Speech By

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MINERAL AND ENERGY RESOURCES (FINANCIAL PROVISIONING) BILL

Mr O'CONNOR (Bonney—LNP) (12.19 pm): I rise to make a contribution to the debate on the Mineral and Energy Resources (Financial Provisioning) Bill 2018 as a member of the Economics and Governance Committee. I was nostalgic to revisit this piece of legislation as our committee looked through it initially way back in March, with our report delivered in April. The bill we looked into looked a bit different to this as we now have had over 60 amendments dropped on us just over an hour ago.

Honourable members interjected.

Mr DEPUTY SPEAKER (Mr Stewart): Order! Members.

Mr Power interjected.

Mr DEPUTY SPEAKER: Order! Member for Logan.

Mr O'CONNOR: Thank you for your protection, Mr Deputy Speaker. Mining is a huge contributor to the Queensland economy with the government taking $4.6 billion in royalties alone, in addition to tens of billions of dollars of other investment every year from the industry.

An important part of regulation around the mining industry is an environmental authority which requires operators to take steps to minimise the environmental burden of their activities and return the land to a useful state. In some situations these operations do not meet their obligations to repair the land they disturb. That risk falls back on the government as it is the one that has to pick up the slack and repair the land.

The reason for this legislation is to deliver better outcomes for our environment and to protect the financial interests of the state of Queensland. The problem this bill attempts to address is the several cases where operators were not able to meet their environmental repair obligations. Through our public hearings we heard the state currently holds around $6.9 billion in bank guarantees and, in some instances, cash. There is a significant shortfall in this amount. If the state had to suddenly repair every operating mine in Queensland, the cost estimate was around $8.9 billion.

The explanation for this discrepancy was the system of discounts in place and the underestimation of the financial assurance required. If the amount of assurance is less than the cost of rehabilitation, the state has to stump up and we found the rate of progressive rehabilitation falling behind the growth in disturbance, which has led to an increase in the financial risk to government.

The new scheme this bill proposes operates as a pool to try to avoid the risk of funding shortfalls and to make the EA holders only pay an annual contribution. The forms of surety will be expanded to add insurance bonds to the existing requirement of bank guarantees or cash. It is good to see the fund will not be part of consolidated revenue—concerns that the member for Mermaid Beach raised—making sure it will be used for what it is meant for. The bill sets out very specific circumstances in which the money can be used. These include restoring the environment, authorising rehabilitation of an abandoned mine, research that may help rehabilitation of land and action to prevent or minimise the potential environmental harm.

The scheme will require an advisory committee to be set up with at least five qualified persons, including one each from the mineral and energy resources sector and environmental interests. I think it is appropriate for the minister to have discretion over the appointments. I note there is no maximum number of committee members. There is no provision for members to be paid expenses or remuneration. I hope the minister takes on board the suggestion to have representatives from both the mining and petroleum sectors as they are vastly different industries with significant differences in environmental risks and rehabilitation.

We heard from the Queensland Resources Council that for about 15 years we have been fiddling around with the financial assurance system. They noted none of the stakeholders they represent oppose the principles of the legislation or the reasons for bringing it forward. They also told us how the removal of the plan of operations locks into particular numbers and processes.

At the hearing we heard of the potential for larger operators to end up paying for the smaller ones, with BHP putting forward concerns about the moral hazards that could come with the new scheme. They were worried some mining operators would not fulfil the highest standards of environmental management because the pooled nature of the fund could mean they assume it would absorb the costs. Treasury estimates the rates of contribution for the scheme will be roughly in line with the current costs paid for the industry, which is welcomed.

A central element of the reforms is to force operators to develop and implement a progressive rehabilitation and closure plan when they apply for a site-specific EA for a particular mining lease. The plan will have a rehabilitation and planning section and a proposed schedule for its rollout. It is all to improve the progressive rehabilitation of the land.

There were also some industry concerns about adhering to these rigid areas and time frames. The sector operates over very long time frames and often mining practices and technologies will improve, which means areas that were previously mined could potentially be mined again to extract more resource and to make the best use of the land.

The bill makes no changes to the information already publicly available. It maintains that the Right to Information Act does not apply to the scheme manager as a body or to documents related to the manager. Regarding this provision, just because this is similar to the information available under the existing system does not mean that more openness or transparency should be considered. I am glad to see among the many amendments put forward there is an amendment to change the exclusion provisions to exemption provisions on advice from the Office of the Information Commissioner. The initial proposal was a completely unnecessary level of secrecy.

I thank the Deputy Premier and Treasurer for taking on and expanding the drafting error amendments outlined in our committee's report. I do not thank the Deputy Premier and Treasurer for bypassing our committee by bringing such a large number of amendments to this bill barely an hour ago. We have had seven months since we handed down our report, which was plenty of time to consider these significant changes to the drafting of the legislation.

It certainly is strange timing that on Friday, for the first time, I received correspondence from the CFMEU outlining their concerns. It probably would not surprise members for me to say I am not normally on their mailing list. Just a few days later we have seen the government present amendments to address some of those issues. There were problems with retrospectivity however and although the initial draft was not intended to breach fundamental legislative principles, clarification is welcome.

In conclusion, this new framework is important but these amendments show great contempt for our committee, and that is disappointing. I am sure my fellow members share that disappointment—the member for Mermaid Beach, the member for Ninderry and the member for Logan, the chair of the committee. We are there to do a job and we had plenty of time to do it.