



Policy and Procedures Register



QUEENSLAND GOVERNMENT

POLICY No. 49

Unconditional Bank Security in respect of Mining Leases that constitute one mining operation project.

POLICY:

1. Accept unconditional bank security in the form attached in respect of mining leases that constitute one mining operation project.
2. Upon receipt of an unconditional bank security, notification of acceptance to be sent to the bank or financial institution providing the bond.

BACKGROUND:

On 1 July 1992 a new Environmental Management Overview Strategy (EMOS) policy was implemented. This policy enables miners to lodge an EMOS and plan of operations over several mining leases which constitute one mining operation or project.

The composition of the leases in the project may be changed by deletion and/or addition.

Section 277 of the *Mineral Resources Act 1989* provides for a security to be deposited by the holder of a mining lease prior to the commencement of mining operations. The security may be lodged in the form of an unconditional bank security issued by a financial institution, insurance company or other credit provider approved by the Minister.

Project based operations are recorded on the Mining Tenures Data Base. Consequently the mining leases involved will be recorded on the MTDB register and will be readily identifiable.

On 11 November 1992 the Crown Solicitor advised that the current form of unconditional bank security should be updated and suggested the adoption of a revised draft form. On 26 March 1993 the Crown Solicitor's Office suggested a further change in wording which has been included in the attached form.

Approving Authority: Minister

Date Approved: 12 July 1993 **Date Updated:** 15 January 2000

File Reference:

Division Responsible: Resource Development Division

Branch/Unit Responsible: Tenures Management Unit

Contact Officer: Senior Tenures Officer

Phone Enquiries: (07) 3237 1566

RIGHTS OF APPEAL:

Persons aggrieved by an administrative decision made under an enactment may, within 28 days of notification of the decision, apply in writing to the decision-maker for a statement of reasons under Part 4 of the *Judicial Review Act 1991*.

49-RDD

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Policy and Procedures Register

Under Review



POLICY No. 113

Determination of the amount of security required to be deposited by the holder of an Exploration Permit under Section 144 of the *Mineral Resources Act 1989*

POLICY:

Determination of the Amount

The amount of security to be deposited by holder of an exploration permit in respect of an application for the grant or renewal of the permit, is evaluated by the relevant authorised officer, and a recommendation is made to the delegated officer for approval.

The amount of security increases with the type and level of exploration activity involved. For example little or no field activity would attract a lower security than intensive field activity.

The attached table shows the matrix of exploration activity and land category that is used as a guide to determine the amount of security.

The amounts given in the table are minimum values. If a company has an unknown or poor environmental record, then the amount of security can be increased as considered appropriate, by up to 100%.

For more than 100 sub-blocks, the amount of the security is increased on a proportional basis.

Form of Security

Section 144 (9) of the *Mineral Resources Act 1989*, provides that;

'The Minister may accept a bond or a guarantee or indemnity by, or other financial arrangement with, a bank, insurance company, or other financial institution, approved by the Minister or other form of security acceptable to the Minister as the whole or part of the security to be deposited under this section.'

Administration

The amount of security determined by the Minister must be deposited with the Department before any action can be taken towards the grant or renewal of the exploration permit.

The applicant will be advised of the determined amount of security – refer to policy No 21 for response time. Failure to lodge the determined security deposit in the required timeframe, may result in the application for grant or renewal being rejected – refer to policy No 63.

The security deposit will be retained by the Department for 6 months after the termination of the exploration permit pending an assessment that the terms and conditions of the exploration permit have been satisfactorily complied with by the holder.

The level of security held is generally not reduced during the period of grant, even if the level of activity by the applicant/holder reduces. The security will be reassessed at the next renewal, in terms of the proposed work program at that time.

If the holder wishes to change the type and/or increase the level of activities during the current period from that stated in the approved work program, a revised work program must be lodged and security will be reassessed accordingly.

BACKGROUND:

Section 144 (1) of the *Mineral Resources Act 1989* requires that before an exploration permit is granted or renewed the applicant/holder must deposit an amount of security. The Minister, taking into consideration the matters outlined in Section 133 (g) (i) shall determine the amount of security to be deposited by the holder of the permit as reasonable security for -

- (a) compliance with the conditions of the exploration permit;
- (b) compliance with the provisions of this Act;
- (c) rectification of any actual damage that may be caused by any person whilst purporting to act under the authority of the exploration permit to any land or any improvements situated on or off that land;
and
- (d) amounts (other than penalties) payable to the State under the Act.

Section 133 (g) (i) of the *Mineral Resources Act 1989* requires that the application shall be accompanied by a statement acceptable to the Minister specifying a description of the program of work proposed to be carried out under the authority of the exploration permit if granted.

There is no indication in the Act of the factors considered in determining the amount of security to be deposited prior to the grant or renewal of an exploration permit under Section 144.

"Holder" in relation to a mineral development licence is defined under Section 5 of the *Mineral Resources Act* as the person in whose name the licence is recorded.

Approving Authority: Minister

Date Approved: 25 May 1994 **Date Updated:** 15 February 2000

File Reference:

Division Responsible: Resource Development Division

Branch/Unit Responsible: Project Facilitation & Resource Promotion

Contact Officer: Branch Manager

Phone Enquiries: (07) 323 71614

RIGHTS OF APPEAL:

Persons aggrieved by an administrative decision made under an enactment may, within 28 days of notification of the decision, apply in writing to the decision-maker for a statement of reasons under Part 4 of the *Judicial Review Act 1991*.

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Policy and Procedures Register

Under Review



POLICY No. 117

Determination of the amount of security to be deposited by a holder of a Mineral Development Licence under Section 190 of the *Mineral Resources Act 1989*.

POLICY:

Determination of the Amount

The amount of security to be deposited by the holder of a mineral development licence in respect of an application for the grant or renewal of the licence, is evaluated by the relevant authorised officer, and a recommendation is made to the delegated officer for approval.

The amount of security increases with the type and level of field activity involved. For example little or no field activity would attract a lower security than intensive field activity.

The attached table shows the matrix of field activity and land category that is used as a guide to determine the amount of security.

The amounts given in the table are minimum values. If a company has an unknown or poor environmental record, then the amount of security can be increased as considered appropriate, by up to 100%.

For areas of more than 30,000 hectares, the amount of the security is increased on a proportional basis.

Additional security will also be required where it is proposed to remove a bulk sample via excavation.

Form of Security

Section 190 (5) of the *Mineral Resources Act 1989*, provides that:

'The Minister may accept a bond or a guarantee or indemnity by, or other financial arrangement with, a bank, insurance company, or other financial institution, approved by the Minister or other form of security acceptable to the Minister as the whole or part of the security to be deposited under this section.'

Administration

The amount of security determined by the Minister must be deposited with the Department before any action can be taken towards the grant or renewal of the mineral development licence.

The applicant will be advised of the determined amount of security – refer to policy No 21 for response time. Failure to lodge the determined security deposit in the required timeframe, may result in the application for grant or renewal being rejected – refer to policy No 63.

The security deposit will be retained by the Department for 6 months after the termination of the mineral development licence pending an assessment that the terms and conditions of the licence have been satisfactorily complied with by the holder.

The amount of security held is generally not reduced during the period of grant, even if the level of activity by the holder reduces. The security will be reassessed at the next renewal, in terms of the work program proposed at that time.

If the holder wishes to change the type and/or increase the level of activities during the current period from that stated in the approved work program, a revised work program must be lodged and security will be reassessed accordingly.

BACKGROUND:

Section 190 (2) of the *Mineral Resources Act 1989* requires that before a mineral development licence is granted or renewed the applicant/holder must deposit an amount of security. The Minister, taking into consideration the matters outlined in Section 183 (n) (i) (A) and (B) shall determine the amount of security to be deposited by the holder of the licence as reasonable security for:

- a) compliance with the conditions of the licence;
- b) compliance with the provisions of the *Mineral Resources Act 1989*;
- c) rectification of any actual damage that may be caused by any person whilst purporting to act under the authority of the mineral development licence to any land or any improvements situated on or off that land; and
- d) amounts (other than penalties) payable to the State under the *Act*.

Section 183 (n) (i) (A) and (B) of the *Mineral Resources Act 1989* requires that the application be accompanied by a statement acceptable to the Minister giving:

- (A) a detailed description and technical particulars of the mineral occurrence in respect of which the mineral development licence is sought together with any necessary supporting documents; and
- (B) stating the activities (if any) proposed to be conducted under the licence including, for example, any work program, expenditure and studies to be undertaken.

There is no indication in the *Act* of the factors considered in determining the amount of security to be deposited prior to the grant or renewal of a mineral development licence under Section 190.

"Holder" in relation to a mineral development licence is defined under Section 5 of the *Mineral Resources Act 1989* as the person in whose name the licence is recorded.

Approving Authority: Minister

Date Approved: 25 May 1994 **Date Updated:** 15 February 2000

File Reference:

Division Responsible: Resource Development Division

Branch/Unit Responsible: Project Facilitation & Resource Promotion

Contact Officer: Branch Manager

Phone Enquiries: (07) 323 71614

RIGHTS OF APPEAL:

Persons aggrieved by an administrative decision made under an enactment may, within 28 days of notification of the decision, apply in writing to the decision-maker for a statement of reasons under Part 4 of the *Judicial Review Act 1991*.

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GUIDE TO SECURITY DEPOSITS – MINERAL DEVELOPMENT LICENCES
(for up to 30 000 ha)

TYPE OF FIELD ACTIVITY	LAND CATEGORY			
	A Barren eg Mt Isa District	B Grazing Central Western	C Improved Pastoral (coastal)	D Sensitive Agricultural or Environmental areas
1. No field activity.	\$3 000	\$4 000	\$5 000	\$7 500
2. Limited field work (field mapping aerial surveys etc). No disturbance of surface, existing timber or crops.	\$6 000	\$8 000	\$10 000	\$15 000
3. General field work (drilling, line clearing etc).	\$8 000	\$10 000	\$15 000	\$20 000
4. Intensive field activities.	\$12 000	\$15 000	\$20 000	\$40 000

Note:

1. The proposed security deposit is for established explorers with a proven 'satisfactory' past performance. Amounts for licence holders with an unknown or a poor record, may be increased by up to 100%.

For more than 30 000 hectares, the amount of security is proportionally higher.