

New minerals legislation

Financial security



A view of the Kudze Kayah exploration camp. Proponents of mines must pay financial security to cover the cost of reclaiming the site should they fail to do so.

Proponents pay financial security to the government to cover the cost of reclaiming an exploration or mine site if the proponent fails to do so.

We want to ensure that the amount of security held for a project is sufficient, adequately addresses risks, and reduces the likelihood that public funds will need to be used if a proponent doesn't reclaim a site.

We also want the processes to determine and review security to be clear, efficient and transparent. We're also looking at what forms of security should be allowed, when government can access security funds, and how to strengthen enforcement tools with respect to security.

While the purpose of security is the same for all projects, there may be a need to implement security requirements differently for the exploration, placer mining, and quartz mining sectors.

The challenges

Right now, the requirement for security is not always applied consistently and does not always ensure that the risk to taxpayers is reduced. Further, the processes to determine and review security can be unclear and lengthy. If security is set too high, this can impact the financial viability and success of a mine.

Potential approaches

These are some of the approaches that we're considering. We'd like to hear your thoughts.

- **Purpose and parameters**
We could continue to base our security amounts on the specific cost of reclaiming a site, or we could develop tools that also allow us to consider the risks and likelihood of the long term success of reclamation.
- **Licence renewals, amendments and transfers**
We're considering using a lack of up to date security payments to restrict licence renewals, amendments or transfers.
- **Requirement for security**
We could make security a requirement for all projects, or limit the requirement to projects that exceed certain thresholds.
- **Security reviews and amendments**
We could continue to review security on a discretionary basis directed through policies. Or we could establish a mandatory periodic review of security.
- **Seizure and use of security**
We could establish that security can be seized from a proponent in certain circumstances such as failure to comply with a direction, failure to carry out reclamation, ceasing production without notice, abandonment, and any act of bankruptcy.

