

Question No: 98

Question: Mining Security

Date: 25/02/92

Member: Mrs HICKEY

To: MINISTER for MINES and ENERGY

1. What was the form and amount of security held for compliance with the mining for each mine operating in the Northern Territory in February 1992.
2. Does the Department of Mines and Energy demand a review of the amount of security held for compliance with the Mining Act when a mining operation extends significantly.

ANSWER

1. There is neither a statutory nor an administrative formula for the calculation of the amount of security that a miner should provide to ensure compliance with conditions of title, or to cover claims for compensation from affected landowners. In determining what is sufficient security, consideration is given to a number of variables including the location and underlying land status of the area to be disturbed, the extent and nature of the development proposals, whether there are any environmental sensitivities, the current and proposed use of the area by the landowners, and the performance record of the miner concerned.

It follows that the form and amount of security can vary significantly. To protect the miner's integrity and avoid a comparison exercise between miners, the value and format of securities is considered a confidential matter between the Department of Mines and Energy and the miner. Nevertheless, I am prepared to advise that for the major hard-rock mines, securities vary from \$50 000 to \$1m, and a total in excess of \$3.2m is currently held by the Department of Mines and Energy against the various mines. Alluvial mine operations have a ceiling of \$50 000.

2. Securities, and indeed title conditions requiring rehabilitation, were not required to be attached to mining tenure granted under the repealed Mining Act. This applies in particular to mines in the Tennant Creek region, Groote Eylandt and Gove.

The renewal of a mineral lease does however, provide an opportunity for my department to review conditions of title, and for me or my delegate to demand a security for whatever sum is deemed sufficient. These have, in the past, been bank guarantees, deeds, cash or whatever form is approved by the Department of Law.

More recently securities have been a pre-requisite to an approval to undertake substantial disturbance rather than the actual grant of a lease. This then enables a further security to be demanded where approval is required to undertake substantial disturbance above and beyond that which has already been approved.