

Cost of closing 50,000 abandoned mines in Australia will burden taxpayers, warns expert

By [Kalyan Kumar](#) @diplomatist10 on September 24 2015 9:19 AM



A mine employee shows a piece of copper ore at the Kilembe mines, in the foothills of the Rwenzori Mountains, 497km (309 miles) west of Uganda's capital Kampala, January 31, 2013. The Kilembe copper-cobalt mine operated from 1956 to 1972, when it closed due to a drop in world copper prices and now lay in ruins. Uganda's President Yoweri Museveni has promised to rehabilitate the Kilembe mines. [Reuters/James Akena](#)

Even as Australia is exiting the mining boom with economic pain, an expert has warned that the burden of closing used mines will fall on Australian taxpayers. The cost of closure will run into billions of dollars but the government doesn't seem to be looking seriously into the issue.

According to [environmental scientist Peter Erskine](#) of the University of Queensland, there are more than 50,000 abandoned mines in Australia awaiting rehabilitation. The huge numbers are a legacy of the early mining days when firms were allowed to walk away after the profits started drying up.

Contribution to economy

Until recently, the sector was contributing around 8.5 percent to the GDP and constituted 50 percent of Australia's total

export earnings. According to the Australian Bureau of Statistics, earnings from minerals and energy exports totalled to AU\$195 billion in 2014.

Citing the situation in Queensland, the expert noted that the scenario is quite worrisome as no mine has been closed in that state for the last 33 years. Erskine said it looks as if the government does not want to take the risk of closing a mine as the industry is evidently reticent in spending any money on that matter.

Lack of resources

Although state governments are holding some financial securities for mine rehabilitation, those resources are far from adequate. For example, Queensland holds AU\$5.38 billion in rehabilitation securities in cash and bank guarantees while New South Wales holds AU\$1.8 billion. But the real cost of closing a mine will be three to 10 times more than the amount in reserve.

Calling for a comprehensive policy on mine closure, Erskine wants the exercise to be transparent, environment friendly and free of mistakes. He also wants the governments to ensure that all operating mines are progressively rehabilitated even they are in profit.

McArthur river mine

Meanwhile, Glencore's McArthur River zinc mine has been ordered to close as its environmental record and progress in increasing financial bonds have not been satisfactory.

Adam Giles, chief minister of the Northern Territory, said his government had been warning Glencore to come up with a plan to control reactive waste rock. The substance turns into sulphuric acid while coming into contact with water.

Residents near the zinc mine had been complaining of smoke from a waste rock dump, with traces of lead found in fish and cattle in the area getting killed. Rules mandate that miners in the Northern Territory have to submit a bond to cover 100 percent of the final remediation cost of the mines' life, [Reuters](#) reported.