



ADDITIONAL QUESTIONS

Department of Mines, Industry Regulation and Safety

The Committee asked:

1. I refer to page 216 of Budget Paper No. 2, statement of financial position, and ask what comprises current liabilities – other?

Answer: The accumulation of temporary funding provided from the Treasurer's Advance Account and revenue received in advance within the next 12 months e.g. prepaid licences.

2. I refer to page 216 of Budget Paper No. 2, statement of financial position, and ask what comprises non-current liabilities – other?

Answer: Revenue received in advance beyond the next 12 months e.g. prepaid licences.

3. I refer to page 217 of Budget Paper No. 2, statement of cash flows, and ask what comprises regulatory fees and fines – other?

Answer:

- Building Commission licenses and fees;
- Consumer Protection fees;
- EnergySafety licenses and fees;
- Explosives and dangerous goods licenses and fees;
- Mining, prospecting and exploration licenses;
- Miscellaneous fees and charges;
- Motor Vehicle Dealers and Repairers licenses and fees;
- Petroleum annual licenses;
- Petroleum Safety Levy;
- Rental Accommodation Account;
- WorkSafe licenses and fees.

4. I refer you to Committee report 73 at page 11 which was tabled in May 2018 concerning last year's Budget estimates. One of the observations the Committee made was the time and effort Members spent navigating 'significant issues impacting the agency' by reference to bullet points. This year I note that you have 18 bullet points spread across three pages, which makes referencing onerous. Are you receptive to replacing bullet points with paragraph numbering in next year's Budget Papers?

Answer: The Department of Treasury manages the formatting of all Budget Statements. The Department of Mines, Industry Regulation follows Treasury's directions.

5. I refer to the Statement of Cashflows table on page 217. I note that you derive some income from 'regulatory fees and fines', 'sales of goods and services' and 'other receipts':

(a) Do you allow a person to pay for goods and services with credit or debit cards

Answer: Yes.

(b) If so, when a person pays a fee or fine by credit card or debit card

(i) What surcharge do you apply to process that card payment

Answer: Nil.

(ii) Do you impose the same surcharge irrespective of which type card is used

Answer: Not Applicable.

(iii) Is that surcharge authorised by a legislative Instrument, for example, by regulations

Answer: Not Applicable.

(iv) What steps have you taken to ensure compliance with Reserve Bank of Australia Standard No. 3 2016 titled 'Scheme rules relating to Merchant Pricing for credit, debit and prepaid card transactions'

Answer: Not Applicable.

(v) As per the Standard, is your surcharge no greater than the average cost of acceptance of the lowest cost system, not an average of all costs systems?

Answer: Not Applicable.

Hon Robin Chapple MLC asked:

1. Further to my questions relating to the Mining Rehabilitation Fund (MRF) found in Budget Paper Number 3, Pages 255 and 256, and Budget Paper 2, pages 209, 215, 217 and 219, I ask:

(a) given that Hon Norman Moore, the former Minister for Mines and Petroleum indicated: "I would have thought the quantum of money [for the MRF] would be around 500 million", what is the current thinking of the quantum of money anticipated as needed for the fund to carry out its functions as articulated in the Explanatory Memorandum that "The purpose of this Bill is to secure long-term funding for the State to rehabilitate abandoned mine sites in Western Australia. The Bill achieves this by requiring holders of tenements under the *Mining Act 1978*, and certain other authorisations relating to mining operations, to pay a levy into a MRF ('the Fund'), which is established as a special purpose account under the *Financial Management Act 2006*;

Answer: No quantum of money has been determined at this point in time.

(b) if a quantum of money is not desired or required, why not;

Answer: It is considered too early to contemplate a quantum figure for the Mining Rehabilitation Fund.

- (c) what is the projected liability and or estimated cost of the 11,411 abandoned mine sites and 192,523 mining features in WA as of 2014;

Answer: This liability or estimate cost has not been determined.

- (d) if the projected liability of the abandoned mines and mining features is not known, in answer to (c), why not;

Answer: Calculation of the total liability cost would require a detailed assessment of all 192,000 features. This is not considered a valuable use of government resources. As an alternative, a prioritisation exercise is underway to determine those features which pose the greatest risk to the community and/or environment.

- (e) please provide a detailed explanation of the MRF Treasurer's Advance Repayment of \$2,132,000 as found on Budget Paper 2, page 209;

Answer: Budget Paper 2, page 209 has no reference to MRF Treasurer's Advance Repayment of \$2,132,000. The \$2,132,000 was a Treasurer's Advance due to be drawn down in 2017-18 for the administration of the fund. This was not required and subsequently a cost reduction appears in the Spending Changes table on Budget Paper 2, page 208.

- (f) the Agency Special Purpose Account Details for the MRF indicate payments of \$1 million for the fiscal year 2016-17, \$2 million for the fiscal year 2017-18 and \$2 million for 2018-19. Please identify in detail what these payments are for;

Answer:

- 2016-17 Actual
Employee Benefits \$163,000
Supplies and Services \$832,000
- 2017-18 Budget
Employee Benefits \$150,000
Supplies and Services \$1,850,000
- 2018-19 Budget
Employee Benefits \$150,000
Supplies and Services \$1,850,000

The Budgets above represent expenditure limits only, not forecast expenditure.

- (g) in the 2013-14 budget papers the estimate for income generated by the MRF for 2016-17 was \$58 million, by 2016-17 this figure had dropped to an actual of \$27 million. Can you explain why the annual income to the MRF has reduced over that time;

Answer: The original income estimates forecast in 2013 were based on proposed unit rates and an assumption of the level of industry activity. Given Fund income is closely aligned with industry activity and it's on ground scale of disturbance, it was difficult to forecast future income.

- (h) have any of the monies contained within the Agency Special Purpose Account, MRF, being used to rehabilitate any mines since the fund's inception;

Answer: Yes

- (i) if yes to (h), please provide details of that expenditure and for which abandoned mine sites established under the criteria laid out in the *Mining Rehabilitation Fund Act 2012* they were used for;

Answer: Black Diamond - \$173,265, Pro-Force - \$11,250, Ellendale - \$463,280

- (j) of the mines listed in answer to (i), how many were legacy abandoned mines predating the introduction of the *Mining Rehabilitation Fund Act 2012* and please list which ones;

Answer: Two. Black Diamond and Pro-Force

- (k) clause 7 of the *Mining Rehabilitation Fund Act 2012*, Payments to Fund, requires levies paid, penalties recovered and interest earned to be credited to the Fund. Please identify any monies credited to the MRF and from whence they came;

Answer:

- Levy - Contributions from Mining Operators;
- Interest - Department of Treasury;
- Other Revenue - Penalties from Mining Operators.

- (l) what was the interest earned by the MRF in the last fiscal year;

Answer: 2017-18 Estimate Actual \$2.1 million.

- (m) please provide detailed expenditure of what the cost of administering the MRF in the last fiscal year was;

Answer: 2017-18 Estimated Actuals;

- Employee Benefits \$141,000
- Supplies and Services \$478,000

- (n) what is the projected timeframe for the rehabilitation of the 11,411 abandoned mine sites and 192,523 mining features in WA as of 2014;

Answer: The timeframe is unknown.

- (o) given there is no mention of the Unconditional Performance Mining Bonds (UPBs) in this year's Budget, does this mean they have all been retired;

Answer: No

- (p) if no to (o), how many UPBs remain, for what amounts, and for which projects;

Answer: 487 Unconditional Performance Bonds remain. Total value \$139,855,392. These bonds are associated with tenements held under the *Mining Act 1978* and numerous State Agreement Acts.

- (q) what is the total number and fiscal amounts of UPBs that have been retired to date, since the introduction of the *Mining Rehabilitation Fund Act 2012*, and for which projects;

Answer: Since 2013, 6535 UPBs totalling \$1,575,429,570 have been retired. UPBs are not recorded against projects and therefore a list cannot be provided.

- (r) please provide a list of all mines that have defaulted on their rehabilitation requirements since the introduction of the *Mining Rehabilitation Fund Act 2012*, and the projected costs to the state and or the MRF of that default;

Answer: One only - Ellendale Diamond Mine. Current MRF costs are as listed in (i) above, with ongoing monitoring of the site occurring.

The State is currently undertaking an Expression of Interest to recommence mining at the site given its remaining resource is considered to have economic value. The only projected costs for the State may relate to the administrative costs associated with coordinating the Expression of Interest process, which is funded through the Department of Mines, Industry Regulation and Safety's existing operational budget.

- (s) when is it intended that the MRF will be used to clean up the abandoned mine site of Wittenoom;

Answer: No decision has been made.

- (t) what is the estimated cost of the rehabilitation of the abandoned mine site of Wittenoom;

Answer: The cost is not known.

- (u) regarding the environmental obligations of either Citic Pacific (Sino Iron and Korean Steel) and or Mineralogy, are they paying into the MRF;

Answer: No

- (v) if yes to (u), at what rate, what is the bond, and are either capable of covering the company's projected \$529 million bill for environmental damage; and

Answer: Not applicable.

- (w) if no to (v), why not?

Answer: Projects operating under State Agreement Acts are exempt from the requirements of the *Mining Rehabilitation Fund Act 2012*.

2. I refer to the news article found here: <https://www.watoday.com.au/national/western-australia/more-than-500-mine-port-jobs-saved-in-koolyanobbing-takeover-20180614-p4zlj.html> and ask:

- (a) regarding the announcement in the West Australian on 24 May 2018 concerning the closure of the Koolyanobbing iron ore project what was the fiscal liability associated with the environmental rehabilitation at that time;

Answer: The rehabilitation liability estimate calculated for the purposes of the *Mining Rehabilitation Fund Act 2012* for the Koolyanobbing iron ore project is \$53 million.

- (b) if the answer to (a), is unknown, why;

Answer: Not applicable.

- (c) subsequently it has been announced in many media outlets that Mineral Resources Ltd (MinRes) are taking over the Koolyanobbing iron ore project. Is MinRes taking over the liability identified in answer to (a);

Answer: Yes

- (d) if yes to (c), will a bond be required from MinRes to ensure rehabilitation of the project into the future;

Answer: No.

- (e) if yes to (d), will the amount be set at 25% of the projected rehabilitation costs;

Answer: Not applicable

- (f) if no to (d), why not;

Answer: The tenements are subject to the *Mining Rehabilitation Fund Act 2012*

- (g) since the announcement by Cliffs of the closure of Koolyanobbing were any assets owned by Cliffs in relation to the mine sold or auctioned off; and

Answer: This is not known.

- (h) if yes to (g), why was this allowed to occur, given the answer to (a)?

Answer: Not applicable.