

Senate Standing Committee on Environment and Communications
Legislation Committee
Answers to questions on notice
Environment portfolio

Question No: 70
Hearing: Budget Estimates
Outcome: Outcome 1
Programme: Supervising Scientist Division
Topic: RANGER 3 DEEPS - REHABILITATION BOND
Hansard Page: 7
Question Date: 27 May 2014
Question Type: Spoken

Senator Ludlam asked:

Senator LUDLAM: I would have thought, though, that if there is an unfunded liability in one of the country's most important World Heritage areas it would be of interest to the supervising scientist. The company has just told us that there is.

Senator Birmingham: This is the first that I have been made aware of that quote from their annual report, and I will happily seek some information from the Department of Industry about their auditing processes and, if need be, some explanation from ERA. Ultimately, I would expect and the government would expect that the full legal obligations of ERA to ensure full rehabilitation of the site, which they have committed to, are met. If it can't be met from within their balance sheet, then one would expect that discussions may be had with some of their key owners who have rather deeper balance sheets.

Senator LUDLAM: They do. They have also told their AGM that they have no interest at all in bailing out ERA. But nonetheless, I appreciate that, Senator Birmingham. So you have undertaken to make those inquiries with the department?

Senator Birmingham: We will be making some inquiries with the Department of Industry and, if need be, with ERA.

Senator LUDLAM: If you are able then to provide us with whatever you come up with, that would be greatly appreciated. I suppose if you can, in the course of those inquiries, assess whether effectively the company is attempting to blackmail regulators and the taxpayer. What it looks like to me is that they have said, 'Unless we get our project expanded we can't afford to clean the place up.'

Senator Birmingham: That is slightly emotive language. Let's get to the bottom of the facts in the matter. Mr McAllister has taken us to the fact that there is an independent audit process undertaken by the Department of Industry. So we will get some information on that. Mr McAllister's relevant area of responsibility is about what is required to undertake the clean-up, and that is, of course, the work that he assesses each year.

Answer:

1. In addition to the information provided on page 59 of the Hansard of the Environment and Communications Senate Legislation Committee Estimates dated 27 May 2014, I provide the following additional information: The Supervising Scientist is aware of the statement in Energy Resource Australia Ltd (ERA) Annual Report that ERA may have to find an additional source of funding for the rehabilitation of the Ranger Project Area if Ranger 3 Deeps mine is not developed.
2. The Supervising Scientist notes that following the company's annual meeting, ERA CEO Andrea Sutton stated that "ERA with its current plan and strategy for the business will be able to meet its obligations with regards to rehabilitation" of the Ranger site.

3. The Australian Government Department of Industry holds a security bond for the purpose of funding the rehabilitation of Ranger Project Area should ERA be unable to cover the costs itself for any reason.
4. ERA is required to prepare an annual rehabilitation plan for Ranger uranium mine, including projected costs. The Supervising Scientist reviews this plan for appropriateness and comprehensiveness, but does not review the costs. If the plan is acceptable it is provided to the Department of Industry who commission an independent assessor to review the costs.
5. The rehabilitation plan is amended and resubmitted annually to take account of changes in site disturbance and other factors relevant to rehabilitation of the site to ensure the security amount remains appropriate.