



Queensland Treasury

Our Ref: 01290-2018

Mr Linus Power MP
Chair
Economics and Governance Committee
Parliament House
George Street
BRISBANE QLD 4000

Dear Mr Power

I refer to the email received from the Committee on 14 March 2018 providing a copy of the transcript of the public briefing of the Committee's inquiry into the Mineral and Energy Resources (Financial Provisioning) Bill 2018 (the Bill) which was attended by representatives of Queensland Treasury and the Department of Environment and Science.

On 19 March 2018 the department responded to the Committee's request to review the transcript and provided the Committee with details of a few transcription corrections to assist in ensuring the accuracy of the transcript.

With the benefit of reviewing the transcript, the department wishes to take this opportunity to provide additional information by way of clarification on two matters raised in the briefing.

Source of data on rehabilitation costs and financial assurance (referenced at page 4, paragraphs 6 and 13 and page 8, paragraph 5 of the transcript)

At the briefing, the following figures were discussed about the rehabilitation costs for the State and what the State holds as financial assurance:

In Queensland there is an estimated rehabilitation cost of approximately \$8.7 billion. The State holds approximately \$6.9 billion in financial assurance (in the form of bank guarantees and cash) and for which about \$45 million is held in cash.

For clarity, the source of these figures is the Financial Assurance Framework Reform Discussion Paper and the associated QTC Review of Queensland's Financial Assurance Framework which is based on 2016 data. For consistency, the figures presented in the briefing used the same source data. Both of these documents have been listed in the reference material section of the Queensland Treasury Briefing Paper provided to the Committee on 1 March 2018.

Financial Provisioning Scheme – reference to contribution as a levy (referenced at page 3, paragraphs 1, 3 and 8; page 4, paragraph 10; page 6, paragraph 6 and 12; page 7, paragraph 1 and 14 of the transcript)

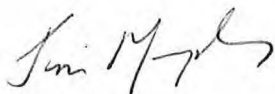
In the course of the briefing, a general reference was made to a levy on mines being part of the new financial provisioning scheme. The department does not want the new forms of financial assurance proposed under the Bill to be inadvertently misrepresented.

Under the new scheme, financial assurance may be provided by payment of a contribution to the scheme fund or the giving of a surety to the scheme manager. Contributions to the scheme fund will vary depending on the risk category to which an environmental authority is allocated, based on the scheme manager's assessment of the financial risk to the State of the holder of the authority failing to comply with its legal rehabilitation and environmental management obligations. The amount of contribution will be calculated by reference to the estimated rehabilitation cost for the authority. The contribution is not in the nature of a levy, rather it is a regulatory fee as there is a clear link between payment of the contribution and the right for a resource activity to operate under the *Environmental Protection Act 1994* (refer to clause 173 (section 297) of the Bill).

The department trusts this additional information will further assist the Committee in its inquiry into the Bill.

If you require further information, please contact [REDACTED], Special Counsel, Financial Assurance Reform Project Management Office, Queensland Treasury, on [REDACTED] or email: [REDACTED].

Yours sincerely



Jim Murphy
Under Treasurer

22/3/18