

# Public Inquiry on Financing of Extractive Waste

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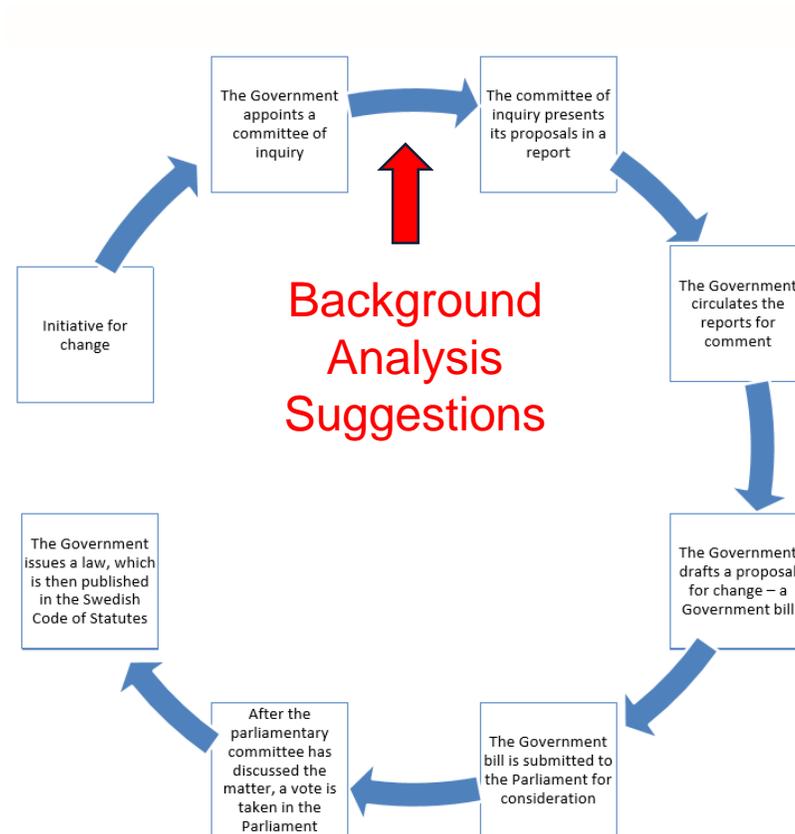
Principal Secretary

Brussels 2018-01-26



# 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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