14 October 2026

To: Department of Climate Change, Energy, the Environment and Water

Re: Consultation Paper: Proposed Methodology for Calculating Restoration Contributions Charges

Introduction

AMEC welcomes an opportunity to provide feedback on the *Consultation Paper: Proposed Methodology for Calculating Restoration Contributions Charges* (Consultation Paper). How the Restoration Contribution calculates costs is important and will be determinative for the Restoration Contribution Holder in the future.

About AMEC

The Association of Mining and Exploration Companies (AMEC) is a national industry association representing over 550 member companies across Australia. Our members are mineral explorers, emerging miners, producers, and a wide range of businesses working in and for the industry. Collectively, AMEC's member companies account for over $100 billion of the mineral exploration and mining sector's capital value.

Mineral exploration and mining make a critical contribution to Australia's economy, directly employing over 314,000 people. In 2025-26, the industry generated $383 billion in resource exports, invested $3.95 billion in exploration expenditure to discover future mines, and collectively paid over $59.4 billion in royalties and taxes.

General Remarks

Industry's fundamental concern is that the dollar amount to offset via a contribution to the restoration contribution holder's fund is substantially higher than a proponent doing it themselves.

The majority of Australian mineral exploration and mining occurs in remote and regional Australia. The focus on seven species initially is understood as a pragmatic stop gap, and the selected species frequently trigger an assessment. However, there is a concern, due largely to uncertainty, regarding the process of expanding the groups of species the Restoration Contribution Holder Fund is applicable.

The initial limited scope will have consequential impacts on the liquidity of the fund. There are also concerns beyond the methodology, more fundamental as to how the Federal Department will deliver the offsets themselves.

The absence of acknowledgment of the Pilbara Environmental Offset Fund (PEOF) from the methodology and from consultation documentation is a concern. For its flaws, the PEOF has

been operating for well over a decade implementing both Commonwealth and State offsets. AMEC has maintained the implementation of those offsets could be quicker, but the Commonwealth has been a longstanding participant in that fund's delivery.

Following are more specific comments regarding key concerns for industry.

Cost

Industry feedback is that the methodology is more expensive than what it would cost to do themselves. AMEC is seeking costings from members to provide to DCCEEW to evidence this separately.

Science and evidence based

The methodology is "science and evidence based" informed by "CSIRO and Frontier Economics". This is not questioned, but Industry is more interested in what does the science actually say? There was a short consultation with Frontier Economics in July 2024, from which the output received was a slide deck. As stated, AMEC participated in those consultations over a year ago. It is unclear if what is being referenced are related to those documents, and whether they were a finalised version.

Importantly, none of the current available documentation supplied explain how key assumptions, multipliers and percentages were determined. This makes critiquing the assumptions and the costs challenging. The CSIRO and Frontier Economics documents may contain the answers, but they are not easily discoverable if publicly available.

Remoteness

It is unclear upon first reading, but it appears to suggest that all "remote" will be costed. Industry is concerned that projects will be penalised because Commonwealth restoration procurement is expensive, rather than because their environmental impact is greater.

Reversal Contingency

While the logic of a funding allowance to account for the risk that restoration outcomes are lost or reduced due to disturbance events is understood. Industry has questioned how that money will be held. Will it be invested? Will the interest from holding that money be retained in the restoration contribution holder fund, or will it be shifted elsewhere?

If a disturbance event does not occur, and the offset is fully established, and upon that future date the proponent's obligation is considered satisfied: what happens to the unused reversal contingency? Is it returned, with interest?

Adverse selection

Industry has noted that the restoration contribution fund risks what economists describe as an adverse-selection spiral. I.e. only the extremely challenging and expensive offsets will apply for the restoration contribution holder fund.

PEOF

The continued absence of the Pilbara Environmental Offset Fund (PEOF) from the Offset Standard and now the methodology is a concern. The PEOF has long been accepted by the Commonwealth Government as the method to offset in the Pilbara. It is Industry's understanding that the Commonwealth Government has worked with the WA Government on the PEOF, and until recently had a Memorandum of Understanding.

AMEC are again obliged to restated clarifying the PEOF in relation to the restoration contribution calculator would reduce Industry concern. It would answer a question that underpins the regulatory regime for a 507,896km2 region that contribute 35% of Australia's exports. Its iron ore and liquefied natural gas industries are valued at over $70 billion, representing more than 70 per cent of mineral and energy production in Western Australia. Given the national importance of this region, it is unclear why this clarity if not forthcoming.

The Restoration Contribution holder has an opportunity to learn from the procedural challenges that the PEOF has faced. The PEOF is over 15 years old and has evolved as a consequence of the constrained tenure arrangements in the Pilbara.

As stated, the currently proposed costs will stifle uptake. Industry has questioned is there an expectation that the PEOF, and other contribution funds, will adopt the Commonwealth's pricing?

Regional Plans

As already stated, the Industry is concerned that the cost of using the restoration contribution holder fund is substantially higher than doing it themselves. Feedback suggests that at the current rates they are disincentivised from using the fund and instead delivering offsets themselves.

If the Bioregional Plans proceed it believed that proponents will be obliged to use the restoration contribution holder fund. If that is the case it will discourage development in areas that have a bioregional plan. The restoration contribution holder fund will reduce the benefit of regional plans.

Equivalence to the offset regime

It is unclear whether the restoration contribution fund is pursuing a policy of costing the same as doing an offset.

Paired with this concern is a concern of whether the offset contribution will fund a restoration activity that occurs in a different ecosystem. This creates a risk that the contribution bears little relationship to the actual cost of delivering restoration. While Industry will have discharged their regulatory liability via a contribution to the restoration contribution holder, their social licence liability could remain.

If a proponent undertakes an offset themselves this risk is not present.

What is net gain?

The drafting of the methodology does not explicitly state what the desired net gain is. Industry has assumed this was a deliberate policy choice. The net-gain outcome instead emerges indirectly from the existing offsets mathematics, standardised restoration assumptions, uncertainty adjustments and the resulting restoration area. This is not transparent, and is thus hard to challenge.

The koala example raises a key concern for industry with the quantum of net gain. Six hectares of moderate-quality koala habitat are affected. The assumed restoration pathway improves habitat condition by 30 quality points over 20 years with 75% confidence. As per the calculator 31 hectares of restoration are required. Is a five fold increase, appropriately priced? The sense from Industry is that is far more than anticipated.

Furthermore, the restoration obligation is explicitly expressed as the quantity of ecological benefit necessary to compensate for the relevant impact, using the same units as the offsets calculator.

Incentive for progressive rehabilitation

The methodology does not provide incentives for progressive rehabilitation, which is in effect the diminishment of the cost being offset. A staging approach is more complicated, but also reflects the realities of a mining operation.

Conclusion

AMEC welcomes the opportunity to provide feedback on the Restoration Contribution methodology. AMEC will provide further information on the costing of Offsets, and would welcome an opportunity to share the CSIRO and Frontier Economic modelling with members.

The Restoration Contribution Holder fund is important for the operation of the EPBC Act. Getting the price right is important as it will allow for optimal allocation of resources.

For further information contact:

Neil van Drunen, Head of National Policy, 0407 057 443 | neil.vandrunen@amec.org.au