

As of 1 July 2013, the Mining Rehabilitation Fund (**MRF**) will be live, affecting all tenement holders operating on a Mining Act 1978 tenure, with the exception of those tenements covered by State Agreements not listed in the MRF Regulations. The MRF remains voluntary until **1 July 2014** but there are benefits in "opting in" early.

What is it?

The MRF has been designed to overcome the limitations with the existing bond system, which has been criticised for tying up funds that could be better used in project development and investment and being insufficient in covering rehabilitation costs. It is intended that the new system will provide a pooled fund, levied according to the environmental disturbance existing on a tenement at the annual reporting date. Money from the fund will be employed for rehabilitation purposes where an operator fails to meet rehabilitation obligations and has no means of funding such rehabilitation.

What it Means for You

If you are a tenement holder, you should have received a letter from the Department of Mines and Petroleum (**DMP**) in May this year requesting online registration of contact details. This is not compulsory to do until **30 June 2014**, however you will not be able to voluntarily subscribe without registering.

Once the MRF comes into effect, tenement holders will need to submit rehabilitation and disturbance data online. This is **not compulsory** until **1 July 2014**. A levy will be calculated on a per tenement basis. DMP has indicated that the contribution rate will be 1 percent of the liability estimate calculated. The tenement holder will be given the option to "opt in" to the MRF system after its levy has been calculated.

Any tenement holder may elect to "opt in" provided that the tenement holder or controlling business entity is not currently under administration. DMP may reject the application to "opt in" if the tenement holder has been issued with any fines, direction to modify, or stop work orders within the last two years, or if the tenement requires renewal prior to 1 July 2014.

What are the Benefits?

The benefit in "opting in" is the retirement of bonds upon the payment of the calculated levy rate by the tenement holder. This is also beneficial for companies intending to commence new mining projects post 1 July 2013, as they will not be required to pay a bond provided they are eligible to "opt in". A tenement holder can "opt in" any time before the MRF becomes compulsory on 1 July 2014.

Note, even if a tenement holder registers online, submits data and elects to "opt in", it is still not obliged to pay the levy. The tenement holder will not have its bond released in this instance, but it will provide an indication to tenement holders of its projected contribution liability to the MRF when participation becomes compulsory.

Release of MRF Regulations

The MRF will be governed by the MRF Regulations. These have been finalised and are due for release imminently.

Please contact us if you have any questions on the MRF and how it may affect you.

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