



Brisbane

Level 36 32 Turbot St
Brisbane QLD 4000PO Box 12052
George St QLD 4003p: +61 7 3231 0500
e: brisbane@appea.com.au
w: www.appea.com.au

9 March 2018

Committee Secretary
Economics and Governance Committee
Parliament House
George Street
Brisbane Qld 4000Email: egc@parliament.qld.gov.au**RE: Mineral and Energy Resources (Financial Provisioning) Bill 2018**

APPEA is pleased to provide feedback on the *Mineral and Energy Resources (Financial Provisioning) Bill 2018*.

APPEA is the peak body representing Australia's oil and gas exploration and production industry. Our members account for the vast majority of Australia's oil and gas production and exploration.

The oil and gas industry is an integral part of the Australian economy, including through:

- the supply of reliable and competitively priced energy;
- the investment of hundreds of billions of dollars of capital;
- the payment of taxes and resource charges to governments;
- the direct employment of tens of thousands of Australians; and
- the generation of significant amounts of export earnings.

Data prepared by Lawrence Consulting for the Queensland Resources Council and APPEA indicates that in 2015/16, in Queensland alone, the gas industry directly and indirectly supported close to 40,000 jobs with another 25,000 roles being supported via consumption activities. During this same period, the industry provided over \$12 billion in total value-added activities in the state through direct, indirect and consumption-based activities.

Whilst APPEA understands the Government's logic for establishing a socialised financial assurance scheme, our overriding concern is that the proposed reforms will result in significant cost increases for Queensland petroleum projects at a time when there is a pressing need to increase supply of competitively priced gas for industry and households.

Queensland's gas industry in fact has a strong record of undertaking progressive rehabilitation, with rehabilitation rates in the industry approaching 100 per cent. In many cases this rehabilitated land has already been resumed for farming or other land uses. There are also no legacy or abandoned petroleum projects amongst the 15,000 projects in Queensland's Abandoned Mine Lands Program. Government's rehabilitation exposure



for petroleum activities, and need to rely on financial assurance to ensure rehabilitation occurs, is therefore very low.

Notwithstanding this performance record, based on discussion papers released by government analysis undertaken by APPEA and our members suggest that costs associated with financial assurance may increase several times over under the proposed fund. We have, however, not been able to assess the actual impact on costs as government is yet to release critical details of the fund including the contribution rates and detailed risk assessment process.

We acknowledge the work within government on these complex issues however, given the fund's proposed commencement date of 1 July 2018 we submit there is now insufficient time to properly consult with industry as these matters are finalised. It would therefore be appropriate to delay commencement of the fund to ensure this occurs.

We make the following additional comments on the Bill for the Committee's consideration.

Interaction with Chain of Responsibility legislation

The *Chain of Responsibility Act 2016 (CORA)* was passed by government with the stated purpose of ensuring that 'companies and their related parties bear the cost of managing and rehabilitating sites'¹, however it remains unclear how CORA will interact with the new fund.

In particular, it is unclear whether the proposed rehabilitation fund will be relied on in place of CORA in the event of default, whether potentially liable parties under CORA will be pursued in preference to expenditure from the fund, or whether the fund's parameters will be set with reference to the benefit to government of CORA.

Given the exceptionally broad reach of the CORA framework, the existence of which notionally obviates the need for any financial assurance system, a clear approach on this issue should be set out by government prior to the fund commencing.

Oil and gas representation on the Advisory Committee

s83 of the Bill establishes an Advisory Committee to give advice to a requesting entity or the scheme manager. The Bill specifies that the Committee must include a person representing environmental interests and a person representing the mineral and energy resources sector.

¹ *Government moves to enforce 'chain of responsibility' system for costly environmental clean-ups*, media statement by the Honourable Steven Miles, Minister for Environment and Heritage Protection and Minister for National Parks and the Great Barrier Reef 15 March 2016



We submit that the mining and petroleum sectors are fundamentally different industries. With over \$70 billion invested in Queensland petroleum projects there is a clear rationale for separate petroleum industry representation on the Committee and we request that the Bill be amended to provide for this.

We would be pleased to appear before the Committee to discuss this submission further.

Regards,

A handwritten signature in blue ink that reads "Matt. Paull".

Matthew Paull

Policy Director – Queensland