



# Mining Rehabilitation Fund

Fact Sheet May 2014 Compulsory Year



## WHAT IS THE MINING REHABILITATION FUND?

Prior to the commencement of the Mining Rehabilitation Fund (MRF), *Mining Act 1978* tenement holders were required to provide bonds as security to ensure that fulfilled their environmental obligations. The bonds system did not cover the true cost of rehabilitating abandoned mines, and increasing bonds to cover the full rehabilitation costs would impose a significant financial impact upon the mining industry.

Bonds discourage investment by tying up significant funds that could be used for developing a mining project and also have to be applied to the specific mine for which the security is held, therefore they cannot be used to address the problem of legacy abandoned mines.

The Mining Rehabilitation Fund (MRF) will provide a pooled fund, levied according to the environmental disturbance existing on a tenement at the annual reporting date.

This model was chosen following extensive consultation with industry, Government, conservation and community stakeholders.

The fund will be used for rehabilitation where the operator fails to meet rehabilitation obligations and every other method has been used to recover funds from the operator.

Interest generated on the fund will be used for the administration of the MRF and will also be used to undertake rehabilitation works on legacy abandoned mine sites throughout the State.

The fund will enhance the State's ongoing capacity to manage and rehabilitate abandoned mines, leading to better environmental and community safety outcomes.

## WHO IS AFFECTED AND WHEN DID THE MRF START?

All tenement holders operating on Mining Act tenure, (with the exception of tenements covered by State Agreements not listed in the regulations) will be required to report disturbance data and contribute annually to the fund. Tenements with a rehabilitation liability estimate below a threshold of \$50,000 will report disturbance data but will not be required to make payment to the fund.

The MRF was implemented on 1 July 2013 on a voluntary 'opt in' basis. This provided companies with an early opportunity to have their bonds retired where approved by the Department of Mines and Petroleum (DMP) against specific criteria, and allows other companies more time to establish administrative systems.

**From 1 July 2014, participation in the MRF is compulsory.**

## HOW IS THE MRF LEVY CALCULATED?

Tenement holders are required to submit data to DMP annually using the online system, declaring the number of hectares disturbed and the type of disturbance. The disturbance types are clearly defined in the Mining Rehabilitation Fund Regulations 2013.

The levy is calculated on a per tenement basis. The Fund Contribution Rate is currently set at one per cent of the Rehabilitation Liability Estimate.

## NEXT STEPS FOR TENEMENT HOLDERS

1. **Complete online registration:** All tenement holders have been contacted by DMP, requesting online registration for the MRF. The tenement holder is required to provide or confirm their email address. If a tenement holder has not received this registration letter, please check that all tenement contact details held with the DMP are current.

To register, tenement holders can go to the DMP website [www.dmp.wa.gov.au](http://www.dmp.wa.gov.au) and select 'Environment', then select 'Mining Rehabilitation Fund'. Here tenement holders will find links to the MRF Registration page along with additional information such as step by step instructions, guidance material and the legislation.

If you have further questions you can email [MRFenquiry@dmp.wa.gov.au](mailto:MRFenquiry@dmp.wa.gov.au).

2. **Submit data online (including disturbance data, MRF opt-in and details of bonds to be retired):**

Tenement holders are required to use the online system to submit land disturbance data.

The regulations provide for a threshold where a tenement with a rehabilitation liability estimate of less than \$50,000 will be required to report disturbance but not required to contribute to the fund.

3. **MRF Levy assessment notice to be paid:**  
Upon lodgement of the information online and full payment, DMP staff will confirm if any of the following criteria apply:
  - a. If the tenement holder or controlling business entity is currently under administration, listed in liquidation, has a notice of winding up application or order, is under deed of company arrangement, scheme of arrangement or deregistration they will be ineligible to have bonds retired.
  - b. If the tenement holder has failed to lodge production reports, royalty returns and pay in full, royalties owing to DMP within the prescribed time and manner, the tenement holder will not be eligible to have bonds retired.
  - c. If the tenement holder has been issued with any fines, direction to modify or stop work orders within the last two years and/or the tenement is due for renewal before 1 July 2015, the tenement holder will be required to write to the Director General of DMP outlining reasons for requesting the retirement of bonds.

4. **Bond release process commences:** After the levy payment is received by DMP, the process to retire the bond will begin. DMP will write to the tenement holder and the bank which holds the bond, advising that the bond is no longer required.

DMP aims to have the entire process completed within 30 business days. This excludes time taken for your payment to be received, and does not include any additional time that may be required for the bank to complete its process.

## WHAT HAPPENS WITH NEW MINING PROJECTS — DO WE STILL HAVE TO PAY A BOND?

Except in cases of high risk, the majority of tenement holders will not be required to provide a bond for future approvals. DMP has updated a guideline for the Administration of Mining Securities to take account of eligibility to retire bonds after the start of the MRF. This guideline will set out the circumstances when a bond may be retained, reapplied or retired for a tenement.

## WHERE CAN I GET MORE INFORMATION?

DMP will continue to consult with industry as implementation of the MRF progresses. For more information on the MRF, please refer to DMP's website at: [www.dmp.wa.gov.au/](http://www.dmp.wa.gov.au/) MRF, or contact the MRF team on 9222 3162 or by emailing [MRFenquiry@dmp.wa.gov.au](mailto:MRFenquiry@dmp.wa.gov.au)