Speech By

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MEMBER FOR GLASS HOUSE

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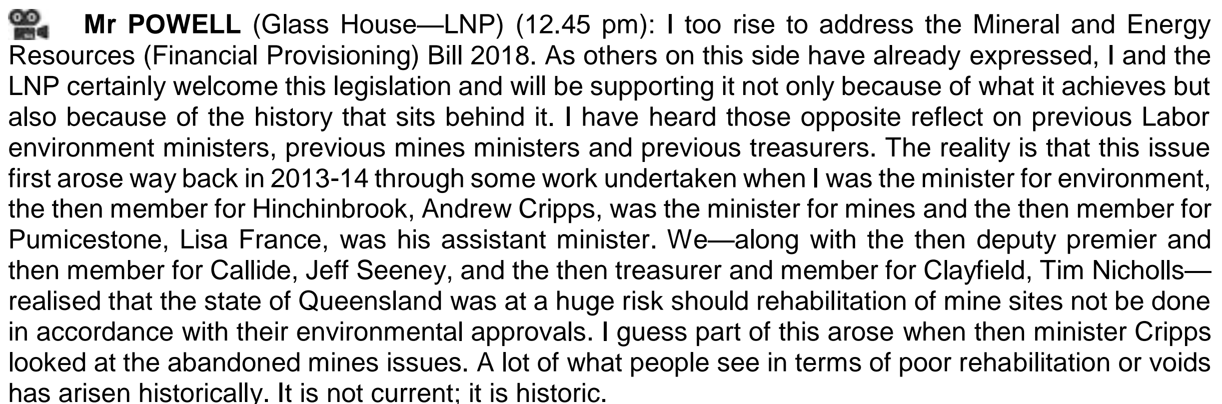
MINERAL AND ENERGY RESOURCES (FINANCIAL PROVISIONING) BILL



Mr POWELL (Glass House—LNP) (12.45 pm): I too rise to address the Mineral and Energy Resources (Financial Provisioning) Bill 2018. As others on this side have already expressed, I and the LNP certainly welcome this legislation and will be supporting it not only because of what it achieves but also because of the history that sits behind it. I have heard those opposite reflect on previous Labor environment ministers, previous mines ministers and previous treasurers. The reality is that this issue first arose way back in 2013-14 through some work undertaken when I was the minister for environment, the then member for Hinchinbrook, Andrew Cripps, was the minister for mines and the then member for Pumicestone, Lisa France, was his assistant minister. We—along with the then deputy premier and then member for Callide, Jeff Seeney, and the then treasurer and member for Clayfield, Tim Nicholls—realised that the state of Queensland was at a huge risk should rehabilitation of mine sites not be done in accordance with their environmental approvals. I guess part of this arose when then minister Cripps looked at the abandoned mines issues. A lot of what people see in terms of poor rehabilitation or voids has arisen historically. It is not current; it is historic.

Having said that, I do appreciate that a number of contemporary mining companies have not done the right thing by their EA. They have not undertaken the rehabilitation that they committed to do and therefore there had been cause to tap into the financial assurance held by the state. It was through some of those aspects that that list of former ministers and assistant ministers started putting our heads together as to what was required. One of the models we looked at was a pooled model used by Western Australian. During those discussions it was decided that Queensland Treasury Corporation needed to look at this in more detail and put some rigour around what the current situation was, what the risk to the state was and what the potential solutions were. That led to the review of Queensland's financial assurance framework undertaken by QTC which has then resulted in this bill that we have here today.

Like others, I think it is important that we understand that the current financial assurance system promotes individual responsibility. Basically it is the individual mining company or small miner or gem operator which is responsible for their rehabilitation and for the costs associated with it, but we were seeing, as I said, a number of poor rehabilitation efforts or none at all and the Queensland government was being left carrying the can for that.

What we are shifting to is a new scheme where the environmental authority holder is required to either make a contribution to the scheme fund or pay a surety in the form of a bank guarantee insurance bond issued by a prescribed insurer or cash depending on the estimated rehabilitation cost for that environmental authority and, if applicable, the risk category assigned to that authority. In some cases a small-scale mining tenure holder is required to give a surety.

The bill proposes that the scheme fund will operate on a pooled basis rather than under the current arrangements where assurance is provided for each individual environmental authority and may only be applied for rehabilitation activities relating to that environmental authority. Operating a pooled fund is intended to avoid the risk of funding shortfalls and requires holders to pay only an annual contribution.

One of the things we quickly had to grapple with is something that I notice has been picked up in some of the submissions and contributions from stakeholders and it has been reported in the committee's report. It was BHP which actually expressed that concern around a pooled scheme. They referred to the potential 'moral hazards' associated with a pooled scheme, saying that it—

… may make certain mine operators less motivated to pursue high-standard environmental and rehabilitation outcomes due to the assumption that the associated costs will be absorbed by the fund in certain circumstances.

The BHP submission went on to say—

Queensland's mine operators are essentially being asked to pay for rehabilitation twice: once for their own operations and again for the entities which draw upon the fund.

There is an element of truth to what BHP are saying. There are many operators, such as BHP, which do an exceptional job on their rehabilitation, but we still hold a financial provision for that should things go wrong. In those instances, it is very likely that BHP will pay but then pay again because other companies may not do the right thing and the state government will have to tap into that pooled scheme to achieve the outcome that Queenslanders rightly expect when it comes to environmental rehabilitation. There is truth in what BHP are saying, but I still believe that what we are voting on and considering today is the best outcome in terms of ensuring that the state is covered, that Queensland is covered and that our environmental outcomes are the right ones.

I want to conclude my contribution by again reflecting on the fact that these outcomes all commenced through some of the work of the former LNP government. I am very proud of the role I played as the then minister for environment. One of the key successes was starting to tackle some of these hairier and problematic issues. During my tenure, we were also able to transition many companies and operators which were operating on antiquated approvals to modern environmental authorities. That does allow governments to have greater scrutiny and to check more regularly on their operations. Where a company fails to achieve those expectations, the government can throw the book at them and take them to court. I will not mention specifics because a number of them are still underway in the courts, but there are a number of proceedings that are occurring because of action taken during my tenure as minister for environment. Certainly, we welcome the resource industry and we welcome all industries in Queensland but, like everyone else, we have high expectations about their environmental responsibilities. When they do not meet those responsibilities, the book should be thrown at them and it certainly was.

I am also very pleased that during that time we were able to tackle other hairy issues, such as mine water releases in the Fitzroy Basin. We were able to come up with a scientifically based solution in relation to the release of mine water—one that we were able to very effectively communicate to concerned residents in the Fitzroy Basin. With the more recent dry seasons, that is less of an issue, but should we have rainfall like we did in the years preceding the LNP government in 2010 and 2011, then the government can rest assured with the system that was put in place by the former LNP government when it comes to aspects such as mine water release in the Fitzroy Basin.

All Queenslanders have high expectations when it comes to environmental protection. It is not something that is held by only one side of politics. All sides of politics agree that Queenslanders should be able to look out on their landscape and continue to witness a pristine environment—one that is enjoyed not only by us domestically but by international tourists who visit as well. Again, I echo the words of my colleagues, particularly the shadow Treasurer and the shadow minister for mines, in saying that this legislation is welcomed. I am pleased to see the concerns of the LNP and other stakeholders are addressed through some of these amendments. I welcome the ongoing debate on this bill.