

## Mineral and Energy Resources and Other Legislation Amendment Bill 2024

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Ms Kim Richards MP  
Chair, Clean Economy Jobs, Resources and Transport Committee  
Parliament House  
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Dear Chair

## **Mineral and Energy Resources and Other Legislation Amendment Bill 2024 (Qld)**

### **Introduction**

Thank you for the opportunity to provide a submission to the Clean Economy Jobs, Resources and Transport Committee on the Mineral and Energy Resources and Other Legislation Amendment Bill 2024 (Qld) (MEROLA Bill).

This submission is made on behalf of the executive leadership of Metro Mining Limited (Metro), a junior Australian mining and exploration company based in Queensland, Australia. Metro is the operator of the Bauxite Hills Mine, situated 95 km North of Weipa in Cape York. It is a single operating mine with two environmental authorities (EAs) covering the Bauxite Hills and Skardon River tenements. Aluminium is refined bauxite and is one of the most critical minerals to ensuring a sustainable future through its contributions to materials for modern life, and a key element in the energy transition to net zero.

Metro's submission to the Committee is focussed on the proposed amendments to the *Mineral and Energy Resources (Financial Provisioning) Act 2018* (Qld) (MERFP Act) in the MEROLA Bill.

Metro is largely supportive of the proposed amendments to the MERFP Act, particularly, the proposed introduction of a new "moderate/high" risk category for EA holders participating in the financial provisioning risk assessment process.

Metro is; however, very concerned about the 9,900% increase to the prescribed estimated rehabilitation cost (ERC) from \$100,000 to \$10,000,000, given this threshold determines when EA holders will participate in the financial provisioning regime's risk assessment process rather than provide a surety for the EA's full ERC amount.

### **Impacts of a \$10,000,000 threshold**

While Metro appreciates the Queensland Government is seeking to reduce compliance and administrative burden via increasing the prescribed ERC amount and commends the efforts to introduce a new risk profile and other steps to streamline processes, Metro has serious concerns about the detrimental financial impacts the proposed reforms will have on the viability of junior miners' operations.

The increase from \$100,000 to \$10,000,000 as the threshold for entry into the risk assessment process is overly burdensome for junior miners. Metro considers that potentially having to provide a substantially larger surety (up to \$10,000,000) would present great financial difficulty for junior miners who generally do not turn a profit in the earlier years of operation and have far smaller liability thresholds.

The rationale for the \$100,000 threshold in the original 2018 Bill was that:



*“This threshold [of \$100,000] is considered reasonable as the benefits accruing from the risk allocation process need to be balanced against the costs to both business and government in undertaking the risk category allocation process.”<sup>1</sup>*

Metro considers it is counter-intuitive for the MERFP Act to be amended in this manner as it will most significantly impact on the viability of companies that are critical players in Australia’s - and Queensland’s - energy transition and the path to net zero. Metro commends the Queensland Government’s commitment to improving the environmental regime; however, in doing so it must ensure legislation facilitates and supports the varying degrees of resource operations. Specifically, bauxite operations will be critical to achieving net zero as:

- the transition to green energy sources will require 50% more aluminium than the electricity sector consumes today<sup>2</sup>
- solar PV generation is expected to double over the next 4 years, and aluminium makes up 85% of the material used in solar panels<sup>3</sup>
- wind turbines will require 35 million tons of aluminium per year by 2050 (4% of the materials used)<sup>4</sup>
- the electric car industry will likely increase global aluminium consumption by 60%<sup>5</sup>.

Clearly, critical mineral operations are essential to the energy transition, and a large proportion of these operations are being established by junior miners with lower financial liability thresholds.

Metro supports the reform of the financial provisioning regime; however, strongly urges that the proposed increase to the prescribed ERC amount be lowered well below \$10,000,000 so as to not adversely affect smaller resource operations.

The status quo has not impacted on the Scheme’s performance. The Scheme Manager’s most recent annual report stated: *“During the year to 30 June 2023, the Fund has increased by \$55 million to over \$183.6 million, which is in line with the original modelled expectations for the Fund.”<sup>6</sup>*

Nor can it be demonstrated that the status quo has resulted an unmanageable compliance and administrative burden. It has, as the 2018 Bill, provide a balance to the costs of business and government.

#### **Rehabilitation cost for risk assessments from the current level of \$100,000 to \$10 million**

While Metro acknowledges the increase of the prescribed ERC amount to \$10,000,000 was considered in the Post Transition Review, the case for the change was not made. Yet, if the change was made, the February 2023 Post Transition Review Summary Report noted:

*“A new transitional arrangement will also be required where an EA Holder is required to provide surety due to their ERC being less than \$10 million and they are no longer eligible to be assessed. EA Holders will have the option to provide 50% surety in the first year, with the other 50% to be covered by contributing to the Scheme Fund at the*

<sup>1</sup> *Mineral and Energy Resources (Financial Provisioning) Bill 2018* Explanatory Notes, page 3

<sup>2</sup> <https://international-aluminium.org/report-reveals-global-aluminium-demand-to-reach-new-highs-after-covid/>. See also M Ferraro (2023), [Australian Aluminium Council](#).

<sup>3</sup> World Bank (2020), [Minerals for Climate Action: The Mineral Intensity of Clean Energy Transition](#).

<sup>4</sup> Ibid.

<sup>5</sup> Cru International Ltd (2021), [Opportunities for aluminium in a post-Covid economy](#).

<sup>6</sup> Queensland Treasury, “Financial Provisioning Scheme Annual Report 2022-2023”, page 4



*Moderate/High contribution rate. The surety requirement would then increase to the full 100% in the second year, allowing a two-year transition period from contribution to surety.”<sup>7</sup>*

The Bill does not provide for any transition.

#### **Other comments**

Additionally, Metro notes that ERCs are currently tied to individual EAs and the *Environmental Protection Act 1994* (Qld) allows EAs to be amalgamated where they relate to a single integrated operation, such that they then only require one ERC.

While not the subject of reform under the MEROLA Bill, Metro considers that there is further opportunity to improve the financial provisioning regime through changing the approach to the consideration of integrated operations which have multiple EAs (sometimes with different holders) that have not been amalgamated.

Currently, such EAs would each be subject to their own ERC decision and may each trigger a surety of up to \$10,000,000 if the individual ERCs for each EA are below the prescribed ERC amount, notwithstanding the cumulative ERC for the integrated operation across multiple EAs may be above the prescribed ERC amount.

Metro considers that this discriminates against some operations (including Metro’s Bauxite Hills Mine) by excluding those operations from the financial provisioning regime’s risk assessment process and inadvertently establishes manufactured risk profiles.

Metro asks for consideration to be given to amending the legislation, either via the MEROLA Bill or in the future, to remedy these concerns and support junior mining operations when it comes to financial provisioning.


#### **Recommendations**

In summary, Metro recommends that the Committee:

- oppose the amendments for a 9,900% increase the prescribed estimated rehabilitation cost (ERC) from \$100,000 to \$10,000,000 due to its impact on small and junior mining operations;
- recommend any future amendment to the prescribed ERC be accompanied with at least a two-year transition period; and
- recommend the amendments to the Bill to allow for EAs, for the purpose of determining the ERC, to be amalgamated where they relate to a single integrated operation.

I would welcome the opportunity to provide more information on Metro’s submission to the Committee. Please feel free to contact me on [REDACTED], or by email [REDACTED].

Your sincerely



Mark Imber

Manager Environment and Communities

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<sup>7</sup> Queensland Treasury, “Acting Scheme Manager Recommendations from the Post Transition Review of the Financial Provisioning Scheme: Summary Report”, 17 February 2023, page 6