



Environment Council of
Central Queensland Inc.

ABN 56 740 735 001

P.O. Box 1399 Mackay 4740

Ph. 0411 554 761

9th April 2016

**Senate Environment and Communications Reference Committee
Inquiry into Rehabilitation of Mining and Resource Projects**

Thank you for the opportunity to make this submission to the above enquiry.

The Environment Council of Central Queensland is a regional organisation working closely with other groups and communities to protect environmental values, including water resources, habitat, the global climate and the Great Barrier Reef. We form part of a network of conservation organisations which have been working for decades to protect the natural environment and the ecological systems and services on which we all depend.

The Federal and Queensland governments have each approved the largest coal mine in Australia, the Adani Carmichael project, and yet there are 50,000 abandoned mines that mining companies have simply walked away from. The people of Queensland have no hope that the Adani mine will ever be successfully rehabilitated under current legislation. No precedent has been set, as there has not been a large mine fully rehabilitated in any State in the last 25 years.

TERMS OF REFERENCE

The rehabilitation of mining and resources projects as it relates to Commonwealth responsibilities, for example under the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act), with regard to:

a. *the cost of outstanding rehabilitation obligations of currently operating projects;*

Financial assurances are inadequate. Mining companies consistently underestimate costs associated with rehabilitation, and when the mine is no longer financially viable, it is easier to put it into care and maintenance, declare bankruptcy, or simply walk away. A more recent strategy is to sell off to a 'minor miner' and avoid any rehabilitation responsibilities, as in the case of Rio Tinto selling the Blair Athol coal mine to Terracom for \$1.00. State Governments have not protected the public interest, neither for environmental restoration or financial responsibility which will ultimately fall to the taxpayer. State governments continue to approve mine closure plans that leave a final void.

Suggestion:

- That the Federal government seek independent advice on assessing Financial Assurances that will ensure adequate rehabilitation of all mines in the event that an individual mine operator is unable to fulfil their responsibility.
 - That mine owners of operational mines that are also owners of abandoned mines, or mines that are in care and maintenance, or that have not been operational for a defined period (rehabilitation must commence within 2 years of when the area becomes available) be compelled to rehabilitate these mines or risk losing approvals for the mines still in operation. The miners are making billions of dollars profit, and must fulfil their obligations for extracting our resource before taking company profit. They must pay their way, and they must clean up their mess.
- b. *the adequacy of existing regulatory, policy and institutional arrangements to ensure adequate and timely rehabilitation;*

Clearly the regulatory framework is inadequate with compliance monitored by the mining company. Penalties are rarely imposed.

Suggestion:

- That the Federal Government create a National Environmental Protection Authority with responsibility for enforcing compliance on progressive mine rehabilitation with appropriate and significant financial penalties for non compliance.
 - That the Federal government develop national standards that include legally binding progressive rehabilitation targets.
- c. *the adequacy and transparency of financial mechanisms, including assurances, bonds and funds, to ensure that mining and resources projects are rehabilitated without placing a burden on public finances;*

The gap between the financial assurances held by the State governments and the actual costs of rehabilitation is a deterrent to miners taking responsibility for their extractive processes. They have not allocated adequate funds. The problem of rehabilitation is currently a State issue. With 50,000 mines abandoned, the financial burden on the States and the taxpayer is unacceptable.

Suggestion:

- That the Federal government must strengthen the EPBC Act to ensure rehabilitation responsibilities are appropriate, consistent, and enforceable across all States.
- That the National standards are applied over the life of the mine, are independently monitored, and approvals for further mining activities at the site are withheld until progressive rehabilitation has been undertaken. ie. Approvals are issued progressively in response to rehabilitation of previous disturbance. These approvals must be granted on an annual basis.
- The previously suggested National Environmental Protection Agency must be adequately staffed and funded to enable it to enforce compliance, and determine if approvals can be redeemed. Spending money in this way will be more cost effective than paying for mine rehabilitation.

- d. *the effectiveness of current Australian rehabilitation practices in safeguarding human health and repairing and avoiding environmental damage;*

50,000 abandoned mines, final voids filling with water that becomes toxic and overflows into rivers and streams or infiltrates into ground water, 'rehabilitated' areas covered in buffle grass, – nothing is right.

Suggestion:

- That mine closure plans must include rehabilitating landscapes to a condition as close as possible to the original, in shape, structure and vegetation. This means no pits, no waste dumps, no 'lakes'. The plan must include replanting of indigenous native trees and grasses, as well as watering and management of these plantings for a minimum of 3 years.
 - That mines are managed throughout the life of the mine, with a process of managing pit water during significant rain events that does NOT allow pumping this toxic water into rivers that may be used for human consumption, but will certainly be used for native animals and plants, and will almost certainly find its way to the Great Barrier Reef. The solution to pollution should NOT be dilution. Developing these procedures will assist in waste water management during the rehabilitation process.
 - That auditors preparing resource company annual reports must include the liabilities of rehabilitation so that investors, regulators, and the general public are fully aware of the likely costs to the business.
- e. *the effectiveness of existing abandoned mines programs, with regard to repairing environmental damage and safeguarding human health;*

Suggestion:

- The Federal government must hold an independent judicial enquiry into abandoned mines, and disclose which companies are responsible, possibility of appropriate rehabilitation with realistic cost, and apportion responsibility for rehabilitation. This review must determine the full extent of financial responsibility across all the States and Territories.
 - The Federal government must establish an independent National Abandoned Mines Commission with all stakeholders including States and Territories, industry, community, and environmental representatives to co-ordinate a national response to these abandoned mines, and to develop a plan to try to repair the damage
- f. *whether any mining or resources companies have engaged in conduct designed to avoid fulfilling their rehabilitation obligations;*

Rio Tinto attempted to sell the Blair Athol Mine to Linc Energy, which subsequently became bankrupt before the transaction was complete. Rio is now in the process of trying to sell this same mine for \$1.00 to Terracom, a company with more debts than assets which cannot undertake proper rehabilitation. The Queensland government has not yet approved the sale. State governments are under duress to provide 'jobs' especially in the current circumstances, and cannot always be relied on to make sound decisions for the long term.

Suggestion:

- That the Federal government must engage an independent body (paid for by the mining industry) to develop National Standards that include legally binding progressive rehabilitation targets applied over the life of the mine, with independently assessed and adequate up front cash bonds that reflect the true cost of rehabilitation.
 - That a proper definition be applied to 'care and maintenance', and that it be time limited (2 years).
- g. *the potential social, economic and environmental impacts, including on matters of national environmental significance under the EPBC Act, of inadequate rehabilitation;*

The approval of 'offsets' for environmental damage caused by mining and resource extraction is a nonsense. There is no evidence that offsets have been effective for protecting native fauna and flora. Instead, we are losing our native species at a record rate. If mines were to be properly progressively rehabilitated, there is a possibility that disrupted species may suffer fewer impacts.

Suggestions:

- The federal Government should remove offsets when imposing conditions. If a mine will have an impact on threatened or vulnerable native species or habitat, then it cannot be approved.
- h. *the potential social, economic and environmental benefits of adequate rehabilitation, including job opportunities in communities affected by job losses in the mining and resources sectors;*

Rehabilitation, especially if it is carried out in a progressive manner, can be a very efficient use of resources for the mining company. While some of the skills required will already be onsite such as for decommissioning of some of the infrastructure, landscaping and planting and ongoing maintenance can provide continued employment beyond the life of the mine.

- i. *international examples of effective rehabilitation policy and practice;*

The same mining companies behaving badly in Australia exhibit best practice in mine rehabilitation in other countries. This may be because their obligation is made clear to them at the very outset. The Diavik Diamond mine in Canada is an example of appropriate rehabilitation. This mine is owned 60% by Rio Tinto, while in Australia, Rio Tinto tries to sell the Blair Athol mine to avoid rehabilitation responsibilities.

Suggestion:

- That the Federal government, through a National Environmental Protection Authority, develop criteria for each mine closure appropriate to the particular imposition that the mine has had on the landscape, water, native species, etc.
- That the closure criteria be guided by the pre-extraction conditions, including restoration of disturbed habitat, and ground and surface water protection.

- j. *proposals for reform of rehabilitation of mining and resources projects;*

Open and transparent processes. Strong, independent and enforceable regulation. Clear expectation of rehabilitation responsibilities at the outset. Plan for abandoned mines. Adequate Financial Assurance bonds at the outset.

Yours faithfully

Christine Carlisle
President
The Environment Council of Central Queensland