NQCC
North Queensland Conservation Council
... the voice for the environment in North Queensland

Financial Assurance Review
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15 June 2017

Dear Financial Assurance Review and Reform teams,

Submissions to Discussion Papers: *Financial assurance framework reform* and *Better Mine Rehabilitation for Queensland*

The North Queensland Conservation Council welcomes the opportunity to make a submission on financial reassurance and mine rehabilitation reform.

As a peak not-for-profit incorporated organisation in the state-wide environmental movement, we endeavour to protect the land, waters and atmosphere of the region and have worked continuously on a number of environmental issues of significance to North Queensland and beyond since 1974.

We recognise that a healthy and resilient natural environment underpins the long term sustainability of our social and economic health, however this is under threat. If we destroy our environment, we will lose our community and economy, yet we are teetering on the verge of massive environmental damage where recovery cannot be assured.

In light of this, the recently released *Financial assurance framework reform* and *Better Mine Rehabilitation for Queensland* Discussion papers by the Queensland Treasury Corporation and by the Department of Environment and Heritage Protection respectively, are of particular interest to our organisation.

Discussion Paper - Review of Queensland's Financial Assurance Framework

NQCC support the findings of the review, noting the ineffectiveness of the current financial assurance framework in protecting the government, taxpayers and communities against the financial and environmental liabilities left by financially insecure mining companies.

NQCC support the recommendations provided in the review that the Queensland Government:

- **Remove the discount rate applied to financial assurances**: As noted in the discussion paper, there is little evidence to suggest that the existing discount rate provides greater incentive for mining companies to contribute actively to the fund. The current financial assurance framework itself has consistently left Queensland without sufficient financial assurance to cover potential liability;

- **Remove the use of proponent calculators to calculate financial assurance, and replace with a consistent, verified government calculator**: This is a timely step to ensure objectivity, more consistency and accuracy in calculating financial assurance required of proponents;

- **Develop a range of policy reforms to address the uncertainties in the rehabilitation and financial assurance framework**. This includes the 'Better Mine Rehabilitation for Queensland' policy, more certain abandoned mines policy, and implementing residual risk into financial assurance calculations and other policy reforms. These policy reforms are essential to improve the rehabilitation and financial assurance framework as a whole.

Interest on pooled funds should be used to address liability of 15,000 abandoned mines

We support and encourage the use of interest on the pooled financial assurance funds to rehabilitate the 15,000 abandoned mines the Queensland Government has been left to manage due to poor industry operators. This legacy has existed for too long without sufficient resourcing and attention by previous governments and industry. NQCC strongly urge that this be the turning point, where sufficient resources are guaranteed to reduce environmental and community risks posed by the many abandoned mines around our state.

Pooled funds must provide sufficient funds to address abandoned mines, as the current rate is too low and needs review

NQCC support the risk-based, cash generating reform proposal. However, we do not support the low contribution rates for Significant Resource Entities and representative resource entities. This low contribution represents a gift for these companies which are in the best position to leverage financial assurance given their size and low risk status.

This gift comes at the cost of the government ensuring it reaps sufficient interest on the pooled funds to address the significant liability left by the 15,000 abandoned mines currently awaiting rehabilitation in Queensland, some posing significant environmental and community health risks. This rate must be reviewed

with a view to the government providing sufficient funds to rehabilitate the abandoned mines in Queensland left by this industry, while still ensuring the pooled funds can provide protection against defaulting operators.

Support annual, transparent, independent review of companies and financial assurance

The financial risk status of all companies, which determines the financial assurance model that will apply to the company and how much risk the government will bear, needs to be subject to regular, independent and transparent review. The time intervals in which these reviews will occur is not clear in the discussion paper. As per the current financial assurance model, company reviews occur every five years, which is too broad a time period to assess the risk status of mining companies. NQCC urge that the time period be shorter (i.e. annual reviews). Given the global commitments to reduce climate change emissions, and that coal is the largest mining industry in Queensland, the structural decline of this industry poses significant risk of financial instability. This risk must be managed appropriately, using up to date information, to ensure that it is accounted for in the financial assurance framework.

Discussion Paper - Better Mine Rehabilitation for Queensland

We support the following policy reforms proposed to improve rehabilitation requirements in Queensland:

- **the principle policy that *"all mined land should be rehabilitated so that it is able to sustain another use such as grazing, agriculture, ecosystem services or infrastructure."*** This should include clarification that final landforms with open pit voids, out of pit waste dumps and above ground tailings storage dams are not classified as rehabilitated land. We further support the inclusion in the definition of rehabilitated land that it be 'able to sustain a future post-mining land use' as this sets a higher expectation on mining operators of the usability of post-mining land. Internationally, this preposition is not a novel concept. Following the fall of the Berlin Wall in 1989 and the subsequent collapse of the Soviet Union and communist rule in Eastern Europe, Germany engaged in the restoration of 25 uranium mining sites, extending from East Germany, the Czech Republic, Slovakia, Poland, Romania and Bulgaria, to a sustainable and effective post-mining landscape in their 25-year, €8 billion program. This program not only assisted in cleaning the area, but also reinvented the mining company behind the original mining task, Wismut, providing jobs for tens of thousands of former mine workers.[1] To enable the vision that Queensland becomes a leader in international financial assurance and rehabilitation practices, the proposed Better Mine Rehabilitation framework must ensure that all mined land be sustainably rehabilitated and that appropriate responsibility is directed towards the mining companies in question.
- **that the rehabilitation policy reforms will apply to existing mines progressively**, **without exception;**
- **the move to clarify the Department's policy on care and maintenance:** To prevent mines entering undefined 'care and maintenance' periods without any review or requirement to account for their progressive rehabilitation of the site in this time. Please refer to the local case study on the Ben Lomond uranium mine later in this submission;
- **the mandating of life of mine plans as a separate part of the approval process**: Required at the same time as approval of the environmental authority. This will ensure the government, community and proponent have considered the end of life of the mine at the time of approval in more detail.

[1] Gregg Borschmann, '**After the mining, what's next? Overseas mine rehabilitation offers lessons for Australia', 4 May 2017**
<http://www.abc.net.au/news/2017-05-04/after-the-mining-whats-next-for-the-landscape/8489422>

It may also ensure that progressive rehabilitation is more likely to be enforceable than under the current plans of operations;

- **the condition that the community should be consulted in regards to the life of mine plan as part of the environmental authority application process**: NQCC believe the affected community should agree to the final land use and landform as a condition of the environmental authority approval; and
- **rehabilitation performance by proponents being made available to the public annually**: This should include both quantitative and qualitative assessments.

The rehabilitation of surface and groundwater resources must be referenced specifically in the rehabilitation policy

The rehabilitation of surface and groundwater resources is not currently provided for in rehabilitation requirements and poses a significant, long term risk and undervaluing of our water resources. Our water resources are precious and present significant health risks to all members of the community if not properly handled after mining activity has been undertaken. Indeed, in less developed countries such as South Africa, a century of gold and coal mining threaten the drinking water of Johannesburg, and the nation's ability to feed itself. Approximately 1.8 million people have been exposed to high levels of uranium and other contamination as a result of poor post-mining rehabilitation practices.[2] Long-term, post mine impacts to water resources must be considered at the time of assessment of the environmental authority and life of mine plan, and mine applications must be able to be refused if this long-term impact is seen to be unacceptable.

Local Case Study: Ben Lomond Uranium Mine

The Ben Lomond uranium mine is 40 kilometres west of Townsville, sitting directly at the head of the Burdekin River watershed. Keelbottom Creek is a tributary to the Burdekin River.

Full operational underground mining at the Ben Lomond site never got off the ground. A permit to mine uranium was granted before the Environmental Impact Statement was completed. Due to sustained community opposition in the 1980s and an eventual Federal Government ban on uranium mining in 1983, the mine ceased operations. Radioactive ore was brought to the surface, placed on dumps and covered. The radiation and heavy metal pollution comes from these dumps.

[2] Gregg Borschmann, '**After the mining, what's next? Overseas mine rehabilitation offers lessons for Australia', 4 May 2017** <http://www.abc.net.au/news/2017-05-04/after-the-mining-whats-next-for-the-landscape/8489422>

The Ben Lomond site has been in care and maintenance since 1984. It has not been rehabilitated.

In 2016, a member of NQCC asked and received the publicly available water testing data from DEHP then alerted them to the fact that the mine had been in contravention of environmental standards for a period of years.

Radiation, arsenic, lead and uranium in both groundwater and surface water of Keelbottom Creek were sampled by the leaseholder throughout five years from 2010-15. The water sample results show an alarming exceedance of the Environmental Authority conditions.

The mine had been releasing radioactive contaminants that exceed Australian and international standards. This had been occurring for at least five years and potentially up to 33 years. An Environmental Protection Order was issued to the leaseholder, Uranium Mineral Ventures Incorporated (UMVI) in October 2016, with the company needing to "develop and implement a scope of works to prevent contaminants being released from the historical mine disturbed areas".[3]

The position of NQCC is that it is imperative that clean-up measures be commenced immediately, and that money from the financial assurance be used to pay for the remediation of the mine site.

The Ben Lomond uranium mine has not been active for over 30 years yet the site has not been rehabilitated at all. The leaseholder has failed its duties in containing the pollutants and it has been well established that radioactive and heavy metal pollution has occurred in local watercourses. The financial assurance paid by the company could, and should, be spent on cleaning up the site to prevent further pollution events. This example illustrates why it is imperative to clarify the Department's policy on care and maintenance, which NQCC supports as a policy reform from the "*Better Mine Rehabilitation for Queensland*" discussion paper.

Local Case Study: Kidston Gold Mine

The Kidston gold mine closed down in 2001 but is beginning its second life as a large-scale renewable energy project. This will be a world first by using a disused mine site for hydro-electric power generation.[4] The first stage of the project is a 50

[3] The Hon. Dr. Stephen Miles, Media Statement "Tighter Environmental Safeguards for Ben Lomond Mine near Townsville", 30 Oct 2016 <http://statements.qld.gov.au/Statement/2016/10/30/tighter-environmental-safeguards-for-ben-lomond-mine-near-townsville>

[4] The Hon. Dr. Anthony Lynham, Media Statement " ", 3 March 2016 < http://statements.qld.gov.au/Statement/2016/3/3/historic-mine-revives-as-green-energy-project>

MW solar project generating 145 GWh per year, the second stage is a 250 MW pumped storage hydro project with 1500 MWh storage capacity, and the third stage is to increase the solar generation to 270 MW.[5]

The pumped storage hydro part of the project recycles the existing infrastructure from the former gold mine. The design of the hydro project is for water to be released from one of the former mine pits into the other through reversible turbines. The water is reused between the pits which makes it effectively drought-proof. This project will target peak periods of consumer energy demand, producing energy when demand is at its peak and has the capability of initiating generation in under 30 seconds.

The Kidston project is a great example of the application of the principle policy contained in the "*Better Mine Rehabilitation for Queensland*" discussion paper. The mined land has been rehabilitated as to be able to sustain another use, in this case, being infrastructure to support renewable energy generation. This is innovative and demonstrates the brilliant potential that mine sites could have.

In conclusion, thank you for the opportunity to make a submission about financial reassurance and mine rehabilitation. Queensland can do better than the current mode of operation and we look forward to the introduction of reforms that will see better community and environment outcomes for mine sites.

Yours sincerely,

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[5] Genex Power, < http://www.genexpower.com.au/>