29 July 2026

To: NSW Resources Public Consultation

Re: Consultation on Rehabilitation Cost Estimate (RCE) Tool Indexation

Email: georgina.beattie@dpird.nsw.gov.au

Introduction

AMEC welcomes the opportunity to provide feedback on NSW Resources' consultation on proposed indexation of the Rehabilitation Cost Estimate (RCE) Tool. The consultation paper proposes annual indexation of RCE values between four-year benchmarking updates, with indexation to be applied by the Resources Regulator as an after-submission adjustment.

AMEC recognises the importance of maintaining appropriate rehabilitation security and ensuring that the State is not exposed to unfunded rehabilitation liabilities. However, the current proposal focuses narrowly on increasing security deposit values through annual indexation, rather than asking the broader policy question of whether the existing security model remains the most effective framework for all mining sectors.

AMEC submits that this consultation should be used as an opportunity to align rehabilitation security policy with the NSW Government's Critical Minerals and High-Tech Metals Strategy 2024-35[1] and the Australian Government's Future Made in Australia agenda.

AMEC supports the objective of ensuring that rehabilitation liabilities are appropriately managed and that the State is protected from residual rehabilitation risk. However, AMEC does not support automatic annual indexation being applied as a standalone measure to mineral exploration and mining operations without first considering whether the existing bond-based framework remains fit-for-purpose for the minerals sector.

AMEC recommends that NSW commence a detailed review of alternative rehabilitation funding arrangements for critical minerals, high-tech metals and other hard-rock mineral operations. That review should consider a pooled rehabilitation fund model similar to Western Australia's Mining Rehabilitation Fund[2].

[1] Critical Minerals and High-Tech Metals Strategy 2024-35 | NSW Government
[2] WA Mining Rehabilitation Fund

About AMEC

The Association of Mining and Exploration Companies (AMEC) is the national peak industry body representing over 600 mining and mineral exploration companies and associated service providers across Australia, with more than 60 member companies actively exploring, mining and developing projects in NSW.

AMEC members are responsible for substantial mineral exploration and production activity across the State, supporting regional employment, investment and economic growth.

Summary of Recommendations

- Annual RCE indexation should not be automatically applied to mineral exploration and mining operations as a standalone measure.
- NSW should commence a detailed review of rehabilitation security arrangements for critical minerals, high-tech metals and other hard-rock mineral operations.
- That review should include consideration of a pooled rehabilitation fund model similar to Western Australia's Mining Rehabilitation Fund.
- Any interim indexation regime should be risk-based, proportionate and subject to transparent calculation, review and appeal mechanisms.
- Any reform should be aligned with the NSW Critical Minerals and High-Tech Metals Strategy 2024-35, Australia's Critical Minerals Strategy 2023-2030 and the Future Made in Australia agenda.

AMEC's position on the proposed RCE indexation

Implement a more flexible and proportionate rehabilitation security framework

The consultation paper identifies that RCE values are currently updated through a benchmarking process approximately every four years and proposes annual indexation to maintain the real value of security deposits between benchmarking processes. AMEC acknowledges the administrative rationale for this proposal.

However, an automatic indexation mechanism would increase rehabilitation security requirements irrespective of whether a site's actual disturbance footprint, rehabilitation risk or closure obligations have materially changed. This may create additional capital constraints for mineral operators and emerging critical minerals developers without a corresponding risk-based assessment.

AMEC is particularly concerned that indexation could become a default regulatory response to inflation without considering broader reform options. The key question is not simply whether security deposits should be indexed, but whether a site-by-site bond model remains the optimal approach for mineral operations in NSW.

Alignment with NSW Critical Minerals and High-Tech Metals Strategy 2024-35

The NSW Critical Minerals and High-Tech Metals Strategy 2024-35 sets a clear vision for NSW to be a leader in critical minerals and high-tech metals, generating economic prosperity through responsible exploration, mining, processing, recycling and advanced manufacturing. The Strategy identifies actions across exploration, production, supply chains and skills development.

Rehabilitation security settings are directly relevant to that Strategy. If the regulatory framework unnecessarily ties up capital in security deposits, this can reduce the capacity of mineral companies to progress the very activities the Strategy seeks to encourage: exploration, project development, domestic processing, recycling and advanced manufacturing.

A modernised rehabilitation security framework for minerals would support the Strategy by improving investment attractiveness, reducing avoidable capital constraints and enabling more capital to be directed toward productive activity while maintaining environmental protections.

Alignment with Australian Government critical minerals and Future Made in Australia policy

The Australian Government's Critical Minerals Strategy 2023-2030 provides a national framework to grow Australia's critical minerals sector, expand downstream processing and position Australia as a secure, reliable and ethical supplier of critical minerals. The Future Made in Australia agenda similarly seeks to strengthen sovereign capability, build resilient supply chains and support domestic processing and manufacturing.

Critical minerals supply chains are strategically important because production and processing are concentrated in a limited number of jurisdictions and supply chain resilience is an increasing national priority. NSW has an opportunity to contribute to these national objectives through its pipeline of critical minerals and high-tech metals projects.

To achieve these outcomes, regulatory settings must support investment competitiveness. Rehabilitation funding policy should protect the environment and taxpayers, but it should also avoid unnecessarily increasing capital intensity for mineral projects that are central to the State and national critical minerals agenda.

Alternative model: pooled rehabilitation fund for minerals

AMEC recommends that NSW investigate a pooled rehabilitation fund for mineral operations, drawing on the Western Australian Mining Rehabilitation Fund model.

Western Australia's Mining Rehabilitation Fund is a pooled fund to which mining operators contribute annually based on disturbance and rehabilitation liability. It is available to rehabilitate abandoned mines where the operator has failed to meet its obligations and cost recovery has been unsuccessful. The fund does not absolve operators of their legal rehabilitation obligations, and costs can still be recovered from responsible parties.

An alternative option is the Queensland[3] approach, which uses a risk-based system, whereby instead of every mine lodging 100% of its rehabilitation liability as cash or as a bank guarantee, Queensland uses a risk-based system. The regulator determines an Estimated Rehabilitation Cost (ERC), which is effectively the cost for the state to rehabilitate the site if the operator defaults. The scheme manager assesses the financial strength and risk profile of the operator. Depending on the risk category, low-risk operators may pay only an annual contribution into the pooled fund, higher-risk operators provide a mix of fund contribution and surety, and high-risk operators can be required to provide 100% surety.

An NSW minerals rehabilitation fund could be designed to preserve strong environmental protections while reducing the amount of capital tied up in individual security deposits. The model could be targeted at critical minerals, high-tech metals and other hard-rock minerals, while retaining existing arrangements for coal mining. The pooled fund is then available to rehabilitate abandoned mines if an operator fails.

Benefits of a pooled minerals rehabilitation fund

- Reduces capital tied up in individual bonds, improving investment attractiveness and project financing outcomes.
- Supports the NSW critical minerals strategy by enabling more capital to flow to exploration, project development, processing and regional employment.
- Provides a transparent, sector-wide mechanism for managing residual rehabilitation risk.
- Aligns NSW with a proven Australian model that has been independently reviewed and found to remain effective in managing abandoned mine risk.

If indexation proceeds

If the NSW Government proceeds with indexation prior to broader reform, AMEC recommends that any indexation mechanism includes safeguards to ensure it is fair, transparent and proportionate.

- Indexation should not apply where a site's actual RCE has recently been updated using current rates.
- Operators should have a clear ability to seek review where indexation produces an unreasonable or inaccurate outcome.

[3] Financial provisioning scheme - QLD Treasury

Conclusion

AMEC supports the objective of ensuring that rehabilitation liabilities are adequately funded and that the State is protected from residual risk. However, AMEC does not support annual RCE indexation being applied as a standalone measure to mineral exploration and mining operations without consideration of broader reform.

The NSW Government has clearly identified critical minerals and high-tech metals as strategic priorities. The Australian Government has similarly identified critical minerals, domestic processing and supply chain resilience as matters of national importance. Rehabilitation security policy should be designed to support these objectives while maintaining high environmental standards.

AMEC therefore recommends commencing a detailed review of a WA-style pooled rehabilitation fund for critical minerals, high-tech metals and other hard-rock mineral operations.

This approach would protect the environment, protect taxpayers, improve investment competitiveness and help deliver the NSW and Australian Government's strategic critical minerals & high-tech metals objectives. AMEC looks forward to continuing to work collaboratively with the NSW Government and relevant agencies on the development of practical rehabilitation reforms that maintain strong environmental outcomes while supporting investment certainty and regional economic growth.

For further information, contact:
Kerry Atkins, Director - New South Wales | 0403 468 994 | kerry.atkins@amec.org.au
Paula Dell-McCumstie, Policy Advisor - New South Wales | 0497 575 258 | paula.dell-mccumstie@amec.org.au