




Speech By
Hon. Curtis Pitt

MEMBER FOR MULGRAVE

Record of Proceedings, 25 October 2017

MINERAL AND ENERGY RESOURCES (FINANCIAL PROVISIONING) BILL

Message from Acting Governor

 **Hon. CW PITT** (Mulgrave—ALP) (Treasurer and Minister for Trade and Investment) (4.03 pm): I present a message from His Excellency the Acting Governor.

Mr SPEAKER: The message from His Excellency recommends the Mineral and Energy Resources (Financial Provisioning) Bill. The contents of the message will be incorporated in the *Record of Proceedings*. I table the message for the information of members.

MESSAGE

MINERAL AND ENERGY RESOURCES (FINANCIAL PROVISIONING) BILL 2017

Constitution of Queensland 2001, section 68

I, HUGH BARRON FRASER, Acting Governor, recommend to the Legislative Assembly a Bill intitled—

A Bill for an Act to establish a financial provisioning scheme to deal with the environmental impacts of resource activities, and to amend this Act, the Environmental Protection Act 1994, the Mineral and Energy Resources (Common Provisions) Act 2014, the Mineral Resources Act 1989 and the Right to Information Act 2009 for particular purposes


(sgd)

ACTING GOVERNOR

Date: 25 October 2017

Tabled paper: Message, dated 25 October 2017, from His Excellency the Acting Governor, recommending the Mineral and Energy Resources (Financial Provisioning) Bill 2017 [\[2107\]](#).

Introduction

 **Hon. CW PITT** (Mulgrave—ALP) (Treasurer and Minister for Trade and Investment) (4.04 pm): I present a bill for an act to establish a financial provisioning scheme to deal with the environmental impacts of resource activities, and to amend this act, the Environmental Protection Act 1994, the Mineral and Energy Resources (Common Provisions) Act 2014, the Mineral Resources Act 1989 and the Right to Information Act 2009 for particular purposes. I table the bill and the explanatory notes. I nominate the Agriculture and Environment Committee to consider the bill.

Tabled paper: Mineral and Energy Resources (Financial Provisioning) Bill 2017 [\[2108\]](#).

Tabled paper: Mineral and Energy Resources (Financial Provisioning) Bill 2017, explanatory notes [\[2109\]](#).

The mining and resources industry has a proud history in Queensland. It makes a significant contribution to the economy, creating employment, growing our regions and contributing much needed royalties to help fund essential government services such as health, education and policing. However, with economic development there can sometimes be a cost where companies fail to deliver their project as planned and this in turn can impact our environment.

Of course, the Palaszczuk government takes our environment and environmental management very seriously. Any cost to the environment is ultimately a cost to government and to the whole community—and this is what needs to be effectively managed. The vast majority of mining and resource industry operators do the right thing and contribute in a very positive way to local communities over the long term. Unfortunately, in a small number of cases mines or other resource projects close earlier than projected for a variety of reasons, leaving the state and Queensland taxpayers to pick up the tab for environmental management and site rehabilitation.

To ensure these outcomes are minimised and risk is managed, the Palaszczuk government is introducing a suite of financial assurance reforms to both increase protections for the environment and reduce the potential cost to government and the community when a resource company defaults on fulfilling its environmental obligations. The Palaszczuk government is committed to the continued health of Queensland's resource industries, and this bill strikes the right balance by improving the protections to government, the community and the environment from the risk of defaulting resource companies while also ensuring the continued development of our important resources sector. This bill is the key component of a package of reforms to improve the environmental management of the mining and petroleum and gas industries, particularly around the rehabilitation of sites used for resource extraction, as well as managing legacy mines sites.

The bill introduces two major reforms. The government requires financial assurance from resource companies, to use as a last resort, when a company does not meet its environmental obligations. The first reform in this bill establishes an improved scheme for managing this risk. The bill establishes a financial provisioning scheme, with its key feature being a pooled rehabilitation fund built from annual contributions by resource companies.

The new scheme is innovative as it presents a tailored approach to financial provisioning for the resources industry, the first of its kind in this country. Companies with resource projects which the scheme manager assesses to have a very low, low or moderate risk of defaulting and transferring the costs of rehabilitation onto the state will be required to make an annual contribution to a pooled fund. Thresholds apply to the pooled fund to ensure its financial integrity. Contributions will be calculated for each project by applying their assessed risk based rate to the total cost of rehabilitating their current level of disturbance. Higher risk projects must provide surety for the full cost of rehabilitating their site. The bill also expands the range of surety options to include prescribed insurance bonds as well as bank guarantees and cash.

The second reform in the bill is the introduction of a requirement for mining companies with site-specific environmental authority approvals to have an approved progressive rehabilitation and closure plan for their mine with enforceable milestones. The progressive rehabilitation and closure plans will drive innovation in the mining industry through improved mine design and engineering and encourage regional job opportunities in the developing mine rehabilitation industry.

The bill delivers amendments to the Environmental Protection Act 1994 which ensure land disturbed by mining activities is rehabilitated to a safe and stable landform that does not cause environmental harm and can sustain an approved post-mining land use. Progressive rehabilitation and closure plans must be included in site-specific environmental authority applications for mining leases. This will streamline the legislative requirements and deliver administrative efficiency.

In addition to ensuring rehabilitation standards are met and progressive rehabilitation is planned for, the system delivers on transparent community engagement processes and a robust audit and reporting mechanism to track rehabilitation performance. These two major reforms work hand in glove to ensure mining and resource projects progressively rehabilitate their sites during the life of the project while also providing an improved scheme to reduce the risk of the state incurring additional costs to rehabilitate sites left by companies which have defaulted on their environmental obligations. As part of the broader package of financial assurance reforms, the government will also introduce a range of interrelated measures, including expansion of the abandoned mines program and clear systems and processes for the residual risk regime.

More information will be provided on these measures in coming weeks and months. The policy underlying the reforms in this bill is based on an extensive review by the government of the existing financial assurance laws which have benefited from independent research and financial modelling undertaken by Queensland Treasury Corporation. The government has benefited by observing the lessons from approaches taken in other jurisdictions and developed a sophisticated, risk based approach, rather than applying a one-size-fits-all approach. Subject to the passage of this bill, the new financial provisioning scheme and rehabilitation requirements will commence mid-2018, with a three-year transition period for existing operations.

In a sign of the significance of this bill, the government has consulted widely on these proposals and received submissions from over 400 individuals and organisations on the related discussion papers. I would like to thank the community, industry reference groups, individual resource companies and environmental organisations for their constructive and useful feedback throughout this reform process. I would also like to acknowledge the hard work and dedication of a number of Queensland's public servants in the Department of Environment and Heritage Protection, the Department of Natural Resources and Mines and Queensland Treasury. I certainly want to thank my colleagues for their cooperation and goodwill, Minister Anthony Lynham and Minister Steven Miles, who have ensured these important reforms are robust and will serve Queensland well.

This bill would not be possible under a different kind of government. This is a government that consults with Queenslanders. It is a government that gets outcomes because we are collaborative and we listen to stakeholders. The Mineral and Energy Resources (Financial Provisioning) Bill 2017 reflects how positive engagement between the government and stakeholders from diverse backgrounds can produce legislative reforms which will have long-lasting benefits for Queenslanders. I commend the bill to the House.

First Reading

Hon. CW PITT (Mulgrave—ALP) (Treasurer and Minister for Trade and Investment) (4.10 pm): I move—

That the bill be now read a first time.

Question put—That the bill be now read a first time.

Motion agreed to.

Bill read a first time.

Referral to the Agriculture and Environment Committee

Mr DEPUTY SPEAKER (Mr Stewart): Order! In accordance with standing order 131, the bill is now referred to the Agriculture and Environment Committee.

Portfolio Committee, Reporting Date

Hon. CW PITT (Mulgrave—ALP) (Treasurer and Minister for Trade and Investment) (4.11 pm), by leave, without notice: I move—

That under the provisions of standing order 136 the Agriculture and Environment Committee report to the House on the Mineral and Energy Resources (Financial Provisioning) Bill 2017 by 8 December 2017.

Question put—That the motion be agreed to.

Motion agreed to.