MINING REHABILITATION FUND

478. Hon ROBIN CHAPPLE to the minister representing the Minister for Mines and Petroleum:

I thank the Minister for Agriculture and Food for bringing to my attention that he was holding a question on my behalf, which I thought I had asked a month or so ago.

I refer to the replacement of the environmental bond system with the mining rehabilitation fund as outlined in the minister's media statement of 4 July 2013 in which he identified the return of the bond money to Pluton Resources Ltd.

(1) How will the MRF achieve higher standards of mining rehabilitation and mine closure?

(2) In the event of a mining company going into administration, who will pay for the environmental rehabilitation of the mine and associated activities?

(3) Did the minister investigate the implications for the environment of the new system before it was implemented?

(4) If no to (3), why not?

(5) If yes to (3), what were the results and will the minister please table these?

Hon KEN BASTON replied:

I thank the honourable member for some notice of the question.

(1) The mining rehabilitation fund is being implemented in tandem with other environmental reform activities by the Department of Mines and Petroleum. The 2010 amendments to the Mining Act 1978 required all mine sites to have approved mine closure plans in place by 1 July 2014, the date that the MRF becomes compulsory. These mine closure plans clearly lay out the way in which mine sites will be rehabilitated prior to closure. The MRF levy payment is based on the extent of disturbed area on tenements. Once the tenement holder starts rehabilitation work, the levy payment reduces significantly and once rehabilitation work is completed, that land no longer attracts a levy. This will encourage early and staged rehabilitation.

The MRF will also achieve higher standards of mining rehabilitation as it will provide government with the means to undertake rehabilitation work when necessary. The environmental bond system, providing on average only 25 per cent of the cost of rehabilitation, exposed government to a high liability in the event of a company going under administration.

(2) Companies under administration are not eligible to enter the MRF during this voluntary year. High-risk circumstances, such as being in administration, will continue to attract bonds into the future. In circumstances in which there is a tenement forfeiture, the MRF will be used to pay for rehabilitation.

(3) Yes.

(4) Not applicable.

(5) "Western Australia's Mining Security System: Preferred Options Paper", dated 30 March 2011, provides an analysis of risks and benefits to the environment of the MRF and the bond system and has been tabled. The report is also available on the Department of Mines and Petroleum's website.