how the new system proposes to change or alleviate that?

Ms Vagne: In relation to the existing bank guarantee system, there are fairly strict rules around how those can be formed and where they can be accessed. The rules will remain fairly similar. They need to be from a bank or an insurance provider that has a high credit rating and operates in Australia and is APRA regulated. However, we are expanding that to include insurance bond providers, so that makes the market a little broader for those companies that are still required to pay sureties.

In talking with the companies and with the banks, we found that some of the larger companies have relatively strong relationships with their banks and those guarantees are simple to come by. They have potentially been increasing in price in recent years, but it is fairly straightforward. The smaller companies have been finding it harder to access those guarantees. They cannot just rock up like the larger companies and pay a small fee per annum and have that bank guarantee available. The cash for the full amount of the guarantee either has to sit in a bank account or they might have to jump through hoops or have a number of arrangements with a number of different banks. That just introduces a degree of complexity for them in that arrangement.

It will depend on the relative risk to the state. If that particular smaller or medium size company is considered to have a high risk—when I say ‘high’ I mean relatively higher than others—of potentially leaving their rehabilitation for the state to do, we will still require them to get a bank guarantee. We look at the project itself plus the bona fides of the company that owns them and consider whether they are a relatively medium to low risk. If we feel we are in a good position to accept an annual payment from them, that makes it a much more simple cost of doing business to that company. Does that answer your question?

Ms BOYD: Yes. Thank you.

Ms RICHARDS: Going back to the chair’s question with regard to research, is there a framework that will manage the repository of that information so that the broader industry can gain value from research that is undertaken and not necessarily just on the researchers’ side of things? What will that framework look like?

Ms Vagne: That is something that we still need to work through from a practical perspective. We consider that probably the funding will not be available for the first couple of years as we transition and have enough funding there, but certainly the intention is that it will be broadly available to be of the most benefit across the industry and not just whoever has actually undertaken the research. That would be a condition for them to get their funding.

Mr STEVENS: In relation to the cost of the rehabilitation to each project, who is going to determine a financial outcome that obviously the levy will be based on for individual mine sites? What is the adjudication process? Under fundamental legislative principles, where are the appeal rights for the applicant in relation to that matter?

Mr Robson: The calculation is undertaken by the Department of Environment and Science. We currently undertake those calculations. There is a guideline that exists that administers that process, and there is literally a calculator that can be used by mining companies. It is Excel based, I believe. They can actually develop a financial assurance amount. It will be called the estimated rehabilitation cost under the new scheme. It is currently called the financial assurance calculator. That calculator was updated in 2014, and we do often review it to make sure it is a modern, contemporary calculator. That will determine the amount of financial assurance that needs to be held based on the amount of disturbance that the mining activity will create over a set period of time. It is up to a maximum of five years in terms of how much disturbance you will measure over the five years, and then you do the calculation up to that period of time as to what the cost of rehabilitating that disturbance would be.

In terms of your question with regard to the review mechanisms for that calculation, it is subject to review and appeal mechanisms. The first step is a review mechanism that is undertaken by the Department of Environment and Science, and then beyond that it can be subject to appeal.

Mr STEVENS: To what body?

Mr Robson: Ultimately to the Land Court.

Ms Vagne: If I can just go back to the question about how much cash is held for guarantees, currently about \$45 million is held out of the \$6.9 billion, so that is quite a small amount. There was also a question about interest. That money has to be held in a trust account, so there is some interest but I do not have a number directly. If you want, I can—

Mr STEVENS: No, that is fine.

Ms Vagne: It is a very small amount. It is a bit unusual in that you would think that cash would be easier and better for the state to hold, but there needs to be a securitisation process over it and particular deeds to ensure that the state has the right to that cash, even if we hold it, in the event of failure. It is slightly more complicated than you would imagine. The new processes under the reform very clearly set out how we will accept cash and on what basis and the terms and conditions, which will give greater certainty to anyone wanting to provide their guarantee under cash than what we have in the current circumstances, which is a little bit ad hoc.

CHAIR: That concludes this briefing. Thank you for the information that you have provided today. Thank you to Hansard. A transcript of these proceedings will be available on the committee's parliamentary web page in due course. There being no questions on notice, I declare the public briefing for the committee's inquiry into the Mineral and Energy Resources (Financial Provisioning) Bill 2018 closed.

The committee adjourned at 11.44 am.