

Appendices

Appendix 1: Response from the Department



Office of the Secretary

OUT17/16781

Ms Margaret Crawford
Auditor-General
Audit Office of NSW
GPO Box 12
SYDNEY NSW 2001

Dear Ms Crawford

RESPONSE FROM THE DEPARTMENT OF PLANNING AND ENVIRONMENT

The Department of Planning and Environment welcomes the Audit Report on *Mining Rehabilitation Security Deposits* (the Report). It is noted that the responsibility for the regulation and management of rehabilitation securities was transferred to the Department on 1 April 2017.

The Department appreciates the Report's acknowledgement that security deposit scheme processes have improved in recent years. Also, that there are well advanced plans for further improvement, including a revised cost calculation tool.

The Report outlines areas of potential improvement by the Department, in terms of the management and oversight of rehabilitation securities under the *Mining Act 1992*. The Department supports the Report's recommendations. Actions relating to a whole of Department approach to mine rehabilitation are being taken to address these recommendations. As well as actions relating to the Rehabilitation Reform Program (RRP), which include:

- Improved security deposit scheme processes, including a revised cost calculation tool.
- Development of a Rehabilitation Assessment Protocol.
- Planned implementation of the rehabilitation Geographic Information System (GIS).
- Establishment of a robust framework to manage future mine rehabilitation.
- Collaboration with agencies and consultation with national and international jurisdictions to review various mechanisms to address residual risk.
- Development of innovative approaches to assessing and managing derelict mines.

The Rehabilitation Assessment Protocol was developed to ensure effective regulatory oversight of rehabilitation performance at mine sites, including performance reporting on the achievement of rehabilitation targets. This will be complemented by the planned implementation of the rehabilitation GIS – an Australian first – to accurately record and track areas of disturbance and rehabilitation progress.

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The extent of mine disturbance and progressive rehabilitation will be published through an online portal to demonstrate government transparency.

This use of the GIS data will be a major advance in ratifying the accuracy and veracity of rehabilitation cost estimates that will contribute to an improvement in the standard of rehabilitation across the industry. The Department agrees to the further enhancements as proposed in recommendation three.

The Department recognises the importance of developing a robust system to address possible future mine rehabilitation failure. The regulation, oversights by the Department, means that current operations are responsible for rehabilitation and all mines lodge a security deposit for the full cost of rehabilitation at the start of operations.

In addition to this robust framework, the Department will review various mechanisms to address the issue of residual risk. This review will be undertaken in collaboration with other agencies and will include consultation with other national and international jurisdictions. Options to be considered include the establishment of a financial assurance mechanism to cover the risk of potential long term environmental degradation or whether sufficient cover exists through other legislation or programs.

The Department is also playing a leading role in addressing the environmental legacy of historical mining activity, by engaging with the resource industry, researchers and other States' regulatory authorities to develop innovative approaches to assessing and managing derelict mine sites.

The RRP was developed as a major step-change in rehabilitation regulation and management in NSW. It includes strategies being implemented to ensure the mining industry navigates the challenges and opportunities presented by operating, and completing rehabilitation, in an environmentally sustainable manner. The Report's findings support this change program and will inform its progression.

Yours sincerely



Carolyn McNally
Secretary

9.5.17