

FACT SHEET

Changes to rehabilitation cost estimates – June 2017

What are rehabilitation security deposits?

Land disturbed by exploration, mining and petroleum production activities is required to be rehabilitated and returned to a sustainable land use.

All holders of exploration, mining and petroleum production titles are required to lodge a rehabilitation security deposit with the department. The security deposit must cover the government's full costs in undertaking rehabilitation in the event of default by the title holder. This requirement minimises potential liabilities to the state in the event that the title holder fails to deliver their rehabilitation obligations.

Title holders are required to submit a rehabilitation cost estimate (RCE) to the department. The RCE is used to assist in determining the amount of the security deposit, including when a potential change in rehabilitation liability occurs.

What are the rehabilitation cost estimation tool and guidelines?

The NSW Resources Regulator has a range of guidelines and assistance tools relating to security deposits and RCEs.

These tools and guidelines were updated in consultation with stakeholders. The updates included ensuring the new rates for calculating rehabilitation costs are in line with the latest third party industry rates.

www.resourcesregulator.nsw.gov.au/environment/rehabilitation/guidance-material-for-rehabilitation

What has changed?

DOCUMENT NAME	NEW OR UPDATED?	KEY CHANGES
ESP1: Rehabilitation Security Deposits	Updated	<p>The former policy, <i>EDP11: Rehabilitation Security Deposits</i>, referenced the former Environmental Department Policy. This has been renamed to ESP1 to reference the Environmental Sustainability Unit Policy (ESP1) and remove old numbering references.</p> <p>Minor edits and updates have also been included, such as departmental name references and hyperlinks.</p>
ESG1: Rehabilitation Cost Estimate Guidelines	Updated	<p>This comprises an update to the current guideline <i>ESG1: Rehabilitation Cost Estimate Guidelines</i>. The key changes are as follows:</p> <ul style="list-style-type: none"> ■ updated definitions, references to legislation and Department names, ■ updated Figure 1 flowchart, ■ new explanation regarding triggers for a RCE, ■ new reference explaining that rehabilitation must meet an agreed final land use.
Rehabilitation Cost Estimation Tool	Updated	<p>This comprises an update to the existing RCE Tool. Updates include the following:</p> <ul style="list-style-type: none"> ■ updated cost schedule based on 2015/2016 third party industry ■ rates and actual costs derived from projects across both NSW and QLD,

DOCUMENT NAME	NEW OR UPDATED?	KEY CHANGES
		<ul style="list-style-type: none"> ■ clearer guidance on the process for using alternative rates, ■ mining operations have been segregated by the type of mining operation (open cut, open cut and underground, and underground) instead of by the material being mined (e.g. metal, coal and hard rock / alluvial / quarry operations), ■ exploration is captured in a dedicated workbook. Previously the tool had limited application to exploration, ■ all relevant domains for each type of operation are combined on a single linear worksheet. Previously domains were on separate worksheet tabs, ■ addition of other activities to provide greater detail and a wider range of rehabilitation activities for consideration, ■ updates to the ‘Justifications and Assumptions for Proposed Rates’ column to assist in understanding the application of the rehabilitation activity, ■ inclusion of advice regarding contingencies and how to calculate them, ■ insertion of a definitions worksheet in the RCE tool.

DOCUMENT NAME	NEW OR UPDATED?	KEY CHANGES
Rehabilitation Cost Estimation Tool Handbook	New	This is a new document which provides a step by step guide on how to use the new RCE tool and calculate a RCE (including screen shots).

Who was consulted?

A broad range of industry stakeholders were consulted during 2016 and 2017. This included exploration companies, mining companies, petroleum companies, agents representing title holders, the NSW Minerals Council and the Association of Mining and Exploration Companies.

Copies of the draft documents were provided to stakeholders and feedback was provided to the department between 15 December 2016 and 1 March 2017. This feedback was used to inform the preparation of updated draft documents which were presented to stakeholders at a briefing and information session held on 18 May 2017.

The updated documents were uploaded to the [website](#) on 1 June 2017.

When do I need to prepare a new RCE?

The release of the updated RCE tool does not automatically trigger the need for title holders to amend or update their current RCE.

Title holders will only need to prepare a new RCE (and use the updated RCE tool) at defined trigger points including the following:

- prior to the grant, renewal and/or transfer of a title
- prior to the relinquishment, suspension or cancellation of a title
- as part of an approval granted by the department for activities and operations undertaken on title (e.g. an exploration activity approval)
- as part of a plan lodged with the department (e.g. Mining Operations Plan, Petroleum Operations Plan, Rehabilitation Management Plan)
- as part of an annual report (e.g. Annual Environmental Management Report) where a “snapshot” in time calculation methodology has been used)

- at the request of the title holder following completion of rehabilitation
- at the request of the title holder in the event of an increase or decrease in rehabilitation liability
- at the request of the department (e.g. in response to an audit, a change in rehabilitation liability, an environmental incident or change in end land use).

Do I have to use the RCE Tool?

Title holders may also choose to use another methodology for calculating a RCE, subject to review and acceptance by the department. As a minimum, acceptable methodologies must include a detailed, quantified, schedule of rehabilitation activities (similar to that which would be provided to an external contractor for quotation), including:

- detailed line items which break-down the activities to be undertaken for rehabilitation in each area
- costs against each line item and how these costs have been derived
- any other site specific unit rates and how these have been derived
- justification of any regional variances
- subtotals and total costs, and
- a separate schedule of unit costs.

All RCEs must refer to the relevant schedule of rehabilitation costs which is contained within the RCE Tool.

Any variation from these costs must be justified in the RCE documentation and, where requested by the department, endorsed by a suitably qualified person (e.g. mining engineer, quantity surveyor, etc.). A RCE may be rejected if the department is not satisfied that the methodology of calculating rehabilitation costs is adequate and accurate.

How were the rates in the RCE tool derived?

The rates were derived from third party contractor rates as well as actual costs recorded from various exploration and mining projects across both NSW and Queensland.

Does the tool apply to petroleum?

Partly. Petroleum title holders can use the RCE tool for guidance on calculating an appropriate RCE for disturbance associated with their activities.

However, the RCE Tool does not apply to the sealing of petroleum wells associated with exploration and production activities. It is the expectation that a separate estimate is submitted for the sealing of petroleum wells to address the risks specific to these wells.

For more information:

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