

2022–23 Annual Report

Financial Provisioning Scheme

FINANCIAL PROVISIONING SCHEME



Queensland Treasury

Purpose of this report

The report forms part of the Financial Provisioning Scheme's corporate governance framework and fulfils the Scheme Manager's obligation under section 83B of the *Mineral and Energy Resources (Financial Provisioning) Act 2018* (the Act) to provide the Minister (Treasurer) with an annual report on the administration of the Act and the Financial Provisioning Scheme within 3 months of the end of financial year.

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1 Foreword

The Financial Provisioning Scheme (the Scheme) plays an important role in protecting the state's financial risks associated with mining and resource sector rehabilitation. With nearly \$13 billion in aggregate estimated rehabilitation cost risk, the Scheme is regarded as a highly effective risk management instrument and mechanism to support good environmental outcomes in the resource sector.

During the 2022–23 financial year, a review (Post Transition Review) of the accumulated learnings, understandings and insights gained into the resource sector and the Scheme's operations was undertaken to inform potential changes to improve and guide the long-term operation of the Scheme and the government's efforts to maximise the economic, social and environmental benefits of rehabilitation activity.

The independent actuarial work undertaken as part of this review confirmed that the Scheme is maturing in line with the expectations underpinning the Scheme's initial implementation.

The government and the public service recognise the ever-increasing expectations for sound environmental stewardship. Through programs such as the Financial Provisioning Scheme, Queensland is actively responding to these changes and is pleased to be working with stakeholders to ensure policy settings are optimally placed to deliver the highest standards of responsible development and operation.

As flagged by the Scheme Manager in this report, I expect that the Financial Provisioning Scheme will continue to deliver its objectives and play an increasing role in enhanced, environmentally sound economic activity.



Maryanne Kelly
Acting Under Treasurer

2 Scheme Manager's overview

The Financial Provisioning Scheme (the Scheme) manages the financial risk to the State of Queensland of resource sector holders of an environmental authority (EA) or small scale mining tenure failing to meet their rehabilitation obligations. The Scheme commenced in April 2019 and is governed by the *Mineral and Energy Resources (Financial Provisioning) Act 2018* (the Act). The rehabilitation obligations of EA holders are subject to the relevant provisions of the *Environmental Protection Act 1994*.

Under the Act, all EAs and small scale mining tenures with an estimated rehabilitation cost (ERC) of less than \$100,000 are required to provide surety equal to the ERC value, while all EAs with an ERC of \$100,000 or more (assessable EAs) undergo an annual risk category allocation assessment process. The Scheme Manager requires the holders of the assessable EAs to either contribute to the pooled Financial Provisioning Fund (the Fund) or provide surety equal to the ERC value of the EA.

In deciding if a contribution or surety is required, the Scheme Manager considers the risk category allocated (RCA) and whether the \$450 million fund threshold of ERC exposure to a single assessed entity applies.

As of 30 June 2023, there were 4,984 EAs and small scale mining tenures, with 388 of the EAs being assessable.

The aggregate Queensland resource sector ERC has grown from approximately \$8.3 billion in 2019 to nearly \$13 billion as of 30 June 2023. Multiple factors have contributed to this increase including removal of the financial assurance discounts available prior to Scheme commencement, implementation of the estimated rehabilitation calculator, as well as changes to resource site operation planned works and an increase in the number of EAs.

During the year to 30 June 2023, the Fund has increased by \$55 million to over \$183.6 million, which is in line with the original modelled expectations for the Fund.

2.1 Post Transition Review

During the year to 30 June 2023 the Scheme's external risk advice consortium (KPMG, Advisian and Australia Ratings) were appointed to conduct a Post Transition Review (review).

Ernst & Young were separately appointed to conduct an independent, interim actuarial review of the Scheme's performance against its original design (see Legislative disclosures 9.1).

The purpose of the review was to inform potential changes to improve and guide the long-term operation of the Scheme and the government's efforts to maximise the economic, social and environmental benefits of rehabilitation activity.

The review also involved industry consultation (discussion papers, virtual town halls and focus groups) which informed the development of potential changes to the Scheme.

A summary of the review recommendations considered by the Scheme Inter Departmental Committee for progression to government have been released online, they are similarly summarised as follows:

- Increase the prescribed ERC threshold for RCA assessments from the existing \$100,000 to \$10 million, ameliorated for effected EAs between \$100,000 to \$10 million who may choose to remain part of the risk assessment process.
- Introduce a fifth risk category of Moderate-High, provisioned by increased contribution to the Scheme fund.
- Reduce the Moderate RCA contribution rate from 2.75% to 2.5% and set a contribution rate for a Moderate-High RCA of 6.5%.
- Increase the fund threshold for BBB+ or better rated entities to \$600 million and retain a \$450 million threshold for all other entities.

- Introduce a two-year transitional arrangement for EA holders required to provide surety due to their ERC being less than \$10 million and no longer required to be assessed.
- Realign annual review dates so EAs are grouped by the assessed entity allowing assessments to be reviewed at the same time.
- Introduce differentiated risk assessment pathways (Streamlined and Comprehensive assessments), moving away from a one size fits all process, to reduce assessment workload for both industry and the Scheme.
- Establish an updated fee structures for Streamlined and Comprehensive assessments relative to the EA holders ERC.
- Amend the weighting of the components of the Resource Project Characteristics Assessment (RPCA) – Saleability (70%), Rehabilitation (30%). Saleability will still consider Remaining Economic Life, but other metrics related to saleability will also be considered. Rehabilitation will have a greater influence on the RPCA outcome with outcomes differentiated by rehabilitation performance determined by the mining operation and Progressive Rehabilitation and Closure Plans.

Testing of the recommendations with industry is well advanced with volunteers providing invaluable feedback to the Scheme.

2.2 Overarching risks to the Scheme

During the Post Transition Review several continuing risks were identified that remain under ongoing consideration by the Scheme.

Continuing risks were presented to stakeholders and are summarised as follows:

- The increased risk of sites in long-term care and maintenance, with only modest levels of rehabilitation, many of which have experienced favourable commodity price cycles without being returned to production.
- The trend for smaller and/or newer entities acquiring assets from stronger current EA holders potentially increases the government's counterparty risk exposure beyond which the Scheme's commencement addresses, the consequence of which may be higher probabilities of default and/or claims on the Fund.
- Energy Transformation (decarbonisation) contributing to increased claims on the Scheme. At this stage the only changes arising from the Post Transition Review relate to the proposed RPCA methodology taking account of market fundamentals at an EA specific context.
- Surety accessibility, from both an availability and cost perspective, remains a significant industry issue with the Scheme looking at options to address this.

The Scheme Manager continues to work with all relevant government agencies and industry to ascertain the extent to which there are risks of unforeseen exposures to the long-term operation of the Fund as well as opportunities in which a whole-of-government approach can support the resource sector into the future.

3 2022–23 financial year

On 30 June 2023 the Scheme was managing the provisioning for 388 assessable EAs with at least \$100,000 in ERC plus 4,596 small scale mining authorities and EAs with an ERC below \$100,000 and seven EAs which were not assessable.

3.1 Assessment outcome summary

In total 397 RCAs were made in the 2022–23 financial year, an increase of 28 from the 369 decisions made in 2021-22. Of the RCA decisions, one environmental authority decision is reflected in both the Fund and Surety allocations due to the \$450 million fund threshold.

Table 3.1 provides a comparative of RCA outcomes for the current and past financial years. The contribution reflects the aggregate value of contributions invoiced in the period and the ERC reflects the aggregate value of ERC at the time RCA surety decisions were made.

Table 3.1

Fund allocations \$M				
Risk Category	2022-23		2021-22	
	No.	Contribution	No.	Contribution
Very Low	38	12.482	38	14.275
Low	127	18.624	122	16.991
Moderate	38	36.164	40	34.896
Total	203	67.269	200	66.161
Surety allocations \$B				
	2022-23		2021-22	
	No.	ERC	No.	ERC
High	170	1.642	143	1.176
>\$450M Threshold	24	5.585	26	4.886
Total	194	7.227	169	6.062
ERC = aggregate estimated rehabilitation cost				

The aggregate ERC at the time RCA decisions were made during the 2022–23 financial year was \$12.936 billion, of which \$5.709 billion was allocated to the Fund and \$7.227 billion was allocated to provide surety. This is different to the ERC risk position set out below due to:

- changes to environmental authorities since the decision was made such as new ERC decisions, de-amalgamations, amalgamations or surrendering of the EA
- changes to holder assessments where some EAs had more than one assessment in the period.

3.2 Risk Position

The total ERC being managed by the Scheme on 30 June 2023 was \$12.960 billion. The ERC is made up of:

- \$12.920 billion in ERC for assessable EAs
- \$23.7 million for small miners and those EAs with less than \$100,000 in ERC
- \$16.4 million for non-assessable EAs where the associated tenure is disclaimed, or the holder is in liquidation and a claim is yet to be made by the Department of Environment and Science.

3.3 Risk composition

Assessable EAs are either assigned to provide surety equal to the EA's ERC or if the risk category allocation is very low, low or moderate, a contribution is required to be paid to the Fund up to the fund threshold of \$450 million. The contribution is calculated based on the RCA rate times the ERC. Where the ERC is over the \$450 million fund threshold and associated with an RCA of very low, low or moderate, a holder is required to provide surety. This threshold limit is applied across all the EAs associated with the assessed entity.

Chart 3.1

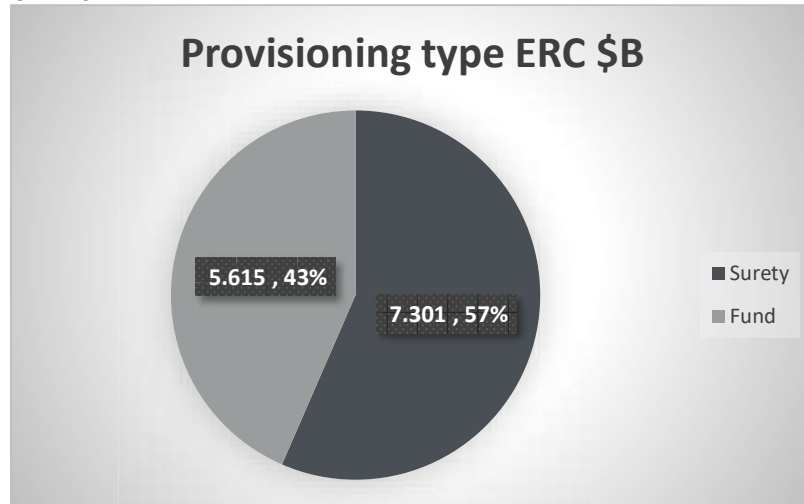
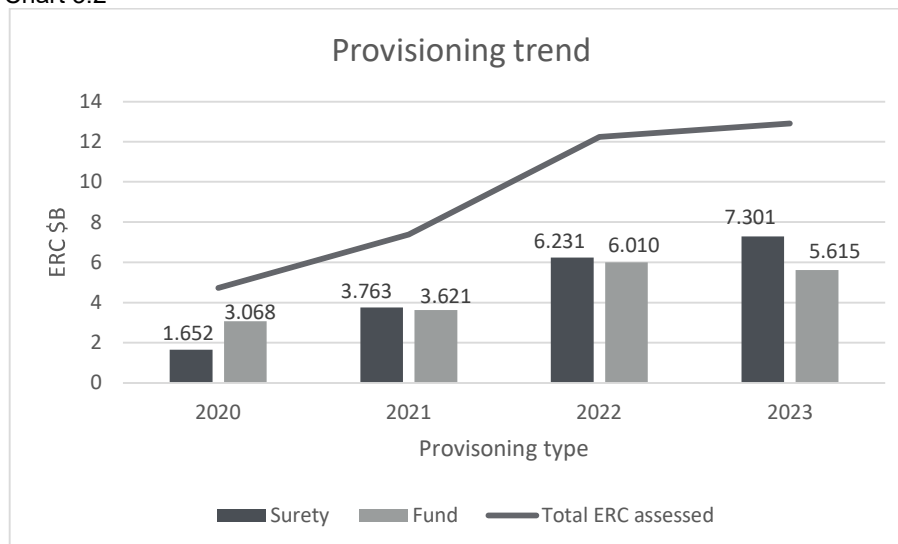


Chart 3.1 shows that at 30 June 2023, 43% (\$5.615 billion) of ERC for assessable EAs was allocated to the Fund and 57% (\$7.301 billion) was allocated to provide surety. A further \$4.3 million of ERC relates to EAs undergoing their first assessment that did not have a RCA decision by 30 June 2023.

Chart 3.2 shows the change in provisioning type from RCA outcomes since Scheme commencement. The lower ERC values in 2020 and 2021 reflect the transition period with 2022 being the first year that all assessable EAs had RCA assessments. While the Scheme commenced in April 2019, all EAs were in surety in the 2018–19 financial year as no RCA decisions had been finalised.

Chart 3.2



The ERC risk managed by provision of surety or contribution to the Fund has changed from 49% (\$6.010 billion) in the Fund and 51% (\$6.231 billion) in surety in 2022 to 43% (\$5.615 billion) in the Fund and 57% (\$7.301 billion) in surety in 2023.

Chart 3.3 shows the ERC risk by commodity type and demonstrates the State's exposure to coal at 69% of assessable ERC, minerals at 20%, and petroleum and gas at 11%. The 0.04% of ERC of EAs classified as other relate to prior resource sites being converted to alternate use applications such as renewable energy, waste management or allied activity such as proposals for carbon storage.

Chart 3.3

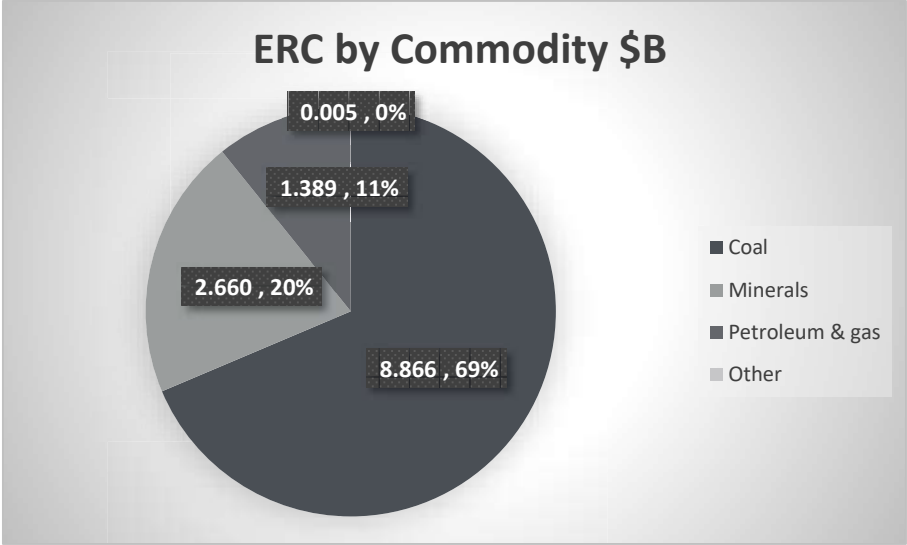
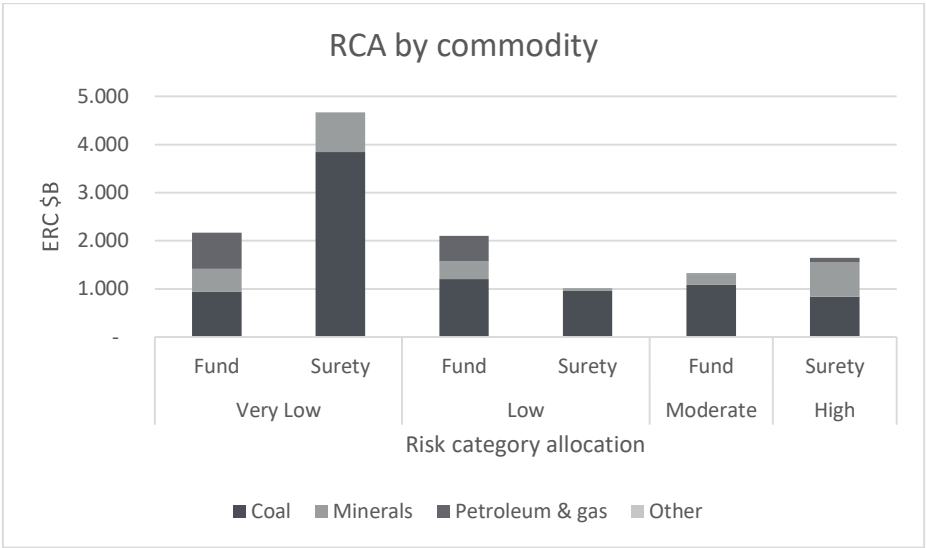


Chart 3.4 shows coal as the dominant commodity across all RCAs, representing 70% of ERC for both very low, and low risk categories, 81% of moderate and 51% of high risk.

The significant risk exposure to coal is mitigated through the \$450 million fund threshold limiting coal to 58% of the ERC managed through the Fund and 77% of ERC managed by surety.

Chart 3.4

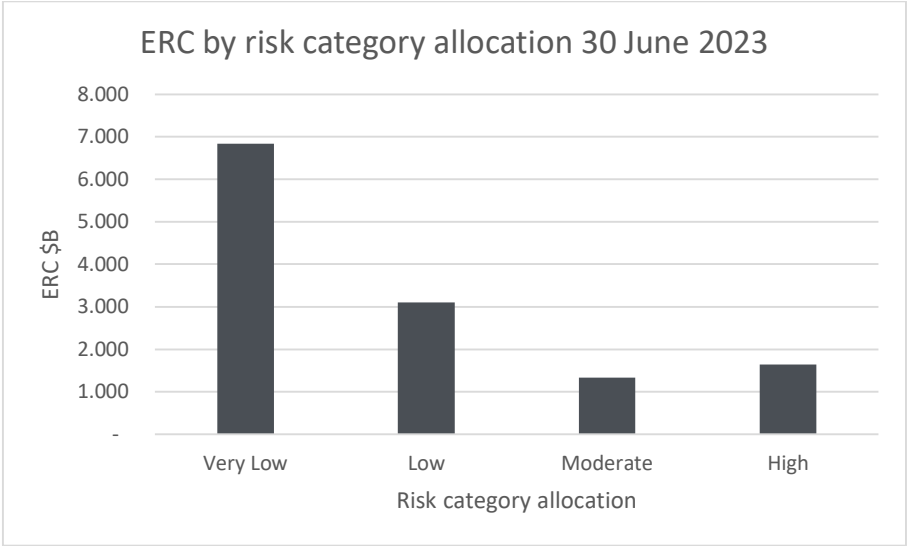


Petroleum and gas is concentrated in the Fund (93% of its ERC allocated to the Fund), however it represents only 23% of the total ERC exposure in the Fund. At an RCA level, it represents 11% of the very low category, 17% of low, 2% of moderate and 6% of the high category.

Minerals represent 19% of the total ERC exposure in the Fund and 22% of surety ERC allocation. At an RCA level, it represents 19% of the very low category, 13% of low, 17% of moderate and 44% of the high category.

Chart 3.5 shows that the state’s rehabilitation risk exposure in terms of the financial soundness and likelihood of assets not selling, should an existing holder enter financial difficulties, is sound as at 30 June 2023.

Chart 3.5



Very low RCA outcomes dominate in terms of ERC exposure at 53% or \$6.835 billion with \$2.170 billion allocated to the Fund and \$4.665 billion allocated to provide surety due to the \$450 million fund threshold.

Low RCA outcomes account for a further 24% of ERC or \$3.104 billion with \$2.100 billion allocated to the Fund and \$1.004 billion allocated to provide surety.

Moderate RCA outcomes account for 10% of ERC at \$1.331 billion with all EAs allocated to the Fund.

High RCA outcomes represent 13% of ERC at \$1.646 billion with all EAs allocated to surety.

3.4 Risk concentration

While 54% (\$6.985 billion) in ERC is concentrated in three assessed entity groups, the \$450 million fund threshold limits the Fund exposure to any assessed entity group to no more than \$450 million, with the residual ERC allocated to surety.

4 Financial Provisioning Fund financial report

4.1 Scheme Manager statement

The Financial Provisioning Fund financial report is prepared in accordance with the Financial Provisioning Scheme Annual Report Framework policy. The financial report reflects the financial position of the Financial Provisioning Fund based on regulatory receipts and payment categories.

In my opinion, the Financial Provisioning Fund financial report below presents fairly the transactions of the Fund for the period 1 July 2022 to 30 June 2023, and the balance of the Fund on 30 June 2023.



Timothy Michael
Scheme Manager
31 August 2023

4.2 Financial Provisioning Fund as at 30 June 2023

Table 4.1

	Note	2023 \$,000	2022 \$,000
Opening Fund balance		128,270	61,874
Fund inflows			
Investment earnings			
- Fund investment return	1	4,099	–
- cash surety interest	2	5,525	640
Contributions	3	57,656	66,481
Assessment fees	3	2,206	2,486
Total Fund inflows		69,486	69,606
Fund outflows			
Administration costs	4	-6,128	-2,968
Fund investment loss	1	–	-242
Grant funding	5	-182	–
Return of Treasurer's advance	6	-7,893	–
Total Fund outflows		-14,202	-3,210
Net Fund position for the period		55,284	66,397
Fund balance at 30 June		183,554	128,270

Accounting Policy

The Financial Provisioning Fund balance is prepared on a cash movement basis except for Fund investments which are based on a cash basis for QTC investments and market values determined by QIC for QIC investments.

Notes:

1. Financial Provisioning Fund investment on 30 June 2023 consisted of \$114.826 million held in a QTC Cash Fund and \$63.089 million in QIC investment (see QT 2022–23 Financial Statements note 13 and 15).
2. Cash surety interest has increased due to a \$158.686 million increase in cash surety held and higher interest rates.
3. Decrease in contributions is a result of the timing of RCA decisions and decreased ERC applied to the Fund. The variance to FPS Fund contributions (\$67.269 million) and assessment fees (\$2.364 million) disclosed in Note 4 of the QT 2022–23 Financial Statements is due to the timing of invoices being paid.
4. Increased administration costs applied to the Financial Provisioning Fund relate to the Financial Provisioning Scheme being self-funded from 2022–23 onwards as the final seed funding through appropriation occurred in 2021–22.
5. Grant funding was provided to the Department of Resources for abandoned mines projects – see part 6 discussion below.
6. The return of the Treasurer's advance relates to the government's 2017–18 budget commitment that the \$39.4 million in financial assurance reforms costs be returned to government. The \$7.893 million payment is the first of five annual payments to meet this commitment.

INDEPENDENT AUDITOR'S REPORT

To the Scheme Manager

Report on the Financial Provisioning Fund financial report Opinion

I have audited the Financial Provisioning Fund financial report for the period 1 July 2022 to 30 June 2023, identified in section 4 of the Financial Provisioning Scheme's 2022-23 annual report.

In my opinion, in all material respects, the financial report presents fairly the balance of the Financial Provisioning Fund (the Fund) as at 30 June 2023 and the transactions of the Fund for the period 1 July 2022 to 30 June 2023.

Basis of opinion

I conducted my audit in accordance with the *Auditor-General Auditing Standards*, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

I am independent of the Fund in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General Auditing Standards*.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matter – basis of accounting

I draw attention to the Scheme Manager's statement in section 4 of the Financial Provisioning Scheme's 2022-23 annual report which describes the basis of accounting. The Financial Provisioning Fund financial report has been prepared on a cash flow basis for the purpose of fulfilling the Scheme Manager's reporting responsibilities under the *Mineral and Energy Resources (Financial Provisioning) Act 2018*. As a result, the financial report may not be suitable for another purpose. My opinion is not modified in respect of this matter.

Other Information

Other information comprises financial and non-financial information (other than the audited financial report) included in the Financial Provisioning Scheme's 2022-23 annual report.

Those charged with governance are responsible for the other information.

My opinion on the financial report does not cover the other information and accordingly I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report and my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this information, I am required to report that fact.

I have nothing to report in this regard.

Responsibilities of the Scheme Manager for the Financial Provisioning Fund financial report

The Scheme Manager is responsible for the preparation and fair presentation of the Financial Provisioning Fund financial report, and for such internal control as the Scheme Manager determines is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the audit of the Financial Provisioning Fund financial report

My objectives are to obtain reasonable assurance about whether the financial report, as a whole, is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. This is not done for the purpose of expressing an opinion on the effectiveness of the Scheme's internal controls.
- Evaluate the appropriateness of material accounting policy information used and the reasonableness of accounting estimates and related disclosures made by the Scheme Manager.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the statement represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Scheme Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



Melissa Fletcher
as delegate of the Auditor-General

1 September 2023

Queensland Audit Office
Brisbane

6 Financial provisioning surety

6.1 Surety held on 30 June 2023

Under the Act, surety can be provided as bank guarantees, insurance bonds or cash. Table 5.1 summarises the changes in surety composition between 30 June 2022 to 30 June 2023.

Table 5.1

Surety	30/06/2023 \$,000	30/06/2022 \$,000	Annual Change \$,000	Change
Bank guarantee	5,333,724	4,481,975	851,749	19%
Insurance bonds	1,676,118	1,584,338	91,780	6%
Cash	290,738	132,052	158,686	120%
Total surety	7,300,580	6,198,366	1,102,215	18%

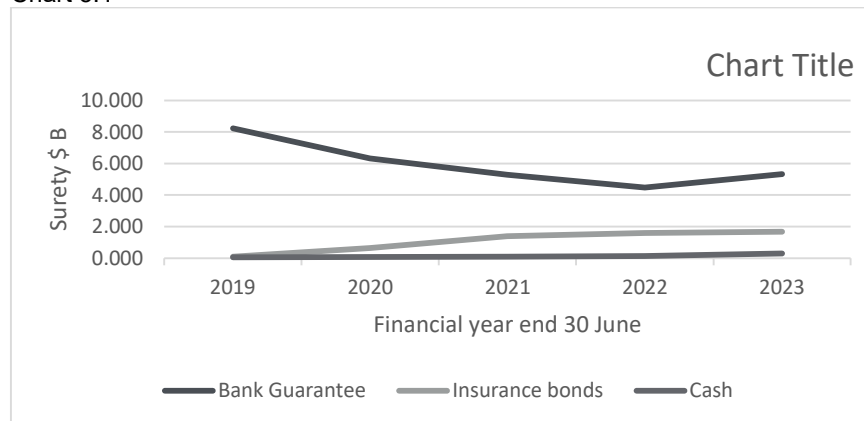
Note: For the related 30 June 2023 Queensland Treasury annual report financial statement disclosures please refer to:

- Note 2(b) for the Financial Provisioning Scheme.
- Note 13 for cash surety and note 18 for the equal Liability.
- Note 21 for bank guarantee and insurance bond surety disclosure and contingency reporting.

While the total surety held on 30 June 2023 of \$7.301 billion is 13% (\$1.055 billion) less than the \$8.355 billion held on 30 June 2019, it has increased by 18% (\$1.102 billion) from that held on 30 June 2022. This trend is consistent with the total ERC trend discussed in part 3, Risk composition.

Surety composition changes since 30 June 2019 reflect the increase in ERC and the changing marketplace for obtaining financial instruments with cash surety increasing by 453% (\$238 million) from \$53 million, insurance bonds by 1,876% (\$1.591 billion) from \$85 million and bank guarantees decreasing by 35% (\$2.884 billion) from \$8.218 billion.

Chart 5.1



The Scheme Manager is working with all parties to identify longer term solutions to the tightening market accessibility for surety instruments.

6.2 Claims against surety

No claims were made against surety in the 2022–23 financial year.

The Department of Environment and Science has advised the Scheme Manager of potential claims against environmental authorities in 2023–24 that total approximately \$14.3 million in surety held. When these claims will be made is yet to be determined.

7 Financial Provisioning Fund planned expenditure

The Financial Provisioning Fund planned expenditure is based on estimates and may differ to actual expenditure for the period. Due to the uncertainty of timing and actual costs incurred in the period, the planned expenditure is not audited and is exclusive of GST.

To optimise the delivery of the financial assurance reforms across departments, the government provided funding of \$39.462 million in its Queensland Budget 2017–18. The budget required the costs of the reforms to be returned to government. Return of the Treasurer's advance for the reforms commenced in June 2023 with the first of five payments of \$7,893 million paid from the Financial Provisioning Fund to government.

All Scheme administration costs are met from the Financial Provisioning Fund. Ongoing costs include external risk advice consortium expenses, technology related costs and staff expenses.

The 2023–24 financial year administration costs include approximately \$1 million in capital costs to improve the Financial Assurance Information Registry system used to deliver Scheme processes.

The 2024–25 financial year includes costs associated with the actuarial review report required to be undertaken five years after commencement of the Scheme and subsequently every three years.

Of the \$2 million abandoned mine grant for investigation and development of risk reduction options for the Jumna, Golden Gate and Chariah sites, \$181,867 was paid in 2023 with the remaining \$1.818 million expected to be paid in 2023–24.

Costs set out below reflect known Financial Provisioning Fund estimated cash outflows for the periods and excludes allowances for unknown items such as potential claims and future grant approvals.

Note	2024–25 \$,000	2023–24 \$,000
Abandoned mines grants program	–	1,818
Research grant program	–	–
Return of Treasurer advances	7,893	7,893
Environmental mitigation claims ²	–	–
Rehabilitation program claims ²	–	–
Forecast administration costs	7,000	7,700

8 Financial Provisioning Scheme Advisory Committee

The role of the Advisory committee is to give advice:

- to the requesting agency (Department of Environment and Science or Department of Resources) about requests from the Financial Provisioning Fund for:
 - remediation/rehabilitation activities at land on which an abandoned mine exists
 - research that may contribute to the rehabilitation of land on which resource activities have been carried out
- to the Scheme Manager about the operation of the Financial Provisioning Scheme.

Financial Provisioning Scheme Advisory Committee (Committee) members appointed for a three-year term on 27 June 2023 are below and Ms Helen Dogan, Assistant Under Treasurer (Chair) was appointed for one year.

- Dr Carl Grant
- Dr Julie Beeby
- Dr Emma Gagen
- Mr Stephen Smyth
- Mr Richie Ah Mat
- Mr Matthew Paull
- Mr Michael McCabe
- Ms Julia Taylor
- Mr Joshua O'Rourke

No meetings occurred in the 2022–23 financial year. The first meeting of the current Committee is expected to occur in August 2023.

9 Legislative disclosures

9.1 Mineral and Energy Resources (Financial Provisioning) Act 2018

Section 73 of the Act requires the first actuarial review to occur five years after Scheme commencement and every three years thereafter. The extended first period allows for completion of transitioning holders into the risk category allocation and time for revenue and expenditure to be more consistent. This will provide the actuary with more reliable information for the review. Once a review has occurred this will be reported on in the relevant annual report (required under section 83B) and include a response to the report by the Scheme Manager.

Section 83B of the Act also requires the Scheme Manager to provide, as part of the annual report, a summary of stakeholder submissions received during the financial year on the effectiveness of the Financial Provisioning Scheme. No stakeholder submissions or residual risk payments were received in the 2022–23 period.

Actuarial review

An interim actuarial review demonstrated that the Scheme is operating in line with expectations set out under the original assumptions.

The first actuarial review report under the Act will occur in 2024. Subsequently, regular actuarial reviews will ensure the pricing points within the Scheme continue to allow for a robust and sustainable Financial Provisioning Fund without seeing them at a level that unduly impinges economic activity.

9.2 Application of other legislation

Financial Accountability Act 2009

The *Financial Accountability Act 2009* applies to the Scheme Manager. This requires the Scheme Manager to comply with departmental and Queensland public sector financial management and governance policies.

As the Financial Provisioning Fund and Cash Surety accounts are established as departmental accounts, they will be incorporated into Queensland Treasury's financial statements for the reporting period. The Queensland Treasury Annual Report is available from the Queensland Treasury website.

Auditor-General Act 2009

The Financial Provisioning Scheme is audited in accordance with the *Auditor-General Act 2009* through its inclusion in the department's financial statements and by agreement with the Scheme Manager for the purpose of reporting on the Financial Provisioning Fund's balance for the period.

Australian Accounting Standards

This report is specifically prepared to demonstrate accountability and transparency of the Scheme Manager's administration of the Act. Any financial information has been prepared to inform on the regulatory requirements under the Act and do not comply with Australian Accounting Standards. Where financial information is reported in the department's financial statements, it will be consistent with Australian Accounting Standards.

9.3 Governance

Under section 83B of the Act, the Scheme Manager must report to the Treasurer on the operations, financial performance and financial position of the Financial Provisioning Scheme. This occurs on a regular basis and as required for emergent matters for example, if anything occurs that may significantly affect the Financial Provisioning Fund's viability.

A key component to the effective delivery of the Scheme is the integration of processes between DoR, DES, and Queensland Treasury. Effective delivery of the integration is managed and overseen through administrative arrangements, including memorandums of understanding between the departments and the Scheme Manager to clarify processes, information sharing and responsibilities.

Part 5 of the Act imposes strict confidentiality requirements on any person with access to information provided to the Scheme Manager. Processes have been put in place to limit the sharing of information across government to that which is required for government business. A training document is used to inform government employees, contractors and consultants, who may have access to confidential information, of their obligations to maintain confidentiality of information provided under the Act.