

Public Inquiry on Financing of Extractive Waste

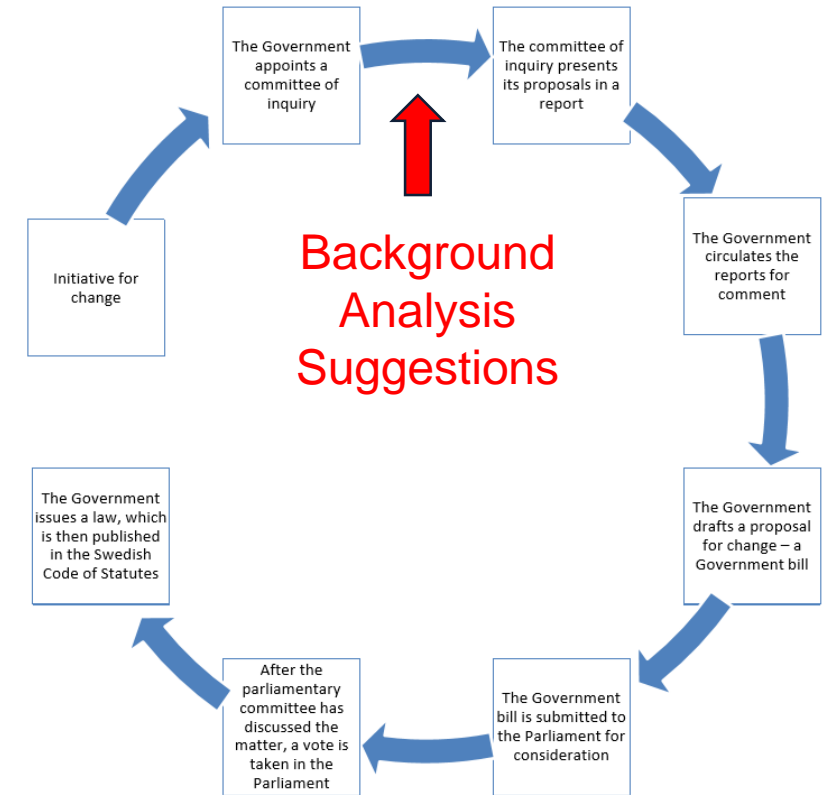
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Who we are and what do we do?

- Before the Government can draw up a legislative proposal, the matter in question must be analyzed and evaluated.
- Term of reference from the Government.
- An inquiry operate independently of the Government.
- Inquiry Chair: Daniel Barr, Folksam AB, Nuclear Waste Fund.
- Final report: 30 June 2018.



Objective of the Inquiry (Terms of reference)

- The State has the ultimate responsibility for the extractive waste management.
- The purpose of the guarantees is to minimize the risk of the State being forced to bear the types of costs encompassed by the operators liability.
- The main question for the inquiry: **Are there more effective ways to ensure sufficient financial guarantees for the mining industry and the State?**
- How to answer the question?
 - Analyse the existing system and suggest changes within the framework.
 - If that is not sufficient: Suggest alternative solutions for financial security.



Some preliminary observations

In order to meet the objective, a guarantee (or some other financial provision) must be:

1. Sufficient. The guarantee must cover the costs for waste management and restoration.
2. Secure. The guarantee must, if the operator defaults, be converted into liquid assets.
3. The decision-making process for (1) and (2) must be transparent and both the State and the operator must have influence over the process.



Some thoughts on the previous slide

1. Sufficient guarantees. (i.e. enough money)
 - Good practice in other areas, e.g. cost calculations for infrastructure investments.
 - Updating the guarantees regularly.
 - Dealing with uncertainty in a proper way.
2. Secure guarantees. (i.e. money available if needed)
 - What form of financial instrument can be accepted?
 - Today mostly different types of bank guarantees (performance bonds).
 - Not standardized products.
3. The decision-making process.
 - The decision-making to day is a part of a legal process in the environmental court.



Examples of good practice in these areas (and others) are most welcome!

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