



Hon Bill Johnston MLA
Minister for Mines and Petroleum; Commerce and Industrial Relations;
Electoral Affairs; Asian Engagement

Your Ref: EHW18
Our Ref: 71-03461

Ms Tracey Sharpe
Committee Clerk
Estimates and Financial Operations Committee
Parliament House
PERTH WA 6000

c/o icefoc@parliament.wa.gov.au

Dear Ms Sharpe

**QUESTIONS PRIOR TO HEARING – 2017-18 LEGISLATIVE COUNCIL
ESTIMATES HEARINGS**

Thank you for your letter dated 26 September 2017 in relation to the 2017-18 Budget Estimates Hearings.

As requested, please find attached responses to the two questions posed to the Department of Mines, Industry Regulation and Safety.

Yours sincerely

Hon Bill Johnston MLA
Minister for Mines and Petroleum; Commerce and Industrial Relations;
Electoral Affairs; Asian Engagement

Att

09 OCT 2017

Public / Internet

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ESTIMATES AND FINANCIAL OPERATIONS COMMITTEE

FORMAT FOR AGENCIES TO ANSWERS QUESTIONS

Department of Mines, Industry Regulation and Safety

Page Number 577

Hon Jacqui Boydell MLC asked:

1. I refer to Budget Paper 2, Volume 2, Page 577 under the income state and the line that refers to Grants and Subsidies and I ask:

- (a) Given the amount decreases in the 2019-20 forward estimates, assuming due to the Government no longer supporting the Exploration Incentive Scheme, will the Government continue to support this if the program continues to be successful?

Answer:

The Government has decided to continue the Exploration Incentive Scheme (EIS) funded by Royalties for Regions with the current budget allocation of \$10 million per annum for the next two years.

The Department of Mines, Industry Regulation and Safety is preparing a new business case for continuance of the EIS from 1 July 2019. The Government will consider further funding of the EIS in the context of the Budget position at that time.

- (b) Will a decision on this be made prior to the 2019-20 budget?

Answer:

Yes

- (c) As a result of the scheme ending at this time a decrease in exploration would be expected and therefore a decrease in royalties, has this been accounted for?

Answer:

Exploration has an important role to play in finding the mines of tomorrow and without new mines being found and developed, royalties will decline over the long term.

However, over the four-year period of the Budget Estimates, royalty forecasts are based on known mines in production and under development. Therefore exploration has no impact on royalty forecasts within Budget Estimates timeframe - unless a new mine is discovered and starts producing within the Budget Estimates timeframe.

2. I refer to Budget Paper 2, Volume 2, Page 581 under the heading Agency Special Purpose Account Details, Mining Rehabilitation Fund and I ask:

- (a) Can you please advise the current interest rate being received on the amount held in this fund?

Answer:

1.982 per cent as at 30 June 2017.

- (b) What current mine sites (if any) are being rehabilitation with money from this fund?

Answer:

Interest earned from the fund has been used to rehabilitate two identified pilot projects or 'legacy' sites being the Black Diamond Pit Lake in the Shire of Collie and the Pro-Force Plant Site in the Shire of Coolgardie. Rehabilitation of these two projects was completed in the 2016-17 financial year.

Principal money from the fund has been used to manage environmental and safety risks at the Ellendale Diamond mine site in the Shire of Derby-West Kimberley, following its abandonment in 2015.

In 2017-18, interest earned on the fund will be used to fund investigative and rehabilitation planning works for the two remaining identified pilot projects or 'legacy' sites being the Elverdton Dumps in the Shire of Ravensthorpe and Bulong Nickel Tailings Storage Facility in the City of Kalgoorlie-Boulder.

- (c) Why does the figure increase between 2016-17 and 2017-18, what additional mining operators are expected to contribute or what has caused the increase?

Answer:

The Mining Rehabilitation Fund provides a pooled fund, levied annually according to the environmental disturbance existing on a tenement at the annual reporting date. The increase between 2016-17 and 2017-18 is due to the annual levy being collected from industry and accumulated into the special purpose account.



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