Surety Check List

*Mineral and Energy Resources (Financial Provisioning) Act 2018*

**For authority holders to assist in providing financial provisioning**

**Purpose**

The purpose of this document is to provide a check list to assist resource activity holders of an environmental authority to provide surety under the *Mineral and Energy (Financial Provisioning) Act* (the Act).

**Background**

Surety is to be given to the Scheme Manager by:

* resource activity holders of an environmental authority with an estimated rehabilitation cost of less than $100,000
* small-scale mining tenure (SSMT) as prescribed under the *Environmental Protection Regulation 2008*
* resource activity holders of an environmental authority with an estimated rehabilitation cost of $100,000 or greater where the Scheme Manager requires it to be provided.

**Surety**

Surety can be provided in the form of:

1. a bank guarantee,
2. an insurance bond,
3. cash, or
4. a combination of the aforementioned forms.

An original **bank guarantee or insurance bond must** be provided in the approved form (**Scheme Manager Guideline – Forms of Surety**).

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| ***Checklist – for providing surety*** |  |
| 1. You have read and understood the Scheme Manager Guideline – Forms of Surety |  |
| 1. The surety deed terms match the appropriate surety template (Financial Institution Undertaking or Cash Surety Deed) and must have no deletion of terms, additional or changed terms from the template. |  |
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| 1. Cash surety:   If you are the relevant holder of one or more EAs, is the total cash surety value for these EAs $100,000 or more?  Yes – you must execute a Cash Surety Deed for the total amount of surety  No - Cash Surety Deed not necessary |  |
| 1. Non-cash surety:  * The financial institution (security provider) providing the non-cash surety:  1. for a bank guarantee – is an authorised deposit-taking authority registered with APRA 2. for an insurance bond – is an insurance company under *the Insurance Act 1973 (Cwlth)* 3. and meets the credit rating criteria below.  * The deed is signed by the appropriate financial institution representative * The deed has the correct ABN or ACN numbers. * The amount provided as surety in the deed, and any other surety provided for that invoice (if multiple forms) adds up to the amount of surety required on the invoice from the Scheme Manager. * The deed has the correct environmental authority and resource tenure numbers and the name of the holder listed on the deed matches the name in the environmental authority. * The deed provided to the scheme manager is the original deed. |  |

**Security provider credit rating criteria**

The security provider criteria are set out in the Queensland *Financial and Performance Management Standard 2009* section 36. This includes the provider having a credit rating of at least:

* for a bank (authorised deposit-taking authority):
  1. Fitch Ratings with a long-term credit rating not less than A-; or
  2. Moody’s Investors Service with a long-term credit rating not less than A3; or
  3. Standard & Poor’s with a long-term credit rating not less than A-
* for an insurance company:
  1. Fitch Ratings with an insurance claims-paying ability rating not less than A-; or
  2. Moody’s Investors Service with an insurance financial strength rating not less than A3; or
  3. Standard & Poor’s with an insurer financial strength rating not less than A-

**Contact the Scheme for further information:**

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