

# Coal Exploration Steering Group: Terms of Reference

## Scope and Objectives

- 1) The Steering Group is established to help improve the quality and transparency of the processes used to allocate coal exploration licences.
- 2) The Steering Group's recommendations will be:
  - a. guided by the Government's published objectives, priorities and desired outcomes in relation to the allocation and development of New South Wales' coal resources;
  - b. informed by a preliminary strategic assessment of prospective areas carried out by the Department of Planning and Environment, in consultation with key agencies;
  - c. provided to the Minister for Resources and Energy through the Cabinet Standing Committee on Resources and Land Use; and
  - d. made publicly available.
- 3) The key roles of the Steering Group are to conduct a whole of Government assessment and make recommendations on where, when and how coal resources are to be released for exploration to suitably qualified companies.
- 4) Recommendations are to be provided covering:
  - a. strategic plans for the sequencing and timing of release of areas of coal resources for exploration and mine planning, based on a 'triple bottom line' strategic assessment of anticipated net benefits for the State;
  - b. the appropriate configurations and conditions to apply to exploration areas to be allocated, aiming to maximise certainty for industry and the community and potential returns to the State;
  - c. detailed methodologies to be used for allocation of exploration areas. These methods are to seek to optimise competitive tension, transparency and economic returns for the State, and facilitate the undertaking of timely exploration and development of mining proposals, while preserving the scope for the merit assessment processes to determine subsequent applications for development consent and mining licences;
  - d. specific categories or circumstances where a non-competitive allocation process may be used. In the application of such cases, the Steering Group would review and provide advice on each recommended allocation; and
  - e. methodologies to be used to assess applications for the renewal of Exploration Licences with a view to better aligning incentive structures with timely progression towards mining, and maximising returns to the State.

- 5) The Cabinet Standing Committee on Resources and Land Use may decide to add additional matters to the Steering Group's scope if these matters further the Steering Group's objectives stated above.
- 6) The Steering Group may establish working groups as required to assist it in making its recommendations. The Steering Group is to determine the appropriate organisations to be represented in each Group, having regard to the skills that are needed, and the principles of risk management through diversity and transparency, and the avoidance of conflict of interest.
- 7) One such group to be established is an Assessment Panel, which will conduct the allocation methodology. This would include soliciting and assessing individual applications for Exploration Licences to determine which applicants are suitably qualified to be considered for allocation, and also the methodology to determine which of the suitable applicants are preferred (this may be an auction, an alternative competitive process or some other approved process).

## Governance

- 8) The Steering Group will be chaired by an independent person to be appointed by the Premier.
- 9) The Department of Trade and Investment, Regional Infrastructure and Services will act as secretariat to the Steering Group and its sub-groups.
- 10) Agencies will meet their own costs for participation in the Steering Group.
- 11) The Steering Group will submit its recommendations to the Cabinet Standing Committee on Resources and Land Use for consideration and approval, prior to the Minister for Resources and Energy making a final determination in accordance with the *Mining Act 1992*.
- 12) The Assessment Panel will submit its recommendations for allocations to individual companies directly to the Cabinet Standing Committee on Resources and Land Use for consideration and approval, prior to the Minister for Resources and Energy making a final determination in accordance with the *Mining Act 1992*. However, in the case of non-competitive allocations, it will submit its recommendations for endorsement by the Steering Group before they are provided to the Cabinet Committee and the Minister in the usual way.
- 13) The Cabinet Standing Committee on Resources and Land Use will review the effectiveness of the Steering Group process after 12 months of operation.

## Membership

- 14) In addition to the independent Chair of the Steering Group appointed by the Premier, the members will include executive representatives from:
  - a. Resources and Energy Division, Department of Trade and Investment, Regional Infrastructure and Services ("Resources and Energy")
  - b. Department of Planning and Environment
  - c. NSW Treasury
  - d. Department of Premier and Cabinet
- 15) The steering group will draw on advice from other agencies as needed.
- 16) The Assessment Panel will have cross agency representatives with officers nominated by Resources and Energy, Department of Planning and Environment, NSW Treasury and Department of Finance and Services as required.