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1. Introduction

1.1. Background

The Resources Regulator's compliance and enforcement framework was designed to ensure a consistent and responsive regulatory approach and to provide increased transparency and community confidence in regard to its regulatory activities.

Compliance and enforcement actions are driven by a risk-based approach. A flexible and robust intervention framework is used, so the Regulator can apply a variety of increasing enforcement actions to target specific risks or misconduct.

The Regulator promotes voluntary compliance and good practice across the industry. Lease and licence holders are encouraged to demonstrate best practice by actively adopting measures and practices over and above legislative requirements to further minimise potential harms and risks. A key aim of the audit program is to promote the concept of continual improvement in compliance management.

The compliance audit program forms a key part of the compliance and enforcement framework. Audits completed under the program identify non-compliance as well as educate lease and licence holders. This helps to raise awareness of compliance obligations. This should enable lease and licence holders to adopt a more proactive approach to managing their compliance obligations.

1.2. Compliance audit program objectives

The objectives of the Regulator's compliance audit program are to:

- assess the level of compliance with the regulatory instruments
- provide internal feedback to improve title conditions, policies or general regulatory framework (protecting and improving system integrity)
- assess auditee performance and provide feedback to them on how they may be able to improve their performance
- increase stakeholder confidence in regulatory system
- increase the level to which titleholders are actively managing their own compliance.

The compliance audit strategy highlighted the audit schedule and focus for each year would be developed using a risk review process. A risk assessment methodology (broadly based on AS ISO 31000:2018 Risk management – Guidelines) was used to develop a broad risk profile for each title (or group of titles) to develop the annual audit program. Risk factors used included:

- whether the Regulator had primary regulatory responsibility (e.g. for exploration)
- the type, size and complexity of operations and activities
- the location of activities (environmental sensitivity of surrounding area and proximity of residents)
- results of previous audits and titleholder compliance history
- stakeholder concerns.

The compliance audit strategy and program included a requirement for the annual review of the audit programs against the identified objectives. This report provided the review of the compliance audits completed by the Regulator between 1 January and 31 December 2024.

In 2024, the exploration compliance audit program was identified as a key compliance priority for the Regulator forming part of the proactive assessment programs documented in our published compliance priorities reports.

1.3. Focus of the 2024 program

In the exploration sector, the 2024 audit program included exploration compliance audits of 15 significant exploration programs, 4 of which received funding under Round 5 of the NSW Government New Frontiers Co-operative Drilling grants program. Individual audit reports were written and published on the Regulator's website for each of these 15 audits (hyperlinks are provided in Table 1).

Community consultation in exploration was the subject of a targeted audit program in 2024, where 6 exploration programs were subject to a desktop audit against the mandatory requirements of the Exploration code of practice: Community consultation. Audit findings letters were sent to each licence holder at the completion of each audit. These were not published on the Regulator's website. The findings from the targeted audit program are discussed in this annual report.

Risk assessment in exploration was the subject of a targeted audit program in 2024, where 10 exploration programs were subject to a desktop audit against the mandatory requirements for risk assessment in the Exploration code of practice: Environmental management, the Exploration code of practice: Rehabilitation and the community consultation code. Audit findings letters were sent to each licence holder at the completion of each audit. These were not published on the Regulator's website. The findings from the targeted audit program are discussed in this annual report.

Rehabilitation sign-off in exploration was the subject of a targeted audit program in 2024, where 2 exploration programs were subject to an audit against the mandatory requirements of the Exploration code of practice: Rehabilitation, including assessment against the rehabilitation objectives and completion criteria prepared for each project. Audit findings letters were sent to each licence holder at the completion of each audit. These were not published on the Regulator's website. The findings from the targeted audit program are discussed in this annual report.

Standard conditions of mining leases were the subject of a targeted audit program in 2024, where 5 mines were subject to a desktop audit against the requirements of Schedule 8A of the Mining Regulation 2016. Audit findings letters were sent to each mine operator at the completion of each audit. These were not published on the Regulator's website. The findings from the targeted audit program are discussed in this annual report.

An audit of petroleum titles was completed in conjunction with NSW Environment Protection Authority (EPA) including both petroleum exploration and production operations. Individual audit reports were written and published on the Regulator's website for each of these 15 audits (hyperlinks are provided in Table 1).

Details of the sites audited in the 2024 compliance audit program are summarised in Table 1.

Table 1: Summary of audits completed under the 2024 compliance audit program

Mine/Project	Titleholder	Title/s	Audit scope
Riverina Granite Quarry	Harb Quarries Pty Ltd	PLL1208 (1924)	Mining compliance Schedule 8A
Primetime Cudal Mine	Primetime Australia Pty Ltd	M(MO)L3 (1992)	Mining compliance Schedule 8A
Ulan Coal Mine	Ulan Coal Mines Pty Ltd	16 leases treated as a single lease	Mining compliance Schedule 8A
Hillgrove Mines	Hillgrove Mines Pty Ltd	47 leases treated as a single lease	Mining compliance Schedule 8A
Moolarben Coal Mine	Moolarben Coal Mines Pty Ltd	5 leases treated as a single lease	Mining compliance Schedule 8A
<u>Achillies 1 exploration project</u>	Strategic Energy Resources Limited	EL9012 (1992)	Exploration compliance
<u>Koonenberry Copper exploration project</u>	Evandale Minerals Pty Ltd	EL8722 (1992) and EL8909 (1992)	Exploration compliance
<u>Koonenberry Gold exploration project</u>	Lasseter Gold Pty Ltd	EL8706 (1992) and EL8245 (1992)	Exploration compliance
<u>Wyanga and Wingrunner East exploration projects</u>	Sandfire Resources Limited	EL8274 (1992)	Exploration compliance
<u>Barrow exploration project</u>	Coolabah Metals Limited	EL8638 (1992)	Exploration compliance
<u>Narrabri Coal exploration project</u>	Narrabri Coal Pty Ltd	EL6243 (1992)	Exploration compliance
<u>Spur exploration project</u>	Deep Ore Discovery Pty Ltd	EL5238 (1992)	Exploration compliance
<u>Alectown West exploration project</u>	Agricultural Equity Investments Pty Ltd	EL8831 (1992)	Exploration compliance
<u>Generen exploration project</u>	FMG Resources Pty Ltd	EL8886 (1992)	Exploration compliance
<u>Apsley exploration project</u>	Alkane Resources Limited	EL8527 (1992)	Exploration compliance
<u>Bulbodney Creek exploration project</u>	Locksley Resources Limited	EL9307 (1992)	Exploration compliance

Mine/Project	Titleholder	Title/s	Audit scope
<u>Nyngan and Duck Creek exploration projects</u>	Australian Consolidated Gold Holdings Pty Ltd	EL8911 (1992), EL8965 (1992).	Exploration compliance
<u>Myamley exploration project</u>	Haverford Holdings	EL8615 (1992)	Exploration compliance
<u>Koonenberry exploration project</u>	Great Western Minerals Pty Ltd	EL6400 (1992)	Exploration compliance
<u>Constellation exploration project</u>	Tritton Resources Pty Ltd	EL6126 (1992)	Exploration Compliance
Sunnyside and Gibsons exploration project	SOC 1 Pty Ltd	EL4474 (1992)	Exploration community consultation
Lyndhurst project	Gold and Copper Resources Pty Ltd	EL8265 (1992)	Exploration community consultation
Tooloom project	Snowmist Pty Ltd	EL8825 (1992)	Exploration community consultation
Willandra East project	Murray Basin Titanium Pty Ltd	EL5359 (1992)	Exploration community consultation
Adelong Gold project	Challenger Mines Pty Ltd	EL5728 (1992)	Exploration community consultation
Kempfield Trunkey Creek project	Argent (Kempfield) Pty Ltd	EL5748 (1992)	Exploration community consultation
Narraburra exploration project	EX9 Pty Ltd	EL8420 (1992)	Exploration risk assessment
Mt Thorley Operations	Mount Thorley Operations Pty Ltd	EL7712 (1992)	Exploration risk assessment
East Orange exploration project	Cosmos Exploration Limited	EL8442 (1992)	Exploration risk assessment
Ashford Coal exploration project	Renison Coal Pty Ltd	EL6234 (1992)	Exploration risk assessment
Sunrise Energy Minore exploration project	Sunrise Energy Exploration Pty Ltd	EL8961 (1992)	Exploration risk assessment
Coultra exploration project	Variscan Mines Limited	EL6363 (1992)	Exploration risk assessment
Arumpo Bentonite exploration project	Arumpo Bentonite Pty Ltd	EL9196 (1992)	Exploration risk assessment
Redlands exploration Project	Lachlan Minerals Pty Ltd	EL9188 (1992)	Exploration risk assessment

Mine/Project	Titleholder	Title/s	Audit scope
Kanbarra exploration Project	New Base Metals Pty Ltd	EL9220 (1992)	Exploration risk assessment
Rocklodge exploration Project	Catalina Resources Limited	EL9155 (1992)	Exploration risk assessment
Honeybugle exploration project	EMC Metals Australia Pty Ltd	EL7977 (1992)	Exploration rehabilitation completion
Husky exploration project	Cobalt Prospecting Pty Ltd	EL8667 (1992)	Exploration rehabilitation completion
Camden gas project	AGL Upstream Investments Pty Ltd	PPL1 (1991), PPL2 (1991), PPL4 (1991) and PPL5 (1991)	Petroleum
Moree exploration	Comet Ridge Ltd and Comet Ridge Gunnedah Pty Ltd	PEL427 (1991)	Petroleum
Gunnedah exploration	Australian Coalbed Methane Pty Ltd and Santos QNT Pty Ltd	PEL1 (1991) and PEL12 (1991)	Petroleum
Narrabri gas project	Santos NSW Pty Ltd Santos NSW (Narrabri Gas) Pty Ltd Santos NSW (Eastern) Pty Ltd Santos NSW (Hillgrove) Pty Ltd Santos QNT Pty Ltd	PEL238 (1955), PAL2 (1991) and PPL3 (1991)	Petroleum

1.4. Audit scopes

As noted in Table 1, the audit scopes varied across the programs. A description of each audit scope is provided in Table 2.

Table 2: Description of audit scopes

Audit scope	Description
Exploration compliance	This audit scope included a compliance assessment against the requirements of the <i>Mining Act 1992</i> and regulation and the exploration licences issued for the projects. The scope included an assessment of compliance against the requirements of any exploration activity approvals granted for the projects, and the relevant exploration codes of practice, including assessment against the titleholder's commitments in exploration activity approval documentation.
Exploration community consultation	This audit scope included a targeted compliance assessment against the mandatory requirements of the community consultation code.

Audit scope	Description
Exploration risk assessment	<p>This audit scope included a targeted compliance assessment against the mandatory requirements for risk assessment under the exploration codes of practice:</p> <ul style="list-style-type: none"> • environmental management code • rehabilitation code • community consultation code
Exploration rehabilitation	<p>This audit scope included a targeted compliance assessment against:</p> <ul style="list-style-type: none"> • the mandatory requirements of the Exploration code of practice: Rehabilitation • the rehabilitation objectives and completion criteria prepared for each project in accordance with mandatory requirement 2 of the code • the application for confirmation of successful completion of rehabilitation submitted for each project.
Schedule 8A large mines	<p>This audit scope included an assessment of compliance against the Standard conditions for mining leases outlined in Schedule 8A Part 2 of the Mining Regulation 2016, including:</p> <ul style="list-style-type: none"> • Form and way: Rehabilitation management plan (large mines) • Form and way: Annual rehabilitation report and forward program (large mines) • Form and way: Rehabilitation objectives, rehabilitation completion criteria and final landform and rehabilitation plan for large mines.
Petroleum	<p>This audit scope included an assessment of compliance against the conditions of petroleum titles (exploration licences, assessment leases and production leases as applicable), including compliance with:</p> <ul style="list-style-type: none"> • exploration codes of practice (environmental management, community consultation and rehabilitation) • exploration activity approvals as relevant • management plans required to be prepared including: <ul style="list-style-type: none"> — produced water management plans — rehabilitation management plans — petroleum operations plans.

1.5. Publishing and disclosure of information

This report was published on the Regulator's website consistent with:

- Section 365 of the *Mining Act 1992* and section 113M of the *Petroleum (Onshore) Act 1991*
- Resources Regulator's [Compliance Publication Policy](#)
- *Government Information (Public Access) Act 2009*.

2. Summary of audit findings

2.1. 2024 audit findings

There were 8 non-compliances, 14 observations of concern and 78 suggestions for improvement identified across the 42 audits included in the 2024 audit program.

The non-compliances generally related to:

- mining (1)
 - rehabilitation management plan not consistent with the Form and way: Rehabilitation management plan (large mines).
- exploration (6)
 - failure to undertake a community consultation risk assessment (2)
 - failure to prepare a documented annual community consultation report (1)
 - failure to rehabilitate as soon as practicable after exploration activities (1)
 - failure to undertake an environmental risk assessment (1)
 - failure to undertake a rehabilitation risk assessment (1).
- petroleum (1)
 - failure to obtain written consent of landowners where activities were within prescribed distances (1).

The 8 non-compliances resulted in the issue of 6 official cautions and one penalty notice. No further enforcement action was taken for one non-compliance.

Observations of concern were identified during the audits, which required further management action by the licence or lease holders to avoid becoming non-compliant in the future. These included:

- inadequate risk management controls (2)
- inadequate environmental risk assessment (2)
- inadequate rehabilitation risk assessment (2)
- inadequate community consultation risk assessment (2)
- inadequate community consultation strategy (5)
- outdated rehabilitation cost estimate (1).

Generally, the suggestions for improvement identified during the audits related to the implementation of some form of compliance management system which would assist titleholders to better identify and manage their compliance obligations. Suggestions for improvement included recommendations for improvement of:

- community consultation risk assessment (23)

- risk assessment and management processes (16)
- community consultation reporting (14)
- community consultation strategies (4)
- rehabilitation risk assessment (9)
- environmental risk assessment (2)
- record keeping and annual reporting (4)
- rehabilitation performance against objectives (1).

The findings of the 2024 compliance audit program are summarised in Table 3.

Table 3: Summary of audit findings

Mine/Project	Titleholder	Title	Non-compliances	Observations of concern	Suggestions for improvement
Mining compliance					
Riverina Granite Quarry	Harb Quarries Pty Ltd	PLL1208 (1924)	0	0	0
Primelime Cudal	Primelime Australia Pty Ltd	M(MO)L3 (1992)	0	0	1
Ulan Coal Mine	Ulan Coal Mines Pty Ltd	16 leases treated as a single lease	0	0	0
Hillgrove Mines	Hillgrove Mines Pty Ltd	47 leases treated as a single lease	1	0	0
Moolarben Coal Mine	Moolarben Coal Mines Pty Ltd	5 leases treated as a single lease	0	0	1
Mining total			1	0	2
Exploration compliance					
Achillies 1 exploration project	Strategic Energy Resources Limited	EL9012 (1992)	0	1	4
Koonenberry Copper exploration project	Evandale Minerals Pty Ltd	EL8722 (1992) and EL8909 (1992)	1	0	3
Koonenberry Gold exploration project	Lasseter Gold Pty Ltd	EL8706 (1992) and EL8245 (1992)	0	0	3
Wyanga and Wingrunner East exploration projects	Sandfire Resources Limited	EL8274 (1992)	0	0	3
Barrow exploration project	Coolabah Metals Limited	EL8638 (1992)	0	2	4
Narrabri Coal exploration project	Narrabri Coal Pty Ltd	EL6243 (1992)	0	0	2
Spur exploration project	Deep Ore Discovery Pty Ltd	EL5238 (1992)	0	0	0

Mine/Project	Titleholder	Title	Non-compliances	Observations of concern	Suggestions for improvement
Alectown West exploration project	Agricultural Equity Investments Pty Ltd	EL8831 (1992)	0	0	2
Generen exploration project	FMG Resources Pty Ltd	EL8886 (1992)	0	0	3
Apsley exploration project	Alkane Resources Limited	EL8527 (1992)	0	0	1
Bulbodney Creek exploration project	Locksley Resources Limited	EL9307 (1992)	0	2	4
Nyngan and Duck Creek exploration projects	Australian Consolidated Gold Holdings Pty Ltd	EL8911 (1992), EL8965 (1992)	0	0	3
Myamley exploration project	Haverford Holdings	EL8615 (1992)	0	0	2
Koonenberry exploration project	Great Western Minerals Pty Ltd	EL6400 (1992)	0	0	3
Constellation exploration project	Tritton Resources Pty Ltd	EL6126 (1992)	0	0	1
Exploration compliance total			1	5	38
Exploration - community consultation					
Sunnyside and Gibsons exploration project	SOC 1 Pty Ltd	EL4474 (1992)	0	0	1
Lyndhurst project	Gold and Copper Resources Pty Ltd	EL8265 (1992)	0	1	2
Tooloom project	Snowmist Pty Ltd	EL8825 (1992)	0	0	1
Willandra East project	Murray Basin Titanium Pty Ltd	EL5359 (1992)	0	0	2
Adelong Gold project	Challenger Mines Pty Ltd	EL5728 (1992)	2	1	1

Mine/Project	Titleholder	Title	Non-compliances	Observations of concern	Suggestions for improvement
Kempfield Trunkey Creek project	Argent (Kempfield) Pty Ltd	EL5748 (1992)	0	0	2
Exploration - community consultation total			2	2	9
Exploration – risk assessment					
Narraburra exploration project	EX9 Pty Ltd	EL8420 (1992)	0	0	2
Mt Thorley Operations	Mount Thorley Operations Pty Ltd	EL7712 (1992)	0	0	1
East Orange exploration project	Cosmos Exploration Limited	EL8442 (1992)	0	0	3
Ashford Coal exploration project	Renison Coal Pty Ltd	EL6234 (1992)	0	0	3
Sunrise Energy Minore exploration project	Sunrise Energy Exploration Pty Ltd	EL8961 (1992)	0	0	0
Coultra exploration project	Variscan Mines Limited	EL6363 (1992)	0	0	2
Arumpo Bentonite exploration project	Arumpo Bentonite Pty Ltd	EL9196 (1992)	0	0	2
Redlands exploration Project	Lachlan Minerals Pty Ltd	EL9188 (1992)	0	0	1
Kanbarra exploration Project	New Base Metals Pty Ltd	EL9220 (1992)	3	2	5
Rocklodge exploration Project	Catalina Resources Limited	EL9155 (1992)	0	0	3
Exploration – risk assessment total			3	2	22
Exploration – Rehabilitation completion					
Honeybugle Exploration Project	EMC Metals Pty Ltd	EL7977 (1992)	0	0	0
Husky Exploration Project	Cobalt Prospecting Pty Ltd	EL8667 (1992)	0	0	0

Mine/Project	Titleholder	Title	Non-compliances	Observations of concern	Suggestions for improvement
Exploration – rehabilitation completion total			0	0	0
Petroleum					
Camden gas project	AGL Upstream Investments Pty Ltd	PPL1 (1991), PPL2 (1991, PPL4 (1991) and PPL5 (1991	1	0	2
Moree exploration	Comet Ridge Ltd and Comet Ridge Gunnedah Pty Ltd	PEL427 (1991)	0	1	1
Gunnedah exploration	Australian Coalbed Methane Pty Ltd and Santos QNT Pty Ltd	PEL1 (1991) and PEL12 (1991)	0	3	2
Narrabri gas project	Santos NSW Pty Ltd Santos NSW (Narrabri Gas) Pty Ltd Santos NSW (Eastern) Pty Ltd Santos NSW (Hillgrove) Pty Ltd Santos QNT Pty Ltd	PEL238 (1955), PAL2 (1991) and PPL3 (1991)	0	1	2
Petroleum - total			1	5	7
Overall total			8	14	78

2.2. Comparison with previous years

The Regulator has been running compliance audit programs for several years. A comparison of the results over the past 5 years is presented in Table 4.

Table 4: Comparison of audit statistics 2020-2024

Year	No. audits completed	Non-compliances	Observations of concern	Suggestions for improvement
January 2020 – June 2021	24	10	14	33
July 2021 – December 2022	32	10	48	62
January 2023 – December 2023	38	23	27	71
January 2024 – December 2024	42	8	14	78

A comparison of the key issues raised in the 2023 and 2024 audit programs is presented in Table 5. Overall, the results showed a significant reduction in the number of non-compliances and observations of concern related to community consultation risk assessment.

Table 5: Comparison of 2023 and 2024 audit finding key issues

Issue	Non-compliance		Observation of concern		Suggestion for improvement	
	2023	2024	2023	2024	2023	2024
Community consultation risk assessment	6	1	13	2	11	23
Community consultation strategy	3	0	4	5	8	4
Community consultation reporting	0	1	0	0	12	14
Environmental risk assessment	3	1	0	2	0	2
Rehabilitation risk assessment	3	2	2	2	9	9
Annual reporting	3	0	0	0		
Risk management - general	0	0	0	1	16	15
Environmental management	0	0	3	1	1	1

3. Audit findings – Exploration sector

It was noted over 75% of the non-compliances and observations of concern identified during the exploration audits were related to the mandatory requirements of the exploration codes of practice. Typically, exploration licence holders were aware of their compliance obligations related to the conditions of their exploration licences, but it was noted that there was much less of an awareness of the mandatory requirements of the exploration codes of practice.

The non-compliances, observations of concern and the suggestions for improvements identified during the 36 exploration audits conducted can generally be broadly grouped into several key areas including:

- risk assessment and management
 - community consultation
 - environmental management
 - rehabilitation
 - monitoring and evaluation of risk controls.
- community consultation
 - consultation strategy
 - community consultation reporting.
- rehabilitation
 - rehabilitation as soon as reasonably practicable.

These issues will be discussed in the following sections.

3.1. Risk assessment and management

Risk identification and assessment involves identifying hazards, assessing risks, controlling risks, and reviewing control measures. A risk assessment can be used to work out:

- the severity of a risk
- what action should be taken to control the risk
- how urgently action is needed.

Risk assessments were a mandatory requirement of three of the exploration codes of practice as follows:

- Exploration code of practice: Community consultation – mandatory requirement 1.
- Exploration code of practice: Environmental management – mandatory requirement 12.1
- Exploration code of practice: Rehabilitation – mandatory requirement 1

Failure to undertake a mandatory risk assessment, or risk assessments that were inadequate, were a common issue for explorers.

3.1.1. Community consultation risk assessment

Condition 3 of an exploration licence required the licence holder to carry out community consultation in relation to the planning and conduct of exploration activities. Community consultation was required to be carried out in accordance with the requirements of community consultation code. Before commencing any activity authorised by a prospecting title, mandatory requirement 1 of the community consultation code required the licence holder to conduct a risk assessment to identify and consider the range of opportunities and potential threats associated with community consultation and engagement.

Community consultation risk assessment continues to be a significant issue for licence holders. In 2024, there were 2 licence holders who failed to undertake a community consultation risk assessment, and 2 licence holders whose risk assessments were inadequate. There were 23 suggestions for improvement related to the community consultation risk assessment.

This was an improvement from 2023 when there were 6 non-compliances related to a failure to prepare a community consultation risk assessment, and 13 observations of concern raised where the risk assessment was inadequate.

Many licence holders struggled to understand the focus of the community consultation risk assessment. In cases where the risk assessment was considered inadequate, the licence holders typically focussed on the impacts of the exploration program on the community, rather than assessing risks to effective and inclusive consultation.

Two key examples of consultation risks include:

- failure to identify all relevant stakeholders
- failure to provide adequate information in a timely manner.

To manage these risks, licence holders need to understand who is in their community and what their information or consultation needs may be.

For most licence holders, as a suggestion for improvement, it was recommended licence holders undertake the risk assessment against the objectives for the consultation strategy such that the risk assessment can focus on the risks and opportunities that need to be identified and managed to facilitate an inclusive and effective consultation program.

Focusing on risks to consultation and engagement allows a licence holder to develop a community consultation strategy to manage the identified risks. This was a requirement of mandatory requirement 2 of the community consultation code.

3.1.2. Environmental risk assessment

Condition 4 of an exploration licence requires the licence holder to prevent or minimise so far as is reasonably practicable, any harm to the environment arising from the activities carried out under the licence. Condition 2 of an exploration activity approval requires the licence holder to carry out the activity in compliance with Part B of the environmental management code.

Mandatory requirement 12 of the environmental management code requires the exploration licence holder to monitor the risks associated with those activities and, if the risk associated with an activity changes, implement revised environmental management controls.

Mandatory requirement 13 specifies the mandatory records that must be maintained by exploration licence holders. This includes records of risks assessments, and updates to those risk assessments, that result in a significant change to controls required to mitigate impacts to the environment.

Most licence holders had documented environmental risk assessments, typically based on the mandatory requirements of the environmental management code. Where environmental risk assessments were completed, they were often generic risk assessments for exploration activities. It was noted that these were rarely reviewed for any site-specific risks. Where generic risk assessments are used by exploration licence holders, these must be reviewed for each exploration program to confirm that the risk profile has not changed, and there are no additional site-specific risks that need to be managed. Failure to adequately identify and manage risk can result in non-compliance.

There was one licence holder who could not provide evidence an environmental risk assessment was conducted for the exploration operations completed. It was noted the licence holder implemented some environmental controls for their exploration activities, but a risk assessment was required under the environmental management code. This was an improvement from 2023 when 3 licence holders failed to undertake an environmental risk assessment.

3.1.3. Rehabilitation risk assessment

Condition 6 of an exploration licence required the licence holder to carry out rehabilitation of all disturbance caused by activities carried out under the licence in accordance with the requirements of the rehabilitation code.

Mandatory requirement 1 of the rehabilitation code required the licence holder to conduct a risk assessment to evaluate the range of potential threats and opportunities associated with rehabilitating disturbed areas to a condition that could support the intended final land use.

The audit findings for rehabilitation risk assessment in 2024 were similar to the 2023 audit findings. There were 2 licence holders who failed to undertake a documented rehabilitation risk assessment for their exploration activities. Both licence holders had undertaken surface disturbing activities requiring rehabilitation. There were 2 licence holders where the documented rehabilitation risk assessment was found to be inadequate, and a further 9 licence holders where a suggestion for improvement was made to improve the quality and scope of the rehabilitation risk assessment.

The quality of the rehabilitation risk assessments varied among licence holders. There were some very good examples of comprehensive risk assessments completed for exploration activities. One of the good practices observed, which may benefit other licence holders, related to linking the rehabilitation risk assessment to the rehabilitation objectives and completion criteria (ROCC).

Mandatory requirement 2 of the rehabilitation code required the licence holder to provide a copy of clear, specific, achievable and measurable ROCCs before starting any exploration activities. Linking the rehabilitation risk assessment to the rehabilitation objectives and completion criteria allowed better identification and management of the risks that may prevent or delay successfully achieving the objectives and completion criteria, and subsequently, the final land use. This provided a more robust framework for managing rehabilitation risks.

3.1.4. Monitoring and evaluation of risk controls

Risk assessment is not a set-and-forget exercise. It is important that risk controls are monitored, not only to confirm that those controls are implemented, but also to assess the effectiveness of those controls in managing the risk identified. Where monitoring results show risk controls are ineffective in managing the identified risk, changes to risk controls are required to better manage the risk. Monitoring and evaluation will allow licence holders to adopt an adaptive management approach to exploration operations.

As noted in the 2021-2022 and the 2023 compliance audit programs, very few licence holders had developed processes to monitor the implementation or the effectiveness of the controls. The key suggestion for improvement for 15 licence holders was to consider the development of a process to evaluate the effectiveness of the risk controls implemented, with revised controls identified where those risks changed, or controls were identified as being ineffective.

3.2. Community consultation

Community consultation was a condition of all exploration licences. Consultation was required to be undertaken in accordance with the community consultation code.

All exploration licence holders audited during the 2024 compliance audit program undertook community consultation generally appropriate to the nature and scale of the exploration activities. Licence holders were generally maintaining some records of the community consultation undertaken. However, there were two key areas of concern identified during audits relating to community consultation as outlined in the following sections.

3.2.1. Community consultation strategies

Mandatory requirement 2 of the community consultation code required the preparation of a community consultation strategy to manage the risks identified in the risk assessment. Mandatory requirement 3 set out the requirements for preparation of the community consultation strategy. Mandatory requirement 5 identified the community consultation strategy as a mandatory record.

There were no non-compliances identified in 2024 for failure to prepare a documented community consultation strategy. This was an improvement from the 3 non-compliances identified in 2023.

The quality and content of the community consultation strategies varied widely across the sector. Some licence holders prepared comprehensive consultation strategies, while other licence holders used the guidance material in Appendix 1 of the code as a template for a community consultation strategy. In 5 of the exploration audits completed in 2024, the consultation strategies prepared by the 5 licence holders were found to be inadequate, not clearly addressing the content for consultation strategies described in mandatory requirement 3.

The guidance material in the community consultation code identifies that community consultation needs to be undertaken in a way that ensures:

- open and honest dialogue to facilitate a sound working relationship between the titleholder, landholders and community with all participants acting in a spirit of co-operation and good faith.
- that the community consultation strategy is appropriate and adequate to inform the community and manage potential risks associated with conflict with community and other stakeholders.

Identifying relevant stakeholders is the first step in the development of an effective consultation strategy. Understanding the likely impacts and interests of all stakeholders will assist in identifying their consultation needs. Knowing who needs to be consulted with, and about what, will assist in determining the most appropriate manner for that consultation to occur.

Most licence holders had identified several stakeholders, generally using Table 3 in the guidance material in Appendix 1 of the community consultation code. In some cases, the minimum list from Table 3 did not adequately reflect the range of stakeholders that may be affected by, or have an interest in, the exploration operations. Licence holders should consider a broad range of stakeholders and not confine themselves to the minimum stakeholder list identified in the guidance material.

Having identified a list of the key stakeholders, many licence holders did not do any assessment of the likely issues of concern for each stakeholder group or identify any specific requirements for consultation with each group. A one-size-fits-all approach to consultation may not be appropriate in addressing the needs of the different stakeholder groups. Licence holders should undertake analysis of the requirements for each stakeholder group so that appropriate consultation strategies can be put in place to ensure adequate consultation.

Setting objectives for consultation is the second step in the development of an effective consultation strategy. As described in section 3.1.1, the community consultation risk assessment should focus on what risks and/or opportunities need to be managed for effective and inclusive consultation to take place to achieve the objectives for consultation. The consultation strategy should be developed to provide detail on how the identified risks would be managed to facilitate a sound working relationship between the titleholder, landholders and community.

3.2.2. Community consultation reporting

Mandatory requirement 4 of the community consultation code required the licence holder to implement, monitor, and report annually on the community consultation strategy. For all exploration audits, the licence holders provided evidence that consultation was occurring. Most licence holders prepared annual community consultation reports. These reports were typically made available upon request, but most licence holders said requests were rarely received. Very few licence holders took up the option of putting the annual community consultation reports on a company website.

There was one licence holder who failed to prepare an annual community consultation report. An official caution was issued to the licence holder for the non-compliance.

As noted in the 2023 audit program, the information provided in many reports was lacking in detail and did not provide any assessment of performance against the documented strategy, or any identification of common issues and action taken to address these.

To be effective, community consultation reporting must be more than just a list of who was consulted and when. Licence holders need to analyse and assess the methods and outcomes of consultation to:

- check that consultation mechanisms are appropriate and effective
- determine whether any changes need to be made to the consultation approach or the exploration activities because of the outcomes of the consultation activities

- identify any emerging issues so that actions can be implemented (where practicable) to address community concerns.

Reporting back to the community in which exploration operations were conducted was part of the process of ensuring transparency. It allowed access to the public to information on community consultation, including the community consultation processes and outcomes.

Being publicly available, the report cannot focus on the who, what and where of previous reports. Licence holders need to use an analysis of the outcomes of community consultation activities to demonstrate to the community that they have heard any concerns raised, understood the issues and are acting (where possible) to address any concerns or enquiries raised.

Suggestions for improvement for community consultation reporting were raised for 14 licence holders. It was recommended licence holders consider undertaking an analysis of all community consultation outcomes and complaints to identify any common issues or emerging trends, and document this in the annual reports.

3.3. Rehabilitation

Condition 6 of an exploration licence required the licence holder to carry out rehabilitation of all disturbance caused by activities carried out under the licence in accordance with the requirements of the rehabilitation code. All the exploration licence holders audited during the 2024 program had progressed rehabilitation of their exploration activities.

3.3.1. Rehabilitation objectives and completion criteria

In an improvement from the 2021-2022 and 2023 audit programs, there were no non-compliances or observations of concern related to ROCCs in 2024. All licence holders audited in the exploration compliance program submitted ROCCs as required. This may be related to a change in the portal for lodgement of applications for assessable prospecting operations, which prompts for the ROCCs to be inputted.

3.3.2. Rehabilitation as soon as reasonably practicable

Mandatory requirement 4 of the rehabilitation code required rehabilitation to be commenced as soon as reasonably practicable following the completion of activities on that site. There was one non-compliance for failing to undertake rehabilitation as soon as reasonably practicable. In that case, drilling was completed in 2022, but rehabilitation was not progressed until the second half of 2024. An official caution was issued to the licence holder for the non-compliance.

Most licence holders were progressing rehabilitation at the completion of drilling programs. As an example, an explorer undertook aircore drilling programs in December 2022 and May 2023. Records showed rehabilitation commenced at the conclusion of the drilling programs and was signed off as satisfactory by the Regulator in January 2024. Inspection by the audit team confirmed final land use was achieved. The paddocks were cropped with wheat and there was no discernible difference across the crop as a result of the drilling activities.

3.3.3. Monitoring rehabilitation progress

Monitoring rehabilitation progress against the ROCCs continued to be an issue in 2024.

Mandatory requirement 3 of the rehabilitation code required the licence holder to develop, implement and complete a rehabilitation program (which includes a monitoring program) to rehabilitate disturbed areas to a condition that could support the intended final land use. The ROCCs were required to be developed based on the intended final land use, so the rehabilitation monitoring program should be framed around tracking progress towards achieving the completion criteria.

It was noted very few licence holders had systematic monitoring programs in place for monitoring and recording the progress of rehabilitation over time. This has not changed since the 2021-2022 audit program.

For most of the exploration licences audited, licence holders were generally using photographic records to monitor rehabilitation progress. A photograph alone may not always be sufficient to monitor the progress of rehabilitation. Where corrective actions were required if rehabilitation progress was not on track to meet the completion criteria, there was a need to have a documented process to record, action, track and close out those corrective actions.

It was recommended that licence holders consider the development of a more robust rehabilitation monitoring program that documents rehabilitation inspections and tracks corrective actions where required. The rehabilitation monitoring program should also provide a tool for assessing rehabilitation progress against the ROCCs for the site. This would assist licence holders to identify sites that were ready for rehabilitation sign-off.

3.3.4. Achieving final land use

There were several licence holders who could demonstrate achievement of both the ROCCs and the final land use. A sign of successful rehabilitation is when a land holder can use their land for its intended purpose with no issues arising from the exploration activities.

Figure 1 shows an example of the area of a 30 hole air core program where the land holder was able to successfully use the land for cropping of wheat following exploration drilling and rehabilitation.

Figure 2 shows an example where a drill pad and access track were rehabilitated back to a native ecosystem in a forested area.

Figure 1: Successful rehabilitation of an air core drilling program achieving final land use – wheat crop



Figure 2: Rehabilitation of drill pad back to a native ecosystem



4. Audit findings – Mining sector

There were 5 desktop audits of mines completed against the standard conditions of mining leases in Part 2 of Schedule 8A of the Mining Regulation 2016.

There was one non-compliance identified. Previous non-compliances dealt with by the Regulator were also identified. Three of the mines audited comprised more than one mining lease. The lease holders for these mines requested the multiple leases be treated as a single lease for the purposes of Schedule 8A. In each case, this was approved by the Regulator under the provisions of clause 3 of Schedule 8A.

4.1. Risk assessment

Clause 7 of Schedule 8A required the lease holder to conduct a risk assessment to identify, assess and evaluate the risks that need to be addressed to achieve the rehabilitation objectives, completion criteria and final land use. The risk assessment was required to identify the measures to be implemented to eliminate, minimise or mitigate the risks.

All mines audited prepared rehabilitation risk assessments, typically using the guidance material in the Regulator's Guideline: Rehabilitation risk assessment. Controls were identified for each risk. Given the audit program was undertaken as a desktop assessment, implementation of the controls was not verified on site, but each mine presented evidence that systems and processes were in place to monitor the risk controls.

Examples of risks and controls included:

- unstable landform due to erosion:
 - slopes surveyed and laboratory analysis of soil types present on site to confirm susceptibility to erosion
 - surface water management control to minimize loose soil and dust.
 - design drainage to limit or control runoff.
- inadequate topsoil quantity available to be salvaged during operations for later use in rehabilitation:
 - materials balance
 - topsoil register and GIS database
 - life of mine topsoil assessment.
- capped tailings storage facility landform is geotechnically unstable or inadequately sealed:
 - detailed capping and landform design completed by suitably qualified engineer
 - construction is validated to the design by a suitably qualified person.

4.2. Rehabilitation management plan

Clause 10 of Schedule 8A required the lease holder of a large mine to prepare and implement a rehabilitation management plan to describe the management of all aspects of rehabilitation of the

mining area. Clause 9 of Schedule 8A stated documents required to be prepared must be in a form approved by the Secretary, and include any matter required to be included by the form. The approved form for rehabilitation management plans was documented in the Regulator publication Form and Way: Rehabilitation management plan for large mines. Rehabilitation management plans were not required to be submitted to the Regulator but must be made publicly available in accordance with the requirements of Clause 16 of Schedule 8A.

One of the 5 mines audited during the program was a small mine that did not require a rehabilitation management plan to be prepared. The other 4 mines were all large mines that required the preparation of a rehabilitation management plan. All 4 lease holders prepared a rehabilitation management plan for their mining operations. Three of the rehabilitation management plans were prepared in accordance with the requirements of the form and way document, meeting the requirements of clauses 9 and 10 of Schedule 8A.

For one mine, the rehabilitation management plan was not prepared in accordance with the form and way document. Deficiencies in the information required were identified during the audit and were raised as a non-compliance against the requirements of clause 9. The non-compliance was sustained by the Regulator and an official caution was issued for the breach.

4.3. Rehabilitation outcome documents

Clause 12 of Schedule 8A required a lease holder to prepare the following documents for the mining lease and give them to the Secretary for approval:

- A rehabilitation objectives statement that set out the rehabilitation objectives required to achieve the final land use.
- A rehabilitation completion criteria statement that set out criteria, the completion of which would demonstrate the achievement of the rehabilitation objectives.
- A final landform and rehabilitation plan for large mines showing a spatial depiction of the final land use.

The requirements for the rehabilitation outcome documents were specified in the following Regulator documents:

- Form and way: Rehabilitation objectives and rehabilitation completion criteria for small mines.
- Form and way: Rehabilitation objectives, rehabilitation completion criteria and final landform and rehabilitation plan for large mines.

Rehabilitation objectives statements were prepared, submitted, and approved for all 5 mines in accordance with the form and way documents. For one mine, a previous non-compliance was identified where the mine failed to prepare and submit the required documents by the due date. An official caution was issued by the Regulator for the non-compliance. The mine subsequently prepared and submitted the documents as required and was compliant at the time of the audit.

For one mine, it was identified rehabilitation and closure was planned within the forward work program. The lease holder for this mine prepared and submitted a rehabilitation completion criteria statement that was approved by the Regulator.

4.4. Forward program and annual rehabilitation report

Clause 13 of Schedule 8A required a lease holder to prepare a forward program for the mining lease that included a schedule of mining activities, and a summary of the spatial progression of rehabilitation through its various phases for the mining area for the next 3 years. An annual rehabilitation report was required to be prepared that included:

- a description of rehabilitation undertaken over the annual reporting period
- a report demonstrating the progress made through the phases of rehabilitation provided for in the forward program
- a report demonstrating progress made towards achieving the rehabilitation outcomes approved for the mine.

The requirements for the annual rehabilitation reports and forward program were specified in the following Regulator documents:

- Form and way: Annual rehabilitation report and forward program for small mines
- Form and way: Annual rehabilitation report and forward program for large mines.

Forward programs and annual rehabilitation reports were prepared and submitted for all 5 mines in accordance with the form and way documents. For one mine, a previous non-compliance was identified where the mine failed to prepare and submit the required documents by the due date. An official caution was issued by the Regulator for the non-compliance. The mine prepared and submitted the documents as required and was compliant at the time of the audit.

4.5. Nominated contact persons

Clause 19 of Schedule 8A required a lease holder to nominate a natural person to be the contact person with whom the Secretary can communicate in relation to the mining lease for the purposes of the *Mining Act 1992*.

The lease holders of all mines audited during the program nominated a contact person for their mining operation. Details in the Regulator's system were observed to be correct, and in some cases, changes to the contact person were notified to the Regulator as required by the requirements of clause 19.

5. Audit findings – Petroleum sector

Four audits of petroleum titles were undertaken as a joint audit program with the EPA, which was the lead regulator for petroleum in NSW. The audits included petroleum exploration and petroleum production.

The findings from the audit program found the sector was generally well managed. One non-compliance, 5 observations of concern and 7 suggestions for improvement were identified.

5.1. Petroleum exploration

The conditions of petroleum exploration licences are generally the same as those for mineral exploration, including the requirements to comply with the exploration codes of practice. The comments in section 3 of this annual review were relevant to the petroleum exploration sector and will not be discussed again here.

No non-compliances were identified in the petroleum exploration audits completed. The observations of concern related to:

- updating the community consultation strategy
- updating a rehabilitation cost estimate
- spill kits at a diesel storage facility.

Additional conditions were included on the petroleum exploration licences, specific to the nature of petroleum related activities. These additional conditions related to:

- compliance with the Code of Practice for Construction, Operation and Decommissioning of Petroleum Wells (petroleum code of practice)
- operations not to affect the mineability of coal seams
- requirements for notification of renewal to Local Aboriginal Land Council
- requirements for Aboriginal objects or places.

5.2. Petroleum production

Petroleum production operations ceased in NSW when the Camden gas project ceased production in August 2023. General conditions of petroleum production leases were included in the audit program, but the specific requirements for production operations were not assessed.

Condition 8 of petroleum production leases required the lease holder to provide reasonable notice of disturbing activities to potentially affected parties prior to the commencement of activities on site. Section 72 of the *Petroleum (Onshore) Act 1991* set out the prescribed distances within which the written consent of the owner of the property (or in the case of a dwelling, the written consent of its occupant) was required for any prospecting or mining operations. The prescribed distance for a dwelling-house that was the principal place of residence of the person occupying it was 200 metres.

A non-compliance against section 72 of the Act was identified for one petroleum production lease. Residential development encroached on some wells in the years following well construction to the point where decommissioning activities took place within the prescribed 200 metre distance. In compliance with condition 8 of the production leases, the company notified residents of the decommissioning activities. However, the written consent of any landowner or occupant within the prescribed distance was not obtained before the start of the decommissioning works. The Regulator determined to take no action because notification took place, and there was no offence provision associated with section 72.

5.3. Produced water management

Condition 3 of activity approvals for assessable prospecting operations required the licence holder to comply with the mandatory requirements of the Exploration code of practice: Produced water management, storage and transfer (produced water code of practice). Petroleum operations plans prepared for petroleum assessment and production operations referenced produced water management plans as a control for the management of produced water. A development consent condition for one of the gas projects audited required the proponent to design, install and maintain produced water infrastructure in accordance with the code of practice.

5.3.1. Produced water management plans

Mandatory requirement 1 of the produced water code of practice required the licence holder prepare and implement a produced water management plan (PWMP) before commencing petroleum exploration that required the management of produced water. Mandatory requirements 1.1 to 1.4 set out the information to be included in the PWMP.

Produced water management plans reviewed during the audits were found to be prepared in accordance with the mandatory requirements of the code of practice. Each plan reviewed included:

- a description of the activities associated with produced water
- how identified risks would be managed and mitigated, including the characterisation, consideration of beneficial reuse, and the fate of the produced water
- a site-specific water balance which was to be maintained during the activities.

Observations made on site and records reviewed during the audits confirmed produced water management plans were implemented.

5.3.2. Produced water storage

Mandatory requirements 2.1 to 2.4 of the produced water code of practice set out the requirements for the storage of produced water.

Evaporation ponds were not used for the management of produced water for any of the petroleum operations audited. Produced water was typically temporarily stored in tanks or lined ponds before being trucked to a central produced water management facility.

All storages included secondary containment and had the capability to detect leaks of produced water through the primary containment. Where ponds were used to store produced water, geomembrane liner systems were observed to be in use (Figure 3).

Figure 3: Lined produced water management pond at Tintsfeld



5.4. Well integrity management

Well integrity ensures that well fluids and gases are contained within the well infrastructure. Requirements for well integrity management were outlined in section 2.9 of the petroleum code of practice. Under the code, lease and licence holders were required to have a management system in place that described how well integrity was maintained for the life cycle of the well.

The lease and licence holders for the petroleum exploration and production sites audited developed and implemented well integrity management systems, generally in accordance with the requirements of the code of practice.

Regular wellhead maintenance programs were developed, including the implementation of leak detection and repair programs. Risk assessments were completed for all wells to classify each well into a concern level, with this concern level dictating the monitoring requirements and frequency of monitoring for each well. Wellhead integrity testing by specialist contractors was undertaken and documented in technical reports.

Up-to-date integrity records were maintained for each well, including work orders for routine servicing and maintenance, well integrity testing reports, and a register of wells with the concern level and status for each well.

For one site audited, the well integrity management system was updated in 2022, prior to the publishing of the revised code of practice in 2023. While the well integrity management procedure satisfied the requirements of the 2023 code of practice, it was recommended, as a suggestion for improvement, the well integrity management procedure to be updated to align with the 2023 code.

5.5. Plugging and decommissioning

Requirements for well decommissioning were outlined in section 2.12 of the petroleum code of practice. Records reviewed during the audits confirmed:

- casing vent flow tests were conducted
- wells were sealed and filled in a manner that prevented leaks of fluids

- cement was used as the primary sealing material with cement test lab reports available
- daily work reports were produced during workover operations to document the plugging and decommissioning process
- well decommissioning reports were prepared and submitted for each well plugged and decommissioned.

One suggestion for improvement was identified in relation to including updated cement lab test reports in the well decommissioning reports.

5.6. Rehabilitation

Condition 5 of petroleum assessment leases and production leases required the lease holder to rehabilitate disturbed lands to a sustainable/agreed end land use to the satisfaction of the Director-General. Condition 5 of petroleum exploration licences required the licence holder to carry out rehabilitation of all disturbance caused by activities carried out under the licence in accordance with the requirements of the rehabilitation code of practice.

The rehabilitation process typically included:

- removing plant, equipment and fenced compounds from well surface locations and gas gathering systems
- filling in excavated areas and trenches
- sealing, plugging and decommissioning of wells
- lightly ripping disturbed areas
- rehabilitation, contouring, resspreading stored topsoil, and revegetating disturbed areas.

For all projects, rehabilitation objectives and completion criteria were determined and documented. Rehabilitation monitoring programs were established, including quarterly walk-over inspections or annual rehabilitation monitoring by an ecological consultant. Typically, monitoring results were reviewed against a trigger action response plan which outlined actions to be taken if monitoring results showed a deviation from the rehabilitation objectives and completion criteria.

Examples of rehabilitated well sites were inspected during the audits, at varying stages of the rehabilitation process. Figure 4 and Figure 5 show rehabilitation progress at sites where the final land use was a native ecosystem. No issues of concern were identified at the sites inspected.

Figure 4: Rehabilitation progress at Elizabeth Macarthur 5



Figure 5: Rehabilitation progress at Bohena 6



Rehabilitation and relinquishment reports were prepared and submitted when monitoring showed the rehabilitation objectives and completion criteria were achieved.

6. Compliance management

The audits of exploration licences and mining leases generally found that higher levels of compliance were achieved if licence or lease holders identified and were actively managing their compliance obligations within some form of compliance management system. This may have taken the form of a simple Excel spreadsheet or database with hyperlinks to documents and records, or a sophisticated software package that can track and escalate compliance issues.

It was recommended all licence and lease holders consider the development of compliance management tools to assist them to be able to actively manage their compliance obligations. For example, as a starting point, the Regulator developed self-audit checklists for miners and explorers which are available on the Regulator's website for lease and licence holders to use to assess their own level of compliance.

(www.resources.nsw.gov.au/resources-regulator/exploration/auditing)

6.1. Identifying compliance obligations

When undertaking exploration, extraction or production of minerals, licence and lease holders were required to operate in accordance with certain standards and obligations. Identifying compliance obligations is a critical step in the development of an effective compliance management system. Compliance obligations can include:

- regulatory requirements (for example, the *Mining Act 1992* or *Mining Regulation 2016*)
- conditions imposed on the grant, renewal, or transfer of mining leases and exploration licences
- exploration activity approvals
- exploration codes of practice
- specific commitments made by the organisation (for example, commitments made in approved exploration activity applications, or commitments made in a rehabilitation management plan prepared under the Schedule 8A requirements).

Once identified, compliance obligations must be reviewed periodically to identify any changes in those obligations (for example, changes in legislation).

Generally, most lease and licence holders could demonstrate a good understanding of their compliance requirements related to the conditions of title. Compliance obligations under the *Mining Act* and *Mining Regulation* were less understood. Lease and licence holders need to be aware of the requirements of the *Mining Act* and *Mining Regulation* that affect their operations. There are statutory conditions on leases or licences that are not replicated in the conditions of title - for example, the requirement for annual reporting under section 163C of the Act, or the requirement to seek approval to suspend mining operations under clause 7A of Schedule 1B of the Act.

In exploration, most of the non-compliances, observations of concern, and suggestions for improvement were related to the mandatory requirements of the exploration codes of practice. This indicated there was a need for lease and licence holders to identify and familiarise themselves with all their compliance obligations. Once compliance obligations were identified, it was recommended

lease and licence holders develop, implement and document the actions required to achieve and verify compliance with those obligations.

6.2. Compliance risk assessment

Achieving and maintaining compliance should not be left to good luck – it should be based on good management. Lease and licence holders who identified and were actively managing their compliance obligations generally had a much reduced incidence of non-compliance.

All compliance obligations carry some degree of risk associated with non-compliance. These risks can include financial penalties for non-compliance (fines, etc), loss of company reputation, and in some cases, continued non-compliance could affect the continuation of exploration opportunities (suspension or cancellation of the exploration title).

An example of a compliance risk is the failure to provide annual reports under section 163C of the Mining Act. Section 163C identified the maximum penalty for a person who fails, without reasonable excuse, to prepare or lodge a report required as:

- in the case of a corporation – 10,000 penalty units, and, in the case of a continuing offence, a further penalty of 1,000 penalty units for each day that the offence continues
- in the case of a natural person – 2,000 penalty units, and, in the case of a continuing offence, a further penalty of 200 penalty units for each day that the offence continues.

A penalty unit is \$110.00, so 10,000 penalty units means the maximum penalty that a court could impose is \$1.1 million for a corporation, plus a further \$110,000 for each day the reports remain outstanding. This represents a significant financial penalty and is a good incentive to make sure systems are in place to track reporting dates and prepare annual reports before the due dates.

Although not a compliance requirement, undertaking a risk assessment of the compliance obligations is good practice. A compliance risk assessment will assist lease and licence holders to identify the controls required to manage their compliance obligations and avoid the penalties associated with non-compliance.

6.3. Contractor management

Contractors are often used to undertake specialist tasks, for example, exploration drilling. The responsibility for compliance or the implementation of environmental controls is often passed to the contractor, but the licence holder will retain accountability for compliance with its lease or licence conditions and other compliance obligations. It is important that the lease or licence holder exercises management control of its contractors; for example, by specifying contract requirements, providing oversight of contracted works, and evaluating the performance of the contractor during the contracted works.

There were examples in audits undertaken during the 2024 program where a contractor did something that adversely affected the licence holder's ability to meet their compliance obligations. An exploration drilling program in central-west NSW was using inground sumps to manage water associated with the drilling program. It was reported a contractor removed a section of an inground sump's bund wall that allowed small volume of sump water to flow onto the surrounding land.

No material harm was caused by the incident and corrective actions to reinstate the bund wall and put-up sediment fencing below the breach were immediately implemented by the licence holder. Although the company had some controls in place for contractor management and water management, the incident occurred due to a failure of the controls.

This highlighted the need for lease and licence holders to maintain oversight of contracted works.

6.4. Inspections, monitoring and evaluation

An effective inspection, monitoring and evaluation process is required to:

- monitor the implementation of the risk controls
- evaluate the effectiveness of those controls based on an assessment of inspection and monitoring data
- implement an adaptive management approach if monitoring shows that controls may be ineffective.

Most lease and licence holders had established some basic inspection and monitoring processes, but further development would be beneficial to establish robust and comprehensive inspection and monitoring programs.

As noted in previous annual reviews, the key thing missing from most inspection and monitoring processes was a collation and analysis of results over time to evaluate the effectiveness of risk controls, rehabilitation methodologies etc. It is important for lease and licence holders to be evaluating their performance and adapting their management strategies if evaluation shows current management is not as effective as it could be.

6.5. Record keeping

Sections 163D and 163E of the *Mining Act 1992* related to the creation and maintenance of records required under the Act, the regulations, or a condition of title. Clause 17 of Schedule 8A of the Mining Regulation 2016 required the holder of a mining lease to create and maintain records of all actions taken that demonstrate compliance with the requirements of Schedule 8A conditions. Records must be kept in a legible form for production to any inspector and must be maintained for a period of 4 years after the expiry or cancellation of the title.

Specific requirements for the types of records to be maintained for exploration activities were detailed in the mandatory requirements of the exploration codes of practice as follows:

- mandatory requirement 6 of the rehabilitation code
- mandatory requirement 13.1 of the environmental management code
- mandatory requirement 5 of the community consultation code.

Lease and licence holders need to make themselves aware of the records required to be created and maintained during their operations. Any records created must be readily retrievable upon request from an inspector, so it is important that documents are well organised and maintained.

All lease and licence holders were creating and maintaining records in some form. There were no non-compliances or observations of concern identified in relation to record keeping, including the

requirement to keep mandatory records under the exploration codes of practice. Suggestions for improvement were made for 4 licence holders in relation to management of records.

In the exploration sector, the suggestions for improvement related to linking records related to drilling. Being able to link the approval for assessable prospecting operations, to the drilling records, and then to the records for rehabilitation and sign-off would provide a complete lifecycle record of each hole drilled. This would allow easy identification of holes approved but not drilled, holes drilled but yet to be rehabilitated, and holes that achieved rehabilitation sign-off from the Regulator.

7. Summary and recommendations

The 2024 compliance audit program completed 42 audits across the mining and exploration sectors. Where non-compliances were identified, enforcement action was undertaken that resulted in 6 official cautions and one penalty infringement notice being issued to lease or licence holders.

The audits identified several key issues of concern. Of most concern was about 75% of the non-compliances and observations of concern in the exploration sector were related to the mandatory requirements of the exploration codes of practice. This was an improvement from the 90% of all non-compliances and observations of concerns identified in the 2021-2022 program and the 85% in the 2023 program, but highlights that further improvement is required.

There was a need for all lease and licence holders to identify and understand their compliance obligations and be actively managing those obligations to prevent non-compliances occurring. Where lease and licence holders identified and were actively managing their compliance obligations, the audits generally reported much lower levels of non-compliance or observations of concern.

Key recommendations for lease and licence holders to consider arising from the 2024 compliance audit program were similar to those identified for earlier programs. These included:

- General recommendations
 - Lease and licence holders should review their compliance obligations and develop some form of compliance management tool to assist in managing those obligations.
 - Where contractors are used in operations, lease and licence holders need to be managing those contractors to ensure contract operations do not compromise the ability of the lease or licence holder to meet their compliance obligations.
 - Risk assessments should not be static documents. All risk assessments should be reviewed regularly to monitor for changes to the risk profile. Similarly, all risk controls should be monitored to confirm implementation, and the effectiveness of the control in mitigating the identified risk.
- Exploration
 - Environmental risk assessments must be completed to identify and manage any environmental impacts arising from exploration operations. Failure to adequately identify and manage environmental risk can result in the potential for environmental harm.
 - Rehabilitation risk assessments must be completed to evaluate the range of potential threats and opportunities associated with rehabilitating disturbed areas to a condition that could support the intended final land use. Linking the rehabilitation risk assessment to the ROCCs will allow better identification and management of the risks that may prevent or delay successfully achieving the objectives and completion criteria, and subsequently, the final land use. This provides a more robust framework for managing rehabilitation risks.

- Community consultation risk assessments must be completed to identify and consider the range of opportunities and potential threats associated with community consultation and engagement. It is good practice to align the risk assessment with the objectives for consultation to focus on what risks and/or opportunities need to be managed in order for effective and inclusive consultation to take place to achieve the objectives for consultation.
- Consultation strategies need to be developed to address the mandatory requirements of the exploration codes of practice and reflect the threats and opportunities identified in the risk assessment.
- Licence holders should consider the development of a more robust rehabilitation monitoring program that documents rehabilitation inspections, actions and tracks corrective actions where required, and provides a tool for assessing rehabilitation progress against the rehabilitation objectives and completion criteria for the site.
- Mining
 - Mining lease holders must familiarise themselves with the requirements for the documents required to be prepared and/or submitted. All documents are required to be prepared in accordance with the form and way.
 - Lease holders should develop processes to track reporting dates and prepare documents required before the due dates.