

QUEENSLAND TREASURY

Scheme Manager Guideline 3

Requiring surety to preserve the financial viability
of the scheme fund

1 October 2025

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1. About this guideline

1.1 Background

This guideline (Guideline) is made by the scheme manager under section 70 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 eligible environmental authority and decide whether to allocate the authority to a risk category of very low, low, moderate, moderate-high or high (an allocation decision).

The allocation decision 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 estimated rehabilitation cost (ERC) for the authority calculated under the *Environmental Protection Act 1994* (EP Act).

This Guideline should be read in conjunction with the Act and, where relevant, other guidelines made under the Act.

Guidelines are available on the scheme manager's website together with additional information about the scheme.

Eligible environmental authority

The expression 'eligible environmental authority' is not a defined term in the Act. It is used in this Guideline, to refer to an authority:

- with an ERC that is at least \$10 million (the prescribed ERC); or
- with an ERC that is at least \$100,000 but not more than the prescribed ERC and in relation to which the scheme manager has given the holder an election notice (refer to the *Scheme Manager Guideline 1 – Forming the Scheme Manager's Opinion Risk Category Allocation – Appendix 1 Eligibility* for further details).

1.2 Purpose of this Guideline

The purpose of this Guideline is to provide guidance to the scheme manager on making a decision under section 53(c)(ii) of the Act to require a surety to preserve the financial viability of the scheme fund. Section 54 applies for making a decision under section 53(c)(ii).

This Guideline applies if the scheme manager:

- has allocated an eligible environmental authority to the risk category of very low, low, moderate or moderate-high; and

- is considering whether to make a decision under section 53(c)(ii) that the holder of the authority must give a surety, rather than pay a contribution, to preserve the financial viability of the scheme fund.

1.3 Definitions used in this Guideline

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

2. Requiring Surety to Preserve the Financial Viability of the Scheme Fund

2.1 Surety required if the total ERC is likely to be more than the fund threshold

The scheme manager must apply section 54 of the Act for making a decision under section 53(c)(ii).

Basic Rule if the total ERC exceeds the fund threshold

If the sum of the total ERC for the entities mentioned in section 54(2) exceeds the fund threshold (see section 11(1)), the scheme manager should require that a surety be given for the authority.

The entities mentioned in section 54(2) are:

- the holder of the authority, or if there is more than one, the relevant holder (see section 27(5), 32(8) and 38(8));
- any parent corporation of the holder or the relevant holder of the authority;
- any subsidiary corporation of a parent corporation; and
- a corporation controlled by a parent corporation.

The term 'parent corporation' is defined in the dictionary in schedule 1 to the Act.

Note:

- The total ERC for an entity mentioned in section 54(2), is the sum of the ERC for each authority held by the entity for which a contribution to the scheme fund is payable (see the definition of an entity's total estimated rehabilitation cost in section 9 of the Act).
- The fund threshold amount is \$450 million for all entities unless the holder (or relevant holder where there is more than one holder or parent corporation of a holder), where the scheme manager considers the financial soundness, has a prescribed credit rating of BBB+(S&P Global or equivalent) or better, in which case the fund threshold amount is \$600 million (see section 11 of the Act).

Basic Rule if the total ERC is likely to exceed the fund threshold

The scheme manager should require surety for an eligible environmental authority if the scheme manager considers that the sum of the total ERC of the entities mentioned in section 54(2) is likely to exceed the fund threshold before the next annual review for the authority.

In considering whether the total ERC is likely to exceed the fund threshold the scheme manager may take account of:

- any likely change to the authorities held by an entity;
- any likely change to the ERC for any authority held by an entity;
- any likely change to an entity; and
- any likely change to the credit rating of the entity and the application of the fund thresholds.

3. Date of effect

This information sheet takes effect from 1 October 2025.



Tim Michael
Scheme Manager

Information sheet updated

Version	Description	Date
V1	Initial information released	1 April 2019
V2	Updated for legislative changes	1 October 2025