

## **Scheme Manager Guideline 2**

### **Assigning an authority to a relevant holder**

# **Financial Provisioning Scheme**



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# 1 About this guideline

## 1.1 Background

This guideline is made by the scheme manager under section 70 (**Guideline**) of the *Mineral and Energy Resources (Financial Provisioning) Act 2018 (Act)*.

The Act establishes a Financial Provisioning Scheme (**scheme**) to manage the financial risk to the State if environmental authority holders for resource activities do not comply with their environmental management and rehabilitation obligations.

The scheme manager is required to undertake a risk category allocation for each environmental authority with an estimated rehabilitation cost (**ERC**) equal to or more than the prescribed ERC amount (currently \$100,000) and decide whether to allocate the authority to a risk category of very low, low, moderate or high. This allocation is used to determine whether the authority holder is required to pay a contribution to the scheme fund or give a surety in the amount of the ERC for the authority calculated under the *Environmental Protection Act 1994*.

If there is more than one holder for the authority, the scheme manager must assign the authority to one holder (the relevant holder). The relevant holder is relevant for the purposes of calculating an entity's total ERC (section 9) and the scheme manager's discretion to require a surety to preserve the financial viability of the scheme fund.

## 1.2 Purpose

This Guideline applies if:

- the scheme manager is making a risk category allocation decision for an authority; and
- there is more than one holder of the authority.

The purpose of this Guideline is to provide guidance to the scheme manager on how to assign the authority to one of the holders under section 27(5)(c) of the Act.

## 1.3 Definitions

Definitions in the dictionary in schedule 1 of the Act apply to this Guideline.

## 2 Assigning an Authority to a Relevant Holder

When there is more than one holder of an authority the scheme manager must assign the authority to one of the holders.

***Basic Rule for selecting the relevant holder***

The relevant holder may be any holder provided that:

- the scheme manager has assessed the financial soundness of the holder under section 27(3); and
- that financial soundness assessment has been taken into account by the scheme manager in the allocation decision for the authority.

## 3 Date of effect

This Guideline takes effect from 5 April 2019.

Kirsten Vagne  
Acting Scheme Manager